Invest

in Africa's Creative Industries:

There is a renaissance going on

South Africa Chapter

InsightsOut Africa

BRITISH COUNCIL

Contents

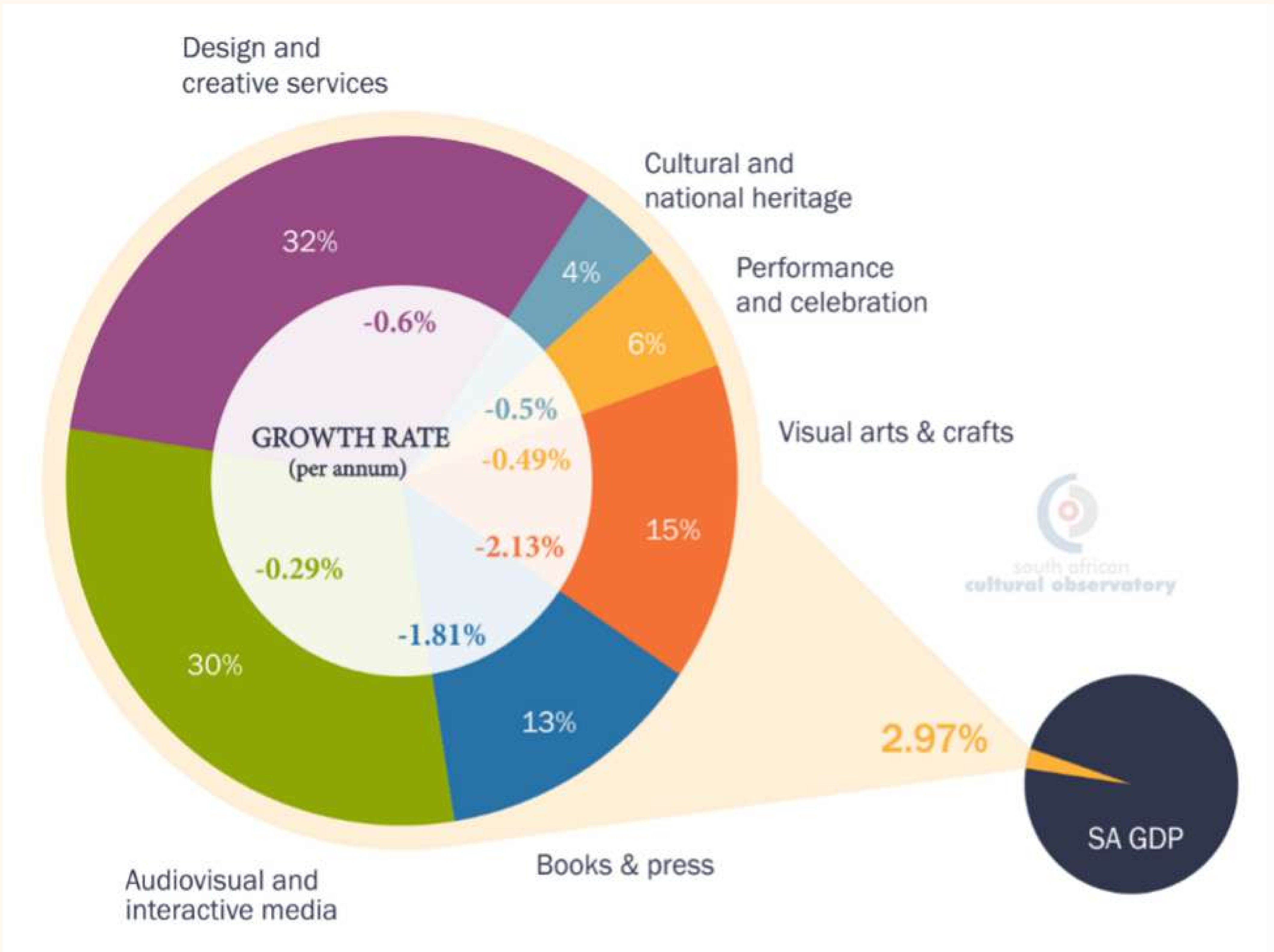
1.0 Introduction

This Chapter is informed by research undertaken by Andani.Africa. This included a programme of desk-based research, structured interviews and focus groups with consultees from across the Cultural and Creative Industries (CCI), Government and investment.

1.1 Strategic context for CCIs in South Africa

Overview of CCI in SA

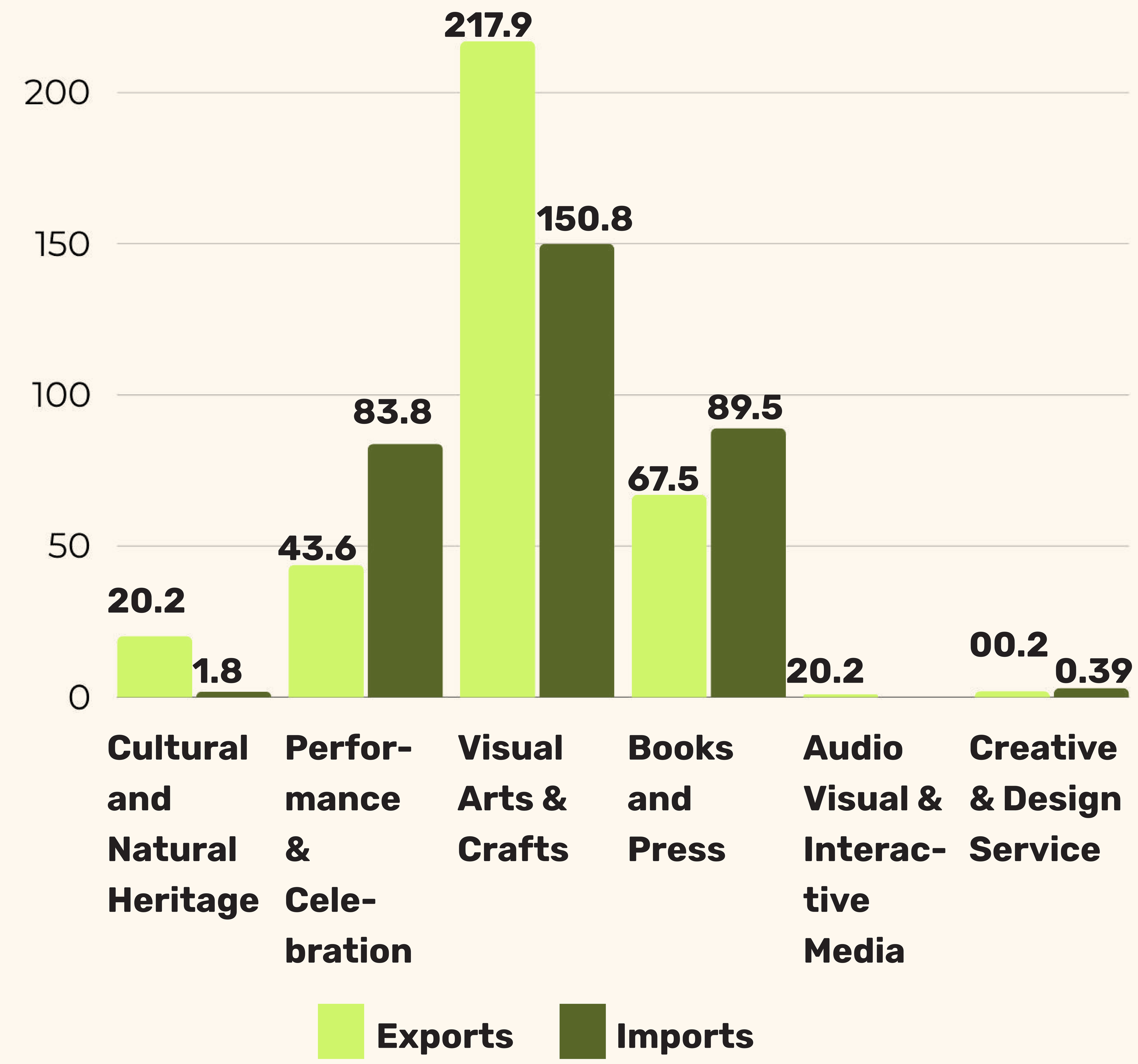
According to South African Cultural Observatory (SACO) economic mapping studies of the CCI in SA, the estimated contribution of the CCI to the country's 2020 **GDP** was ZAR161 billion (3%); up from ZAR74.39 billion in 2018. Domain contribution and growth rate was estimated as follows:



SA has a **polycentric system**, with more than one CCI hub, and the CCI are most likely to cluster in provinces with larger metropolitan areas: Gauteng province is clearly dominant in terms of creative economy activity in the country, contributing 46.5% of the GDP of the CCI. The Western Cape (12.4%) and KwaZulu-Natal (14.2%) also have significant shares of SA's CCI economic activity.

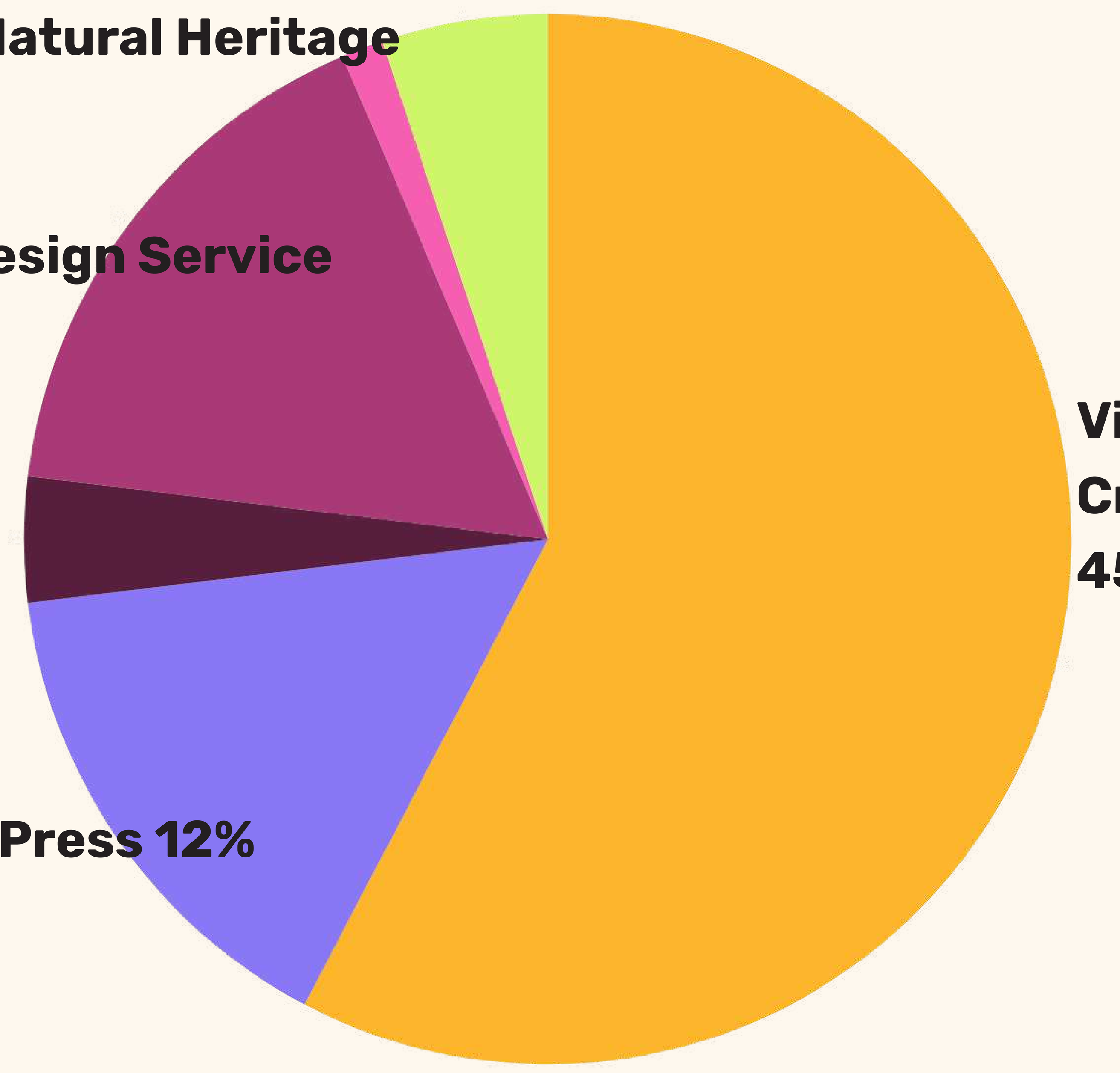
In 2020, SA's **cultural goods exports** were worth USD316.46m, comprising 0.37% of the value of all SA's commodity exports. Like many small, open economies, SA had a cultural goods trade deficit, with the value of cultural goods imports being more than the value of exports. However, **cultural goods imports** have been declining recently, and for the first time in 20 years, SA had a positive cultural goods trade balance for some quarters in 2020 and 2021. The graph below illustrates the below trade values of SA's CCI for 2019-2020, broken down by domain.

SA's Cultural Goods Trade 2019-2020 per Domain



The CCI accounted for 6% (approximately 999,900) of all **jobs** in SA in 2019, a slight increase from 5.9% in 2017. The majority of these were support occupations in the CCI, accounting for 3,7% (614,600) of jobs in the country. A substantial number of these jobs constituted people in creative occupations in other industries (1.9% of jobs, roughly 320,000 jobs) and a smaller proportion of people in creative occupations in CCI (0.4% of jobs, roughly 65,300 jobs). However, formal sector employment declined in both creative and support occupations – a substantial 46% of people working in cultural/creative occupations were in the informal sector in 2017, which increased to 46.3% in 2019. This proportion is greater than informal workers in non-cultural occupations (29.8%). A higher proportion of creative workers (34%) than non-creative industries workers (10%) were "own account workers with no employees", also called freelancers. Freelance workers are often highly skilled and earn good incomes, but, like informal workers, do not enjoy the benefits of permanent jobs, such as paid leave, or unemployment insurance, and they were hard hit during COVID-19. In terms of employment by domain, the 2019 breakdown was as follows:

SA GDP Contribution of CCI per CCI Domain (at current 2020 prices)



1.2 South Africa's CCIs in context

The **Department of Sports Arts and Culture (DSAC)** is the custodian and leading ministry for the South African CCI policies at national level, which also supports CCI development through its **National Arts Council (NAC)**, **National Film and Video Foundation (NFVF)**, **National Heritage Council (NHC)**, and **South African Heritage Resources Agency (SAHRA)**, as well as through public-private partnership **Business and Arts South Africa (BASA)**, which drives CCI growth by encouraging private sector investment in the CCI.

There are several policies that govern the CCI in SA, primarily the **White Paper on Arts, Culture and Heritage (WPACH)** from 1994 which was revised and approved early 2020 . This document emphasises the strategic value of the arts, culture and heritage for creativity, innovation, and social and economic change and development. A notable shift in the revised version is the proposed merging of the NAC and NFVF to become the National Arts and Audiovisual Council. This appears to have been driven by the sector increasingly working across disciplines. According to its Interim Chief Executive Officer (CEO), Julie Diphofa, the NAC has found that this blurring of lines between disciplines and sectors results in the need to dissect applications very carefully to determine whether they fall within its purview or if they are more appropriate for the NFVF. The merging of these entities would make them function as a single entity serving the whole of the creative industries, and give the sector creative license to present more cross-cutting and interdisciplinary projects without being moved from one entity to the other or being declined if the application is not deemed to be within the funding entity's mandate.

Another key element in the revised WPACH is the **Mzansi Golden Economy (MGE) strategy**, aiming to encourage the growth of the CCI through the following approaches:

- General continuity, as well as the introduction of new initiatives that build and expand upon existing initiatives as far as possible;
- Skills development for excellence and high performance in the arts, culture and heritage sector;
- Large-scale interventions aimed at optimising growth and the employment potential of the sector;
- Expansion and coordination of supply and demand in the sector;

- Enhancement of existing arts, culture and heritage production, and the creation of new business opportunities to match demand; and
- Monitoring and evaluation to guide investment and coordination of current and future resources for the sector.

National and provincial government also support the CCI, and many have their own policies and/or frameworks in place in this regard.

While DSAC is the lead national ministry in the CCI policy environment, there are other ministries that incorporate the CCI in their policy framework and strategic master plans, the most relevant of which are outlined below:

Department of Small Business Development (DSBD)

In July 2021, the DSBD launched the **Creative Industries Masterplan** , which charters the trajectory of the South African CCI, setting a goal for 2040, and is intended to guide the sector in its growth and development. Innovation and sustainable development, with a key strategic focus on decent work, is at the heart of this plan. The plan focuses on visual arts, crafts and design; audio-visual and interactive media; performance and celebration (including music); and publishing and printed media. This Masterplan aims to ensure that significant investment is made to small and medium businesses operating within the CCI.

Department of Communication and Digital Technologies (DCDT)

This department is mandated to lead SA's digital transformation and is responsible for broadcasting. The DCDT's 2008 **Digital Migration Policy** for SA aims to chart SA's migration from analogue signal to digital, and was amended in 2015. Though marred by policy changes and legal challenges related to encryption, the policy remains significant for the South African film and television industry. Another policy objective of the DCDT is to develop **SA's CCI and local content**. The benefit for content creators was the expected growth in demand for content for the anticipated digital terrestrial television (DTT)channels, to fill the gap for content from South African provinces, youth, and in multiple languages.

The advent of digital broadcasting was seen as a means to reduce the digital divide and information gaps that remain prevalent in the country. The proposed establishment of **provincial digital content generation hubs** intended to transform the film and television industries, which remain largely centralised in Gauteng and the Western Cape. Furthermore, the department is currently developing a **strategic masterplan for the Fourth Industrial Revolution (4IR)** which has seen consultations with the cultural and creative industry to ensure its inclusion into the masterplan. **The White Paper on the Audio and Audio-Visual Content Services Framework 2020** proposes necessary policy changes to the ways in which broadcasting services on radio and television are configured and regulated, to drive technological improvements after many years of lagging behind. One of the key proposals in this White Paper is to bring non-linear broadcasting services within the ambit of regulation in SA. The introduction of international streaming services in the broadcasting landscape has prompted regulators such as the **Film and Publication Board** and **Independent Communications Authority of South Africa (ICASA)** to attempt to introduce regulatory measures. The challenge remains that the broader environment, including the overarching policy and subsequent pieces of legislation, are out of date.

Department of Trade, Industry and Competition (DTIC)

DTIC is mandated to oversee T**he Copyright Amendment Bill (CAB) 2017** , which has been introduced to reform SA's outdated Copyright Act of 1978 and bring it in line with the digital era. Having said that, according to SACO, it has been argued that the bill in its current form does not balance the interests of creators with the needs of society, and is heavily biased towards the users. There are concerns that the CAB could stifle the culture of writing, reading, education and training, creativity and innovation, as well as the socio-economic wellbeing of South Africans, and that it could result in significant revenue losses. Furthermore, the **2016 Performers Protection Amendment Bill (PAB)** was introduced to amend the Performers Protection Act of 1967. The PAB has also been subject to rigorous debate in terms of the proposed changes it will introduce to the rights regime for the CCI. Neither Bill has been signed by President Ramaphosa, who indicated his reservations about their constitutionality.

Both Bills should be considered against SA's treaty obligations, such as to the World Intellectual Property Office (WIPO) Copyright Treaty, the Performance and Phonograms Treaty, and the Marrakesh Treaty. DTIC also has a direct trade focus on film and television, with a number of key incentives relevant to international cooperation. It has introduced policy and incentives to ensure the participation of previously disadvantaged groups, as well as to attract international film and television investment in SA. These programmes and incentives include **Foreign Film and Television Production and Post-Production Incentive**, the **South African Film and Television Production and Co-Production Incentive**, and the **South African Emerging Black Filmmakers Incentive**. To date, SA has entered into co-production treaties with Canada, Italy, Germany, the United Kingdom, France, New Zealand, Ireland, Australia, and the Netherlands. The Foreign Film and Television Production incentive is multifaceted, but most prominently used for the filming of foreign productions in South African locations. An entity of the DTIC, the **Industrial Development Corporation (IDC)** has introduced incentives giving filmmakers access to finance through various instruments, such **as equity and loan financing of large film and media industry projects** . The IDC contributed ZAR444 million to the film and television industry in 2019 (IDC, 2019), an increase from approximately ZAR283 million in 2010. Its Media and Motion Pictures unit also provided some funding to the animation genre in that year. Another DTIC entity, the **National Empowerment Fund (NEF)**, offers venture capital for arts and culture , as well as loan financing for black- and black women-owned businesses.

Since the election of President Cyril Ramaphosa in 2019, the South African government has made a concerted effort to improve its **ease of doing business**, ranking high through the implementation of various reforms across ten indicators; demonstrating a commitment to improve service excellence in the public sphere, growing the economy and making SA a great location for foreign investment.

1.3 Key Investment and Investment Readiness Initiatives in South Africa's CCI

The **NAC** was established in April 1997 through an act of parliament (Act no.56 of 1997) to promote, through the arts, the free expression of SA's cultures. This funding agency aims to deliver public value by leveraging partnerships to foster the development, promotion and sustainability of the arts sector. The NAC offers:

- Local and international bursaries for arts qualifications at any institution of Higher Learning and Further Education Training levels in SA and abroad.
- Annual project grants to individuals and organisations in the CCI.
- Three-year organisational funding to registered CCI organisations.

The NAC considers applications from craft, dance/choreography, literature and publishing, music, theatre/drama, multi-discipline and visual arts, and projects and organisations supported must address multiple critical focus areas, such as social cohesion and nation building; unearthing marginalised and indigenous arts in rural areas; addressing social ills such as xenophobia and gender-based violence; supporting the involvement and employment of women, youth and people living with disabilities; creation of new works through digital media; and capacity building and arts entrepreneurship.

The **NFVF** provides funding for the development, production, marketing, and distribution of films – including helping filmmakers represent and market their work internationally. In terms of funding, the NFVF's investment is designed to drive the equitable growth of the industry by increasing the number of local films made and filmmakers trained, as well as ensuring that both the films and filmmakers are well positioned and promoted globally. To this end, video and film funding is available in the broad categories of education and training; development (of feature films, documentaries, and television (TV) concepts); production (of feature films and documentaries), and marketing and distribution. NFVF funding may take the form of a grant, investment, or loan, and is open to all individuals, companies, and organisations in the film and television industry throughout the year.

MGE forms part of DSAC's strategy to reposition the arts, culture and heritage sector as key players in government's programme of action for social cohesion, creation of sustainable jobs and ensuring social and economic development. The purpose of MGE is to make strategic investments to optimise the economic benefit of the arts in SA. By improving investment in key areas of the creative economy, it is anticipated that job creation and productivity will be enhanced, and the sector's global competitiveness will be increased. Only three MGE workstreams (cultural events, public art and touring ventures) are funded through open call competitive grant funding – the others are strategic DSAC initiatives implemented with partners, such as the **Venture Capital Fund** and the **Debut Programme**.

- Stemming from DSAC's realisation that to achieve radical economic transformation, access to funding must not be limited to few businesses, the **NEF** set up **Arts and Culture Venture Capital Funding**, available to arts and culture businesses in all provinces to assist them with the potential to be self-sustainable and not rely on government for grant funding. The fund differs from traditional lenders as it is designed to promote and develop the arts and culture sector by providing affordable loans (below prime interest rates) to start and/or expand small businesses. This is an important source of debt and equity financing finance for start-up entities and for companies that have limited operating history which do not have access to capital markets. This fund offers loans from ZAR250,000.00 to ZAR5 million; however, applicants requiring more than that may apply for normal NEF funding.

- The B**ASA Debut Programme** in partnership with DSAC is designed to provide information and skills development to emerging artists in all of South Africa's nine provinces. The second iteration of BASA's Debut Programme engaged almost 450 participants and awarded grants to the value of ZAR2,7 million to seed exciting creative ideas.

Founded in 1997, as a joint initiative between government and business, **BASA** is a public-private partnership that forms part of SA's strategy to secure greater involvement in and support for the arts from businesses in the country. For this reason, BASA Supporting Grants have a slightly different lens to conventional funding and development agencies in that the focus is on amplifying and extending existing partnerships between arts and businesses that aim to meaningfully impact society through shared value and social cohesion. These grants are made possible by support from DSAC, and are a key device for identifying, supporting and cementing the synergy between businesses and creatives in SA. **BASA's Supporting Grant Programme** is designed for artists/arts organisations and businesses to assist in activating sponsorship for a cross-section of projects across the country.

The National Lotteries Commission of SA (NLC) provides grant funding to "good causes," including arts, culture and national heritage, which receives 23% of the annual budget allocation. The concept of national heritage is a broad one, which includes SA's natural environmental heritage as well as historical and architectural heritage. The NLC promotes the preservation and development of arts, culture and heritage to empower communities to help themselves and enable artists to showcase their work internationally.

The Presidential Employment Stimulus Programme (PESP) was launched as part of government's response to the COVID-19 pandemic, but its success in enabling employment creation continues to benefit many. More than 1,5 million work and livelihood support opportunities for unemployed South Africans have been created through the initiative since October 2020. Of the participants, 83% are youth and 66% are women. The employment stimulus has enabled the most rapid expansion of public employment in SA's history, by supporting programmes that could scale up within a matter of months to provide work to those who need it. DSAC's PESP implementation has exceeded the beneficiary target of 37,800, reaching 39,571 beneficiaries from April to December 2023, and delivery partners are currently implementing the 5th wave of PESP funding.

The Arts & Culture Trust (ACT) has been actively serving the arts and culture sector in all nine provinces of South Africa for 30 years, in the form of development and grant making. Although ACT was known as the Arts and Culture Trust of the President when it opened its doors in 1994, it now functions completely independent of government as a registered non-profit organisation. Most of its support comes from the private sector and ACT's investment portfolio, and the organisation is an influencer in the sector, with a reputation that lends credibility to the initiatives and organisations it becomes involved with. ACT has evolved from a traditional grant-making approach to investing in the advancement of the arts and creatives sector. To this end, the organisation focuses on development and capacity building through professional training, mentorships and scholarships, as well as and investments in the CCI through the support of entrepreneurial activity.

- **The ACT Thuthukisani Programme**, supported by Nedbank, was created to invest in a selected group of registered or non-registered arts businesses and artists from all nine provinces of SA, to implement and execute their chosen projects in a strategic and sustainable way, the goal being to deliver a profitable product over a 90-day period. The programme requires participants to switch gear into proactive, creative solutions and opportunities to create profitable products and projects through training and mentorship. Throughout this process, projects that illustrate viability and merit are selected for a monetary investment to roll out their project over a 90-day period.

- **The ACT Building Blocks Programme** is a capacity building programme with a focus on micro-businesses to mid-level organisations and arts practitioners in the form of Masterclasses focused on digital skills, marketing, governance, monitoring and evaluation, and Asset-Based Community Development (ABCD) in the arts.

The IDC offers commercial business loans to a variety of sectors, with some specific funds or units that invest in the CCI, including the **Media & Audio-Visual Strategic Business Unit (SBU)**, which focuses primarily on producing locally relevant and internationally palatable content, with an emphasis on feature films, animation and TV series. The SBU aims to close the financing gap, as well as cash-flow, through loan financing and the film rebate incentive. **The IDC Clothing and Textiles Competitiveness Programme** provides funding assistance to invest in competitiveness improvement interventions in the clothing, textiles, footwear, leather and leather goods manufacturing industries.

The CCI could potentially also access IDC funding via the **Corporate Social Investment (CSI) department** (as non-profit organisations (NPOs)) or **Social Employment Fund (SEF)** .

The SA Creative Industries Incubator (SACII) is an experienced business development and incubation entity/hub that has been working in the micro, small and medium enterprise (MSME) environment for the past eight (8) years, with a particular focus on the CCI. This township-based creative hub provides business incubation, acceleration and support, technical skills training, and production facilities and equipment to township-based creative economy entrepreneurs. The strategic combination of these services is designed to culminate in leveraging content development, business growth, market access and job creation for creative industry entrepreneurs and practitioners. SACII has partnered extensively with both government and private sector entities to deliver tailored incubation and accelerator programmes for creative industry entrepreneurs to achieve MSME sustainability and market access in the creative economy.

Provincial and local government departments invest in SA's CCI in various ways. For example:

- Local government does direct investment into creative suppliers that contribute to programming, for example, the City of Joburg has ring fenced a small portion of its budget for the Arts Alive International Arts Festival as a call for partners/collaborators in the sector.
- A substantial portion of the arts and culture budget within the City of Johannesburg (CoJ) goes to the maintenance of collections and facilities. There are also modest local government grants in aid available from the Member of the Mayoral Committee (MMC) for Community Development.
- The Western Cape Department of Cultural Affairs and Sport (WC DCAS) avails grant funding for foundation/start-up groups, emerging groups, and established groups. There are no set funding amounts - allocations depend on the available budget each year and the needs of successful proposals and business plans. The department also implements a "managed network model" where the province has formal agreements with creatives as like-minded strategic partners who are "delivering towards the department's mandate in terms of creating an accessible, inclusive society through the arts, culture and heritage," which contributes to supporting the CCI, building pipelines, and mobilising the sector and the economy.

1.4. Summary of existing SA CCI Financing/Investment Research

In his 2018 SACO conference presentation on the South African Funding Landscape: Problems, Prospects and Propositions, Joseph Gaylard (Head of Pro Helvetia Johannesburg), posited that SA has the most developed policy framework and largest reservoir of public and private finance available for culture on the continent, and is one of a very small number of countries on the continent with a transparent system for publicly funded grant-making directly to artists and organisations; however, there are a number of key issues when it comes to efficiency, corruption, lack of transparency, duplication of functions, underfunded institutions, and more.

SACO conducted research on CCI funding in SA,45 and when it comes to public funding and investment in the CCI, DSAC articulated that there is growing recognition that SA's CCI substantially contribute to the economy and, if adequately supported, can have a greater impact. DSAC's strategy is to reposition the arts, culture and heritage sector to address social cohesion, create sustainable jobs and ensure social and economic development. However, cultural production tends to be concentrated in large urban areas and is often geographically biased towards wealthier areas and those with larger populations. The CCI have significant public sector funding, which is crucial to a great deal of activity outside the more commercial parts of the sector. SA's CCI have attracted funding from several public and private sources, but there is limited information on the sources of funding and amounts provided. Furthermore, which sectors/components of the CCI receive funding has not been assessed. There is therefore a need to better understand the CCI funding environment given that funding in this sector remains uncoordinated and information is fragmented. An assessment of the CSI spend among the Top 100 Johannesburg Stock Exchange listed companies reveals that the amount of funding is declining, both in terms of actual amounts and spend as a percentage of net profits after taxes. Mining, financial services and retail spent more on CSI than the other sectors. The main areas of CSI spend are in education, health-related activities, infrastructure/community project development, small business support, environmental programmes, and job creation initiatives. However, these areas have the potential for arts and culture integration. In terms of arts and culture specifically, 34% of the companies in 2016, 32% in 2017 and 33% in 2018 provided support. SACO also suggested that an important mechanism of private sector support is also joint ventures and partnerships, for example with BASA and ACT. The main sector appears to be banking, with key initiatives being Standard Bank Arts and Culture and Nedbank Arts Affinity programmes. There is evidence of international private sector funding in SA as well. The variations in the amounts of funding corporations provide for CSI are substantial. Concern was noted in terms of more established organisations receiving the bulk of the funding and the same organisations benefiting every year. A preference to support events and festivals was also evident. From a research perspective, more effort needs to be placed on improving data quality and information to permit calculations of the proportion of the funding that can be attributed to the private versus the public sector, and better understand the motivations and impacts associated with private sector funding. Further research is also required to understand the crowding-out effects in SA, since this could be a reason for the private sector preferring to fund other areas compared to the CCI, as indicated in relation to CSI spend.

BASA's Supporting Grant Programme has incentivised corporate support since 1997 and, as of 31 March 2023, disbursed a total of ZAR46 million to 1,765 arts projects, which have in turn have leveraged more than ZAR592 million in sponsorship from business. That equates to ZAR13 million of business support for every ZAR1 million of BASA Supporting Grant funding. During the 2022/23 year alone, over ZAR2,2 million was allocated to 46 projects, which leveraged more than ZAR24 million in sponsorship from the private sector – that equates to roughly ZAR11 million of business support for every ZAR1 million of Supporting Grant funding. Additionally, BASA's ArtsTrack research paints an optimistic picture, particularly from the perspective of marketing sponsorships. While sport has been the most prominent area for these sponsorships over the past two decades, its growth has been flat, and the market is increasingly cluttered.

Furthermore, the economic climate is placing mounting pressure on corporate and communications budgets. As such, more companies are seeking alternative sponsorship opportunities offering value for money solutions that can achieve their desired impact within their target markets, and the CCI are seen as potential sponsorship opportunities in this regard. Music has for years now taken the lead in the entertainment space as a viable alternative to sport. Sponsors invested an estimated ZAR663 million during 2019 across all disciplines within music, arts and culture.

Sponsors invested an estimated ZAR663 million during 2019 across all disciplines within music, arts and culture. Of this, music in all its forms continues to account for more than half (54%) of this total, leaving the remainder for all the other arts and culture genres. These investments have been steadily increasing since the first ArtsTrack report. 67% of adults feel positive about arts and culture sponsors, and 84% about music sponsors – this exceeds the 82% feeling positive about sport sponsors. ArtsTrack provides valuable insights for both the private sector and the CCI regarding audiences and sponsor engagement.

SACO also conducted research on the role of venture capital in the CCI in SA - while the CCI contribute substantially to the economy and have the potential to further contribute to social cohesion, job creation and socio-economic development, there is a high reliance on public funding that raises sustainability concerns. SACO found that venture capital funding exists on a continuum from top-down (direct government funding) to bottom-up (the private sector is the dominant funder) approaches. Venture capital efforts for the CCI have gained in prominence with the shift towards developing the "cultural economy" and "cultural industry," which denotes a focus on economic aspects.

Venture capital is important for many sectors that rely on this funding to start and expand businesses, and venture capitalists are attracted to businesses, individuals and activities that are seen to be entrepreneurial and can generate substantial growth. However, many CCI enterprises have characteristics that are viewed as unappealing for venture capital investments compared to other sectors. These include lack of business training and management skills, limited access to tangible assets, reliance on public investments or funding, workforce profile that is contract-based/freelance, fragmented and changing markets, and difficulties in assessing and protecting intellectual property assets. Key issues emanating from the research reveal that globally and in SA specifically, access to venture capital funding for the CCI is difficult with venture capitalists supporting a few commercially viable businesses because venture capital or private sector investors often look for high growth potential with lower risks. Differences were also noted in terms of venture capital support within the CCI. Specifically, the audio-visual sub-sector has more investments than other sub-sectors. Discriminatory practices in relation to gender and racial inequalities are also noted with venture capitalists and the beneficiaries thereof generally being white and male dominated.

Urban areas also benefit substantially more than rural areas. In terms of venture capital funding for the CCI, public sources dominate. There are substantial differences in the magnitude of the contributions from the private sector. The main types of venture capital support and financial instruments discernible in the literature are public financing, venture philanthropy, tax incentives, loans, guarantee schemes, creative vouchers, equity finance, joint ventures and in-kind/ non-monetary support. The main South African venture capital source for funding for the CCI is the Arts and Culture Venture Capital Fund supported by the DSAC and implemented by the NEF. The fund is an important source of finance for start-up entities. Of concern is that the qualifying criteria to access the funding tends to support mainly events rather than businesses, and there is preference for companies that have a track record rather than those that are start-ups. Additionally, BASA is a major organisation in providing business support to the arts and cultural sector. The private sector (especially banks) also provides venture capital funding.

In the digital era, crowdfunding is emerging as a major source of funding which poses opportunities (such as democratising the commercialisation of innovation and financing) and threats (such as the crowding out of smaller projects). Trademarks in the CCI have also increased, and venture capital investments in CCI infrastructural development are also noted, together with the importance of hybridisation and public-private sector partnerships.

Key recommendations include developing a monitoring and evaluation system to track venture capital investments and the impacts thereof, as well as maintain a database. Future research should also examine the rates of loan repayments. The focus of venture capital should be on business development rather than supporting specific events or activities. Sector specific tailor-made solutions for access to finance for businesses and entrepreneurs in the CCI need to be developed to accommodate the diversity in the sector. Private-public partnerships need to be strengthened and public financing reduced. Tax and other incentives should also be considered. Investments in training, especially focusing on business aspects and entrepreneurship is critical.

In a paper exploring innovative mechanisms to improve access to funding for small and medium enterprises, it was noted that current lending instruments used by financial services providers are more suitable for large enterprises than for MSMEs.

1.5. South Africa CCI SWOT Analysis

In terms of investment and investment readiness, the following strengths, weaknesses, opportunities, and threats apply to the SA CCI:

Strengths	**Weaknesses**
- Most developed policy framework and largest reservoir of public and publicly available finance in Africa. - Significant public funding, which is crucial to less commercial parts of the CCI, and transparent system for publicly funded grant-making directly to artists and organisations. - DSAC offers institutional support to agencies and many state-owned entities. - NAC and NFVF have a sizeable group of industry experts involved in making funding decisions. - NAC and NFVF have, for the most part, established credible and relatively efficient, informed and responsive mechanisms for funding distribution. - CCI have been successful in attracting private and foreign funding.	- CCI perception/attitude of entitlement to funding and investment. - Long application and outcome turnaround times in many funding institutions/ programmes (e.g. NLC, MGE). - Widespread allegations of corruption, political interference, and conflicts of interest in decision-making processes related to the awarding of grants and the administration of applications. - General lack of transparency in adjudication process, application of funding criteria, and accountability to beneficiaries and the wider public, particularly in the NLC. - Duplication of functions across statutory bodies responsible for arts, culture, and heritage funding. - Inadequate funding compared to international standards – many funding bodies operate on economies of scale that are undesirable in terms of the cost of

	administering grants versus the aggregated value of those grants. - Geographic biases prioritise larger, urban and wealthier areas. - Inadequate knowledge and data regarding sources of funding (particularly private funding) and how much is available to which sub-sectors. - CCI in SA are largely uncoordinated and fragmented, also in terms of access to markets, which are changing rapidly. - Dependence on public and grant funding. - More established organisations receive the bulk of funding and frequently the same organisations benefit every year. - General lack of business training and management skills and limited access to tangible assets. - SA CCI have a largely contract based/freelance workforce profile which limits opportunities for “decent” employment. - Difficulties in assessing and protecting intellectual property assets.

Opportunities	Threats
- Switching to a more proactive grant-making paradigm with strong focus on strategic and proactive investment in key and catalytic areas. - Growing recognition by government and private sector of SA’s CCI contribution to the economy and potential for greater impact if adequately supported. - DSAC positioning arts, culture and heritage as addressing social cohesion, employment and socio-economic development. - Private sector funding is more readily available to festivals, visual and performing arts, shows and exhibitions, film and television, and training and education programmes. - Public and private funding tends to align with economic benefits, a case which can be made for the CCI. - CCI ability to drive innovation can attract private funding. - Integration of CCI with education, health, infrastructure and community development, small business support, environmental programmes, and employment initiatives to leverage private funding. - Public private partnerships (PPPs) to drive private sector support for the CCI.	- Unanticipated threats (like the COVID-19 pandemic) and their impact. The COVID related lockdowns contributed to a greater need for funding, placing additional strain on funders and investors, and adding to existing challenges around competition and limited resources in the CCI. For example, pre-COVID, the NAC would receive up to 1,700 applications per annum, but since COVID that has drastically increased to nearly 5,000 applications per annum. - Private sector funding prioritises larger and more established organisations and events, limiting opportunities for individuals and small businesses, which dominate SA’s CCI. - Similarly, bank loans tend to be more suitable for large enterprises than SMEs, making them difficult to access for many CCI bus - Limited private funding for CCI in SA compared to public funding, and CSI spend appears to be declining. - Competition with education, health, infrastructure and community development, small business support, environmental programmes, and employment initiatives for private funding. - CCI are less appealing for venture capital investments due to a lack of business training and management skills,

- Banking sector is a substantial and well recognised CCI sponsor/ investor.
- More training for CCI to attract public and private funding/ sponsorship/investment.
- Improving data quality and information on the funding landscape to better understand the reality, potential, and motivations and impacts associated with private sector funding.
- Making a business case on the value of CCI investment and how it can benefit the private sector.
- Shift spending from established CCI and urban areas to new and emerging sub-sectors and organisations with more spatial spread, and contribute to achieving transformational imperatives.
- CCI sponsorship has a positive impact on consumer perception of companies.
- Marketing sponsorships in the CCI offer value for money and have been increasing.
- Venture capital efforts for the CCI have gained prominence and focus on economic aspects and developing cultural economy or creative industry, creating opportunities to enhance CCI readiness for accessing such funds. Particular opportunities exist for the audio-visual sector.
- Crowdfunding is emerging as a potential source of funding.

limited access to tangible assets, reliance on public investments or funding, workforce profile that is contract based/freelance, fragmented and changing markets, and difficulties in assessing and protecting intellectual property assets. As such, venture capital is difficult to access for many in the CCI. CCI venture capital tends to favour events and companies with a track record as opposed to start-ups.
- Venture capital discriminatory practices in relation to gender and racial inequalities, as well as an urban bias.

2. Barriers to CCI Investment in South Africa

Based on 2023/24 InsightsOut Africa research (comprising an online poll, interviews and focus group workshops) various barriers have been identified that slow down, limit or hold back investment in the CCI.

2.1. Perspectives of CCI Organisations

CCI organisations surveyed in the poll identified access to funds (43.59%) and access to the right type of funding (15.38%) as biggest barriers to CCI investment. Also noted were availability of data and knowledge around CCI (10.26%), business and management skills of CCI (10.26%), capacity within the company to seek and attract financing (10.26%), and policy challenges such as a lack of CCI policy, incentives and support infrastructure (10.26%).

When seeking financing for their businesses and projects, the biggest challenges creatives in SA's CCI noted facing are the application processes to access available financing (61.54%), application requirements to access available funding (56.41%), lack of capacity to pursue financing (53.85%), and lack of information on where to get financing (51.28%). Other challenges noted included limited access to start-up funding and funding to support operational costs (much of the available funding is short-term grant funding, as well as insufficient funding to adequately support the entire sector). The compliance requirements limit funding access for previously disadvantaged businesses, and there is no formalised entity to assist these stakeholders in accessing finances.

These sentiments were echoed in the workshops and interviews where compliance barriers were brought up, especially for grassroots organisations and up and coming creatives who often need help applying for financing and investment. Adding to this, financing parameters and frameworks are not always clear (interview with Mirna Wessels). Furthermore, it is difficult for many creative MSMEs to access bank financing – including credit card facilities – and often creatives need to invest their own personal funds in their ventures(interview with Dr Erica de Greef). The predominant funder focus on short-term project funding and limited support for operational costs limits the growth of organisations and sector – few organisations provide multi-year organisational funding to support core and running costs. Those that do include the NAC and OMT.

Lack of information or access to information on where to get financing came up, a barrier which is often mitigated through creative community engagement and networking.

"It would be great if there was a singular platform where one could just find what's available. If it wasn't from networks and other people having talked about it and mentioned it, we probably wouldn't have found that particular opportunity" - Mirna Wessels

Literacy and being able to articulate oneself well in a written proposal (which is usually in English) is often a key hurdle to accessing funding. This is a barrier for many creatives, and especially for those from previously disadvantaged backgrounds (interview with Dr Erica de Greef).

A notable barrier in the CCI is a lack of business acumen, particularly financial acumen. Even if funding is secured, this area remains a challenge when it comes to managing and reporting funded projects, as many creatives and organisations struggle to cost accurately, balance budgets, draft financial reports, work in Excel, etc. M&E skills are also largely lacking, and it is difficult for the CCI to adequately meet the reporting expectations of many funders.

I remember once applying for a big fund and by the time I'd finished the application process I didn't want the money. Just going through the absurd criteria and looking at the reporting requirements, I was shocked at the level of irrelevance of most of the requirements. I think that is a real issue for international funders and traditional funders that often have a mixture of intrusive or just irrelevant reporting requirements that are attached to their funding. - Joseph Gaylard

Funders with a reputation for late confirmations of funding also present a challenge for time sensitive proposals (interview with Mirna Wessels).

Another key challenge is the limited strategic thinking on how to grow the CCI in a more sustainable way. The limited available funding cannot support the growth of the industry, particularly when the same organisations are funded repeatedly and become reliant on grant funding – they are not becoming self-sustaining organisations. Furthermore, the focus on "funding" is limiting and creatives need to "explore opportunities to approach corporates as clients rather than funders" - a more business-minded and entrepreneurial approach is needed (focus group workshop participant Mariapaola McGurk). Having said that, there are limited opportunities for CCI practitioners to meet and network with corporate funders, sponsors, investors or clients.

COVID-19 substantially shifted the funding landscape in SA's CCI, and any sustainability plans which may have been in process before 2020 have had to shift drastically. During and post-COVID it has become more difficult for the CCI to operate and opportunities have become more limited – many creatives have had to expand their offerings and even look outside of the sector for work e.g. consulting, research.

2.2. Perspectives of CCI Investors and Donors

Many of the above barriers related to onerous applications and reporting requirements, limited M&E capacity in the CCI, the need for a level of literacy and education to successfully acquire funding, etc. were also acknowledged by investors and donors consulted in the research.

The entitlement mentality prevalent in SA's CCI is a barrier to financing and investment – multiple private sector stakeholders noted that complacent grantees and creatives' emphasis on the funding ask and implied entitlement to support can be off-putting and that it would be more beneficial to focus on what is being brought to the table and clearly articulating its value. Furthermore, creatives need to be prepared to invest in their own initiatives.

On the note of articulating value, a lack of data and skills around demonstrating value, impact, and return on investment or objective in the CCI is a barrier to investment. Creatives need to be able to make the case for investment and deliver on reporting requirements. Having said that, some private sector respondents acknowledged that many private investors have extremely onerous reporting processes, and suggested there is value in establishing a simpler reporting mechanism that is more effective, accurate and equitable. The pressure to demonstrate return on investment (ROI) isn't unique to the CCI, but is also a challenge faced by investors championing support for the sector:

ROI can be difficult to measure. What would be amazing is if I could say, 'we spent this on art, and this is how many people bought chicken,' but that is a very difficult association to make. We have to go on softer measurements. We look at digital reach, engagement, growing of our followings – it's more increasing the brand and share of voice. From a PR (public relations) perspective that can be difficult because media will often cut the sponsor's name out, even when they have naming rights,

so it's become more difficult to get PR coverage as the media won't give you free advertising when you're a big brand. We also look at how the sponsorships change lives and make a difference. But ultimately, we're a business and what tends to happen when your sales are under pressure is it becomes hard to defend the importance of long-term brand and equity growth. Currently we're all facing a climate of inflation, high prices, reduced spend, and it's impacting the bottom line, and at the end of the day, as much as we talk about wanting to change lives and make an impact, those things are less important when you're not making a profit, and you're not making your targets. - Kirsty Niehaus

Competition and silo mentality is another barrier given the limited resources available to the CCI – many CCI practitioners tend to apply to the same funders or pots of funding. Private investors are more inclined to support collaborative endeavours and some respondents suggested that, rather than competing for the same limited resources while trying to achieve similar objectives, creatives should work together to maximise available resources, be more efficient and have better combined impact. Another important element related to collaboration is the need for creatives to collaborate with administrators and managers who have the necessary skills many artists lack in those areas. Too often creatives try to manage themselves but have no real interest in that kind of work apart from needing to try to sustain themselves. It would be far more beneficial to partner with someone who can support them in those areas so they can focus on their creative work. Furthermore, the need for "some kind of industry watchdog who really understands business, contracting, etc." was suggested to better protect the interests of creators, or a collaboration amongst complementary outfits in the landscape to support and lobby for the protection of artists – some CCI sectors have a level of this kind of support, but not all (focus group workshop participant Desiree Pooe). Networks within the CCI are seen by the private sector to be largely ineffective.

Private investors also noted accessibility barriers related to geography, technology and market access. Geographical barriers and inequalities result in unequal access to resources and opportunities, which put rural and grassroots creatives at a disadvantage when it comes to development and accessing financing or investment. Linked to this is access to technology. Particularly in rural areas, even if people have access to smartphones, they may still not have access to the technology that exists in urban areas and larger towns and cities, which again limits their access to information, resources and opportunities. Both geographic and technological limitations impact access to markets – this remains a challenge to participation in the CCI and access to financing and income generation opportunities.

Finally, sponsorships should be partnerships, but too often the reality is that each party is trying to drive their own distinct agenda with insufficient alignment.

2.3. Perspectives of Government

There is a lot of pressure on the NAC to fund nationally across emerging, mid-career and established creatives and organisations, and not enough support from provincial and local government – funding comes more from national government and its entities. While local and provincial governments may have arts programmes they run and employ artists through, they do not necessarily offer grant funding. There are some provincial cultural commissions which are meant to offer direct funding, but many are not and only offer other support functions, and some exist only in name and do not appear to be active at all. Though the NAC Act decrees it should fund creatives at all levels, the resources available are insufficient to support all those stages of development over the years (focus group workshop participant Julie Diphofa). Local government is supposed to contribute to development at municipal level and, pre-COVID, there was some municipal grant funding (small grants in aid) available for the creative industries; however, post 2020 this was no longer feasible and ceased in many municipalities (focus group workshop participant Hannelie Swart).

Currently, local government also relies on national funding through National Treasury and PESP funding. It is unlikely that local government will be able to reinstitute the grants in aid in the next 3 to four (4) years, and so the NAC and other funders are having to absorb and cater to those smaller funding requests that would have been supported by local government in the past (focus group workshop participant Hannelie Swart). The state of the economy is a major barrier – SA's fiscus is at one of its lowest points at the moment, and annual allocations from national departments are shrinking, limiting funding and investment for the CCI and hampering their growth. On top of that, state entity/agency budgets are split between direct funding for the industry and operational costs needed for the organisations or departments to administer the funding and do their development work mandated (interview with Botse Matlala).

The current one size fits all policy framework is challenging given the landscape in SA with regards to inequity and disparate levels of education. For example, many women in rural areas offering craft training may not be qualified or equipped to develop a structured learning or tuition programme with formal assessments, while those in urban centres are more likely to be able to do so and thus meet the NAC and other funders' requirements for funding of education and training programmes.

The same kind of urban-rural inequality scenario applies in a case like an urban ballet company applying to the NAC with a well-structured and budgeted proposal, juxtaposed with a rural traditional dance troupe which may be disadvantaged in their application because of their comparative lack of skills and resources.

These geographic and skills barriers in underserved areas and other challenges, like load shedding, limit accessibility to financing and investment, as many funding programmes require online applications. To mitigate this, some organisations, like the NAC, still accept manual application forms as well, but not all funders make these types of allowances, thus excluding certain communities and demographics from their support. The NFVF started implementing roadshows, workshops and training to help capacitate the sector to apply for funding more successfully – it would like to do more, but resources and capacity are limited.

[The NFVF has] a very extensive application process – not everyone gets funded because of those requirements and the limited funding available. A lot of the applicants complain about red tape, they complain about different organisations within the industry having different requirements. I think it's easier said than done, but there were talks of streamlining processes through perhaps a central repository system that could be used whether someone applies at NFVF or at a provincial film commission. The other thing is awareness and information. A lot of people are creative at heart, they are trained, but they don't necessarily have the knowledge of governance or of tax and tax clearance certificates. It's all good and well to have a vetting process, but there needs to more awareness, some sort of educational drive, like our road shows, particularly with previously disadvantaged people, giving workshops to teach people what a tax certificate is and how to get it.

Because ordinarily we release funding calls with a stipulated closing time frame, and for someone who has creative work readily available, it then becomes a problem of them running around looking for tax clearance certificates, looking for certain aspects that are essentially administrative, but they're not prepared for or aware of. - Botse Matlala

Another challenge is placing more importance on some disciplines over others. For example, the NAC noted that the performing arts tends to be funded more compared to visual arts and crafts. Film is an attractive sub-sector but expensive to develop, and the NFVF (focused on film, video and animation) currently gets a larger budget than the NAC (which is responsible for seven different sub-sectors). If this perpetuates, it becomes more difficult to grow the less funded disciplines and allow them to thrive. Furthermore, visual arts and crafts was found to be amongst the larger domains in SACO's mapping studies in terms of GDP contribution and exports, as well as employment, yet it is not prioritised as heavily despite having the potential to put the arts on another level. One of the challenges in the visual arts and craft sector is that it has a high level of informal employment, which makes it difficult to measure, and there seems to be a stronger emphasis on sectors that are more professionalised and formalised.

Although the private sector does support the CCI (e.g. through CSI programmes, sponsorships, etc.), a lack of tax incentives specifically for this sector potentially limits private engagement and investment in the CCI – this is an area needing advocacy and is important for government to pursue. DSAC noted that the Davis Tax Committee Reports on tax incentives are being championed by sport, but limited progress has been made on the part of the creative sector.

Government stakeholders also realise that the current dependence of the CCI on grant funding is not sustainable – there is a need to develop a more entrepreneurial approach, which requires training to assist creatives in thinking of their work as an income generating business. Some funding injection will obviously be required, but creatives also need to learn about product development, pricing, how to manage and maximise revenues, how to invest, etc.

Finally, silo mentality was also noted as a barrier by government stakeholders, from a CCI perspective, but also amongst government and the private sector. All th ese players need to work together to collectively support and grow the CCI.

There's a lack of intergovernmental synergy. DTI, DSAC, Wesgro, etc. are all doing their own thing – there isn't a forum for all of them to come together collectively and speak with one voice to map a way forward with regards to funding so that there's uniformity of requirements. Even from a policy perspective, from a requirements perspective, everyone is in different pockets doing the same thing, which causes a lot of confusion. - Botse Matlala

The CCI working in silos is also a barrier – it is challenging for government to engage with a "disintegrated" sector, and that there is widespread suspicion of joining collective bodies, particularly the Cultural and Creative Industries Federation of South Africa (CCIFSA).

2.4. Wider Considerations

Financing for CCI research is another interesting consideration. The need for data has been identified as a key factor in growing the sector and leveraging investment, and though there are substantial international research grant funds available, they are difficult to access. Even if CCI are aware of these opportunities, they are often reserved for those in the academic space and need to be connected to an academic institution.

While not directly related to investment per se, except in the case of creatives not retaining their intellectual property (IP) and relinquishing it to funders or investors, a lack of IP literacy in the CCI results in artists losing money and struggling to monetise their work, negatively impacting their financial sustainability and growth.

There is substantial emphasis on looking at the CCI as a business opportunity with valuable product and service offerings, but notable considerations have been raised regarding the focus of available capacity building, market demand, and appetite for creative careers:

"We've got to be careful that we're not perpetuating donor-based project funding models in entrepreneurship training. As soon as something's project based, you're not working from a business point of departure or investing in the business. Do they have a sales pipeline? Have you taught them how to do that? Do they know what the value proposition is? Have they identified the target market? Have they costed? Have they done market research?" - Beth Arendse

"The reality within some communities is that the arts are not seen as a priority. It's important to make people value the arts - not just as entertainment but as a means to earn a living. So, there's still that mind shift that we have to work on by showcasing that the arts are not only about dancing and singing – it's much broader than that – and what are the opportunities, how can the arts can actually improve your quality of life, and ultimately, in all life facets. So that's important, these messages that we need to promote - the value of the arts in all aspects, and build audiences and community support for the arts. "
- Carol van Wyk

3. Opportunities for CCI Investment in South Africa

Based on 2023/24 InsightsOut Africa research (comprising an online poll, interviews and focus group workshops) various opportunities, trends and recommendations have been identified for CCI investment in SA.

3.1 Types and Succes available in CCI South Africa

Government policy and strategic investment in the CCI have been largely successful in facilitating grant funding, skills development and scholarships, access to information, generation of data (through the development of institutions like SACO), measures to attract investment (incentives, development and operations of BASA), measures to protect IP, and measures to create a conducive business environment. Efforts have also been made to link the CCI to economic imperatives and Sustainable Development Goals (SDGs), as well as social cohesion and nation building, which help to drive CCI investment. However, far more is needed to protect IP in the CCI, particularly considering rapid technological advances. Additionally, while government grant funding is vital, there has become an over reliance on this support with comparatively limited entrepreneurial thinking in the majority of SA's CCI.

A variety of private investment is available, ranging from creative individuals and businesses investing in the sector through financing their own initiatives, bartering skills and tools with one another, or setting up of funds, incubation programmes and the like for the CCI, to sponsorship and donations from private companies outside of the CCI through CSI, marketing and other budgets. Businesses also engage with the CCI as clients, purchasing creative services such as design, audio-visual or print advertisements, communications and writing, team building activities, etc. Many corporates have also set up funds, foundations or trusts mandated to support the CCI. However, much of this private funding is short-term project-based funding, which is unsustainable in the long-term.

Incubation programmes and entrepreneurial development are vital opportunities when it comes to private sector support that have substantial impact and need further development.

Loans and venture capital from banks, financial services providers, and the NEF are available, but for many CCI stakeholders are inaccessible and often viewed as too risky in an uncertain economy, and business skills need improvement to capacitate the CCI in developing feasible business models and plans.

There's still a lot of enterprise supplier development funding that's not been unlocked for the creative sector because nobody knows how to do it. CSI budgets are only 1% of profits, but more private investment can be unlocked through enterprise supplier development funding. We've not touched the surface – there's a lot of money in SA the CCI could be tapping into if we positioned ourselves correctly in the business sphere.
- Beth Arendse

Targeted sector financing is available, often through government and public-private partnerships, for example for film there exist incentives and co-production agreements, grant and loan funding, subsidies, tax breaks, etc. through the NFVF, IDC, DTIC and other institutions.

A unique PPP example is that of BASA – the only institution of its kind in SA specifically mandated to encourage, facilitate and incentivise private sector investment into the CCI and partnerships between business and the arts, and other diverse sectors. While BASA is doing important work when it comes to advocating for business and arts partnerships and support of the CCI, more is needed to drive this kind of investment in the CCI.

SA has substantial international development finance available through entities like Alliance française, British Council, the German Development Agency Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), Goethe-Institut, IFAS, Pro Helvetia, UNESCO, and foreign embassies which provide grants and investment into skills development, job creation and infrastructure, as well as mobility, residencies, and cultural exchange.

Their support has proven vital for the growth and development of SA's CCI. International philanthropic support comes from organisations such as the Ford Foundation and Open Society Foundations.

Several investment readiness initiatives (noted previously) are effectively supporting creative entrepreneurs through networking and hubs, skills development, business support. These types of hubs and incubators are becoming more common and often incorporate seed or grant funding. They tend to focus strongly on entrepreneurial development in the CCI, which is much needed to drive their sustainability and decrease reliance on government and grant funding.

Across investor or funder types, in-kind provision of time and expertise or resources is also available (things like free use of venues, advertising services, catering donations of food or alcohol, etc.) and an important source of non-monetary support for SA's CCI.

3.2. Emerging Trends in CCI Investment in South Africa

Greater emphasis is being placed on building entrepreneurial capacity in the CCI to combat over-reliance on public and grant funding. Furthermore, there is a strong trend towards capacity building combined with financing and investment, as has been seen in many of the investment readiness initiatives already noted.

A significant trend emerging in the private sector concerning financing and investment within the CCI is a much stronger drive towards alignment with the SDGs, and continued emphasis on development and education, particularly amongst women, people living with disabilities, marginalised groups, and underserved communities.

SA's CCI are also starting to see more collaborative efforts amongst creatives for mutual support and pooling of resources.

Case studies demonstrating the potential of some of these trends are presented in Annexure A.

3.3. Recommendations to Increase Investment Readiness for SA CCI

The InsightsOut Africa poll found that less than half (46.15%) of creatives surveyed have accessed grant funding for their creative businesses. More concerning is that only 17.95% have accessed investment financing – of that group, the majority had accessed equity investment (71.43%), and some (28.57%) had accessed loan financing. This clearly points to a need for improved knowledge of funding and investment opportunities in the SA CCI, as well as capacity building to facilitate access to these opportunities.

While funding is a valuable support for the CCI, creatives should also assess whether they actually need funding or if what they really need is market access and customers, and learn the appropriate business strategies and language.

SACII exists because I've never pursued only arts related funding, and I've always articulated the sector (and what we do, and creative industries, and arts and culture) in a language that non arts and culture people in the business space could understand. And that is how I got investment for SACII. I had to change my thinking from "I'm looking for funding" to "I'm looking for clients and work, I've got a value proposition. I've got a target market." And I started building our sales pipeline, and I did all those things. But everything from enterprise supplier development type funding to grant funding – when and if you can get it – is also great, because it's soft money, you don't have to pay it back. - Beth Arendse

Important recommendations for the CCI to improve application and proposal success rates (from all stakeholders consulted) include developing a clear, succinct vision and value or unique selling point; learning how to promote and present oneself, the business and one's ideas; improve proposal writing and elevator pitch skills; prioritise planning and setting milestones; develop a clear budget, and apply in good time rather than at the last minute.

Partnerships add value to proposals – creatives are urged to consider who can support and collaborate with them, and how they can leverage these contributions to inspire confidence in other funders or investors. Being clear about the end goal and desired outcomes is vital, particularly in sponsorship relationships. When seeking business partnerships, the CCI should look for alignment and similar philosophies, values and goals, and learn to link with companies in a meaningful way. Conducting research is important to understand the business being approached to ensure they are the right fit, that there is alignment between both parties and their needs. Though many respondents spoke to these suggestions, one captured these points succinctly:

Focus proposals on how you will add value to the brand you are approaching. Know what the brand stands for, know what they invest in, and pitch around that. Clarify what business opportunity you are offering them – you need to prove that what you can bring will add value to the brand. Do your research on that company and understand what their vision, mission and purpose is, what else they are sponsoring and why, and use that knowledge to put together a business case as to how you are adding value to their business imperatives. - Kirsty Niehaus

Finally, proposals should be clear and realistic, with feasibility plainly demonstrated. For example, if an applicant has never managed budgets of over ZAR100,000.00, a ZAR1 million ask is most likely too big a leap to be successful (interview with Nerine Jeaven). Building a track record and learning to demonstrate experience and capacity to manage projects and budgets of a particular scope is important.

"Don't underestimate the impact of small, focused initiatives – bigger isn't always better, especially when you are building your experience and track record."
- Dr Erica de Greef

Over and above seeking external funding and investment, creatives should consider means of diversifying their income sources and content (cafés and shops at their premises, memberships, merchandise, renting out their space or equipment, etc.). Enhancing business skills will help creatives learn to market themselves as a brand (especially on social media) and build strategies to develop audiences and grow and access markets, especially from an e-commerce perspective.
Own investment is also important:

If you're not prepared to put skin in the game, as an artist or creative, you can't expect a corporate to just support you... they need to see that you are prepared to go the distance... to know that you're going to produce the goods that are required. - Michelle Constant

Furthermore, access to meaningful professional networks and associations, mentorship and administrative support is needed. While many creatives are administrators and managers as well, this shouldn't necessarily be the norm and expectation – arts administrators need to be developed to support and help creatives with business models, financing, etc. so they can focus on creating their art.

The Market Theatre Foundation, for example, has employed a dedicated fundraiser who actively searches for opportunities, subscribes to platforms to receive alerts for funding calls worldwide, finds leads with support from the broader team, and finds sponsors to cover support services towards creating a package or experience (focus group workshop participant Tshiamo Mokgadi).

It is vital for NPOs to ensure that their NPO or public benefit organisation (PBO) status is in order so they can issue sponsors/funders/donors with Section 18A certificates (enabling donors to obtain a limited tax deduction, generally speaking of up to 10% of their taxable income in a tax year, in respect of the total donations made to such approved organisations) – this will help improve their investment readiness and incentivise support(interview with Jessica Denyschen).

The CCI also need to consider the value of formalising their operations and registering as an NPO or an MSME. This is a requirement for most of the available financing and investment, and to access opportunities within the private sector in relation to B-BBEE. While there currently is no specific B-BBEE incentive for the CCI, the sector can tap into opportunities within corporates to contribute to skills development, preferential procurement, enterprise development, and socio-economic development. Linked to formalising operations is the recommendation for creatives to build robust organisations with appropriate policies, procedures, financial and other controls or systems, active organisational bank accounts, and M&E in place. At the least, if they are operation as individuals, creatives take their work seriously by treating it as a career, producing high quality work, delivering on time, managing expectations, communicating openly and timeously, being professional, ensuring checks and balances are in place to be able to account to funders/investors, and educating themselves on why compliance and paying taxes are important and how to do so.

A critical aspect in managing one's art practice is governance. As an artist, do you have the relevant contracts in place that manage your relationships with, for example, galleries, commissioned works, exhibitions, residencies? These contracts become essential in governing the relationship, ensuring all parties remain accountable, while helping to manage expectations.
- Dr Paul Bayliss

On the note of registered CCI organisations, a substantial 85% of creatives surveyed through the InsightsOut Africa poll had registered their businesses. Most respondents were private companies, and several non-profit companies (NPCs) and non-governmental organisations (NGOs). Those who weren't registered cited lack of funds (66.67%) and not knowing how to register (16.67%) as the reasons for operating informally, and another 16.67% indicated they were in the process of registering. While this seems positive, the broad reality in the sector is that there remain a vast number of individual and informal operators, and they are excluded from many key funding and investment opportunities.

While a central listing of who funds what in the sector would be beneficial to support the CCI, such a comprehensive and up to date list does not currently exist and would require substantial resources to maintain. Creatives need to take initiative in seeking guidance on and learning what funding sources and opportunities exist, as well as how to qualify and apply for them.

There is also a need for research and M&E, and skills development in these areas. Research is vital to understand policies and the language that government and the private sector are speaking, as well as to advocate for the potential of the CCI. Research helps creatives understand corporates and what they are looking for in terms of their investments and how to meet those needs – different companies have different strategies, even those who play in the same creative spaces, and brand strategy plays a critical role in sponsorship decision making and selection criteria. Aside from the value of M&E for CCI development and quality improvement, it is also valuable in driving investment. Investors often struggle to get accurate numbers out of their investees and many creatives don't have the skills or capacity to provide that level of data – growing M&E skills and data is imperative to meet investor requirements and advocate for the potential and impact of CCI work. Even if CCI practitioners and organisations do not have the capacity to conduct in-depth research of their own, they can contribute by responding to surveys, contributing to researchers gathering data, and connecting with one another and sharing resources to build the body of knowledge in the sector.

Risk assessment and scenario planning is imperative for the CCI but not frequently implemented. This allows the sector to anticipate different scenarios and be prepared for them.

Awareness and engagement with budget votes, financial and retail sector indicators of consumer distress and the like are helpful in risk and scenario planning, and they impact freelancers in the sector, as well as CCI audiences/markets.

This kind of engagement helps CCI organisations become more agile and sustainable, which can positively impact how they interact with funders and investors, and motivate their suitability for investment.

CCI practitioners need to be aware that government is required to have public consultations; however, at municipal level in particular, the sector is not particularly engaged in these consultations. Government engagement is further hampered by the fact that the CCI are not as structured as other sectors that have federations, unions, etc. – this means government has to engage with many different stakeholders rather than a single one or a small group representing the broader sector. As such, it is important for the CCI to consider means of formalisation and ensure they are engaged in government consultations to ensure the public sector knows what the CCI need to improve delivery.

Collaborating with other creative organisations with similar mandates and programmes can broaden impact and stretch funding further. An example is the collaboration between ASSITEJ SA (the SA branch of the International Association of Theatre for Children and Young People) and the Market Theatre Foundation, Sibikwa Arts Centre and National Children's Theatre for the International Cradle of Creativity Festival, which enabled ASSITEJ to negotiate venues, staffing and technical costs that were critical to running the festival. Furthermore, one of ASSITEJ's previous funders encouraged and facilitated collaborations between its beneficiaries where it made sense to do so (focus group workshop participant Alison Polley-Green). Another benefit of collaboration is that it allows CCI organisations to access funding they may not otherwise have been able to secure; many of them are micro-enterprises with limited tender opportunities or limited track records (focus group workshop participant Mariapaola McGurk.

However, by partnering with larger and more established organisations, and with individuals or organisations that bring skills they might be lacking, CCI organisations can access these opportunities and grow their experience and track records.

There are opportunities for the CCI in crowdfunding and subscription platforms (e.g. Patreon), however, they come with challenges and can be resource intensive. Crowdfunding campaigns can be successful but are not a sustainable source of funding the CCI can rely on or roll-out regularly. This is mainly due to supporter fatigue and the continued undervaluing of the arts amongst the general SA public – people seldom see the value in supporting the arts, particularly when so much content is available for free. Crowdfunding tends to be more appropriate for once-off projects as opposed to long-term or continued crowdfunding initiatives. More sustained initiatives like subscription platforms require a lot of resources to be successful. For example, Patreon needs quality content that people will be willing to pay for, which is resource heavy to provide and produce – where those kinds of human and production resources are available platforms like this can offer potential as an ongoing form of income.

There also seems to be a proliferation of charity auctions. While these have been successful, particularly in response to supporting artists through COVID-19, for example, they also face challenges in that the artwork auctioned tends to be donated, and it becomes problematic to continually ask artists to donate work to support organisations/causes, particularly when those organisations are mandated or aim to support artists and enable them to make a living out of their creative work – there is a feeling that this is becoming exploitative rather than supportive.

3.4. Recommendations to Increase South Africa Investment Readiness for CCI

Research and improved understanding of the CCI and the challenges, needs and opportunities available for investment therein are needed, also to help align these to strategic goals.

My advice would be to have a very clear strategy as to why you're investing – it should be linked to your purpose or to something that makes you unique – and then to be very strict and focused on what you do. Rather do one thing with impact than lots of little things. Choose one thing that speaks to your brand, speaks to who you are as a company, and you can make a meaningful difference in. - Kirsty Niehaus

Understanding the landscape, engaging with the CCI, and keeping up to date with trends can help investors identify why they want to engage in the CCI, what they want to achieve through that engagement, what their niche and focus could be, and how to make a lasting impact. Finding a connector who knows the sector and can guide them would be valuable – BASA is one such connector, though other organisations and individuals could also fill such a role. Once the strategy has been determined, investors are advised to communicate clearly what they are looking for and intend to achieve, as well as what they are not interested in, and who qualifies and who is excluded.

Several investors emphasised that sponsorship cannot simply be about handing money over, but bringing the strengths of each party to the table and engaging meaningfully. Helping develop the sponsee, their skills, talent and business knowledge will yield a longer-term value for both parties (interview with Kirsty Niehaus).

"Don't just throw money at it and expect it to do things for you. You've got to engage with it. You've got to include it in your communication stream, somehow. You've got to be involved with them. You've got to enable them to create whatever it is that you've partnered with them to create. It's a partnership that needs to be meaningful, otherwise don't indulge in it. Stop looking at only the numbers – it's a human investment, a collaboration, a partnership. "- Nikki Belford

Particularly for private sector investors who already recognise the value in engaging the CCI, it is important to advocate widely and grow "champions" to spread this understanding and contribute to the CCI investment landscape (focus group workshop participant Michelle Constant).

Beyond traditional investment and sponsorship, there are opportunities to support the CCI in a transactional way – artists and creators are vital contributors aiding the private sector in going to market, for example, creating advertising campaigns, writing stories and providing copywriting services, acting in and directing adverts, etc. There are many spaces in marketing and communications that integrate creatives which businesses can consider engaging from a product or service perspective (focus group workshop participant Desiree Pooe).

The need for the CCI to engage with the CAB is clear, but investors also need to engage to ensure it adequately protects their interests and supports rather than hinders the CCI.

For private sector investment, particularly from a marketing sponsorship perspective, it is important for businesses to remember that their target audience consists of multidimensional human beings. Finding means of being relatable to them through passion points and common interests is imperative – understanding how clients spend their time and what they like, and contributing to and funding the things that are important to them helps attract their attention and makes a business relevant to them. Research on ROI or return on objective (ROO) is needed to identify these opportunities and demonstrate impact. Being socially aware and learning the interests of customers helps companies develop balanced portfolios.

The CCI are growing and generally have very committed and loyal consumers and creators – this can be maximised to develop "brand love" and a unique niche that makes a positive impact on the landscape. Companies should consider long-term strategy and be creative in their CCI engagement – there are too many opportunities for brands to limit themselves to sport or the most popular music genres.
For example, Standard Bank's support of the National Arts Festival (NAF) contributes to keeping the bank's hometown alive, and Standard Bank and NAF can measure that socio-economic impact and use it to motivate the board to continue the support (focus group workshop participant Desiree Pooe).

3.5. Recommendations to E nhance the Role of Government in SA CCI Investment

There is a need for greater interdepartmental cooperation and communication coordination between DSAC and other ministries such as DBSD who run programmes to help small businesses become business-ready and compliant would be valuable. Government should also look more to PPPs to enhance support for the sector, especially where government's financial support is limited – collaborations with CSI or corporate social responsibility (CSR) programmes and Chambers of Commerce can inject additional funding, and there is potential to collaborate with economic development agencies and avail funding to the creative industries through economic development departments and initiatives.

Government needs to better support and enable initiatives that take SA goods to international markets, and contribute to sustainable small business development and helping creatives grow and expand their skills. This should be done from a local level, so they are better able to engage and access resources at national level as they progress. This could be achieved by facilitating collaborations with international markets on behalf of the SA CCI and opening those opportunities. Brand SA and SAT could better represent and showcase SA's CCI and SA as a destination, and market South African creativity to encourage the purchasing of local products.

Considering policy and the context in SA, if something like a universal basic income could be provided to artists, that could have a substantial impact and would require engagement on political and policy level (focus group workshop participant Michelle Constant).

Local research is vital to provide an accurate landscape of the CCI on the ground to inform policies and funding models for the sector, because the landscape in townships and rural areas is very different from metropolitan areas. More needs to be done in this regard. As noted in the barriers section, artists at grassroots and survivalist levels struggle to meet compliance requirements for government funding which excludes them from accessing it – there is a need to make provision for different levels of creatives and experience, and provide rich skills development to those in underserved areas. Local government supports the CCI by offering workshops, employing creatives in their events and initiatives, encouraging them to register their ventures and apply for funding and investment, helping them understand and meet compliance requirements, and helping them to apply for funding opportunities. This kind of support is vital, and more is needed. A growing emphasis on incubator programmes to upskill creatives, rather than only providing funding, helps ensure they are equipped to responsibly and effectively spend those funds. Local government could assist by providing facilities to host incubator programmes and set up and develop more knowledge centres where creatives can access technological equipment, internet, etc (focus group workshop participant Hannelie Swart).

There is a sense that different tiers of government funding are needed for the CCI, which need to be better spread across different government levels. For example, local government could focus on emerging artists who need more developmental support so national government could focus on those more established.

A model that is working well for local government is twin city agreements that build networks and facilitate exchange, collaboration and peer learning (focus group workshop participant Hannelie Swart) – these can help develop the CCI and continental and international markets. CCI leadership, particularly at government level, need to improve their strategies and thinking around CCI investment and sustainability – more innovative systems thinking approaches and collaboration are needed for the market to grow, and this involves more than simply providing funding (focus group workshop participant Mariapaola McGurk). For example:

"When multinationals come into SA, government should think more strategically and insist that, in order to access this market share, they must invest in local products, productions, and organisations. For example, investing in craft incubation centres, setting up content development hubs, and funding them for a set period, to build a pipeline for the industry. This is possible via B-BBEE equity deals and investments if the government thinks strategically for our sector." - Beth Arendse

4. Shaping the Future: Considerations for CCI Investment in SA

Based on 2023/24 InsightsOut Africa research (comprising an online poll, interviews and focus group workshops) several considerations shaping future investment in the South African CCI have been identified.

4.1. Perspective of CCI

There remains a reliance on grant and government funding in the CCI, which is vital to the sector's growth and success, but needs to be considered alongside a diversity of funding, investment and income sources for the sector to experience sustainable growth. Despite recognising a need to diversify in this regard, most creatives surveyed in the poll indicated a preference for grants (89.74%) and government funding (84.62%) to finance their creative businesses and projects, with only 30.77% expressing a preference for equity investment. Other notable preferences identified included corporate sponsorship, and a blended funding model comprising both loan and grant funding. Further emphasising this preference was the suggestion by the majority of creatives surveyed (53.85%) that government should have the primary responsibility of financing and investing in the CCI in Africa. There was also substantial responsibility placed on the private sector to invest, with 38.46% of respondents believing business should take the lead on financing the CCI, as well as donor organisations, noted by 20.51% of respondents. However, there is a growing shift in CCI thinking around asking less for donor support and becoming more secure in the value and products or services offered by the CCI, particularly when approaching the private sector for support and investment. Many CCI practitioners are starting to see the private sector more as a client than a sponsor or donor. SACII is one example of an organisation focusing strongly on diversifying its income, and it is doing so in several ways:

There's an incubation model, where the incubator takes equity in some of the businesses they incubate – it takes time to bear those fruits. We are commercialising some of our incubation programmes, like the VFX (visual effects) programme. That online system can now be licensed for other applications in other industries, and allows us to roll out a paid version of the training across Africa online in 12 months. Then our e-commerce platform – selling incubatee products at a retail markup – means the creator makes sales, but the platform also gets a cut. We're also working towards setting up a venture capital fund that's fit for purpose for the CCI. Impact investments are something we can attract into the CCI space, and the CCI need to explore ownership models. - Beth Arendse

In thinking about creative work and seeking investment, the CCI should consider the state of the world. For example, artists can (and do) respond to things like climate change, wars, etc. and there are opportunities here for the arts and businesses to meaningfully engage and make an impact (interview with Mirna Wessels).

4.2. Perspective of CCI Investors and Donors

Data is critical for the private sector to inform investment decisions and identify the impact and value of those investments. From focus groups and interviews, it seems private sector investors are beginning to realise the importance of measuring investment value beyond financial metrics. For example, Standard Bank's support for young artists has "led to their global success, demonstrating the impact of valuing and investing in the creative sectors beyond financial returns" (focus group workshop participant Desiree Pooe). It was also noted that if investment isn't made in reporting, as a line item, it will be challenging to get accurate reports from beneficiaries and investees (interview with Luana Malan).

The CCI and their investors need to be cognisant of the landscape and challenges in the country. Government cannot be expected to solve the problems alone – if business can come to the party and contribute, they should, and the CCI can play a role in environmental, social and governance (ESG) considerations, potentially "serving as a vehicle for retelling stories and promoting sustainability" (focus group workshop participant Michelle Constant). This is likely to open up vital opportunities for the CCI going forward because, although many businesses understand the value of investing in the CCI, given global geopolitics and socioeconomics, things are not looking particularly positive over the next few years, so when it comes to corporate citizenship, most businesses are looking at things like education, food security, health, etc., and the creative industries need to think about how to diversify and clearly demonstrate and argue their value (also to other sectors) to maintain and build that understanding and continue to access corporate support, particularly in cases where a senior "art champion" is absent in the company (focus group workshop participant Michelle Constant).

Advocacy is needed to educate funders and audiences alike on the importance of the CCI to shift appreciation for the arts and entrench it in society. It is not a luxury, but can contribute to cultural identity, wellbeing, livelihoods, sustainable development, etc. From a sponsorship perspective, it is important to build mutual understanding between the arts and business and make them more accessible to each other.

Related to this point on expanding CCI engagement, a concern raised was an ingrained and pervasive entitlement culture in the CCI. Private investors have identified a common expectation on the part of CCI players that they should first receive funding before acting and implementing their work – this needs to shift, but will take time. Business is starting to see that the CCI can be profitable and sustainable, but creatives need to take this on and are encouraged to start by offering a service to demonstrate what they have to offer and build a track record and trust – by doing this, clients, funding and investment will come more easily. There is a huge need for funding in the CCI, but practitioners and creatives cannot wait for the funding to come to them and expect to be successful – they need to take initiative, and diversify their income sources.

The funding landscape is competitive and shrinking, that's why we've got to think about sustainability creatively. We've got to get away from over-reliance on funders, because that's not sustainable in the long term. - Bailey Corder

A need for multi-sector partnerships was identified, and the importance of having those conversations with all the players in the room was noted to ensure all parties' needs are met.

"There needs to be greater emphasis on public-private partnerships and collaborative initiatives in the art sector. Legislation provides opportunities for civil society and business to partner with government. Private sector can play an invaluable role, through collaborative initiatives, in creating opportunities for artists. Shared experiences and dialogues create opportunities for learning and improvement. "- Dr Paul Bayliss

Digital art is a growing field in the CCI, and investors need to build their understanding of the possibilities available in this arena and what it entails to maximise on those opportunities.

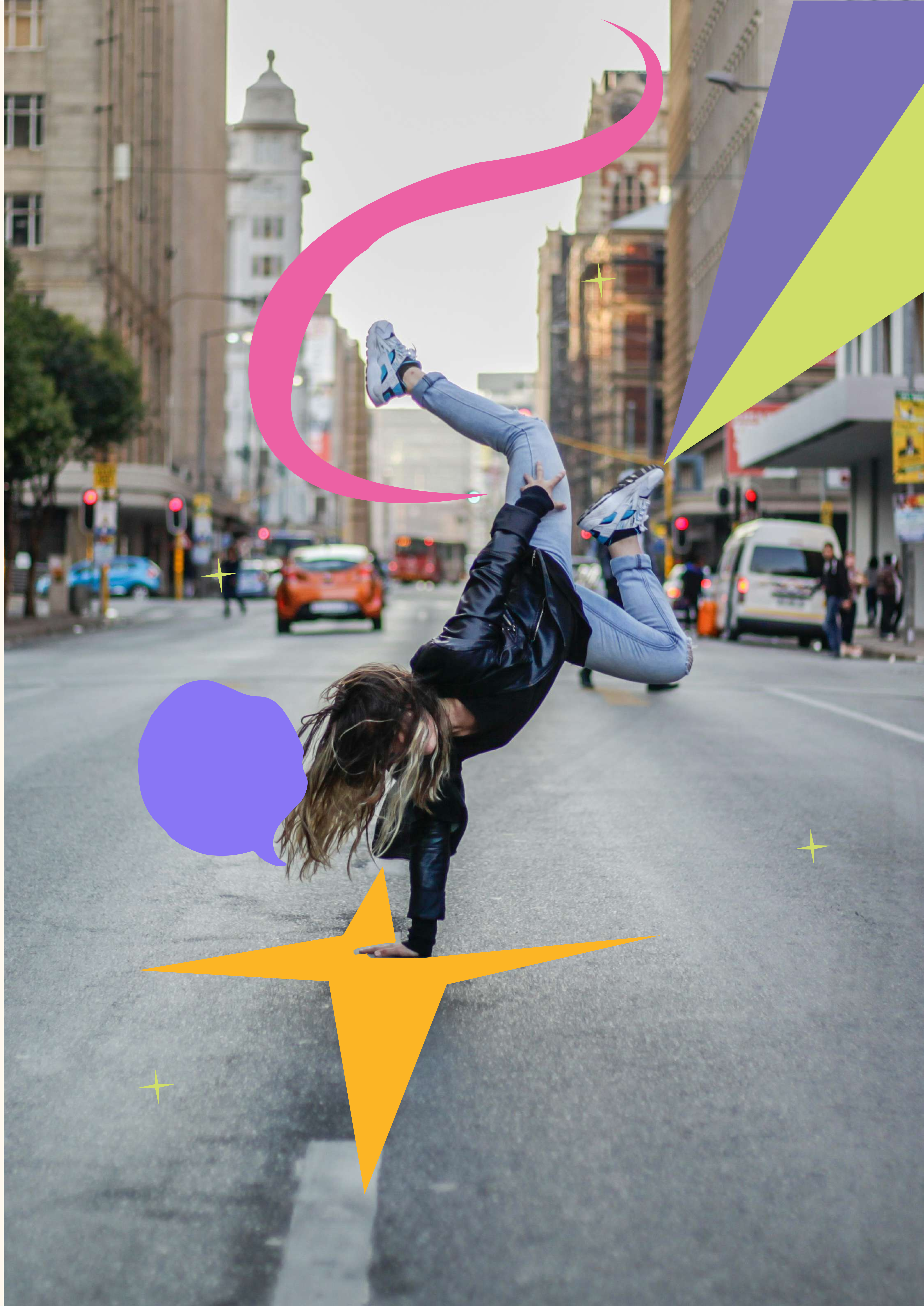
When it comes to private sector investment, historically the focus has been strongly on businesses that could turn a profit; however, more attention is now being placed on investing in women-owned businesses specifically. Additionally, CCI financing is generally more accessible to better established, market competent businesses, and more needs to be done to develop effective financing instruments that are correctly scaled and accessible for smaller, newer initiatives to support MSMEs, newcomers and small projects(interview with Joseph Gaylard).

Private sector investors and foreign funders noted a need for the CCI to actively participate in conversations around the African Free Trade Area (AFTA) – currently the CCI don't seem to be much engaged, which could result in losing valuable opportunities for trade, exchange and collaboration on the continent.

"The CCI need more financial instruments that support the mobility of people, ideas and projects transnationally, contributing to SA being more integrated into a regional economy. Not only presenting South African work elsewhere, but also supporting work coming into the country from the rest of the continent. Opportunities the African Free Trade Area opens in that regard should be explored." - Joseph Gaylard

Non-monetary interventions are valuable in supporting and growing the CCI. For example, MTN SA has a staff volunteerism programme where staff, from executives to interns, invest their time and expertise into projects.

In response to concerns about the level of literacy required for proposals and applications, some creatives would fare better pitching or interviewing for funding in-person or one video – opening such avenues would contribute to inclusion and more diverse beneficiaries for funders (interview with Dr Erica de Greef).



4.3. Perspective of Government

An important consideration when it comes to government funding imperatives, is that the state is prioritising the marginalised to facilitate access and has a responsibility to ensure diversity in its funding and support of the CCI. Government and government entities have targets for reaching underserved provinces, as well as prioritising projects led by, employing and targeting marginalised groups (including women, youth, people living with disability and the LGBTQI+ community).

Government stakeholders demonstrated an awareness that more collaboration is needed, both in terms of intergovernmental collaboration (for example, DSAC collaborating with Education Departments to better support arts education in schools, or with SAT to maximise those opportunities for the creative sector in benefitting from and contributing to tourism) and PPPs (the public purse is limited, and government relies on private sector investment to further support the CCI – such collaborations can have tremendous impact and facilitate growth and innovation). Furthermore, DSAC spoke to the need for a national funding indaba where government, its entities, foreign funders, and private funders all come together to discuss the SA CCI funding landscape and to strategise cooperatively.

The NAC identified a need for more organisational funding for the CCI, which is vital in supporting and developing creative organisations and their progression – providing a level of operation funding allows organisations to plan their work and artistic programme for three years and provide stable employment for artists, technicians and administrators for that period (focus group workshop participant Julie Diphofa). This is a strategic area of funding which has tremendous impact on the sector.

As much as there is a need for financial support, there is also substantial need for nonfinancial support to develop skills and knowledge in administration, marketing, M&E, finance, copyright and IP, and compliance within the CCI, and this should be recognised and valued by the sector. Such support can contribute to minimising grant reliance and helping creatives diversify their funding sources and generate income. Another avenue for consideration around corporate opportunities which the CCI could explore and maximise is product placement.
An investment avenue the NFVF is seeing more of is content creators selling their work to streaming services, which gives them exposure and international coverage; however, this means they no longer own the IP rights to their work (interview with Botse Matlala). More education on IP and monetising that would be beneficial.

Government and government entities recognise the need for research to inform and attract investment, and the importance of access to information, which appears to be translating into more support for and commissioning of research; for example, DSAC's formation of SACO, and research being a core function of the NFVF (which is used to inform its funding strategy, measure its work and track its beneficiaries, measure SA's audio-visual performance, establish industry needs, inform the industry and integral topics, and for lobbying).

"The industry can only thrive and grow on the backdrop of statistics, but stakeholder fatigue and lack of responsiveness in research is challenging. People are tired of participating in research that doesn't result in implementation, so using the research to inform strategy that is actioned, and to lobby for policy changes, is vital. "- Botse Matlala

Additionally, DSAC noted the importance of ensuring such existing research is built on, rather than duplicated, by CCI stakeholders, and that more transparency and communication is needed between public, private and foreign bodies in this regard. The WC DCAS (interview with Carol van Wyk) has started engaging an interesting approach to collaboration and sector support: pursuing an "integrated service delivery model" where existing museums, archives, libraries and community arts centres (which are spread across the province, and indeed the country) assist the department in providing community services in a collaborative, cooperative manner. The national CAC initiative ensures that each community has an accessible centre, so instead of building new infrastructure, making use of existing infrastructure like CACs and other cultural spaces has the potential to decrease operational costs, as well as cultivate volunteerism, community involvement and ownership, and drive economic hubs within local communities. Involving local businesses and garnering their support is also key. Through these hubs or cultural knowledge centres, a platform is created for community points of access

5. Conclusion

SA's CCI contribute a substantial amount to the country's GDP, trade and employment. SA has a strong policy environment for the CCI, with DSAC being the primary custodian for policy at national level, supported by several other government departments and agencies responsible for the development of different elements of the CCI.

Guided by these policies and stakeholders, and contributing to a relatively supportive environment for CCI growth, many investment initiatives exist in the country which fund and develop the CCI, either directly or indirectly (including the NAC, NFVF, DSAC's MGE, DSAC and NEF's Arts and Culture Venture Capital Fund, BASA and its Supporting Grant programme, NLC, PESP, ACT, IDC, and local/provincial government funding), alongside various investment readiness initiatives (such as BASA and DSAC's Debut Programme, ACT's Thuthukisani and Building Blocks Programmes, SACII, Création Africa), some of which provide funding or investment alongside capacity building.

SA has arguably the most developed policy framework and largest pool of public finance for the CCI on the continent; however, it is not without its challenges.

SACO has produced a few research studies on CCI financing and investment in SA (covering availability of funding, private sector support, role of venture capital, and evaluation of public funding), as well as economic mapping studies. BASA has also tracked corporate sponsorship through its Supporting Grant data and bi-annual ArtsTrack research. The data shows that SA's CCI have significant public funding, and attracted funding from several public and private sources. Specific data regarding private funding is comparatively limited or not easily accessible, and corporate funding tends to require clear and measurable ROI, even from CSI budgets. CCI funding needs to be diversified to reduce dependency on government funding, and an important, but under leveraged, mechanism of private sector support is PPPs. Creatives and organisations also need to be equipped to attract private funding, and to become more entrepreneurial and find means of creating income in addition to seeking funding and investment.

Venture capital efforts for the CCI have gained in prominence with the shift towards developing the "cultural economy" and "cultural industry," which denote a focus on the economic aspects of the sector, though as a sector the CCI remain less appealing for venture capital investments compared to other sectors and it is difficult for creative businesses to access this type of investment. Other funding sources identified include crowdfunding and trademarks. The CCI are largely comprised of MSME or individual, informal operators, making it difficult for them to access many lending instruments used by financial services providers, as those tend to be more suitable for large enterprises. More research and an M&E system to track CCI investment would be valuable.

This 2023/24 InsightsOut Africa study identified various barriers that slow down, limit, or hold back investment in SA's CCI:

- Inaccessibility of funds
- Limited access to the right type of funding
- Lack of available data and knowledge around the CCI
- Lack of information on where to access financing
- Poor business, administration and management skills of the CCI, particularly financial acumen
- Low literacy levels or ability to effectively articulate oneself in written proposals
- Language and geographic barriers
- Limited CCI organisational capacity to seek and attract financing
- Lack of CCI policy, incentives and support infrastructure
- Onerous application and reporting processes and requirements for available financing
- Extensive or impractical application and compliance requirements for funding access
- Limited access to start-up and operational funding
- Unclear financing parameters
- Lacking research and M&E skills and resources on the part of the CCI
- Limited strategic thinking on sustainable means of growing the CCI
- Low levels of business-mindedness and entrepreneurial thinking in the CCI
- Limited opportunities for CCI practitioners to engage the private sector
- Entitlement mentality prevalent in the CCI
- Competition and silo mentality
- Lack of industry "watchdogs"
- Undeveloped ecosystem and market access
- Limited skills in and access to technology
- Insufficient public funding and capacity to meet CCI demand
- Ineffective provincial cultural commissions
- Poor state of SA's economy decreasing available funding and investment
- One-size-fits-all policy framework does not adequately respond to the inequality in SA
- Lack of tax incentives specifically for the CCI
- Unsustainable dependence on grant funding
- CCI networks are seen to be largely ineffective, and creatives are resistant to joining certain collective bodies and having others represent them
- Lack of IP literacy
- Limited understanding of the value of the CCI

Despite these challenges and barriers, opportunities for CCI investment exist, which have been successful to varying degrees. Government policy and strategic investment in the CCI have been largely successful in facilitating grant funding, skills development and scholarships, access to information, generation of data, measures to attract investment, measures to protect IP, and measures to create a conducive business environment. Efforts have also been made to link the CCI to economic imperatives and SDGs, as well as social cohesion and nation building, which help to drive CCI investment. However, far more is needed to protect IP in the CCI, particularly considering rapid technological advances, and diversification of funding and sources of income is needed.

A variety of private investment is available, ranging from self-investment and collaboration or bartering on the part of creatives, to private funds/foundations/trusts, sponsorships, and donations, to transactional engagements (sale of products and services), and in-kind support. However, much of this private funding is short-term project-based funding, which is unsustainable in the long-term. Incubation programmes and entrepreneurial development are vital opportunities when it comes to private sector support that have substantial impact and need further development. Loans and venture capital from banks, financial services providers, and the NEF are available, but largely inaccessible to the CCI. There is also targeted sector financing, most commonly for the audio-visual sector. More PPPs are needed to support government's efforts to develop the CCI and drive private investment.

Several international development bodies, foreign embassies and international philanthropic foundations are active in SA (e.g. Alliance française, British Council, GIZ, Goethe-Institut, IFAS, Pro Helvetia, UNESCO, Ford Foundation, and Open Society Foundations), supporting the CCI with grants, mobility and exchange, skills and infrastructure development, and contributing to job creation.

Many recommendations have been made to enhance these financing and investment opportunities and enhance investment readiness and accessibility:

For the CCIs:

- Improve knowledge and accessibility of information around funding and investment opportunities, and take greater initiative in seeking out these opportunities.
- Build capacity and skills to facilitate access to and readiness for these opportunities, as well as to enhance business and entrepreneurial skills to diversify income sources and facilitate access to markets. This includes proposal and pitching skills, implementation and organisational management skills, and stakeholder relationship and reporting skills.
- Engage in aligned and mutually beneficial partnerships with investors and fellow creatives to attract further financing and enhance reputation and impact.
- Improve and implement research and M&E skills to identify appropriate opportunities and partnerships, motivate for realistic investment, and demonstrate capacity and ROI.
- Engage with meaningful professional networks and associations, and seek mentorship and/or administrative support as needed.
- Formalise operations and ensure compliance by registering a legal entity and, if an NPO, securing PBO status to ensure donors can access tax deductions (incentivising support). Build robust, accountable organisations with operational bank accounts in the organisation's name.
- If operating as an individual, strive for professional practice and accountability.
- Remain tax compliant.
- Engage in risk assessments and scenario planning to improve agility and responsiveness, as well as government consultations to ensure the sector's interests are met.

For investors:

- Conduct research and grow an understanding of the CCI landscape, and the trends, challenges, needs and opportunities therein. Use this knowledge to inform investment strategies and goals, and ensure these are clearly communicated and accessible to target investees or beneficiaries.
- Engage in aligned and mutually beneficial partnerships with investees and remember the human and collaborative element (both when it comes to the partner, and the target audience – build relationships and social awareness)
- Advocate widely for the CCI and their value and help to grow "champions" – this will enhance the overall CCI investment landscape and grow the sector, for the benefit of all parties.
- Consider the CCI not only as beneficiaries, but also as service providers.
- Be creative in CCI engagements and consider long-term strategies for impact.

For enhancing the role of government:

- Improve interdepartmental cooperation and communication, and explore collaborations with the private sector, foreign investors and development agencies to avail more funding to the CCI.
- Better support and enable market access and skills development or capacity building initiatives, and explore the role of SAT and Brand SA in marketing the CCI.
- Continue and expand on research efforts to enhance sector knowledge and inform policies and funding models.
- Improve the spread of funding and support across different tiers of government and maximise the capacity and initiatives of local and provincial governments.
- Invest in more innovative, collaborative and systems thinking approaches to improve strategies and contribute to the sustainability of the CCI.

Considerations for shaping the future of CCI investment in SA include diversifying funding and income sources (and other in-kind means of support); cooperating with all CCI stakeholders and developing multi-sector partnerships to shift thinking and discussions around growth and investment strategies; maximising opportunities for the CCI and their collaborations to make a meaningful impact on national and global issues; maximising opportunities for trade, exchange, and collaboration on the continent; investing in research and knowledge production and leveraging that data to demonstrate impact and for advocacy; building mutual understanding between creative and private sectors; taking initiative; developing effective financing instruments for the CCI (particularly MSMEs and newcomers); and improving accessibility of financing and investment opportunities and enhancing inclusion.

Annexure A: Case Studies

Arts and Culture Trust (ACT)

ACT has been actively serving the arts and culture sector in all nine provinces of SA for 30 years. In 1994, the newly established Ministry of Arts, Culture, Science and Technology (now DSAC) responded to an invitation from Nedcor Bank and Sun International to set up a body for arts and culture, like the Sports and Green Trusts which had been established earlier. In this way, the first three Founding Trustees came together to secure financial and other resources for arts and culture, and to project the needs and role of the sector into the public domain.

Each of the Founding Trustees contributed ZAR1 million, which was invested in a Trust Fund to ensure sustainability and to minimise dependence on annual grants. At the same time, a Board of Trustees, made up of leading art practitioners and administrators, was established, tasked to implement the funding policies, evaluate projects, and decide on funding allocations. Former President Nelson Mandela endorsed the initiative and agreed to serve as the Patron-in-Chief of ACT, hence it came to be called the Arts and Culture Trust of the President during his term of office (1994-1999). During the first five years, two further Founding Trustees – the Embassy of the Kingdom of the Netherlands and Vodacom – joined ACT and contributed to the Trust endowment. Thus, the partnership between the private sector, government and local cultural community was extended to include international cooperation.

ACT now functions completely independent of government as a registered NPO. Most of its support comes from the private sector and ACT's investment portfolio, and the organisation is an influencer in the sector, with a reputation that lends credibility to the initiatives and organisations it becomes involved with.

Over the last few years, ACT has changed its strategy towards servicing the CCI dramatically, evolving from a traditional grant-making approach to investing in the advancement of the arts and creatives sector. To this end, the organisation focuses on development and capacity building through professional training, mentorships and scholarships, as well as soft investments in the CCI through the support of entrepreneurial activity. ACT's goal is to be the custodian of the arts in SA, representing the arts industry and their interests by empowering and strengthening partnership networks across communities and thus contributing to the sustainability of the arts.

ACT's achievements over 3 decades of operation are extensive:

- 20,000 beneficiaries have been reached through 800 projects funded to the value of ZAR44,832,593 through the Development Grants and Thuthukisani Programme.
- 50 bursaries and 32 scholarships have been issued nationally through the ACT | DALRO | Nedbank Scholarships Programme and Nyoloha undergraduate Scholarship Programme.
- 500 practitioners have been trained in arts management through the Building Blocks Programme.
- 150 individuals and groups have been acknowledged through the ACT Awards.
- Various resources and research have been availed to the CCI and promoted via the Tlholo Resources Page and Arts and Culture Research Unit (ACRU).
- ACT's support has resulted in the development of numerous new South African plays, publications and artworks; support of thousands of artists' livelihoods; development of new skills in both adults and children, there by increasing employability; growth and development of fledgling organisations – in some cases, from one-person initiatives to an organisation; leveraging of other funding stemming from ACT's support as an endorsement of the recipient's work and having good financial systems in place; development enhancing recipients' ability to network with other partners and create synergies that make them stronger and reduce their vulnerability; enhanced vibrancy and dynamism of the sector, both through the support of existing organisations and the support of new, interesting initiatives that might not have developed without ACT's intervention; development of materials that benefit schools, curriculum developers, libraries and other organisations; ensuring that arts and culture reach as many communities as possible, as well as bringing disparate ideas and cultures together; and enabling the creation of employment opportunities or the continuation of employment of practitioners.

Rising operational costs for scaling the value and reach possible for the Trust remains a challenge. ACT services all 9 provinces of SA, but getting key messaging and support to remote corners remains a barrier. Additionally, the sponsorship pool currently available to ACT is nowhere near that of the NAC or DSAC, but the expectation from the sector on the Trust as an NPO is the same as government - both a challenge and an opportunity. Consistently aligning with shifting corporate values and agendas can create difficulty negotiating contract extensions. One example of this is the prioritisation of the Green Economy to align with the SDGs and current deficit in the timeline globally.

Crises are seen as opportunities for cash and visibility for corporate brands. Global warming is an SDG, but arts and culture, and a focus on humanities (self-worth, culture, identity) is not. While there is a need to fix global problems, the cause of the problem (human dissonance and displacement/disconnection from the natural world and one another) is considered a "nice to have." The only way to navigate these conversations is through honesty and a firm commitment to purpose. Creativity and solution-oriented thinking allow the sector to tap into zeitgeist topics like the economy and the green economy, and how we position the arts in these narratives. We can by now adapt the arts to all the SDGs, but the core function of one of the most fundamental practices of humanity is still not considered a priority. Beyond financial support and stability, ACT has adapted to strongly leverage strategic partnerships on the ground and up, leaning into resources readily available without requiring money (e.g. space, human resources, expertise, technology, education, etc.) to build more value in all it does - most key and legacy organisations appear to have transitioned to ultra lean models. According to ACT's CEO, Jessica Denyschen, the as one would expect, but the amount biggest challenge in CCI financing is not compliance, or scale of the investment:

"Larger corporates able to affect greater change don't want to play in the half a mil, mil range – it's too much effort, it's too much admin. We don't have a lack of investors on the continent, but it's about how these ideas are put forward, and people are wanting to invest much larger amounts with higher return on investment. There's still a large gap in the narrative, and this misconception that if we train artists, and they articulate themselves properly in business, that they'll manage to do that, but that's actually not the truth - you need a whole team of really highly qualified and experienced business people, you need people to prepare for pitching, you need people to prepare the financial narrative to the angel funder or to the investor, and I don't think that those are skills that an artist can just have on the side and then expect to actually create a business that has high volume and high impact." - Jessica Denyschen

Many factors have contributed to ACT's success so far, including its Legacy Founders having built a lasting impact through their vision and commitment to the arts, and the Trust Deed which, as a guiding document, has enabled the organisation to follow a framework that continues to enforce progressive service to the sector. The Trust Endowment set up by the Founding Trustees has ensured ACT's growing operations and ability to generate additional sponsorships and partnerships in service of the sector over the last three decades. Furthermore, the stability provided by the Endowment has enabled the Trust to impact thousands of lives, offer numerous opportunities, and elevate a number of careers.

What this particular format of establishment highlights is the commitment needed to create lasting legacies and impact. More of these kinds of models could pivot the way organisations are able to serve the sector with consistency and focus. The governance of the Trust and the particular legal requirements of this form of constitution, alongside the requirements to remain compliant as an NPO and PBO, have built credibility for the brand when canvassing new partnerships.

The committed and diverse leadership and the calibre of board members of the Trust has ensured that ACT moves and adapts with the needs of the sector. It has enabled unique perspectives and directions to emerge and lead the sector to an extent. Long-term partnerships, as evidenced with Nedbank Sun International, alongside a continued focus on aligning shared values, has enabled multi-year and in some cases semi-permanent and permanent commitments to support the sector through the Trust. Finally, the ACT alumni (awards recipients and programme participants) have become a more and more crucial factor in the success of the Trust, acting as its barometer for what is happening on the ground. They become ACT's advisors, ambassadors, facilitators, and leaders.

For ACT and the broader sector to grow, consistency, commitment and innovations are key. The sector needs to be enabled to grow beyond dependency, as do the organisations who service it. Partnerships committed and aligned with long-term strategic and shared value agendas need to be at the forefront of creating stability. Comparing the arts sector to FinTech, the risk in investment is similar; the rate of success versus failure of underperformance is similar; yet investors look at FinTech as a worthy portfolio. For ACT and for key and emerging players with long-term ambitions, partners that are willing to create the kind of safety net that will allow for innovation, experimentation and adaptation are needed. Without the space for innovation, the sector cannot reach beyond the current constraints. The arts can be commercialised and the value/supply chains formalised and supported in ways that still allow for creativity to flourish as a requirement of product and service development. Multi-year commitments help a great deal, but only if a growth pathway and exit strategy is also at the forefront of the partnership. Alignment with government is crucial.

Government needs to assume the relationship of key players and facilitators in the sector as professional partnerships and not sponsorships. All stakeholders are working towards delivering the national goals, SDGs and CCI Master Plan.

The red tape and gatekeeping needs to be addressed and transparent conversations about capacity, track record, governance, accountability and the ability to scale need to be considered. A united front with trusted players will build confidence in a sector where confidence in delivery of services has tanked. Alignment with corporate SA outside of sponsorships (even multi-year sponsorship) needs to be facilitated in a way where crucial players have a form of accreditation or verification in delivering CSI and other initiatives aligned with the corporate agenda, for example, in offering art scholarships, large institutions such as the SA Reserve Bank can mandate work out to organisations such as ACT. Another example might be for the NAC to mandate ACT to deliver on or collaborate on the Bursary Programme, since both already run programmes in this vein. A last example would be tax breaks for scholarships facilitated by experts who understand how to leverage to scale considering the heavy initial investment, risk and ROI. In the visual arts, for example, this is viewed as a highly regarded returns portfolio globally.

The immense pool of talent and creativity is undeniable, and opportunities for investment/funding in the CCI include social impact investing and support in building social venture models that include dual/multipurpose businesses - these need to be set up with the correct support and growth pathways. Artists cannot be expected to scale only through access to market. The kinds of teams, expertise and capacity needed to really grow needle shifting businesses should be a focus. Alignment with investment organisations/clusters and the scientific approach of business is just as relevant to arts and culture as it is to agriculture, manufacturing and FinTech. The role of government, donors and investors can be enhanced by working more intentionally with established organisations and networks to assist in the Constitutional Agenda nationally; investing in multi-year strategic ventures; offering longer internships/incubation; developing stronger links to policy for corporate and international players benefitting from the sector; recognising arts and culture as an SDG; and recognising and verifying key organisations to unlock corporate and state level support more efficiently.

Business and Arts South Africa NPC (BASA)

BASA was founded in 1997 as a joint initiative between government and the private sector, as part of a strategy to secure greater involvement in the arts from businesses operating in SA. Its delisting as a Schedule 3 entity saw BASA register as a Section 21 Company, now constituted as an NPC in terms of the Companies Act. BASA is accountable to its stakeholders – the government, BASA members and the creative sector.

Mandated to champion business investment within the arts, and the cultural and heritage sector, BASA is the connector-catalyst for business and the arts, driving focused and sustained partnerships by unlocking shared value and fostering social cohesion. Its vision is to be the hub connecting creativity and enterprise, effecting social change through transformational business-arts partnerships, and its mission is to create opportunities between diverse sectors of SA to unleash the potential of the creative sector as a catalyst for partnerships and synergising shared value. BASA values:

- Collaboration (mutually beneficial relationships, teamwork, partnerships, sharing and learning)
- Innovation (exploring new ideas for a sustainable future by prioritising research, creativity and technology)
- Diversity (every voice is heard – for BASA diversity is about inclusivity, transformation and representation)
- Agility (responding creatively to the changing environment through flexibility, responsiveness and relevance)
- Integrity (BASA values ethical behaviour and conducts itself with trustworthiness, consistency and transparency).

BASA's achievements over 25+ years of operation are extensive:

- The organisation has only ever had unqualified audits during its lifespan, a testament to the organisation and Board's high standards of accountability, governance and transparency.

- It was established with three employees in 1997. Over the years, due to growth of programmes with a national and international footprint, largely driven by a strategic shift, BASA has gradually increased its staff complement to be more effective and responsive to the challenges and changing environments. During the 2022/23 year, BASA employed 17 people, ranging from permanent employees to fixed term contractors.
- Funded by an allocation from DSAC, the BASA Supporting Grant programme represents a unique funding opportunity in SA, and serves as a mechanism through which business and the arts can engage and achieve mutual benefit. Through these grants, BASA aims to equip artists and arts organisations with the tools to support an approach to a potential sponsor, and to provide such a sponsor with the wherewithal to leverage the proposed partnership and its marketing effectively. Further more, the Supporting Grants incentivise private sector sponsorship of the CCI. Through these grants, BASA has been able to amplify existing partnerships and encourage collaborators to think bigger and further through access to funding. From inception to the end of March 2023, BASA disbursed a total of ZAR46 million to 1,765 arts projects, which have in turn have leveraged more than ZAR592 million in sponsorship from business. That equates to ZAR13 million of business support for every ZAR1 million of BASA Supporting Grant funding.
- The annual BASA Awards remain the only awards ceremony that acknowledges business support of and partnerships with the arts in South Africa, have also seen growth in terms of quantity and diversity of entries, reflecting a broadening of BASA's work.
- BASA has commissioned and collected valuable research over the years, which it puts to productive use advocating for private sector investment in the CCI in SA and for mutually beneficial business-arts partnerships.
- During 2018-2023, BASA achieved an 89% success rate for its funding, partnership, sponsorship, and tender proposal/applications.
- In response to COVID-19, BASA made provision for Artist Relief Grants throughout 2020 and 2021 which enabled the consideration of applications from individual artists, freelance creatives and independent contractors in SA for once-off, short-term financial aid for COVID-19-related medical care, or to offset loss of income due to cancelled engagements resulting from the nationwide lockdown or other emergency measures. In aid of this, BASA launched a funding campaign which raised over ZAR600,000. This amount was supplemented with funds redirected from other areas of operation to provide support to 195 individual artists, with grants to the total value of ZAR1,755,117.50 paid out by the end of 2021. Over and above its own funding to artists, BASA assisted DSAC and the Gauteng Department of Sports, Arts, Culture and Recreation with disbursing relief payments of over ZAR50 million to thousands more creatives.
- BASA remains committed to expanded, innovative education programmes that seek to ensure the relevance and sustainability of the arts in society. From 2014 to end March 2023, BASA's education programmes (Basic, Dynamic, Established, DAC Debut, Scale-Up, Connecting Creative Markets, and Cultural Producers Programme) have reached over 1,630 individuals.
- An early iteration of what has now become the BASA Debut Programme was developed to mentor and upskill creative sector entrepreneurs, and several other programmes were created to support and nurture cultural practitioners. The latest Debut iteration was partnered by DSAC, Yoco and the IDC. This three-year-long programme built entrepreneurial capacity for creatives to plan, launch, market and grow their own small business, effectively combining capacity building with small-scale grant financing. Starting with 450 course participants, the programme ended in a year-long intensive Catalyst phase that effectively incubated 24 start-ups towards being viable, profitable businesses.

Over the years, BASA has faced challenges in communication, with some stakeholders lacking a clear understanding of the organisation's mandate, and a struggle to reach appropriate beneficiaries for all of its programming. These challenges are being navigated by investing in research to inform communications strategies, in a wider variety of both traditional and digital communications platforms, and in a coherent and recognisable brand identity. For example, engaging local community media (particularly local radio) and community arts centres has proven successful in expanding BASA's reach and networks in provinces outside of its home-base of Gauteng. Working with local partners and arts centres has enabled BASA to find the relevant communication platforms for specific target audiences (word of mouth, local newsletters, posters, etc.) and offer support to programme applicants and participants through provincial liaisons and ambassadors. Finally, testing WhatsApp applications in the

Debut Programme (and as a tool for programme delivery during COVID-19) demonstrated the significant potential of this platform in improving inclusion and accessibility. Another notable challenge is limited funding and relying on limited donors. The organisation is actively working on strategies to diversify its income sources to reduce reliance on limited donors for its operations, while maintaining relationships with current partners.

Many arts organisations in SA struggle to secure adequate funding, resources and support to sustain their operations and artistic projects. BASA is committed to fostering a vibrant art ecosystem and driving socio-economic development in SA by promoting collaboration and mutual growth between the arts and business sectors. The organisation has been committed to incentivising private sector investment into the CCI through its long-standing Supporting Grants Programme, and by supporting and empowering young creatives through its programmes. This is what makes BASA successful - the work the organisation does is crucial for the development of the sector and the empowerment of creatives in SA. - Aviwe Matandela

Critical to BASA's success has been its strategy, as well as its commitment to and focus on the organisation's vision, mission and values; long-term supporters and partners and ability to build, maintain and leverage diverse relationships across both public and private sectors; agility and responsiveness; ability to produce relevant research and demonstrate impact; passionate and dedicated team and board demonstrating sound leadership and good governance; and dedicated beneficiaries who serve as advocates for the organisation and its work. Greater income diversity and enhanced capacity would benefit BASA's future growth:

Despite the continued support that BASA has received over the years from both government and theprivate sector, the organisation still works with very limited resources to deliver its strategicprogrammes. And so I think that with increased resources in the form of human capital, financing and enhanced technology or systems, I truly believe that BASA would be able to do more (and moreefficiently), ultimately leading to greater impact within the sector. - Aviwe Matandela

Creative Industries Marketing Stockvel Africa (CIMS)

Co-Founded and Co-Directed by Moses D Rasekele (actor, director, drama facilitator, arts manager, and marketing strategist) and Mammatli Thakhuli-Nzuza (facilitator, storyteller, critical reflexive practitioner and arts entrepreneur), CIMS was established in response to the need for a comprehensive and inclusive audience development structure for independent art producers. It connects and supports independent art producers to build and sustain audiences through a stokvel system giving them access to space, marketing support, and a communal ticket sales strategy. This is achieved by identifying and bringing together different stakeholders to create a conducive ecosystem for the arts to flourish. By fostering strategic partnerships with community members, local businesses, municipalities, and institutions of higher learning, CIMS assists in developing local arts practitioners and contributes to arts education and participation of the broader society. Strategic partners contribute by providing in-kind support (e.g. provision of space, or marketing workshops for all stokvel participants before they embark on the stokvel) and sponsorship (e.g. sponsoring stokvel award prize money). CIMS partners include Gauteng Film Commission (GFC), Gauteng Province Department of Economic Development, D-tour, Emfuleni Local Municipality, PESP, NFVF, DSAC, and Bua Pou Pha.

Examples of CIMS work include the:

- 3-month Emfuleni Theatre Stockvel, where five (5) independent theatre producers formed a marketing network to share and maximize resources amongst themselves in 2022. Each producer contributed ZAR500.00 to the stokvel and committed to selling at least 20 tickets per production, priced at ZAR100.00 per ticket.

- 3-month Film Screening Stockvel, where six (6) independent filmmakers formed a marketing network to share and maximize resources amongst themselves to build new audiences in 2023. Each filmmaker contributed ZAR1,000.00 to the stokvel and committed to selling at least 20 tickets per screening, priced at ZAR50.00 per ticket. This stokvel was enhanced through GFC's sponsorship of the awards, announced at the last screening, which enabled the allocation of prize money based on participation in the stokvel (e.g. the producer that made the most ticket sales for their own production, the producer that made the most ticket sales for other productions, etc.) and incentivised greater commitment to and participation in the stokvel.

Through piloting the stokvel concept, the founders realised they could not be dependent on grant applications for the stokvels to run and to cover salaries for key personnel, and sought expert advice and went back to the drawing board to prioritise ways for the business to make money over and above grant funding and focus more on self-sustainability and business strategies, and explore business to business transactions, inviting organisations to form part of a stokvel. A Gauteng Community Arts Centre stokvel is being explored at present, where these centres would pay a fee to be part of the stokvel and access its benefits, forming one revenue stream for CIMS, along with audience development and ticket sales (with ticket splits providing CIMS and the stokvel participants with income). Proposals for development organisations are being explored so that, beyond traditional grant funding, they might consider purchasing or funding a stokvel package on behalf of a group of artists or organisations. The Free State and Botswana have also shown interest in this stokvel model and are engaging CIMS in this regard, so the organisation is working towards system packaging whereby the CIMS model can be licensed to other users for duplication in other geographies and sectors/disciplines. This would involve a training element, as well as a digital monitoring process to track the implementation and success of licensee stokvels.

Having piloted different kinds of stokvels, CIMS has estimated that a successful stokvel for 6 artists over 6 months can be run with ZAR300,000.00, though the ideal amount is ZAR500,000.00 as this allows more stokvel reach and the addition of other elements to make the stokvel more lucrative (such as better venues, and incorporation of stokvel awards). Manual ticketing appears to be the more effective approach, given the nature of the stokvel drawing audiences from immediate environments/communities and engaging directly with audiences. This was seen when the film stokvel used Quicket as a ticketing platform, but 90% of tickets ended up being purchased manually and directly from the creatives, who have sales targets to meet. Furthermore, CIMS has found that engaging audience members physically and providing them with a hard copy ticket is a successful strategy.

This active involvement on the part of stokvel participants and local communities has greatly contributed to CIMS success, as have the incentives within the higher budgeted stokvels. The stokvel awards and matching grants drive participant performance (if each participant sells their 20 tickets for every production, that amounts to at least ZAR10,000.00, and by reaching that minimum target, they qualify for a matching grant from CIMS - these incentives are tweaked based on the total stokvel amount).

A challenge CIMS has faced was having a producer not meet their stokvel obligations. This significantly impacts ticketing targets and income for each producer, and has the potential to breed discontent amongst the stokvel and damage CIMS model and reputation. However, the incentives helped to manage this and ensured that the other producers acted in best faith rather than punishing the underperformer. Additionally, having provision for matching grants allowed CIMS to use those funds to make up that producer's ticketing shortfall so the other producers could receive their anticipated income. Another key challenge is the lack of administrative skills amongst creatives, especially marketing and sales skills. The CIMS founders realised these skills tend to fall outside of the existing skills set of many creatives, and that few have been prepared for this type of work in their training, since arts management training is not mandatory in most creative training programmes. To mitigate this, CIMS holds marketing workshops at the start of each stokvel to help prepare participants to sell the show and the tickets, as well as outside of the stokvels to reach more artists, for example, with the Tshwane University of Technology Faculty of Arts and Design.

CIMS key achievements are seeing the stokvel system working, effectively selling tickets and bringing in audiences collaboratively. Participants are driven by friendly competition, competing on ticket sales, tracked via a ticket sales leader board. Another notable achievement is the value seen in the stokvel by different stakeholders and the level of community support and engagement. For example, the municipality's support and interest from local businesses to collaborate (a local wine maker asked to sell wine at screenings, a local food vendor sold wors rolls at stokvel events, an independent small media house covered CIMS in their art publication, a stokvel member bringing on board their media contact to help with advertising, another stokvel member arranging through their network a bus to collect audience members from the community and bring them to the venue). The stokvel successfully saw the pooling of resources and ignited an ecosystem amongst the community, creating revenue generation opportunities for them to be part of the stokvel in their own way. This has also raised questions about the potential to add stall hire fees as an additional revenue stream for CIMS and its stokvels.

To grow, CIMS needs to secure stokvel sponsors to enhance the stokvel packages available and build on the investment made by participants. Furthermore, CIMS is seeking legal advice for the licensing process being pursued, and a development partner in the IT field would help CIMS create a stokvel software system prototype.

CIMS suggested that business skills, especially in the areas of marketing and audience development for the arts, are key opportunities for investing/ funding in the CCI, as investing in the development of these skills will help creatives generate income, and will contribute to much needed arts advocacy. It was also noted that the gap between government, business and the arts needs to be closed - artists should be participating more in policy development, and find a way of packaging and communicating their work specifically for the public and private sector, and inviting them to engage more; and business and civil servants should engage first-hand with the arts and grow their understanding of the sector and how it operates.

Nando's

Founded in Rosettenville, Johannesburg, in 1987 by Fernando Duarte and Robert Brozin, Nando's is a South African restaurant chain specialising in "flame-grilled PERi-PERi chicken," with over 1,200 restaurants in 124 countries. Each restaurant has its own unique design, but they all have earthy textures and colours reminiscent of the company's Afro-Portuguese roots and feature original, local South African art and unique design touches, with a soundtrack of "Afro-Luso beats." Creativity is central to Nando's brand and identity, and it has built a strategic framework to invest in the CCI, specifically visual arts, design and music:

- Nando's Art invests in artist development programmes and platforms, helping visual artists to access resources, build their careers and inspire new conversations.
- Nando's Design facilitates opportunities for designer-makers, offering platforms where they can showcase their work, engage mentors and clients, and access new markets.
- Nando's Music supports the development of young music talents through upskilling, mentoring and training, as well as creating opportunities for exposure to audiences and industry connections.

The Nando's Art Initiative is a successful business-arts partnership with the Spier Arts Trust, which develops the visual arts ecosystem and professional development in SA and showcases original South African art in Nando's restaurants around the globe.

The idea was not to just buy pieces of art once off, but to use this as a way to discover artists, put them into development programmes that help them further their professional practice, and at the same time source reasonably priced art and build a collection which our interior designers around the world can select from. The value to us is it's on the walls of our restaurants, so it makes our restaurants beautiful, and it is authentic art. So, we're building valuable assets, showcasing SA art to the world, and we are able to change lives. - Kirsty Neihaus

Recognising how crucial it is for SA's design industry to have platforms that not only give opportunity for visibility, but support designers on their journey to build sustainable businesses, Nando's launched the Hot Young Designer Talent Search in 2016.

Beyond the competition and the prize, support for designers also needs to be there as they journey. We must do our bit to build the emerging design community by encouraging industry collaborations and the sharing of knowledge and skills; we need to make sure that designs progress from paper to reality and that the world sees just how unique the designs that originate here are. - Tracy Lee Lynch

To achieve this, Nando's has incorporated products from designers in the competition into their Portal to Africa , an online marketplace allowing interior designers working on Nando's restaurants around the world to order furniture directly from South African designers. Since launching in May 2018, the Portal has shipped over ZAR40 million worth of South African designed products. Since the chain makes no direct profit from the Portal, charging only a levy to help run it, the profit goes directly into the design businesses. Nando's has also continued to collaborate with several finalists, including creating a licensing deal allowing them to license their pattern designs to interior and product designers across the globe for a fee, putting them in a position to start building their businesses and the kind of long-term relationship with Nando's that has proven to be transformative for creative businesses.

Taking a similar strategy to Hot Young Designers in terms of responding to skills deficit and access to market, Nando's sponsored a new category, the Nando's Emerging Artist of the Year Award, in the Basadi in Music Awards (women in music awards) which sees the company supporting the winner in developing their career through industry mentorship, access to education, and studio time. (interview with Kirsty Niehaus)

Annexure B: South African Cultural and Creative Industries (CCI) Stakeholders Consulted

1. Alison Polley-Green, Education Manager, International Association of Theatre and Performing Arts for Children and Young People (ASSITEJ) SA
2. Angela Shaw, Director, KZNSA Gallery
3. Aviwe Matandela, Chief Operations Officer, Business and Arts South Africa
4. Bailey Corder, COO and Higher Education Fund Manager, Oppenheimer Memorial Trust
5. Beth Arendse, Managing Director: Special Projects, South African Creative Industries Incubator
6. Botse Matlala, Manager: Compliance and Research, National Film and Video Foundation
7. Carol Van Wyk, Chief Director: Cultural Affairs, Western Cape Department of Cultural Affairs and Sport
8. Carolin Christgau, Head of Culture and Development, Goethe-Institut Johannesburg
9. Charles Mabaso, Chief Director: Cultural Development, Department of Sport, Arts and Culture
10. David Mahlaba, Director, Phinda-Mzala Entertainment
11. Desiree Pooe, Head: Marketing and Communications, The Standard Bank of South Africa Limited
12. Dr Andreas Ströhl, Director Goethe-Institut Johannesburg / Regional Director Subsahara-Afrika, Goethe-Institut
13. Dr Erica de Greef, Co-Founder and Managing Director, African Fashion Research Institute
14. Dr Mphikeleli Mnguni, Deputy Director: Policy and Research: Cultural Development, Department of Sport, Arts and Culture
15. Dr Paul Bayliss, Senior Specialist Art Curator, Absa Group Limited
16. Eric Itzkin, Deputy Director: Immovable Heritage, City of Johannesburg
17. Hailey Chisholm, Operations Manager, ASSITEJ SA

18. Hannelie Swart, Manager: Creative Industries, City of Ekurhuleni
19. Jessica Denyschen, Chief Executive Officer, Arts and Culture Trust
20. Joseph Gaylard, Head: Pro Helvetia Johannesburg 21. Julie Diphofa, Acting Chief Executive Officer, National Arts Council
22. Kathryn Berman, Founder, Africa Contemporary Art / Just Art International
23. Khumbudzo Vincent Maumela, Executive Director: Arts, Culture and Heritage, City of Johannesburg
24. Kirsty Niehaus, Marketing Manager: Internal Brand Experience and Creativity Portfolio, Chickenland (Pty) Ltd t/a Nando's
25. Lebo Mashifane, Founder and Director, LM DIVERSE Production
26. Lizwi Nyandu, Executive Director, Philippi Arts Centre
27. Luana Malan, Corporate Social Investment Specialist, Industrial Development Corporation
28. Lydia Stander, Director, SUPP Film Worx
29. Madeleine Lambert, Research Manager, Business and Arts South Africa
30. Mammatli Thakhuli-Nzuza, Co-Director, Creative Industries Marketing Stockvel Africa
31. Mariapaola McGurk, Visual Artist, Lecturer, Consultant, Researcher
32. Masana Chikeka, Cultural Development, Department of Sport, Arts and Culture
33. Michelle Constant, Chief Executive Officer, American Chamber of Commerce
34. Mirna Wessels, Chief Executive Officer, Spier Arts Trust
35. Moleleki Ledimo, Acting Chief Director: Arts, Social Development and Youth, Department of Sport, Arts and Culture
36. Moses D. Rasekele, Co-Director, Creative Industries Marketing Stockvel Africa
37. Nerine Jeaven, Deputy Director: Arts and Culture, Western Cape Department of Cultural Affairs and Sport
38. Niel Nortje, Art Collection Manager, MTN SA Foundation
39. Nikki Belford, Group Sponsorship Manager, Hollard Insurance Company Ltd
40. Nthabeleng Phora, Acting Project Manager, Gauteng Film Commission
41. Ntshuxeko Manganye, Deputy Director: Arts, City of Johannesburg
42. Odwa Sitemela, Director, Philippi Arts Centre
43. Olga Speakes, Director, Association for the Visual Arts
44. Palesa Mnyaka, Manager: Public Culture, City of Johannesburg
45. Palesa Molefe, Programme Coordinator, Arts and Culture Trust
46. Ralton Nolan, Chairperson, U-khâi Arts and Culture Development
47. Tshiamo Mokgadi, Chief Executive Officer, The Market Theatre Foundation

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