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Agence Française de Développement (AFD)

Market Study on the Creative and Cultural Industries in Nigeria

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Caveat

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Limitations of the study

While this study provides valuable insights into the Nigerian Creative and Cultural Industries (CCI), it is important to acknowledge certain limitations.

The analysis is based on a limited sample size that, while representative, may not capture the full diversity of stakeholders across all sub-sectors. Additionally, given the nature of this study, some findings – like the market sizing - are subjective and qualitative, but in all, focusing on the key areas as highlighted in the Terms of Reference (TOR).

The scope of the research has been tailored to offer a broad strategic understanding, with some areas warranting further investigation to refine specific investment opportunities and implementation strategies. These aspects will be explored more extensively in the next phase—the Feasibility Study—which will provide a deeper analysis of financial viability, market entry considerations, and the potential for scalable development within the industry.

A word from Mary Iwelumo,

Partner PricewaterhouseCoopers

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Dear Céline Gilquin,

Submission of the report on the CCI Market Study update

In line with our contract signed on September 6th, 2024, we are pleased to submit the report to the Agence Française de Développement (AFD) on the "***Update on the Market Study of the Cultural and Creative Industries in Nigeria***". The report contains the following:

1. The Executive Summary
2. The Updated Market Study, with the following criteria as baseline as listed in the TOR
   - Industries' value chains
   - SWOT Analysis
   - Overview of the key business models
   - Typical funding instruments
   - Gender Analysis

If you require further information or wish to discuss any aspect of this document, kindly reach out to me.

We appreciate the level of cooperation received to date and look forward to your continuous collaboration.

Yours faithfully,

for: PricewaterhouseCoopers Chartered Accountants

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Executive Summary

Executive Summary

The Cultural and Creative Industries (CCI) contributes approximately 5% to Nigeria's GDP, with a market size of about **$7 billion**. As the second-largest employer, the sector provides jobs for over **4.2 million people** across key industries such as Media, Entertainment, Beauty & Lifestyle, Visual Arts, and Tourism & Hospitality, with the potential to create an additional 2.7 million jobs by 2026. The industry is broadly classified into different sub-sectors including **Fashion and Design, Music, Film and TV Production, Visual arts, Broadcast and Over The Top (OTT), Animation,** and **Video Games.**

With the rise of the digital revolution, Nigeria's creative content has gained international recognition and higher local consumption. Platforms such as Netflix, YouTube, and Spotify have expanded global access to Nigerian music, film, and digital content. Also, events like **GTCo Fashion Week** and popularization on social media via platforms like **BellaNaija** continue to amplify Nigeria's fashion industry. The country's rich cultural heritage and creative talent are positioning Nigeria as a key player in the global creative economy.

Despite the growth recorded, the industry faces significant challenges, including **inadequate infrastructure for training, production, and distribution**. The formal education landscape remains underdeveloped, causing many creatives to rely on informal apprenticeships and self-learning. **Access to funding** is another major barrier, as the sector is often perceived as **high-risk by traditional investors** due to its unpredictable financial returns and lack of structured business models.

A key factor linked to low funding in the sector is the limited understanding and commercialisation of Intellectual Property (IP)—one of the CCI's most valuable assets. Collateralizing IP could help unlock new financing opportunities and address some of the sector's funding challenges, enabling sustainable growth.

Despite these hurdles, significant opportunities exist through government and development organisations' support, **increased private sector investment** and **Public-Private Partnerships**, **digital transformation**, and global demand for African creative content. **Strengthening training programs**, **improving access to funding**, and **investing in infrastructure** will be critical to unlocking the full potential of Nigeria's creative industries.

Source: NBS, Jobberman, PwC Field Research

Overview of the Music Industry

Overview

The Music industry in Nigeria has experienced significant growth over the years, contributing approximately **US$100m** to Nigeria's economy in 2023 and is projected to grow to **US$176m** at a CAGR of 11.7% by 2028.

Afrobeats genre has established itself as the main genre of music for the current generation, with global collaborations across the music value chain elevating its profile and reception across the world. Artists like Rema, Tems, Ayra Starr and Burna Boy are some Nigerian artists driving the popularity of the Afrobeats music genre globally, by winning awards like the Grammys and performing in major global music festivals like Coachella and Glastonbury.

The key drivers of the current and projected growth in the music industry include the rising recognition of Afrobeats, the rise of digital platforms, the influence of social media, a youthful population and the rise of entrepreneurship and corporate and brand sponsorship. Highlife, Fuji, and Igbo Pop genres also recorded a listenership increase in Q1 2024, growing by 240%, 175%, and 270% respectively from Q1 2023.

The industry has seen a rise in the success of female musicians over the years, such as Ayra Starr, Tiwa Savage, Simi, and Tems, despite the ongoing challenges of gender bias and sexism they continue to face

Source: PwC E&M Outlook, PwC Analysis, Spotify

Trends and Strengths

Trends in the music industry include:

- **Shift from traditional distribution to streaming platforms**, with local services like Boomplay and Audiomack competing alongside global players such as Spotify. Local streaming platforms are primarily used to connect with and grow a local audience rather than for revenue generation, due to the low payout rates for streams
- **Increased presence on global charts** and streaming platforms, with Nigerian music consistently trending on platforms like Spotify and Apple Music, has led to greater audience reach and revenue generating potential.
- Increasing focus on **intellectual property rights** and **royalty collection systems**. The Nigerian music industry is navigating the new Copyright Act, 2022, which aims to protect digital works and tackle piracy.
- Growth of **large-scale music events** such as Afro Nation and "*Detty December*" festivals, drawing international audiences to Nigeria
- There has been a rise in **music licensing and synchronisation** deals, where Nigerian music is used in **films, commercials, and video games**. Artists such as Tems and Burna Boy had songs featured in the universally acclaimed *Black Panther: Wakanda Forever* movie

Strengths in the music industry include:

- The **success of artists** like Wizkid, Tiwa Savage, and Davido has amplified Nigeria's music influence, providing emerging talent with **more opportunities** and **attracting investment** from local labels and international managers for talent development. Smaller talent shows around the country, have also contributed to discovering and nurturing new artists, providing opportunities.
- With Nigeria beats **and music going mainstream, there has been an increasing number of collaborations** on projects. Producers like Sarz, Pheelz, and Don Jazzy have worked with international artists, further enhancing the global reach of Nigerian music.
- **Self-distribution of music on digital platforms** for free or a small fee, providing a direct route to market without needing major distributors, and allowing for greater control over music.

Music Value Chain Analyses

Below is a diagrammatic representation of the music value chain in Nigeria:

Industry Value Chain	1 Talent Discovery and Development	2 Music Production	3 Marketing	4 Music Publishing	5 Other Distribution & Monetization
Players (Selection)*	Training institutions	Producers	Festivals	Publishers	Digital platforms
	Too many				
	Record Labels	Music Producers	Radio Stations	Rights Collection Agencies	Concerts venues & promoters
	Artists/Managers	Sound Technicians	Music video producers	-	Brands
Current funding model	• Self-finance	• Self-finance • Commercial partnerships	• Self-finance • Sponsorships	• Self-finance • Commercial partnerships	• Debt • Equity (VC) • Sponsorships

The industry faces challenges across the value chain which impede its growth:

Lack of adequate infrastructure to support talent development across the value chain, causes emerging talents to struggle.
Many are self-taught, with little to no access to facilities, mentorship, and training programs.

High-quality music production requires advanced software and professional-grade equipment, which are expensive and not accessible to the average musician.

Talent Discovery and Development → Music Production → Marketing → Music Publishing → Other Distribution and Monetisation

Lack of adequate purpose-built venues for musical events, performances, and concerts.
Production costs for events are high due to importation and constant movement of equipment.

Barely collected royalties often get trapped with the government and CMO bank accounts due to ineffective operations of collecting societies like Collective Management Organisations (CMOs) and Performing Rights Organizations (PROs).

Nigerian distributors lack direct relationships with platforms like Apple Music and Spotify, relying on international partners. This dependency, worsened by inadequate local infrastructure, allows foreign distributors to exploit these gaps by taking a large chunk of artists revenue.

Source: PwC E&M Outlook, PwC Analysis, Spotify

Funding Landscape

Funding Challenges and Potential Instruments

- **Inadequate understanding of the music industry**: Traditional financiers and investors often **lack a comprehensive understanding** of the music industry. This leads to mismatched expectations regarding required capital, investment returns, timelines, and industry-specific realities.
  - They typically require large collateral, which many practitioners often cannot provide.
  - The music industry necessitates **patient capital from investors**, with returns expected beyond 5 years; initial 2-3 years are needed for cleanup, refinement, and pipeline creation before royalties and revenue start flowing.
  - The sector requires **significant** and **large business capital**, rather than small grants. Such grants can inadvertently harm the market by failing to yield positive outcomes and creating negative perceptions.
- **Intellectual Property (IP),** the industry's primary output, holds immense potential to serve as **collateral for investors**. Music catalogues appreciate over time and can be leveraged as valuable collateral. However, **proper IP valuation** remains a problem, with a lack of expertise in the music industry in the financial sector.
- Loans frequently come with **prohibitively high annual interest rates**, sometimes as high as 35%, and short payment periods. Financial instruments like loans and funds, with long-term payment plans and low interest rates, tailored to the complexities of the music business are required.
- **Equity investments** can be structured in a way that still **gives ownership of the intellectual property to the creatives.** Equity funding can be provided by private equity and venture capital firms or private angel investors.

Opportunities for Impactful Investment

- Investing in **music training organisations and institutions for technical skills** (e.g., songwriting, vocal, instrumental, production, mixing, mastering) and music business management (e.g., artist management, music marketing, monetisation) will drive long-term value generation for the music industry. Recording studios and music institutes create ecosystems that attract talent and simplify the process of music creation.
- Music labels are the **fastest-growing "banks" in the industry**; traditional financial institutions lack understanding of the music business. Labels are deeply involved in the music ecosystem; hence, investing in them means investing in the entire ecosystem. Improving **access to funding for music labels** will spur industry growth. **Investments in labels** will expand their operations, produce more music, and leverage better distribution deals.
- Music events - concerts, shows, and tours - are major revenue drivers, yet no purpose-built venues exist. Artists and promoters must retrofit event centers, increasing costs and limiting production quality. This inefficiency constrains growth and profitability in the industry. Investing in dedicated music arenas with built-in infrastructure is essential. These can be mixed use venues as well.
- Marketing and distribution are key to revenue generation. Investing in marketing and development of the independent distribution technology will reduce reliance on expensive foreign systems. Creating music **marketing platforms that aggregate promotional opportunities**, music, and events will boost industry growth.

High-level Investment Potential Assessment

Assessment Criteria

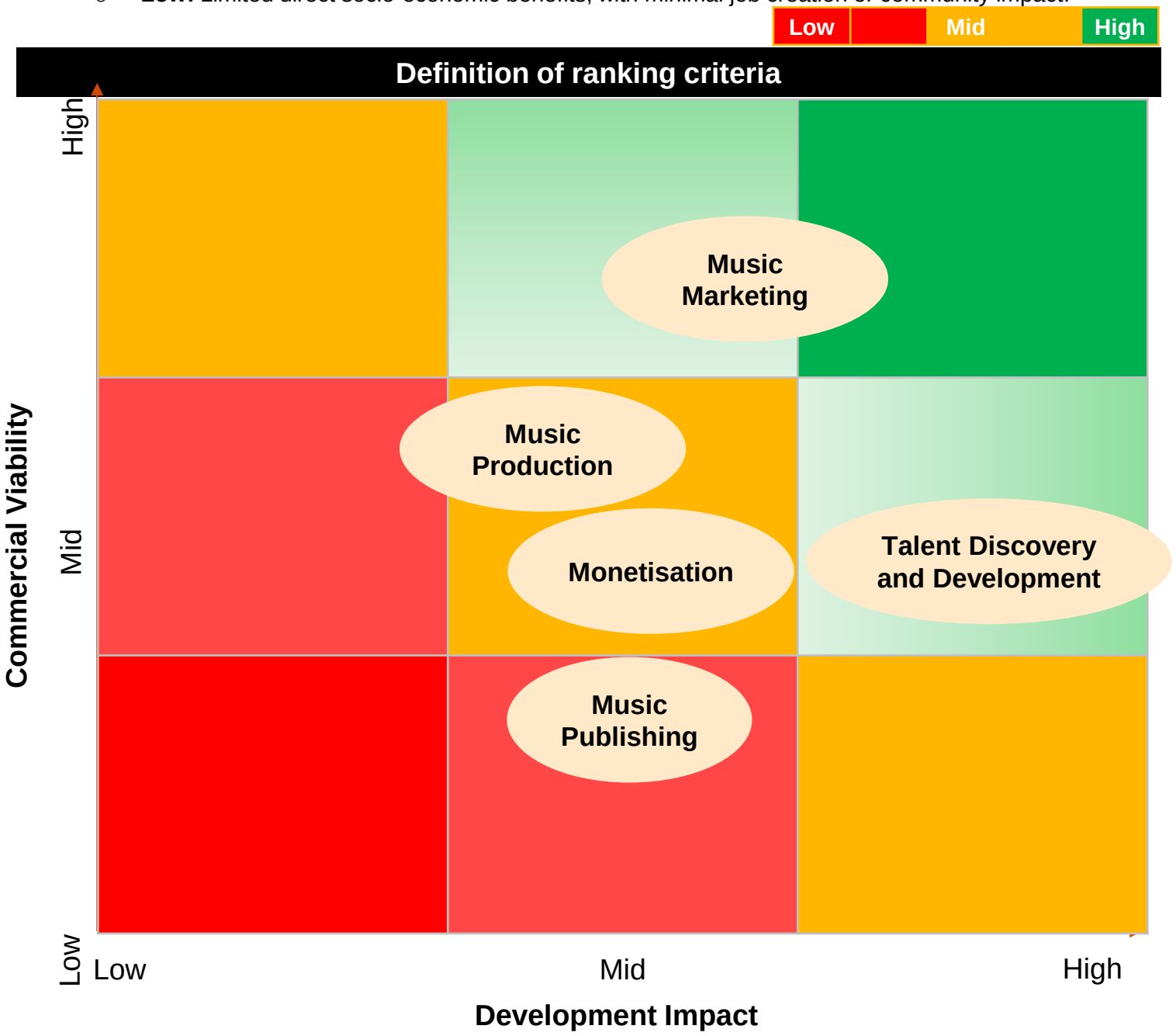
Below is a qualitative assessment of the relative value of key segments within Nigeria's music ecosystem, based on insights from stakeholder engagement. We evaluated these segments against key criteria to provide a high-level perspective on investment feasibility for Development Finance Institutions (DFIs).

1. Commercial Viability – Evaluates the market size, financing needs, and growth potential of the segment.

- **High:** Large, established markets with strong demand and significant financing gaps.
- **Mid:** Expanding markets with clear growth potential, moderate traction, and unmet financing needs.
- **Low:** Niche or early-stage markets with uncertain scalability or limited commercial prospects.

2. Development Impact – Assesses the socio-economic benefits of investing in the segment, including job creation, cultural significance, and community impact.

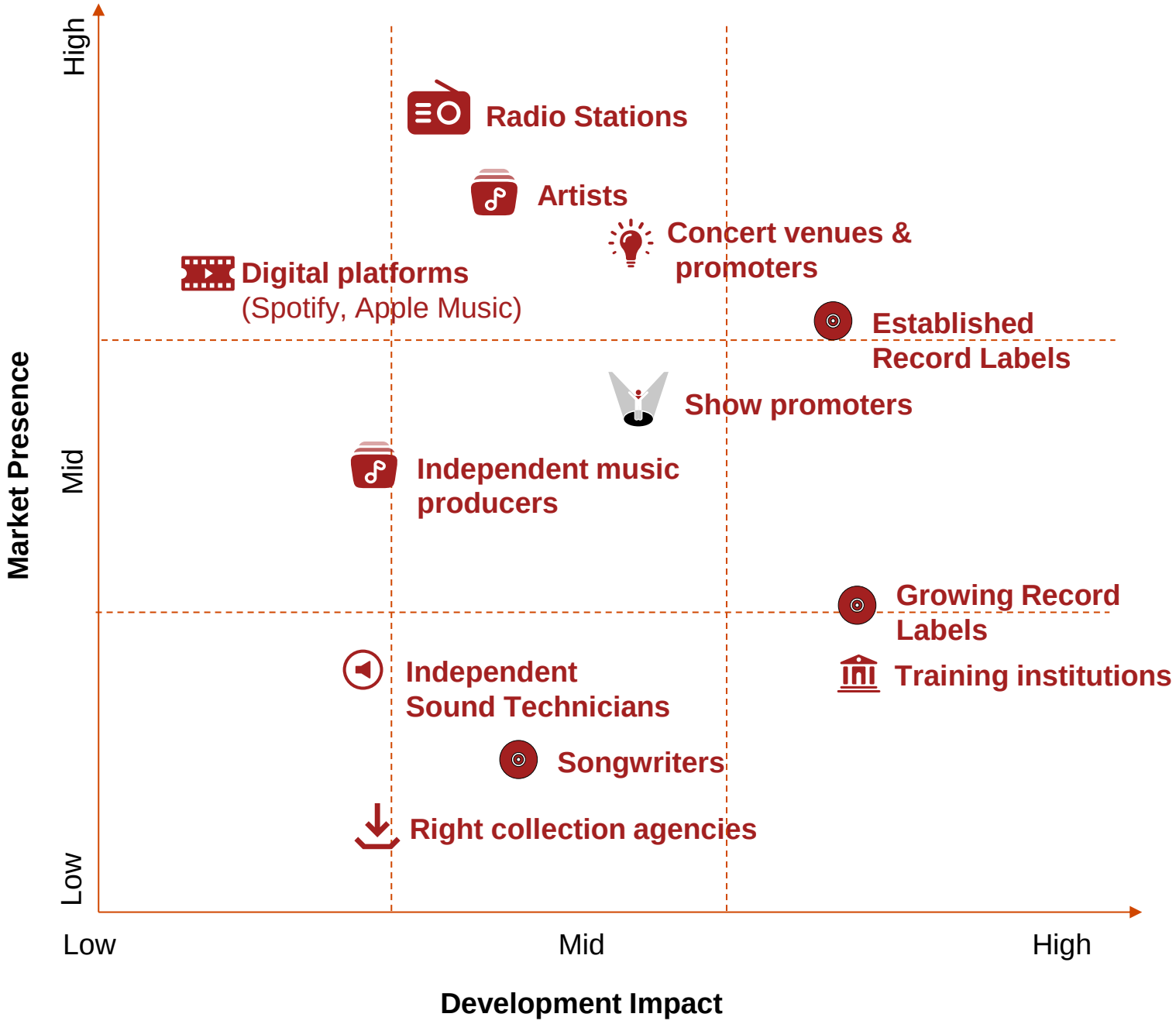
- **High:** Sectors with broad employment potential, strong cultural relevance, and significant community benefits.
- **Mid:** Growing sectors with emerging socio-economic contributions and the potential to scale impact.
- **Low:** Limited direct socio-economic benefits, with minimal job creation or community impact.



Source: PwC Analysis

Furthermore, we have reviewed key actors within the ecosystem, highlighting some insights thereafter.

Matrix overview of key actors within the music ecosystem



- **Live Events and Promotions Are Key:** concert venues, promoters, and show organizers play a significant role in the ecosystem, providing income for artists and exposure for new talent
- **Training Institutions & Music Schools**: Institutions play a foundational role in equipping aspiring artists, producers, and sound engineers with technical skills. However, they have low market presence due to limited funding and outdated curricula that may not align with industry trends
- **Growing Digital Influence**: platforms like YouTube, TikTok, and Audiomack now allow independent artists to bypass traditional gatekeepers, creating new opportunities for talent exposure

Source: PwC Analysis

Music Industry Business Models

Key Business Models of the Music sector

Value Chain Segment	Key Business Models	Predominant funding model
Talent Discovery and Development	**Formal Training Institutions** like MUSON and music departments of some universities offer formal music education programs, covering voice and instrumental training.	• **Self-finance** • **Equity (VC)**
	Semi-formal training via talent development shows like The Voice Nigeria and J-Town Rising Stars and mid-tier trainers like Gogo Majin and Ben Ogbeiwi contribute to talent development by offering music coaching and platforming for upcoming musicians.	
	Low-tier training through **private tutors** and churches offers flexible, accessible and affordable music training, helping to nurture local talent	
Music Production	Some producers and songwriters are on the payroll of record labels, creating lyrics, beats, and mixes for record label projects, while others are engaged via a **commission-based model** to create specific/customized lyrics and beats	• **Self-finance** • **Commercial partnerships** • **Equity (VC)**
	Some producers, artists and sound engineers, are on the split sheet of musical work, earning a percentage of royalties generated by the music	
	Producers create beats and license them to artists exclusively or non-exclusively.	
Marketing	**Festivals and music-based events** are major marketers of songs and music products.	• **Self-finance** • **Sponsorships**
	Radio stations and music videos are the most common marketing model for music, leveraging a wide audience range.	
	Digital media such as social media applications, digital messaging and visual platforms, simplify music marketing, enabling a **wide and diverse audience reach.**	
Music Publishing	**Music publishing companies** negotiate one-on-one deals for unique music uses, like sync licensing for films or ads, ensuring maximum earnings for rights holders and earning a percentage of the fees.	• **Self-finance** • **Commercial partnerships**
	Reciprocal agreements allow **CMOs in Nigeria, such as MCSN, to collaborate** with sister societies worldwide. These partnerships ensure royalties from international music usage are collected by foreign CMOs and remitted to Nigerian CMOs for distribution to rights holders, providing global coverage and fair compensation	
Other Distribution & Monetisation	Streaming, via platforms such as Apple Music, Spotify, YouTube, and Boomplay, generates revenue through subscriptions, ads, and streams.	• **Debt** • **Equity (VC)** • **Sponsorships**
	Brand endorsements are a key revenue stream for Nigerian artists, often exceeding earnings from live performances. By leveraging social media like Instagram, artists build personal brands and engage fans, attracting lucrative endorsement deals across various sectors.	
	Live performances, as a music business model, generates revenue via ticket sales, VIP tables, sponsorships, and merchandise sales	

Source: PwC E&M Outlook, PwC Analysis

1 Music 2 Fashion

For the Music industry to thrive, bridging the gaps of fragmentation is key

Fragmentation Issue	Recommendation	Expected Outcome
Lack of collaboration among stakeholders	Create better synergy between the existing music associations.	Improve communication and unified decision-making across the value chain.
Talent migration to Lagos	Develop regional music hubs in key cities like Port Harcourt, Kano, and Enugu with state-of-the-art facilities and funding support.	Reduce talent drain and grow regional music industries.
Limited understanding of intellectual property (IP)	Conduct **nationwide IP awareness campaigns and workshops** in collaboration with CMOs and entertainment lawyers. Also review current legislation and its alignment with current realities.	Increase protection of artists' rights and enhance revenue from royalties.
Informal distribution networks	Encourage the adoption of **digital distribution platforms** through training programs for local distributors and artists.	Formalise distribution channels with better revenue tracking and artist visibility.
Funding and investment gaps	Establish more **Creative Industry Funds** supported by government, private sector, and international donors.	Increase access to low-interest loans and grants for artists and music entrepreneurs.
Fragmented marketing and PR structures	Create a **centralised music marketing platform** that aggregates promotional opportunities, showcases, and events.	Unify promotional efforts and improve visibility for Nigerian artists.
Lack of regional representation in mainstream music	Organise **national music festivals** that highlight regional diversity and showcase emerging talent from underserved regions.	Enhance inclusivity and representation of diverse music styles and cultures.

Gender in the Music Industry

Women are increasingly represented across the music industry value chain, particularly in talent discovery, development, and management. Female participation in key roles, such as Artists and Repertoire (A&R), operations, and talent management, is on the rise, with women often perceived as bringing strong organisational and nurturing skills to these positions. Additionally, women are playing an expanding role in event production and label management, with industry leaders such as Keke Hammond (Flytime Entertainment), Aibee Abidoye (Chocolate City), and Addy Awofisayo (YouTube Music Africa) shaping the sector.

Despite this progress, women continue to encounter significant structural and systemic barriers. Cultural and religious norms discourage professional music careers for women, while security concerns, particularly regarding harassment in studio environments, further limit participation. Female representation remains higher in gospel music than in secular genres, reflecting these societal constraints.

Financial barriers present another critical challenge. Entry costs for women in the industry are substantially higher, with development expenses for female artists estimated to be 3 - 5 times those of their male counterparts due to heightened expectations around fashion, makeup, and appearance. Limited access to formal and informal training, coupled with constrained financial resources, exacerbates these disparities. Additionally, women in music often face hypersexualisation in marketing and are underrepresented in powerful industry networks, restricting access to growth opportunities. The nature of late and inconsistent working hours further disadvantages married women and mothers.

Addressing these barriers requires a multi-faceted approach, including the establishment of scholarships, mentorship programs, and structured training camps in safe spaces for women, as well as formalising technical and business education within the music industry. Increasing funding access through sponsorship deals, grants, and investments from music-affiliated brands can help alleviate financial constraints, while fostering female-led professional networks will enhance visibility, advocacy, and career growth.

Gender Analysis of the Nigerian Music Industry

Low | Mild | High

Value Chain Area	Ranking *	Insights from the Field
Talent Discovery and Development	Mild	• The sector is dominated by men but has a higher level of female participation than other value chain elements. Women are perceived to be more nurturing and organised, which may explain why they are better represented in the talent discovery, development, and management segments of the industry.
Music Production	Low	• Societal, religious, and cultural norms and expectations often discourage women from pursuing music as a profession. Even though women have a higher return on investment, they are often denied opportunities, or their talents are overlooked.
Marketing	Low	• Female artists face higher financial challenges in marketing their music and are often objectified and hypersexualised in marketing. These challenges hinder their growth and reach. It takes about three to five times the investment needed for a male artist to develop and market a female artist due to aesthetic and fashion costs.
Music Publishing	Low	• Publishing deals are often male-dominated. Many female artists do not have a proper understanding of how publishing and royalty splits work and are often not well protected legally.
Other Distribution & Monetisation	Mild	• Women play an increased role in the production of musical events and the organisation of music labels. **Flytime** has women running the departments in the organisation, while more men do the technical activities.

**Ranking of female participation levels*

Climate and Sustainability Impact

Sustainability initiatives in Nigeria's music industry remain underdeveloped compared to the fashion sector, with limited adoption of environmentally conscious practices. While digitalisation has transformed the industry, it has also introduced significant climate implications.

Key areas of high environmental impact include music production, marketing, distribution, and monetisation. Many Nigerian studios rely on fossil fuels due to unreliable electricity infrastructure. Non-biodegradable materials such as plastics and polyester are widely used in artist merchandise and promotional items. Carbon emissions from venue retrofitting, performance equipment setup and teardown, and digital platform energy consumption further contribute to environmental degradation.

The industry has significant potential to reduce its environmental footprint through targeted interventions. Digital music training resources can minimise physical travel. Biodegradable marketing materials and sustainable fabrics for merchandise can also help curb waste.

Implementing digital publishing systems for royalty management, investing in eco-friendly venues with green infrastructure, and transitioning recording studios to renewable energy sources are critical steps toward sustainability.

Beyond operational changes, music can serve as a platform for advocacy. Artists can leverage their influence and collaborate with climate-focused organizations to drive awareness and promote sustainability-driven behaviors among audiences.

Value Chain Areas with the potential to impact the climate

Value Chain Area	Climate Impact	Relative Climate impact rating*
Talent Discovery and Development	• Music training and development centres and competitions, especially in non-metropolitan areas, are not frequent. Transportation to these venues produces associated carbon footprint.	
Music Production	• Due to the poor power and electricity situation in Nigeria, the majority of music studios are powered by fossil fuels, resulting in significant emissions of greenhouse gases. Recording equipment is also energy intensive.	
Marketing	• The use of materials like nylons, plastics, and polyester in marketing materials like artist merchandise, and PR packages contribute negatively to the environment.	
Music Publishing	• Administrative publishing activities such as travelling, collection, and distribution of royalties done physically generate high levels of carbon emissions.	
Distribution & Monetisation	• The Nigerian music landscape lacks standard venues dedicated to musical events and shows. Carbon emissions are generated in the process of retrofitting other all-purpose venues • As a result, performance setups are only used for single shows and torn down after each use due to the diverse events taking place at the event centres.	

Low	Mild	High

Overview of the Fashion Industry

Overview

The Nigerian fashion industry has grown in size and sophistication in the last five years, attracting global attention. CAGR averaged **13%** from 2019 to 2023 and is projected to record an annual **growth rate of 9.08%** from 2024 to 2029.

The fashion industry is the second largest sector in the Nigerian Creative Industries, accounting for 15% of the Sub-Saharan fashion industry.

Apparel and textiles account for the largest share in the fashion industry due to the significant demand for clothing, while the accessories market holds a smaller portion of the overall market, although it has shown high growth rate signals in response to the shift in consumer behaviour.

Nigerian designs are gaining international recognition, and the trend towards “Made in Nigeria" fashion is also boosting local textile industries.

The Nigerian fashion industry is increasingly becoming climate aware and gradually adopting initiatives to reduce the negative impact of the industry’s operations on the environment. Brands like *MOT The Label* and *Dye Lab* consciously repurpose materials from production in a way that minimises waste.

Trends and Strengths

Trends in the fashion industry include:

- Nigerian designers are **integrating traditional fabrics** like Adire and Aso-Oke into the creation of eccentric, modern designs.
- Nigerian designers and fashion are gaining more **global recognition**, especially with the increased **focus on partnerships between Nigerian designers and international brands**, enhancing global visibility. Farfetch-owned brand, *There Was One* partnered with *Lisa Folawiyo* to release a capsule collection.
- The rise of e-commerce platforms has increased due **to mobile technology** and **greater social media influence**. Online retail sales in fashion have increased over the years, driven by increased mobile and internet penetration.
- Fashion consumers are increasingly becoming more **environmentally conscious**, leading to an increase in focus on sustainable, quality and durable, fashion over fast fashion.

Strengths which characterise the fashion industry across the value chain include:

- Nigeria’s **informal apprenticeship model**, with many young talents gaining practical, hands-on experience from established designers, building a strong base of skilled artisans across the country
- The **rich tradition of local textile production** and craftsmanship, providing a skilled workforce for sourcing and processing raw materials. Nigeria boasts a wealth of skilled artisans adept in weaving, dyeing, and embroidery.
- The Nigerian fashion production sector has a **large labor force available** to provide a potential workforce for the industry. This workforce can be **trained to develop skills** to improve the productivity of the industry to international levels
- The widespread **adoption of social media platforms** such as Instagram, TikTok, Twitter, and Facebook has revolutionised **fashion marketing** in Nigeria. Nigerian fashion brands leverage these platforms **to showcase their products, interact with customers**, and reach global audiences.

Source: PwC Analysis

Fashion Value Chain Analyses

Industry Value Chain	1 Skills & Design Development	2 Sourcing of Raw Materials	3 Manufacturing	4 Marketing	5 Distribution and Sales
Players (Selection)*	Schools & training programs	Textile producers	Garment Manufacturers	Events	Digital platforms
	..Others				
	Designers	Textile importers	Accessories Manufacturers	Media	Omni Stores-Brick & mortar and Online
	..Others				
Current funding model	• Self-finance • Grants and Sponsorship	• Self-finance • Govt. grants • Subsidies	• Self-finance • Debt • Investment and Partnership	• Self-finance • Media Support • Partnership	• Debt • Equity (VC) • Sponsorships

The industry faces challenges across the value chain which impede the growth of the industry:

Many technical workers are not appropriately trained to produce well-finished products and lack the skills to ensure proper quality assurance. Many entrepreneurs also lack adequate business and management skills needed to grow their fashion businesses.

There is an inadequate supply of locally sourced leather and fabrics to produce finished garments and leather products. Manufacturers often rely on imported raw materials for production, which are expensive due to the high and volatile exchange rates

Skill and Design Development → Sourcing of Raw materials → Manufacturing → Marketing → Distribution and Sales

Infrastructural challenges such as epileptic power supply and poor road networks increase the cost of production operations, as factories and tanneries have to purchase alternate power sources and navigate bad transportation systems.

Access to finance is a major difficulty for businesses in the industry. Marketing costs can be significant for brands, especially with the rise of social media. Brands struggle with funding to create aesthetically pleasing content and pay for digital advertising and marketing

There is a problem with counterfeit fashion goods in Nigeria. Imitations of popular international and local fashion brands flood the market, leading to intellectual property theft, loss of revenue for original designers, and distrust in the ecosystem

Source: PwC Analysis

Funding Landscape

Funding Challenges and Potential Instruments

- **A significant portion of industry players consists of small and mid-sized businesses that face challenges in securing debt financing from traditional financial institutions**. High interest rates and stringent collateral requirements limit access to funding, forcing businesses to rely on microfinance banks and neobanks such as Opay, Moniepoint, and LAPO. While these institutions offer quicker access to capital with lower collateral demands, their high interest rates remain a barrier to growth.
- The industry has **limited engagement from venture capitalists**, private equity firms, and angel investors who do **not see fashion as a high-growth**, high-return sector. Many fashion businesses operate informally, lacking audited financial records and structured governance, making due diligence difficult.
- Credit guarantees for manufacturers offer a strategic funding mechanism to sustain operations. These guarantees can be presented to raw material suppliers to **ensure a constant inflow** of raw materials for production operations, reducing revenue loss due to downtimes and unoptimised production output.
- **Working capital financing** can serve as a method to ensure consistent operation and production of fashion items, reducing downtime and **optimising the production output of factories**. This will enable manufacturers to meet their production demand and increase revenue
- **Royalty-based financing** can be implemented, where **designers and producers secure funding based on expected royalties and revenue from future sales**. Investors can provide funding for fashion businesses that generate revenue from contracting and licensing deals, in exchange for a share of the profits from the deals.

Opportunities for Impactful Investment

- Investment in the **fashion, education and training sector,** including upskilling existing trainers and expanding capacity, is critical to drive growth of the fashion industry. Stakeholders unanimously identified the need for capacity building to enhance product quality and position Nigeria as a production hub. Key areas include entrepreneurial skills, pattern making, garment and leather construction, product finishing, and quality assurance. Establishing comprehensive fashion education and skills development hubs, equipped with cutting-edge resources, will enable effective knowledge transfer and industry-standard training. Additionally, robust business education is essential to fostering originality, addressing a key challenge in Aba, Nigeria's leading production hub, which is widely known for replicating designs.
- Due to the forex crisis in Nigeria, the cost of importation is prohibitive, serving as a major hindrance for the industry. Investing **in cotton farming, processing and textile production factories, sustainable power supply systems**, tanning and post-tanning facilities will reduce the dependency of the industry on imports and enable a self-sustained industry.
- There is a major local and African **opportunity for manufacturing clothing accessories like zips and buttons**, which requires significant investment. Clothing accessories used in Nigeria are all imported. The manufacturing sector of the fashion industry is the powerhouse of the industry and requires significant financial and infrastructural investments to thrive. Reviving and optimising the dormant manufacturing factories in the country will enable growth and the ability to meet the growing local and international market demand.

High-level Investment Potential Assessment

Assessment criteria

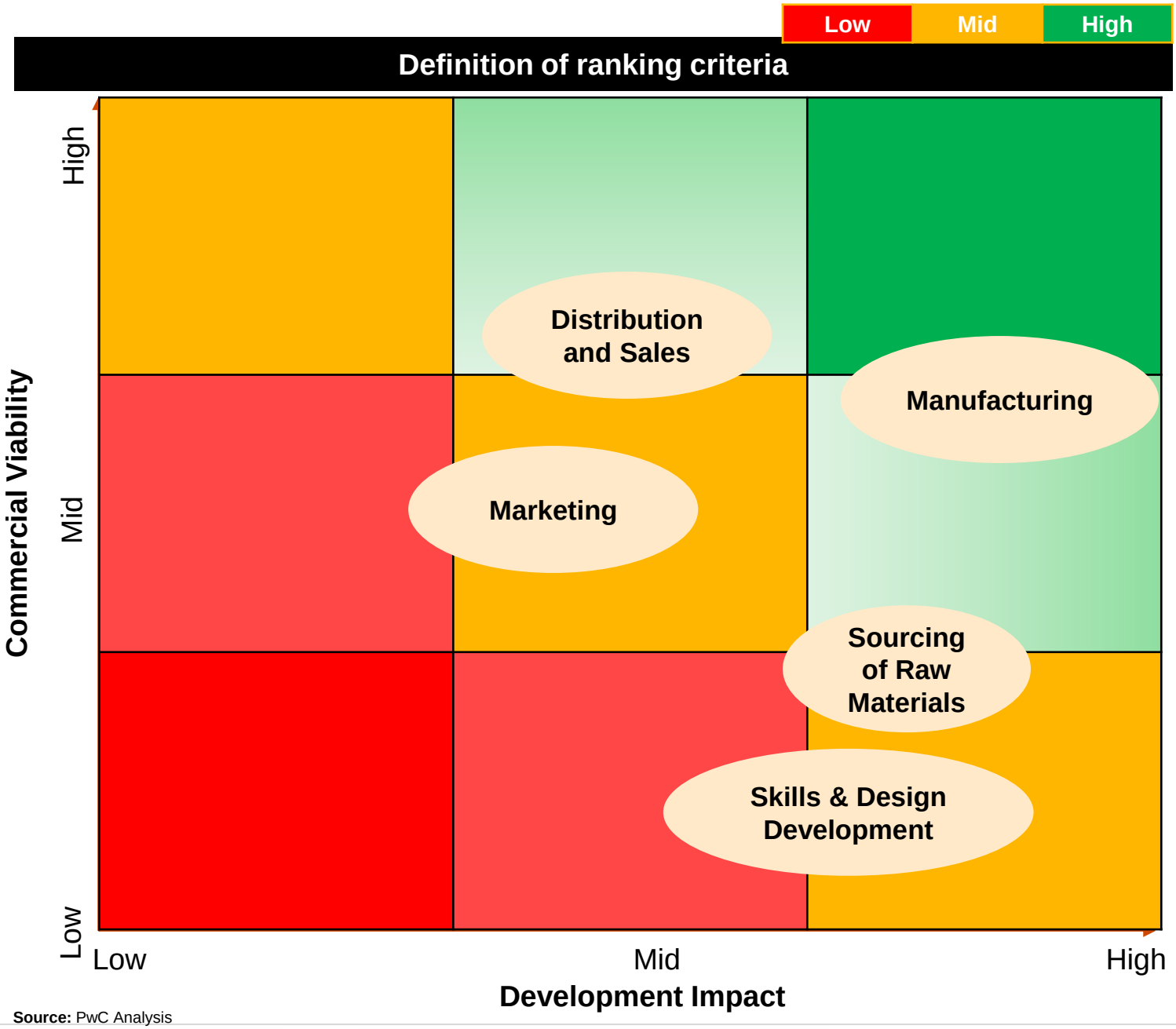
Below is a qualitative assessment of the relative value of key segments within Nigeria's fashion ecosystem, based on insights from stakeholder engagement. We evaluated these segments against key criteria to provide a high-level perspective on investment feasibility for Development Finance Institutions (DFIs).

1.Commercial Viability – Evaluates the market size, financing needs, and growth potential of the segment.

- **High:** Large, established markets with strong demand and significant financing gaps.
- **Mid:** Expanding markets with clear growth potential, moderate traction, and unmet financing needs.
- **Low:** Niche or early-stage markets with uncertain scalability or limited commercial prospects.

2. Development Impact – Assesses the socio-economic benefits of investing in the segment, including job creation, cultural significance, and community impact.

- **High:** Sectors with broad employment potential, strong cultural relevance, and significant community benefits.
- **Mid:** Growing sectors with emerging socio-economic contributions and the potential to scale impact.
- **Low:** Limited direct socio-economic benefits, with minimal job creation or community impact

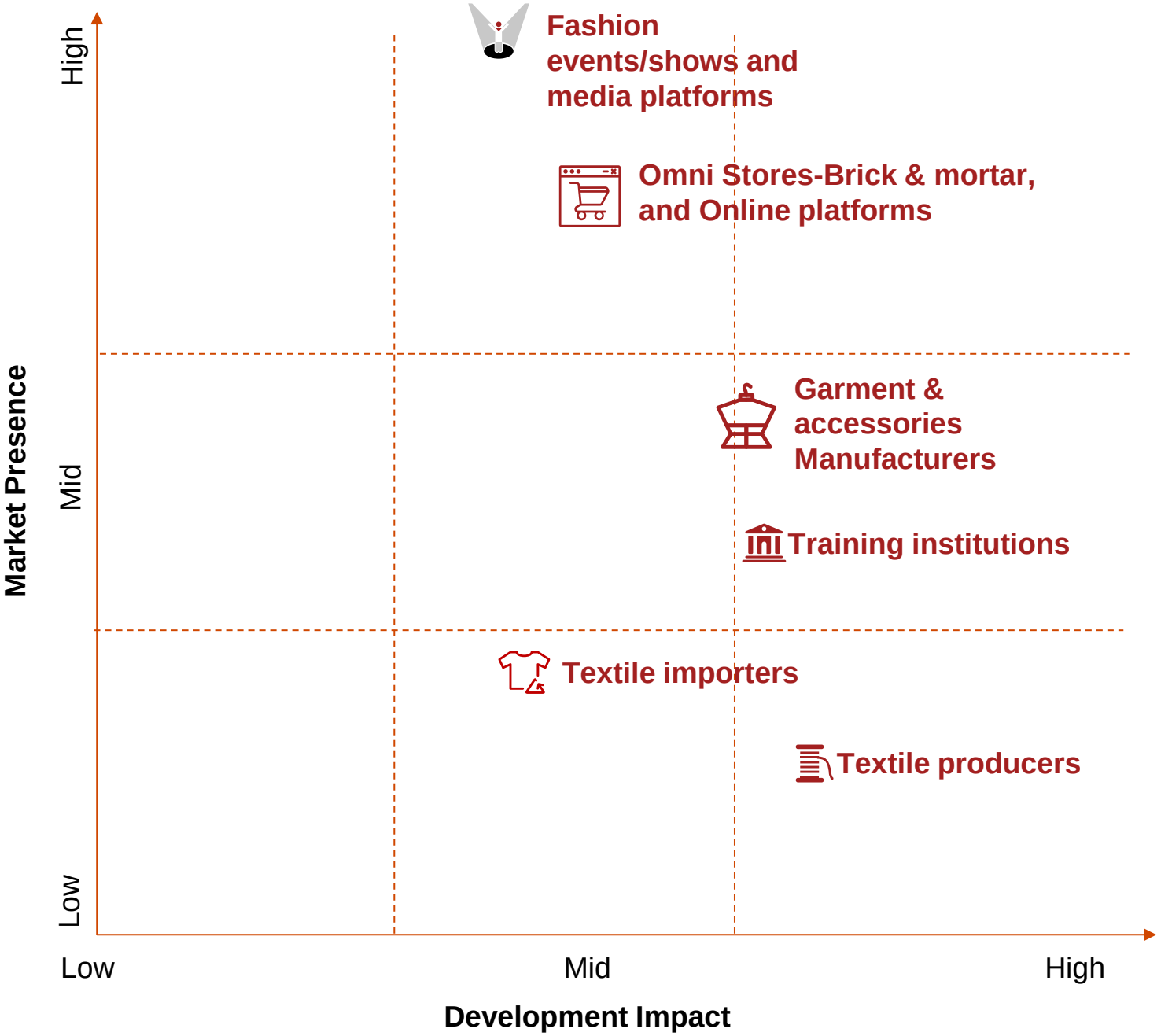


Source: PwC Analysis

The Fashion Value Chain – by actors

We have reviewed key actors within the ecosystem using the same evaluation criteria.

Matrix overview of key actors within the fashion ecosystem



- **Garment & accessories manufacturers and training institutions** have mid-market presence but play a crucial role in local production and skill development.
- **Strengthening local textile production**, expanding training institutions, and incentivizing local manufacturing are key to boosting both long-term industry sustainability of the ecosystem

Source: PwC Analysis

Fashion Industry Business Models

Key business models of the Fashion sector

Value Chain Segment	Key Business Models	Current funding model
Skills & Design Development	**Pay-per-Course Models** where trainees enroll in specific courses such as sewing, pattern-making, or fashion marketing, paying a fee for each course.	• **Self-finance** • **Grants and Sponsorship**
	Fashion incubator models with programs structured to provide support to emerging designers and entrepreneurs including **capacity-building,** business development support, funding, and market access.	
	Certification-based models where small-mid scale training centers provide specific courses, with certificates for different design areas	
Sourcing of Raw Materials	Fabric and leather **importation model** where manufacturers rely on imported materials for their quality, price, and variety	• **Self-finance** • **Govt. grants** • **Subsidies**
	Vertically integrated textile production where companies partake in all areas of the fabric production process from cotton farming to fabric processing, to improve supply chain efficiency and reduce costs.	
	Local artisans in small towns and villages **weave raw materials** like Aso oke and Akwaete, used for traditional designs. Local tanneries in Nigeria also produce leather which is often exported for final processing	
Manufacturing	**Mass market production** which involves large-scale garment manufacturing for designers, retailers, or direct sales, with rising demand for collar knitting and thread winding	• **Self-finance** • **Debt** • **Investment and Partnership**
	Brand licensing where fashion product manufacturers produce specific quantities and designs of items **for local brands** or brands from neighbouring countries.	
	Custom/luxury production which focuses on bespoke fashion with exclusive designs and customised fabrics, targeting high-income consumers like celebrities and high-net-worth individuals	
Marketing	Traditional media like Fashion magazines and shows are key in marketing to older Nigerians who use traditional media. Building a trusted, valuable brand that resonates with them is crucial.	• **Self-finance** • **Media Support** • **Partnership**
	Influencer marketing uses fashion influencers and celebrities who play a significant role in marketing for brands and also shape major fashion trends via regular and social media	
	Fashion events and shows aid direct customer engagement and brand exposure, especially for small brands without showrooms or physical spaces. They attract media attention and improve brand reach	
Distribution and Sales	Wholesale Distribution model where designers or manufacturers sell products in bulk to wholesalers operating on a regional or national scale, who then distribute them to retailers.	• **Debt** • **Equity (VC)** • **Sponsorships**
	Pop-ups and trade fairs at specific locations or times, which give short-term retail experiences. They let customers shop without delivery fees	
	E-commerce distribution models handle logistics, easing the burden on fashion brands. However, some still face issues such as unreliable delivery, high return costs, and consumer distrust.	

Source: PwC E&M Outlook, PwC Analysis, Spotify

For the Fashion industry to thrive, bridging the gaps of fragmentation is key

Fragmentation Issue	Recommendation	Expected Outcome
Lack of coordination across the value chain	Establish a **National Fashion Alliance** to connect designers, manufacturers, marketers, and retailers.	Enhance collaboration and streamlined operations across the fashion value chain.
Dependence on imported raw materials	Invest in **local textile production and processing facilities**, supported by government incentives.	Reduce dependence on imports and lower production costs.
Technical and business training	Develop regional **Fashion Academies** in states like Lagos, Kano, and Aba to provide training in design, manufacturing, and business management.	Improve technical skills and business acumen among fashion practitioners.
Fragmented retail channels	Promote **fashion e-commerce platforms** that aggregate Nigerian designers and provide a unified marketplace.	Increase access to local and international consumers for Nigerian designers.
Low adoption of sustainable practices	Launch a **Sustainable Fashion Initiative** to educate fashion designers on eco-friendly materials and practices.	Increase adoption of sustainable production methods and improved global competitiveness.
Gender inequality in access to finance and leadership	Establish a **National Fashion Alliance** to connect designers, manufacturers, marketers, and retailers.	Enhance collaboration and streamlined operations across the fashion value chain.
Lack of global visibility for Nigerian fashion	Invest in **local textile production and processing facilities**, supported by government incentives.	Reduce dependence on imports and lower production costs.

Gender in the Fashion Industry

Women have a higher representation in the fashion industry, particularly in the skills and design sector. However, many enter at a disadvantage due to limited access to educational opportunities and alternative career paths. Women are active in small-scale tailoring and in areas like fashion styling, PR, and modeling, but they face significant barriers in larger, more capital-intensive areas such as raw material sourcing, large-scale garment production, and logistics. Financial constraints exacerbate these challenges, as women often lack the necessary resources to scale their businesses or access formal training, impacting their growth potential in the sector.

Despite their high representation in design and styling, **women are underrepresented in other crucial areas of the fashion value chain**. In segments like raw material sourcing, cotton farming, textile production, and leather tanning, women are largely excluded from higher levels of the value chain, as these are predominantly male-driven sectors. Gender biases and stereotypes further restrict women's participation in large-scale production and distribution, with women often limited to small-scale retail. Also, many female entrepreneurs lack financial literacy, which hampers their ability to secure funding or scale their businesses. The absence of formal technical training, particularly in rural areas, further limits their ability to compete and innovate in the sector.

To address these barriers and foster more inclusive growth in the fashion industry, a multi-faceted approach is needed. Empowering women through **better access to finance**, including targeted loans and grants for female entrepreneurs, will help alleviate financial constraints. Establishing **capacity-building initiatives**, such as business mentorship programs, technical training, and financial literacy workshops, will provide women with the tools they need to scale their businesses. Strengthening **market access** and creating **formalisation pathways** for women in informal markets will enable them to expand and compete more effectively. Also, the development of **shared infrastructure**, such as production facilities and logistical support, will reduce the cost burden of production and enhance operational efficiency. By creating a more supportive ecosystem, female participation and business success in Nigeria's fashion industry can be significantly enhanced.

Gender Analysis of the Nigerian Fashion Industry

Low | Mild | High

Value Chain	Ranking*	Insights from the Field
Skills & Design Development	Mild	• The fashion training segment in Nigeria is primarily dominated by women. Training in the industry is largely informal and semi-formal with the majority of training programs being run by women.
Sourcing of Raw Materials	Low	• The cotton farming and processing sector is predominantly run and operated by men. A few women own cotton farms, but the majority are owned by men.
Manufacturing	Mild	• Women are more active in small scale tailoring shops and industries, with about 60% representation and underrepresented in large scale factories. • Women have a relatively high presence in artisanal, small scale leather design and production for items like leather bags, shoes and sandals. • Women currently dominate the jewelry production sector, with female owned businesses like *Cornucopia Adorn* and *Lush Jewels* thriving.
Marketing	Mild	• Women have an average representation in fashion styling, with a representation of about 60%. There is also a strong participation of women in modeling and social media fashion marketing.
Distribution & Sales	Low	• Women have a fair representation in small scale fashion retail businesses owning boutiques, brick-and-mortar stores, market stalls and online based sales businesses.

**Ranking of female participation levels*

Climate and Sustainability Impact

The Nigerian fashion industry has increasingly embraced sustainability over the past decade, evolving from cultural preservation techniques to addressing social, financial, and environmental impacts. Sustainability initiatives are primarily concentrated in urban centers like Lagos and Abuja, with limited awareness in smaller towns. Raw materials sourcing, manufacturing, marketing, distribution and sales are high environmental impact areas. Conventional production materials causes significant environmental damage through water consumption, chemical pollution, and carbon emissions and energy-intensive manufacturing processes rely heavily on petroleum power, generating substantial carbon emissions and waste.

While sustainability initiatives are gaining traction in Nigeria's fashion industry, particularly in urban areas, further efforts are needed to integrate eco-friendly practices across the value chain. The Incorporation of eco-friendly design principles in fashion education, sustainable alternatives in raw material sourcing, use of recyclable fibers like jute and hemp, eco-friendly tanning, and the adoption of natural dyes will have long-term positive environmental effects.

Transformational solutions like energy-efficient equipment, the use of renewable energy, upcycling, and the adoption of biodegradable materials in manufacturing and digital marketing strategies can **minimize environmental impact** .The industry's shift from fast to slow fashion represents a critical driver for sustainable practices in Nigeria, with significant potential for positive environmental impact through improvements in raw material sourcing, manufacturing processes, and supply chain management.

Low	Mild	High

Value Chain Areas with Environmental Impact

Value Chain Area	Climate Impact	Climate impact rating
Skills & Design Development	• Prototyping during skills development contributes to the waste generation of the fashion industry.	
Sourcing of Raw Materials	• Production of raw materials like polyester, cotton and leather significantly impacts the environment. Cotton processing consumes large quantities of water while polyester production is energy intensive. Livestock farming is a major source of carbon emissions, and land degradation.	
Manufacturing	• Manufacturing equipment is very energy-intensive. Manufacturers in Nigeria rely on petroleum powered energy to operate this machinery, contributing to high levels of carbon emissions.	
Marketing	• Physical rollout campaigns for new collections can contribute to plastic waste, impacting the environment.	
Distribution & Sales	• Emissions from distribution, packaging and logistic sources such as trucks and other vehicles contribute negatively to the environment. • Frequent disposal of fashion items contributes to waste products which negatively affect the environment.	

Film & TV Production

Film & TV Production

Nigeria's film industry, commonly known as "Nollywood", is by far the country's most established and better-known creative sector. It is globally recognised as the second largest in the world, producing approximately 2,500 movies per year.

Nollywood's growth started in the 1990s, fuelled by the home video revolution- low-budget, straight-to-video movies, which were more accessible to the average Nigerian than cinema screenings. The industry is largely dominated by low-to-medium budget movies, however, there has been a noticeable shift towards more ambitious, higher-budget productions in recent years.

Despite its growth, Nollywood faces challenges, which include:

- Inadequate infrastructure that hampers effective production, and distribution. Poor power supply, poor internet connectivity and lack of adequate production and post- production facilities are major constraints.
- Funding constraints for high-quality, large scale film productions have affected the growth of the industry. Quality production equipment and personnel costs are high.
- Piracy affects the revenue-generating potential of films, impacting investment.

Strengths & Opportunities

The strengths of the industry allow for growth opportunities for the industry, despite the challenges encountered:

Strengths:

- Strong presence and viewership across Africa, the Caribbean and the African diaspora.
- Strong cultural heritage, traditions and stories that resonate with local and foreign audiences.
- Growing global recognition, due to increased reach from participation in international film festivals and digital platforms like Netflix, Amazon Prime and YouTube.
- Creative talent pool with vibrant actors, crew, storywriters, directors, and producers bringing life to the films.
- Global recognition of Nigerian entertainment creates momentum for content creators.
- Nigeria's rich cultural heritage provides a unique foundation for creating distinctive content.

Opportunities:

- There is a growing opportunity for Nollywood to tap into non-English and Nigerian language speaking regions via movie translations, dubbing, and subtitling in languages such as French, Dutch, Spanish and Hindi.
- International skill-development programs, accelerators and initiatives such as the Film Lab Africa can enhance the skills, knowledge, and network of Nigerian actors, filmmakers, and producers. Partnerships and collaboration opportunities with foreign filmmakers can enhance reach and production quality.

Video Games & Animation

Video Games and Animation

Nigeria's video game and animation sector is experiencing significant growth, driven by several key trends: the mobile gaming boom, the rise of local content and cultural representation, live streaming opportunities, and international collaboration. With a young, tech-savvy population and a burgeoning creative industry, Nigeria's video game sector is projected to reach a market volume of $653.60 million by 2027. These trends highlight the sector's vast potential and the increasing demand for Nigerian content.

However, the sector faces a number of challenges that hinder its full potential:

- **Inadequate Skills:** The industry faces a skills gap in technical fields like 3D modelling, animation, and game development.
- **Funding Issues:** Limited access to funding forces developers to rely on personal resources, restricting innovation and growth.
- **Infrastructure:** Poor access to reliable internet and electricity, along with high operational costs, limits the industry's growth.
- **Preference for Global Brands:** Many Nigerian consumers prefer well-known global titles, making it difficult for local developers to gain market share.

Strengths & Opportunities

Despite the challenges plaguing the sector, its strengths present numerous opportunities for growth and development.

Strengths:

- International collaborations help address funding challenges and improve local productions.
- Nigeria's expanding, tech-savvy population drives significant demand for gaming content.
- Global recognition of Nigerian entertainment creates momentum for content creators.
- Nigeria's rich cultural heritage provides a unique foundation for creating distinctive content.

Opportunities:

- Subsidised loans can provide financial support for gaming startups.
- Skill-building programs can enhance the capabilities of game developers and animators.
- Investment in indie game developers can help small studios bring their ideas to life.

These actions could drive job creation, foster economic growth, and establish Nigeria as a global player in animation and video game development.

Broadcast & OTT

Broadcast & OTT

The Nigerian broadcast and OTT sector is growing due to increasing mobile penetration, user demand for mobile content, and investments in localised offerings by global platforms like Netflix and Amazon Prime. However, several challenges persist:

- Frequent power outages increase operational costs and disrupt service delivery.
- High internet data costs limit access to OTT services, especially in rural areas.
- Expensive infrastructure requirements hinder the digital transition for smaller broadcasters.
- Outdated and fragmented regulations discourage investment and operational efficiency.

Strengths & Opportunities

Despite these challenges, Nigeria's broadcast and OTT sector is uniquely positioned to capitalise on its diverse content production and youthful demographic. With growing investments in local talent and content, the sector presents several key strengths and opportunities.

Strengths:

- Nigeria’s diverse content production, led by Nollywood, appeals to both local and global audiences.
- Global and domestic platforms are investing in local content and talent development.
- A youthful population offers a vast and promising market for broadcasters and OTT platforms.

Opportunities:

- Investments in renewable energy can stabilise broadcasting operations and reduce costs.
- A content production fund can promote high-quality, culturally relevant creations.
- Gender-inclusive initiatives can empower women and increase representation in media production.
- Collaborating on regulatory reforms can create a transparent and competitive environment.

The combination of these strengths and opportunities presents a bright future for Nigeria’s broadcast and OTT sector, allowing it to expand and make a significant impact on the global stage.

Visual Arts

Visual Arts

Nigeria's visual art sector is experiencing a dynamic evolution, driven by the rise of digital art and NFTs, increased global exposure, the influence of social media, and the fusion of traditional and contemporary elements. Nigeria boasts the largest art market in Africa, with an estimated value at the north of $500 million. Art fairs, exhibitions, and growing educational initiatives are strengthening the sector's foundations, making it a vibrant hub for creativity and innovation.

However, challenges such as limited funding, inadequate infrastructure, and poor copyright enforcement persist. These challenges hinder the sector's full potential and growth.

Strengths & Opportunities

Despite challenges, Nigeria's visual art sector boasts significant strengths and opportunities that can be leveraged for continued growth and success.

Strengths:

- Rich cultural heritage inspiring unique and diverse art forms.
- International recognition of Nigerian artists.
- Platforms like ART X Lagos, The Benin Art Fair, and Lagos Photo Festival are increasing visibility for local artists to the Nigerian and international art scenes.
- Youthful and talented workforce driving contemporary trends.

Opportunities:

- Investment in creative hubs for artists to interact and create
- Export financing to help Nigerian art reach a global audience.
- Mentorship programs and workshops to increase gender inclusion in the sector.
- Capacity-building initiatives, such as scholarships and partnerships with art schools, to develop talent.

With the right support, Nigeria's visual arts industry can continue to evolve as a key player in the global cultural landscape.

Summary of SWOT Analysis

We have summarised the strengths, opportunities, weaknesses and threats for the music and fashion industry (1/2)

	Strength	Weakness	Opportunities	Threat
Talent Development	• Youthful population actively engaged in music creation and consumption. • A rich cultural heritage and diversity of musical styles.	• Infrastructure gaps • Lack of formal business training	• Development of training hubs • Venture capital	• Talent drain to Lagos and international markets, leaving regional areas underdeveloped.
Music Production	• Availability of skilled self-taught producers and engineers, an indication of the willingness to learn and improve.	• Highly competitive • Low purchasing power • Low streaming percentage • CMO royalty collection issues • Absence of finance experts • Technology	• Subsidised software licensing fee • Grants	• High cost of production tools and equipment.
Marketing	• Established hubs in major cities for local and international promotion.	• Limited venues • Costly production • Frequent technology change • Low remuneration • Insufficient • collaboration • Insufficient support structures	• Proper concert venues	• High competition, making it difficult for emerging artists to stand out.
Music Publishing	• Recognition of Nigerian artists by global platforms (e.g., Spotify, Apple Music).	• Transparency and efficiency issues • Royalty disputes • Outdated law-school curriculum • Inadequate music tracking • Dis-interest of top-level artists	• Academic sponsorship • Capacity building	• Weak enforcement of intellectual property rights, leading to exploitation of artists.
Other Distribution & Monetisation	• Rise of digital streaming platforms enabling global reach.	• Educational Barriers to Licensing Revenue • External dependence for live Performances • Insufficient Local Revenue	• Direct link to streaming platforms	• Dependency on foreign distribution Systems.

We have summarised the strengths, opportunities, weaknesses and threats for the music and fashion industry (2/2)

	Strength	Weakness	Opportunities	Threat
Skills & Design development	• Presence of talented designers creating globally recognised styles (e.g., Lisa Folawiyo, Mai Atafo).	• Limited access to funding • Skills and Knowledge Gaps	• Specialised training programs • Innovation and collaboration Hubs for Fashion & Design • Global collaboration and Exchange programs.	• Fragmented Education and Training Standards.
Sourcing of raw materials	• Efforts to revive local cotton farming through government and private initiatives.	• Dependence on Imports • Access to finance • Infrastructural challenges	• Potential opportunity to partner with government's recent efforts to revive the cotton, textile and garment (CTG) industry.	• Inconsistent quality of locally sourced raw materials.
Manufacturing	• Presence of small-scale tailoring and garment factories catering to local demand.	• Access to skilled labour • Lack of government support • High cost of skilled labour • Access to finance: operating & capital costs	• Finance factories and equipment • Encourage partnerships with international fashion houses ready to produce in Nigeria.	• High production costs and lack of modernised factories.
Marketing	• Growing recognition of Nigerian designers at global fashion weeks (e.g., Lagos Fashion Week, Aba Fashion Week, GTBank Fashion Weekend).	• Changing Customer Trends and Behaviours • Purchasing power of customers • Limited access to funding	• Support designers in attending events abroad.	• Intellectual property issues, such as design theft and lack of copyright enforcement.
Distribution and sales	• Growth of e-commerce platforms.	• Inadequate Logistics and Inventory Control • Payment collection issues	• Encourage local multi-brand distributors and expansion of international digital platforms in Nigeria.	• Counterfeit products demeaning the reputation of local brands.

Please see below a snapshot analysing the challenges encountered by the Actors

Actors		Key Comments	
		Obstacle to Funding	**IP Challenges**
	Illbliss **(Entire value chain) – *Enugu State***	• Funding opportunities in Enugu's music industry are limited. • There is a lack of structured funding options, and most artists rely on personal funds or support from family and friends. • There is a need for public and private investments, grants, and technical assistance.	• Little understanding of intellectual property rights including copyright protection, contracting and the business of music.
	Keke Hammond **(Music Marketing) – *Lagos State***	• The funding ecosystem is a bit challenging, especially with accessing loans – with high interest rate	• Limited knowledge of the intricacies of Intellectual Property
	Ruby Gyang **(Talent Discovery & Management) – *Jos, Plateau State***	• Investors do not see the music ecosystem in Jos as viable enough for investment	• Lack of knowledge about intellectual property
	Kingsley Dan-Maharaj **(Talent Discovery & Management) – *Rivers State***	• Most artists use personal funds to promote their music • Focus should not be on giving out loans but teaching artists how to properly utilize the funds	• Lack of knowledge about intellectual property
	Vayan Joseph **(Music Marketing) – *Kaduna State***	• Historic insecurity concerns have dampened investor interest	• Little knowledge of intellectually property

Please see below a snapshot analysing the challenges encountered by the Actors

Actors		Key Comments	
		Obstacle to Funding	IP Challenges
	Doris Gam-Dede **(Skill and Design Development) – *Rivers State***	• Personal funding drives the business. The requirements for obtaining a loan is cumbersome.	• There little knowledge on the protection intellectual property laws affords creatives.
	Hogan Nkute **(Manufacturing) – *Abia State***	• Personal funding drives the business. Actors in the segment take pride in owning 100% of their business, and are averse to equity funding and debt funding	• Little knowledge on the benefits of intellectual property
	Hauwa Ishaq Ibrahim **(Sourcing of Raw Materials) – *Kano State***	• The Islamic rules around interest based loans affect the exploration of loans as a means of funding the business.	• Lack of knowledge about intellectual property.
	Ibile Adire and Kampala Apparel **(Skills & design development Manufacturing) – *Ogun State***	• Quick access loans from co-operatives organisations – where resources of members are pooled together - have helped in business operations. • Its forward application and disbursement process have been the attraction when compared to loans from other sources	• Infiltration of the market with counterfeit Adire designs by the Chinese
	Franklin Egbamuno **(Sourcing of Raw Materials and Manufacturing) *Lagos State***	• High bank interest rates (up to 34%) make loans difficult to access for the fashion manufacturing businesses	• In the manufacture of textile/fabric, intellectual property isn't a strong concern at that point in the value chain

Funding Instruments

A review of major funding instruments across key criteria

Low | Mid | High

Criteria	Funding types		
	Debt	Equity	Grants / Technical Assistance
Awareness levels of the fund by CCI practitioners	Low	Low	Low
Ease of access of funds by CCI practitioners	Mid	Mid	Mid
Funders' understanding of the industry	Mid	Mid	Mid
Impact assessment by the funding bodies	Low	Mid	Mid
Gender inclusion	Mid	Mid	Mid
Cost of fund (interest rate, collateral etc)	High	Low	Low

Considerations for AFD's Potential Fund for the Creative Industries

AFD will need to consider some important factors, to ensure success of the proposed financing mechanism. Addressing these factors comprehensively will help create a fund that not only distributes money but genuinely strengthens and impacts Nigeria's creative ecosystem. They include:

1	**Awareness levels of the fund**: The level of awareness and access to information about the fund will affect the impact of the fund. CCI actors noted the lack of knowledge about funds as a major challenge. The proposed credit line should have a well publicised launch with clear communication strategies, using multiple channels like industry events, grassroot organisations, social media and local languages to spread awareness
2	**Ease of access:** Cumbersome application processes discourage creatives from applying. Bureaucratic and structural bottlenecks should be removed from the application process. The application process flow should be simple and clear, and easily navigable on a straightforward, user-friendly interface
3	**Funders' understanding of the industry**: Many financial institutions and investors struggle to understand the creative industry's unique business models, leading to unfavourable funding structures and unrealistic repayment expectations. Engaging industry experts in designing a sector specific fund which aligns with sector needs, and training fund managers on the growth models and revenue cycles of businesses in the CCI
4	**Performance monitoring and impact assessment**: Many funds lack effective mechanisms to measure impact and outcomes, which are vital to ensure long term business sustainability. Proper fund governance should be implemented including clear definition of Key Performance Indicators (KPIs), carrying out periodic impact assessments to track financial performance and social and development impact.
5	**Gender Focus:** Female stakeholders in the CCI face significant barriers to funding. Providing gender specific funding products and quotas to ensure equitable access for female owned and led fashion and music businesses.
6	**Cost of fund**: The real cost of funding instruments, including opportunity costs and collateral requirements, should be carefully evaluated. Access to funding should remain affordable for potential applicants by ensuring low interest rates and offering flexible, innovative repayment options such as royalty agreements and milestone-based repayments.

Many creative businesses lack the structure and documentation needed to receive and account for funding. The proposed fund can have an initial **preparatory fund** – which would be linked to technical assistance facilities – to equip the CCI actors with the requisite **know-how** on the business of the creative sector, in view of making them bankable or credit-worthy.

Furthermore, partnering with firms like PwC and creative hubs to provide education and technical assistance on legal, accounting, marketing, and business aspects of the industry can be considered.

02

Project Objectives and Methodology

2. Objectives & Methodology

AFD commissioned PwC to conduct a market study update on the cultural and creative industries (CCI) ecosystem in Nigeria, with particular focus on the fashion and music value chains

About AFD

- **Agence Française de Développement (AFD)** implements France's policy on international development through providing **grants, loans, guarantee funds, debt reduction, and trainings** in sustainable development.
- AFD Nigeria focuses on **four operational trajectories**:
  - financing the low-carbon energy transition;
  - reinventing cities;
  - diversifying the economy and modernizing public services;
  - boosting agriculture.

Project Background

- As part of its strategic objective of **diversifying the economy**, AFD has been exploring new cooperation areas with high employability potential, including CCI, digital, and sports sectors.
- **In 2019**, AFD financed a **prospective study** on the cultural and creative industries (**CCI**) **ecosystem** in Nigeria. Conducted by PwC, the study explored the potential of implementing a line of credit for the sector.

Project Objectives

- **Presently**, AFD seeks an **update** to the **market study conducted in 2019**, with a strong **focus on the fashion/design and music sectors**. The **final goal** of the assessment is **to define which segments** of the creative and cultural sector that **should be targeted by a potential credit line.**
- PwC has been engaged to update the market study, and identify target segments for credit, in line with the objectives of AFD .

Key focus

This report aims to shed light on six segments of the CCI ecosystem, with a focus on Fashion & Music

Sub-segment focus

Fashion & Design

Activities related to clothing, accessory, product, graphic design and distribution

Music

Sound recording & music, publishing industry, live music

Film & TV Production

Motion picture & TV production

Broadcast and OTT

Television channels & Over-the-top platforms – broadcast & distribution

Visual Arts

Visual arts creation & exhibition activities

Video Games & Animation

Video games and animation studios, product creation & distribution

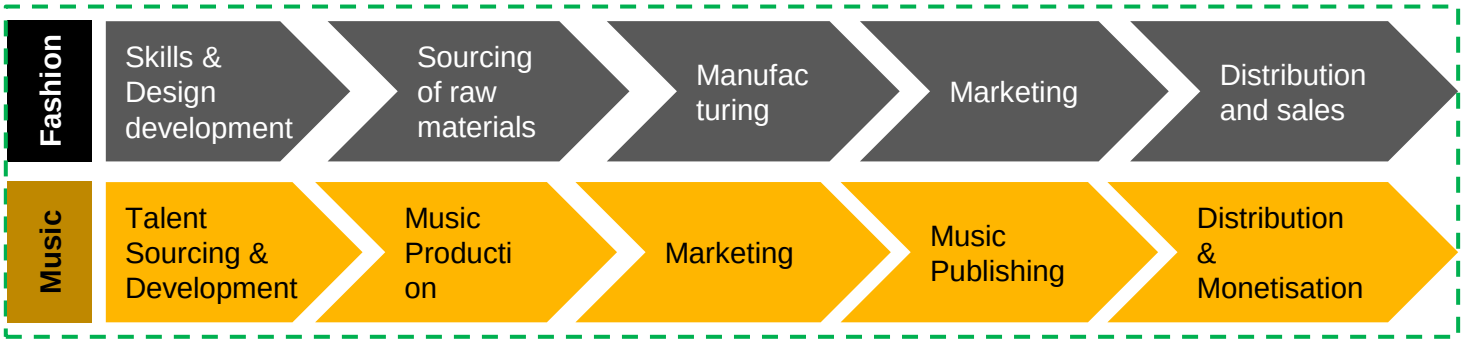
Key focus

A mix of primary and secondary research methods were adopted for the focus segments – fashion & music, and only secondary, for others

Primary & Secondary Research

Value chain overview and research focus

- **Primary** and **secondary research** across the entire value chain will be carried out on the major focus sectors - Fashion and Music.
- Primary research will involve interviews and surveys with key value chain players and stakeholders across Nigeria.



- Secondary research will be conducted on the non-focus sectors, utilising available data from published journals and reports, research organisations and PwC's knowledge database. **Limited interviews** with key players will be conducted where necessary.

Film & TV Production

Motion picture & TV production

Broadcast and OTT

Television channels & Over-the-top platforms – broadcast & distribution

Visual Arts

Visual arts creation & exhibition activities

Video Games & Animation

Video games and animation studios, product creation & distribution

We have structured the report to address five key areas as stated in the Terms of Reference

Report structure

01

Industry Value Chain

We highlighted the existing value chain and described the key actors.

02

Business Models

We described the key business models adopted by players in the value chain.

03

SWOT Analyses

We highlighted the strengths, weaknesses and opportunities across the value chain segments.

04

Funding Model

We described the prevalent funding model in the core value chains.

05

Gender & Sustainability

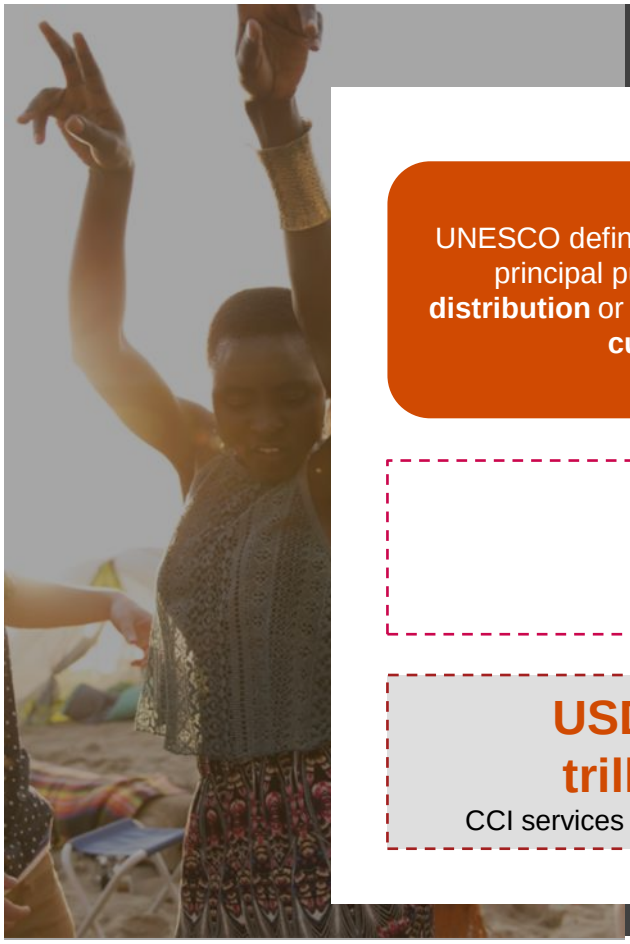
We identified gender and sustainability considerations for the focus CCI subsectors.

03

Introduction to the CCI

2. Introduction to the CCI in Nigeria

The Creative and Cultural Industries (CCI) are increasingly gaining global recognition for their ability to stimulate competitiveness, create jobs, and boost economic growth. With increasing digitalisation and globalisation, these industries are evolving into key drivers of innovation and sustainable development.



Snapshot of the Global Economic Impact of the CCI

UNESCO defines the Cultural and Creative Industry as activities whose principal purpose is **production** or **reproduction**, **promotion**, **distribution** or **commercialisation** of goods, services and activities of a **cultural, artistic or heritage-related nature**

USD2,250 billion
CCI annual global revenues

USD1.4 trillion (2022)
CCI services global exports

50 million
Jobs created by CCI globally

The CCI industry is broadly classified into different sub-sectors including **broadcast**, **publishing**, **music**, **film**, **fashion and design**, **visual arts** as well as **video games and animation.**

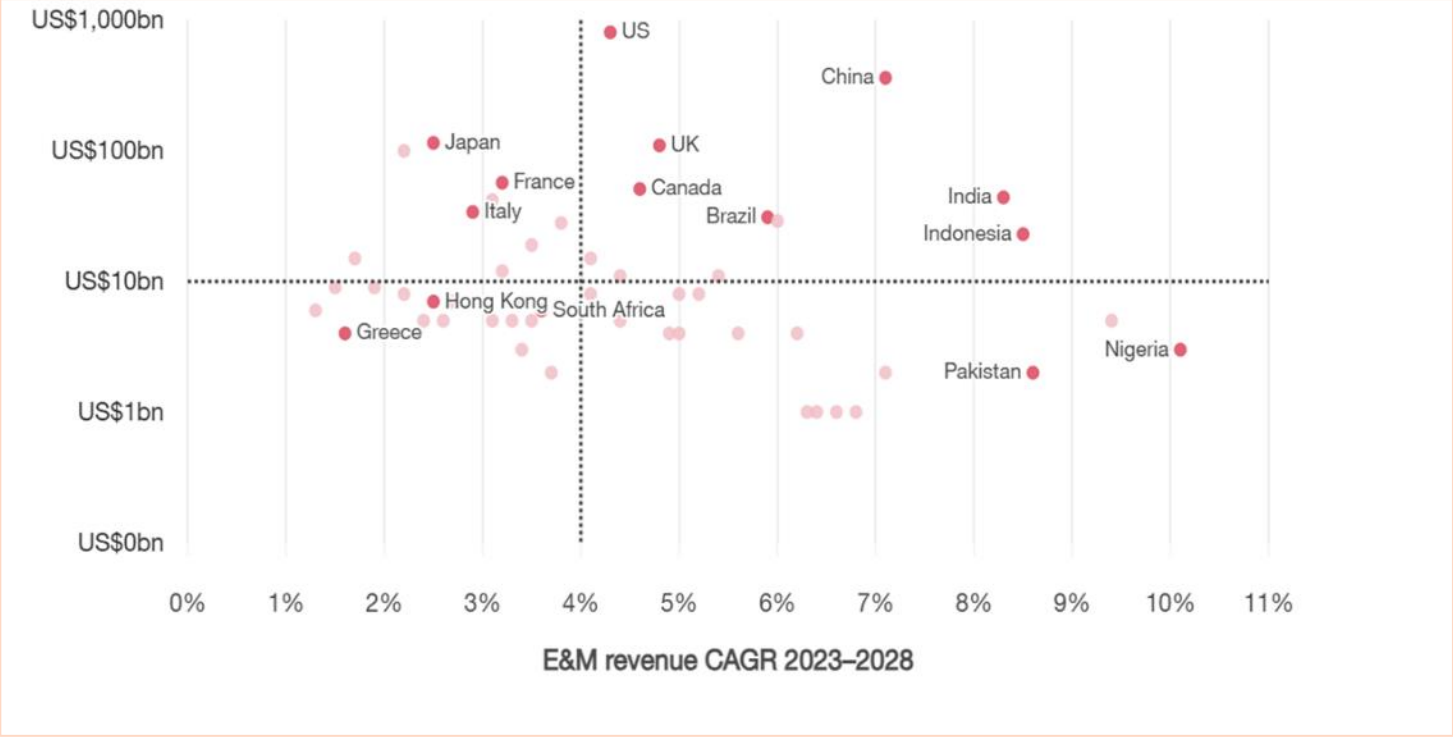
It is one of the fastest growing sectors of the Nigerian economy. However, **from a global value chain perspective**, the **CCI in Nigeria** operates within a highly **fragmented** and **competitive** ecosystem, featuring many independent but disconnected creators and players.

Furthermore, very **few financiers participate as primary investors** in the production end of the value chain. A select number of players typically act as secondary investors in the more lucrative elements of the value chain, such as manufacturing, marketing and distribution, **creating a gap for finance in the sector.**

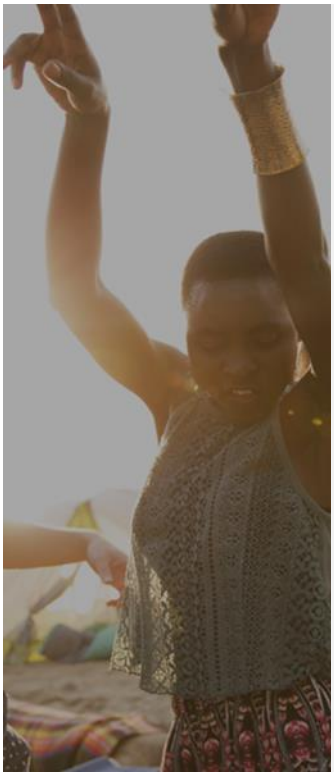
Source: AFD, UNESCO, PwC Analysis, World Bank Blogs, UNCTAD

Africa and the Middle East account for approximately 3% (USD 58 billion) of global Creative and Cultural Industries (CCI) trade, highlighting a vast untapped opportunity given Africa's rich creative diversity. However, Nigeria stands out as one of the fastest-growing Entertainment and Media markets globally, signalling the region's potential for significant expansion.

Global Entertainment & Media (E&M) revenue (excluding connectivity), 2028



Key Insights on the Global E&M Landscape



The biggest pools of revenue growth lie in two principal areas: regions that are already big and growing relatively rapidly, and those that are relatively small and growing extremely quickly. And for many major players, low per capita spending power in some markets poses a challenge.

Among the relatively small markets that show extremely rapid growth, Nigeria **(10.1% CAGR through 2028)** leads the way. It has a predominantly young population of 220 million consumers and is widely acknowledged as Africa's leading E&M hub, home to the world-renowned Nollywood movie industry, which produces over **2,500** films annually.

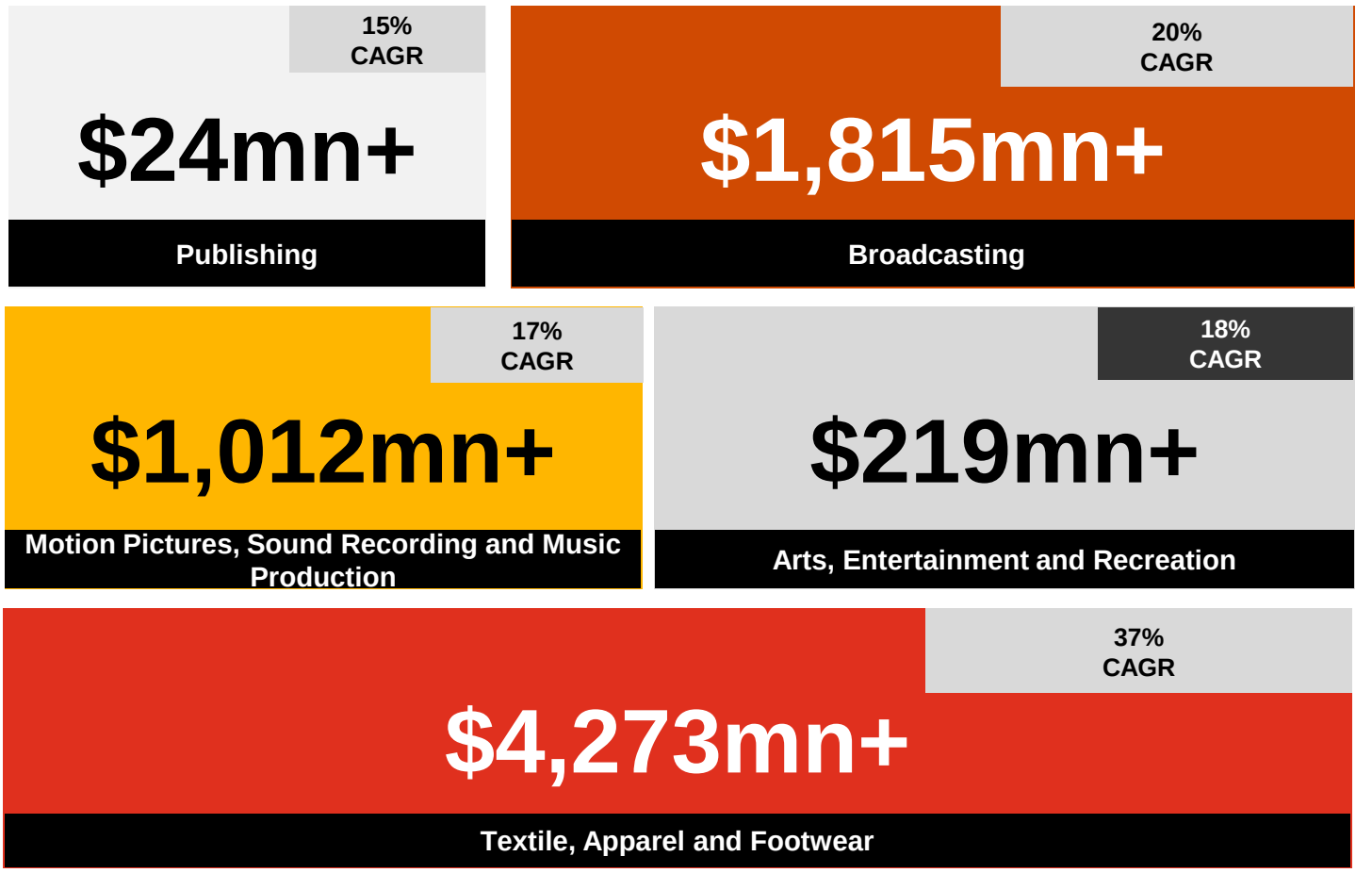
Source: PwC E&M Outlook

Contributing billions to GDP, supporting millions of jobs, and producing a wealth of cultural exports, Nigeria's Creative and Cultural Industries (CCI) have immense potential for further growth and global influence

Key Statistics on the Nigerian Creative and Cultural Industries

- The size of the Nigerian creative sector stands at roughly $7 billion according to the National Bureau of Statistics (NBS). This represented a contribution of about 5% to the Nigerian GDP in 2023.
- The total revenue in the Nigerian Music industry is projected to hit **$172m** by **2029 from $98m in 2023**. Afrobeats – a genre that spurn out of Nigeria - has gained international acclaim, with Nigerian artists topping global charts and collaborating with international musicians, boosting Nigeria's cultural exports.
- For Fashion, the market is projected to grow by **9.09%** between **2024** and **2029**, resulting in a market volume **of $6.6 billion by 2029**.
- As the CCI continues to grow, its potential to drive billions in GDP highlights its role as a key economic engine. Increased support and investment in these sectors could further boost the country's economic resilience and diversity.
- Continued digital innovation, like VR in tourism and digital art, could open new revenue streams and broaden market reach.
- Stronger government support, including initiatives to enhance creative exports and programs such as the Investment in Digital and Creative Enterprises (iDICE) to foster innovation and entrepreneurship, is essential to help the CCI thrive.

Contribution of the Creative Sector to GDP, 2023



Source: NBS, Statista

The macroeconomic environment in Nigeria presents a positive outlook for the creative industries, offering opportunities to further drive growth in the CCI. An analysis across six key levers highlights critical factors that will shape the industry's development from a macroeconomic perspective.

	Political	Economic	Social	Technology	Legal	Environmental
Insight	**The government is increasingly supporting the CCI,** through policies & programs that border around tax incentives, trainings, capacity building and grants.	Despite economic challenges, **the creative sector's resilience and low entry barriers** offer Nigerians, especially young entrepreneurs, accessible income alternatives.	**The teeming youth, who make up 70% of total population** are developing interest in entrepreneurship in the CCI etc. Nigeria also offers a large domestic market.	With Nigeria's **rising internet penetration**, digital platforms like YouTube, Netflix, Spotify, and TikTok are providing new avenues for content distribution.	**Intellectual property (IP) protection in Nigeria remains weak**, with limited enforcement mechanisms in place. Many creators also lack awareness of IP laws to protect their work.	**Environmental consciousness is rising,** especially in fashion – where lots of offcuts are generated. Although, sustainable production infrastructure remains limited.
Impact	↑	↔	↑	↑	↓	↔
Implications for the CCI	**With increased government support, investor confidence grows**, as they are attracted to the sector, leading to development in creative infrastructure and financing instruments.	While the current state has fostered a **culture of self-employment and entrepreneurship in the creative sector, a large percentage of the populace can not afford to pay for goods/services in the CCI**	There is a growing acceptance of "Afrocentric" brands, stories, amongst the youthful population helps to retain revenue within Nigeria's economy, and attract remittances from Nigerians in the diaspora.	**The growing technological trend enables content monetisation through ads, subscriptions, and direct purchases on platforms like Instagram**, creating sustainable income streams for Nigerian creatives.	**Weak enforcement discourages investment and leads to loss of revenue for players**. Strengthening IP laws and enforcement is crucial to fostering a sustainable ecosystem.	The growth of environmental consciousness could also lead to **partnerships with organisations focused on sustainable development, potentially attracting funding.**

Source: UNESCO, NGYouthSDGs

↑ Positive ↔ Neutral ↓ Negative

04

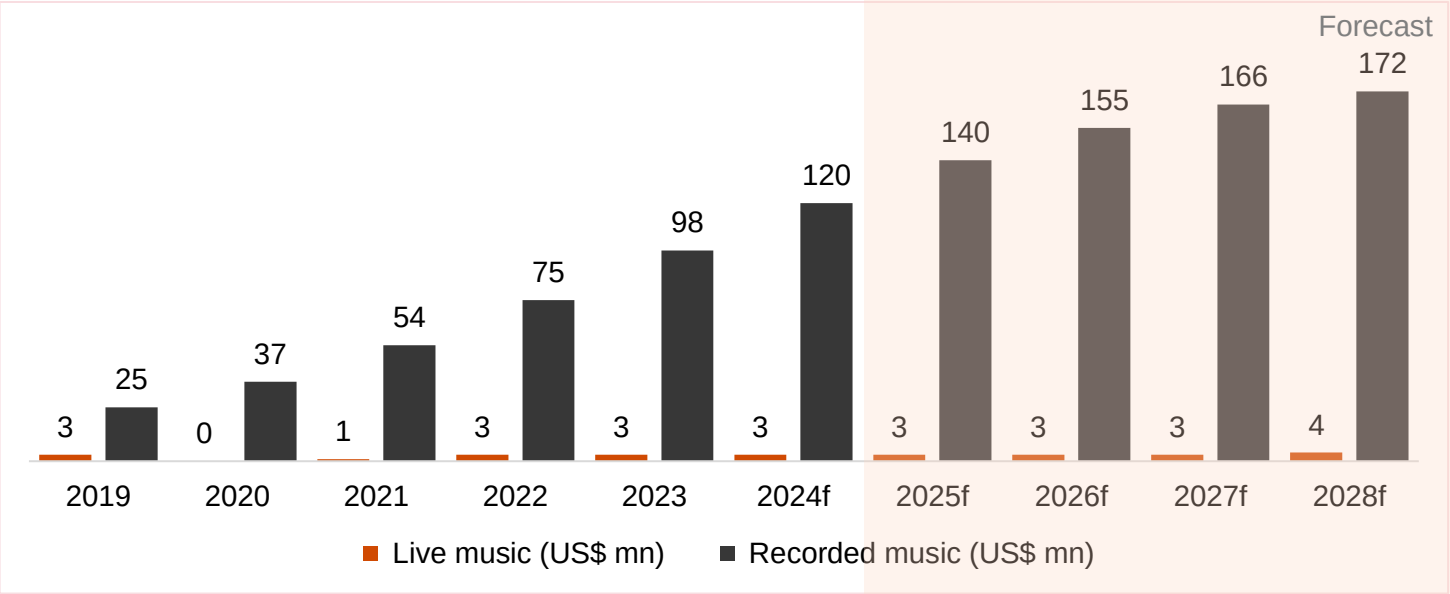
Tuning into the Music Industry

4. Music

Introduction

In recent years, the global recognition of Nigerian music has grown significantly, showcasing its vibrancy on the international stage. Afrobeats, Nigeria's signature sound, is now heard worldwide, with a surge in collaborations between local artists and international music stars. Music has been instrumental in shaping the country's global identity, creating job opportunities, and driving revenue through streaming, concerts, and brand partnerships. It also acts as a unifying force, bringing people together across different backgrounds and fostering national pride

Music Revenue Forecast (USD $Mn)



Some Key Insights on the Music Industry in Nigeria

- The music sector **contributed approximately US$100m to Nigeria's economy in 2023** and is projected to record a **CAGR** of **11.75%** by **2028.**
- **Recorded music accounts for over 90% in revenue contribution** and is projected to sustain that contribution percentage till **2028**. Live music accounts for the remainder at **10%** of total revenue.
- Live music revenue is projected to grow from **2023** to **2028** at a **CAGR** of **5.92%**, while the estimated CAGR for the recorded music segment is **11.91%.**
- **Afrobeats remains the main genre in Nigeria.** Collaborations with global stars and performances at major venues have elevated the genre's profile. **Highlife, Fuji, and Igbo Pop also recorded a listenership increase in Q1 2024 growing by 240%, 175%, and 270% respectively from Q1 2023.**
- **The key drivers** of the current and projected growth in the music industry include **rising recognition of Afrobeat, rise of digital platforms, the influence of social media, a youthful population and rise of entrepreneurship and corporate and brand sponsorship**.
- Apart what is termed secular music, there has also been a rise in listenership of Christian Gospel music. A sub-niche of that, **Afro-Gospel** has also seen widespread acceptance. Artists like **Gaise Baba**, **Anendlessocean** etc, have made some of their revenue from ticketed performances and sponsored shows – which is slightly away from the norm as observed for some other Christian Gospel music practitioners like Nathaniel Bassey, Dunsin Oyekan etc. Generally, for the Christian Gospel music genre, funding comes through the goodwill of listeners – honorarium, but Churches like Believers LoveWorld (Christ Embassy) have music academies/record labels that have helped groom top gospel music talents like ***Sinach, Frank Edwards, Joe Praize, Moses Bliss and many more***

Source: PwC E&M Outlook, PwC Analyses, Spotify

Trends in the Music Industry

Six key trends shape the music industry in Nigeria:

1. Afrobeats Rules

At present, **Afrobeats rules the music genre** in Nigeria. It combines traditional West African music with hip-hop, dance and, R&B genres. Nigerian artists like Wizkid, Burna Boy, Davido, Ayra Starr, Rema, Omah Lay are dominating the scene and driving the globalisation of Afrobeats. **Approximately 43% of all music streamed on Spotify is Afrobeats**.

2. Digital, The New Oil

Downloading or buying albums is no longer how musicians reach their listeners**; they use digital streaming services like SoundCloud, Apple Music and YouTube**.

Social media platforms such as Instagram and TikTok also play a huge role in promoting songs and discovering new talent.

3. Thriving Independent Artists

There's been a rise in independent artists who manage their own careers without traditional record labels. This shift is facilitated by digital tools that allow artists to produce, distribute, and market their music independently.

4. Global Exposure

Nigerian artists **are increasingly collaborating with international artists, leading to a fusion of genres and greater global exposure**. Examples include Burnaboy & Ed Sheeran and Rema & Selena Gomez. There has been a surge in global partnerships across the value chain with global brands signing Nigerian artists, and setting up operations in Nigeria

5. Evolving Revenue Models

Beyond music sales, **artists are exploring various monetisation strategies, including brand endorsements, merchandise sales, and exclusive content on platforms like Patreon**.

6. Cross Sectoral Uses

There has been an increase in music licensing and synchronisation deals, where Nigerian music is used in films, commercials, and video games. This provides additional revenue streams for artists.

Source: Business Insider Africa, PwC Field Research

4.1

Music:
Value Chain Analysis

The Music Value Chain

From talent discovery & development to distribution & monetisation, below is a value-chain view on a page

Value Chain Segment	Players (Selection)*		Current funding model
Talent Discovery and Development	Training institutions		• **Self-finance** • **Equity (VC)**
	Record Labels		
	Artists/Managers	Numerous examples…	
Music Production	Producers	Numerous examples	• **Self-finance** • **Commercial partnerships** • **Equity (VC)**
	Music Producers		
	Sound Technicians	Numerous examples	
Marketing	Festivals		• **Self-finance** • **Sponsorships**
	Radio Stations		
	Music video producers	Numerous examples	
Music Publishing	Publishers	Numerous examples	• **Self-finance** • **Commercial partnerships**
	Rights Collection Agencies	COSON	
	-		
Other Distribution & Monetisation	Digital platforms		• **Debt** • **Equity (VC)** • **Sponsorships**
	Concerts venues & promoters		
	Brands	Numerous examples	

Source: PwC Analysis

High-level Investment Potential Assessment

Assessment Criteria

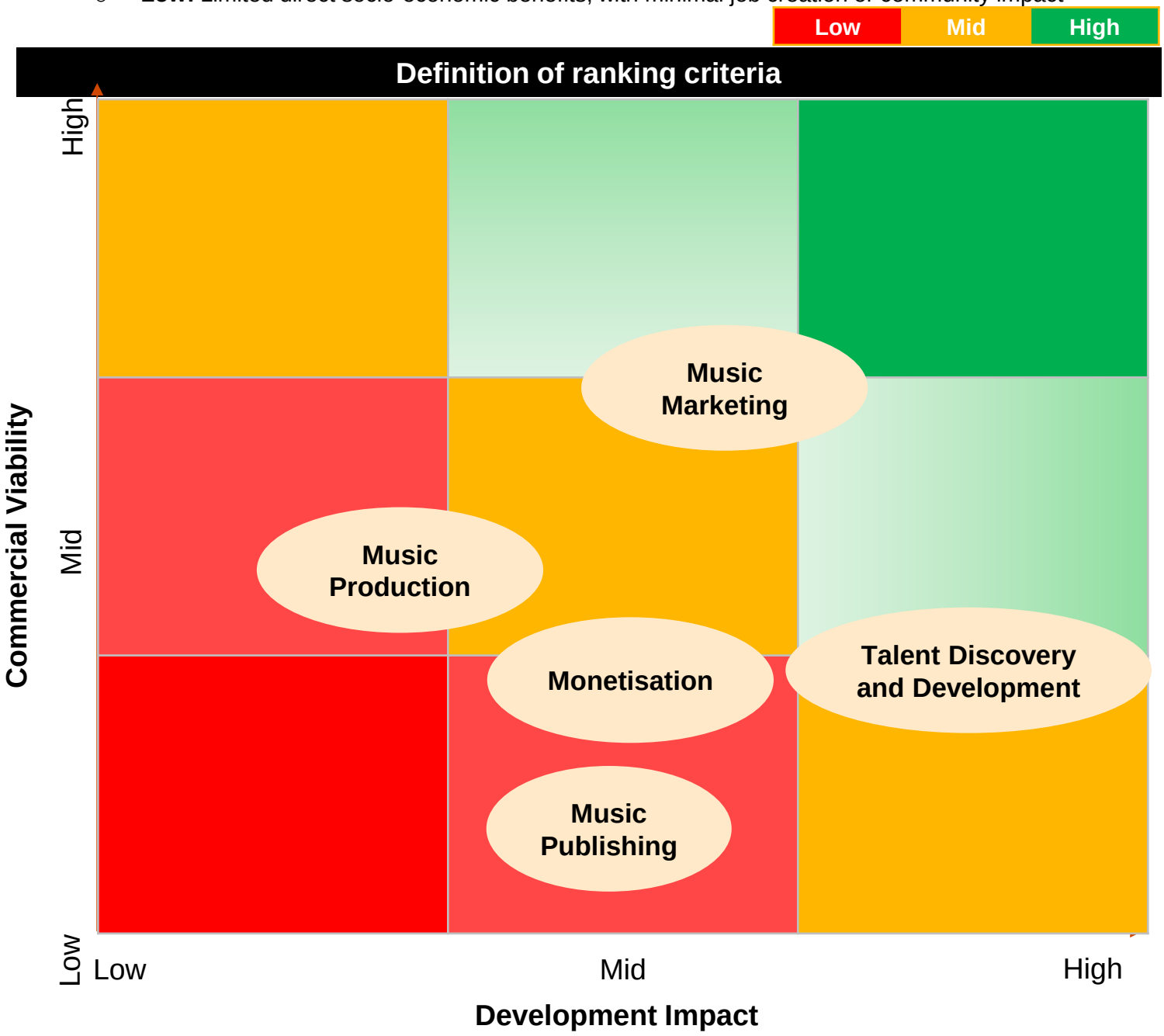
Below is a qualitative assessment of the relative value of key segments within Nigeria's music ecosystem, based on insights from stakeholder engagement. We evaluated these segments against key criteria to provide a high-level perspective on investment feasibility for Development Finance Institutions (DFIs)

1. Commercial Viability – Evaluates the market size, financing needs, and growth potential of the segment.

- **High:** Large, established markets with strong demand and significant financing gaps.
- **Mid:** Expanding markets with clear growth potential, moderate traction, and unmet financing needs.
- **Low:** Niche or early-stage markets with uncertain scalability or limited commercial prospects.

2. Development Impact – Assesses the socio-economic benefits of investing in the segment, including job creation, cultural significance, and community impact.

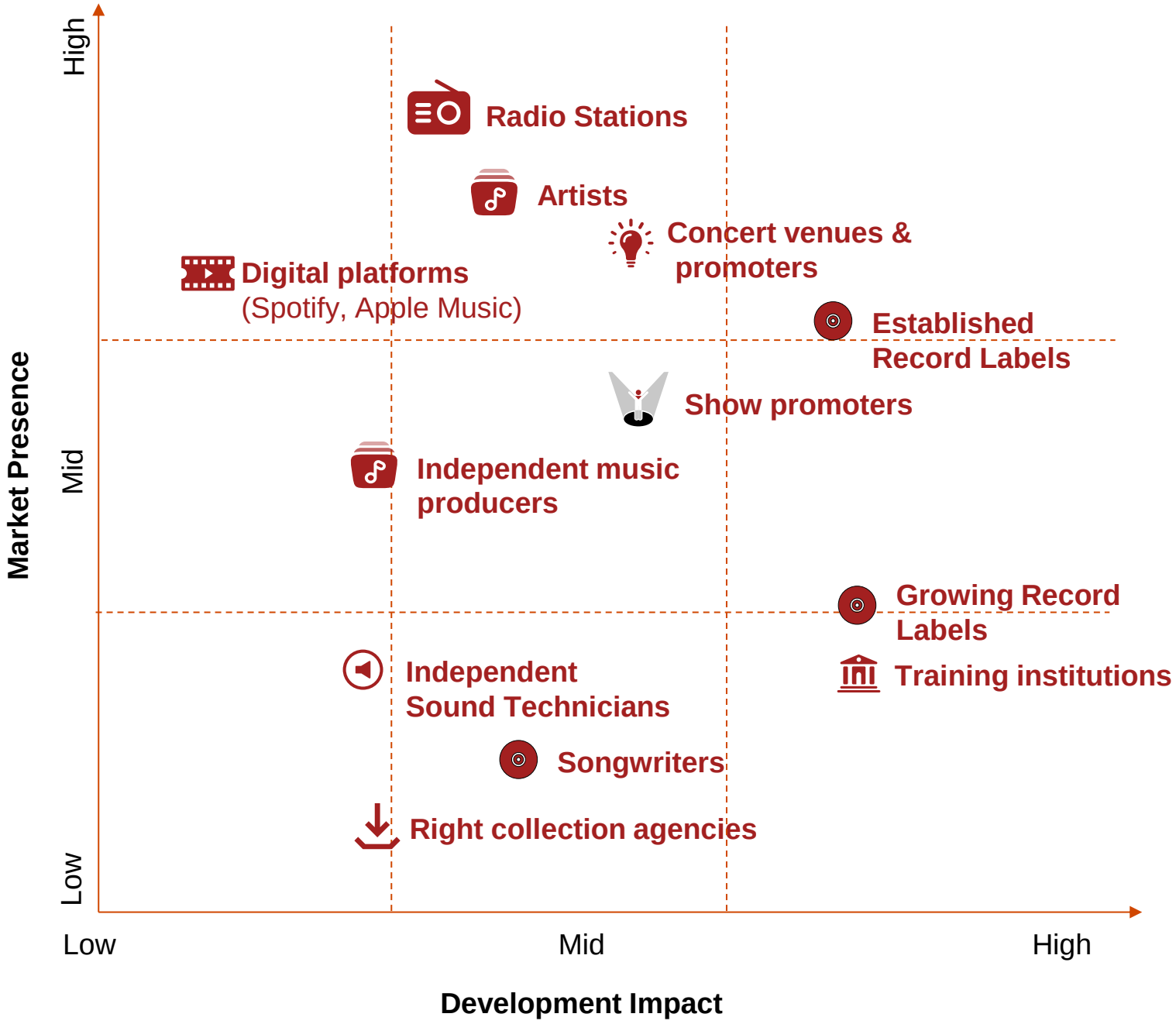
- **High:** Sectors with broad employment potential, strong cultural relevance, and significant community benefits.
- **Mid:** Growing sectors with emerging socio-economic contributions and the potential to scale impact.
- **Low:** Limited direct socio-economic benefits, with minimal job creation or community impact



Source: PwC Analysis

Furthermore, we have reviewed key actors within the ecosystem, highlighting some insights thereafter.

Matrix overview of key actors within the music ecosystem



- **Live Events and Promotions are Key:** concert venues, promoters, and show organizers play a significant role in the ecosystem, providing income for artists and exposure for new talent
- **Training Institutions & Music Schools**: Institutions play a foundational role in equipping aspiring artists, producers, and sound engineers with technical skills. However, they have low market presence due to limited funding and outdated curricula that may not align with industry trends
- **Growing Digital Influence**: platforms like YouTube, TikTok, and Audiomack now allow independent artists to bypass traditional gatekeepers, creating new opportunities for talent exposure

Source: PwC Analysis

1 **Talent Discovery & Dev.** | 2 Music Production | 3 Marketing | 4 Music Publishing | 5 Distribution & Monetisation

Talent discovery and development encompass all initiatives focused on identifying high-potential creatives within the industry, as well as efforts to enhance their capabilities through both formal and informal learning channels. These efforts include training in music production, songwriting, branding, stage presence, marketing, and business and financial management, among other critical skills.

In Nigeria, talent discovery occurs through diverse avenues, ranging from informal platforms such as local music competitions, **freestyle battles, church choirs, and social media**, to more structured mechanisms, including talent management agencies, record labels, and reality TV shows.

While formal institutions such as the MUSON School of Music offer structured education, informal mentorship and apprenticeship programs continue to serve as the primary pathways for skill acquisition and career progression within the industry.

Description and Insights on Key Players

Training Institutions

- **Formal institutions: Offer diploma courses, and in-class or online trainings**. This includes Musical Society of Nigeria (MUSON) and Tenstrings Music Institute. Several universities across the country such as University of Nigeria, Obafemi Awolowo University, University of Lagos also have music training programs. The curriculum of these institutions, however, focus on the technical aspects of music while formal training in music business is significantly lacking. Few institutions such as **The Sarz Academy, Tenstrings,** and **Music Business Academy for Africa** offer courses on the business of music such as talent and label management, marketing, distribution and IP management.
- **Semi-formal institutions: Offer direct (one-on-one) trainings to established artists and record labels** e.g. Ben Ogbeiwi – Ex-Project Fame Vocal Trainer. The demand for this category of trainers has declined with mostly structured labels demanding their services.
- **Informal trainers offer one-on-one or group trainings** to other individuals or children within their local communities at lower prices than more formal institutes e.g. Music teachers, home lesson teachers. Many players are also self taught, learning on the fly.

Managers

- **Talent Management Agencies**: Talent management companies like The Temple Company and The Plug provide professional artist management services. They represent various artists in negotiations, developing and nurturing relationships and deals on the artist's behalf with record labels, distributors, publishers and booking agents.
- **Independent Managers**: They work solo, managing artists directly and building relationships with labels, promoters, and other stakeholders. This structure is common for upcoming artists and established acts preferring flexibility. They have a more personal approach and relationship than the management agencies.

Record Labels

- **Major Labels**: These are major label group who establish partnerships with various label subsidiaries under them. Mavin Records and Chocolate City are labels who have partnered with Universal Group and Warner Group respectively. They sign contracts with and invest in artists, and cover funding and administration of recording, distribution, publishing and marketing services for the artists' works.
- **Independent Labels**: These are smaller labels They work solo, managing artists directly and building relationships with labels, promoters, and other stakeholders. This structure is common for upcoming artists and established acts preferring flexibility. Some labels have internal management teams to support their artists.

1 Talent Discovery & Dev. | 2 Music Production | 3 Marketing | 4 Music Publishing | 5 Distribution & Monetisation

Different categories of players in the talent discovery and development landscape adopt and adapt different business models to suit their clientele

Business Models

Formal

- Institutions like **MUSON** and **Tenstrings Music Institute** and universities' Department of Music offer formal, multi-year music education programs. They generate revenue through tuition, performances, workshops, and musical events, providing students with industry connections and certification. Parara Music School and Masha Music Academy, all in Lagos, teach children how to play musical instruments and prepare them for formal examinations. Music courses in higher education institutions like universities are majorly outdated and do not teach necessary skills for a commercial music talent.

Semi-Formal

- **Mid-Tier Trainers**: Trainers such as **Ben Ogbeiwi** and **Gogo Majin** focus on bridging talent to commercial success by offering one-on-one coaching on performance skills, vocal techniques, and career development. They earn revenue through training fees and partnerships with talent shows, where they are compensated for preparing contestants for live performances and ensuring their success on prominent platforms.
- **Talent Development Shows:** Shows like **The Voice Nigeria, J-Town Rising Stars and Nigeria Idol** discover and nurture raw talent, providing a platform for artists to gain exposure and industry connections. They generate revenue through sponsorships, advertising, and partnerships with brands, as well as through ticket sales and merchandise.

Informal

- **Low-Tier Trainers:** Trainers such as private tutors and music teachers training from schools or churches, generate revenue through registration fees for short-term programs, one-on-one lessons, or payments made directly by schools or churches for their services. These trainers offer flexible and affordable music education focused predominantly on learning how to play instruments and are significant in nurturing local talent and laying the foundation for aspiring musicians. **Churches** across Nigeria also provide free, informal training for members choir members, which is a major training source of vocal and instrumental training for low - mid income talents.

Strengths of the Talent Discovery & Development **Segment**

Four major strengths characterise the Talent Discovery & Development landscape. They include:

1	The success of artists **like Wizkid, Tiwa Savage, and Davido** has amplified Nigeria's music influence, providing emerging talent with more opportunities and attracting investment from local labels and international managers for talent development. Smaller talent shows also exist in other parts of the country that also help discover and nurture talents
2	The global reach and strategic collaborations of Nigerian record labels like **Mavin and YBNL** significantly enhance talent discovery and development, providing emerging artists with international exposure and access to global platforms.
3	The presence of talent shows and competitions like **The Voice Nigeria and Nigerian Idol** and events held in schools have made it easier for raw talents to be discovered and nurtured. Talent shows held in schools are often sponsored by brands to promote their products or services, but they serve as invaluable opportunities for young talents to showcase their abilities and launch their careers.
4	Women across the industry from song writers, artists, producers to managers and show producers in Nigeria are gradually being discovered, gaining more visibility, and becoming influential.

Weaknesses/Challenges of the Talent Discovery & Development **Segment**

Five major challenges plague the Talent Discovery & Development landscape. They include:

1	Some regions, particularly in the North and East, lack the infrastructure to support talent development across the value chain, causing emerging talents to struggle. Many are self taught, with little to no access to facilities, mentorship, and training programs.
2	Formal business training is limited with schools focusing mainly on the practical aspects of music. Artists are unaware of issues surrounding piracy and Copyrights with some being taken advantage of by record labels. Many artists lack the discipline and business mindset needed for career development and industry readiness.
3	Female musicians, producers and songwriters encounter cultural and religious obstacles, especially in states like Plateau (North), which restrict their professional growth. Social stigmas and biases further impede their progress. The costs of discovering and developing female artists is also greater than that for male artists
4	The industry is highly centralised in Lagos, with other regions often perceived as less viable for investment. Lagos is the hub for growth in the industry and is directly linked to the global market. Other regions do not have adequate facilities and networks in place to enable global reach. This hampers the development of a broader talent pipeline across the country.
5	The unavailability of credit lines in the talent discovery and development sector means talents often self-fund their training, while record labels rely on advances for talent development, which limits long-term sustainability.

Source: United Nations, Statista

1 Talent Discovery & Dev. | **2 Music Production** | 3 Marketing | 4 Music Publishing | 5 Distribution & Monetisation

Music production is a vital component of Nigeria's music value chain, directly influencing the industry's creativity, revenue, and global competitiveness. Music production spans creative activities like beat-making, sound design, and vocal production, and Recording activities, including mixing, mastering, and editing, ensure songs meet industry standards. On the business side, administrative tasks such as project management and royalty tracking help producers optimise earnings and manage their contributions effectively.

Description and Insights on Key Players

Producers

- **Beat Makers**: They create instrumental tracks (beats) for songs, focusing on rhythm, melody, and arrangement.
- **Record Producers:** They oversee the entire recording process, including vocal tracking, instrumentation, mixing and mastering and post-production.
- **Sound Designers:** Their specialty is in creating new sound effects for songs, often working in experimental or genre-blending projects.
- **Executive Producers:** They oversee the financial and creative direction of a music project or album.

Recording Studios

- **High-end Professional Studios**: state-of-the-art studios with advanced equipment, catering to top-tier artists and major record labels.
- **Mid-level Studios**: well-equipped but smaller-scale studios designed for established and rising artists with moderate budgets. This segment represents the vast majority of recording studios
- **Home Studios**: well-equipped but smaller-scale studios designed for established and rising artists with moderate budgets.

Platforms & Resources

- **Premium**: primarily require users to pay for access, offering ad-free listening e.g.. **Apple Music, Tidal, Deezer HiFi.**
- **Freemium**: offer both free and paid subscription options, with free users often limited by ads, lower sound quality, or restricted features e.g.. **Spotify, YouTube Music, Boomplay, Audiomack.**
- **Free**: completely free to use, often supported by ads e.g.. **SoundCloud (Basic), MyMixtapez.**
- **Hybrid**: have a freemium base but offer exclusive premium tiers for niche audiences e.g.. Amazon music, Deezer.

Key players have discovered several opportunities to monetise their craft

Business Models

Name	Details
Beat Licensing	• Producers create beats and license them to artists for a fee. It could be Exclusive or Non-Exclusive Licensing. • Exclusive Licensing: The artist owns the beat exclusively, and the producer forfeits the right to resell it. • Non-Exclusive Licensing: The producer retains the right to sell the beat to multiple artists.
Commission-Based	• Producers are hired to create customised beats or oversee the full production of a song or album. • They receive upfront payment for service or share of royalties or backend earnings based on negotiation.
In-House Production for Record Labels	• They are on a salary payroll within a record label. Additional revenue for them might come in through royalties if negotiated.
Royalties and Revenue Splits	• In this case, producers earn a percentage of royalties from the revenue generated by a song or album. The royalties can be in different forms: ❖ Mechanical royalties (from physical or digital sales) ❖ Performance royalties (from airplay, live performances) ❖ Synchronisation royalties (for use in TV, ads, or films)
Training and Talent Development	• Producers or studios offer training programs to upcoming producers, engineers, and artists. An example is the Sarz Academy in Lagos, Nigeria.
Studio Rental	• Studio owners provide recording and production facilities for a fee. Mid-range and boutique studios in Lagos, Enugu, Port Harcourt etc.. offer packages to upcoming artists.
Merchandising and Branding	• Producers who have built a personal brand can leverage it to sell merchandise, host events, or endorse products.
Event Production and Live Sound Engineering	• Producers can provide live music production services for concerts, festivals, and events. And they get paid for that.

Strengths of the Music Production Segment

Four major strengths characterise the Music Production landscape. They include:

1	With Nigeria beats and music going mainstream there has been an increasing number of collaborations on projects. Producers like Sarz, Pheelz, and Don Jazzy have worked with international artists, further enhancing the global reach of Nigerian music.
2	The resilience of the youth demography interested in music and in extension its production is admirable.
3	Nigerian producers exude genre versatility, and excel in blending multiple genres, catering to both local and global markets.
4	Nigerian producers have been instrumental in earning Grammy wins and nominations for artists like Burna Boy and Wizkid.

Weaknesses/Challenges of the Music Production Segment

Six significant challenges affect the Music Production landscape. They include:

1	Highly competitive Industry means producers need to hit high revenue or streaming levels before making sustainable profits.
2	Producing music solely for the local Nigerian market is often financially unsustainable due to low consumer purchasing power and the prevailing perception of music as a public good rather than a paid commodity. The projected revenue in the Music Streaming market in Nigeria is estimated to reach **US$87.91m in by the end of 2024**, in comparison to the USA which is **US$12.11bn in 2024.**
3	Though the number of streamers of music in Nigeria is projected to reach **16.0m** by **2027,** approximately **6.5%** of the country's population, that is still quite low, for a country with an internet penetration of over **40% by 2024.**
4	The Nigerian collective management organisation (CMO) like MCSN (Musical Copyright Society Nigeria), and COSON (Copyright Society of Nigeria) are tasked with the collection of royalties on behalf of artists from various sources like radio stations, TV stations, and venues. Licensing and authorisation conflicts and uncertainty creates unhealthy situations for copyright owners whose works are being administered. Collection The collected money often gets trapped with the government, in the CMO's bank accounts, or with banks due to court orders in Nigeria.
5	There is a dearth of core financial experts within the Nigerian music industry. People who understand the intricate details of fund structuring, the music business in relation to IP Collateralisation etc. Such experts possess the understanding of where the money flow is and how to localise it for those with capital.
6	While the barrier to entry in music production is relatively low, and basic software is widely accessible, achieving high-quality production requires advanced software and professional-grade equipment. However, for many producers, these tools remain prohibitively expensive and inaccessible, limiting their ability to meet international standards of music production.
7	The music production sector is predominantly male-dominated, with low female participation in roles such as producing, sound engineering, and mixing.

Source: United Nations, Statista

1 Talent Discovery & Dev. | 2 Music Production | 3 **Marketing** | 4 Music Publishing | 5 Distribution & Monetisation

Key players are leveraging both digital and traditional methods to promote and market music (1/2)

Activities in Marketing

- Brand development
- Social media and Digital marketing
- Influencer and celebrity partnerships
- Event promotions
- Partnerships and sponsorships

Key Players

Record Labels & Artist Management Companies

- **Marketing budget**: Established record labels typically have a sizeable budget for marketing to get the music across to its targeted audience. They often collaborate with brand marketing firms and advertising agencies to create strategic campaigns, utilizing both traditional and digital channels to maximize visibility and engagement.
- **Adopting technology**: There is a growing trend of record labels leveraging the expertise of data analysts so they can make informed decisions on the allocation of marketing spend.

Artists

- **Mainstream**: already established and premium-valued performers of a global stage.
- **Mid-level**: established, but still within the National sphere.
- **Upcoming**: needing training and looking out for the next big opportunity.

Digital Platforms

Regardless of pricing models, the platforms directly or indirectly support in marketing by having:

- **Promotional features**: highlight artists through curated playlists, homepage banners, and sponsored posts.
- **Analytics**: The platforms provide data insights such as streaming numbers, audience demographics, and engagement patterns to optimise marketing campaigns.

Events & Show Promoters

Show promoters carry out the following:

- **Brand partnerships**: They collaborate with corporate sponsors to amplify event visibility and create cross-promotional opportunities. These shows also serve as a platform for emerging artists, offering many their first experience at major events and helping them gain wider exposure.
- **Entertainment Venues:** These include hotels, bars, and other locations that host live music events and performances, providing artists with a platform to engage with audiences and increase visibility. DJs also play a crucial role in marketing music by curating playlists, promoting new tracks, and enhancing the overall event experience.

Key players are leveraging both digital and traditional methods to promote and market music (2/2)

Key Players

Radio & TV Channels

With its wider reach – especially amongst the rural - Radio and then later Television enterprises carryout the following:

- **Airplay**: They provide exposure by playing songs on their platforms.
- **Artist Features**: sometimes Radio or TV channels invite and host guest artists to interviews, live sessions, and talk shows to promote artists and their work.

Nigeria counts hundreds of radio stations, with some of the biggest ones being Dream FM in Enugu, RayPower FM in Rivers and Lagos, Freedom Radio FM in Kaduna etc.

Influencers & Bloggers

The internet via social media platforms like Instagram, Tik-Tok and Twitter, has afforded individuals across the industry to build audiences and be seen as thought-leaders in specific facets of the industry. They play their role in music marketing by carrying out the following:

- **Trendsetters**: They create or participate in social media challenges and viral content to drive visibility or engagement.
- **Fan Engagement**: They help spark conversations and debates about music, keeping artists in the public eye.

PwC's Insights

- For artistes who are signed to **Record Labels** that have strong marketing capabilities, the label can handle the artistes' promotion, if not, there would be a need for an **Artist Management Company** that will help the artiste secure collaborations on a global stage, for performances and tours.
- **Asake** – the artiste – is an example. He is signed to Olamide's YBNL, but also has a distribution deal with **Empire Distribution, a U.S.- based company.**
- In Enugu, many Artistes operate within a non-structured Artist Management setting. **Jeriq**, a music sensation currently, in the South-East operates with a team of friends skilled across different areas of the music value chain. Jeriq and his friends have been able to achieve success without any formal contract binding their operations. Everyone just
- Amplified by COVID-19, social media, especially TikTok, trends and dances have become key marketing tools, enabling artists to gain global exposure and connect with audiences through viral content.

Among all the business models, players mostly leverage show performances and the social media for marketing

Business Models

Stakeholder	Key Business Model	Revenue Stream	Key Insights
Record Labels & Artist Management Companies	• Talent development, • Music production, • Marketing & distribution • Licensing deals	• Royalties from music sales & streams • Licensing fees • Artist performance earnings • Brand partnerships	• According to **Sarz (the Producer)** music investments require patient capital with returns expected beyond 5 years; initial 2 - 3 years needed for cleanup, refinement, and pipeline creation before seeing royalties and revenue • **Sarz** also mentioned **that it is 5 times more expensive** to manage a female artist than a male artist largely because of the look-and-feel involved for a female.
Artists	• Music creation • Personal branding	• Performance fees • Merchandise sales • Endorsement deals • Streaming and royalty income	• Unlike their counterparts in Europe and the Americas, a lot of Nigerian artists haven't been able to fully monetise and maximise their personal brands by creating physical products to sell to their teeming fans.
Digital platforms	• Content aggregation • Subscription-based services • Advertising	• Subscription fees • Ad revenue • Commission on paid content	• Nigerian based music streaming platforms are leveraged mostly for building an audience because of their low pay-out per stream, as against the likes of Apple Music.
Influencers & Bloggers	• Social media management • Content creation	• Paid promotions and collaborations • Advertising revenue • Sponsored content	• With the effect of social media, several individuals have been able to build and monetise their audience
Radio & TV Channels	• Broadcasting & advertising	• Ad revenue from brands • Fees for promotional airtime • Sponsorships for shows or events	• Often, upcoming artists cannot afford the radio promotion fees
Event Organisers & Promoters	• Organizing and promoting live events • Partnering with brands for sponsorships	• Ticket sales • Sponsorships and partnerships • Vendor/booth sales at events	• Leveraging technology, some show promoting companies have ticketing companies as subsidiaries, enabling them monitor end-to-end the ticket sales and revenue.

Strengths of the Music Marketing Segment

Eight major strengths characterise the Music Marketing landscape. They include:

1	There is a global appeal for Nigerian Music
2	There is a growing digital ecosystem
3	Innovative promotion strategies
4	Nigeria music has strong local & foreign audience
5	Brand & corporate engagements
6	Entrepreneurial mindset
7	Youth driven
8	Vibrant live performances

Weaknesses/Challenges of the Music Marketing Segment

Six significant challenges affect the Music Marketing landscape. They include:

1	Insufficient support structures for emerging artists, such as mentorship programs or affordable music marketing services.
2	Insufficient collaboration among local record labels for co-promotions or shared growth initiatives.
3	Show promoters highlight that there are limited purpose-built venues for performances.
4	Production quality for concerts and events is expensive because of some of the following reasons: ❖ Most of the equipment and high-grade gadgets for sound, lighting etc. have to be imported on lease. ❖ Artists need to be paid a premium upfront – mostly in dollars – so that they don't get to perform at other preceding or upcoming shows within a specified period.
5	For influencers, they often have to handle platform algorithm change. For example, Instagram or TikTok updates can drastically reduce reach and engagement without warning.
6	Streaming platforms pay artists very low rates per stream in **Nigeria**, making it challenging for artists to earn substantial income.

Source: United Nations, Statista

1 Talent Discovery & Dev. | 2 Music Production | 3 Marketing | **4 Music Publishing** | 5 Distribution & Monetisation

In music publishing, publishers act as intermediaries between right owners and users of music, ensuring fair compensation for the creators

Activities in Music Publishing

- Copyright management: the protection of the legal rights of a song
- Music licensing: involves granting permission for the use of music in various formats
- Royalty collection: gathering and collection of income from sources such as performances, synchronisation deals etc.

Key Players

Nigerian Copyright Commission (NCC)

- **Copyright regulations**: The commission regulates copyright enforcement and oversees CMOs compliance.

Music publishers

- **International publishing agency**: like Sony Music Publishing and Mavin Global Publishing manage copyrights, license songs, and ensure payments.

Collective Management organisations (CMOs)

- **CMOs**: like MCSN and COSON license music, collect and distribute royalties, to rights holders.

Entertainment Lawyers

- **Entertainment Lawyers**: like those at Punuka Attorneys and Solicitors, and Creative Legal, offer legal services and protect the rights of rights holders in the music industry.

PwC Insights

- MCSN carried out eight disbursements in 2022, totalling **₦250,000,000.**
- Tracking is outsourced to tech companies.
- Copyright protection generally lasts for the duration of the author's life and extends for an additional **70 years** after their death.

Source: MCSN

And the key players have discovered several opportunities to monetise their craft

Business Models

Name	Details
Reciprocal Agreement	• Reciprocal agreements allow CMOs in Nigeria, such as MCSN, to collaborate with sister societies worldwide. • These partnerships ensure royalties from international music usage are collected by foreign CMOs and remitted to Nigerian CMOs for distribution to rights holders, providing global coverage and fair compensation.
Licensing and Royalty Administration	• CMOs negotiate and issue licenses directly to local users, such as broadcasters and streaming platforms, while also managing royalty collection and distribution for publishers and songwriters, often charging an administrative fee for their services.
Direct Affiliation	• Publishers establish direct agreements with CMOs in different regions, bypassing reciprocal agreements. • This allows them to register works and collect royalties directly, ensuring faster payments and greater transparency for songwriters, and increasing their earnings.
Custom Licensing Agreements	• Publishers negotiate one-on-one deals for unique music uses, like sync licensing for films or ads, ensuring maximum earnings for rights holders and earning a percentage of the fees.

Strengths of the Music Publishing Segment

The Music Publishing landscape is defined by four key strengths. They include:

1	Publishers ensure proper registration and legal enforcement of rights.
2	MCSN is a member of CISAC, facilitating global collaboration for Nigerian artists.
3	Publishers negotiate favorable contracts and secure broad distribution.
4	There is ease of membership with free online & offline registration for right holders.

Weaknesses/Challenges of the Music Publishing Segment

The Music Publishing landscape faces six major challenges. They include:

1	In royalty collection by local CMOs have eroded trust among publishers, artists, and international CMOs, causing significant revenue losses. The CMO's do not have the right system in place, poised with management, transparency and structural/framework problem.
2	Many Nigerian songwriters and artists miss financial opportunities due to a lack of awareness about music publishing and royalty management, improper registration, and poor deal negotiation.
3	Nigerian CMOs, like COSON and MCSN, have long-standing disputes over royalty management rights, causing delays and confusion for music users. The MCSN is currently the only licensed music CMO in Nigeria but COSON Many music-using businesses, like radio stations and event venues also fail to pay royalties due to weak enforcement caused by the underfunding of the NCC, and a lack of awareness about copyright laws.
4	The limited offering of IP courses in law schools and the lack of specialised IP courts result in fewer lawyers and judges being well-versed in intellectual property and copyright laws.
5	CMOs struggle with adequate tracking of music played, leading to inefficiencies in royalty collection and distribution.
6	Artists, whose voices are valued, are not actively championing a course for change on issues regarding the COSON and MCSN disputes.

Source: MCSN

1 Talent Discovery & Dev. | 2 Music Production | 3 Marketing | 4 Music Publishing | **5 Distribution & Monetisation**

To get the master recording listed on streaming platforms, it takes the involvement of certain key actors…

Activities in Distribution & Monetisation

- Digital music distribution: artists can distribute their music globally through platforms such as Distrokid, UnitedMasters, Fresible and SongRoute. These platforms enable musicians to upload their tracks to streaming services like Spotify, Apple Music etc.
- Platforms monetisation: YouTube, TikTok, X (formerly Twitter) etc., pay creators for content engagement and viewership

Key Players

Artists	• Artists are the creators of music, and their success is critical to the entire ecosystem.
Record Labels	• They negotiate deals with streaming platforms, ensure proper royalty collection, and manage artists' careers.
Distribution companies	• Ensure that artists and songwriters get paid for the dissemination, distribution and performance of their music, including radio, TV, and live events.
Entertainment Lawyers	• They ensure that artists, producers, and labels have sound contracts, covering intellectual property rights, royalties, and licensing.
Streaming Platforms	• Platforms such as Boomplay, Audiomack, Spotify, Apple Music, and YouTube monetise through subscriptions, ads, and royalties.

PwC Insights

- With thousands of global distributors, the market reached **$2.33 billion in 2023** and is expected to grow to **$5.4 billion by 2032**, with a **CAGR of around 9.81%**.
- Regional payout disparities exist for music streams, with Nigerian artists earning significantly less from platforms like Spotify compared to the US, due to lower subscription rates in Nigeria.
- In Nigeria, record labels with large CD catalogues face the costly task of converting these to MP3 formats with metadata and artwork, which can cost around **$250,000**.

Source: PwC Analysis, Statista

…the key actors make money from several options

Business Models

Name	Details
Streaming	• Revenue from platforms such as Apple Music, Spotify, YouTube, and Boomplay is generated through subscriptions, ads, and streams. Apple Music offers higher payouts due to its ad-free model, while Spotify and YouTube combine subscriptions with ads, leading to lower, but steady, earnings. Boomplay and Audiomack provide low per-stream payouts but are effective for building an audience that can later be monetised.
Endorsements	• Brand endorsements are a key revenue stream for Nigerian artists, often exceeding earnings from live performances. By leveraging social media like Instagram, artists build personal brands and engage fans, attracting lucrative endorsement deals across various sectors.
Live Performance	• Live performances are a major revenue source for artists, generated through ticket sales, VIP tables, sponsorships, and merchandise sales at events.
Royalties and licensing	• Artists earn money from royalties and licensing when their music is used in TV shows, radio, movies, ads, and video games.

Strengths of the Distribution & Monetisation Segment

The Music Distribution & Monetisation landscape is defined by four key strengths. They include:

1	Platforms like Spotify, Apple Music, and YouTube provide artists with global reach, enabling access to international markets and new revenue streams.
2	Social media helps artists build their personal brand, leading to lucrative endorsement deals and increased visibility.
3	Nigerian artists can self-distribute music on platforms for free or a small fee, providing a direct route to market without needing major distributors, and allowing for greater control over their music.
4	Digital platforms offer better accountability and transparency in monetisation compared to traditional CD sales, reducing piracy and making it easier to track revenue.

Weaknesses/Challenges of the Distribution & Monetisation Segment

The Music Distribution & Monetisation landscape faces six major challenges. They include:

1	Nigeria's live performance sector heavily relies on external organisers to initiate events. Despite strong audience demand, many artists passively wait for organisers instead of driving their performance schedules. This dependency limits artists' control and potential revenue from live performances.
2	Economic challenges and ingrained habits make it difficult to educate consumers and businesses on the importance of paying for music licenses. Many businesses, such as hotels and bars, fail to see the value in compensating artists, resulting in limited revenue for creatives and missed opportunities for a sustainable licensing model.
3	Nigeria’s growing music market makes it hard for artists to rely on the local audience to break even. Many consumers are new to paid streaming services and not accustomed to paying for music. Economic challenges also make it difficult for businesses like hotels and other venues to afford music licenses, limiting revenue opportunities.
4	Due to low release volumes, Nigerian distributors lack direct relationships with platforms like Apple Music and Spotify, relying on international partners. This dependency, worsened by inadequate local infrastructure, allows foreign distributors to exploit these gaps by taking a large chuck of artist’s revenue.
5	In Nigeria, economic challenges make it hard to charge premium prices for live events, as **83 million Nigerians** live in extreme poverty and **2.4%** of Nigerians earn above **₦200,000** per month. Consequently, low ticket prices are necessary to attract attendees, barely covering costs and limiting profitability, making it tough for artists to rely on live performances for significant revenue.

Source: PwC Analysis, Intelpoint, World Bank

4.2

Music: Opportunities

1 Talent Discovery & Dev. | 2 Music Production | 3 Marketing | 4 Music Publishing | 5 Distribution & Monetisation

Opportunities abound for the players in the music talent discovery industry to grow and scale

Players	Sub-segment	Opportunities
Training Institutions	Formal Training	• **Expand Curriculum:** Introduce more contemporary courses like digital music production, social media branding, promotion and live performance management to attract modern artists. • **Partnerships with Record Labels:** Collaborate with major labels (e.g., Mavin, YBNL) to create a pipeline for identifying and nurturing talent. • **Rigorous and Deep training**: Continuous training is required for more growth in the industry • **Government and DFI Support**: through technical support grants & scholarships and other incentives for capacity development
	Semi-Formal Institutions	• **Scale Services:** Offer online training to broaden their reach across Nigeria and beyond. • **Collaborate with Independent Managers:** Work closely with managers to help artists develop foundational skills for branding, stage performance, and vocal excellence.
	Informal Trainers	• **Formalisation of Services:** Create structured workshops and branded courses to attract more trainees. • **Partnerships with Local Communities:** Collaborate with community organisations to discover grassroots talent.
Managers	Record Label Managers	• **Expand Resources**: Partner with international record labels to gain funding and technical expertise to support a broader pool of artists. • **Talent Retention Programs**: Build long-term engagement plans to keep artists under their management.
	Independent Managers	• **Networking Opportunities**: Participate in music expos and summits to build relationships with global promoters, record labels, and streaming platforms. • **Funding Support**: Access industry grants or sponsorships to help develop and promote emerging talent.
Record Labels	Local Record Labels	• **Scale Business Models**: Partner with streaming platforms like Boomplay, Audiomack, and Spotify to monetise local talent and expand distribution. • **Grants and Loans**: Access government-backed loans or private equity funding to scale their operations beyond one or two artists.
	International Record Labels	• **Discover New Talent**: Use local competitions, reality TV shows, and talent expos to identify grassroots artists for their rosters. • **Infrastructure Investments**: Set up local offices and studios to streamline talent development and production.

Players	Opportunities
Producers	• **Offer remote production services**: Use digital tools to work with international clients, offering beats and production remotely • **Partnerships with Streaming Platforms**: Create exclusive beats or production styles for curated playlists on platforms like Audiomack or Spotify • **Training and Mentorship Programs**: Establish more production masterclasses or bootcamp sessions to teach upcoming producers and generate additional income • **Partnership with movie makers**: Solidify competence in making soundtracks for movies, TV commercials, and jingles
Recording Studios	• **Specialised Services**: Offer niche services like Dolby Atmos mastering and podcast production to broaden client base and increase revenue through premium offerings • **Integration of Renewable Energy**: Transition to solar-powered setups to address electricity challenges, reducing operational costs while ensuring a reliable power supply • **Live Recording and Streaming Capabilities**: The live streaming market is projected to hit **USD 256.56 Billion by 2032**, recording studios can provide live recording and streaming services for virtual concerts, opening new revenue channels and tapping into the growing live-streaming market
Platforms & Resources	• **Artists Development Programs**: Provide funding, mentorship, or promotional support for Nigerian artists, building loyalty while enhancing the platform's catalog of exclusive content • **Cultural Partnerships**: Collaborate with cultural organisations to celebrate Nigerian music heritage, enhancing brand reputation and user engagement through campaigns

Players	Opportunities
Record Labels & Artist Management Companies	• **Brand Partnerships**: Collaborate with brands for product placements, endorsements, and sponsorships • **Streaming Platform Deals**: Secure more exclusive partnerships with platforms like Audiomack, Boomplay, and Spotify to promote artists
Artists	• **Merchandising**: Develop branded merchandise tied to album releases, tours or personal brands • **Direct Fan Engagement**: Use social media platforms for live Q&A sessions, exclusive content, and crowdfunding campaigns
Digital Platforms	• **Podcast Content**: Feature artists and industry stakeholders in podcasts to discuss music trends and culture • **Live Streaming Opportunities**: Partner with artists for virtual concerts or exclusive listening parties
Events & Show Promoters	• **Thematic Concerts**: Organise events around specific genres or themes (e.g., Afrobeat festivals) • **Brand-Driven Events**: Collaborate with corporate sponsors to host exclusive events
Radio & TV Channels	• **Music Shows**: Develop curated music shows featuring interviews, live performances, and industry insights • **Digital Expansion**: Create online channels or apps to complement traditional radio and TV marketing
Influencers & Bloggers	• **Content Collaborations**: Partner with artists for music video appearances or social media challenges

Players	Opportunities
Nigerian Copyright Commission	• **Strengthen Enforcement of Copyright Laws**: enforcement against piracy and unauthorised use of music, leveraging digital tools for tracking. This will result to reduced piracy and better protection of intellectual property rights, leading to increased revenue for artists and publishers. • **Collaboration with Global Copyright organisations**: Work with global organisations, for example the International Federation of the Phonographic Industry (IFPI), World Intellectual Property organisation (WIPO) etc. to improve the international enforcement of Nigerian copyrights
Music publishers	• **Educating Artists on Publishing Rights**: Provide training and resources to artists on the importance of publishing rights and how to manage them. Increased understanding of music publishing among artists, leading to more registered works and royalty collection
Collective Management Organisations (CMO)	• **Adopt Technology for Efficient Management**: Use apps and platforms to simplify the process of registering works, tracking usage, and collecting royalties. • **Improve Transparency in Royalty Distribution**: Implement digital systems for transparent and efficient royalty collection and distribution.
Entertainment Lawyers	• **Education and Advocacy for Copyright Laws**: Provide training and consultancy to artists on how to protect their works through contracts and licensing agreements

Sub-segment	Opportunities
Artists	• **Direct Monetisation:** Artists can leverage digital platforms like YouTube, Spotify, and TikTok to directly monetise their content without intermediaries. • **Global Reach**: Collaborate with international streaming platforms and distribution companies to reach global audiences. • **Merchandising:** Diversify revenue streams by selling merchandise (e.g., branded clothing, accessories) linked to their music.
Record label	• **Partnerships with Streaming Platforms:** Negotiate better revenue-sharing agreements with platforms like Boomplay, Audiomack, and Spotify to maximise earnings for both labels and artists. • **Catalogue Monetisation:** Invest in catalogue acquisition and licensing agreements to ensure long-term income from existing music. • **Data Analytics**: Use data from streaming platforms to identify trends and tailor marketing strategies for their artists.
Distribution Companies	• **Digital Distribution**: Expand their digital infrastructure to ensure seamless delivery of music to streaming platforms, online stores, and social media. • **Royalty Management Tools:** Develop or invest in tools that help track and pay royalties to artists and songwriters transparently. • **Partnerships with Local Radio and TV:** Partner with media outlets to expand the reach of Nigerian music within and beyond Africa.
Entertainment Lawyers	• **Contract Negotiation:** Provide services to ensure fair deals between artists, record labels, and streaming platforms, increasing trust in the ecosystem. • **IP Protection Services:** Offer intellectual property management to protect artists' work against piracy and unauthorised usage. • **Digital Rights Management:** Focus on digital distribution contracts and licensing to help clients navigate the rapidly evolving music tech landscape.
Streaming Platforms	• **Localisation of Content:** Develop localised playlists and algorithms that promote Nigerian music to both local and global audiences. • **Artist Monetisation Tools:** Introduce features like tipping, fan subscriptions, and direct artist-to-fan payment systems to increase artists' revenue. • **Exclusive Content Deals:** Secure exclusive releases from top Nigerian artists to drive platform subscriptions and engagement.

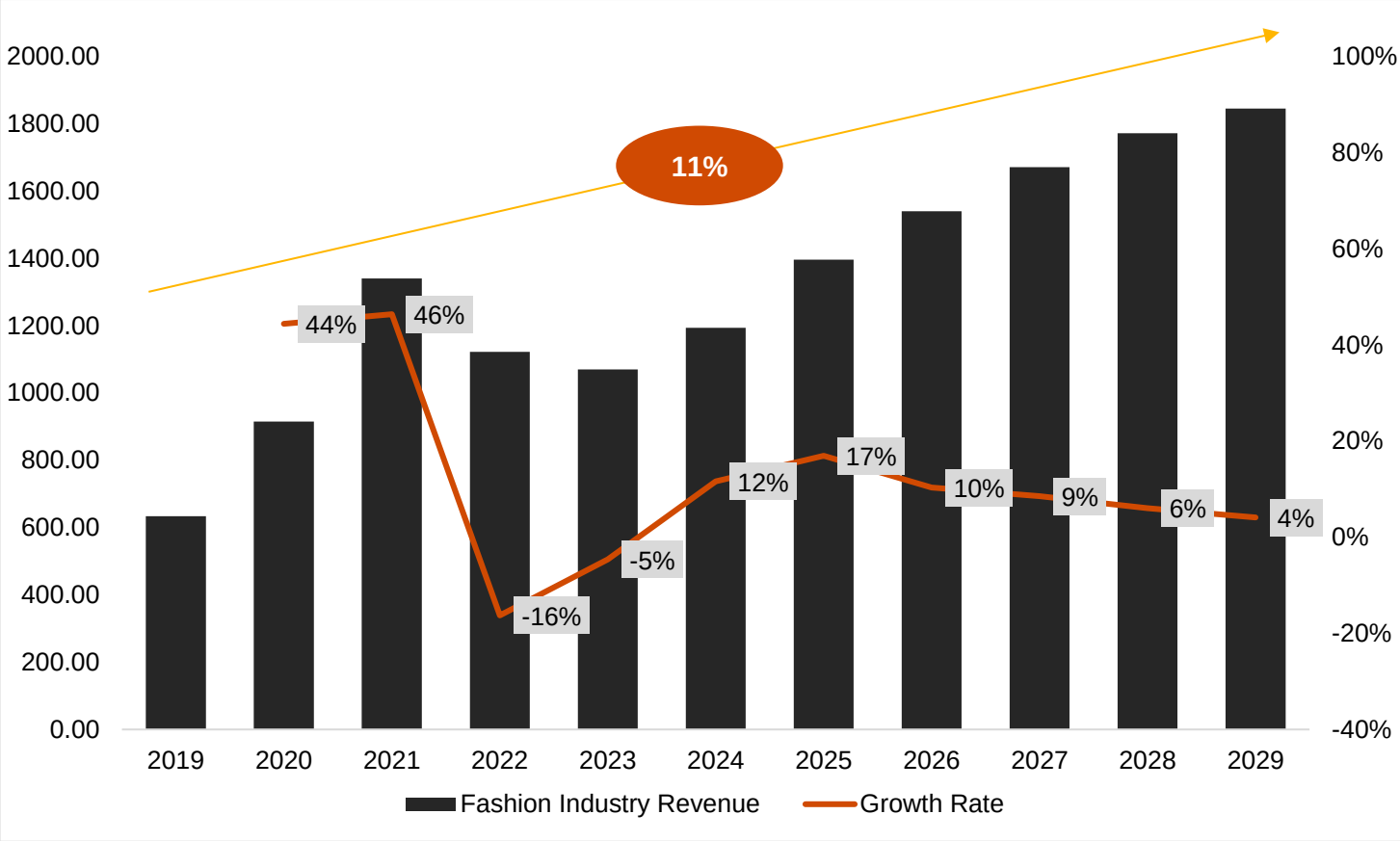
05

The Fabric of Fashion

Overview of the Fashion Industry

The fashion sector is resilient and diverse, with strong roots in the country's rich cultural heritage. Traditional garments like Ankara, Aso Oke, and Adire are essential to Nigerian fashion, and are frequently distinguished by vibrant colors, complicated designs, and profound cultural symbolism. The sector has experienced substantial growth and global recognition, with Nigerian designers such as Deola Sagoe, Lisa Folawiyo, and Maki Oh receiving international acclaim. Many of the world's celebrities like Michelle Obama, Beyonce, Lupita Nyong'o have also been dressed by Nigerian fashion designers

Nigeria Fashion Industry Revenue (US$'mn)



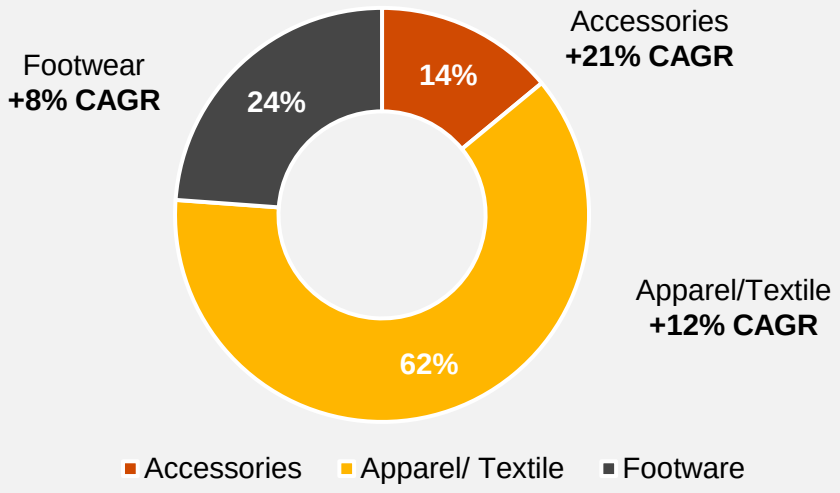
Some Key Insights on the Fashion Industry in Nigeria

- **Fashion is the second largest sector in the Nigerian Creative Industries.** It accounts for **15%** of the Sub-Saharan fashion industry, with South Africa holding the largest market share at 46%.
- The Nigerian fashion industry has grown in size and sophistication in the last five years, attracting global attention. CAGR averaged **13%** from **2019 to 2023** and is projected to record an **annual growth rate of 9.08%** from **2024 to 2029**
- Key drivers of the growth include **the growth of e-commerce, the rise in the use of social media to establish and promote new businesses, and international recognition of Nigeria's unique and tradition-infused pieces**.
- Events such as Lagos Fashion Week, GTCo Fashion Week have also been pivotal to the growth. These events have become the hub for the fashion industry through their anticipated annual runway shows and incubator-style techniques
- Despite its many successes, approximately $4 billion a year is spent on imported textile and ready-made clothing in Nigeria

Source: NBS, Euromonitor, Stears

The fashion industry is comprised of accessories, apparel & textile, and footwear. Apparel and Textile is estimated to account for 62% of the Nigerian Fashion industry, 4X the size of accessories and 2.6X footwears

Market Share and CAGR per Segment in the Fashion Industry (2019-2023)



Key Insights on Market Segmentation in the Fashion Industry

- **Apparel and textiles account for the largest share in the fashion industry** due to the significant demand for clothing. The population size (over 200 million people) and cultural diversity drive demand for a variety of apparel, including traditional wear like Ankara, Aso Oke, Adire, lace, and agbada, alongside modern fashion. Nigerians also have a strong affinity for both formal and casual wear, increasing the demand across multiple categories.
- The **growth in Apparel and textile is influenced by the increasing urbanisation and rising middle-class incomes**. Nigerian designs are gaining international recognition, and the trend towards “Made in Nigeria" fashion is also boosting local textile industries.
- The **accessories market** includes items like jewelry, bags, watches, and belts. While it **holds a smaller portion** of the overall market, its has **shown high growth rate** signals in response to the shift in consumer behavior.
- The **demand for accessories that complement each outfits**, and unique pieces that **blend traditional craftsmanship with contemporary designs** have **spurred the growth in the segment**.
- Footwear accounts for **24%** of the industry. The segment benefits from a mix of local production (especially handmade sandals and shoes) and imported products. School footwear, formal shoes, sports shoes, and casual footwear are key drivers of the segment.
- While **demand is steady, the competition from cheap imports (mainly from Asia) limits the growth of the fashion industry.**

Source: Statista, PwC Analysis

The fashion industry is shaped by four key trends which also drive its significant growth

Rise in Demand for Locally Made Designs

- While imported fashion dominates the market, **there is a growing shift towards promoting and purchasing locally made designs**. Nigerians primarily buy clothes from retailers that sell **imported clothes or custom-tailored stores**, but in recent times**, luxury and mid-tier local fashion brands produce African readymade garments have emerged**. These designers, however, still rely on imported fabrics to design garments.

Growing Recognition of Sustainable Fashion

- Consumers are increasingly environmentally conscious, with **72% willing to pay more for sustainable products**. Brands like **Desire Iyama, and This is Us** are capitalising on this by using upcycled and recycled materials to create slow-fashion pieces.
- This focus on ethical production aligns with the global "conscious consumerism" trend, prioritising quality and durability over fast fashion. However, there is still a significant gap in the application of sustainable practices by players.

Growing Attention from the Government and Non-Governmental Organisations

- The Government has become increasingly eager to seize the strategic opportunities offered by the fashion sector for sustainable job and revenue creation.
- Spaces such as **hubs, incubators and accelerators have been created by non-governmental actors** to support emerging designers by providing them with equipment, skills, and networking opportunities.

Digital Revolution

- There has been a **boom in online shopping**. Designers and retailers now sell their products on social media platforms and websites. Some own brick and mortar stores while others solely operate and manage online stores.
- Digitalisation has enabled those previously constrained by limited domestic markets to **reach a much wider regional and international customer base without delocalising.**
- Beyond **e-commerce**, **Virtual Reality (VR) and Augmented Reality (AR) are also being integrated**, particularly on the luxury segment of the market.

Source: UNESCO, Public Information

5.1

Fashion:
Value Chain Analysis

The Music Value Chain

In the course of this study update, we have reviewed the value chain and updated with key actors…

NOT EXHAUSTIVE

Industry Value Chain	Players (Selection)*		Current funding model
Skills & Design Development	School & training programs	..Others	• **Self-finance** • **Grants and Sponsorship**
	Designer	..Others	
Sourcing of Raw Materials	Textile producers		• **Self-finance** • **Govt. grants** • **Subsidies**
	Textile importers		
Manufacturing	Garment Manufacturers		• **Self-finance** • **Debt** • **Investment and Partnership**
	Accessories Manufacturers		
Marketing	Events		• **Self-finance** • **Media Support** • **Partnership**
	Media		
Distribution and Sales	Digital platforms		• **Debt** • **Equity (VC)** • **Sponsorship**
	Omni Stores-Brick & mortar and Online		

High-level Investment Potential Assessment

Assessment criteria

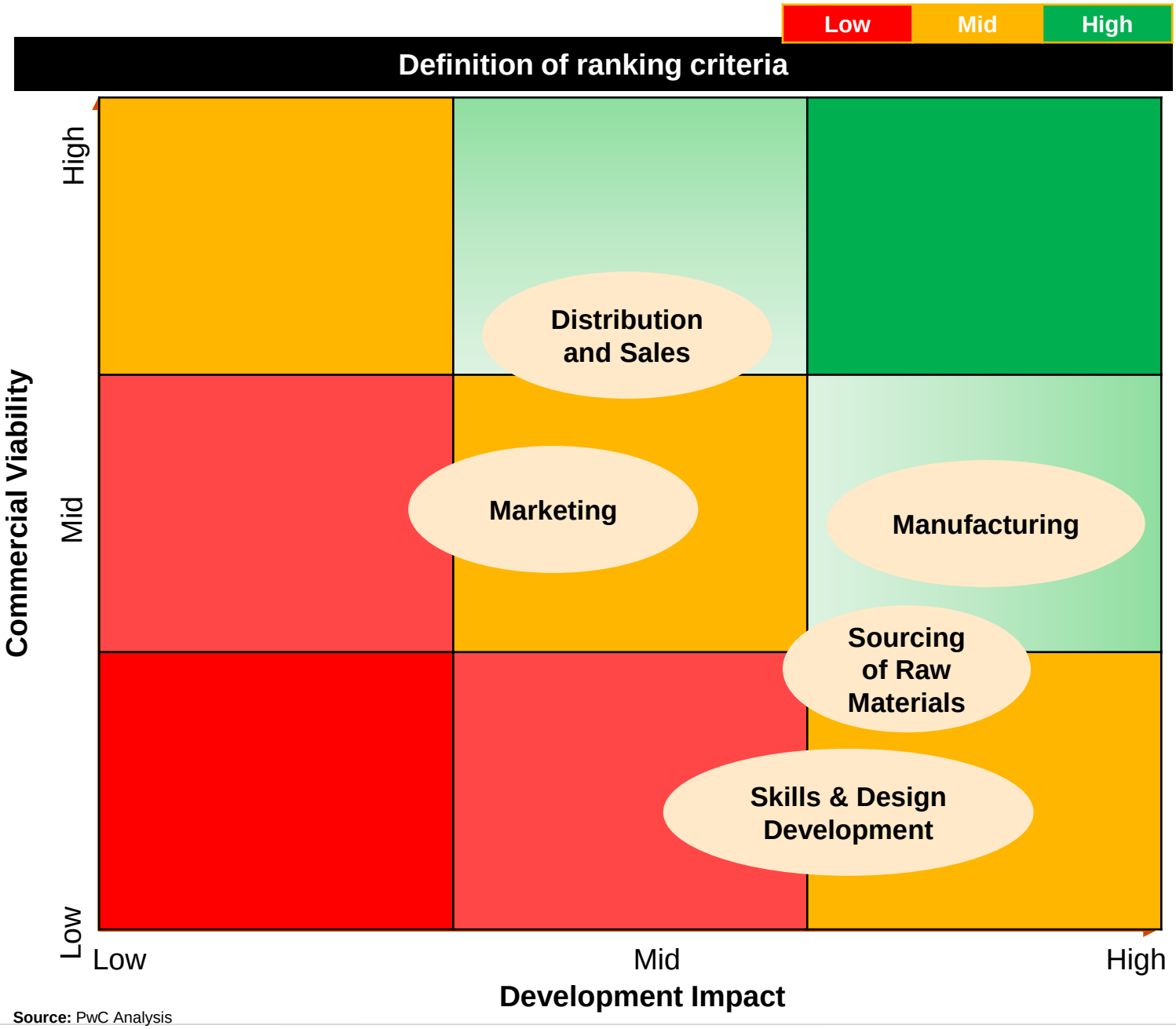
Below is a qualitative assessment of the relative value of key segments within Nigeria's fashion ecosystem, based on insights from stakeholder engagement. We evaluated these segments against key criteria to provide a high-level perspective on investment feasibility for Development Finance Institutions (DFIs)

1.Commercial Viability – Evaluates the market size, financing needs, and growth potential of the segment.

- **High:** Large, established markets with strong demand and significant financing gaps.
- **Mid:** Expanding markets with clear growth potential, moderate traction, and unmet financing needs.
- **Low:** Niche or early-stage markets with uncertain scalability or limited commercial prospects.

2. Development Impact – Assesses the socio-economic benefits of investing in the segment, including job creation, cultural significance, and community impact.

- **High:** Sectors with broad employment potential, strong cultural relevance, and significant community benefits.
- **Mid:** Growing sectors with emerging socio-economic contributions and the potential to scale impact.
- **Low:** Limited direct socio-economic benefits, with minimal job creation or community impact

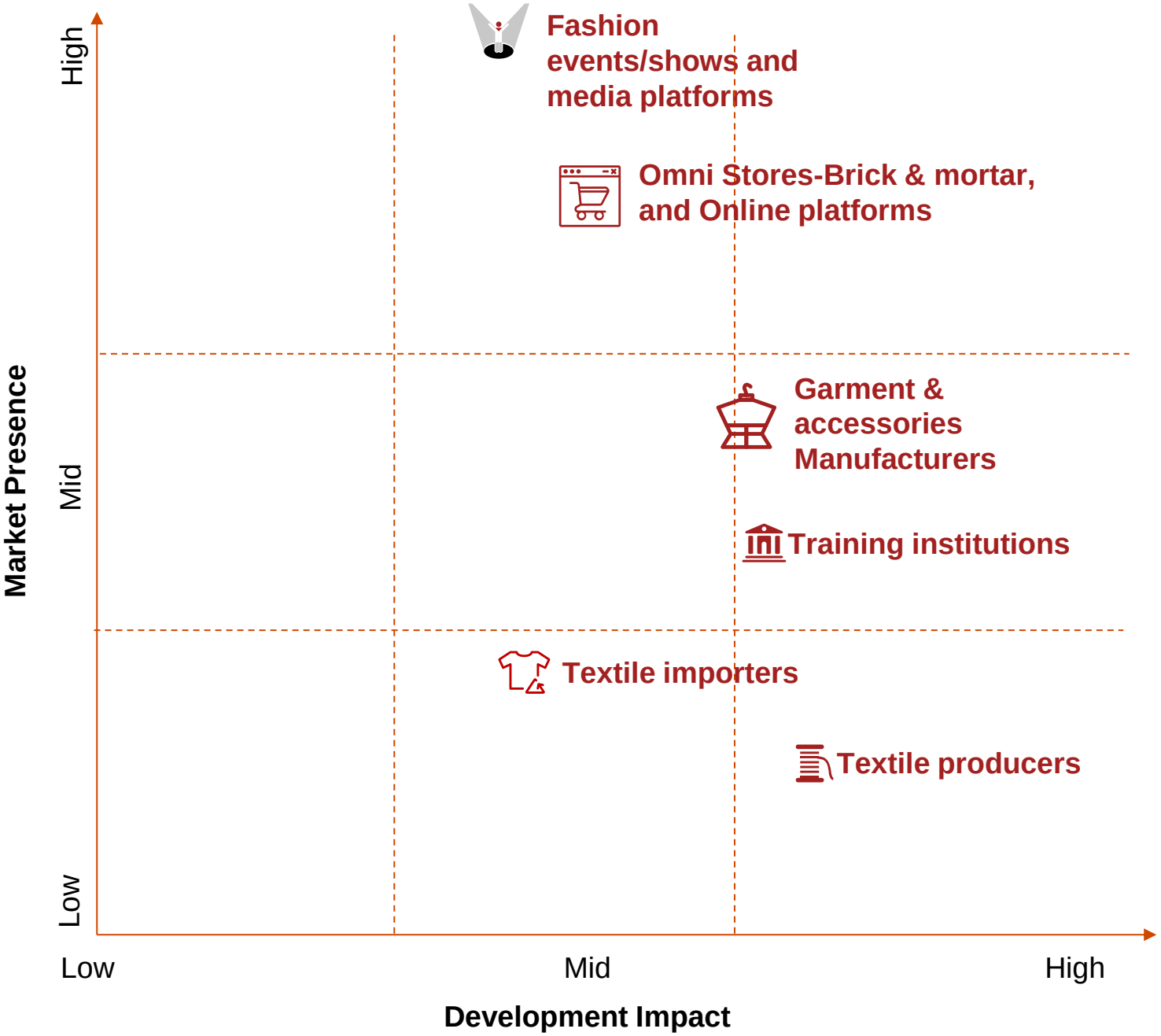


Source: PwC Analysis

The Fashion Value Chain – by actors

We have reviewed key actors within the ecosystem using the same evaluation criteria.

Matrix overview of key actors within the fashion ecosystem



- **Garment & accessories manufacturers and training institutions** have mid-market presence but play a crucial role in local production and skill development.
- **Strengthening local textile production**, expanding training institutions, and incentivizing local manufacturing are key to boosting both long-term industry sustainability of the ecosystem

Source: PwC Analysis

1 Skills and Design Dev. | 2 Sourcing of Raw Materials | 3 Manufacturing | 4 Marketing | 5 Distribution & Sales

Due to the industry's downturn, skills in raw material production have declined, and there is complete skill gap in areas like quality control

Overview of the Skills and Design Development (Key Facts)

1

Nigeria has a high labour force with 70 percent of the population being youths, indicative of a strong and vibrant labour force especially in mass production and tailoring, compared to other sub-segments of the fashion industry. Cities like Lagos and Aba are known for their garment manufacturing hubs, where tailors and designers produce a wide range of basic clothing items, including replicas and original traditional attires. Clothing production in Nigeria has a larger workforce than the leather production sector.
Factories that use modern technical equipment often have to hire expatriates to train staff on usage and management of equipment, which can be expensive.

2 **Most shoemaking artisans in Nigeria are also majorly skilled in manual and local processes. They employ manual and semi-modern tools** to produce a variety of market-ready footwear, including contemporary styles. Abia and Anambra states are key centres for shoemaking in Nigeria, with highly skilled craftsmen and ready-to-market affordable products. The lack of modern skills however impacts the standardisation and quality of items produced by these manual processes. The Lagos Leather Fair Accelerator Program trains leather designers and entrepreneurs on product design, manufacturing, branding, marketing and e-commerce skills. However, programs like this do not target the mass leather manufacturing workers.

3 **Skills in raw material production have declined with the industry's downturn**. Cotton farming and textile production, with a long history in Nigeria, has faced many challenges over the years. In turn, the production of traditional fabrics like Adire, Aso Oke, and Akwaete have seen more adoption and skill growth.
Some traditional leather-tanning industries, predominantly in Northern Nigeria, do not meet global standards, sometimes resulting in low quality and inconsistent output.
Due to the lack of standardisation and documentation in knowledge transfer, some key parts of traditional skills such as the Hausa pit dyeing methods and Adire patterning may be lost soon.

4

Ultimately, **skills development and knowledge transfer are mostly sponsored by local actors** including fashion designers, tailors, and artisans through apprenticeships, internships, or paid training programs. The federal government also sponsors vocational training interventions sometimes, but these efforts have been inadequate to fully optimise the industry's potential.

5 Over 80 fashion training institutions provide courses in fashion design. However, these institutions do not have standardised or competitive curricula. **Most programs focus heavily on the creative components of fashion design, while important technical and business areas like quality control, fashion technology, business and entrepreneurship, trade law, and copyright are often overlooked.** These areas are crucial for young creatives to safeguard their creations and grow their businesses.

Source: UNESCO, CIAFE

1 Skills and Design Dev. | 2 Sourcing of Raw Materials | 3 Manufacturing | 4 Marketing | 5 Distribution & Sales

Overview of the Skills Development Landscape

Nigeria's fashion industry has a diverse skills and development landscape, encompassing both formal and informal training. **Traditional apprenticeship systems** remain a dominant pathway for skill acquisition, where aspiring designers learn under established tailors and fashion houses. **Formal education** is also growing, with institutions like the Lagos Fashion Academy and the Nobel Afrik Fashion Training Institute offering structured courses in fashion design, pattern-making, and garment construction. Also, **digital platforms and masterclasses** provide emerging designers with access to global trends, business management, and branding strategies. Trainings typically cover

- Technical fashion skill development e.g. Pattern making, technical drawing,
- Business skill development e.g. Marketing, brand development, book-keeping, business development

Description and Insights on Key Players

Formal Institutions

- **Polytechnics, Colleges of technology, Fashion schools and Institutes** offer formal education for fashion industry providing accreditation to attendees. They are approved and regulated by the National Board for Technical Education (NBTE).
- Universities approved by the National Universities Commission (NUC) also offer courses in Fashion.
- Many of these formal institutions, especially those outside cities like Lagos and Abuja **have curriculums that are outdated and are not optimised to the current realities of the global** fashion industry.

Semi Formal Institutions

- **Fashion houses, Government and Non-Governmental Organisations (NGO), and development programs offer workshops and short courses** which equip the trainees on skills across design and development
- Some examples include the Lagos State Sustainability Enterprise Development Programme, Lagos Leather fair Accelerator.
- **The government and NGO trainings are usually free or low cost** to encourage youth participation and increase employment.

Informal Institutions

- **A substantial portion of training occurs within the informal sector.**
- **Fashion production houses and designers offer apprenticeship programs, where trainees function as junior employees**. Over a period of 1 to 2 years, they gain hands-on experience across various aspects of the fashion value chain while providing support to the design house.
- **Trainees are not formally accredited**; they are awarded a Certificate of Completion.
- Traditional fashion skills and knowledge are often passed down informally from one generation to the next.

Learning providers adopt several business models to provide training for talents in the fashion industry. These business models are described in the table below:

Business Model Type	Description	Examples
Pay-Per-Course Model	• Trainees enroll in specific courses such as sewing, pattern-making, or fashion marketing, paying a fee for each course.	• **Martwayne Fashion School** offers tailored courses for individuals including business management for fashionpreneurs - financial management, digital marketing, coaching - and core skills pattern drafting.
Certification-Based Model	• Training centers provide comprehensive programs covering several courses and students receive certifications upon successful course completion, enhancing employability and credibility for trainees.	• Institutions such as Osc College of Fashion implement this model by awarding diplomas. Polytechnics and universities also offer certificate programs.
Blended Learning Model	• Combines online theoretical modules with in-person, practical hands-on sessions, offering flexibility to learners.	• Platforms like The Fashion Academy(TFA) integrate digital learning with physical workshops providing flexibility to learners.
Consulting and Custom Solutions Model	• Offers personalised guidance and mentorship for emerging designers or fashion businesses, tailored to their specific needs, like strategy development or sustainable design practices.	• Zara Odu, through Designers Consociate, specialises in providing custom solutions, focusing on sustainable design and operational consulting for fashion brands.
Incubation Model	• Fashion incubator programs in Nigeria are structured to provide comprehensive support to emerging designers and entrepreneurs including capacity building, business development support, funding, and market access.	• Fashionomics, Seedstars African Fashion Futures Incubator, and Lagos Fashion Week Fashion Focus Fund are incubator and accelerator programs.

Strengths of the Skills Development Segment

Four major strengths characterise the skills development landscape. They include:

1	**Cultural Relevance:** Nigerian fashion design is deeply rooted in tradition, which creates a strong local market demand and cultural pride. Nigeria designs (e.g. Aso-oke, Adire bags, beadwork) are distinctive and reflect Nigeria's rich cultural tradition. Skills passed down through generations, such as beadwork, embroidery, and the weaving of traditional fabrics like Ankara and Aso-Oke, remain core to the industry's identity.
2	**Rising Interest:** The increasing visibility of African fashion through platforms like Arise Fashion Week, Aba Fashion Week and Lagos Fashion Week has spurred an interest in fashion education, leading to the emergence of more institutions and training programs. There is a growing global interest in African-inspired designs creating opportunity for export and international partnership.
3	**Evolving Fashion Trends**: There have been constant changes in fashion trends with consumer preferences changing at faster rates. The demand for unique, standout fashion designs have increased the demand for formal education and hands-on training on new techniques.
4	**Thriving Apprenticeship System**: Nigeria's informal apprenticeship model remains a strength, with many young talents gaining practical, hands-on experience from established designers, building a strong base of skilled artisans across the country

Weaknesses of the Skills Development Segment

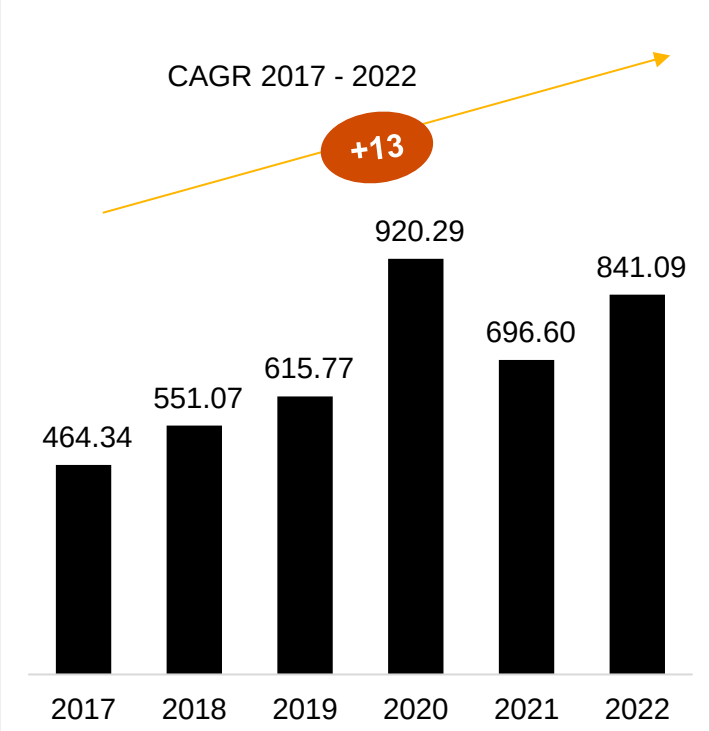
Four major challenges plague the skills development landscape. They include:

1	**Limited access to funding:** Limited external funding and high training costs pose significant challenges for trainers and trainees in the fashion industry. Many schools and designers rely on personal savings or family loans, with little government or industry support for skill development. This results in many designers lacking necessary skills for industry success. One player reported receiving a one-time LSETF loan at a **5%** interest rate over 3 years ago.
2	**Fragmented Education and Training Standards:** Nigeria's fashion education lacks a standardised curriculum, leading to uneven skill levels among graduates. Limited specialised programs and inadequate infrastructure hinder growth in footwear and accessories design, lower the quality of training and reduces international competitiveness.
3	**Skills and Knowledge Gaps:** The lack of knowledge in critical areas like bookkeeping, business management, marketing, and technological adoption hinders the growth and sustainability of designers and manufacturers. Poor documentation and informal learning methods also contribute to inadequate knowledge transfer, leading to skill decline over time.
4	**Geographical and Socioeconomic Barriers:** In Northern Nigeria, insecurity and limited access to training centres hinder capacity building and skills development. Economic challenges like low purchasing power due to inflation and naira devaluation further restrict access to education and decrease demand for locally produced fashion goods.

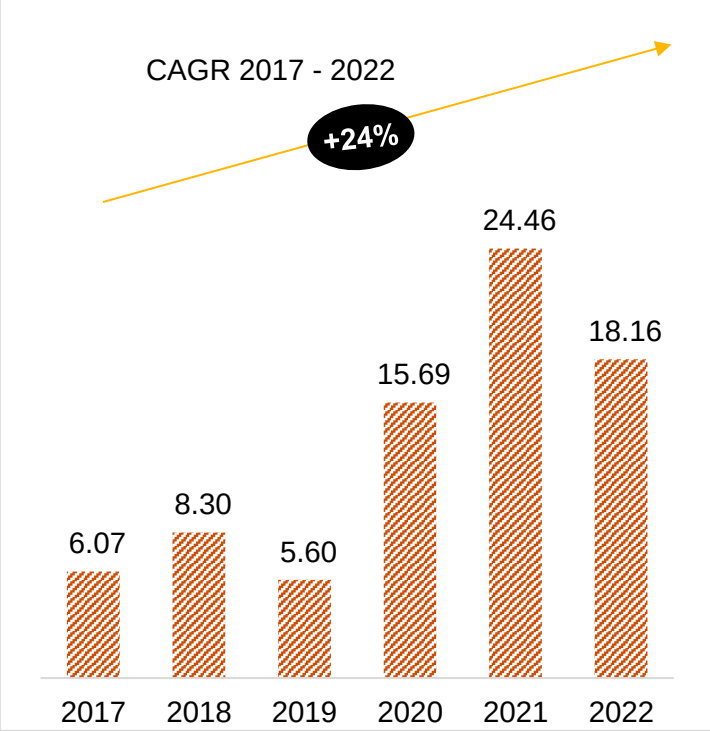
1 Skills and Design Dev. | 2 **Sourcing of Raw Materials** | 3 Manufacturing | 4 Marketing | 5 Distribution & Sales

The Nigerian fashion industry heavily relies on imports to meet consumer demand for fabrics, clothing, and accessories with total imports of textile and clothing at approximately $840million as of 2022.

Importation of Textile and Clothing ($'mn)



Export of Cotton ($'mn)



Key Insights on Sourcing of Raw Materials

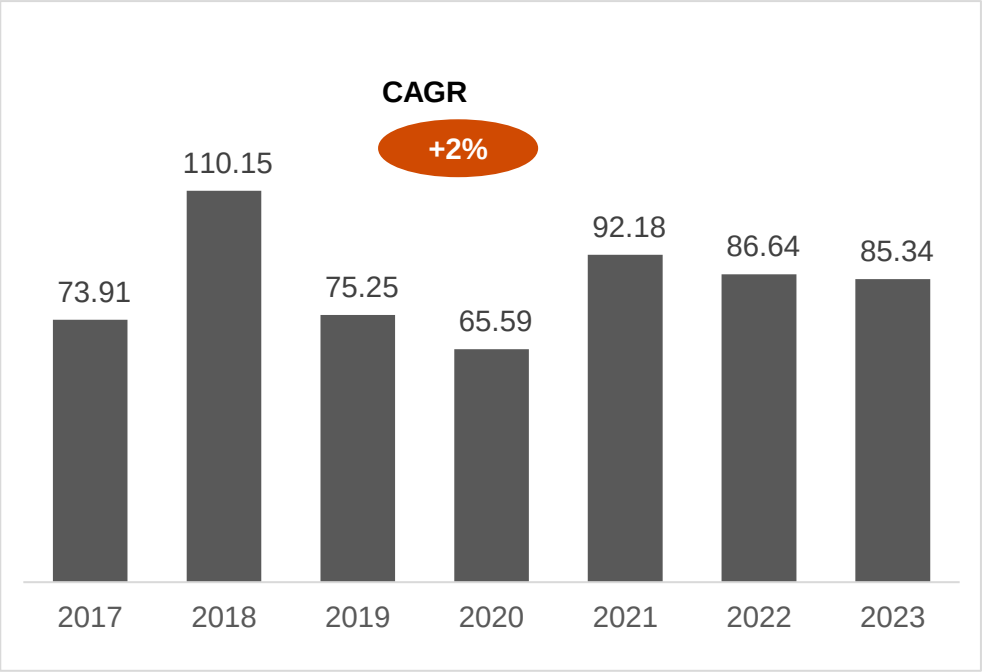
- Cotton is the predominant plant-based fibre produced in Nigeria, while wool and silk are the common animal-based fibres used in Nigeria. The fabric production process flows from **farming** and **harvesting** of cotton balls, **ginning** of the cotton, to **spinning** of the cotton to yarn.
- Nigeria is highly dependent on imports of textile and clothing. Imports **account for approximately 80 – 90% of textiles and clothing in the country**. From 2018 to 2022, the country imported **US$3.6 billion** worth of textile and clothing - a growth rate of **81% .**
- **45%** of textile and clothing are supplied by **China, India, Kenya, Japan, and Turkey** - The top 5 suppliers of textile in Nigeria.
- This high dependence is largely due to the **lack of adequate functional textile mills**, the **competitive inadequacy of local variants** because of low economies of scale, and **poor macroeconomic conditions.**
- In the 1970s and early 1980s, Nigeria had over **180 textile mills** that employed more than **one million Nigerians**. Some of the mills were United Nigerian Textile Limited, Aswani Textile, Afprint, Asaba Textile Mills, and Edo Textile Mills. These firms shutdown in the 1990s as they were unable to compete in an atmosphere of smuggling, unbridled importation, inadequate power supply, inconsistent government policies and insecurity. Currently, **there are only two major textile mills in Nigeria** – Sunflag and Femro3.
- Cotton producers struggle with **low yields, poor infrastructure and access to finance to scale**. Global yields are about 12x the average yield in Nigeria.
- There is also a poor linkage with users due to the downfall of the cotton milling industries. **Many of the cotton and textile mills and industries have now become moribund due to non supply of cotton** to the industries, lack of equipment maintenance, high operational costs and poor infrastructure.

Source: FAO, Oxford Business group, COMTRADE, Public Information

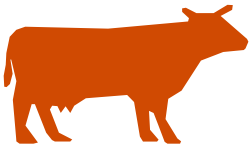
The leather industry in Nigeria is an important sector with significant economic potential. It has a rich history and is one of the country's most valuable non-oil export commodities. Nigeria is known for producing high-quality leather from a variety of sources, including cattle, goats, and sheep. The country is home to Africa's largest leather hub in Kano, where raw hides and skins are processed into leather.

Despite Nigeria's huge livestock population, Nigeria informally imports about USD40 million worth of hides and skins from West, North and East Africa

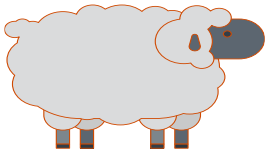
Exports of Raw Hides and Skins and Leather ($'Million)



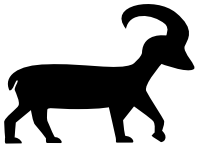
Livestock Population



Cattle – 21.2million



Sheep – 48.6million



Goat – 76.3million

Key Insights on Sourcing of Raw Materials

- Export of raw hides and skins and leather grew marginally at a CAGR(2017-2023) of 2% due to the several challenges limiting this segment.
- Nigerian Leather is one of **the best quality leather grades in the global market**. This is due to the free roaming nature of the animals which attributes durability to their skin and hides and allows for production of quality leather fashion items like shoes, bags and other accessories.
- Leather tanneries in Northern Nigeria are a major source of leather for the global leather industry. Kano State in Northern Nigeria hosts a large leather industry, with the oldest and biggest tanneries in the country. There are about **18 operational tanneries** left in Nigeria, with a processing capacity of over **250,000** skins per day up to the wet blue level.
- However, these **tanneries lack Post Tanning facilities** which prevents local use of what is produced by the tanneries directly. They produce semi finished leather almost exclusively for exports.
- Nigeria exports its high-quality unfinished leather to Europe and other continents while importing cheap finished leather for use from around the world. Most leather products manufacturing hubs in the country like Aba and Lagos source their leather inputs from China from markets like the Mushin leather market.
- **Poor waste management** in the tanning process has led to environmental degradation in key production areas like Kano; **lack of quality control standards** to ensure Nigerian leather remains competitive internationally are some challenges faced in leather sourcing.

Source: COMTRADE, ASSOMAC, FAOSTAT, National Leather and Leather Products Policy (2018)

1 Skills and Design Dev. | **2 Sourcing of Raw Materials** | 3 Manufacturing | 4 Marketing | 5 Distribution & Sales

Sourcing of raw materials comprises all activities targeted at producing and processing products used in the production of fabrics or leather to be supplied to fabric or leather designers for garment making and finished leather products. Key players in raw materials sourcing include:

- Farmers
- Cotton and leather tanning industries
- Fabric weaving and knitting companies
- Fabric and leather importers

Key Players

Cotton and Animal Farmers

- The cotton farmers grow and harvest cotton balls across various states in Nigeria like **Kano, Kaduna, Oyo, Ondo, Kwara, Katsina, Jigawa, Ogun, Kebbi, Sokoto and Zamfara.**
- Hides come from bovine animals (cattle, oxen, etc.) while skin is obtained from ovine and related animals (sheep, goats, etc.). Farmers, especially in Northern Nigeria rear these animals.

Cotton Processing and Leather Tanning Industries

- Cotton processing companies/ industries clean and process raw cotton Fashion into yarn that is used to make fabric. There are **only a few of these companies functioning** in Nigeria such as **Funtua Textiles, SunFlag Nigeria**.
- Tanneries, which are majorly based in Kano State, obtain hides and skins from farmers directly or buy from abattoirs and process them to industrial leather.
- Examples of tanneries in Nigeria include **God's little tannery** and **Challawa Tannery**.

Fabric Weaving and Knitting Companies

- Organisations like **Onchek Nigeria,** and **Femro 3** buy cotton yarns for dying, weaving and knitting into fabrics. Some cotton processing companies also carry out the weaving and knitting processes.
- Outside the industrial weaving of cotton yarns, local fabrics like Aso-Oke and Adire are handwoven using threads of yarn by weavers majorly in **Oyo, Ondo** and **Osun States.**

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1 Skills and Design Dev. | 2 Sourcing of Raw Materials | 3 Manufacturing | 4 Marketing | 5 Distribution & Sales

Different categories of players in the raw materials sourcing landscape adopt different business models to suit their clientele,

Business Models		
Name	**Details**	**Examples**
Vertical integration textile Production	• This model typically helps improve supply chain efficiency, reduce costs, and increase control quality. These companies grow their own cotton to ensure a constant supply of raw cotton for processing.	• Companies like Sunflag Nigeria, Funtua Textiles Limited in Katsina own multiple stages of textile production from cotton processing to fabric production.
Fabric and Leather Importation	• Many Nigerian garment producers and leather manufacturers rely on imported materials for their quality, price, and variety, often partnering with international companies, mainly from Asia.	• Leather manufacturers especially in Aba import leather to meet the high demand of their products.
Cooperative sourcing and partnership with local producers	• Small-scale producers and artisans form cooperatives, pooling resources to negotiate better prices, enhancing bargaining power and ensuring a steady supply of quality materials. Companies partner with local farmers/producers to secure raw material supplies.	• Companies like **Shekudo,** in Australia partners with local artisans to source materials like from cooperatives and provides a platform for the artisans to produce using their facilities
Local weaving of yarn to produce local fabrics	• Local artisans in small towns and villages weave raw materials like Aso oke and Akwaete, used for traditional designs. Designers then buy these materials to produce clothing.	• Factories like Alarobaba Aso-Oke Weaving Enterprise in Ilorin, Kwara State and the Itoku Market in Abeokuta, Ogun State produce and sell aso-oke to designers.

Strengths of the Raw Material Sourcing Segment

Three major strengths characterise the material sourcing landscape. They include:

1	**Abundant Natural Resources**: Nigeria has a wealth of natural resources, including cotton, leather, and various traditional fabrics like Ankara, which are integral to the fashion industry. Nigeria is the 8th largest producer of cotton in Africa and 23rd in the world. The country is home to Africa's largest leather hub in Kano, where raw hides and skins are processed into leather.
2	**Local Expertise:** There is a rich tradition of textile production and craftsmanship, providing a skilled workforce for sourcing and processing raw materials. Nigeria boasts a wealth of skilled artisans adept in weaving, dyeing, and embroidery. The resurgence of Adire, a traditional Yoruba dyeing technique, exemplifies the strength of this segment.
3	**Cultural Appeal:** Fabrics like Ankara and Aso-oke are highly sought after locally and internationally, creating opportunity for this segment. Ankara exports are booming (20% year-on-year growth), reflecting a global appreciation for unique African aesthetics.

Weaknesses of the Raw Material Sourcing Segment

Four major challenges plague the material sourcing landscape. They include:

1	**Infrastructural challenges:** The leather tanning industry in Northern Nigeria, especially in Kano, experiences infrastructural issues which hamper leather tanning and processing of raw leather. Epileptic power supply leads to increased cost of operations as the tanneries have to purchase alternate power sources and deal with expensive, inaccessible and poor transportation networks.
2	**Access to Finance**: Limited access to affordable finance is a major challenge for many tannery businesses. Lack of adequate financing hinders ability to scale and improve production process and efficiency.
3	**Inconsistent Quality:** The quality of locally sourced materials can be inconsistent, due to variations in production practices and standards leading designers to rely on foreign import to meet their standard. There is no uniform standard for hides and skins grading in the industry in Nigeria. Quality and quantity of sheep and goat skins is lower during the rainy season due to the increased humidity which causes hair slip and bacterial build-up
4	**Dependence on Imports:** Nigeria imports about **90%** of textile products valued at over **$4 billion** annually. Textile products import into Nigeria has risen by **106.7%** from **N182.5bn** in 2020 to **N377.1bn** in 2023. There is an inadequate supply of locally produced leather to produce finished leather products as most tanneries produce semi finished leather almost exclusively for exports due to the lack of adequate post tanning facilities. Manufacturers rely on imported cheap finished leather (factory end runs). Tanneries also depend on imported chemical inputs for tanning
5	**Poor animal husbandry practices and Poor Agronomic Practices:** There is no uniform standard for grading Hides and Skins in the industry. All developed standards are usually disregarded in favour of individual tannery standards. Outdated farming practices, low yields and a lack of access to modern technology also continue to weaken cotton farming in Nigeria

Source: Businessday, NESG

Overview

- Garment, Leather and Jewellery manufacturing and production are booming areas of the Nigerian fashion industry. Across the country, there are varying levels of garment producers making goods for different markets at different scales.
- **A major garment and leather goods production hub is in Aba**. Aba has two industrial clusters for production of finished leather, located majorly in the **Ariaria Market area** and garment goods located in the **Aba city centre area**. These clusters have different sub clusters and **operate in mass production and small-scale production**. The Aba industry is highly fragmented with many of the businesses **operating informally**. Rates of CAC registration varies between **4% - 11%.**
- A major challenge local outfit manufacturers in western Nigeria face is **inadequate government support**. Adire and Aso Oke manufacturers in Abeokuta, Ogun State and Oyo State have experienced several situations where **fabric and raw materials bought for production within the country from places like Aba and Kano are seized by customs service and remain unreleased**. However, there is a free flow of movement for imported ready made counterfeit Adire and Aso Oke from China.

Source: Time Economics

1 Skills and Design Dev. | 2 Sourcing of Raw Materials | 3 **Manufacturing** | 4 Marketing | 5 Distribution & Sales

Tailors, Designers, and equipment operators are key players in the Nigerian fashion production sector

Activities in Manufacturing

This value chain segment covers the following:
- Designing
- Pattern making, cutting and sewing
- Industrial machinery operations

Key Players

Designers

- The designers are the creative backbones of the fashion production segments. They conceptualise how the fashions items are going to look and create sketches, diagrams, construction methods and colour schemes to ensure the fashion items look good. **Some designers also act as tailors, especially for smaller brands** in Nigeria.
- Jewellery designs create concepts and settings for jewellery pieces. They select the best stones and materials to give finished items.

Tailors

- Tailors are the backbone of small-scale fashion production in many regions in Nigeria. They are numerous local tailors on streets and corners in Nigeria
- They carry out pattern making, cutting, sewing and adjustments for outfits, for both bespoke and ready to wear garments.
- They work with designers to bring the envisioned designs to life.

Accessories manufacturers

- Leather artisans are involved in cutting, sewing, and finishing leather pieces to create custom and mass market leather garments, accessories (bags, belts), and footwear, using leather-specific tools and techniques.
- The manufacturers in **bespoke brands** like **Femi Handbags** use hand crafted techniques while the **manufacturers for mass market** items like in the **Aba leather clusters** use machines for production.

Industrial Garment machinery operators

- Large scale manufacturing involves the use of big, specialised machines and equipment to produce garments. Operators like ENASCO use automated machines to conduct product processes and also perform quality assurance to ensure finished goods are up to the required standards. **Some operators serve as engineers** who can manage and maintain the machines and equipment effectively.

1 Skills and Design Dev. | 2 Sourcing of Raw Materials | 3 Manufacturing | 4 Marketing | 5 Distribution & Sales

The various business models offers unique advantages and can be tailored to fit the specific needs and goals of a fashion brand

Business Models

Name	Details	Examples
Mass Market Production	• This involves large-scale garment manufacturing for designers, retailers, or direct sales, with rising demand for collar knitting and thread winding.	• Two major players dominating this segment are **Femro 3** and **Sunflag**. They primarily produce t-shirts for events, schools, and related purposes and sell to wholesalers or large corporations.
Luxury Market Production	• Focuses on bespoke fashion with exclusive designs and customised fabrics, targeting high-income consumers like celebrities and high-net-worth individuals	• Brands like **Veekee James, Fadamasi (Aba)** and **Mai Atafo** offer personalised, unique high-end fashion designs tailored to their clients' needs.
Small Scale Localised Production	• This involves the production of fashion items in limited quantities for direct sale or for sale to local boutiques.	• This is often seen in cultural designs such as Adire and Aso-oke outfits from **Abeokuta, Ogun State and Iseyin, Oyo State.**
Brand Licensing/Collaboration Production	• This involves fashion product manufacturers producing specific quantities and designs of items for local brands or brands from neighbouring countries.	• This model is common with the Apparel and Leather Fashion industry in **Aba, Abia State** where mutually beneficial contracts and partnerships are created.
Ready-to-Wear Production	• Brands create standard-sized clothing based on designs and customer requests, typically delivered in 1-2 weeks. They mainly sell online, with some having physical stores, catering to middle-income customers.	• Brands such as **Omode Details** and **Style Temple** produce collections and cater to customers who prefer trending clothing that can be ordered easily.

Strengths of the Manufacturing Segment

Three major strengths characterise the manufacturing landscape. They include:

1	The Nigerian fashion manufacturing segment is thriving with creative designers who have innovative and creative designs and ideas.
2	The global rise of Afrocentric designs and fashion supports and drives the demand for locally made garments, accessories and jewelry. This demand can be leveraged.
3	The Nigerian fashion production sector has a large labor force available to provide potential workforce for the industry. This workforce can be trained to develop skills to improve productivity of the industry to international levels.

Weaknesses/Challenges of the Manufacturing Segment

Five major challenges plague the manufacturing landscape. They include:

1	**Infrastructural Issues:** Efficient fashion production relies on robust infrastructure, yet critical gaps persist in key areas. Unreliable and costly power supply, inadequate road networks, and inefficient logistics systems create bottlenecks in the transportation of raw materials, tools, and finished goods. Furthermore, limited access to automation tools and production machinery restricts efficiency, scalability, and the overall quality of output for some industry players.
2	**Access to finance (operating and capital costs):** Most manufacturing companies face funding challenges. Traditional banks offer loans with prohibitive interest rates and collaterals while venture capitalist and Private Equity firms show limited interest in the fashion industry Maintaining functional working capital which allows companies secure raw materials and maintain stock, ensuring smooth production and sales is a challenge.
3	**High cost of necessary raw materials:** The high cost of raw materials in Nigeria presents a significant challenge in comparison to Chinese manufacturers, who benefit from access to cheaper, lower-quality cotton, fabrics, and leather. This cost disparity makes the market highly competitive. In addition, most raw materials are imported, with expenses further exacerbated by high exchange rates. The volatile exchange rate also hinders the purchase and maintenance of large-scale production equipment, leading to prolonged repair time, sometimes extending up to six months to a year, due to the substantial costs involved
4	**Low access to skilled labour**: Garment, leather and jewellery fashion manufacturers face the challenge of recruiting dedicated and skilled workers to produce quality fashion items efficiently and operate and maintain the production machinery and equipment. There are limited structured skill and knowledge transfer programs for the leather, apparel and jewellery production industries. This leads to products of low standardisation levels and quality
5	**Lack of government support**: Policies to prevent the influx of counterfeit Chinese brands from infiltrating the supply market for traditional fashion items like Adire and Aso Oke have not been developed and implemented. There are no government sponsored facilities to allow for more efficient production of fashion items in the country. There is also poor patronage of the Nigerian fashion industry by government agencies.

Digitisation is driving the rapid evolution of the fashion marketing sector away from the use of magazine spreads alone

Overview

- The fashion marketing sector in Nigeria is a rapidly evolving sector, driven by digitalisation and cultural elements. The key activities involve promoting and advertising fashion items to different markets. Fashion marketing forms part of Nigeria's broader creative economy, which also includes music, film (Nollywood), and arts, and plays a crucial role in shaping cultural narratives and boosting the national economy. Fashion marketing has become essential to building brands, attracting customers, and expanding market reach, both locally and globally.
- Historically, the major ways big fashion brands marketed their new collections was by having magazine spreads and runway shows where models and celebrities model the fashion items in photoshoots and on runways. Advertising was done via word of mouth at events, on television, radio and in print media like newspapers and magazines. With the development of the internet and social, marketing activities have evolved to include content creation, social media campaigns, influencer marketing, fashion events, and public relations.
- Nigerian fashion influencers, models, and celebrities like Wizkid, Genevieve Nnaji, Tiwa Savage, and Davido use social media to promote fashion brands. Their massive online presence and influence are leveraged by fashion brands to reach a broader audience. Online blogs and magazines like BellaNaija, ThisDay Style and Ovation Magazine also play a major role in fashion marketing.

1 Skills and Design Dev. | 2 Sourcing of Raw Materials | 3 Manufacturing | 4 **Marketing** | 5 Distribution & Sales

Tailors, Designers, and equipment operators are key players in the Nigerian fashion production sector

Activities in Marketing

- Content creation (photography, videography)
- Styling
- Event production
- Influencer activations
- Industries and Tanneries
- Importers

Key Players

Designers

- Well known and stylish designers act as the faces of their brand by setting trends and styles to shape the industry. Designers like **Veekee James, Lisa Folawiyo and Reni Abina** create content and style their pieces in ways that attract people who follow their trends. Veekee James is known for her waist cinching styles which have become mainstream with fashion forward Nigerian women. **Fisayo Longe**, a Nigerian fashion influencer and designer markets her brand's outfits by styling them in an

Fashion Photographers, Stylists and Influencers

- Stylists put together different pieces to create cohesive looks for photoshoots and for celebrities going for events. Dunsin Wright and Chyna Bee are celeb stylists.
- Fashion photographers create photography and video content capturing the designed and produced items and tells a story using the visual content. **Kelechi Amadi Obi** is a popular fashion photographer.
- Influencers with large followings promote fashion trends and brands via appearances or social media.

Marketing Agencies and Event Producers

- Marketing and communications agencies help brands connect with their audiences through strategy development, content production and media activations and campaigns. Some agencies like **TSC Agency** also produce fashion shows for the brands to showcase collections.
- There are independent fashion event producers which serve to exhibit fashion designs, trends and brands like the **GTCO fashion weekend**, **Eco Bank Adire exhibition**, **Aba Fashion Week**, **The fashion Souk** are examples of fashion shows.

Media houses

- Both traditional and digital media organisations play a huge role in fashion marketing.
- Traditional media platforms like newspapers, magazines, and television shows cover fashion events and collection releases, providing reviews and analysis.
- Digital media platforms also help spread and influence trends and are often trusted sources of reviews and recommendations for fashion pieces. Platforms like BellaNaija are media institutions that aid fashion marketing.

1 Skills and Design Dev. | 2 Sourcing of Raw Materials | 3 Manufacturing | 4 **Marketing** | 5 Distribution & Sales

Key players adopt new innovative business models such as influencer and digital marketing to reach target audiences

Business Models

Name	Details	Examples
Fashion Weeks	• These events connect brands to global stockists, attract media attention, and link them to influential industry figures for wholesale contracts.	• The Lagos and Aba Fashion and Design Weeks are part of a global Network aimed at connecting participating brands with stores like Nordstrom.
Digital Marketing	• Digital platforms like social media, online advertising and email marketing boost customer reach and engagement..	• Marketing agencies and brands like BellaNaija, Style Vitae and Ms Asoebi use social media ads to target audiences, while blogs run media campaigns for new launches
Brand Storytelling and Shows	• Brands market through agencies or in-house, using storytelling to shape brand identity. They use logos, content, packaging, messaging and host themed runway shows for collections to reach their audience.	• Brands like **Dye Lab, This is Us** are known for their fashion circularity within their production process.
Fashion Events	• These shows aid direct customer engagement and brand exposure, especially for small brands without showrooms or physical spaces.	• Fashion events like GTCO Fashion Weekend, The Kaduna Arts Fashion Exhibition, Lagos Leather Fair, and Fashion Pop-ups let brands showcase and sell their items.
Traditional Media	• Fashion magazines and shows are key in marketing to older Nigerians who use traditional media. Building a trusted, valuable brand that resonates with them is crucial.	• Shows like **Metrofile, Style Me** on television and magazines like **Genevieve Magazine** and **Ovation Magazine** showcase fashion brands and trends.
Influencer Marketing	• Fashion influencers and celebrities play a significant role in marketing for brands and also shape major fashion trends via regular and social media.	• Influencers like **Ebuka Obi-Uchendu, Toke Makinwa, Ozinna Anumudu, Temi Otedola, Kuyet Bamai, Mory Coco and Dimma Umeh** are known for setting fashion trends.

Strengths of the Marketing Segment

Three major strengths characterise the marketing landscape. They include:

1	**Cultural Heritage**: a major asset of the Nigerian fashion marketing sector is its deep cultural heritage. Nigerian fashion is known for its vibrant, colorful, and intricate designs that incorporate traditional fabrics, patterns, and techniques which makes it easy to showcase to customers.
2	**Technology**: the widespread adoption of social media platforms such as Instagram, TikTok, Twitter, and Facebook has revolutionised fashion marketing in Nigeria. Nigerian fashion brands leverage these platforms to showcase their products, interact with customers, and reach global audiences.
3	**Youthful population**: Nigeria has one of the youngest populations in the world, with a median age of 18. This youthful demographic is highly engaged with social media and global fashion trends, making it an important target audience for fashion marketing efforts.
4	**Growing collaboration with the Film and Music Industry**: Many fashionprenuers partner with film and music producers to style the cast during video shoots

Weaknesses of the Marketing Segment

The marketing landscape faces five significant challenges. These include:

1	Marketing costs can be a huge cost for brands, especially with the rise of social media. Brands struggle with funding to create aesthetically pleasing content, pay for digital advertising and marketing. The costs of events are high and funders are often unwilling to provide the needed funds due to low investor confidence.
2	Nigerian fashion consumers are diverse, with varying tastes, preferences, and purchasing power. This diversity presents challenges in targeting and marketing to different segments effectively. Nigerian brands also face competition from international brands who have bigger marketing budgets and supply chains.
3	The cost of logistics for marketing events and shows is high, due to lack of efficient transportation networks, dedicated venues with set up for fashion shows and trade fairs, and power supply issues. Many small-scale brands cannot afford to participate in fashion weeks and events due to the costs involved.
4	A large proportion of Nigeria's population falls below the middle class, meaning many consumers are price-sensitive, limiting their willingness to pay premium prices for high-quality fashion items. The Naira depreciation and inflation has eroded consumer purchasing power, making marketing conversion hard.
5	Outside the major hubs in Nigeria like Lagos, Anambra, Abuja, there is inadequate government support which is needed in organizing fashion shows and events. Government support can help subsidise costs via location and infrastructure sponsorships.
6	Majority of the fashion brands in Aba suffer from an inferiority tag and are branded as subpar. However, other retailers often take their products and market it as imported products from Turkey and China for a higher value.

1 Skills and Design Dev. | 2 Sourcing of Raw Materials | 3 Manufacturing | 4 Marketing | 5 Distribution & Sales

E-commerce platforms have increase access and revolutionised the distribution and sales in the fashion industry

Overview

- Sales and Distribution in the fashion industry is a very crucial part of the value chain, which captures the movement of the finished fashion items from the designers and manufacturers to the customer and end users. It includes the activities involved in the movement, sale, and marketing of clothing, accessories, and footwear, covering both physical and digital platforms.
- Historically, the major ways fashion items were bought was via brick-and-mortar stores and open market shops in markets and retail environments.
- The industry has evolved with the rise of e-commerce platforms, increased access to mobile technology, and greater social media influence. It involves a complex network and relationships between key actors such as designers, wholesalers, retailers, online platforms, logistics companies, and consumers.
- Distribution is a major challenge for the Nigerian fashion industry as the country has no “high street” and barely any brick-and-mortar stores with networks around the country, because of the lack of retail culture, the rental cost of retail space, and the lack of professional operators with retail expertise. Without such infrastructure, it is very hard for designers to cater to the local Nigerian market across the different states and regions.

1 Skills and Design Dev. | 2 Sourcing of Raw Materials | 3 Manufacturing | 4 Marketing | 5 **Distribution & Sales**

Tailors, Designers, and equipment operators are key players in the Nigerian fashion production sector

Activities in Distribution and Sales

- Storage and inventory control
- Order Placement and payment
- Order fulfilment and delivery
- Product exportation

Key Players

Business Owners

- A lot of Nigerian fashion designers and businesses sell directly to consumers via **physical stores** or **WhatsApp for business, Instagram shop, Facebook marketplace,** and **other social media selling platforms**. They allow for personalised sales experiences and direct interactions with customers which can lead to customer retention for brands and wide brand exposure.
- Some brands have **fulfilment centres** across cities to aid distribution.

Retail stores/ E-commerce platforms/ Logistics companies

- Platforms for sale of fashion items include **open markets**, **physical retail stores** and online commerce platforms, including **Alara, Grey Velvet, Jumia, and Konga**.
- Some offer curated selections of luxury pieces while some offer access to wider range of products, mass market products to high end luxury items.
- Courier and Delivery Services are key in sales and delivery as they ensure that products reach consumers efficiently. **Jumia express, DHL** and **GIG logistics** are some players in the sector.

Payment platform/ Logistics and Delivery companies

- The payment infrastructure is vital in facilitating transactions for fashion purchases in Nigeria, whether online or offline.
- Many transactions in Nigeria are done using digital means such as POS payments, bank transfers and mobile money.
- Mobile payment solutions like Flutterwave and Paystack facilitate fast and secure online transactions for e-commerce platforms and website transactions. Bank apps are also used to make transfers to merchants.

Government Agencies

- Government agencies play several crucial roles in the fashion sales and distribution sector.
- Agencies like the Nigerian Customs Service (NCS) regulates the import and export of fashion goods, enforcing tariffs on imported fashion items such as textiles, clothing, and accessories. Imposed duties and tariffs. affect pricing and distribution of goods.

1 Skills and Design Dev. | 2 Sourcing of Raw Materials | 3 Manufacturing | 4 Marketing | 5 Distribution & Sales

Players in this segment adopt several business models ranging from direct to customer to trade fairs

Business Models

Name	Details	Example
Direct to Customer	• Some Nigerian fashion brands use a DTC model, selling exclusively via their websites or stores. This boosts profit margins by cutting intermediaries but can make site traffic and brand awareness a challenge.	• Brands like Andrea Iyamah and T.I Nathan employ the DTC model by selling their collections through their e-commerce platforms.
Traditional Retail Model	• This model features physical stores or boutiques selling fashion products directly to consumers, relying on foot traffic and allowing customers to try and feel clothing before purchasing.	• Luxury retailers like Alara Lagos and Temple Muse, mid-range retailers like Temple Muse, Leyi Ush, and 41 Luxe, and mass-market retailers such as Leventis, Pep, and smaller boutiques all use this model.
E-Commerce /Online Retail Model	• They often handle logistics, easing the burden on fashion brands, but some still face issues like unreliable delivery, high return costs, and consumer distrust.	• Online platforms like Flutterwave Store, Jumia, Konga, Jiji, Bumpa, and PayPorte have transformed fashion sales by offering greater reach and convenience, especially in underserved areas.
Wholesale Distribution Model	• Common for mass-produced items like shirts, designers or manufacturers sell products in bulk to wholesalers operating on a regional or national scale, who then distribute them to retailers.	• Brands like Onchek focuses on creating high-quality t-shirts and other garments in large quantities, using 100% Nigerian cotton.
Pop Ups and Trade Fairs	• They are short-term retail experiences at specific locations or times, often at fashion events. They test new markets and let customers shop without delivery fees.	• Platforms like Fashion Souk organises fashion fairs in Nigeria with brands like House of Marie participating to showcase and sell their unique designs.

Strengths of the Distribution & Sales Segment

Three major strengths characterise the Distribution & Sales landscape. They include:

1	The rise of E-commerce platforms like Jumia and Konga has revolutionised fashion sales in Nigeria. These platforms provide extensive reach, convenience, and a wide range of products, making it easier for consumers to shop for fashion items online.
2	The increasing use of mobile devices and internet penetration has facilitated online shopping and digital marketing. Social media platforms like Instagram, Facebook, and TikTok are particularly effective for reaching fashion-conscious consumers and driving sales.
3	The adoption of innovative payment solutions such as mobile money, online banking, and fintech services has streamlined transactions, making it easier for consumers to purchase fashion products. Services like Paystack and Flutterwave have enhanced the payment experience.

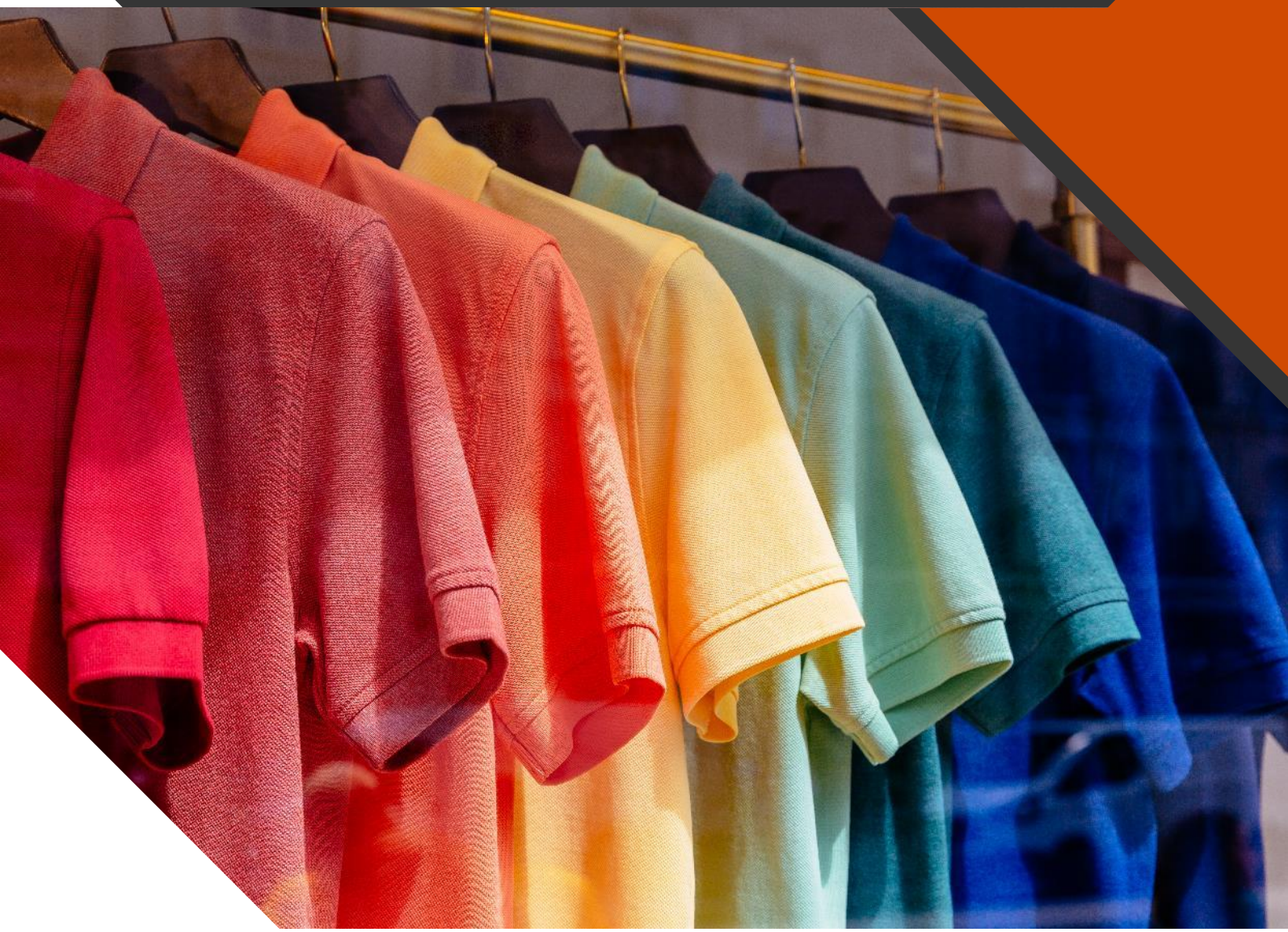
Weaknesses of the Distribution & Sales Segment

The Distribution & Sales landscape faces six significant challenges. These include:

1	• Policies are not designed in an inclusive manner that makes them accessible to common businesses with no connections or access to information. Stakeholders noted that although policies like the Africa Free Trade Continental Act (AfCTFA) was aimed to improve the exports and movement of goods within Africa, businesses are often expected to cover logistics and lodging expenses for officials conducting factory inspections before implementation, thereby adding to high business costs. Logistics costs for exporting goods hinder some fashion businesses from successfully entering the foreign document.
2	• Nigerian brands compete with international brands who often have more affordable items due to more efficient production, better logistics processes and greater scale of operations. Many local consumers do not have the financial freedom to stick to Nigerian brands who often have higher costs.
3	• The lack of reliable roads, transportation systems, and efficient logistics hampers the ability to distribute fashion products nationwide. There are barely any functional railway systems connecting states in Nigeria which translate to the use of expensive air delivery or lengthy road deliveries. These infrastructural challenges often result in inconsistent supply chains.
4	• Despite the rise of e-commerce, Nigeria still faces issues such as limited internet penetration in some regions, low digital literacy, and lack of trust in online transactions. Inventory control is often done manually or semi manually and can give room for theft and inadequacies.
5	• There is a problem with counterfeit fashion goods in Nigeria. Imitations of popular international and local fashion brands flood the market, leading to intellectual property theft and loss of revenue for original designers. This also causes distrust in the eco-system and affects investments for authentic fashion businesses.
6	• Some brands who stock their products outside Nigeria have difficulty in receiving payments from foreign countries, especially for businesses that are not registered abroad nor have owners with foreign citizenship/business permits.

5.2

Fashion: Opportunities



Opportunities	
Specialised Training Programs	• Expanding fashion schools with specialized programs in business and entrepreneurship, fabric patterning, footwear and accessory design, along with technical bootcamps for eager learners, can quickly bridge the skills gap and meet the demand in Nigeria's growing fashion industry. Establishment of vocational training academies in smaller cities in Nigeria, offering courses on both traditional and modern methods will aid the growth of the industry. • Refining and redistribution of niche skills that can attract premium value in the local market e.g., leather making predominantly in the north will also aid growth of the industry.
Global Collaboration and Exchange Programs	• Partnerships with international fashion schools can expose local designers to global trends and techniques, while collaborations with educational institutions can provide certified hands-on training to elevate industry standards.
Innovation Hub for Fashion Design	• Establishing innovation hubs focused on fashion technology, such as 3D-printing for accessories and virtual design platforms for footwear, along with sewing hubs for beginners, can enhance designers' creativity and technical skills, enabling them to compete globally.
Harnessing Nigeria's Youthful Talent	• Nigeria's young population offers a significant opportunity to develop a workforce in diverse roles within the fashion industry, such as fabric designers and quality control analysts, beyond traditional design.
Untapped Accessories Production Opportunities	• Training on niche manufacturing areas, such as producing zips, buttons, and other accessories commonly imported into Nigeria, could address local production gaps and create export opportunities. This will also aid the vertical integration of the industry.

1 Skills and Design Dev. | 2 Sourcing of Raw Materials | 3 Manufacturing | 4 Marketing | 5 Distribution & Sales

Opportunities	
Revolutionalisation of the Nigerian Cotton Farming and Processing Industries	• Funding and optimizing the operations of cotton farmers by providing quality farmlands and high yield seeds, developing cooperatives to link farmer groups with cotton off takers will help revive the cotton production sector. Creating partnerships with agricultural experts can improve the yield and output of cotton farms. • Sponsoring alternate power generation for the cotton ginneries will create a major opportunity for growth in the cotton processing industry.
Sericulture Potential	• Nigeria has the potential to revive the practice of rearing silkworms for cocoon and silk fabric production. Historically, Silk fabrics ***Sanyan and Etu*** were harvested by the Yoruba people from wild silkworms. Sericulture is being practiced and managed very few farmers and institutions like the Sericulture Development Project Centre, Ado-Ekiti. Funding institutions like this will enable the training of farmers on silkworm rearing, harvesting production of silk fabric in Nigeria for local use and as an export product
Alternative Fabric Sources	• There is an opportunity for other plant-based fibres such as jute, kenaf and bamboo to be grown, processed and used in the fashion industry. • Kenaf, a fast-growing fibre crop, cultivated in 18 Nigerian states, whose cultivation requires minimal chemical inputs, can be used in production of cloth fabrics and accessories like bags. Sponsoring the cultivation, harvesting and processing of the crop can impact the fashion industry and reduce the dependency on cotton fabric, while serving as an export product.
Tannery Modernisation	• Modernising the tanneries in Kano and the North to produce high-grade leather for export and local consumption presents a major opportunity. Implementing technological advancements will improve the efficiency and production output of the tanneries. Advanced technology tools can also aid the implementation of eco-friendly tanning processes, improving the global standards and rating of Nigerian leather in the global and local market
Traditional Jewelry Promotion	• With the recent rise in interests for traditional and African fashion, there is a tangible opportunity for production of traditional jewelry styles using local raw materials like corals and beads made from clay, palm nuts and bamboo materials. Partnering with, training and sponsoring bead and stone making artisans in states like Edo and Ondo States will aid the development of the local jewelry scene in Nigeria.

Opportunities	
Manufacture of Fashion Trimmings	• A major untapped segment of fashion production is the production of finishing items like zips, clasps and buttons. These are essential items in garment and leather production and are not produced in Nigeria. Investments in the infrastructure and skills necessary to produce trimmings like zips, buckles, and buttons will expand the market size of the Nigerian fashion industry and open up the country to potential foreign exchange revenue sources.
Export Potential	• Nigerian fashion items have a potential to compete in the international market. Nigeria's cultural prominence in the entertainment sector globally can help drive demand. Nigerian manufacturers can leverage this demand and generate a sizeable market share in the international commodity and luxury fashion markets by optimizing for quality in the fashion production process. Establishment of production hubs in different regions in Nigeria with adequate and standard infrastructure, tools and equipment can help facilitate the production of standard apparel, leather and jewelry items good enough for the export market.
Sustainability and Circularity	• There is a growing trend and demand for eco friendly and sustainable products. This presents an opportunity for Nigerian brands to tap into, and create, a production niche as sustainable and circular fashion producers. This can help in gaining sizeable market share in premium global markets, especially for cultural items.
Technological Advancements	• Adoption of technology innovations such as 3D printing can help revolutionize the industry, especially for mass market items. Ecosystem investments into technology and digital tools to optimize and improve production processes will help standardize the production output of the industry, especially for mass market goods.
Foreign Partnerships and Collaborations	• Nigerian brands can leverage partnerships and collaborations with foreign corporate and fashion brands. Nigerian Brand, Dye Lab recently had a collaboration with British luxury label, Anya Hindmarch to create a hand-crafted capsule collection which combined vivid patterns with contemporary designs. They have also collaborated with Heineken by creating special edition custom prints and merchandise. These types of partnerships and collaborations can help promote the fashion industry.

Opportunities	
Social Media Influence and Brand Storytelling	• The major demographic for fashion items is highly active on social media platforms such as Instagram, TikTok, and Twitter, which has made it easier for fashion brands to engage with their target audiences, showcase collections, and drive sales. • Consumers are increasingly concerned about the environmental impact of the fashion industry. By promoting sustainability and ethical fashion, Nigerian brands can attract environmentally conscious consumers and build identities centered around community support, sustainability, and cultural heritage.
Global Recognition and Export Potential	• There is growing interest in African-inspired fashion, and Nigerian designers are increasingly seen as global trendsetters. Nigerian brands can capitalize on the global appetite for unique cultural aesthetics, such as Adire, Ankara, Aso Ebi, and other traditional Nigerian fabrics. With the right marketing strategies, Nigerian fashion brands can expand into international markets, especially within the African diaspora in Europe and the Americas.
Alliances and Collaborations	• There is a major opportunity for Nigerian brands to leverage in the global fashion market, via partnerships with global celebrities, other minority groups such as Latinos and Black Americans. They have the infrastructure and mechanisms needed to enhance and push the Nigerian Fashion scene to the next level. Nigerian brands can also collaborate with movie producers, celebrity stylists, and fashion event showrunners in locations within and outside Africa to expand their reach.

1 Skills and Design Dev. | 2 Sourcing of Raw Materials | 3 Manufacturing | 4 Marketing | 5 Distribution & Sales

Opportunities

Leveraging policies supporting exports	• The Nigerian fashion industry can be optimized to contribute to the global fashion export market. Initiatives like the African Growth and Opportunity Act (AGOA), a trade legislation that allows eligible Sub-Saharan African countries duty free access to the USA market for products like textile and apparel. In 2023, Nigeria's apparel and textile exports via AGOA contributed **0.01%** valued at **548,000 dollars** to AGOA imports. The apparel industry in countries like Kenya contributed **67.6%** valued at **603 million dollars** to Kenya's exports to the USA. **Kenya is one of the largest AGOA apparel exporters to the USA** and will receive **55 million USD** to expand its export processing zones. The Nigerian fashion industry can leverage AGOA to improve exports to the USA and unlock trade opportunities by learning requirements and developing strategies to benefit optimally from AGOA.
Improved Logistics Infrastructure	• Investments in storage facilities, inventory control technology and distribution networks will help reduce costs and make sales and distribution more effective. Development of a national retail and distribution system, optimized with technology in major cities in the six geo-political zone in Nigeria will improve access to market for many smaller brands across the country. A lot of brands in the North, have no stores and do not have access to the right markets.
Partnerships and Collaborations	• Nigerian brands can partner with other African and international stockists and department stores for access to wider markets. There is a drive towards African and Nigerian fashion globally, especially among black people. **Zere fashion** and **AniyaDXB** are UK and UAE based fashion stores that stock various Nigerian fashion brand items and distributes in the UK. Nigerian brands can partner with global e-commerce platforms like **Amazon, Asos** and **Etsy** to improve global customer base and access to international markets. These partnerships will also help reduce the burden of delivery and logistics for the fashion brand, as they will be able to leverage on the existing mechanisms these bigger platforms have.

06

Summary of SWOT Analysis

We have summarised the strengths, opportunities, weaknesses and threats for the music and fashion industry (1/2)

	Strength	Weakness	Opportunities	Threat
Talent Development	• Youthful population actively engaged in music creation and consumption. • A rich cultural heritage and diversity of musical styles.	• Infrastructure gaps • Lack of formal business training	• Development of training hubs • Venture capital	• Talent drain to Lagos and international markets, leaving regional areas underdeveloped.
Music Production	• Availability of skilled self-taught producers and engineers, an indication of the willingness to learn and improve.	• Highly competitive • Low purchasing power • Low streaming percentage • CMO royalty collection issues • Absence of finance experts • Technology	• Subsidised software licensing fee • Grants	• High cost of production tools and equipment.
Marketing	• Established hubs in major cities for local and international promotion.	• Limited venues • Costly production • Frequent technology change • Low remuneration • Insufficient • collaboration • Insufficient support structures	• Proper concert venues	• High competition, making it difficult for emerging artists to stand out.
Music Publishing	• Recognition of Nigerian artists by global platforms (e.g., Spotify, Apple Music).	• Transparency and efficiency issues • Royalty disputes • Outdated law-school curriculum • Inadequate music tracking • Dis-interest of top-level artists	• Academic sponsorship • Capacity building	• Weak enforcement of intellectual property rights, leading to exploitation of artists.
Other Distribution & Monetisation	• Rise of digital streaming platforms enabling global reach.	• Educational Barriers to Licensing Revenue • External dependence for live Performances • Insufficient Local Revenue	• Direct link to streaming platforms	• Dependency on foreign distribution Systems.

We have summarised the strengths, opportunities, weaknesses and threats for the music and fashion industry (2/2)

	Strength	Weakness	Opportunities	Threat
Skills & Design development	• Presence of talented designers creating globally recognised styles (e.g., Lisa Folawiyo, Mai Atafo).	• Limited access to funding • Skills and Knowledge Gaps	• Specialised training programs • Innovation and collaboration Hubs for Fashion & Design • Global collaboration and Exchange programs.	• Fragmented Education and Training Standards.
Sourcing of raw materials	• Efforts to revive local cotton farming through government and private initiatives.	• Dependence on Imports • Access to finance • Infrastructural challenges	• Potential opportunity to partner with government's recent efforts to revive the cotton, textile and garment (CTG) industry.	• Inconsistent quality of locally sourced raw materials.
Manufacturing	• Presence of small-scale tailoring and garment factories catering to local demand.	• Access to skilled labour • Lack of government support • High cost of skilled labour • Access to finance: operating & capital costs	• Finance factories and equipment • Encourage partnerships with international fashion houses ready to produce in Nigeria.	• High production costs and lack of modernised factories.
Marketing	• Growing recognition of Nigerian designers at global fashion weeks (e.g., Lagos Fashion Week, Aba Fashion Week, GTBank Fashion Weekend).	• Changing Customer Trends and Behaviours • Purchasing power of customers • Limited access to funding	• Support designers in attending events abroad.	• Intellectual property issues, such as design theft and lack of copyright enforcement.
Distribution and sales	• Growth of e-commerce platforms.	• Inadequate Logistics and Inventory Control • Payment collection issues	• Encourage local multi-brand distributors and expansion of international digital platforms in Nigeria.	• Counterfeit products demeaning the reputation of local brands.

Please see below a snapshot analysing the challenges encountered by the Actors

Actors		Key Comments	
		Obstacle to Funding	**IP Challenges**
	Illbliss **(Entire value chain) – *Enugu State***	• Funding opportunities in Enugu's music industry are limited. • There is a lack of structured funding options and most artists have to rely on personal funds or support from family and friends. • There is a need for public and private investments, grants, and technical assistance.	• Little understanding of intellectual property rights including copyright protection, contracting and the business of music.
	Keke Hammond **(Music Marketing) – *Lagos State***	• There is a mix of debt financing and funds raised internally used to run the Flytime business.	• Limited knowledge of the intricacies of Intellectual Property
	Ruby Gyang **(Talent Discovery & Management) – *Jos, Plateau State***	• Investors do not see the music ecosystem in Jos as viable enough for investment	• Lack of knowledge about intellectual property
	Kingsley Dan-Maharaj **(Talent Discovery & Management) – *Rivers State***	• Most artists use personal funds to promote their music • Focus should not be on giving our loans but teaching artists how to properly utilize the funds	• Lack of knowledge about intellectual property
	Vayan Joseph **(Music Marketing) – *Kaduna State***	• Historic insecurity concerns have dampened investor interest	• Little knowledge of intellectually property

Please see below a snapshot analysing the challenges encountered by the Actors

Actors		Key Comments	
		Obstacle to Funding	IP Challenges
	Doris Gam-Dede **(Skill and Design Development) – *Rivers State***	• Personal funding drives the business. The requirements for obtaining a loan is cumbersome.	• There little knowledge on the protection intellectual property laws affords creatives.
	Hogan Nkute **(Manufacturing) – *Abia State***	• Personal funding drives the business. Actors in the segment take pride in owning 100% of their business, and are averse to equity funding and debt funding	• Little knowledge on the benefits of intellectual property
	Hauwa Ishaq Ibrahim **(Sourcing of Raw Materials) – *Kano State***	• The Islamic rules around interest based loans affect the exploration of loans as a means of funding the business.	• Lack of knowledge about intellectual property.
	Ibile Adire and Kampala Apparel **(Skills & design development Manufacturing) – *Ogun State***	• Quick access loans from co-operatives organisations – where resources of members are pooled together - have helped in business operations. • Its forward application and disbursement process have been the attraction, when compared to loans from other sources	• Infiltration of the market with counterfeit Adire designs by the Chinese
	Franklin Egbamuno **(Sourcing of Raw Materials and Manufacturing) *Lagos State***	• High bank interest rates (up to 34%) make loans difficult to access for the fashion manufacturing businesses	• In the manufacture of textile/fabric, intellectual property isn't a strong concern at that point in the value chain

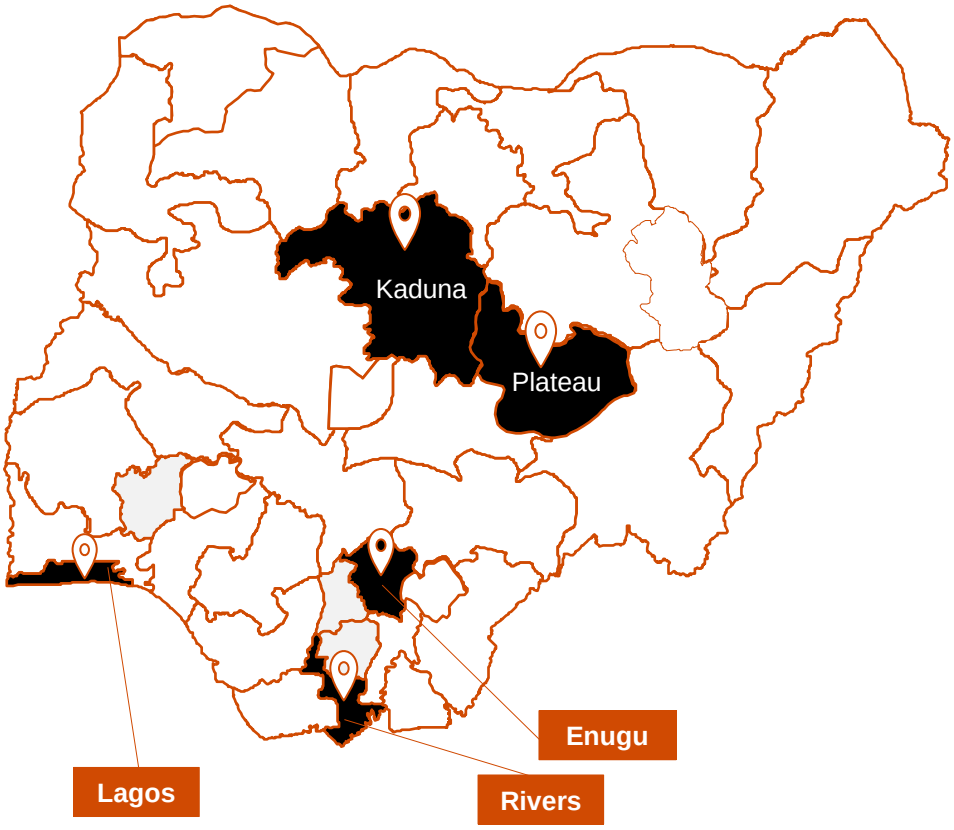
6.1

Sub-National Analysis:
- Music

High-potential sectors/activities/geographies that can be funded

Across Nigeria, certain states have shown historical dominance in music

Target cities



Key Insights

- **In Kaduna**, often referred to as a centre of entertainment in Northern Nigeria, has been key in the **discovery of renowned musical talents** such as Zaaki Azzay, Mode 9, and eLDee.
- Popular Nigerian music genre**, Fuji music,** pioneered by **Sikiru Ololade Ayinde Balogun Barrister** evolved from "**Were"** music with origins in Ibadan, Oyo state. Ibadan still has a vibrant Fuji landscape.
- **Port Harcourt,** which is largely urbanised, has local studios and producers, and stands as a grooming ground for mainstream artistes like Burna Boy, Timaya, Omahlay etc.
- **Plateau state** has nurtured numerous musical talent with musical output that have made it into international scene such as MI, Ice Prince, and Panam Percy Paul. The musical prowess of **Jos** is often attributed to its diverse population which gives rise to unique mixtures of cultural sounds. Peculiar to the North, females in entertainment are often seen as loose, and males are seen as lacking ambition; families and communities are likely to not support careers in music due to these perceptions.
- **Enugu** is famously known as the entertainment capital of the South-East, with notable music stars such as Flavour, Illbliss, and Obiwon rising to fame in the city. The younger generation of artists is seeing a low but growing influx of female artists like Ugoccie, Kassy, Nani Boi etc
- Across the music value chain, Lagos has consistently remained the epicentre. From talent hubs to top studios and producers like Don Jazzy to major record labels, PR and marketing agencies like Mavin, Lagos has a thriving ecosystem for the business of music. Investors also consistently focus on Lagos.

Source: PwC Analysis, Intelpoint, World Bank

In view of further analysis, especially by location, we have identified 12 key levers for Music, stemming from AFD's 5 thematic priorities.

5 thematic areas
Industry value chain review
SWOT Analysis
Key business models
Funding instruments
Gender and sustainability analysis

11 Levers for the Music ecosystem
Existing market for the music business
Intellectual Property awareness
Government partnership/support
Talent migration for economic gains
Record labels and music business structure
Practitioners' proclivity to accepting financial support
Availability of training (technical and business)
Awareness on funding opportunities
Infrastructure for concerts/venue
Private sector investment
Women participation, access to finance and opportunities for growth

This legend would be used to evaluate the States

Legend	PwC's recommendation
Low / Critical	Immense opportunity for impact and should be funded
Mild	Not perfect, but could still be on the watchlist
High / Good	Thriving ecosystem

Enugu

Low / Critical	Mild	High / Good

Enugu has a market for music, but funding needs to go into infrastructure development and training amongst others (1/2)

	Levers	PwC's comments
1	**Market for music**	▪ The youthful population is very receptive to home-grown artists/music and would readily pay for ticketed shows. This is made evident by the growing number of sold-out shows.
2	**Private sector investment**	▪ Very little traction in this regard, as investors and corporate organisations still see the industry as non-viable. Many upcoming and mid-range practitioners largely still survive on personal funds and re-invested profits.
3	**Government partnership/support**	▪ Through the Ministry of Culture and Tourism the government organises the talent discovery programs like the yearly "**RoadBlock**". Artists remark that the government sometimes gives out venues for their performances at discounted or no cost, in exchange for a free performance at **RoadBlock.**
4	**Talent migration for economic gains**	▪ Migration to more developed markets like Lagos and Abuja is rife. Many upcoming players see it as an opportunity to develop their craft in terms of training and eventually, earning power.
5	**Awareness on funding opportunities**	▪ Many do not believe that government funded opportunities exist, and/or have never accessed any government-backed financial instrument.

Enugu

Low / Critical	Mild	High / Good

Enugu has a market for music, but funding needs to go into infrastructure development and training amongst others (2/2)

Levers			PwC's comments
6		**Availability of financial support**	▪ Players such as the stage builders (for shows and tours) would not mind taking financial options with single-digit interest rates. Others are open also to financial options that won't have them feeling trapped.
7		**Availability of training (technical & business)**	▪ There are no structured training institutes for music and the music business in Enugu. Many players are either self taught – leveraging YouTube or do some sort of mini-apprenticeship under a more established player.
8		**Record labels and music business structure**	▪ Upcoming talents are averse to signing record label deals, as they feel it's not a viable option for growth. Moreover, there are very few success stories from record labels in Enugu in recent times.
9		**Infrastructure for concerts/venue**	▪ Non-existent or limited mixed-use venues.
10		**Women participation, access to finance and opportunities for growth**	▪ Socio-cultural conditions stifle the growth of women music players, especially for those that are more audience-facing. Very few success stories of female artists exists. Also, female music producers are almost non-existent. More females tend to perform back-stage roles (music marketing – OAPs, events organisers etc) in the Enugu music industry.
11		**Intellectual Property awareness**	▪ Still low as many artists want to retain the full rights to the written song and the master – paying other contributors on-off fees.

Plateau

Low / Critical	Mild	High / Good

Plateau State, particularly Jos, has a vibrant music scene with a youthful audience (1/2)

		Levers	PwC's comments
1		**Market for music**	▪ Jos, Plateau state has historically been a vibrant hub for music and film - spearheaded by its young metropolitan population - and is witnessing a resurgence after a long spate of insecurity. More local shows are springing up to a receptive audience.
2		**Private sector investment**	▪ Few investors are willing to engage with the music industry due to perceived risks and a lack of structured business cases.
3		**Government partnership/ support**	▪ Effort is ongoing to revive the music industry. In December 2023, Grammy-winning musician Wyclef Jean partnered with the Plateau State government to develop a technology and infrastructure hub. Also in Nov. 2024, the government partnered with Christian Association of Nigeria (CAN) on an inaugural Plateau Interdenominational Unity Christmas Carols and Praise Festival.
4		**Talent migration for economic gains**	▪ Migration to Abuja and Lagos remains high as artists seek better opportunities. For example, artists like M.I Abaga and Ice Prince relocated to Lagos to further their careers.
5		**Awareness on funding opportunities**	▪ Most musicians are unaware of funding programs or grant opportunities that could support their craft.

Plateau

Low / Critical	Mild	High / Good

Plateau State, particularly Jos, has a vibrant music scene with a youthful audience (2/2)

Levers			PwC's comments
6		**Availability of financial support**	▪ Artists and stakeholders are open to financial support if it comes with low-interest rates and minimal bureaucratic requirements.
7		**Availability of training (technical & business)**	▪ While formal institutions are lacking, individual efforts have made an impact. For instance, music producer **Istifanus Pankyes** trained around 330 youths in music production, audio engineering, and entrepreneurship. **Ruby Gyang** also has a talent discovery initiative - through the Jtown Rising Stars talent competition - to groom upcoming talent.
8		**Record labels and music business structure**	▪ There is a lack of established record labels in Plateau State, with most artists operating independently or seeking external partnerships. The relocation of Chocolate City Music to Lagos exemplifies this trend.
9		**Infrastructure for concerts/venue**	▪ There are some existing venues, but they are underutilised or not optimised for large music events. Mixed-use venues are scarce. Events like the **"Breathe For It" Summit 2.0** utilised available spaces but there is need for more spaces.
01		**Women participation, access to finance & opportunities for growth**	▪ Female representation in the music industry is limited, with cultural and societal barriers affecting their involvement and visibility.
11		**Intellectual Property awareness**	▪ Many artists have limited knowledge about protecting their intellectual property, leaving them vulnerable to exploitation.

Kaduna

Low / Critical	Mild	High / Good

Like other states outside Lagos, Kaduna has seen the migration of musical talent, but natives appreciate their local music

Levers			PwC's comments
1		Market for music	▪ Despite the insecurity issues the music industry is growing, as artists can sell tickets for events because the audience loves to support their own but the payment from such live performances is not substantial. Performance at events is the major source of revenue.
2		Private sector investment	▪ Very limited and almost non-existent. Local artists often depend on personal funds or small businesses.
3		Government partnership/ support	▪ The Kaduna State Government occasionally supports cultural festivals like the Kaduna Festival of Arts and Culture (KADFEST), where local artists perform, but the scale of support remains small.
4		Talent migration for economic gains	▪ Many talented musicians, such as Morell and Kheengz, move to Abuja or Lagos for greater opportunities, which hampers the growth of the local music.
5		Awareness on funding opportunities	▪ Few musicians are aware of grants like the Central Bank of Nigeria's Creative Industry Financing Initiative (CIFI) or BOI's funding opportunities.
6		Availability of financial support	▪ Artists are open to financial support programs.
7		Availability of training (technical & business)	▪ There are no institutions for learning like music schools or training institutes. There are great talents, but they do not understand how the business of music works. There is a need for trainings/capacity buildings.
8		Record labels and music business structure	▪ Record labels are almost non-existent in Kaduna. The artists are usually independent with no record labels, they are self-funded, and this limits what they can do.
9		Infrastructure for concerts/venue	▪ Most event centres are presently not built for music concerts. It will be helpful to have event centres that are tailor built for music concerts. This will reduce the cost of set up for stage, sound and even lighting for the event.
10		Women participation, access to finance & opportunities for growth	▪ Female artists face cultural constraints. The music scene has few visible female performers or producers.
11		Intellectual Property awareness	▪ Many practitioners do not fully understand it.

Rivers

Low / Critical	Mild	High / Good

Port-Harcourt city in Rivers State has produced globally recognised artists and continues to be a fertile ground for emerging talent.

Levers			PwC's comments
1		**Market for music**	▪ High ticket prices for concerts are often unaffordable for the average resident, leading to lower attendance at music events.
2		**Private sector investment**	▪ There are no private investors. Artists use their personal funds to promote the music.
3		**Government partnership/ support**	▪ There is some support from the government. ***Carniriv*** is a free-entry event supported by the government. Typically held in December, the event features vibrant parades, dance performances, music concerts, etc.
4		**Talent migration for economic gains**	▪ The music industry still needs growth. There are a lot of talent, but due to the market (the size and lack of investors unlike Lagos), many artists are left with no choice but to relocate.
5		**Awareness on funding opportunities**	▪ No awareness on available funding opportunities.
6		**Availability of financial support**	▪ Artists are open to financial support, but there is a tendency that there may be no ROI because artists do not have the training in handling funds.
7		**Availability of training (technical & business)**	▪ No technical trainings available. A few individuals coach artistes on the business of music but these trainings are not frequent.
8		**Record labels and music business structure**	▪ There are very few record labels in the State. Most artists are independent of record labels, and this is mostly due to the advent of social media.
9		**Infrastructure for concerts/venue**	▪ Limited infrastructure.
10		**Women participation, access to finance & opportunities for growth**	▪ Low female participation in the industry.
11		**Intellectual Property awareness**	▪ There is little to no awareness of Intellectual Property and the importance of registration.

Lagos

Low / Critical	Mild	High / Good

With a 12,000-capacity arena been built by Live Nation in Lagos amongst others, the city would continue to be a hub for talent.

Levers			PwC's comments
1		**Market for music**	▪ Lagos is the epicentre of Nigeria's music industry, with a huge, youthful population driving demand for live music and ticketed events.
2		**Private sector investment**	▪ Significant private sector investments flow into Lagos' music scene, with companies like Boomplay, Audiomack, and MTN Music+ partnering with artists and labels. For instance, MTN's Y'ello Star supports emerging talent with structured mentorship and opportunities.
3		**Government partnership/ Support**	▪ The industry in Lagos receives government support.
4		**Talent migration for economic gains**	▪ Lagos attracts artists from across Nigeria and Africa. For example, Joeboy and Rema relocated to Lagos to build their music careers, leveraging the city's vibrant industry network and opportunities
5		**Awareness on funding opportunities**	▪ Though platforms like The Bank of Industry (BOI) Creative Industry Financing Initiative exist, many artists remain unaware of such programs. However, organisations like the Nigerian Export Promotion Council (NEPC) are beginning to raise awareness.
6		**Availability of financial support**	▪ Lagos artists are generally open to financial support, provided the terms are transparent.
7		**Availability of training (technical & business)**	▪ Institutions like Tenstrings Music Institute and the Lagos School of Music provide structured training.
8		**Record labels and music business structure**	▪ Lagos hosts the biggest labels in Nigeria, such as Mavin Records, Chocolate City, and YBNL Nation.
9		**Infrastructure for concerts/venue**	▪ Lagos boasts venues like Eko Convention Centre and Muri Okunola Park, hosting major concerts such as Wizkid's "Made in Lagos" homecoming.
10		**Women participation, access to finance & opportunities for growth**	▪ While music stars and executives like Tems, Ayra Starr, Aibee Ibidoye and Tiwa Savage have gained international acclaim, women still face challenges like limited access to mentorship and funding.
11		**Intellectual Property awareness**	▪ Increasing awareness exists, with many artists securing copyrights and trademarks.

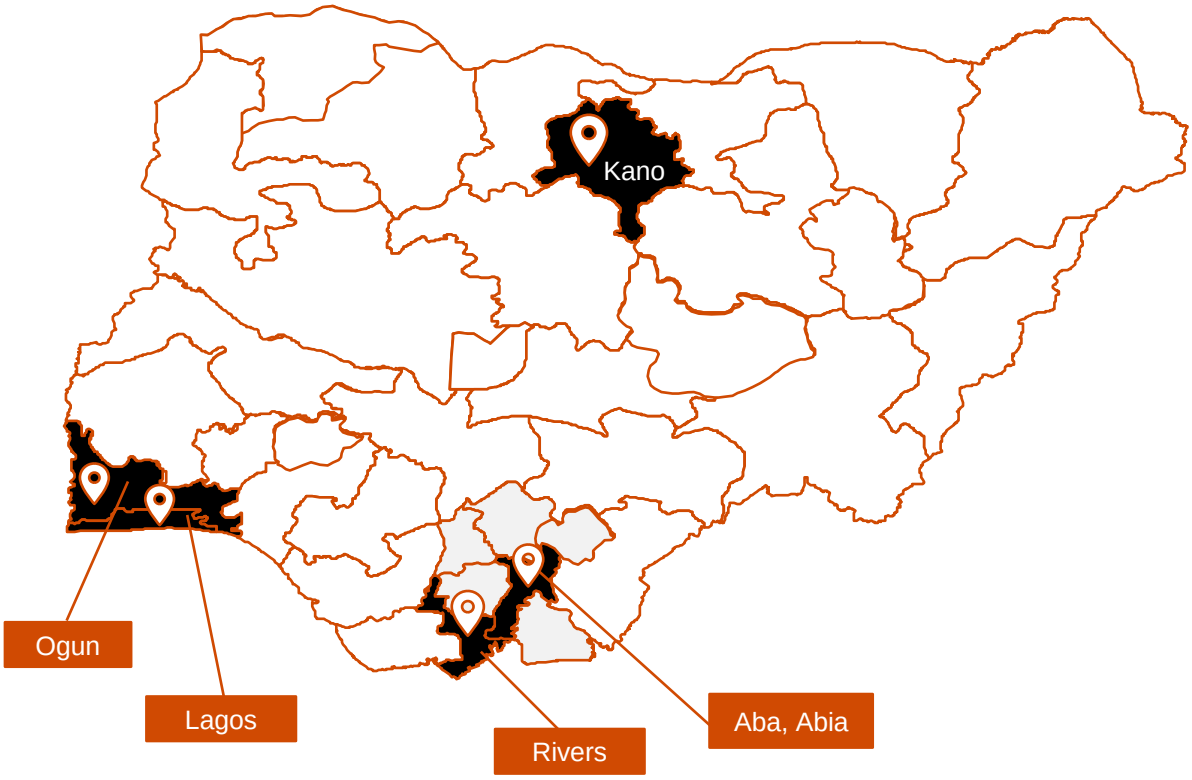
6.2

Sub-National Analysis:
- Fashion

High-potential sectors/activities/geographies that can be funded

Across Nigeria, certain states have shown some historical dominance in fashion

Target cities



Key Insights

- **Kano**, renowned for its deep-rooted tradition in craftsmanship, particularly in dyeing, weaving, and embroidery. Historically, Kano's leatherwork and textile designs have attracted interest from both local and international markets. The ancient art of tie-dye is still practiced, with younger designers bringing a modern twist. The state is strategically located near some of the best cotton-producing areas, making it a natural hub for material sourcing, particularly in the northern regions of Nigeria.
- Historically, **Ogun** has been central to the production of crops like cotton, which is essential in textile production, alongside other cash crops such as cocoa, rubber, and palm oil. However, much of the fabric used by Ogun-based manufacturers is still imported from Lagos or sourced from other regions within Nigeria.
- **Aba** has earned a reputation as Nigeria's "China Town" of fashion. Local tailors and designers possess incredible technical skills, known for their ability to replicate almost any design. Aba is a production hub for locally used goods and goods exported to neighbouring African regions. Bespoke and mass market ready to wear fashion items are the most common items produced by the Aba fashion industry. Most of the businesses in Aba are small businesses employing small number of employees. Helping these businesses improve their operations and grow their profits will contribute to the development of successful small and medium scale enterprises in Nigeria and contribute to the growth of the middle class and poverty reduction.
- **Lagos** is the beating heart of Nigeria's fashion scene and is the hub for fashion across different segments. The state boasts a multitude of design schools, fashion institutes, and a thriving community of young designers.

Source: PwC Analysis

In view of further analysis, especially by location, we have identified 12 key levers for Fashion, stemming from AFD's 5 thematic priorities.

5 thematic areas
Industry value chain review
SWOT Analysis
Key business models
Funding instruments
Gender and sustainability analysis

12 Levers for the Fashion ecosystem
Existing market for the fashion business
Intellectual Property awareness
Government partnership/support
Digital Transformation in Fashion
Access to raw materials
Availability of sourcing and production infrastructure
Practitioners' proclivity to accepting financial support
Availability of quality training (technical and business)
Awareness on funding opportunities
Distribution and retail infrastructure
Private sector investment
Women participation, access to finance and opportunities for growth

This legend would be used to evaluate the States

Legend	PwC's recommendation
Low / Critical	Immense opportunity for impact and should be funded
Mild	Not perfect, but could still be on the watchlist
High / Good	Thriving ecosystem

Kano

Low / Critical	Mild	High / Good

Kano is a bustling city and with lots of strong pillars that support the fashion ecosystem

		Levers	PwC's comments
1		**Existing market for the fashion business**	▪ Kano is a major center for traditional and contemporary fashion, serving both local and regional markets in Northern Nigeria.
2		**Private sector investment**	▪ Brands like Dangote Foundation have supported skills programs but more private sector engagement is needed.
3		**Government partnership/ support**	▪ The state government supports traditional artisans through initiatives like the Kano State Empowerment Program. However, more structured interventions are needed to modernise and globalise the local fashion industry.
4		**Digital Transformation in Fashion**	▪ The adoption of digital tools for design, marketing, and sales is minimal. Most fashion businesses rely on word-of-mouth and physical market presence rather than e-commerce or social media.
5		**Access to raw materials**	▪ Kano benefits from proximity to local cotton farmers and has access to raw materials such as fabrics and leather. The Kano Textile Market is a major source for materials across Northern Nigeria.
6		**Awareness on funding opportunities**	▪ Artisans and small businesses are largely unaware of funding options such as NEPC grants or the Bank of Industry (BOI) Fashion Fund.
7		**Availability of financial support**	▪ Many artisans are open to accepting financial support. Single-digit interest loans and grants would be welcomed.
8		**Availability of training (technical & business)**	▪ There are limited formal training centres for both technical fashion skills and business management in Kano.
9		**Availability of sourcing and production infrastructure**	▪ Kano has strong production capabilities, with many small-scale workshops and traditional weaving centres. However, modernised machinery is lacking.
10		**Distribution and retail infrastructure**	▪ Kano's fashion products are distributed through local and regional markets, such as the famous Kurmi Market.
11		**Women participation, access to finance & opportunities for growth**	▪ Women play a significant role in Kano's fashion industry, especially in embroidery and tailoring. However, cultural barriers and limited access to finance hinder their growth and leadership potential.
12		**Intellectual Property awareness**	▪ Most artisans in Kano are unaware of intellectual property rights, leaving their designs and techniques vulnerable to replication without credit or compensation.

Abia

Low / Critical	Mild	High / Good

Aba in Abia is known as the Japan of Nigeria, with decades of history in manufacturing

Levers			PwC's comments
1		Existing market for the fashion business	▪ Aba is a significant hub for fashion in Nigeria, serving both domestic and regional markets. The growing demand for locally produced clothing makes Aba a critical player in the industry.
2		Private sector investment	▪ Private sector interest in Aba's fashion industry is growing, but unreliable infrastructure (e.g., electricity) and logistical challenges deter large-scale investments.
3		Government partnership/ support	▪ The Aba Garment Cluster initiative and partnerships with the Nigerian Export Promotion Council (NEPC) show government support. However, the programs need to be scaled and made more accessible.
4		Digital Transformation in Fashion	▪ Social media platforms like Instagram are widely used for marketing. It's a growing trend that if fully harnessed can help vendor tap into the diaspora market.
5		Access to raw materials	▪ Though some materials can be sourced locally, but there is a heavy reliance on imported substitutes because they tend to be cheaper.
6		Awareness on funding opportunities	▪ Awareness of such opportunities is low. For those that are aware, they then to either see it as "free money" or they are scared of being "trapped" by the funding agency.
7		Availability of financial support	▪ Artisans and small businesses are open to financial assistance but are wary of high-interest rates and bureaucratic hurdles.
8		Availability of training (technical & business)	▪ There are limited formal training programs for fashion design and business skills in Aba. Most artisans rely on informal apprenticeships or self-learning.
9		Availability of sourcing and production infrastructure	▪ Aba's production infrastructure is robust, with skilled artisans and SMEs. However, modern equipment and updated production facilities are needed to improve efficiency and quality.
10		Distribution and retail infrastructure	▪ Aba has an extensive distribution network within Nigeria and neighbouring countries. However, adopting e-commerce platforms could further enhance retail capabilities.
11		Women participation, access to finance & opportunities for growth	▪ Women are more involved in garment production, but the leather industry is largely male dominated.
12		Intellectual Property awareness	▪ Designers and artisans in Aba lack awareness of intellectual property rights. Many designs are copied without proper recognition or compensation.

Lagos

Low / Critical	Mild	High / Good

Lagos is the epicentre of Nigeria's fashion industry, with a robust local and international market

		Levers	PwC's comments
1		**Existing market for the fashion business**	▪ Events like Lagos Fashion Week and thriving retail outlets like Lekki Arts and Crafts Market highlight the demand for fashion pieces.
2		**Private sector investment**	▪ Private sector engagement is strong, with brands like Heineken sponsoring Lagos Fashion Week and Tony Elumelu Foundation funding startups.
3		**Government partnership/ support**	▪ Lagos State supports the creative industry through initiatives like the Lagos Creative Industry Fair (LACIF). However, more structured policies and financial incentives are needed to scale production.
4		**Digital Transformation in Fashion**	▪ Lagos fashion brands leverage Fintech solutions for ecommerce sales.
5		**Access to raw materials**	▪ While Lagos has access to materials through major markets like Balogun Market, a significant percentage of high-quality fabrics and leather are imported, increasing costs.
6		**Awareness on funding opportunities**	▪ Growing awareness of funding opportunities.
7		**Availability of financial support**	▪ Lagos-based artisans and entrepreneurs are open to financial support. It could be in form of Working Capital.
8		**Availability of training (technical & business)**	▪ Institutions like Lagos Fashion Academy and Style House Files provide technical and business training. Additionally, informal mentorships and masterclasses are common in the industry.
9		**Availability of sourcing and production infrastructure**	▪ Lagos has a mix of small-scale and semi-industrial facilities, but many designers still struggle with reliable power supply and access to modern machinery for mass production.
10		**Distribution and retail infrastructure**	▪ Lagos is the hub for both traditional retail (e.g., Balogun Market) and modern e-commerce platforms (e.g., Jumia Fashion, Konga). Designers also have access to global platforms like Asos for export.
11		**Women participation, access to finance & opportunities for growth**	▪ Women play a leading role in Lagos' fashion ecosystem, from design to production. However, access to large-scale funding and leadership opportunities is still skewed in favour of men.
12		**Intellectual Property awareness**	▪ Increasing awareness exists among top designers, but many smaller artisans lack knowledge of intellectual property protection, leaving them vulnerable to design theft.

Ogun

Low / Critical	Mild	High / Good

Abeokuta in Ogun State is notable for the production of the local Adire fabric, which is growing in demand and use, with big fashion labels incorporating the fabric into modern designs

		Levers	PwC's comments
1		**Existing market for the fashion business**	▪ Fashion businesses in Ogun State deal majorly in products with cultural heritage such as Adire, Aso-oke and Ankara. Festivals like the **Ojude Oba festival** use these fabrics as clothes for the different display groups
2		**Private sector investment**	▪ Support for the industry is developing, with companies like Ecobank sponsoring an exhibition and trade show for Adire SME's.
3		**Government partnership/ support**	▪ Government support in banning counterfeit Adire and Aso-oke has been minimal, as the fake fabrics have increased their market share
4		**Digital Transformation in Fashion**	▪ There is very minimal adoption of digital technology in the industry. Production of the local fabrics is still done manually. Some brands leverage social media platforms like Instagram to facilitate sales
5		**Access to raw materials**	▪ Fashion entrepreneurs in Ogun State struggle with getting raw materials like cotton and dyes for their production. They sometimes have to go as far as Kano and Aba to get cotton for their production..
6		**Awareness of funding opportunities**	▪ Business groups, cooperatives and traditional leaders are ways by which businesses get informed about the funding/grant opportunities.
7		**Availability of training (technical & business)**	▪ Informal training is the major source of training for technical skills. Structured, formal training is not common.
8		**Availability of sourcing and production infrastructure**	▪ Production infrastructure is poor. Power supply is major challenge.
9		**Distribution and retail infrastructure**	▪ This is mainly via brick-and-mortar stores and open markets, with some players stocking with nearby supermarkets.
10		**Women participation, access to finance & opportunities for growth**	▪ Majority of the Adire producers and sellers are women, while for Aso-oke, men tend to be more involved in the production due to the associated physical exertion and strain involved in weaving the cloths.
11		**Intellectual Property awareness**	▪ A few players are aware of intellectual property (IP), but the majority are not and are not particularly bothered about IP.
12		**Availability of financial support**	▪ Business are open to accepting grants, although wary of unclear and non straightforward application and selection processes.

Rivers

Low / Critical	Mild	High / Good

The city of Port Harcourt in Rivers is a bustling city of creatives within the fashion industry

		Levers	PwC's comments
1		**Existing market for the fashion business**	▪ There are annual events such as the Port Harcourt Fashion Week, L'Afrique, Nook International Fashion Weekend which provide a platform for creatives to exhibit their work
2		**Private sector investment**	▪ There is little or no private sector investment in the fashion scene
3		**Government partnership/ support**	▪ There are limited government initiatives or partnerships for the sector within the State
4		**Digital Transformation in Fashion**	▪ Brands leverage social media to create awareness about their design ▪ Brands receive payments from international clients through payment solutions
5		**Access to raw materials**	▪ Most of the raw materials used by designers in the State is obtained from Aba. There is no large-scale market addressing fabric sourcing within the state
6		**Availability of financial support**	▪ Very few players are open to financial support. This stems from existing perception about loans from traditional banks
7		**Availability of training (technical & business)**	▪ There are no training schools in Port Harcourt. Most trainings are done for the benefit of the trainers
8		**Availability of sourcing and production infrastructure**	▪ The State still struggles with reliable power supply and access to modern machinery to enhance mass production
9		**Distribution and retail infrastructure**	▪ There is potential for distribution and retail infrastructure
10		**Women participation, access to finance & opportunities for growth**	▪ Women play a leading role in Port Harcourt's fashion ecosystem, from design to production. However, they are still unable to access large-scale funding and leadership opportunities
11		**Intellectual Property awareness**	▪ Very few players are aware of Intellectual Property and the importance of IP registration

07

Climate action and Sustainability

Fashion

The Nigerian fashion industry has been embracing sustainability and climate protection initiatives gradually over the last decade. These initiatives were initially borne out of cultural techniques and preservation but are now carried out due to a growing understanding of the social, financial and environmental long-term impacts.

Sustainability initiatives are however largely popular in the urban and more developed cities like Lagos and Abuja, while the smaller towns are not as socially aware of the importance of such initiatives. The raw material sourcing, manufacturing, marketing and distribution value chain elements have great potential to impact climate change The global shift from fast fashion to slow fashion is a major factor driving the adoption of sustainable practices in fashion in Nigeria.

Low	Mild	High

Value Chain Areas with Environmental Impact

Value Chain Area	Climate Impact	Relative Climate impact rating*	Transformational Impact Potential
Skills & Design Development	• Prototyping during skills development contributes to the waste generation of the fashion industry.	●	• Waste generation can be reduced through digital tools and sustainable training practices. • Incorporation of sustainability techniques in fashion skills development will educate designers on eco friendly practices, having a positive long-term effect on the environment.
Sourcing of Raw Materials	• Production of raw materials like polyester cotton significantly impact the environment. Cotton processing consumes large quantities of water while polyester production is energy intensive. Livestock farming is a major source of carbon emissions, and land degradation. • Tanning chemicals are toxic and contribute to pollution of water bodies, endangering the aquatic ecosystems.	●	• Adoption of organic cotton farming and production processes using less water and avoiding the use of toxic pesticides • Recyclable fibres like jute and hemp have a lower environmental impact compared to fabrics like polyester. • Adoption of local natural dyes to reduce the toxic impact of synthetic dyes, especially to water systems • Rotational grazing can be implemented by livestock farmers to reduce the land degradation problems. • Eco-friendly tanning such as vegetable tanning will reduce the harmful impact of leather tanning. • Adopting the use of lab grown gemstones and recycled minerals can reduce the dependency on stones gotten from mining, leading to reduced carbon emission, contamination of water bodies and deforestation.

** Relative Impact- Impact of the sector on the environment, compared to the other value chain areas*

Fashion

Value Chain Area	Climate Impact	Climate impact rating	Transformational Impact Potential
Manufacturing	• Manufacturing equipment are very energy intensive. Manufacturers in Nigeria rely on petroleum powered energy to operate these machinery, contributing high levels of carbon emission. • Waste generated from apparel, leather and jewelry production contribute to environmental waste and clogs waterways.		• Adoption of energy efficient production equipment will transform the impact of manufacturing activities on the environment. The leather production clusters in Aba can reduce emissions significantly by incorporating the use of renewable energy sources in production operations. • Fabric and leather recycling, upcycling and repurposing are ways to reduce wastage in the fashion industry. Fashion brands can use leftover fabric and leather to produce new products, reducing waste. • Adoption of sustainable design and production techniques like tubular knitting, small batch sourcing of fabric and use of degradable and organic materials can have significant impact on the environment. Oyo state based ***Freee Recycle*** creates shoes and sandals from recycled tyres
Marketing	• Physical rollout campaigns for new collections can contribute to plastic waste, impacting the environment.		• Adoption of digital marketing strategies and operations will reduce the impact of marketing campaigns on the environment.
Distribution & Sales	• Emissions from distribution and logistic sources such trucks and other vehicles contribute negatively to the environment. • Packaging materials such as plastics and nylons contribute negatively to the environment • Frequent disposal of fashion items contribute to waste products which negatively affect the environment.		• Provision of post-sale repair and upgrade services for fashion items can improve the lifespan of these fashion items. ***Tender Leather Care***, provides specialized after care services for luxury leather products. • Proper care information and education for fashion items can elongate the durability of fashion products. Many Nigerian fashion brands do not provide adequate care information. • Use of recyclable and biodegradable materials in packaging fashion items, over plastic and nylon materials. • The bespoke order model also supports fashion sustainability as production is only done based on orders. • Batch of order fulfilment will reduce the frequency of transportation and subsequently emissions • The second-hand and cloth rental market in Nigeria is gaining popularity, with stores and online platforms like thrift shops encouraging the sale and exchange of pre-owned fashion items, enabling circularity.

Music

Sustainability initiatives in the music industry in Nigeria are not as widespread as in the fashion industry. Many players in the industry do not actively incorporate initiatives aimed at reducing the impact of the industry on the environment and climate. Over the years, the transformation and digitalisation of the music industry has had significant climate impact. Of the segments assessed, the marketing, distribution and monetisation value chain segments have the greatest potential to impact climate change.

Transition to digital music distribution from physical CDs and Cassettes - In the mid 2010s, the use of physical music formats like cassettes and CDs was minimalised due the rise of digital streaming platforms like Audiomack, Spotify, and Apple Music in Nigeria. This has led to the reduction of production and use of toxic and non-reusable CD materials.

Value Chain Areas with the potential to impact the climate

Low	Mild	High

Value Chain Area	Climate Impact	Relative Climate impact rating*	Transformational Impact Potential
Talent Discovery and Development	• Music training, development centres and competitions are a rarity, particularly in non-metropolitan areas. Transportation to these venues produce associated carbon footprint.	●	• Development of digital music training and development initiatives and resources will reduce the need for and occurrence of physical training sessions, leading to reduced emissions.
Music Production	• Due to the poor power and electricity situation in Nigeria, the majority of music studios are powered by fossil fuels, resulting in significant emission of greenhouse gases. Recording equipment is also energy intensive.	●	• Recording and production studios can adopt the use of renewable energy sources like solar to power operations. The use of energy efficient musical equipment may also help reduce the carbon footprint of the industry. • Producers and artists can incorporate digital tools to enable virtual collaboration between artists, song writers and producers in different regions. This will reduce emissions from transportation. • Music has historically acted as a social tool used in shaping listener behaviour. Song writers and artists can promote sustainability focused habits via their music. They can also partner with organisations dealing with climate change and participate in campaigns and projects aimed at reducing the impact of carbon on the environment.

** Relative Impact- Impact of the sector on the environment, compared to the other value chain areas*

Music

Low	Mild	High

Value Chain Area	Climate Impact	Climate impact rating	Transformational Impact Potential
Marketing	• The use of materials like nylons, plastics and polyester in marketing material like artist merchandise, and PR packages contribute negatively to the environment.		• The use of biodegradable marketing materials like paper and raffia in marketing packages will reduce negative environmental impact. • Marketers can prioritise the use of sustainable fabrics and materials in the creation of music merchandise and memorabilia. Recyclable fabric like organic cotton can reduce the effect of the music marketing industry on the environment. • A shift in the merchandise production model from pre-order to mass production can help reduce waste levels. • Adoption of digital rollout music and album campaigns instead of physical campaigns will reduce the level of emissions contributed.
Music Publishing	• Administrative publishing activities such as travelling, collection and distribution of royalties done physically generates high levels of carbon emission.		• Adoption of digital publishing to audit, collect and distribute royalties will help reduce carbon emissions.
Distribution & Monetisation	• The Nigerian music landscape lacks standard venues dedicated to musical events and shows. Carbon emissions are generated in the processing of retrofitting other all-purpose venues • As a result of this, performance set up are only used for single shows and torn down per use due to the diverse events taking place at the event centres. • Digital distribution platforms also contribute to greenhouse gas emissions due to the energy consumption from data centres.		• Development of dedicated venues and centres for music shows, concerts and events will reduce the emissions generated by the transportation of equipment and materials for retrofitting other venues. • Eco-friendly event management practices such as incorporation of green infrastructure in buildings, green event spaces, reduction of single use plastics and materials during set up, use of renewable power sources and recycling of items can reduce negative impact • Digital distribution companies like Audiomack can partner with green certified cloud service providers to reduce their greenhouse gas emissions.

08

Gender Analysis

Music

Low	Mild	High

The Nigerian music industry over the years has seen an increase in the participation of women across the value chain. However, female stakeholders in the industry still face a lot of challenges, compared to male counterparts in the industry. Women are more involved on the business side of the music industry acting as managers, lawyers, event organisers, than on the artistic side.

Gender Analysis of the Nigerian Music Industry

Value Chain Area	Ranking of Female Participation Levels	Comments
Talent Discovery and Development		• The sector is dominated by men but has a higher-level of female participation than other value chain elements. Women are perceived to be more nurturing and organisational, which may explain why they are better represented in the talent discovery, development and management segments of the industry. Female participation in music labels as A&R and operations executives, and as talent managers is increasing.
Music Production		• Societal, religious and cultural norms and expectations often discourage women from pursuing music as a profession. *Audu Maikori* noted that these factors make it expensive and challenging for labels trying to develop women in the industry. According to *Ben Ogbeiwi*, even though women have a higher Return on Investment, they are often denied opportunities, or their talents are overlooked. Female artists, Ayra Starr and Tems are the most-streamed Nigerian artistes globally for the first half of 2024. • Music recording and production sessions involve travelling away from home and spending long hours in the studio. Many women cannot leave their homes for long periods to stay in studios due to security reasons, as studios are notorious for female harassment. This leads to low female turnout in production sessions and masterclasses, as low as 20% according to Sarz, the producer. • Gospel music songwriting and artistry has a higher participation of women than secular music.
Marketing		• Female artists face higher financial challenges in marketing their music and are often objectified and hypersexualised in marketing, rather than their musical work. These challenges hinder their growth and reach • It takes about three to five times the investment needed for a male artist to develop and market a female artist due to aesthetic and fashion costs. Fashion, hair, makeup, and physical appearance costs affects the development of female artists • Top marketing roles are majorly held by men in the music industry. Companies like Femme Africa, a women-led organisation which creates content around female artists, organises an annual festival to showcase new and established female musical talent in the industry.

Music

Low	Mild	High

Value Chain Area	Ranking of Female Participation Levels	Comments
Music Publishing		• Publishing deals are often male dominated. Many female artists do not have proper understanding of how publishing and royalty splits work and are often not well protected legally. • The Collective Management organisations in Nigeria have been run majorly by men, with minimal input from women. The legal aspects of music publishing have more women players than other segments.
Other Distribution & Monetisation		• Women play an increased role in production of musical events and organisation of music labels, with women like ***Keke Hammond*** *of Flytime Entertainment,* ***Aibee Abidoye*** *from Chocolate city and* ***Addy Awofisayo****, of Youtube Music Africa* occupying major roles in the industry. Flytime has women running the departments in the organisation, while more men do the technical work and set up activities.

Barriers to female involvement in the music industry

Women across the entire music value chain in Nigeria face challenges in accessing opportunities in the industry. Religious beliefs, cultural norms and gender stereotypes are some major barriers contributing to these challenges.

Access to formal and informal training for women in the industry is difficult due to financial constraints and limited training and mentorship opportunities.

Gender stereotyping, which typically sexualises women in the industry contributes to the marginalisation of female songwriters and producers and music backend personnel. Women in the industry often experience harassment and unprofessional behaviour in studios and music events.

The late hours required by the music industry also act as a barrier to women, especially married women and those with children. Without adequate support at home, women in the industry struggle to fund their music production, attend events, and network with stakeholders in the industry.

Majority of music business decisions are made while networking within groups. The dearth of powerful music networks with women hinders growth and investment into female industry members.

Opportunities to improve female involvement in the music industry

Establishing formal music technical and business training institutions will aid the skill development of women in the industry. Introduction of music business, publishing and marketing courses in formal education institutions can help bridge the knowledge gap and improve access to music business and technical knowledge for women.

Scholarships, mentorship camps and training programs targeted at women across the country, organised by technical partners and established women in the industry in safe spaces will provide comfortable spaces for women to learn.

Increased education and skill development will enable women to access more areas of the value chain.

A conscious effort by industry stakeholders to educate the public and break cultural norms about women in the music industry will increase the perceived value of female musicians to the Nigerian public. Established organisations like music distribution companies and publishers can drive campaigns, create platforms and encourage initiatives that drive female inclusion in the industry.

Music affiliated brands can improve visibility for female artists by signing sponsorship deals and collaborating with them.

Fashion

Low	Mild	High

The fashion industry has a higher representation of women, many of whom enter at a disadvantage due to limited educational opportunities and career alternatives. In contrast, men in the industry often start with greater resources and advanced training. Eme Bassey, a Nigerian fashion stakeholder with the mission of helping African fashion brands expand globally, noted that there is a wage and opportunities gap in the industry, with men earning more, partly because women do not have access to the same knowledge and opportunities at the same time or scale.

Gender Analysis of the Nigerian Fashion Industry

Value Chain Area	Ranking of Female Participation Levels	Insights from the Field
Skills & Design Development	Mild	• The fashion training segment in Nigeria is majorly dominated by women. Training in the industry is largely informal and semi-formal, with the majority of training programs being run by women. However, they face significant funding challenges in providing advanced training. • Eme Bassey, via Uforo Fashion Development Initiative (UFDI), empowers female fashion business owners in Nigeria with the technology and skills they need to thrive in the digital economy.
Sourcing of Raw Materials	Low	• The cotton farming and processing sector is predominantly run and operated by men. While a few women own cotton farms, the majority are owned by men. The few processing and textile production factories that are still in operation barely have any women operating in them. • Animal farming and leather tanning sectors are also male-dominated sectors with very minimal female participation. Female participation is often limited to lower levels of the business.
Manufacturing	Mild	• Male-to-female participation in fashion manufacturing generally is about 70:30. Female participation in jewelry and garment production is high, with a lower participation in leather items production. • Weaving of traditional fabrics like the *Yoruba Aso-oke* is done primarily by men, due to the intense physical exertion involved in the manual process. • The *Adire* tie and dye sector has a higher level of women than men, although more men are venturing into production of *Adire.* • Women are more active in small scale tailoring shops and industries, with about 60% representation, but are underrepresented in large-scale factories and industries. Men have a larger presence in large-scale garment and leather products manufacturing. • Women have a relatively high presence in artisanal, small-scale leather design and production for items like leather bags, shoes, and sandals. • Female owned businesses like MOT The Label, actively employ more women in their factory to support female inclusion in fashion manufacturing. • Women currently dominate the jewelry production sector, with female owned businesses like *Cornucopia Adorn* and *Lush Jewels* thriving.

Fashion

Low	Mild	High

Value Chain Area	Ranking of Female Participation Levels	Insights from the Field
Marketing		• Women have a fair representation in fashion styling, with a representation of about 60%. There is also a strong participation of women in modelling and social media fashion marketing. • Women are fairly well-represented in the marketing and communications segment of the fashion industry. They hold key positions in marketing agencies, fashion PR firms, and brand management. Shows like the Lagos Fashion Week, run by Omoyemi Akerele, promote female inclusion in fashion.
Distribution & Sales		• Women have a fair representation in small-scale fashion retail businesses owning boutiques, brick-and-mortar stores, market stalls and online-based sales businesses. • However, logistics and large-scale distribution are dominated by men due to the capital and mobility required. Companies like *Jumia and Konga* have more men than women in their operations. In 2021, a report from Jumia showed that 22% of its tech employees were women while 33.4% of its total workforce were women.

Barriers to female involvement in the fashion industry

Women face barriers such as limited access to formal fashion training due to financial constraints. Fashion institutions are majorly concentrated in urban areas, hindering access to training.

Financial constraints also affect the rate at which women own farms and large-scale production factories. Limited access to capital to purchase high costs of equipment and supplies affects ownership potential for women.

Gender stereotypes, societal and family expectations are a challenge for women who want to work in large scale industries, where long working hours are the norm. These norms undermine women's capacity to design fashion items and run fashion businesses efficiently.

Gender biases also inhibit the ability of women workers to negotiate and secure more favourable deals, restricting them to lower value activities and opportunities.

Limited access to information and tools presents a challenge for women in accessing training, funding and scaling opportunities.

Many women are quite risk averse, affecting their willingness to take loans. Some of them also have unstructured businesses, with inadequate documentation processes, which may hinder ability to provide documents needed for financing approvals/disbursement.

Opportunities to improve female involvement in the fashion industry

Development of affordable, accessible training and mentorship programs where women can learn modern technical skills for the design and production of fashion items will improve the level of participation and ownership in the fashion industry.

Providing business education for women to equip them with necessary skills for running and growing a business will enable more women to own successful fashion enterprises, which will lead to greater employment of women in the industry.

Establishing infrastructure programs such as childcare facilities would support women and help reduce the burden of domestic work.

Empower women by improving access to advisory and markets via workshops, fairs and technical sessions aimed at female businesses

Financial instruments like patient loans and grants at concessionary interest rates, targeted to female entrepreneurs, should be made available to bridge the funding gap between male and female entrepreneurs in the industry.

09

Recommendations for the fragmented system

1 Music 2 Fashion

For the Music and Fashion industry to thrive, bridging the gaps of fragmentation is key (1/2)

Fragmentation Issue	Recommendation	Expected Outcome
Lack of collaboration among stakeholders	Create better synergy between the existing music associations	Improved communication and unified decision-making across the value chain.
Talent migration to Lagos	Develop regional music hubs in key cities like Port Harcourt, Kano, and Enugu with state-of-the-art facilities and funding support.	Reduced talent drain and growth of regional music industries.
Limited understanding of intellectual property (IP)	Conduct nationwide IP awareness campaigns and workshops in collaboration with CMOs and entertainment lawyers.	Increased protection of artists' rights and enhanced revenue from royalties.
Informal distribution networks	Encourage the adoption of digital distribution platforms through training programs for local distributors and artists.	Formalised distribution channels with better revenue tracking and artist visibility.
Funding and investment gaps	Establish more **Creative Industry Funds** supported by the government, private sector, and international donors.	Increased access to low-interest loans and grants for artists and music entrepreneurs.
Fragmented marketing and PR structures	Create a **centralised music marketing platform** that aggregates promotional opportunities, showcases, and events.	Unified promotion efforts and improved visibility for Nigerian artists.
Lack of regional representation in mainstream music	Organise national music festivals that highlight regional diversity and showcase emerging talent from underserved regions.	Enhanced inclusivity and representation of diverse music styles and cultures.

For the Music and Fashion industry to thrive, bridging the gaps of fragmentation is key (2/2)

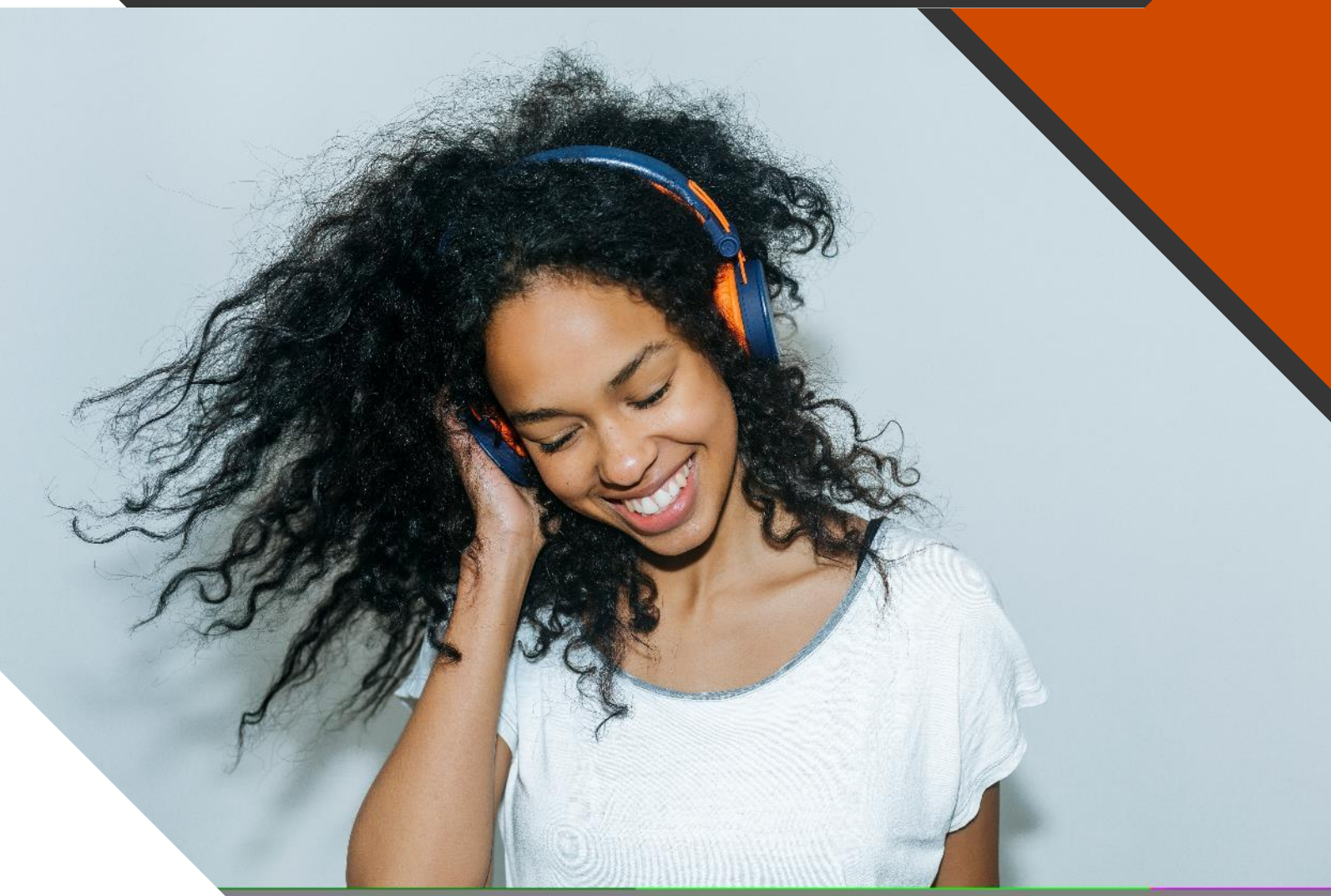
Fragmentation Issue	Recommendation	Expected Outcome
Lack of coordination across the value chain	Establish a **National Fashion Alliance** to connect designers, manufacturers, marketers, and retailers.	Enhanced collaboration and streamlined operations across the fashion value chain.
Dependence on imported raw materials	Invest in **local textile production and processing facilities**, supported by government incentives.	Reduced dependence on imports and lower production costs.
Technical and business training	Develop regional **Fashion Academies** in states such as Lagos, Kano, and Aba to provide training in design, manufacturing, and business management.	Improved technical skills and business acumen among fashion practitioners.
Fragmented retail channels	Promote **fashion e-commerce platforms** that aggregate Nigerian designers and provide a unified marketplace.	Increased access to both local and international consumers for Nigerian designers.
Low adoption of sustainable practices	Launch a **Sustainable Fashion Initiative** to educate fashion designers about eco-friendly materials and practices.	Increased adoption of sustainable production methods and improved global competitiveness.
Gender inequality in access to finance and leadership	Implement **women-focused funding programs** and leadership training initiatives for female entrepreneurs.	Greater gender inclusivity and empowerment in the fashion industry.
Lack of global visibility for Nigerian fashion	Partner with global fashion events (e.g., New York and Paris Fashion Weeks) to showcase Nigerian designers.	Enhanced international recognition and demand for Nigerian fashion.

10

Case Studies

10.1

Case Studies: Music



Enugu State

1 Music | 2 Fashion

Name of stakeholder	iLLBliss
Industry segment	Entire value chain

1. Introduction

Enugu has a vibrant, youthful population with a growing market for music. There is a growing receptiveness to the ***Trap*** music genre. Players and practitioners in the value chain are mostly self-taught professionals. Many often start off wanting to become artists, then branch out into other roles in the ecosystem like managers or producers. The industry today was mostly built on private equity without much government sponsorship.

2. SWOT Analysis

Strengths

- There is a strong influence of Igbo culture in music and storytelling, creating unique artistic expressions.
- Radio listenership is huge in the Enugu and the Southeast. Several artists leverage the reach of these radio stations to promote their music.

Weaknesses

- Very few state-of-the-art recording studios and performance venues in the city.
- Little understanding of copyright laws, contracting, and the business of music.

Opportunities

- Enugu is a Nollywood hub, with lots of film production – an opportunity for synergies with the music ecosystem, working together on soundtracks, theme songs, and promotional music collaborations.
- The industry is open to investors for both human and infrastructure development.

Threats

- Immense competition for talents from major cities like Lagos and Abuja.
- Upcoming music practitioners most times have to take on multiple side jobs to make a living and fund their music careers, sometimes leading to a lack of focus.

> *Contemporary Nollywood started in Enugu. As a child, I used to go to the bookstore at Presidential Hotel to buy books. Just behind the hotel, at the swimming pool section, I used to see the likes of Pete Edochie, Osuofia, and Onyeka Onwenu, auditioning for a movie set. There was no physical place or proper venues for such activities. They would all just gather around the poolside…*
>
> - iLLBliss

3. Business models

Live performances

- The growth is evident from the number of sold-out shows, such as those by Jeriq and Kola Boy in Enugu and Anambra, as well as the increased streaming numbers.

Royalties

- As the awareness of intellectual property grows, the adoption of revenue-sharing agreements for songs written/produced within the Enugu music ecosystem is growing

Brand Partnerships and Sponsorships

- Collaborations with local and national brands for endorsements or sponsored content.

4. Funding Opportunities

Funding opportunities in Enugu's music industry are limited. Most artists rely on personal funds or support from family and friends. There is a need for more structured funding options, including public and private investments, grants, and technical assistance.

5. Gender and Sustainability Analysis

Women participation in the industry

- Very few women are stage performers, but they are quite present in other parts of the music value chain.

Challenges

- Socio-cultural barriers and focus on male artists.

Opportunities for women

- Potential for growth with increased support and investment.

Lagos

1 Music | 2 Fashion

Name of stakeholder	Keke Hammond
Industry segment	Music Marketing

1. Introduction

Lagos is the heart of Nigeria's music industry, home to top record labels, producers, shows, and sponsors. To gain national and international recognition, artists often need to break into the Lagos market, which drives the country's music trends and global influence.

Keke Hammond is a key figure in Nigeria's music and entertainment industry, known for her leadership as the Chief Operating Officer of Flytime Promotions. With her expertise and vision, she has played a significant role in organizing flagship events like Rhythm Unplugged and Flytime Fest, creating platforms that spotlight African talent.

In Lagos, where competition is fierce, marketing is essential for standing out, and figures like Keke have helped elevate Nigerian music onto the global stage by leveraging media, sponsorships, and audience engagement.

2. SWOT Analysis

Strengths

- Flytime Promotions' flagship events, Rhythm Unplugged and Flytime Fest, provide a major platform for both established and upcoming artists.
- Their reputation encourages brands to allocate a budget for Flytime events, and sponsorships and partnerships help mitigate event costs.
- Flytime operates its own ticketing company, allowing them to manage specific challenges related to ticket distribution.

Weaknesses

- Lack of a purpose-built venue, leading to expensive production costs for each event.
- High costs associated with artists demanding payment in dollars.
- High costs of importing equipment, which affects profitability.

Opportunities

- A more robust ticketing platform could enhance the efficiency and reach of event sales.
- Investment in purpose-built venues and advanced equipment could improve production quality and reduce costs.

Threats

- There are potential safety concerns with venues.
- Smaller companies face challenges in securing funding due to rising event and artist costs.
- Fluctuating dollar rates are a risk that could negatively impact the live music scene.
- The economy of the country poses a challenge to securing funding for events and projects.

> *Production value in the sense of sound, light, stage, tech, screens -- all of these cost so much and they need to be imported."*
>
> - Keke Hammond

3. Business models

Artist Exclusivity Deals

- Flytime pays artists upfront for performances and offers a premium to ensure exclusivity, preventing them from performing at other events within a certain timeframe. This helps maintain the uniqueness of the event and boosts ticket sales.

Strategic Partnerships

- They collaborate with radio stations, blogs, and other media platforms to offset marketing costs. These partnerships provide mutual benefits, with media outlets gaining exclusive content while promoting the artist or event at reduced or no cost to Flytime Promotions.

Sponsorships

- Flytime creates value by offering brands opportunities to showcase their products or services. Brands can engage the audience through advertisements displayed on event screens, interactive on-ground activations during events, and many other ways. These sponsorships help reduce costs and enhance audience engagement.

Ticket Sales

- Flytime operates its own ticketing company, allowing them to retain control over ticket sales and generate direct revenue from the sale of tickets to fans attending the events.

4. Funding Opportunities

Debt Financing

- Flytime is able to leverage external resources to finance its operations..

Internal Funding

- They also use funds generated within to carry out their activities

5. Gender and Sustainability Analysis

Gender Inclusion

- The company has a strong representation of women in leadership roles within the organisation, with women heading key departments and the Chief Operating Officer (COO) being female, highlighting Flytime Promotions' commitment to empowering women in leadership. In addition, they are very intentional in including female artists on lineups and showcasing female talent in their shows.

Sustainability in Music Marketing & Production

- While there are grants available in countries like the US for green festivals, Nigeria lacks similar funding and initiatives that could encourage people to care about the environment. There is a need for greater financial support for the music industry to adopt eco-friendly practices or organise festivals that raise awareness and promote environmental sustainability.

- Flytime is also putting in efforts to reduce waste in their operations by minimizing paper waste from printing, using more metal than wood in building and setups, or recycling wood to ensure it can be used again, reflecting a commitment to sustainability within their company.

Plateau

1 Music | 2 Fashion

Name of stakeholder	Ruby Gyang
Industry segment	Talent Discovery & Management

1. Introduction

The Nigerian music industry has experienced significant growth over the past **5-10 years**, driven by social media and global reach. Historically, Nigeria had a strong international presence in the music industry, which was disrupted by the military regime in the **1980s**.

The industry has since been rebuilt, with key players like Kennis Music, Ayeni the Great, and Ayo Animashaun contributing to its revival. Today, global brands partner with local companies to develop and showcase artists, and there are plans for major infrastructure projects like the **12,000-seater arena in Lagos** to be constructed by a consortium including **Live Nation**.

2. SWOT Analysis

Strengths

- Significant growth in the music industry due to social media and global reach.
- Historical presence and revival efforts by key industry players.
- Partnerships between local and global brands.
- Emerging indigenous music and entertainment companies.

Weaknesses

- The crisis in the city and the rise of Boko Haram
- Perception of music as a non-viable career, especially in regions like Jos.
- Lack of knowledge about intellectual property and music business education.

Opportunities

- Potential for growth in various music genres.
- Opportunities for training and capacity building in music production.
- Potential for Jos to become a hub for talent development.

Threats

- Competition from more established music hubs like Lagos.
- Limited infrastructure and resources for music production.
- Security concerns in certain regions affecting investment.
- Cultural and religious mindsets discouraging careers in music.

> "Jos has the potential to become a hub for developing talent, even if it won't become a major entertainment city like Lagos; the city's fantastic weather, and creative community make it an ideal place for nurturing talent"
>
> -Ruby Gyang

3. Business models

Players in the Nigerian music sub-segment make money through various means, including:

- Advance payments for beat making and music production
- Mixing and mastering services
- Royalties from music publishing and song recordings
- Live performances and ticket sales
- Streaming revenue from platforms like Spotify, Apple Music, and YouTube
- Merchandise sales and brand collaborations
- Offering lessons in music business and skills

4. Funding Opportunities

Funding for music production in Nigeria comes from various sources, including:

- **Public Funding**: Limited government support, with initiatives like the CBN creative financing initiative.
- **Private Funding**: Commercial brands, telcos, and FMCG companies historically funded events.
- **Debt Financing**: Loans from financial institutions, though entry requirements can be a barrier.
- **Equity Investments**: Investment from private investors and venture capitalists.
- **Grants**: Women economic empowerment grants and other artist grants.
- **Technical Assistance/Capacity Building**: Training programs and mentorship initiatives.
- **Hybrid Funding Modes**: Combination of different funding sources to support music projects

5. Gender and Sustainability Analysis

- **Women-Owned Businesses in This Sub-Segment**: Few women-owned businesses in the music production sub-segment.
- **Women Employees in This Business**: Minimal presence of women in music production roles, with more female participation in performance.
- **Opportunities for Women**: Potential for more women to enter the music production space through targeted training and support initiatives.
- **Challenges Women Face**: Cultural and religious dogmas discourage females from pursuing music as a profession, limited access to training, and societal perceptions about their roles in the music industry

Rivers

1 Music | 2 Fashion

Name of stakeholder	Kingsley Maharaj Dan Patrick
Industry segment	Talent Discovery/Management

1. Introduction

Kingsley Maharaj has been in the industry for 15 years as a talent manager. He was formerly part of a record label that offered series of trainings called the **"Music Business Sessions"** targeted at teaching artists the business of music and he operated a music business school few years ago.

His music business school was accessible to interested applicants, who only had to pay a pittance for accessibility. Over the years, he has continuously pushed for the increase in the training of artist to ensure quality and competition with their peers from other parts of the country and around the world.

2. SWOT Analysis

Strengths

- The state has a rich collection of musical artists across different genres including Hip Hop, Jazz, Highlife, Gyration, Soul, RnB, Reggae, and a diverse talent-pool, majority of whom are youths.

Weaknesses

- An education gap in training artists in the business of music making. Track record exists that shows the positive effect this will have on artistes. The artistes also need to believe in the need for this training school. It is important for artistes to be where they are visible to investors.
- Funding the right talent. It is important to train and teach artists sustainability so there is return on investment.
- Music is financially demanding and very few musicians have been able to push their music to hit the airwaves outside the state.

Opportunities

- For investors, there is a cultural part of the music produced in Rivers State which is a unique selling point for the music sector in the State
- New artists need their songs to be heard and for their songs to be heard, they are either pushing it on mainstream radio or on social media.
- Real time radio is the best way to push music for new artists but it is difficult because it is important to pay the OAP or DJ to motivate them to play the song.

Threats

- Training gaps in the music business
- Intellectual property theft

> *"There is need for training in business development. Loaning funds is not the problem because most artists will be interested in the loan, but it is important that artists can pay back."*
>
> - Maharaj

3. Business models

Actors in the model

- The producer gets paid by the artist. Most times, relationships are leveraged. Sometimes, producers negotiate for a percentage of the royalties. Artists make money based on event, outings, brandings, releases of their songs and content on streaming platforms and other opportunities out there.

Revenue Streams

- Events are the major ways artists make money in the State. Brand ambassadorial roles have not been tapped. Promoters get cuts from music promotion. The artist earns through events, and a few have been successful on streaming platforms leveraging on social media.

Artist Branding/Prospects

- No one in the State particularly does branding. It is important for artists to have signature events so listeners can pay attention to their brand. Record labels are only able to take on artistes based on their capacity and the diligence of the artist for TV ads.

4. Funding Opportunities

Personal Funding

- Artist may have no option than to start off with personal funding from family, friends or savings. In time and based on other factors, they get to explore other sources of fundings

Loans

- There is the need for industry players to develop plan on how to spend the loans. The challenge is not with taking loan, but that there is no idea on how to make the money back which is where the training comes in.
- There is need for training in business development. Loaning funds is not the problem because most artists will be interested in the loan, but it is important that artists are able to pay back.

Untapped Funding Options

- Events are the major ways artists make money in the State. it was also noted that Brand ambassadorial roles have not been tapped.

5. Gender and Sustainability Analysis

Present Market

- Male musicians have shown a dogged spirit in pushing their music and they presently dominate the market in comparison with the female musicians who are equally talented.

Gender Representation

- It is estimated that for every forty musicians, there is one female musician. The female participation in the music sector is very low.

Gender-Oriented Training Programs

- Industry players noted that there are no specific programs in the state designed to support female musicians or any other musicians in the State

Kaduna

1 Music | 2 Fashion

Name of stakeholder	Vayan Joseph
Industry segment	Music Promoter

1. Introduction

The once vibrant music scene, strengthened by emerging hip hop talents in 2017/2018, has seen a decline in momentum since the COVID-19 pandemic in 2020. The industry is hampered by a limited number of recording studios and a shortage of technical expertise, such as sound engineers. Additionally, there are no formal music schools or training institutes available. However, church-based programs provide some learning opportunities for choir and music/media department talents.

2. SWOT Analysis

Strengths

- Kaduna is not as conservative as other northern states. The people consume diverse types of music. There is also a market to sell entertainment, as it has over seven higher institutions and Military bases in the state . There is also a youthful population that are interested in the entertainment and creative sector.

Weaknesses

- The industry suffers from a lack of proper talent management. With few management companies in Nigeria, many artists struggle with professionalism and understanding the music business, leading to inconsistent music quality and reduced demand.

Opportunities

- There can be significant growth with financial investment that focuses on developing the entire music ecosystem, not just the artists. This includes supporting roles like bloggers, sound engineers, videographers, and more. Establishing music schools and organizing training sessions can help bridge knowledge gaps and enhance skills across the industry.

Threats

- Insecurity is still a very serious challenge. Some artists and investors do not want to come to Kaduna because of the perception of insecurity boosted by exaggerated media portrayal.

3. Business models

Streaming platforms

- Artists register with distribution platforms such as **ONErpm**. The company handlings uploading the music in streaming platforms and collecting royalties on behalf of the artists.

- Music is mostly marketed via streaming platforms and social media. Boomplay and Audiomack are the most popular in the state and they offer very low pay per stream. The streaming numbers for the artists are also low so the payment is not substantial.

Live performance

- Performance at entertainment events is the major source of revenue.

Licensing fee

- Licensing fee from the use of music as soundtrack in films.

> "The music industry in Kaduna needs substantial business capital to develop ancillary services that help in the production and promotion of music such as sound engineering, mixing, graphic design, music journalism, social media management, talent management etc."
>
> - Vayan

4. Funding Opportunities

Talent Management Companies

- A major challenge is that talents do not have proper management. There are limited management companies in Kaduna and, as such, talents are unprofessional, and do not understand the business of music. It is also difficult for the artists to maintain consistency in the quality of their music, this also affects the demand/consumption of their music.

Creative hub

- There is also a networking issue for talents and other creatives to connect and co create. A creative hub to provide a dedicated space for networking, training and even events can help address this challenge.

Infrastructure

- Investing in infrastructure is crucial for the growth of the music industry. There are no structured venues or concert halls for music events. There are new technologies for music production, but these are expensive and the sessions in such studios with these equipment are too expensive for the artists.

5. Gender and Sustainability Analysis

Gender Representation

- The industry is predominantly male, with men comprising 80% of the participants. This gender imbalance has deep cultural and societal roots, reflecting the broader challenges women face in gaining equal representation and opportunities.

Gender Oriented Training Program

- There are no specific programs aimed at women. It would be beneficial to offer training for women interested in various supporting roles like blogging, music journalism, social media management, event coordination, and talent management, beyond being artists. The music industry offers numerous opportunities in different areas.

10.2

Case Studies: Fashion

Rivers

1 Music | 2 Fashion

Name of stakeholder	Doris Gam-Dede
Designer	Skill and Design Development

1. Introduction

The Fashion industry in Rivers state has experienced tremendous growth despite the lack of support from the State Government. Jazz Effect - run by Doris - as been operational as a business for 19 years.

For production, fabrics are sourced from both local and international suppliers at a ratio of **80:20**. The business also services both local and international clientele at **50:50** rate this is due to the relocation of most local clientele abroad.

The business started as bespoke before the incorporation of a Ready-to-Wear line. Currently, the business services both bespoke and RTW orders. It operates from a physical store and a website and **80%** of the revenue come from online orders.

2. SWOT Analysis

Strengths

- The strength of the industry in Rivers state lies in the vast market and the range of clientele. There is an untapped market and range of clientele for different specialisations.

Weaknesses

- A prominent concern is the capacity of the labour market. Several people available in the market are either illiterate or unable to work productively due to unexposed and limited mindsets. The fashion industry is also saturated with young designers who lack professionalism in the delivery of their services.

Opportunities

- There is a training gap in the fashion sector. There are no avenues to train upcoming designers which makes innovation limited. This calls for urgent collaboration in this area.

Threats

- Intellectual Property theft is a major threat the brand has faced. There are instances where other designers replicate her designs and sell them.

> There rapid increase in RTW space gives local brands the opportunity to be stocked in Macy's, Harolds and other retail stores abroad. *This is the vision for my brand"*
>
> - Doris Gam Dede

> The industry players should focus on production. There is need to invest in equipment that will aid production to meet the demands of growing clientele and an emerging industry.
>
> Another focus will be on packaging to meet international standards. The last focus will be on finishing. It is agreed amongst designers generally that with fashion, there are different machineries to use to give the final products an imported look.
>
> - Doris Gam Dede

3. Business models

Ready To Wear

- The Brand has a boutique where it stocks its designs in various styles which help customers shop on-the-go.

Made to Order

- The brand also makes designs according to a client's specification.

Diversification of Clientele/ Creation of Sportswear Line

- The brand has expanded its clientele base from adult females to include female children. It has also introduced fashionable sports pieces and lounge wears into its fashion line.

4. Funding Opportunities

Personal Funding

- There are no funding opportunities in the state. Designers use personal funds to finance their businesses. Over the years, they get to explore the option of getting funding from traditional banks which may be unsuccessful as the requirements can be stringent.

Bank Loans from Traditional Banks

- It is believed that Nigerian banks are not wired to help MSMEs. The prospective applicant ends up paying more and there are a lot of bottlenecks. There is an example of a designer that experienced an elongated the process for background checks, and approval of loan applications for a DFI is quite cumbersome.

5. Gender and Sustainability Analysis

Gender Employment

- Fashion designers explore training females. Some of these designers have up to 18 women operating from physical shops in Port Harcourt.

Female Associations

- Fashion Designers sometimes support the ecosystem by setting up female associations. An instance is Doris, who founded an NGO called **Port Harcourt Female Design Association** four years ago. The objective of the NGO is to help young designers find their footing in the industry and receive training to build capacity.
- There are currently **25 members,** and the requirement for entry is for applicants to own a duly registered business and been operating a fashion business for minimum of five years.
- The NGO also carries out charity work to reach out to indigent students to take on vocational classes including fashion, makeup artistry, hair dressing etc.

Abia

Name of stakeholder	Mr Hogan Nkute
Industry segment	Leather Footwear Manufacturer

1. Introduction

The leather fashion industry plays a significant role in the value chain, particularly in the production of leather footwear. This includes a diverse range of products such as corporate shoes, school shoes, casual shoes, and military boots for both men and women. This sector is crucial for meeting various consumer demands and serves multiple markets, from professional and educational to casual and military.
By occupying this vital position in the value chain, leather footwear manufacturers are integral to the fashion industry, providing essential products that cater to a wide array of needs and preferences.

2. SWOT Analysis

Strengths

- He highlights the availability of a vast array of equipment and facilities to meet high product demands, an easily accessible location, raw material sourcing and distribution as the one of the many strengths.

Weaknesses

- A significant weakness relates to the insufficient workforce and the need for training and development for the available workforce.

Opportunities

- The brand is strategically located near the local market, which facilitates easy access to raw materials. This proximity not only streamlines the supply chain but also enhances the efficiency of operations and reduces costs.

Threats

- A major threat faced is the swift rise of new shoe manufacturing companies which diminishes the market share of the company.

Investment Focus and Industry Events

- Investing in the large-scale production of high-quality leather presents a significant opportunity. One of the primary challenges we face is maintaining consistency in leather quality. Often, we can source excellent leather one day, only to find it unavailable the next, which adversely affects our product delivery.
- By focusing on bulk production of quality leather, we can ensure a steady supply, improve our product reliability, and ultimately boost our market presence. This investment could address a critical gap in the supply chain, leading to more consistent and high-quality products.
- The Aba Fashion Week event is the biggest gathering of creative minds in the industry. It's a chance for everyone involved in the fashion value chain to showcase their talents and stand out.

> "The fashion industry specifically the leatherworks is evolving as there's a massive trend in colored footwears not just the regular black and brown and the good thing is there are varieties of machine available to produce them."
>
> - Hogan Nkute

3. Business models

Referrals

- Most product sales are driven by word-of-mouth referrals, indicating a strong reliance on existing customer satisfaction and personal networks.

Government Orders

- Orders from government agencies form a significant portion of demand, suggesting the need for maintaining robust relationships with public sector clients.

On Demand Production

- Produces shoes based on specific orders from customers.

4. Funding Opportunities

Government Grant

- They benefit from government financial support, which provides a steady stream of resources which is essential for their growth and development.

Revenue from Product Sales

- Their primary source of income comes from the sale of their products. The revenue generated through these sales is vital for sustaining their operations, funding new projects, and driving overall growth.

Shareholder's Funding

- Another source of funding comes from shareholder investments. These contributions from shareholders provide the company with essential capital, enabling it to fund various projects, expand operations, and drive innovation.

5. Gender and Sustainability Analysis

Gender Employment and Business ownership

- More men own businesses than women. This imbalance affects not only job opportunities for women but also means that there are far fewer aspiring women entrepreneurs.
- The lack of gender associations makes the problem worse, as women have fewer networks and support systems.
- This emphasises a big gap in opportunities and representation for women entrepreneurs, showing the need for programs that support and promote women-owned businesses to create a fairer industry.

Sustainability Analysis

- The current process involves purchasing leather in retail quantities, refining it, and reselling it to the market. Additionally, they produce shoes on demand. This approach reflects a commitment to sustainability by optimizing resource use and minimizing waste through on-demand production.
- However, there is potential to enhance sustainability further by exploring bulk purchasing, which could reduce costs and environmental impact, as well as by investing in eco-friendly refining processes and materials.

Kano

1 Music | 2 Fashion

Name of stakeholder	Hauwa Ishaq Ibrahim
Industry segment	Textile Production

1. Introduction

Fashion industry is one of the most lucrative sectors in the world because it deals with the direct needs of the people, the need for them to look good which translate into confidence and maintains a certain status quo. There is a saying that says dress the way you want to be addressed. That is why the fashion industry is one of the most lucrative industries.

2. SWOT Analysis

Strengths

- The availability of the market to sell products.

Weaknesses

- Unreliability of electricity a lack of direct access to source of raw materials are significant challenges.

Opportunities

- Fashion illustration and streetwear production are both untapped opportunities.

Threats

- Inflation rate, lack of access to funding, a lack of value for authenticity in fashion ideas, and lack of awareness of intellectual property rights.

3. Business models

Bespoke

- Producing according to costumer orders.

Ready-to-wear

- Producing and displaying in stores for visiting customers.
- Producing and distributing to retailers in local markets.

4. Funding Opportunities

Personal Funding

- Due to the Islamic prohibition of interest business, business owners in Kano mostly resort to using personal funds in their business.

Bank Loan

- Accessing bank loans is often perceived as difficult and not applicant-friendly. The high interest rates on bank loans make them an impractical option for most businesses.

Grant

- Grants appear to be an option for businesses, but there are not enough grants available. However, some businesses were able to receive grants.

5. Gender and Sustainability Analysis

Gender

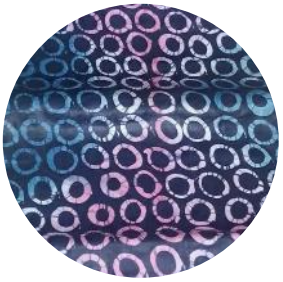
- The sector is dominated by men, with an estimated ratio of 60% men and 40% women.

Sustainability

- The industry players in Kano are increasingly embracing Sustainable Fashion, a trend that involves transforming old garments into new pieces instead of discarding them.
- Additionally, there is growing recognition of Fashion Illustration as an untapped opportunity. This involves creating visual representations of clothing designs, allowing clients to see the potential styles before physical sewing takes place.

> "Sustainable fashion involves eco-friendly, reusable items, and transforming old garments into new ones instead of discarding them."
>
> - Hauwa Ishaq Ibrahim

Ogun



Name of stakeholder	Ibile Adire and Kampala Apparel
Industry segment	• Skills & design development • Manufacturing

1. Introduction

The Adire fashion industry is a significant cultural and economic asset in Ogun State, Nigeria. Adire refers to the tie and dye cloth made on different types of fabric using traditional dying techniques and patterns which include the *Eleko, Batik, Eleso*, and *Crack* types. Over the years, the craft has evolved from traditional patterns to contemporary designs, appealing to both local and international markets.

2. SWOT Analysis

Strengths

- The rich cultural heritage of Ogun state, expressed via the unique artistry of the Adire fabric is a major strength for the Nigerian fashion industry. African fabrics like Adire are gaining increased global appeal.
- The skilled, young, and growing workforce contributing to the Adire production sector, learning traditional techniques and building on them with more modern skills.

Weaknesses

- Lack of adequate and affordable raw materials for production of Adire. The cost of raw materials such as cotton and the dyes used is high, which affects the profitability of the business owners.
- The production process is largely manual, with little to no modern techniques involved, limiting efficiency.

Opportunities

- Adire workshops and market tours can be incorporated into tourism activities for foreigners.
- Adrie artists can collaborate with modern designers to create Adire fashion items, no limited to the basic apparel types such as shoes, and bags.
- The Adire industry can leverage the increasing global demand for cultural and African designs, expanding the reach and market size.

Threats

- Lack of adequate and affordable raw materials for production of Adire.
- Infiltration of the Adire market by counterfeit Adire made by the Chinese companies.

Challenges

Logistics serve as a major challenge to the growth of the Adire industry in Nigeria. From sourcing raw materials to transportation of finished goods to retailers and customers, the cost of logistics are high, with no assurance of the goods getting to their destination safely due to insecurity and seizures by government agencies like the customs services.

Fluctuations in the Nigerian currency and high inflation affects cost of production, production capacities, purchasing power and profitability.

> *Nigerian customs services seize cotton fabrics bought from Aba and Kano for production of Adire fabrics, whilst allowing counterfeit Chinese made Adire to move around. This affects the local Adire production industry, giving an edge to the Chinese competitors ."*
>
> - Adire Ibile, Abeokuta, Ogun State.

3. Business models

Export Based Production

- Some Adire manufacturers produce to export to other African countries like Senegal, Togo and Benin as well as non-African countries, with large populations of Nigerians and Africans.

Production for Local Sale

- Adire artists produce Adire fabrics and clothes for sale to their local community, working from home or from markets.

Contract Production

- Traditional Adire makers are contracted by fashion brands across the state and country to produce custom designs and fabrics for their businesses.

4. Funding Opportunities

Personal Funding

Most of the business operations of Adire artisans in Ogun state are funded by personal savings and funds. Some business owners invest money from other business sources or crowdfund from family and friends to support business operations.

Bank Loans from Microfinance Banks

Despite the high interest rates of these banks, some business owners leverage the emergency loans available from microfinance banks like Moniepoint and Opay, due to the ease of accessing loans from them in contrast to the rigorous loan application processes common in traditional banks.

Cooperative groups, Government Grant and Loans

Cooperative groups are popular in the Adire markets in Ogun State, and they have benefitted from government loans given to cooperative groups years ago. However, due to insincerities in the process, the willingness to apply for the grants is now minimal among many groups.

5. Gender and Sustainability Analysis

Gender Analysis

Historically, the art of Adire making was done by older women, who passed on their skills and trade to their daughters and other female family members. Nowadays, more men are now registering to learn how to make Adire as a business, especially with the recent popularity of Adire fabric with the international market. *Mr Ibile* of *Adire Ibile Apparel* puts the ratio of men and women coming to learn the skill at 50:50.

Lagos

1 Music | 2 Fashion

Name of stakeholder	Franklin Egbamuno
Industry segment	Sourcing & Manufacturing

1. Introduction

The Lagos fashion industry is vibrant and dynamic, housing top designers, training schools, and manufacturers. It spans the entire value chain, from skill and design development to distribution and sales.

Femro 3 is a fully integrated textile manufacturing company with services in textile knitting, fabric printing and branding, and mass production of fabrics and garments. It holds a significant market share in the Nigerian textile industry.

The company sources its yarn locally, while machinery and chemicals required for production are primarily imported.

2. SWOT Analysis

Strengths

- Strong domestic market demand from local and multinational companies in Nigeria, combined with significant mass production capacity.
- Diverse product offerings drive revenue growth
- Skilled machinists trained in handling diverse machines and processes.
- Machinery and a business model tailored for efficient repetitive and pattern-replication tasks.

Weaknesses

- Trained staff are currently underemployed or unemployed due to the business's struggle with harsh economic realities.
- Most staff have been placed on indefinite leave to minimise cost.

Opportunities

- Potential for market expansion through exportation to neighbouring countries.

Threats

- High exchange rates and limited access to foreign currency increase import costs, impacting profitability
- High production costs driven by reliance on expensive self-generated power.

> *There are payment delays from big clients that restricts cash flow and stifles production."*
>
> - Franklin Egbamuno

3. Business models

The Make-to-Order (MTO)

- They customise and personalise products through fabric printing and branding, catering to the unique needs of their customers.

The Make-to-Stock (MTS)

- Fabrics and garments are produced and stored in inventory for quick delivery.

The Business-to-Business (B2B) Model

- Fabrics are supplied to other businesses for garment production.

4. Funding Opportunities

Low Interest Intervention Fund

Femro 3 benefited from the Federal Government's N100 billion Cotton, Textile, and Garment (CTG) Revival Fund managed by the Bank of Industry in 2009.

Bank Loans

High bank interest rates (up to 34%) make loans difficult to access for fashion manufacturing business owners.

Insufficient Grants

Grants and funding programs are insufficient for major industry advancements.

5. Gender and Sustainability Analysis

Gender Analysis

- A 60:40 women-to-men ratio in the industry.
- There is a wage gap as men have superior access to opportunities compared to women due to greater restriction of movement for women.

Sustainability Analysis

- Leftover fabric is repurposed into accessories like scrunchies and tote bags through patchwork, reducing material waste.
- On-demand production minimises waste and excess inventory.

Tubular Knitting in T-Shirt Production

Femro 3 have adopted the sustainability technique of tubular knitting in their t-shirt production line to prevent excess cutting and wastage of fabric.

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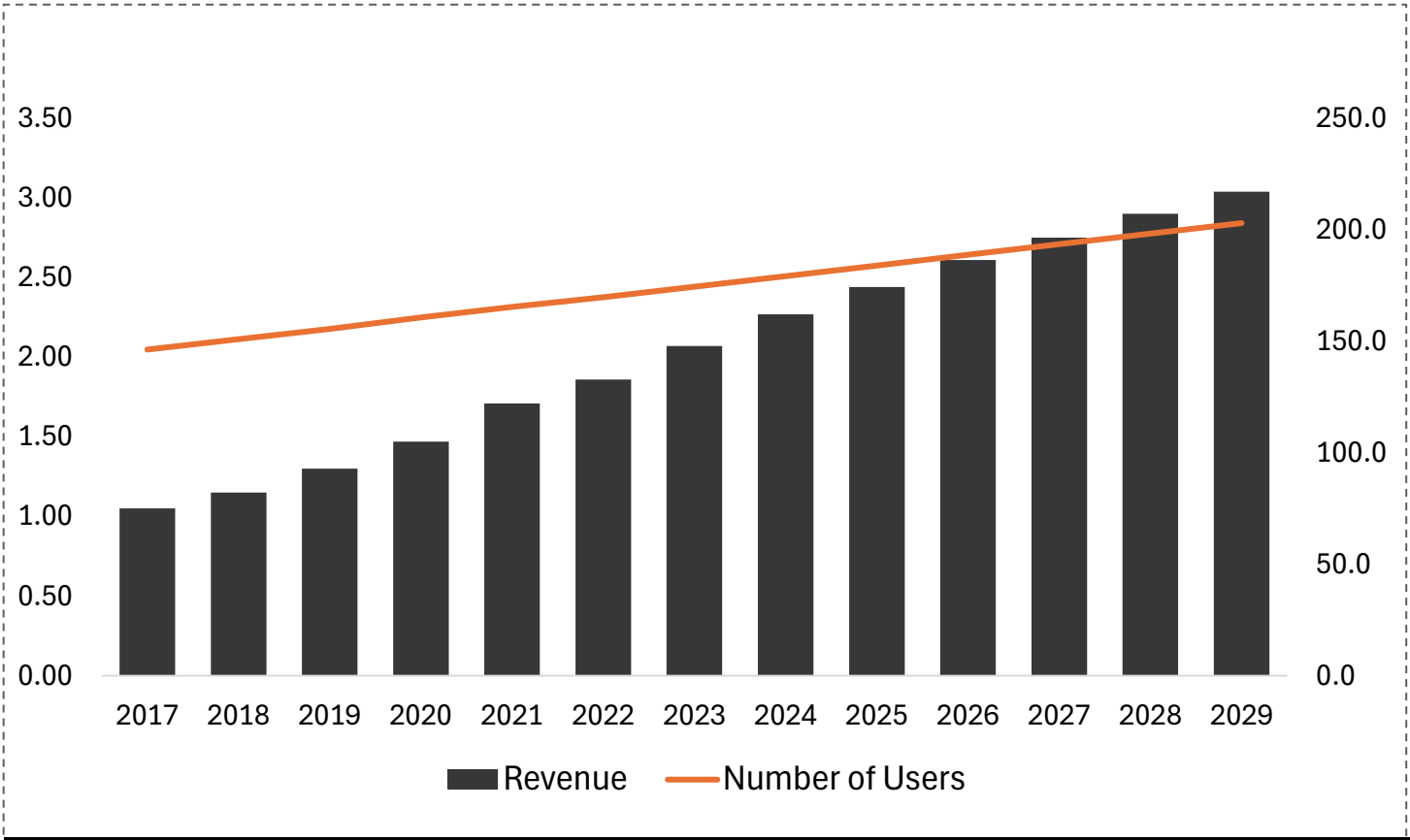
Film and TV Production

Data on the revenue from the film industry, together with the number of users indicate a bullish trend

Revenue (US$m) Vs Number of Users



Sector Overview

Nigeria's Film industry, commonly known as "Nollywood" is by far the country's most established and better-known creative sector. **It is globally recognised as the second largest in the world** producing approximately **2,500** movies per year.

Nollywood's ascent began in the 1990s, fuelled by the home video revolution - low-budget, straight-to-video movies, which were more accessible to the average Nigerian than cinema screenings**. The industry is largely dominated by low-medium budget movies, however, there has been a noticeable shift towards more ambitious, higher-budget productions in recent years.**

There are 81 cinema sites in Nigeria, 75 of which are DCI compliant. The distribution of these cinemas are across **14 cities in Nigeria with Lagos having the most number at 28 cinema sites.** As of 2022, the distribution per zones have the South-West zone as the highest with 46 cinemas, followed by the South-South zone with 19 cinemas, the South-East with 11 cinemas; the North-Central with 7 cinemas; North-West with 2 and North-East with 1. This reflects the strong demand for film entertainment in these bustling cities.

The key drivers of Nollywood's growth include **strong domestic demand for affordable and culturally relevant entertainment, the production of diverse content that resonates with both local and international audiences, digital revolution and increased government support.**

Source: PwC E&M Outlook, UNESCO, Statista

The movie industry is shaped by four key trends which also drive its significant growth

Hybrid Distribution Model

- The shift towards digital distribution has become more pronounced post-pandemic, and in 2024, hybrid distribution models that combine theatrical releases with streaming platforms are gaining popularity. Nigerian filmmakers are using both cinemas and digital platforms like Netflix, Amazon Prime, and Showmax to reach wider audiences locally and globally.

Focus on African Content

- Nigerian movies reflect our strong cultural identity, There is a renewed focus on telling **authentic African stories**. Audiences, both local and international, are seeking out stories that reflect the diversity, heritage, and contemporary issues of African societies.

Proliferation of Independent Filmmakers

- **Independent film makers are increasing in Nigeria due to the technology revolution**. They mostly upload their movies on YouTube and self-finance their movies through own funds or other high net worth individuals.
- **Short form content is also increasing**. Individuals make use of their smartphones to shoot short movies or skits for social media platforms.

Sustainability Considerations

- **Sustainability is becoming an essential aspect of filmmaking**. In 2024, more filmmakers are turning to **eco-friendly practices, using digital sets, minimizing waste, and employing energy-efficient technologies**. With environmental concerns on the rise, the film industry is looking for ways to reduce its carbon footprint.

Source: UNESCO, Public Information

NOT EXHAUSTIVE

Lots of key players exist across the value chain as they keep making viable contributions to the industry

Industry Value Chain	Players (Selection)*		Current funding model
Skills & Content Development	Film schools and training program		Self-finance Scholarships Grants/Subsidies
	Film Studios		
	Independent Filmmakers		
Production	Film Studios		• Equity • Sponsorships • Presale loans
	Independent Filmmakers		
	Studios & Production Companies		
Post-production	Post-production houses		• Equity • Sponsorships • Presale loans
	Special FX & Post-Production Companies		
Marketing	Events		• Equity • Sponsorships • Presale loans
	Advertisement Agency		
	Social Media and PR		
Distribution & other Monetisation	Distributors		• Equity • Sponsorships • Presale loans
	Cinema Chains		

Certain business models have been identified within the growing and developing ecosystem in the film industry

Business Models	
Name	**Details**
Film Production	• **Independent Film Making** - In Nigeria, the very large majority of directors produce their own movies. They also sometimes write their own scripts and perform in their own films. Combining all these functions initially came from a lack of specialised expertise in the industry, but it now allows practitioners to keep overheads low and maximise profit. Established producer-directors typically have their own production company and work with the same crew on all their films. They sometimes own their equipment and have trustworthy line producers who handle details of the shoot. Some of the major independent filmmakers include Kunle Afolayan, Kemi Adetiba, Niyi Akinmolayan, etc. • **Studio Films:** Nigeria has a few films studios that are able to finance, produce and release several films a year. Studios often have larger budgets, a stronger distribution network, and experts for most of the production process. FilmOne, the production and distribution arm of cinema exhibitor FilmHouse run by Moses Babatope, has co-produced or distributed most of the major Nollywood blockbusters of the past few years. ROK studios, Ebonylife are also examples of top studios in Nigeria.
Film Sales and Distribution	• **Direct Sales**: Filmmakers sell their films directly to consumers through DVDs and VCDs, especially in local markets where digital access may be limited. Many are transiting to placing their movies on YouTube as the sale of DVDs and VCDs has reduced drastically. They earn money through YouTube monetisation plans. • **Licensing to TV Networks**: Films are often licensed to local and international television networks, providing a steady income stream. This includes both free-to-air and cable channels. • **Subscription Services**: Filmmakers can earn revenue by having their films featured on platforms like Netflix, Prime, Showmax, and iROKO tv. This model is growing as more viewers shift to online streaming. • **Ad-Supported Platforms**: Some filmmakers partner with ad-supported platforms where they earn money based on the number of views and ad placements.

Strengths of the Film Production & Distribution Industry

Five major strengths of the Film Production & Distribution sector include:

1	The industry employs over 300,000 people directly and up to a million indirectly, making it one of Nigeria's largest employers. The Nigerian film industry is the country's second largest employer of labour after agriculture. The industry is currently responsible for over a million jobs, with the potential to absorb more people.
2	The industry has a substantial international presence, with its films being popular across Africa and among the African diaspora worldwide.
3	The industry, with an estimated annual revenue of $590m, has gained international reputation, attracted audience across the globe and inspired industries across Africa in less than 3 decades.
4	Nigeria's diverse cultural heritage, rich history, and vibrant storytelling traditions provide a unique foundation for creating distinctive and globally appealing video games and animated content. This gives Nigerian creators an edge in producing authentic, culturally resonant works.
5	The industry can make a significant contribution to the economy. The recognition of the market and the enormous opportunities within the industry continue to make it a profitable endeavor for the country. This significant contribution underscores the sector's vital role in the nation's economy and its potential for further growth.

Weaknesses of the Film Production & Distribution Industry

The Film Production & Distribution sector faces four significant challenges. These include:

1	The industry faces a critical shortage of skilled professionals in areas such as screenwriting, post-production, and cinematography. This shortage is attributed to gaps in film education infrastructure, unscaled training programs, and a lack of practical experience, highlighting the need for comprehensive education, practical training, and industry-academia collaborations.
2	Another challenge identified by industry players is the lack of resources for script development.
3	Despite numerous training programs for new entrants, inadequate funding and scholarships hinder skill development in the film industry. The lack of advanced training and theoretical knowledge in film financing, coupled with funding challenges, impacts production quality, highlighting the need for diverse financing options to drive industry growth.
4	The illegal exploitation of intellectual property significantly impacts the industry, deterring investors due to weak implementation and enforcement of existing legal frameworks. The lack of stakeholder awareness about copyright issues, coupled with the dual role of technology in facilitating both piracy and legitimate distribution, further complicates the challenge..

Source: Statista, PwC Analysis

Several opportunities exists to grow the industry in Nigeria

Opportunities for improvement	
S/N	**Details**
1	**Talent Development and Capacity Building** • **Film schools and workshops**: Establish or enhance existing training institutes for acting, screenwriting, cinematography, directing, and post-production. This would in turn provide job opportunities for youths.
2	**Production** • **Genre diversification**: opportunities exist to expand audiovisual storytelling to other genres like fantasy, sci-fi, and historical epics (many of these have gained wide viewership at the time of this report, like Femi Adebayo's ***Seven Doors***, Lateef Adedimeji's ***Lisabi: The Uprising***, **and many others**).
3	**Infrastructure Development** • **Film Villages and Studios**: while there currently a few film villages in Nigeria like the **KAP Film Village and Resort** in Oyo State, **Africhatta Film Village and Resort**, also in Oyo State, **Asaba Film Village** in Delta State, etc, opportunities exist for more to help improve the quality of film production. These infrastructure can require high upfront and set-up cost, hence the need for public-private partnerships • Relative to its population of over 200 million people, Nigeria's cinema density remains quite low. In 2022, there were a total of 81 movie theaters in Nigeria. The distribution of these cinemas is uneven across the country's geopolitical zones: 46 (57%) of the cinemas are located in the Southwest, with 27 located in Lagos alone. The South-South has 19 cinemas, the South-East 11, and 10 others are spread across other regions. However, cinemas face stiff competition from streaming platforms, rising operational costs, and many Nigerians having limited disposable income. Attracting greater attendance requires a combination of creativity, investment, and policy support. The cinema experience in Nigeria must evolve, offering audiences something that streaming platforms cannot: a shared, immersive, and uniquely Nigerian experience.
4	**Technology Integration** • **Virtual Production**: Use technology like Computer Generated Imagery (CGI), and AR/VR to enhance storytelling and possibly reduce production costs.
5	**Content Monetization** • **Merchandising**: Create merchandise such as themed apparel, action figures, and soundtracks from popular movies and shows. • **Licensing**: License content to international platforms and broadcasters for wider distribution.

Source: PwC Analysis, Statista, Warner Media; FilmOne Entertainment,

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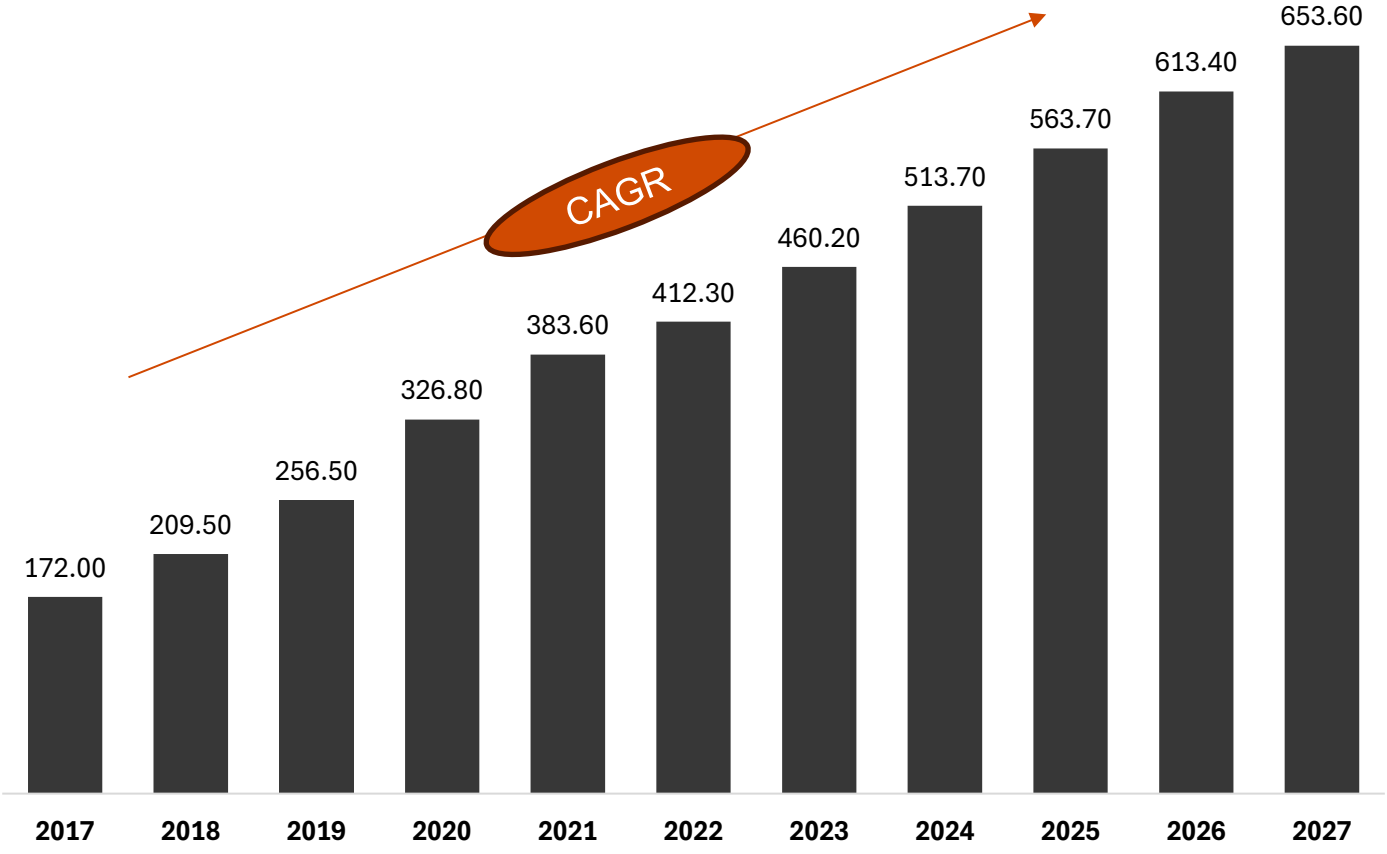
Video Games and Animation

As of 2024, the video game sector is projected to grow at a CAGR of 8.36% to reach a market volume of $653.60 million by 2027.

Revenue by market in million USD (US$)



PwC's Insights

- **Rising demand**: The strong projected CAGR of the video game sector reflects the increasing demand for gaming across mobile, cloud, and e-sports platforms. This rise is driven by a growing youth population, to whom video games most appeal, and greater internet access.
- **Gender review**: Women's participation in gaming is growing, particularly in urban areas like Lagos, Abuja and Port Harcourt. Though males dominate participation, as access improves, Women will become a more significant audience.
- **Sustainability**: While the issue of sustainability is more pronounced in global markets, Nigeria is beginning to employ climate-conscious practices, which is important given Nigeria's own challenges with energy access. As mobile gaming grows, it offers a more energy efficient substitute for consoles and gaming PC's, a trend that aligns well with sustainability goals.

Source: Statista, PwC Analysis

NOT EXHAUSTIVE

The industry is propelled by key players across the value chain who make viable contributions

Industry Value Chain	Key Activities	Players (Selection)*		Current funding model
Skills & Content Development	Game developers and animators are developed through training to be able to program and develop early stories/ game designs	Schools & Training Programs	digify AFRICA, Nerdz FACTORY, Aptech	Self-finance Sponsorship
		Animators and Video Game Programmers	COMIC REPUBLIC	
		Online Learning Platform		
Production	Involves the process of coding and building the game, creating the environment, and voice acting/sound design	Animation Studios	Magic Carpet, VORTEX	• Self-finance • Commercial partnership
		Game Development Studios		
Post-production	Mainly where final testing and bug fixing take place to ensure stability. The game/animation will also be refined and polished based on feedback	Post-production Studios		
			bhm	
Marketing	Here, games are promoted through social media advertisements, content marketing and event participation.	**Events & Exhibitions**	COMIC CON, Nigerian Entertainment Conference	• Self-finance • Commercial partnerships
		Online Marketing Platforms	igaming Afrika, AFRICA COMICADE	
Distribution & other Monetisation	Games will mainly be distributed via digital platforms such as google play, with in-game purchases available. For animations, TV & OTT platforms and possible theatrical releases will generate the most revenue	**TV & OTT Platforms**	IROKO TV, showmax	
		Cinema	filmhouse, Silverbird Cinemas	
		Ad Agencies & Brands	INSIGHT PUBLICIS	
		Mobile Gaming Platforms & App Stores		

Source: UNESCO, Public Information

The Video Games/Animation Industry is shaped by four key trends which also drive its growth

Mobile Gaming Boom

- The mobile gaming sector is helping driving the growth of the video games industry, supported by the high penetration of smartphones. This ecosystems popularity also offers an attractive landscape for advertising and monetisation
- Most popular genres include e-sports, puzzle games, and casual games

Rise of Local Content and Cultural Representation

- There's a growing demand for culturally based/inspired content as seen with the success of Nigeria-centred shows such as *Iwaju* on Disney+
- There's a push for storytelling that focuses on African identity, folklore and social issues

Source: UNESCO, Public Information

Live Streaming Opportunities

- Video game streaming is becoming an increasingly popular avenue for content creation and monetisation. With current market revenue projections at $55.44 million and a CAGR of 5.98% the market volume is projected to surpass $74 million by 2029.
- Platforms like Twitch, YouTube gaming and TikTok collectively attract over 1.2 billion users.

International Collaboration

- Global players in the animation industry are noticing the potential of the Nigerian sector and collaborations are driving awareness and increasing demand for Nigerian content.

Source: UNESCO, Public Information

Actors adopt several business models to provide training for talents in the video games industry

Business Models		
Name	**Details**	**Example**
Freemium Model	• Games like these are free to download and play but offer in-app purchases for additional features or content like extra lives, and level access.	• Maliya Games and Kuluya Games offer some free mobile games. Kuluya's games like Talisman are free to play, with in-app purchases generating revenue
Subscription-Based Model	• Players pay a recurring fee for access to a game(s) or a gaming platform, often providing premium content or a wider range of services.	• Kuluya Games offers a subscription service for its game portfolio. • Global gaming platforms like Xbox and Play Station offer paid subscription options
Ad-Supported Model	• Games are free to play but developers generate revenue by including advertisements in the games	• ChopUp Games incorporates ads into its mobile games like Tales of the Yoruba
Premium Model	• Players must purchase the game upfront to play, either as a one-time payment or through other monetisation methods like pay-per-download.	• Games like Olu's Adventure are sold for a one-time fee on mobile stores like Apple store and Google Play store

Certain business models have been identified with the growing developing ecosystem

Key Insights on Players and Business Model

Skills/Content Development	Platforms focus on training the next generation of game developers and animators through online courses, workshops, and mentorship programs. These platforms cater to both aspiring professionals and established studios looking to upskill their teams. Revenue is generated through subscription-based access to educational content, corporate partnerships for talent sourcing, and offering certifications recognised by industry leaders.
Production	Nigerian game and animation studios are responsible for creating content from concept to finished product. These studios often integrate storytelling with African culture, appealing to both local and international audiences. Revenue comes from direct digital sales on platforms like the **Google Play Store**, **App Store**, **Steam**, and **Itch.io**. Additionally, these studios secure partnerships with international publishers or content distributors, as well as licensing agreements for merchandising or adaptations.
Post-Production	Firms like **The Big Picture** offer specialised post-production services for animation and game development, including visual effects (VFX), sound design, and game optimisation. These companies generate income through service fees, long-term outsourcing contracts, and royalties from content performance.
Marketing	Game developers and animators collaborate with local influencers and leverage social media platforms (e.g.., **YouTube**, **TikTok**) to drive awareness and sales. Revenue comes from influencer marketing, affiliate partnerships, sponsored content, and cross-promotions with tech and gaming brands.
Distribution	Nigerian video games and animations are distributed through digital platforms like Steam, Itch.io, and regional streaming services such as **Showmax** and **Netflix**. Creators earn through digital sales, licensing fees, streaming royalties, and advertising revenues from platform partnerships.

PwC's Insights

- On average, even a low budget animation can cost **$500 - $3000** per minute and this figure is 3x for 3D animation, representing a big production challenge.
- Similarly, making mobile games which are cheaper than other forms, still will cost in upwards of **$3000** from start to finish.
- However, a positive for the animation industry is the growing international interest thanks to Nollywood and successful Nigerian animations such as ***'Iwaju'*** on Disney+. Netflix have invested over **$23 million** in the Nigerian film industry over the last 8 years.

Source: Statista, PwC Analysis

Strengths of the Video Game and Animation Industry

Four major strengths of the Video Game and Animation sector include:

1	International collaborations, like those between Nigerian and global studios, help address funding challenges, improve the quality of local productions, and expand market reach, positioning Nigeria as a key player in global animation and fostering cultural exchange.
2	Nigeria's rapidly expanding, youthful, and tech-savvy population—boasting over **46.5 million gamers**—drives significant demand for gaming content, while the rise of esports and animation presents economic opportunities for job creation, industry expansion, and global market positioning.
3	The global recognition of Nigerian entertainment—through Nollywood's success and global platforms such as Netflix—has created a momentum for Nigerian content creators in other sectors like gaming and animation. This can serve as a launchpad for broader international visibility.
4	Nigeria's diverse cultural heritage, rich history, and vibrant storytelling traditions provide a unique foundation for creating distinctive and globally appealing video games and animated content, giving Nigerian creators an edge in producing authentic, culturally resonant works.
5	Nigeria's diverse cultural heritage, rich history, and vibrant storytelling traditions provide a unique foundation for creating distinctive and globally appealing video games and animated content, giving Nigerian creators an edge in producing authentic, culturally resonant works.

Weaknesses of the Video Game and Animation Industry

The Video Game and Animation sector faces five significant challenges. These include:

1	The industry faces a skills gap, particularly in technical fields like 3D modelling, animation, and game development, limiting the production of high-quality content and global competitiveness due to a lack of structured training programs.
2	Limited access to funding, with local financial institutions focusing on traditional sectors and minimal government support, forces many developers to rely on personal resources, restricting innovation, talent acquisition, and the ability to scale projects.
3	Poor access to reliable internet and electricity (with an internet penetration rate of **55%**), high operational costs, scarcity of specialised equipment, and a lack of community spaces for events and networking limit the industry's growth and ability to compete on a global scale.
4	There is limited demand for locally developed high-end video games and animations. Many Nigerian consumers prefer well-known titles (e.g.., Fortnite, Call of Duty), which makes it difficult for local developers to gain a share of the domestic market.

Source: Statista, PwC Analysis

Several opportunities exists to grow the industry in Nigeria

Opportunities for improvement	
S/N	**Details**
1	**Subsidised Loans for Game Startups:** AFD could offer affordable loans to startups in the gaming sector, providing a financial cushion for new game studios to cover development costs, marketing expenses, and other startup costs. This would lower financial barriers for Nigerian entrepreneurs entering the gaming market.
2	**Game Development Education and Skill-building Programs:** AFD could fund training programs for game developers, animators, storytellers, and sound designers. These programs would upskill the Nigerian workforce, ensuring a pipeline of highly trained professionals capable of competing internationally.
3	**Investment in Indie Game Developers:** AFD could create funding mechanisms such as venture capital or grant programs specifically tailored for indie game developers. This would help small studios access the capital they need to bring their ideas to life, whether it's for developing mobile games, console games, or VR experiences.
4	**Partnerships with NGOs for Women's Empowerment in Tech:** Collaboration between AFD and local NGOs that focus on gender equality in the tech industry and women's empowerment organisations. These partnerships could help create more women entering the gaming and technology sectors and ensure that gender-based issues are prioritised in AFD initiatives.
5	**Regulatory Framework for the Gaming Industry:** AFD could collaborate with Nigerian authorities to develop a favourable regulatory environment for game development, including streamlined procedures for licensing and publishing games. Clear regulations would reduce barriers to entry for local developers and encourage international investment.

PwC's Insights

- After facing financial struggles and nearing bankruptcy, Rovio received venture capital funding in March 2011, leading to the massive success of their game Angry Birds.
- Gaming studios have raised concerns about the lengthy IP registration process in Nigeria, which can take up to three years compared to just a month in other countries, leading many to register their IPs abroad. Additionally, the Nigerian government's failure to recognise IPs as collateral for loans further complicates funding efforts.

Source: PwC Analysis, SMC

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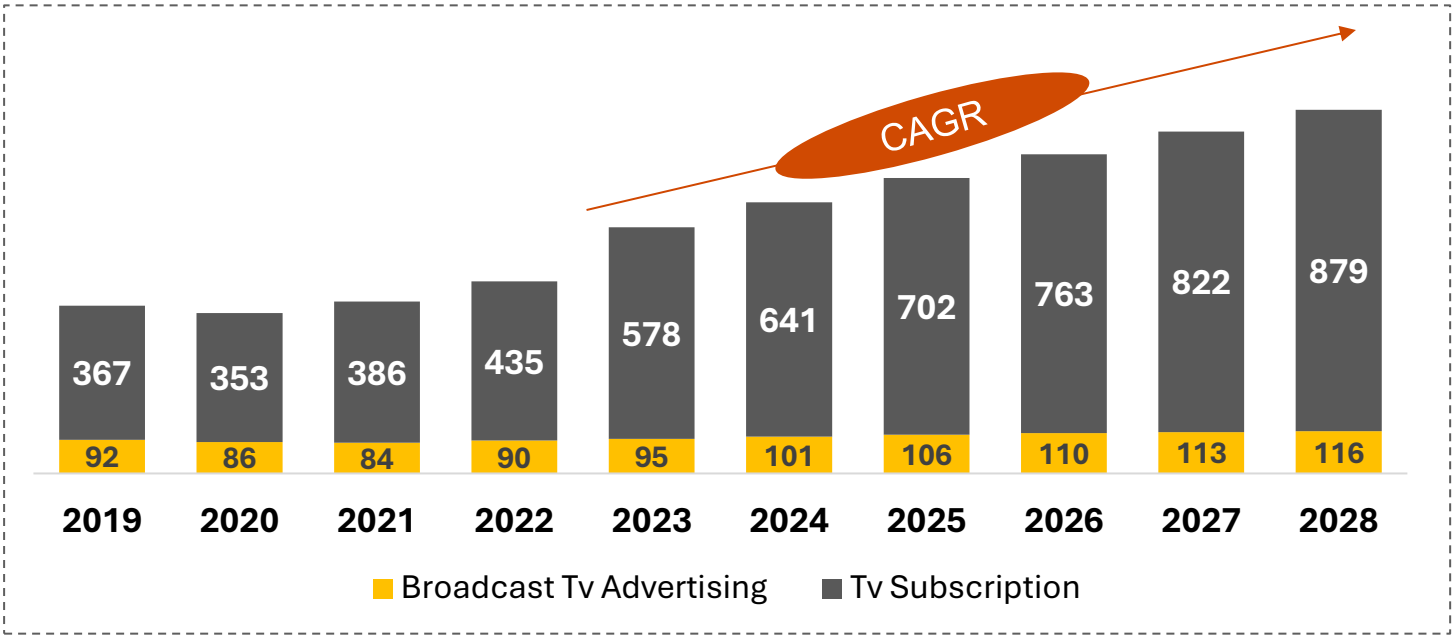
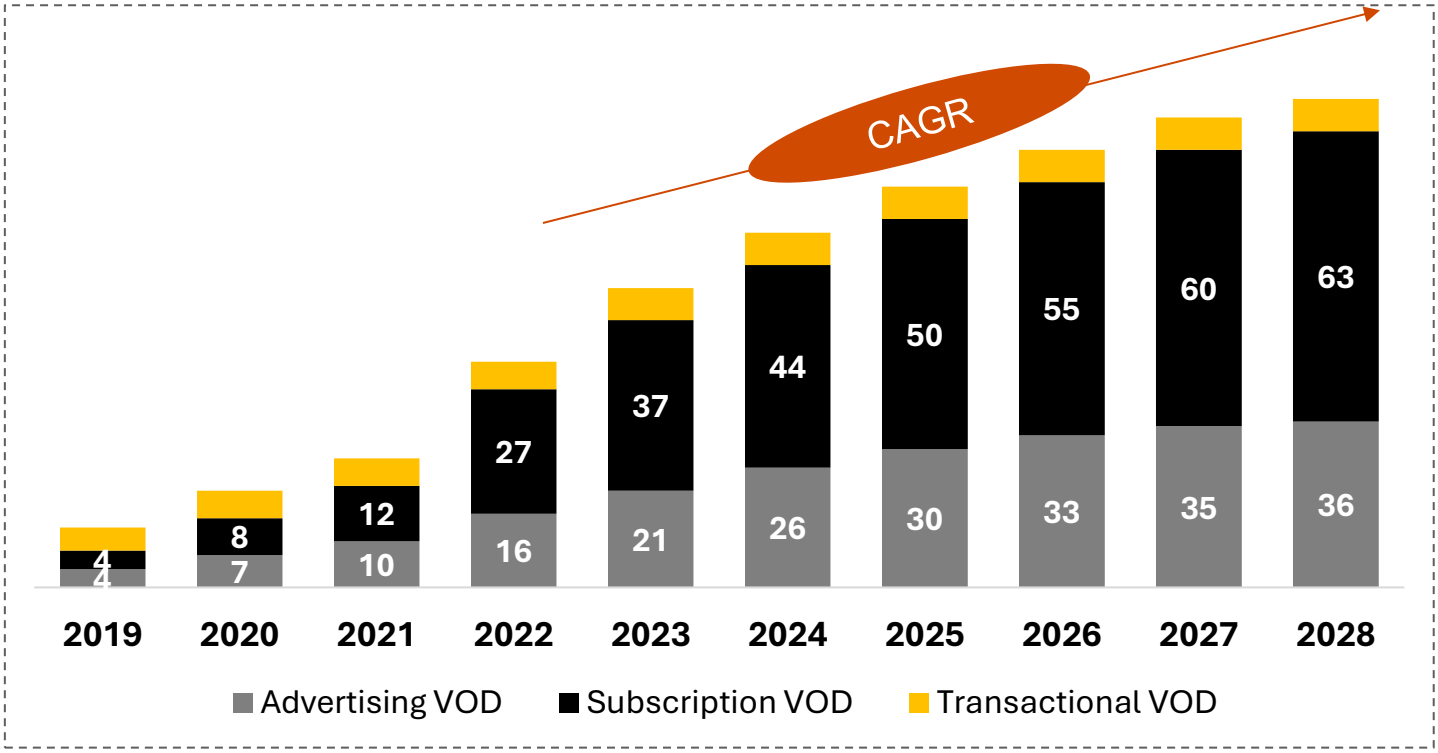
Broadcast & OTT

The traditional TV and OTT sector market size shows a projected CAGR of 8.1% and 10.5% respectively from 2023 to 2028

Nigerian Broadcast Sector Market Size (Million USD)



Nigerian OTT Video Sector Market Size (Million USD)



PwC Insights

- Both sectors are projected to grow steadily, however the slightly higher growth rate for OTT could indicate that consumer behaviour is shifting more towards on-demand, internet-based content consumption. A growing youth population who are more tech-savvy may also be inclined towards OTT platforms due to both their convenience and cost-effectiveness

Source: PwC E&M Report, PwC Analysis

Lots of key players in the private and public sectors exist across the value chain as they keep making viable contributions to the industry

Industry Value Chain	Players (Selection)*		Current funding model
Infrastructure Construction	DTT/DTH infrastructure players		• **Debt** • **Equity**
	PINNACLE NTA		
	Tech Developers	ROK STUDIOS	
Content Acquisition/Production	In-house studios and acquisition teams		• **Self-finance** • **Commercial partnerships**
	ROK STUDIOS AFRICA MAGIC EBONYLIFE TV		
	Independent filmmakers	Too many	
Broadcast	FTA Channels	MultiChoice Africa StarTimes	• **Self-finance** • **Equity**
	CHANNELS Vagobian TV NTA ait	OTT Platforms	
	Pay TV Operators	NETFLIX iBAKATV showmax IROKO YouTube	
Marketing	Events		• **Self-finance**
	DISCOP mipcom NiTV Nigerian International TV Summit		
	-		
Monetisation	Content producers (airtime sales on FTA)	Subscribers (Pay TV & OTT)	• **Debt** • **Equity (VC)** • **Sponsorships**
	Brands (advertising on FTA &Pay TV)		

Source: PwC Analysis, RG Analysis, BMI

The Broadcast/OTT Sector is shaped by three key trends which also drive its growth

Investment in Local Content

- Platforms like Netflix are investing in producing original content to cater to local preferences.
- Since entering the Nigerian market, Netflix has contributed to over 250 different content productions. As of 2023, their usage share in Nigeria accounts for 33% of the SVoD market.

User Base Expansion

- More users are consistently entering the market due to the preference shift towards content on the go from services such as Amazon Prime, Netflix and IrokoTV.
- The number of OTT users is predicted to reach 50 million by 2029.

Mobile Phone Penetration

- The widespread adoption of Mobile phones is making it increasingly easy for Nigerians to access on-the-go content.
- Affordable data plans are opening a way for people to fully embrace the digital space and regularly access online content.

Source: UNESCO, Public Information

Certain business models have been identified with the growing developing ecosystem

Business Models		
Segment	**Sub-segment**	**Details**
Broadcast TV	**Free-to-Air Channels**	• This is a broadcast model funded by license fees or taxpayers (public service) or comprises of commercial TV and radio channels which air without pay, and gain revenue via advertisements and sponsorship slots. The Free-to-air channels have a wider reach on the Nigerian population, reaching a significant number of households in the country.
	Pay-Tv or Pay-to-View	• Pay-to-view Channels are subscription-based services. Pay-to-view platforms charge subscribers for grades of satellite and cable channels, blended within their network. • The range of subscriptions varies from basic subscriptions to premium subscriptions, driven by new and live entertainment and sporting events and programs. Pay-to-View platforms often offer exclusive services for specific content around events such as award shows, sport competitions like the Olympics, World cup and Football leagues.
Managers	**Subscription video on Demand (SVOD)**	• This business model uses a subscription-based system, granting access to exclusive content for the duration of the active subscription, with a recurring fee. • It typically supports viewing across multiple devices, offers monthly contracts for flexibility, and allows users to cancel anytime. • SVOD platforms feature tiered pricing and an ad-free experience. Notable SVOD platforms in Nigeria include IROKO, Showmax, Netflix, and Amazon Prime.
	Advertising Video on Demand (AVOD)	• This model offers free content viewing to viewers unwilling to pay subscription fees. • The content is supported by ads, which customers have to sit through before, during or after the content. • Ad revenue is used to offset production and hosting costs. Personalised, targeted ads often enhance the viewing experience for viewers.
	Transactional Video on Demand (TVOD)	• This business model charges viewers a one-time fee to watch content on an OTT platform. • The consumer purchase the OTT content on a pay-per-view model. TVOD can either be downloading to own with unlimited rewatch access or paying to buy content.

Source: UNESCO, Public Information

Strengths of the Broadcast & OTT Industry

Three major strengths of the Broadcast & OTT sector include:

1	**Nigeria is a major content producer in Africa, with Nollywood (the Nigerian film industry) being the 2nd largest firm industries in the world by volume. This strong domestic content production, ranging from movies to music and TV shows, positions Nigeria's broadcast and OTT sectors to offer rich, locally relevant content to both local and international audiences.**
2	**Global OTT platforms like Netflix and other domestic players are investing in Nigeria. This has led to the creation of more localised content, partnerships, increased visibility for Nigerian talent and importantly, job creation in the sector.**
3	**Nigeria has a population of over 200 million with more than 50% of the population between the ages of 15 and 65, making it one of the largest media markets in Africa. This large, youthful, and diverse demographic offers significant potential for broadcasters and OTT platforms to target a broad audience**

Weaknesses of the Broadcast & OTT Industry

The Broadcast & OTT sector faces four significant challenges. These include:

1	Frequent power outages and unreliable electricity grids force broadcasters and OTT services to rely on costly generations, increasing operational costs and disrupting service delivery. This also hampers the quality of broadcasting and content delivery.
2	The high cost of internet data in Nigeria limits access to OTT services for many users, particularly in rural areas. This raises barriers to OTT platforms, restricting their user base and growth potential.
3	The digital switchover from analogue to digital broadcasting requires significant investment in expensive equipment and infrastructure, which many broadcasters, especially smaller ones, struggle to afford. This high upfront cost limits growth and access to digital content, particularly in rural areas.
4	Nigeria's regulatory environment is outdated and fragmented, making it difficult for broadcasters and OTT services to operate efficiently. The lack of clear and consistent policies, especially for OTT platforms, hinders investment and growth in the sector.

Source: PwC Analysis, Statista

Several opportunities exists to grow the industry in Nigeria

Opportunities for AFD's input

S/N	Details
1	**Renewable Energy Solution for Power Supply**: Invest in renewable energy projects (e.g. solar power or mini-grids) to reduce broadcasters' reliance on unreliable national power supply, helping stabilise operations and reduce energy costs.
2	**Local Content Production Fund and Capacity Building:** Establish a content production fund for local filmmakers and content creators, offering grants or low-interest loans to promote high-quality, culturally relevant content, while also funding training initiatives to build local production capacity
3	**Support for Gender-Inclusive Content and Women's Empowerment:** Fund initiatives that promote gender equality in Nigerian media, supporting content that highlights women's issues and empowers female voices, while also investing in training programs to increase women's representation in media production and digital content creation.
4	**Policy Advocacy**: Collaborate with the Nigerian government and regulatory bodies to help develop a more robust regulatory framework for the OTT and broadcast sector, providing expertise and funding for capacity-building efforts to foster a transparent, competitive environment

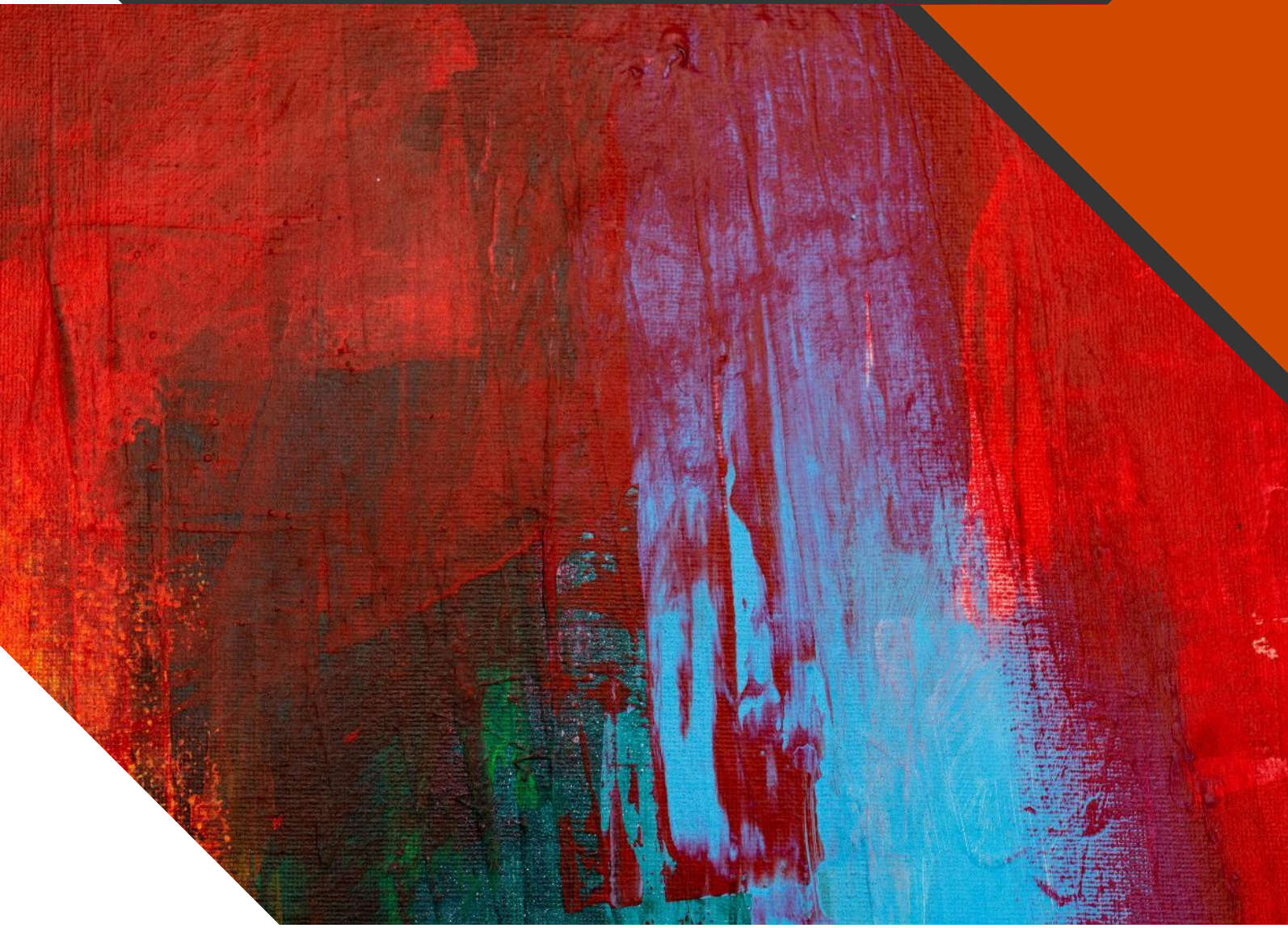
PwC's Insights

- Between 2016 and 2022, Netflix invested **$175 million** in these markets or around **$29 million** each year of operation. Since entering the Nigerian Nollywood market in 2016, Netflix has committed **$23.6 million** to more than 250 locally-produced, co-produced, and commissioned video content.
- The global video streaming market size was estimated at **USD 106.83 billion in 2023** and is expected to grow rapidly at a CAGR of **21.5% from 2024 to 2030.**

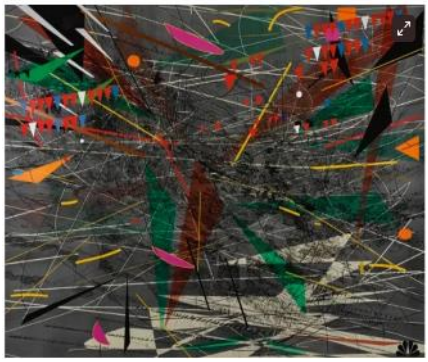
Source: Statista, PwC Analysis, Market Research

14

Visual Arts



In recent times, Nigerians have sold art pieces for significant amounts in the global market



Black Ground
$5.6m

Bush Babes
$3.4m

Compound Leaf
$1.7m

Senufo Statue
$12m

Benin Artifact
$4.7m

Recycled Dreams
$1.5m

PwC's Insights

- Nigeria boasts the largest art market in Africa, with an estimated value north of $500 million. The visual arts sector in Nigeria is a vibrant and dynamic field, deeply rooted in the country's rich cultural heritage and evolving through contemporary influences. From the revered cultural practices depicted with tribal sculptures, masks, and textiles to the innovative works of modern-day Nigerian artists, this sector tells the story of Nigeria's cultural journey, resilience, and adaptability.
- The visual arts segment covers Photography, Sculpting, Paintings, Pottery.
- Photography is increasingly accessible to young, aspiring artists. The democratisation of camera technology and the spread of smartphones have made it easier for emerging photographers to experiment and find a global audience. Major art exhibitions like *LagosPhoto Festival*, established in 2010, have further propelled Nigeria's photography scene, providing a platform for artists to showcase their work to international collectors, curators, and critics.

Across the value chains, several players contribute to the overall positive perception of this sub-segment

NOT EXHAUSTIVE

Industry Value Chain	Key Activities	Players (Selection)*		Current funding model
Skills Development & Art Creation	Artists are nurtured through education, training, mentorship, and access to resources to build foundational skills and create original artworks.	Schools, training program & residencies		Self-finance
		Artists	Toyin Ojih Odutola, Jelili Atiku, Kehinde Wiley, Lemi Ghariokwu	
		Art Foundations & NGOs		
		Mentorship Programs		
Brokerage & Consultancy	Intermediaries facilitate connections, representation, and advisory services for artists, collectors, and institutions to optimise art transactions and enhance artist visibility.	Managers & Art Dealers		• Self-finance • Commercial partnership
		Curators	Ndidi Dike, Azu Nwagbogu, Sandra Mbanefo Obiago	
		Legal Consultants & Intellectual Property Experts		
		Investment Firms & Art Funds		
Marketing and Exhibition	Here, art is promoted and displayed through galleries, fairs, media, and events to increase visibility and engagement with diverse audiences.	Galleries		• Self-finance • Sponsorship
		Art Fairs		
		Art Media Outlets & Publications		
		Cultural Institutions & Foreign Cultural Centers		
Sales	At this point, art is monetised through transactions in galleries, auctions, digital platforms, and direct sales channels, connecting artworks with collectors and buyers.	Auction Houses		• Self-finance • Commercial partnerships
		Digital Platforms		
		Deals/Collectors		
		Art Retail Stores & Boutiques		

Six key trends currently shape the visual arts market in Nigeria

Digital Art and NFTs

- Nigerian artists are increasingly embracing digital platforms and non-fungible tokens (NFTs) to create, showcase, and monetise their work.

Global Exposure

- The global art market has seen a surge in demand for works by African artists. Between 2013 and 2023, total sales of African art increased by 46%

Influence of Social Media and Technology

- Platforms like Instagram and Twitter have become essential tools for Nigerian artists to promote their work, engage with audiences, and reach global markets.

Art Fairs and Exhibitions

- Events like ART X Lagos and Culturella have become pivotal in promoting Nigerian art, providing platforms for artists to connect with international collectors and curators.

Blend of Traditional and Contemporary Elements

- Nigerian artists like Victor Ehikhamenor, Peju Alatise, are blending traditional art forms with contemporary techniques, creating unique works that resonate both locally and globally.

Educational Initiatives and Institutional Support

- Institutions like the Yemisi Shyllon Museum of Art and our Tertiary Institutions across the country are curating exhibitions that explore various themes in Nigerian art, providing educational resources and fostering appreciation for the arts.

Below are some existing business models with the Nigerian Visual Arts sub-segment (1/2)

Business Models		
Value Chain	**Players**	**Details**
Skills Development & Art Creation	Art Studios/Galleries	Artists operate independent or collaborative studios where they create works for **commissions, exhibitions, or direct sales.**
	Educational Institutions	They offer formal and informal art education programs, certifications, or residencies to train artists. They make money from charging **tuition fees, receiving grants, and corporate partnerships**. You can find them across the country, and admission into such institutions isn't gender biased
	Residencies and Fellowships	The Harmattan Workshop, a flagship program of the **Bruce Onobrakpeya Foundation** is an example of a residency/fellowship/retreat for artists, where they gather to share ideas and rekindle their creative zest. Such residencies make money from **program fees, sponsorships, or government support**
Brokerage & Consultancy	Art Brokerage Firms	Act as intermediaries between artists and buyers, facilitating sales and acquisitions, and usually take a **commission fee** – a percentage of the item's sales price
	Art Advisory Services	They charge **one-off consultancy fees**, or they are placed on a **retainer** agreement. They provide consultation for collectors, corporations, or institutions on acquisitions, investments, or curation
	Legal Consultants & Intellectual Property Experts	They specialise in art law, focusing on copyright protection, licensing agreements, and contracts. They make money by **billing hourly, signing retainers, or receiving flat fees** for specific services

Source: PwC Analysis, Statista

Below are some existing business models with the Nigerian Visual Arts sub-segment (2/2)

Business Models		
Value Chain	**Players**	**Details**
Marketing & Exhibition	Galleries and Exhibition Spaces	They operate as physical or virtual spaces showcasing and selling artists' works. They often represent specific artists and promote their art. Some of their revenue sources are through sales commissions, exhibition fees, and sponsorships**.**
	Art Fairs and Festivals	Usually large-scale events connecting artists, collectors, and buyers. The fair organisers provide booths or spaces to artists and galleries, and they charge **booth rental fees**, complementing it with other revenue sources like **sponsorships**, and **ticket sales.**
	Social Media and Online Platforms	Platforms like Instagram, X (formerly Twitter), TikTok, and OpenSea (for sales of Non-Fungible Tokens) have connected buyers to sellers. From that visibility, the Artist can make money from direct sales, crowdfunding, or promotional partnerships. While the platform can charge commission/transaction fees
Brokerage & Consultancy	Auction Houses	Act as intermediaries between artists and buyers, facilitating sales and acquisitions, and usually take a **commission fee** – a percentage of the item's sales price
	Corporate Collectors and Patrons	Corporations invest in artworks for office spaces, exhibitions, or as a diversification strategy. The brand of such corporations' rubs-off on the perceived value of the artworks. **Direct resale** of the artwork after long-term asset appreciation.

With Nigeria's rich cultural heritage as a key strength, the adoption of sustainable practices amongst others, still poses a challenge

Strengths of the Visual Arts Industry

Four major strengths of the industry include:

1	**Rich cultural heritage:** Nigeria has a deep well of cultural traditions, symbols, and motifs, offering inspiration for unique and diverse art forms.
2	**Emerging international recognition:** Nigerian artists like **Njideka Akunyili Crosby** and **Peju Alatise** are gaining global acclaim, increasing international interest in the country's art scene.
3	**Platforms for visibility**: art fairs like **ART X Lagos** and **Lagos Photo Festival**, as well as prominent galleries, provide platforms for showcasing Nigerian art locally and globally.
4	**Youthful and talented workforce:** A large pool of talented and innovative young artists is driving contemporary art trends.

Weaknesses/Threats of the Visual Arts Industry

The Visual Arts sector faces four significant challenges. These include:

1	**Limited Funding:** many artists (painters, photographers, sculptors etc.) and galleries face difficulties accessing financial support, credit facilities, or government grants.
2	**Inadequate Infrastructure:** lack of world-class museums, studios, and exhibition spaces limits the growth of the sector.
3	**Poor Copyright and IP Protection:** weak enforcement of intellectual property laws exposes artists to risks of plagiarism and unauthorised reproduction.
4	**Gallery network:** there is currently a weak gallery network, with lack of permanent and sustainable spaces. Artists most times have to sell directly to collectors, there by reducing the value of their work.
5	**Sustainability**: many artists rely on materials like plastics, resins, and other non-biodegradable items, which can have a long-term environmental impact

Source: PwC Analysis, Statista

Several opportunities exist in the visual arts industry

Opportunities for improvement

S/N	Details
1	**Infrastructure financing:** Set up credit lines for entrepreneurs building creative hubs. These spaces foster collaboration and innovation amongst artists
2	**Art collecting and investment:** as art is increasingly being recognised as a viable investment asset, provision of credit to collectors and corporations interested in investing in Nigerian art would be a great opportunity to explore
3	**Art export**: as the world grows to keep appreciating African – Nigeria inclusive – arts, opportunities for export increases, and export financing would be required. Export financing could be in form of loans, grants, revenue-sharing, and factoring
4	**Gender inclusion**: to increase female participation in the visual art space, female-focused mentorship programs can be established where female artists guide younger women in the field.
5	**Capacity building**: the growth of the segment also depends on education and knowledge transfer. AFD could partner with existing art school and offer scholarship to intending students

PwC's Insights

- Out of Nigeria's 30 to 40 galleries, few can sustain permanent spaces as the overheads are too high compared to the revenue, they can currently make from art sales. With a financing option, more galleries can spring-up and get focused on the actual sales of the artwork as against sourcing funds for overheads.

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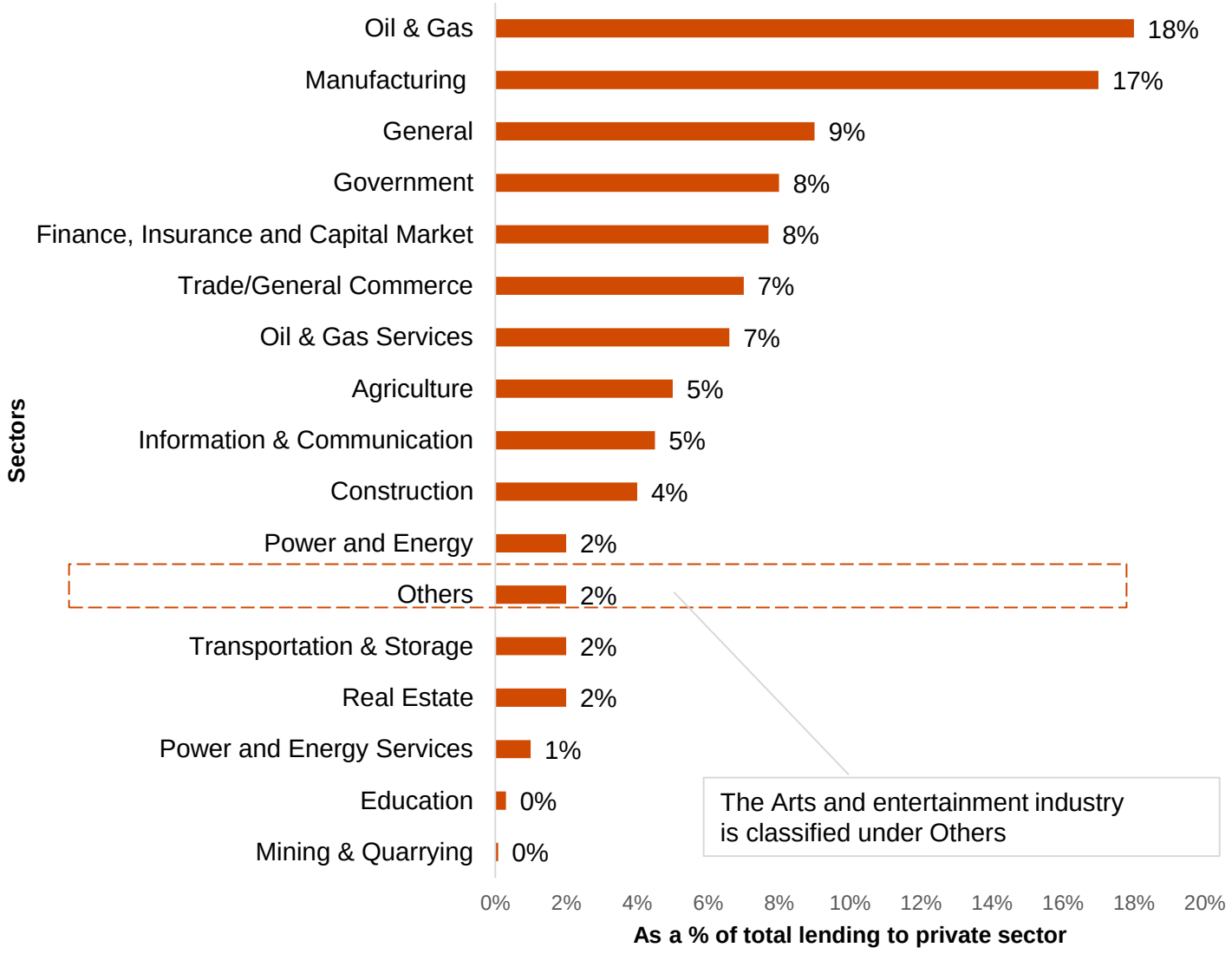
Funding Instruments

Overview of the CCI Financing Landscape

Financing the creative sector in Nigeria presents both significant opportunities and challenges. As one of the most vibrant and diverse creative industries in Africa, Nigeria's film, music, fashion, and art sectors are ripe for growth, but often struggle with inadequate funding, limited access to credit, and funding instruments that are not adequately tailored to suit the nature of the industry.

Between 2019 and 2023, less than 2% of total loans provided were allocated to the creative industries (see graph below).

Bank Lending to Private Sector (As a % of Total, Q1'2019-Q4'2023)



With regards to financing, our findings show that show that most CCI practitioners fall into two categories:

- Early-stage CCI practitioners which are have no history of formally raising capital
- Medium-stage CCI practitioners that are fairly established with a history of formal capital raise

Research shows that most CCI practitioners in Nigeria fall into the early-stage category and therefore usually depend on own funds/ funds from family and friends as well as commercial partnerships and sponsorships.

Source: Central Bank of Nigeria

Challenges in the CCI Financing Landscape

Challenges faced by CCIs in Accessing Finance

Three major challenges prevent CCIs from accessing financing. They include:

1	In Nigeria, most players in the Creative and Cultural Industries (CCI) are small and medium-sized enterprises (SMEs) in their nascent and emerging stages, operating informally and often skipping essential practices like business registration, banking, tax payment, permits, and financial audits. This lack of formalisation makes it difficult for financial institutions to offer loans or investments due to the absence of proper documentation and legal standing.
2	Many CCI practitioners in Nigeria lack the business skills necessary to properly identify their target market, develop a solid business plan, and segment their customers. This makes it difficult for financial institutions to assess the viability of these businesses, as they cannot demonstrate a clear understanding of market demand or how to scale effectively.
3	Many CCI practitioners in Nigeria do not have access to advisory support to develop essential documentation for capital raising, such as business plans and financial models. Access is limited due to high cost of advisory support. Without these, it becomes challenging for financial institutions to evaluate the financial health and growth potential of these businesses.

Challenges faced by FIs in Financing CCIs

Four significant challenges hinder FIs from financing CCIs. They include:

1	Most financiers lack a comprehensive understanding of the CCI value chain, its key players, business models, and growth potential. The study findings show that the traditional forms of financing might not suit CCI business (especially depending on their stage in the business lifecycle), hence, the need for specifically tailored financial products and services that consider the peculiarities of the CCI with regards trading life cycles, intellectual property rights, unpredictability of cashflows. CCI practitioners have stated that there appears to be a disconnect between the products and services offered and the kind of funding they need.
2	Financiers lack understanding of Intellectual Property and its valuation, making it difficult to use it as a basis for financing CCIs. They also do not understand Intellectual Property (IP), how it is valued and how it can be leveraged in financing CCIs.
3	Few financiers act as primary investors in the development or production stages of the CCI value chain, while only a small number participate as secondary investors in more established segments like distribution. Financial intermediaries' preference for more established segments is the assurance of a steady flow of cash for repayment.
4	There is a strong demand from CCI practitioners for more innovation in this area. Due to this gap, many CCI practitioners rely on self-funding, commercial partnerships, sponsorships, or small equity investments from friends, family, and High-Net-Worth Individuals.

Funding mapping

Majority of CCI practitioners are in the early stage of the business growth lifecycle and therefore usually depend on own funds/ funds from family and friends as well as commercial partnerships and sponsorships. Current formal funding typically supports the more structured operations such as distribution across the CCI value chains. Few segments of the value chains of the film production and distribution, broadcasting and fashion and design industries are the more mature/ organised players in the CCI. Financiers are more willing to fund them for the following reasons:

- They tend to have collateral (i.e. Film) and
- Finished products (i.e. Fashion)

Mapping of Funding Instruments Available in the CCI

Funding Instrument	Typical Providers	CCI Sub-sector
Structured Debt	Commercial Banks Development Finance Institution Government	Film Production & Dist. Broadcast & OTT Music Fashion & Design Video Games & Anim.
Structured Equity	Private Equity Venture Capital Individual Investors/HNI	Music Film Production & Distribution
Unstructured Debt/Equity	Family & Friends Cooperatives Crowd Sourcing Angels	Film Production & Dist. Broadcast & OTT Visual Arts Music Fashion & Design Video Games & Anim.
Commercial Partnerships	CCI Players and Corporate Entities	All sub-sectors
Grants/Technical Assistance	Development Finance Institution Government	Film Production & Dist. Broadcast & OTT Visual Arts Music Fashion & Design Video Games & Anim.

Source: PwC Analysis, BOI

Funding Models

Debt funding

Approach

This could be in the form of loans or credit. Loans are better for large, one-time investments or purchases. This could be the purchase of a new production equipment or financing a cinema or retail store. Lines of credit, on the other hand, are better for ongoing, small or unanticipated expenses or to even out cash flow (manage working capital) i.e. that is to make up for short term cash needs.

Providers

Loans	Line of credit/working capital loan
• Banks • Development Institutions • Private equity/Venture Capitals	• Banks • Development Institutions

Sub-industries

This is beneficial for all 6 subsectors depending on the stage of the project.

Examples

- Access Bank loan for creative entrepreneurs (interest rate of **9%** per annum)
- Loans by the Bank of Industry (BoI) (interest rates range from **5% to 10%)**
- The Nigerian Export-Import Bank (NEXIM) Creative Sector Fund
- Central Bank of Nigeria (CBN) Textile Intervention Fund
- Lagos State Employment Trust Fund (LSETF)
- AFDB's Affirmative Finance Action for Women in Africa (AFAWA)

Why

The key with loans are repayment. Institutions are only willing to give debt where risk of default is low. Interest rates charged are a measure of the risk associated with the industry.

Critical Success Factors/KPIs

Risk of failure is on the borrower because the lender expects to be repaid whether project is a success or failure. On the other hand, although the borrower must pay back the principal and interest regardless of the outcome, the lender does not participate in any profits above the interest. As a result, the borrower stands to make significantly more profit if a successful project is debt-financed rather than equity financed.

Source: PwC Analysis, RG Analysis, BoI, Access Bank

Debt funding		
	Portfolio method	**IP Collateralisation**
Approach	A portfolio construction (method), structures an institution's fund in a way that stands the best chance of meeting stated investment aims within an acceptable level of risk	This involves using IP created from production processes and production output as collateral from loans. Loan providers can resell processes in the case default or receive cash flows from the outputs.
How	This done by diversifying the instruments on the industries which the institution can invest in	This is especially useful for start-ups who don't have assets. This allows you to borrow to the value of IP assets e.g.. **copyright, registered designs, trademarks, patents**.
Providers	• Private Equity • Portfolio/Fund managers	• Banks • Development Institutions • Private equity/Venture Capitals
Sub-industries	This is beneficial for all 6 subsectors depending on the stage of the project.	• This is beneficial for all 6 subsectors depending on the stage of the project.
Examples	• The Central Bank of Nigeria (CBN) Creative Industry Financing Initiative (CIFI), • Friends and family	• Creative Economy Development Fund (CEDF)
Critical Success Factors/KPIs	**Diversification of risk** • Industry diversified • Instrument diversified This allows institutions invested to be shielded from any risk associated with investing on any particular segment of the value chain.	• Good valuation of intellectual property • Engagement with IP bodies

Source: PwC Analysis, RG Analysis

Debt funding	
	Credit Guarantees
Approach	A **loan guarantee** is an assurance by one party (the guarantor) to assume the debt obligation of a borrower if that borrower defaults. A **guarantee** can be limited or unlimited, making the guarantor liable for only a portion or all of the debt.
How	The guarantees will be structured differently depending on the type of provides • Public Guarantee Schemes • Corporate Guarantee Schemes • International Schemes • Mutual Guarantee Schemes
Providers	• Credit Guarantors • Guarantee Cooperatives/Association/Societies/Unions
Sub-industries	• All
Examples	• Nigerian Creative and Entertainment Industry Stimulation Loan Scheme (NCEILS) • Friends and family
Critical Success Factors/KPIs	• Available cash flows • Valuation

Source: PwC Analysis, RG Analysis

Debt funding		
	Production/Distribution Guarantees	**Insurance Schemes**
Approach	The licensing of the **distribution** rights to a film in a specific regions to a distributor before the film is completed.	These are specialty insurance products created for creative industry that cover for the diverse range of activities in the creative industry, e.g.. breaches of the trade practices, defamation, and can even cover you for actions by consultants or sub-contractors.
How	Under a presale, the distributor commits to pay the **production** company a minimum **Guarantee** upon the delivery of the completed film by the **production** company	
Providers	• Film Distributors	• Insurance companies • Guarantors
Sub-industries	• Film, Video and animation Production & Distribution,	• All sectors
Examples	• Bank of Industry's NollyFund	• -
Critical Success Factors/KPIs	To work effectively, commitments should include advances or minimum guarantees which may cover all or some of the film's production and post-production costs.	• Average Cost Per Claim • Average Time to Settle a Claim • Incurred Claims Ratio • Policy Growth • Quantitative Customer Experience.

Source: PwC Analysis, RG Analysis

Examples of Debt Funding Provided to the Creative Sector

Central Bank of Nigeria (CBN) Creative Industry Financing Initiative ("CIFI")

Item	Description
Overview	The CCI has been identified as one of the priority economic industries identified in the Economic Recovery and Growth Plan (ERGP). In line with this, the CBN introduced CIFI in partnership with all Deposit Money Banks (DMB) in the country with the goal to boost job creation particularly amongst the youth. The initiative is targeted at existing businesses and start-ups in the creative industry and students of higher institutions engaged with software development. The targeted industries / verticals include Film Production and Distribution, Music and Fashion and Design
Targeted Industries	The targeted industries include Film Production and Distribution, Fashion and Design and Music Production and Distribution
Funding	Funding for the initiative is sourced from the Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS) which consists of 5% of annual Profit After Tax (PAT) paid annually by all Deposit Money Banks (DMBs). CIFI was launched with a seed fund of NGN22.9 billion.
Pricing and Obligor Limits	The interest rate across board is 9% per annum, all-inclusive with tenors ranging from 3 to 10 years depending on the industry/ verticals
Modalities	• Applicants can approach any DMB with a business plan detailing their funding needs • The DMB provides the applicant with documentation requirements depending on industry • Upon provision of the requested documentation, the bank carries out a due diligence on the applicants and the successful applicants are issued offer letters • The DMB forwards successful applications to Development Finance Department at the CBN for consideration and release of aggregate facility amount to the bank for on-lending to successful applicants. • Upon receipt of funds from CBN, DMBs disburse funds to the successful applicants within 10 working days • The DMB bears the credit risk and shall be responsible for monitoring the performance
CCI Industry versus DMB Perspective	• **CCI Practitioners:** Early stage CCI practitioners appear to be more accepting of the initiative and are willing to apply for CIFI funding due to lower interest rates while the more mature practitioners insist that the Government needs to provide not only easier access to funding but must also make structural investments in the economy that support their businesses / industry. • **DMBs:** Appear unwilling to assume the risk of lending to the CCI with depositor's funds, hence, are accepting of the initiative. Despite this, DMBs stated that lending to CCI practitioners will be difficult given that most of them do not meet the requirements for repayment and usually cannot provide solid proof of historical and projected cashflows. Also, lack of IP law enforcement makes it difficult to capture/predict value from investment affecting the repayment. With the DMBs assuming credit risk, this will discourage investment
Our View	• There is a need for capacity development programs for CCI practitioners in the areas of business and financial management. • IP law enforcement is required for growth and development of the CCI in Nigeria. • The government needs to make structural investments in the economy that will support CCI industries with ease of doing business, growth and consequently, ability to repay loans. • The CIFI might not make as much impact on the CCI as the CBN expects without the implementation of the recommendations stated above.

Nigerian Export-Import Bank (NEXIM) Creative Arts and Entertainment Industry Facility

Item	Description
Overview	The Creative Arts and Entertainment Industry Facility Loan is an initiative by the Nigerian Export-Import Bank (NEXIM) designed to provide funding to businesses and entrepreneurs in Nigeria's creative and entertainment industry. It aims to promote the growth and export potential of the sector, enhance job creation, and contribute to economic diversification.
Targeted Industries	The targeted industries include but not limited to Film Production, Distribution and Exhibition, Fashion Production, Distribution and Exhibition, Music Production and Distribution, radio, television.
Pricing and Obligor Limits	It offers competitive interest rates, which vary depending on the project, and a loan tenor of up to 7 years, inclusive of a moratorium period depending on transaction / activity.
Modalities	• Company must be a legally registered Nigerian entity in the creative industry, not government-owned or influenced by oligarchs. • They prepare a business plan and submit the loan application with required documents • NEXIM assesses project viability, financial health, and alignment with the loan's objectives. • If approved, terms are set, and funds are disbursed upon agreement

The CBN Textile Intervention Fund

Item	Description
Overview	The CBN Textile Intervention Fund was established by the Central Bank of Nigeria to revitalise the Nigerian textile industry, which has faced decline due to challenges like poor infrastructure and reliance on imports. Its goal is to promote local production, reduce import dependence, create jobs, and attract investments into the sector by providing affordable financing for raw materials, machinery, and equipment. This initiative aims to restore the textile industry to a competitive position, boost domestic manufacturing, and generate employment opportunities, particularly for youth and women.
Targeted Industries	The textile industry is the targeted industry
Funding	Primarily funded through the Central Bank of Nigeria's own resources, with an allocation of ₦50 billion
Pricing and Obligor Limits	The interest rate across board is 9% per annum, with tenors of up to 10 years
Modalities	• Operate within Nigeria's textile, garment, and cotton industries. • Be registered as a corporate entity with the Corporate Affairs Commission (CAC). • Provide evidence of a feasible business plan or project within the target sector. • Demonstrate the ability to meet the fund's collateral and security requirements. • Provide financial documentation. • Submit a loan application. • BOI will evaluate the application and issue an offer letter with loan terms if approved. • The loan is disbursed.
Loan Limit	The single obligor limit for the Fund is ₦2 billion for new facilities, which includes long-term loans for the acquisition of plant and machinery, as well as working capital and takeovers.

The Bank of Industry (BoI) Fashion and Beauty Financing Programme

Item	Description
Overview	The Bank of Industry (BoI) Fashion and Beauty Financing Programme was created to address the financial challenges faced by businesses in Nigeria's fashion and beauty sectors. Its purpose is to provide financial support to small and medium-sized enterprises (SMEs) involved in fashion design, textile production, cosmetics, and beauty products. The programme aims to enhance production capacity, promote local innovation, reduce dependency on imports, and create jobs, ultimately contributing to economic growth and sustainability in the sector.
Targeted Industries	The fashion industry is the targeted industry
Funding	BOI allocated 1 billion naira to this fund
Pricing and Obligor Limits	Offers loans at a 9% annual interest rate with a tenor of 3–5 years, including a moratorium of up to 12 months.
Modalities	• The business must must have registered for at least two (2) years prior to loan application. • The business must operate within the fashion or beauty industry. • All businesses must be registered with at least one relevant trade association • After submission, the Bank of Industry reviews the application and may request additional information. • Successful applications are approved, and funds are disbursed to the applicant's business account.
Loan limit	Single Obligor Limit: Up to ₦200 million

N5 Billion Creative Fund

Item	Description
Overview	The N5 Billion Creative Fund, launched in December 2023 by the Nigerian government in collaboration with Providus Bank, aims to provide financial support to stakeholders in the country's creative industries, particularly the film sector. It was established to address funding gaps, promote economic growth, create jobs, and enhance Nigeria's cultural export potential. The fund’s goal is to strengthen the local creative industry and position Nigeria as a global leader in film production and other creative endeavours.
Targeted Industries	The film industry is the targeted industry.
Funding	Funded by Providus Bank with an initial allocation of ₦5 billion.
Pricing and Obligor Limits	Recipients must repay the principal loan, and 30% of the film's profits are paid to the bank as interest or additional repayment.
Modalities	• Submit your film project proposal to Providus Bank. • If approved, the fund is released to the applicant for project execution.

Equity funding	
Approach	Equity financing requires the sale of interests in either the project or company in exchange for the funding.
Providers	• Private Equity • Venture Capitals • Angel Investors
Sub-industries	This could be beneficial for all 6 subsectors depending on the stage of the project.
Examples	• In 2019, **Kupanda Holdings** (a VC firm) together with **TPG Growth** (a P.E. firm) made a joint **USD $3.76m** investment into Mavin records • **emPawa Africa** founded by popular musician - Mr Eazi (Oluwatosin Ajibade) is a talent incubation hub aimed at nurturing artistes unto greatness. • **Universal Music Group (UMG)** in February 2024, acquired the majority stake in Mavin Records.
Why	This distributes the risk of the project because the investor only receives his money back if the project/company shows a return (profit). If a content producer sells 50% of the corporate interest to an investor, for example, then the investor will lose his entire investment if the project is a complete failure. If the film is a success, the investor will receive 50% of every naira of profit
Critical Success Factors/KPIs	This only succeeds if the business or project thrives.

Source: PwC Analysis, RG Analysis

Examples of Equity-Based Funding/Venture Capital Provided to the Creative Sector

	Purpose	Funding Amount	Targeted Industries	Funding Type
African Export-Import Bank (Afreximbank) Creative Africa Nexus (CANEX) Programme	To support Africa's creative and cultural industries, infrastructure development, and talent growth.	$2 billion (overall), $100 million venture capital fund, $500 million private equity fund for film.	Film, fashion, music, and other aspects of the creative industries across Africa.	Venture capital and private equity
Universal Music Group (UMG) Investment in Mavin Records	To promote and distribute African music globally and expand the reach of Mavin's artists	Majority investment (specific amount not disclosed).	Music (Afrobeats)	Equity investment
Kupanda Holdings and TPG Growth's Investment in Mavin Records	Kupanda Holdings and TPG Growth's Investment in Mavin Records	To grow and expand the reach of Mavin Records and its artists globally	Music (Afrobeats)	Private equity
Investment in Digital and Creative Enterprises (iDICE) Program	To support youth (ages 15-35) in tech and creative industries, foster innovation, and create jobs	$618 million	Tech and creative industries, including digital media, music, fashion, and other creative sectors	Equity/quasi-equity capital funding
Chocolate City Creative Fund	To support emerging talents in music and fashion, with a 50% focus on female creatives.	$1 million	Music and Fashion	Equity.

Grants/Technical Assistance

Approach	A **grant** is financial assistance, given by an organisation (in this case development institutions) for a specific purpose. Unlike a loan, you do not have to pay back the money. However, if the conditions of the grants are defaulted on, recipients will be required to pay back the money.
How	This would be administered through what a **grant administration partner** and banks who will pay out the monies to the recipients. There would also be a **monitoring partner** to ensure that grants are properly used. Typically, will involve pre-grant review and due diligence; on-site review and detailed progress reports. A **training partner** may be provided to ensure that recipients are upskilled.
Why	The CCI in Nigeria is highly underdeveloped and structured, grants will provide a key bridge for companies/ projects in the early stage to build capacity and create necessary infrastructure
Sub-industries	• All especially in the early stages of the company
Examples	• Tony Elumelu Foundation (TEF) Entrepreneurship Program • Nigerian Export Promotion Council (NEPC): launched the Export Expansion Grant (EEG)
Providers	• Development Institutions
Critical Success Factors/KPIs	• Industry development • Capacity development

Source: PwC Analysis, RG Analysis

Examples of Grants Provided to the Creative Sector

Fashionomics Africa Initiative

Item	Description
Overview	The Fashionomics Africa initiative, led by the African Development Bank, empowers African fashion entrepreneurs by providing access to global markets, mentorship, and investors. Through its Incubator and Accelerator Programs, it promotes sustainable fashion, increases the visibility of African designers, and fosters job creation. These programs offer essential training, funding, and business support to help businesses thrive in the global fashion market. Products of trainees are also publicised on the Fashionomics website
Targeted Industries	The targeted industry is fashion
Funding	Funding for the Fashionomics Africa initiative is sourced from the Women Entrepreneurs Finance Initiative (We-Fi), and EU-ACP CreatiFI, The initiative was launched with a seed fund of $10 million
Fund Allocation	Offers up to $20,000 to winners
Modalities	• Applicants must be 18 years or older and have an identification document (e.g., passport, national ID). • Businesses must be in the fashion industry, including design, textiles, accessories, and related services. • Businesses should be micro, small, or medium-sized enterprises (MSMEs). • Applicants for the Incubator Program must have been operating for up to 3 years; for the Accelerator Program, more than 3 years. • Businesses must prioritise sustainable and environmentally friendly practices. • Applicants must create an account on the Fashionomics Africa platform and complete the online application form. • Applications are evaluated, and successful applicants are invited to participate in the program.
Number of Beneficiaries and Impact	• Trained up to 1,000 beneficiaries to enhance their entrepreneurial skills, financial acumen, and market intelligence • Financially awarded Over 5 beneficiaries

The UK-Nigeria Circular Fashion Innovation Programme

Item	Description
Overview	The UK-Nigeria Circular Fashion Innovation Programme is part of the Global Alliance Africa project, aimed at fostering collaboration between the UK and Nigeria to promote sustainable innovation in the fashion sector. The program focuses on supporting the adoption of circular fashion business models that reduce waste, encourage recycling, and drive environmental and economic sustainability.
Targeted Industries	The targeted industries include fashion
Funding	Innovate UK Global Alliance Africa is a six-year project. It is funded by UK International Development through GCRF and the Foreign, Commonwealth and Development Office (FCDO)
Fund Allocation	Offers up to £40,000 to winners
Modalities	• Applicants must be based in either the UK or Nigeria and involved in the fashion industry. • Projects must focus on sustainable and circular fashion business models. • Applicants must propose innovative solutions to promote recycling, reduce waste, or improve sustainability in fashion. • The grant is available for collaborative projects between UK and Nigerian businesses or organisations. • Applicants must submit a detailed project proposal outlining goals, methods, and expected outcomes. • Successful applicants will undergo an evaluation process before being awarded the grant.
Number of Beneficiaries	• Awarded up to 3 recipients

The African Fashion Futures Incubator

Item	Description
Overview	The African Fashion Futures Incubator is an initiative by the African Fashion Foundation designed to support and empower fashion designers and creatives from Africa and its diaspora. The program provides mentorship, training, and resources to help participants grow their businesses, with a focus on sustainability, innovation, and improving market access within the global fashion industry.
Targeted Industries	The targeted industries include fashion
Funding	It is funded by Impact Fund For African Creatives (IFFAC), in partnership with the African Fashion Foundation (AFF)
Fund Allocation	Up to $5,000
Number of Beneficiaries	• Up to 14 beneficiaries, with six of them being Nigerians, equipping them with the skills and resources needed to succeed in the global fashion industry.

The MTN Foundation Grant

Item	Description
Overview	The **MTN Foundation**, the corporate social responsibility arm of **MTN Nigeria**, focuses on sustainable development in education, health, and the creative sector. It runs several programs aimed at nurturing talent and promoting creativity, including the **MTN MUSON Music Scholars Programme**, which offers fully funded music scholarships, the **MTN Y'ello Star** music talent competition, and various initiatives under the **MTN Foundation Arts & Culture** program that support visual arts, theatre, and more. These initiatives are designed to empower individuals and contribute to the growth of Nigeria's creative industry
Targeted Industries	The targeted industries include music and arts
Funding	The MTN Foundation is funded by MTN Nigeria
Fund Allocation	Fully funded scholarships cover all tuition fees for the two-year diploma course in music, including training in both theoretical and practical music disciplines.
Modalities	• Applicants must be Nigerian citizens with a passion for music. • Candidates need a Senior Secondary School Certificate (SSCE) or General Certificate of Education (GCE) with at least five credits, including English. • Applicants should have a Higher Pass Certificate of Music from recognised bodies such as MUSON, ABRSM, or Trinity. • Interested candidates must submit an application with the required documentation. • Applicants will undergo an audition process to assess their musical abilities. • Successful candidates will be selected based on their performance in the auditions and academic qualifications. • The MTN Foundation will notify successful applicants, and they will be enrolled in the two-year diploma program.
Number of Beneficiaries	• Over 484 alumni have benefited from MTN MUSON Music Scholars programme, many becoming influential figures in the music industry.

The Goethe-Institut Nigeria's Support and Connect Grants

Item	Description
Overview	The Goethe-Institut Nigeria's Support and Connect Grants support artistic and cultural initiatives in Nigeria, offering funding for individual projects in music, dance, photography, theatre, and visual arts, as well as support for festivals and travel grants for artists. The program aims to promote cultural exchange, foster creativity, and provide emerging Nigerian artists with opportunities to showcase their work on an international platform.
Targeted Industries	The targeted industries include music, theatre and more.
Funding	The Goethe-Institut Nigeria's Support and Connect Grants are funded by the Goethe-Institut, Germany's cultural institute dedicated to promoting international cultural exchange and cooperation.
Fund Allocation	Art and Culture Projects: Grants of up to €5,000 are available for individual art projects in music, contemporary dance, photography, film, theatre, visual arts, and more. Art and Culture Festivals: Festivals can receive grants of up to €5,000 to support their organisation and execution. Art and Culture Travel Grants: The grant covers travel expenses up to €2,500.
Modalities	• Applicants must complete the online application form available on the Goethe-Institut Nigeria’s website. • Then provide detailed project information, including a project description, timeline, and budget. • Necessary documentation must be submitted, such as proof of invitation for travel grants (if applicable). • The Goethe-Institut reviews and evaluates applications through an independent jury. • Successful applicants are notified and awarded grants. • Grantees implement their projects within the designated timeframe
Number of Beneficiaries	In 2024/2025 cycle, they supported 6 Art Projects, 4 Festivals, 3 Travel Grants

Others		
	Commercial Partnerships	**Crowdfunding**
Approach	Strategic alliances are formed by key players in industry, with partners bringing various services in exchange for a share of future revenue or benefit	This is a nascent funding source for the Nigerian fashion industry. This method allows CCI entrepreneurs to raise small amounts of money from a large number of people who are interested in supporting creative projects.
Why	Working in partnership starts with parties understanding and valuing each other's unique strengths and competitive advantages. Partnerships helps collaborators see that industry is no longer a zero-sum game and that the focus needs to be on growing the overall pie, not just your specific piece of it.	Many times, young CCI practitioners who do no have the financial strength to acquire equipment or get required training seek to gather public financial support. It also promotes accountability, and allows the individual “build-in-public”,
Providers	• Subsector Practitioners • Industry-Bank Partnerships	• Online communities, who are most likely strangers
Sub-industries	• All	• All
Examples	• Access bank and the International Finance Corporation runs a Womenpreneur Pitch-a-ton giving women owned business across various industries a mini- MBA certification and 9 million Naira to top performers • Access Bank’s sponsorship of Burna Boy’s ‘Born in Africa’ Concert • UBA Partnership with Wizkid – the musician	• Patreon • GoFundMe • NaijaFundMe • Kickstarter • Social media (X, formerly Twitter)
Critical Success Factors/KPIs	To work effectively, commitments should include advances or minimum guarantees	The receiver’s discipline to succeed and accountability to carry donors along, every step of the crowdfunding

Financiers Loan Options for MSMEs

Financial institutions have different products that support the CCI (1/3)

Financial Institution	Total Assets	Typical Products	Loan amount	Tenor	Interest Rates (%)	Repayment	Eligibility	Experience with CCI Lending
Tier 1 Bank Profile	165bn-22tn	Secured Term Loans, Retail Temporary Overdraft, Local Purchase Orders Finance, Working Capital Loan, Instant Business Loan, Time/term loan, Youth loan, W Power loan, CIFI	Up to NGN 500mn	1 month – 10 years	9%-33%	Repayments can be monthly or quarterly over 36 months, sometimes based on the customer's cash flow from sales or collections	Clean credit history Business proceeds must be domiciled with the bank. Collateral requirements depend on the loan amount and business nature	GT, Access, and Zenith Bank offer funding in the Creative and Cultural Industries sector, focusing on fashion, music, and movie production and distribution.
Tier 2 Bank Profile	139bn-21tn	Local Purchase Order, Asset Finance, Traders Support Facility, Development Finance and Intervention Funds, BOI Gender Loan, Zero Interest loans, SME Asset, Finance Facility	Up to NGN 900mn	3 months- 6 years	Interest rates are typically variable and can range from 16% to 37%, depending on the loan terms and market conditions.	Repayment from Domiciled Proceeds Repayment can be monthly or quarterly	Clean credit history Business proceeds must be domiciled with the bank. The asset being financed serves as collateral	Fidelity Bank offers loans targeted specifically to female entrepreneurs and supports the creative industry through its Traders Support Facility, available to small and medium-scale businesses in the APT Jewelries Market in Lagos.

Financial Institution	Total Assets	Typical Products	Loan amount	Tenor	Interest Rates (%)	Repayment	Eligibility	Experience with CCI Lending
Merchant Bank Profile	107bn-524bn	WIBI gender loan, Short term loan, Overdrafts	Up to 100mn	6months – 4years	Dependent loan amount and business profile Up to 15%	Dependent on the agreement made with the bank	Dependent on loan amount and business profile Have a female founder An existing bank account	While merchant banks do not offer specific funding for the CCI sector, some, like Coronation bank, engage with the industry through corporate social responsibility initiatives.
Development Finance / Government Institutions	100bn-3.3tr	Working Capital loans, Term Loans On-lending to banks Asset/ equipment Finance, Long Term Finance Scheme for PFIs, Capacity Building	up to 600m	Up to 10 years	Generally in single digits interest rate and considerably lower than commercial bank offerings	Flexible repayment terms and moratorium period of up to 18 months	Eligibility included being legally registered, operate in the entertainment and creative industry, are not government-owned, and promote content.	Creative Arts & Entertainment Industry has benefited from the CBN Creative Industry Financing Initiative (CIFI), BOI Fashion Fund and Nigerian Creative and Entertainment Industry Stimulation Loan Scheme (NCEILS)
Microfinance Bank	15bn - 100bn	SME Loan Personal Loan Asset Finance	Up to 5m	1-12 months	1.75% to 9%	Flexible repayment structure	No collateral Flexible collateral	Regarding CCI investments, microfinance banks (MFBs) tend to invest in CCI MSMEs that demonstrate positive cash flows and relatively low risk, such as those in fashion production and retail.

A review of major funding instruments across key criteria

Low | Mid | High

Criteria	Funding types		
	Debt	Equity	Grants / Technical Assistance
Awareness levels of the fund by CCI practitioners	Low	Low	Low
Ease of access of funds by CCI practitioners	Mid	Mid	Mid
Funders' understanding of the industry	Mid	Mid	Mid
Impact assessment by the funding bodies	Low	Mid	Mid
Gender inclusion	Mid	Mid	Mid
Cost of fund (interest rate, collateral etc)	High	Low	Low

Considerations for AFD's Potential Fund for the Creative Industries

AFD will need to consider some important factors, to ensure success of the proposed financing mechanism. Addressing these factors comprehensively will help create a fund that not only distributes money but genuinely strengthens and impacts Nigeria's creative ecosystem. They include:

1	**Awareness levels of the fund**: The level of awareness and access to information about the fund will affect the impact of the fund. CCI actors noted the lack of knowledge about funds as a major challenge. The proposed credit line should have a well publicised launch with clear communication strategies, using multiple channels like industry events, grassroot organisations, social media and local languages to spread awareness
2	**Ease of access:** Cumbersome application processes discourage creatives from applying. Bureaucratic and structural bottlenecks should be removed from the application process. The application process flow should be simple and clear, and easily navigable on a straightforward, user-friendly interface
3	**Funders' understanding of the industry**: Many financial institutions and investors struggle to understand the creative industry's unique business models, leading to unfavourable funding structures and unrealistic repayment expectations. Engaging industry experts in designing a sector specific fund which aligns with sector needs, and training fund managers on the growth models and revenue cycles of businesses in the CCI
4	**Performance monitoring and impact assessment**: Many funds lack effective mechanisms to measure impact and outcomes, which are vital to ensure long term business sustainability. Proper fund governance should be implemented including clear definition of Key Performance Indicators (KPIs), carrying out periodic impact assessments to track financial performance and social and development impact.
5	**Gender Focus:** Female stakeholders in the CCI face significant barriers to funding. Providing gender specific funding products and quotas to ensure equitable access for female owned and led fashion and music businesses.
6	**Cost of fund**: The real cost of funding instruments, including opportunity costs and collateral requirements, should be carefully evaluated. Access to funding should remain affordable for potential applicants by ensuring low interest rates and offering flexible, innovative repayment options such as royalty agreements and milestone-based repayments.

Many creative businesses lack the structure and documentation needed to receive and account for funding. The proposed fund can have an initial **preparatory fund** – which would be linked to technical assistance facilities – to equip the CCI actors with the requisite **know-how** on the business of the creative sector, in view of making them bankable or credit-worthy.

Furthermore, partnering with firms like PwC and creative hubs to provide education and technical assistance on legal, accounting, marketing, and business aspects of the industry can be considered.

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Appendix

Interview dashboard review

NUMBER OF INTERVIEW INVITES SENT OUT

75 MUSIC

59 FASHION

146

12
Gov. Agencies, Legal Service Providers & Financial Institutions

POSITIVE RESPONSE

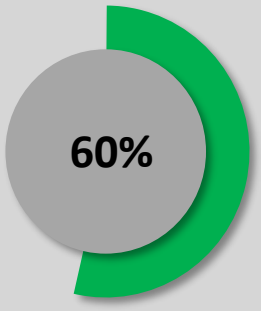
39 MUSIC

38 FASHION

87

10
Gov. Agencies, Legal Service Providers & Financial Institutions

RESPONSE RATE



NO. OF INTERVIEWS HELD SO FAR

79

40 MUSIC

39 FASHION

STATE COUNT

MUSIC		FASHION	
Enugu	13	Abia	18
Kaduna	9	Lagos	9
Lagos	8	Rivers	4
Rivers	4	Ogun	3
National Agencies	3	Kano	3
Oyo	0		
Plateau	1		

VALUE CHAIN COUNT

MUSIC		FASHION	
Talent Dis. & Dev.	20	Skills & Design dev.	18
Marketing	5	Manufacturing	9
Production	3	Marketing	3
Entire Value Chain	2	Distr. & Sales	3
Distr. & Monet	2	Sourcing of raw mat.	2
Music Publishing	0	Entire value chain	2
*Enablers	8		

TIER COUNT

MUSIC		FASHION	
High Tier	11	High Tier	5
Mid Tier	13	Mid Tier	30
Low Tier	116	Low Tier	2

Source: PwC Analysis

** Enablers are* Gov. Agencies, Legal Service Providers & Financial Institutions
** Tiers: They are categorized based on their influence and assumed turnover in the industry

Interviews held

Thank you

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