



Netflix's socio-economic impact

South Africa, Nigeria & Kenya

(2016-2022)





DISCONNECT
THE WEDDING PLANNER

HOW TO RUIN A CHRISTMAS

DAY 1
CASTLE AND CASTLE 2
SLATE 3 SCENE 1:30 TAKE 2
DIRECTOR KAYODE KASUM
CAMERA: IDOWU ADEBAYO
DATE: 15/2/2021 DAY

BLOOD & WATER

ANIKÚIAPÓ

Blood Sisters

Foreword



Dean Garfield
VP, Public Policy

Spoiler Alert: I am going to give away the ending at the very beginning. Namely, Netflix is committed for the long term to investing, learning, and achieving success in Africa. I share the ending upfront because our commitment to sub-Saharan Africa informs our entire approach.

There's no question that Africa's richness in talent, cultural diversity and vibrant societies are key ingredients in creating its powerful and compelling local stories. When Netflix entered the region back in 2016, the strength of storytellers, diversity and creativity was apparent. Our role back then was first to learn as much as we could about key film and TV hubs in Africa such as South Africa, Nigeria and Kenya so we could understand how best to support and collaborate with the local creative ecosystem. We're still learning and understanding, except now we're doing it alongside an ever-growing host of talented partners - writers, directors, producers and other creatives in whom we're investing heavily to broaden the range of local voices and stories available locally and for the world to hear.

As a global entertainment company streaming in more than 190 countries, we are deeply sensitive to the societal contexts in which we operate - especially in emerging markets where economic growth and development are key to achieving global competitiveness. We have found that the key to success lies in working with creative individuals who are passionate about their craft, and being a partner in providing the resources and freedom they need to create their best work. We have only been able to create best-in-class content which resonates with our audiences around the world by fostering a collaborative environment in which local creators are encouraged to take bold decisions and bring fresh innovative ideas to the screen. This pursuit of creative excellence means that Netflix is also seriously committed to sustaining significant economic injections into the creative industries where we operate.

Over time, we have seen the positive effects on the region's socio economic environment of making great African shows. Our investment in films, TV series, documentaries and reality shows creates thousands of jobs year-on-year - for cast and crew that work on our shows as well as workers in crucial adjacent sectors like construction, transportation, costume and design, catering, retail and hospitality. Beyond this, our direct investments in training, capacity-building and skills development partnerships and initiatives also means that hundreds of creatives have been able to enhance their talent and hone their skills to improve their chances of succeeding in the creative industry.

At Netflix, we're driven by unlocking the value of entertainment around the world. When we undertook this report, this is precisely what we asked ourselves: **what exactly has that value been from an impact point of view?** Not just for us as a company, but what has it meant for our local partners, for Africa, and her creative industries? We wanted to validate the indications that investing all along the value chain of the film and TV sector yields not just financial returns for all involved, but advances developmental gains as well. We're delighted that this report not only validates the story of Netflix's socio economic impact in sub-Saharan Africa (SSA) but actually exceeds even our expectations on how far-reaching the scope of that impact has been.

We are prepared to be patient on our pathway to success. We are cognizant that Africa's political and economic histories are rife with the realities of decades of extraction, exploitation and exclusion. These realities create structural barriers that, unless meaningfully confronted, continue to deny Africa's own from accessing economic opportunity and prosperity. Combined with the global risks of inflation, political fragmentation, and environmental threats to our climate resilience, the ability to see and navigate clearly in volatile and uncertain conditions becomes all the more important. As Netflix, we've seen firsthand how the health and certainty of sound policy environments form the bedrock upon which we're able to continue investing. We love engaging and do so frequently as part of our shared vision to support policy and legislative outcomes that enable increased investment, ease of doing business and opportunity; while protecting inclusive markets, shared benefit, and people-focused empowerment. We're committed to continuing to do this alongside the great partners and stakeholders of this vibrant ecosystem.

We're excited about the future of Netflix in Africa, and more importantly, about bringing Africa to the world. Still watching? Good. I am glad my sharing the ending didn't deter you from joining us on the journey.

We've only just begun!

Shola Sanni

Director of Public Policy, sub-Saharan Africa
Netflix



When we started our journey in sub-Saharan Africa in 2016, there was only one thing we knew for sure: there wouldn't be a boring moment on this adventure - and we were very quickly proved right. Netflix learned that with its teeming young populations, deep traditions, rich tapestry of its different cultures and the diversity of its people: the wealth of talent and creativity available in SSA was not in doubt - and the possibilities for storytelling that would be made in Africa, watched by the world, were compelling.

We took some time to understand the kind of stories that resonated the most with our new ecosystem. Then we began investing aggressively in local storytellers, filmmakers and production houses from the region's foremost creative hubs, which were primed to lead the charge in bringing the uniqueness of African stories and perspectives to the rest of the world - on Netflix.

We were thrilled by the significant milestones that our investments delivered within a relatively short frame of time, particularly in South Africa, Nigeria and Kenya. We could see that our investment in storytellers and production partners went beyond providing them with a steady stream of income and access to global markets; it also created crucial jobs and opportunities for Netflix to transfer knowledge, build skills and contribute economically and socially to the growth of domestic screen sectors in the region.

We have undertaken this report to reflect on Netflix's social and economic impact in the key countries where we invest in the SSA region. We are still in many ways at the inception stages of our investment journey, so it's doubly exciting to know that we are poised to deliver even greater impact if we maintain our current momentum - and if the right circumstances for investments in our sector continue to prevail.

Having injected over **US\$175m** into sub-Saharan Africa since 2016, providing employment to more than 10,000 people on our productions, watching our local storytelling partners shine in far-flung reaches of the world with titles like 'Silverton Siege', 'Anikulapo' and 'Disconnect: The Wedding Planner' (which all at one point or the other made it to Netflix Global Top 10 lists), we can attest to the fact that there is a huge socio-economic benefit that Netflix injects into the ecosystems where we operate. We have also witnessed the welcome effect that our investments in training and skills building for the people behind the stories has - both on the human capital development agenda of governments as well as deepening the level of expertise available within the local film and TV industry.

We are excited about the next few years of Netflix's business in SSA and intend to build on these milestones to grow our business - even as we continue to invest to bolster local creative economies and give more and more African storytellers an amplified voice on the global stage. However, we realize that Netflix cannot go at it alone. There is an urgent need for governments, civil society, private sector and industry, working together, to curate the right set of circumstances that enable businesses like ours to continue to thrive - so that we can keep delivering on the promise of jobs, capacity development and screen sector growth.

Enabling policy frameworks, flexible regulatory mandates and ease of doing business are inextricably bound to the continued growth of the audio-visual sector and streaming services. The business of film is one to be taken seriously and the importance of getting right the policy, regulatory and legislative infrastructures that support Film and TV, cannot be overemphasized. At Netflix, we engage proactively and frequently with the broad spectrum of stakeholders who collectively or by function are crucial to the advancement of Sub Saharan Africa's creative economy. We are always ready to share learnings gained from our presence in 190 countries and territories around the world to set our local production ecosystems and partners up for success - knowing that based on the evidence in this report, Netflix's continuous investment strategy in SSA will continue to yield exponential growth for our industry's and governments' economic and social priorities.

Here's to growing hand-in-hand together!

Contents

page 4

Overview and methodology

page 5

Impact snapshot

page 6

1: Netflix in SSA - bringing local stories to the global stage

page 9

2: Netflix's social and economic impact

page 16

3: Growing the value-chain and impacting people's lives

page 21

4: Country level impact: South Africa, Nigeria & Kenya

page 39

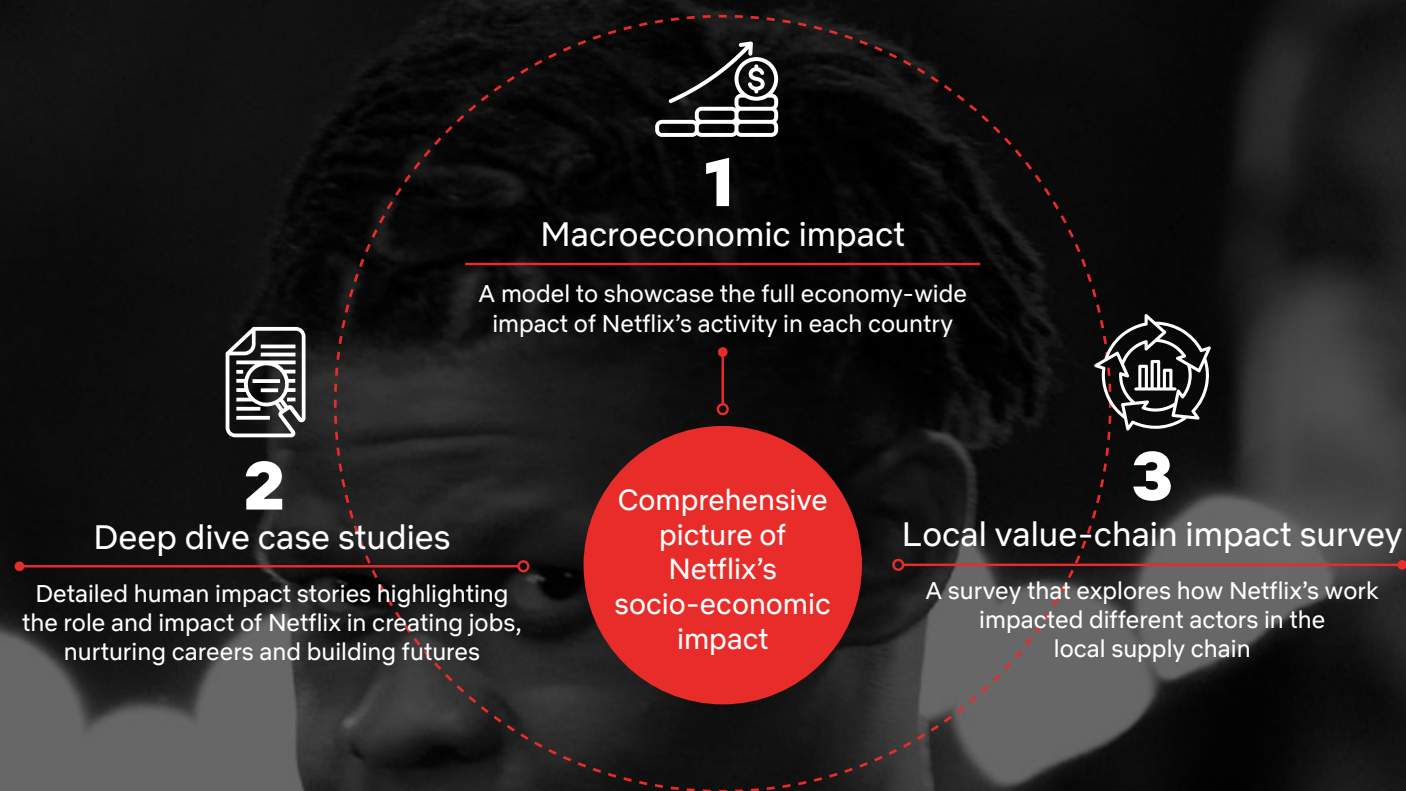
5: Conclusions

page 40

6: References and stakeholder participants

page 41

7: Annexure: methodology for total economic impact in Nigeria & South Africa



NETFLIX

Netflix is a streaming entertainment service with members in 190+ countries enjoying TV series, feature films, animated series and non-fiction across a wide variety of genres, languages and devices. Our business model is a simple one: we give our members control over their entertainment. Our service is on-demand, personalised and available on any screen. We have built an audience by finding and creating the best stories working with local producers from around the world.

africapractice

Africa Practice is a strategic advisory firm dedicated to developing inclusive markets that work for underserved communities, and united by our mission to play a leading role in building a prosperous Africa that inspires the world. For nearly 20 years we have been capacitating organisations to quantify value at stake, understand the political economy, spot trends and opportunities, and engage within systems to shape policy outcomes that solve social problems and deliver inclusive growth.

Overview & methodology

Since entering key countries in sub-Saharan Africa (SSA), Netflix has been contributing across economic sector value chains within and adjacent to the cultural and creative industries and stakeholder ecosystems. However, little work has been done to quantify and understand the impact we have had across these markets despite the significant investments and dedication. We therefore set out to investigate our socio-economic impact in SSA with a focus on three of our major focus markets over the last five years. We used a three-tiered approach. We quantified our overall economic impact through the use of an **economic model**, we investigated our **socio-economic impact** on the industry through a **survey with stakeholders from our value-chain**, and we conducted **deep dive case studies via in-depth interviews**.

Impact snapshot

From 2016 through 2022, we have invested **USD 175 million** in content and in the local creative ecosystems in South Africa, Kenya and Nigeria combined.

Here are some of the socio-economic implications:

Supported the creation of over

12,000 jobs



Generated

USD 218 million
towards **GDP**



Funded economic activity that generated over

USD 44 million
of **tax revenue**



Generated

USD 200 million
of increased **household income**



In addition to our economic contribution, we have done tremendous work with the film and television industries in each of these countries, contributing towards skills development of African creatives, and overall improvement of the industry, **enabling us to continue working closely with local creative ecosystems in bringing local stories to the world.**

OUR 4 PILLARS OF SOCIO-ECONOMIC IMPACT

- 
- 1 Increased skills
 - 2 Industry development
 - 3 Job security
 - 4 International exposure

Netflix in SSA

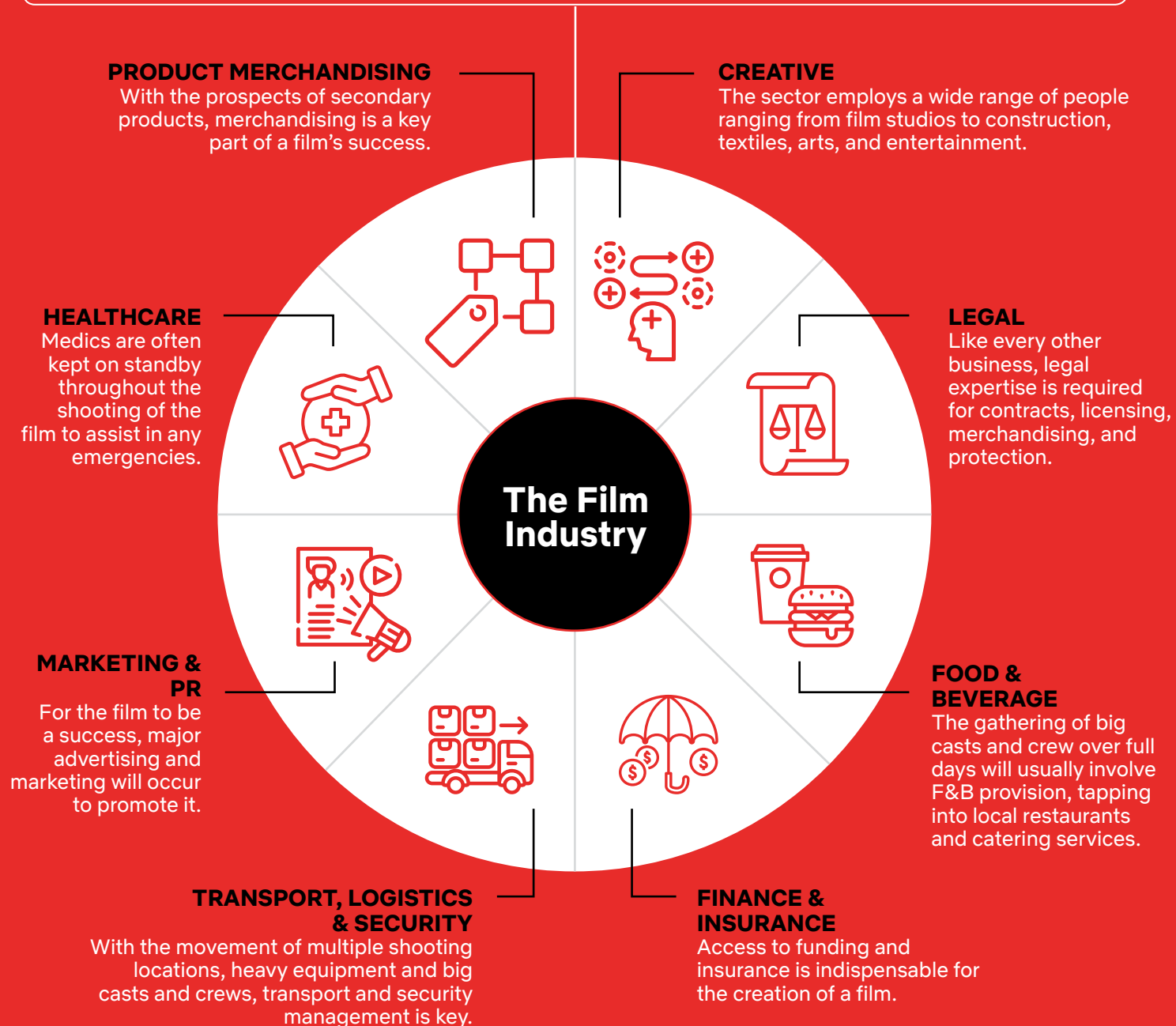
bringing local stories to the global stage

1

SUPPORT AND INCENTIVES ARE STILL AWAITED

The current media production incentives are not enough to stimulate local and/or foreign creative sectors.

However, the film sector is a huge engine of economic activity and growth. It touches so many parts of the economy, reaching far beyond the film industry itself.



The SSA film and TV industry - opportunities and growth

The African film and television industry is a huge component of Africa's economy, but its value and role in supporting livelihoods remains relatively untapped. Since the 1960s, thriving hubs in Nigeria, South Africa and Kenya have been a consistent source of employment, income, economic activity and creative outlet for millions of people.

Facts and figures according to UNESCO's study of the African film industry (2021):

- Africa, a continent of **54** countries, home to **1.4 billion** people, and GDP of **USD 3.1 trillion** (in 2023).
- The film industry accounts for **USD 5 billion of Africa's GDP**.
- It currently **employs 5 million people** across the continent.
- The industry has a potential to create **20 million jobs** and generate **USD 20 billion** in annual revenue.

Despite the huge potential and substantial results thus far, the film and TV industries in SSA are yet to be fully unlocked:

A wealth of undiscovered talent remains.

A shortfall in training coupled with inadequate exposure to global opportunities is holding back talent.

Financial constraints limit industry evolution.

Not many countries offer financial support to filmmakers and TV producers and private funding is equally limited, which diminishes the potential for high quality productions.

Generating an ecosystem of excellence

Since 2016, Netflix has been engaged in SSA, working to create world-class entertainment and telling unique stories with a local perspective and authentic voice. And it's not just for the short-term. We are deeply invested in the long-term growth of the sector - motivated by our passion for developing excellent content from a diverse perspective.



"There's a curiosity across the world about locally-specific shows from Africa - great creatives, great stories. The world wants to know what's happening in Africa."

Dorothy Ghettuba
Director of Series, Africa - Netflix

Netflix believes in shared value - We understand the commercial value at stake in SSA, and our long-term success in the region is tied to improving social and economic outcomes in the countries we work in. Our model is therefore built around sustainability and growth of local industries through upskilling and exposure. This enables a mutually beneficial relationship, as creatives from SSA get access to the global stage while we are able to tap into SSA's commercial and creative opportunity.

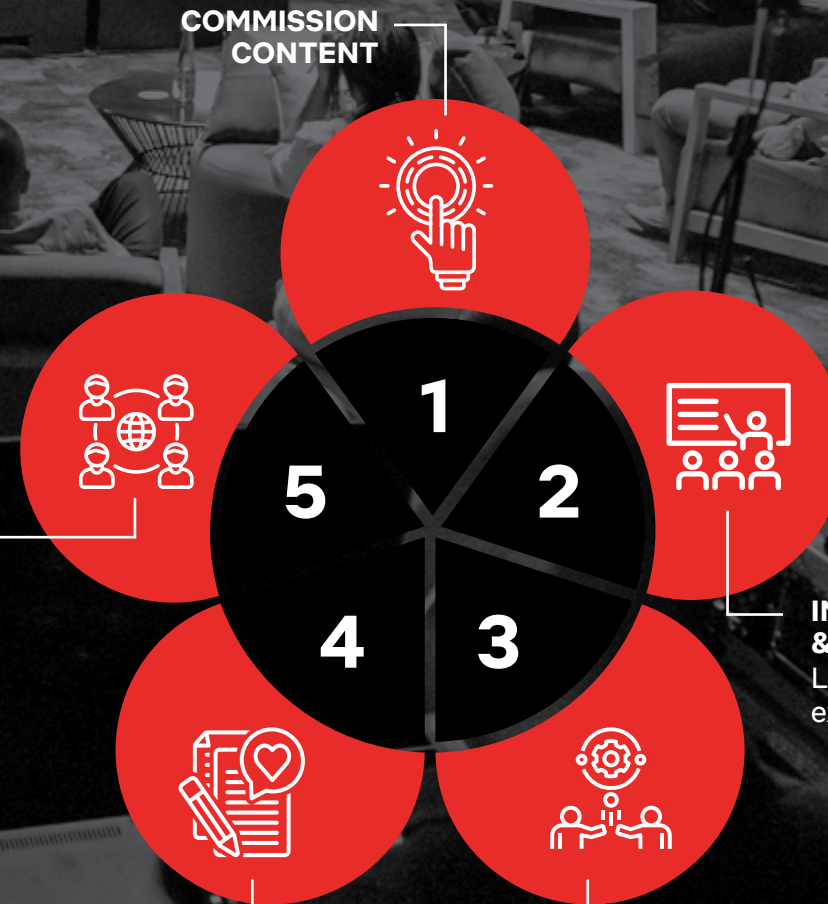
**INCREASE THE
GLOBAL DEMAND**
For African content

**COMMISSION
CONTENT**

**INVEST, TRAIN
& DEVELOP**
Local partners who
execute projects

ACCESS & OPPORTUNITY
For storytellers

**PROMOTING LOCAL
STORYTELLERS**
Giving them access to the
global stage



Netflix's social and economic impact

2

When investing in SSA, we have impact across three major pillars:

1
INVESTING IN THE DEVELOPMENT OF FILM AND TV SHOWS THROUGH LICENSED OR DIRECTLY COMMISSIONED PROJECTS.

Netflix licences titles produced locally, providing valuable income for the teams that produced them. Netflix also directly commissions projects, paying for the work upfront and providing guidance and support throughout the journey.

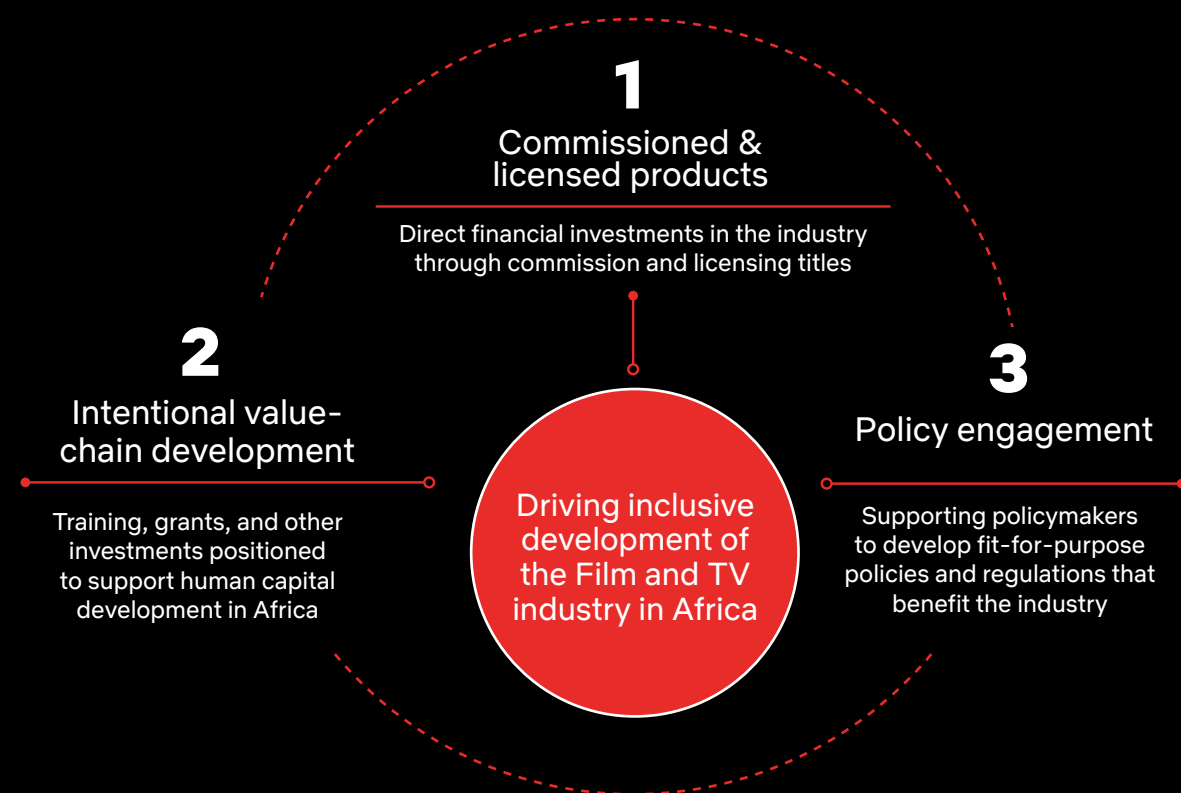
2
INTENTIONAL DEVELOPMENT OF THE INDUSTRY AND PEOPLE.

We provide extensive training and support across the value-chain of commissioned titles. In addition, Netflix has programmes and departments dedicated to upskilling the industry that work in tandem with production teams. Our global service also provides the opportunity for the work of these artists to be showcased to a global audience, providing exposure and further development opportunities.

3
POLICY ENGAGEMENT AND SUPPORT.

Netflix is actively engaged with policy makers to contribute knowledge and industry views on matters relating to the development of the industry, and holds workshops with policy makers and regulators on industry best practice.

Together, these three pillars support our objectives of contributing towards socio-economic development in SSA, while supporting sustainable business opportunities in the market.



Investing in content - Raising the bar

At Netflix, we work hand in hand with local industry to create, co-produce and licence authentic stories that are ‘made locally, and watched by the world’. As Netflix invests more, we are catalysing broader investment from our contemporaries and driving rapid ecosystem development.

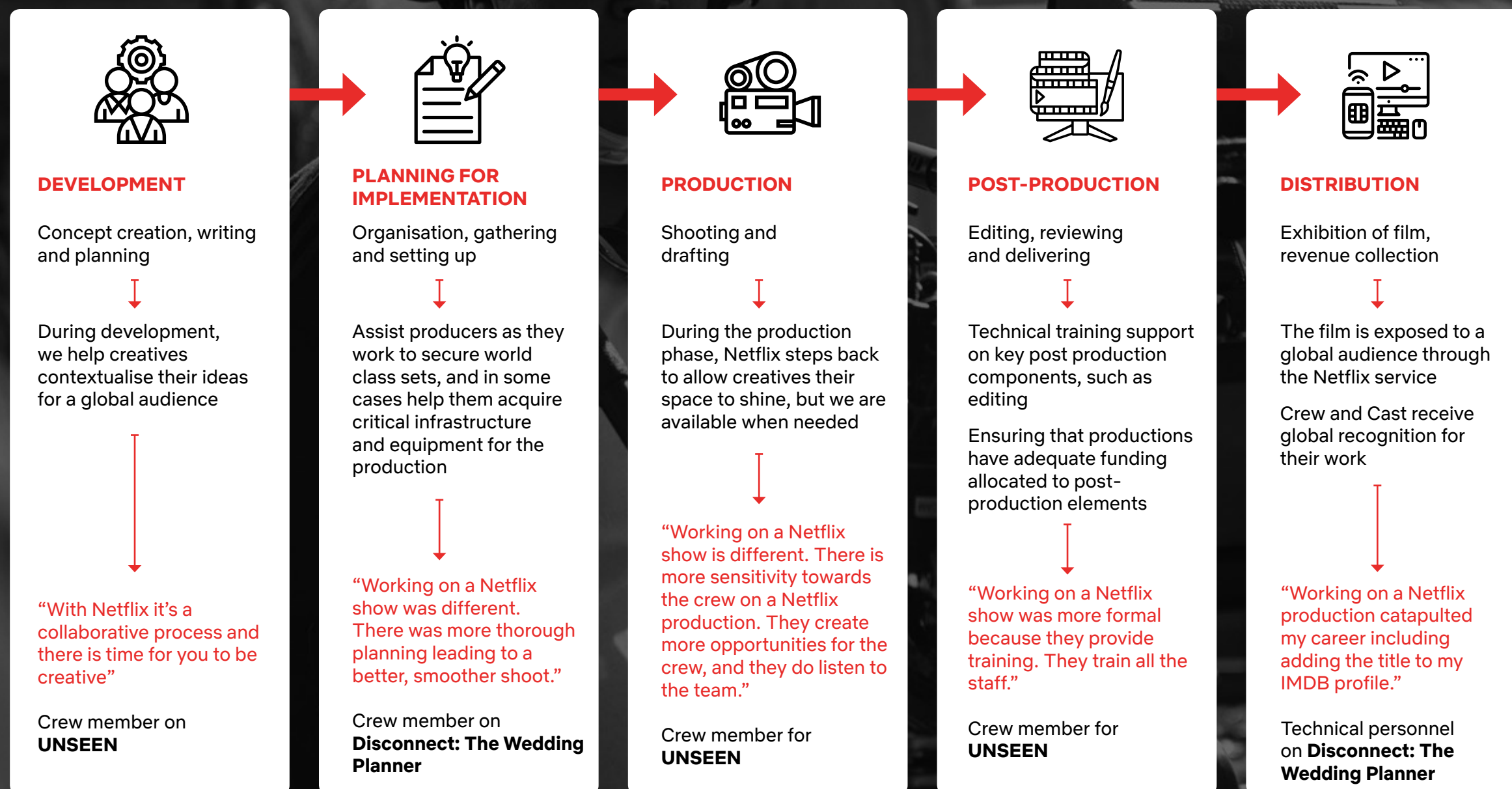
When Netflix commissions a show, we are committing to working with and developing local talent, and providing them with an opportunity to explore creativity without financial stress. Our investments allow for production value that ensures the travelability of local content. The table below spotlights how some of our local titles performed globally.

Title	Country of origin	Country weekly Top 10 (#weeks)	Country weekly Top 10 (#countries)	Global weekly Top 10 (#weeks)
Blood & Water: Season 1	South Africa	16	8	0
Blood & Water: Season 2	South Africa	45	16	1
Blood & Water: Season 3	South Africa	48	19	1
Blood Sisters: Limited Series	Nigeria	29	11	1
Aníkúlápó	Nigeria	37	24	3
How to Ruin Christmas: The Wedding	South Africa	2	2	0
How to Ruin Christmas: The Funeral	South Africa	17	8	0
How to Ruin Christmas: The Baby Shower	South Africa	10	4	0
Disconnect: The Wedding Planner	Kenya	25	16	1

Netflix: travelability of local content - Data as at: March 2023

By commissioning work upfront, we empower film and TV producers in local markets to pursue their vision, with the knowledge that their work is being paid for.

We also bring our standards, practices and culture to the set when we commission content. We work with local partners across the value-chain to execute the title, and we actively support the title throughout its production by providing guidance, technical training, and in some cases critical equipment and infrastructure for larger projects that require them. By doing so, we are investing in the local industry and building its capacity to support additional demand in the future. The combination of local talent and Netflix's global experience makes for world-class content with an authentic African perspective.

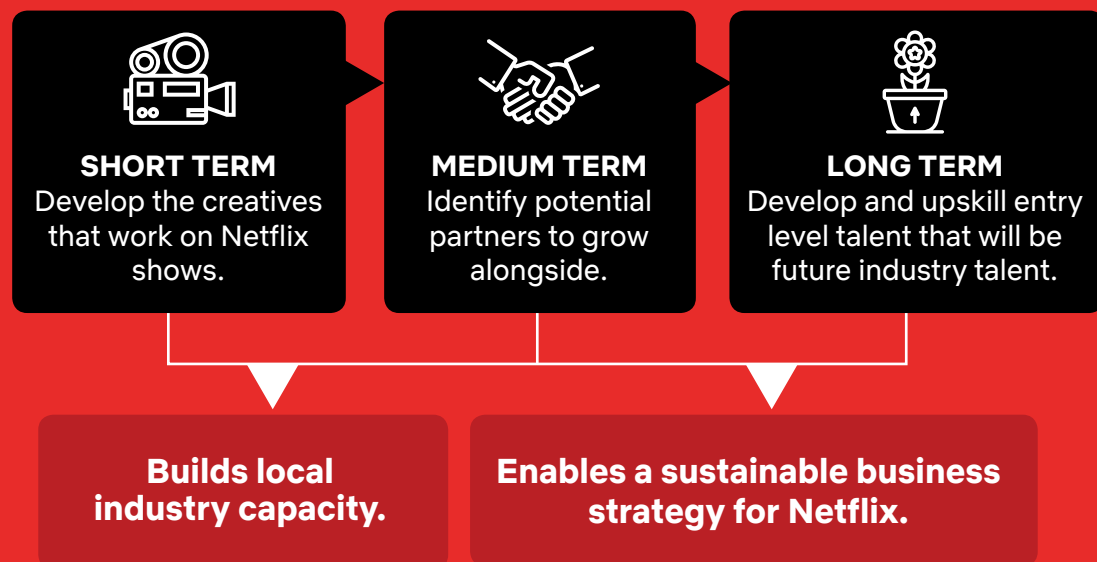


Growing the industry through human capital development

Investing in Africa's people.

Alongside its investment in large scale productions across the continent, Netflix is **actively** and **deeply engaged** in the development of creative talent. We do this by providing support and guidance to the local producers we work with, as well as targeted investments into developing skills in critical areas of the industry. Our portfolio of investments are innovative and best-in-class learning experiences designed to future proof Netflix's ability to entertain the world, and to ensure that the people and places where we work benefit in the long-run.

Our approach to developing talent in local markets covers both short and long-term horizons. In the short-term, we have a responsibility to develop local creatives who contribute to our shows. In the medium-term, we identify partners who we can work alongside to consistently deliver great local content, and in the long-term we are invested in developing entry-level talent who may not be immediately involved in our productions, but will be needed as demand for local content increases. This is our approach to building the industry to meet local demand in the future, and to cement a sustainable business strategy in SSA while contributing towards socio-economic objectives.



Since as recently as 2021 we have invested **millions** in capacity development initiatives:

TRAINING & EDUCATION WORKSHOPS (short term)

Training workshops and masterclasses to equip above-the-line and below-the-line talent with theoretical knowledge and get them ready to work. Above-the-line talent refers to screenwriting, directing and producing. Below-the-line refers to all other disciplines, including (but not limited to) cinematography, post production, visual effects and production finance.

DONATIONS (medium term)

We have provided donations to key sector bodies in the industry, to support their efforts in upskilling and upleveling local talent.

MENTORSHIPS (long term)

Mentorships and guidance for key identified talent in the industry.

ON-THE-JOB TRAINING (OTJ) (short term)

Opportunities for practical on-the-job training and shadow placements.

GRANTS (long term)

Provision of grants/funding for education and training in the industry.

We typically fund local education institutions to take on more students, or we provide direct funding to talented individuals to study abroad, with the goal of these students entering into our pipeline. These students have at times even featured on shows being produced in their country of study, supporting the pipeline of talent globally.

For example, in 2022 alone, we estimate:

- 217** OTJ trainees and workshop participants.
- 18** Initiatives across our capacity development functions.
 - 1** Grant for the Animation School of South Africa.
 - 3** Grants for scholarships to Sacre Couer in Italy.
 - 3** Grants for scholarships to Gobelins in France.

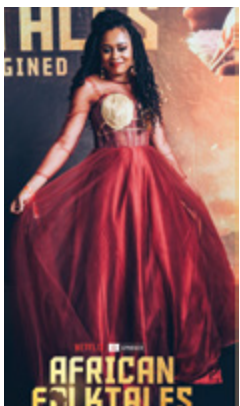
Snapshot 1: Grants and scholarships

Grants to study film and TV disciplines: Disbursement of **USD 1 million** from the Netflix Fund for Creative Equity towards scholarship grants that covered tuition, accommodation, and stipend for living expenses and study materials for students across Southern, East and West Africa to pursue studies in film and TV disciplines at academic tertiary institutions and film schools.

Snapshot 2: (training) UNESCO

In October 2021, Netflix, in partnership with UNESCO launched a short film competition themed **“African Folktales, Reimagined”**. The competition was open to participants from across sub-Saharan Africa, with the goal of discovering new African voices and giving emerging filmmakers in the region global visibility by promoting the development of diverse African stories and bringing them to the world.

From over 2,000 applications, the top 21 candidates representing 13 different countries of sub-Saharan Africa were invited to a pitch session in Johannesburg to determine the final six. The top 21 candidates had the opportunity to benefit directly from expert guidance provided by leading industry mentors, who also served on the judging panel. These experts included the likes of Femi Odugbemi, Bongiwe Selane, Jenna Bass, Leila Afua Djansi, and David Tosh Gitonga, as well as representatives from UNESCO and Netflix. The six winners (Voline Ogutu from Kenya, Gcobisa Yako from South Africa, Korede Azeez from Nigeria, Walter Mzengi from Tanzania, Loukman Ali from Uganda, and Mohamed Echkouna from Mauritania) received a production grant of **USD 75,000** (through a local production company) to develop, shoot and post-produce their films under the guidance of Netflix-appointed supervising producer and industry mentors from across the continent. Each of the six winners also received **USD 25,000** to spend as they chose. The six short films premiered on Netflix as part of **“An Anthology of African Folktales”** at Kenya’s Kalasha Film Festival in March 2023.



VOLINE OGUTU

A multi talented creative and self-taught filmmaker, Voline studied linguistics in university and went on to pursue a career in painting, scriptwriting and directing. Her big break came when she won Best Director at the 2017 Machakos Film Festival with her film **‘Seed’**, a fantasy drama about money and death. She was the only woman nominated in her category.

In 2019, she was selected to write for the first Netflix animated original in Africa, Mama K Team 4. Voline’s thriller feature, **‘40 Sticks’**, premiered on Netflix in November 2020, winning nine prizes at the Kalasha International Film and TV Awards and garnering four nominations at the Africa Movie Academy Awards.

Voline has written for several local and international productions, and directed a number of her own short and feature-length films.

Prior to her UNESCO/Netflix win, Voline was also invited to participate in the 2022 Sundance Film Festival through the International Writer’s Lab (Blackhouse Foundation). Voline is an alumnus of the 2022 Episodic Lab and DET Program, the result of a partnership between Netflix and the Realness Institute where writers work on developing pitch documents for their story concepts under the mentorship of a story consultant and a creative producer. Her pitch for a romance crime thriller **‘Dilemma’** has received a greenlight from Netflix for further development.

Snapshot 3: Partnership with Realness Institute

Episodic Lab (Lab) and Development Executive Training (DET)

The **Episodic Lab** is an incubator for bold, original stories from Africa that can compete with the best the world has to offer. It helps writers build a promising concept into a robust series pitch deck by harnessing the core principles of storytelling.

The **Development Executive Training** fully immerses participants in the story development process. The traineeship has been designed to accompany the incubation of the six projects of the Episodic Lab. The training is aimed at building a critical missing capacity in the local media ecosystem, with the hope of expanding this expertise across the continent.

- After a successful programme in 2021 renewed partnership with Realness Institute.
- In 2022: Over 200 applications from NG, KE, SA. 12 final candidates: 6 in Lab, 6 in DET.
- 3 month programme with constant feedback from Story Experts.
- Participants received monthly stipend: USD 2,000 to cover living expenses.
- Feedback from Netflix Content + industry expert guest speaker line-up.
- The 3rd edition of the EL and DET program launches on 1st May 2023 - with 2023 cohort soon to be announced.

Snapshot 4: Levelling up the post-production industry in Africa

Netflix's ongoing support and dedication to upskilling the local partners is particularly evident in the post production industry. Post production is critical in the process of delivering great content and being internationally competitive. Local markets need strong, sustainable businesses within this sector to deliver on this component of the work. They also need clearly defined roles with sufficient budget and scope, to ensure there is enough time to produce great quality. We work directly with post production vendors, and are invested in their development in various ways.

WE ARE ALWAYS AVAILABLE to post-production teams to assist them with queries, issues and challenges.

WE SOLICIT EXPERT ADVICE across our global network of experts, in response to challenges and issues.

WE PROVIDE BESPOKE TRAININGS AND WORKSHOPS for the African post production industry.

WE HAVE SOME OF THE MOST ADVANCED TECHNOLOGY IN THE INDUSTRY for editing film and media. We expose African studios to these global best practices.

WE HAVE A SET OF TECHNOLOGICAL AND PROCESS-BASED STANDARDS for post, and work with local companies to ensure they meet these requirements, thereby levelling up the industry.

WE PROVIDE LONGER, MORE PREDICTABLE WORK CONTRACTS, enabling post companies some stability and opportunity to grow sustainably.

“Netflix values post production companies to the point where they really want you to have a viable business. They instil a sense of confidence in you as a local producer, and their technical guys are available at any point across the production to help”

South Africa post-production vendor

We tracked the growth of three post production studios we worked with in recent years, noting changes in their capabilities and technology.

	2019	2022
VENDOR 1	<ul style="list-style-type: none"> Data management warehouse 1 x colour suite 1 x data room 	<ul style="list-style-type: none"> 2 x colour suites 2 x online suites 12 x edit bays Dailies lab On-set DIT rentals Production office
VENDOR 2	<ul style="list-style-type: none"> 2 x colour / online suites 	<ul style="list-style-type: none"> 2 x colour suites 2 x online suites 12 x edit bays Production office Ongoing expansion into Cape Town
VENDOR 3	<ul style="list-style-type: none"> No fixed facility Servicing international productions at Cape Town Studios 	<ul style="list-style-type: none"> Fixed facilities without 6 x edit suites 2 x colour bays Dailies Lab Production office

Policy engagement & partnerships

There are positive socio-economic externalities associated with Netflix's activities in the screen production sector. **Key in this regard are the opportunities for job creation, capacity development and economic empowerment of citizens.** We thus realize that our presence in local creative ecosystems provides a credible opportunity for advancing policy goals of government in these areas. Therefore, one of Netflix's key priorities is to work closely with local policymakers, regulators, legislators, and government agencies to ensure that the positive effects of our business can be harnessed for the local economy.

We understand that sector-specific policy, legislative and regulatory frameworks are the tools at government's disposal for achieving this. Netflix also understands that the relatively nascent online entertainment sector presents great opportunities to economies in SSA to improve the competitiveness of their local creative ecosystems.

A key element of our investment approach is to contribute our vast experience gained from 190+ countries and territories where Netflix is present, towards governments' efforts to create an enabling policy environment that advances the growth of the local sector and delivers avenues for increased support to the creative industries and local content producers.

With this in mind, Netflix commits diligently to supporting governments' efforts to develop effective policy and regulatory frameworks that are fit-for-purpose within the digital entertainment context. We also invest in public-private collaborations that serve the dual objectives of benefitting local creative industry growth while achieving the government's socio-economic development goals for the sector.



PROVIDING WRITTEN SUBMISSIONS

Where requested, Netflix provides inputs and views on the implications and impacts of policies and regulations on the local market.



CONVENING AROUND KEY INDUSTRY ISSUES

Netflix convenes key stakeholders around specific industry challenges and opportunities, with a view to fostering collaboration across the market.



ADDRESSING POLICY PRIORITIES

We consider the specific policy goals of the country when structuring our investments.



CONTRIBUTING TO INDUSTRY BEST PRACTICE

We establish best practices in film production when we work in local markets, relating to pre-production, production and post-production.



Growing the value-chain and impacting people's lives

3

To understand whether Netflix is having impact the way we intend to, and whether local markets are truly benefiting from our approach, we undertook a survey with cast and crew members with some of Netflix's major locally-produced shows in our three focus countries.

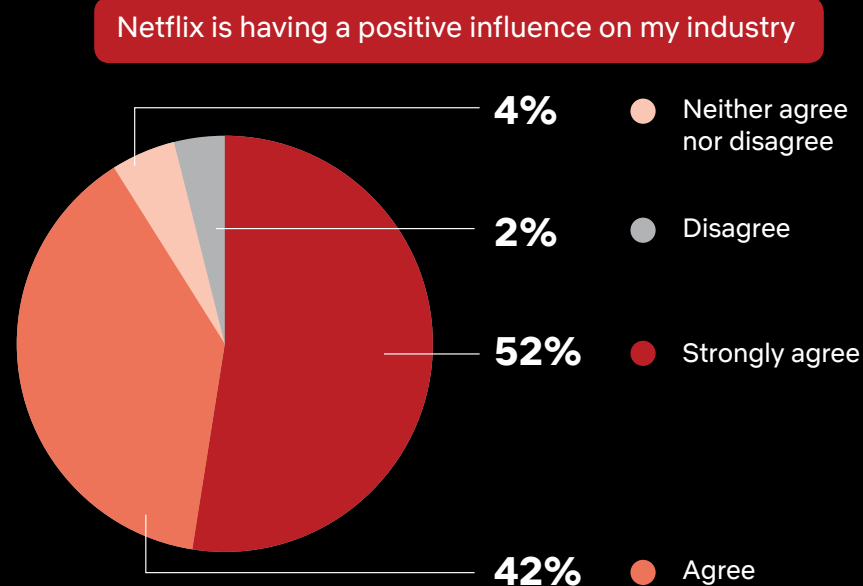
The survey only targets crew and cast from locally commissioned shows or licensed titles in which Netflix was closely involved, so as to isolate the "Netflix" effect, as these shows benefit from Netflix budgets, ways of work, and additional support. We administered the survey telephonically or via email to cast and crew from **'One Piece'**, **'Disconnect: The Wedding Planner'**, **'Anikulapo'**, **'Blood and Water'**, **'Unseen'**, and **'How to Ruin Christmas: The Baby Shower'**.

We received a total of 144 responses.

A positive influence on the industry

Netflix has made a concerted effort to embed itself in local creative ecosystems of key markets in SSA, to bring to bear the benefits of its standards and to provide ethical, professional sets that leave a lasting impression on people who engage with them.

We asked participants in our value-chain how they felt about Netflix's presence in their country. **94%** agreed or strongly agreed that Netflix is positively contributing towards the development of their local creative industry.



They also pointed out the quality of the standards that Netflix brings to productions, both on and off-set. A floor manager on the 'One Piece' set says: "I really felt looked after in terms of meals, health and safety, and the working hours on set were very well managed so as not to over tire the crew. I personally felt a lot of pride and prestige to be a part of 'One Piece'." A makeup artist for 'Anikulapo' says: "Netflix productions are out of this world, they take safety precautions right from the pre-production till the end of production, safety first."

100% of respondents said they would work on a Netflix title again, if given the opportunity.

A consistent source of income

We are proud to be able to provide African creatives with more predictable income streams. By commissioning shows and agreeing on budgets upfront, and with the possibility of multiple seasons, there is a sense of security and planning that producers can take on.

It's not just about the ability to plan ahead and place permanent staff. Crew and cast members of Netflix shows gain industry-leading experience that puts them in a strong position to get employed again, after their work on Netflix is complete.

66% of value-chain participants agreed or strongly agreed that working on Netflix helped them get more job opportunities.

"Working with Netflix is a long-term job that brings the food to my family"

Camera operator for One Piece

"Because of Netflix's presence in the South African market, we were finally able to employ people permanently, because we know Netflix is here for the long-run, and we have a view of our pipeline of work"

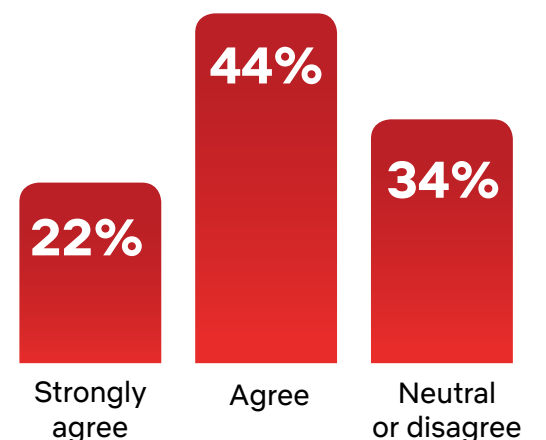
South Africa post production vendor

"Working on a Netflix production opened up doors for me to get more opportunities in South Africa." Producer

"When I apply for a job now, I get positive remarks because of Netflix." South African producer

"When people ask you, and you mention that you worked with Netflix, the recognition is high." Camera operator on UNSEEN

I got more job opportunities because of Netflix

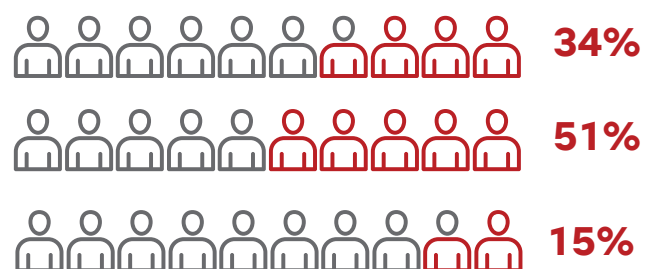


More job opportunities translates to income, sustained livelihoods for households, and economic growth. **59% of respondents agreed or strongly agreed that their income earning opportunities have increased since working with Netflix.**

Since my involvement in a Netflix funded project, my income opportunities have increased



“Because of Netflix, more people get to see my work leading to more opportunities.”
Creative personnel on Disconnect:
The Wedding Planner

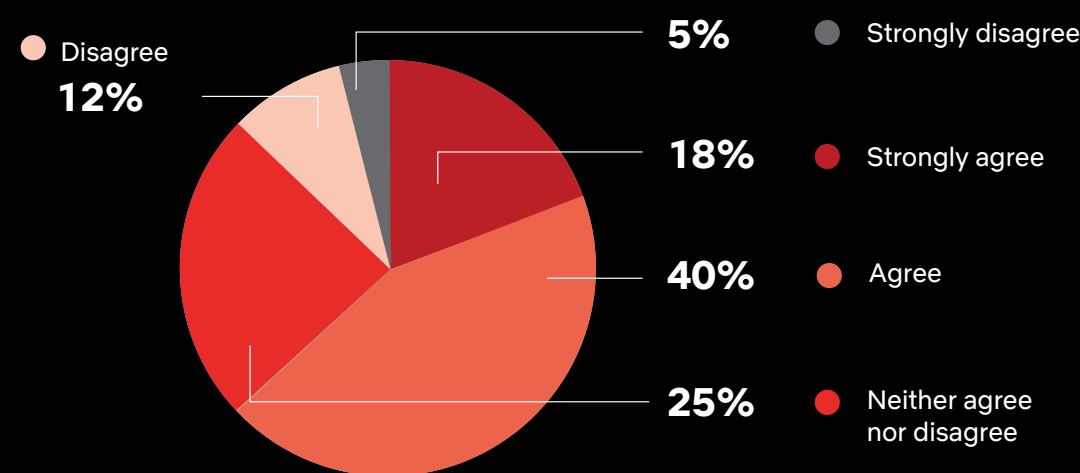


“It has elevated my career by opening other doors to other productions.”
Creative personnel on Disconnect:
The Wedding Planner

Bringing local talent to the global stage

Working on a Netflix show provides global exposure for local creatives. It’s an avenue to present local stories and content to the world, and to showcase local talent. **58% of respondents note that people now associate their brand with their production featuring on Netflix.**

People associate my brand with the production featuring on the Netflix platform



“Working with Netflix catapulted me to the professional world wide platform and included adding to my IMDB profile.” Editor on Disconnect:
The Wedding Planner



“Working on ‘Blood and Water’ was huge, we were top 10 in another country.” Editor on Blood and Water



“Netflix is a big name - you get recognized and people reach out to you to congratulate you for seeing your name on a Netflix production.” Crew member Disconnect: The Wedding Planner



International networking

Working on a Netflix production provides excellent international networking opportunities



International recognition

Working on a Netflix production provides international recognition, for example through IMDB profiles

How did working with Netflix impact your international exposure?



Exposure to diversity

Being on a Netflix show exposed crew and cast to diverse people and diverse ways of working

Boosting careers of local talent through training and skills development

We pay attention to the personnel we work with, and are proud to play a role in the development of people's careers through on-the-job training and consistent support.

81% of respondents agreed or strongly agreed that Netflix impacted their careers by improving their skills.



"As a young black man working in production, opportunities are rare. With the help of Netflix, I found myself given an opportunity to head a sound mixing job".
Engineer on UNSEEN

Because of Netflix, I gained skills that enhanced my career

Strongly agree

37%

Agree

44%

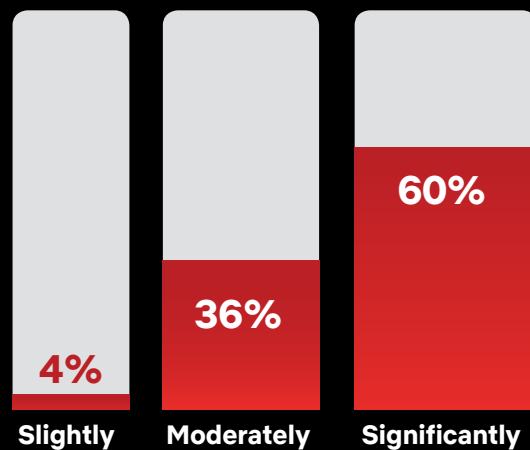
Neutral or disagree

19%

The majority of respondents (60%) noted that their skill levels were significantly impacted by the Netflix project they worked on.

“Working with Netflix provided me with skills and helped me to be recognized in the industry.”
Acting and casting on UNSEEN

To what extent did your skills increase?

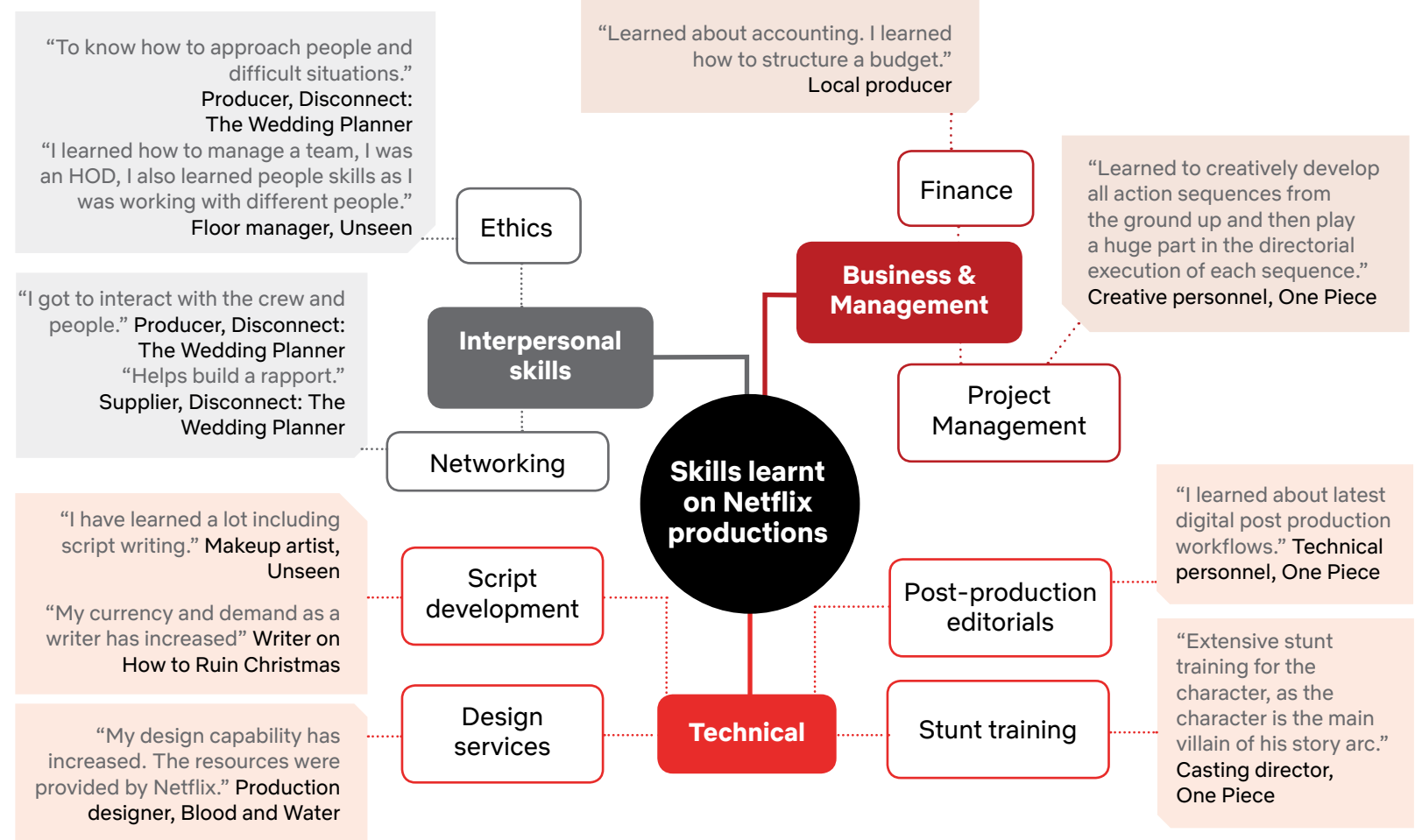


Training is a huge component of our work with local partners. Our ongoing efforts to upskill local partners results in significant skills development, not limited to the technical side, but including business development training as well. Respondents mentioned various skills they developed through Netflix productions, many of which will help them across other industries as well.

“As a small town person, working on the Netflix set was truly a dream come true, I felt blessed. It gave me a positive outlook in life and my career that anything is possible”

Accounting assistant on One Piece

“Netflix had a lot of impact on my international exposure in the aspect of filmmaking. With me being a camera operator, hopefully to become a Cinematographer, working with Netflix I understand that the cinematographer shouldn’t focus only on shots or angles alone, but should also focus on lighting and producing clear pictures.”
Camera Operator on Anikulapo



Country level impact: South Africa, Nigeria & Kenya

Having outlined our impact pathways and evidenced the role Netflix plays in developing value-chains through industry development, this section turns the attention towards three key markets in SSA, highlighting our economic impact in numbers. For Nigeria and South Africa (markets we have been engaged in for a longer period of time) we have further quantified the **overall economic impact** of our investments on economic variables including GDP, household income, tax, and job opportunities in these countries. When Netflix invests in markets by commissioning local producers to create content, and when it licences titles produced locally, there are economic impacts all across the value-chain. For example, when a film is commissioned, producers have to hire a cast and crew, pay salaries, and work with various contractors who supply inputs required for the film, such as electronics, construction materials, food and beverages, etc. These are referred to as **direct impacts**. These impacts ripple across the economy, as the suppliers to the show have to purchase from their suppliers to meet the new demand, who in turn must purchase from their suppliers. This is referred to as the **indirect impact**. As a result of the increased economic activity, incomes increase and people spend more money, referred to as the **expenditure impact**¹. We calculate direct, indirect and expenditure multipliers for the Film and TV industries in South Africa and Nigeria and use them to provide a fuller picture of our impact in these countries, showcasing how GDP, household income, tax and job opportunities are impacted directly, indirectly, and through expenditure when Netflix invests in local markets².

1. Sometimes referred to as the induced impact in impact studies.

2. Economic multipliers are tools commonly used by policymakers and academics alike to quantify the full economic impact of an investment into a value chain. Economic multipliers are expressed as a ratio. For example, a multiplier of 1:2 means that for every 1 dollar invested into an economy or industry, a total of 2 dollars of impact is generated throughout the value-chain, through the "trickle-down" or multiplicative effect of money moving through the economy and the additional value being generated. Multipliers are often expressed in monetary terms, such as Gross Value Added (GVA), Gross Domestic Product (GDP) or taxes, however, they can also be expressed in terms of the number of jobs supported (e.g for every 1 million dollars invested, 2 jobs are created). For a more detailed explanation of the methodology, including how the multipliers were derived and key assumptions of the model, the annexure should be consulted.

South Africa - unlocking talent and bringing it to the world

Netflix launched in South Africa in 2016. Since then we have been working with South African creators and distributors to bring high-quality series and films that showcase the best of South Africa's creativity and talent to our global audience.

We've invested in **170+ licensed titles**, and commissioned **16 Netflix Original South African series**, such as:

- Queen Sono
- How To Ruin Christmas: The Wedding
- Blood & Water

These three in particular are examples of successful Netflix content produced in South Africa and enjoyed by millions of members all around the world.

Having invested over **USD 125 million** in productions between 2016 and 2022, Netflix has made significant contributions to the economy. We have contributed an overall **USD 178 million** towards GDP, enhanced **income** of local people by **USD 167 million**, contributed **USD 41 million** towards tax in South Africa, and supported over **7,000** job opportunities across the economy.



USD 125 million
total amount invested



173
South African titles licensed



16
commissioned titles



USD	GDP CONTRIBUTION USD THOUSANDS	ADDITIONAL HH INCOME USD THOUSANDS	TAX CONTRIBUTION USD THOUSANDS	JOBS SUPPORTED (NUMBER)
Direct	79,222	74,386	18,465	3,800
Indirect	19,980	18,814	4,639	716
Expenditure	79,742	74,114	18,681	2,712
TOTAL	178,943	167,314	41,784	7,228

In addition to our upfront investment in productions, we have spearheaded various initiatives aimed at developing the industry in South Africa:

- **INVESTED USD 240,000**
in skills building programs for **50 beneficiaries** in South Africa
- **PROVIDED USD 345,000**
Netflix endowment fund for aspiring undergraduate AV scholars
- **INVESTED USD 966,000**
together with NVFV to support South African filmmakers
- **SPENT USD 572,000**
on a COVID relief fund for TV and film industry workers - **555 beneficiaries**
- **PARTNERED WITH DURBAN FILM MART**
Gauteng Film Commission, and the Realness Institute on audio visual sector development initiatives (2019-2020); and with The MultiChoice Group to increase consumer access to local content (2020)
- **IN JUNE 2022, IN PARTNERSHIP WITH CHOCOLATE TRIBE**
a Johannesburg-based visual effects and animation studio – hosted a free public event spotlighting this technical and creative industry as a viable career opportunity for South African youth. The AVI Jozi Animation and Visual Effects event included industry expert discussions, show-and-tell sessions and film screenings.



Understanding local priorities and working towards them

Netflix's presence in **South Africa** is contributing directly towards achieving strategic priorities for the creative industries in line with the South African Cultural and Creative Industries Masterplan³.



IMPROVING ACCESS TO FINANCE AND INVESTMENT

Netflix is one of the major international providers of investment into South Africa's film industry. An example of this was our investment in the production of **'One Piece'**, a foreign production, that yielded **USD 54 million** local spend.



INCREASE SA's SHARE OF BOTH THE LOCAL & GLOBAL CREATIVE INDUSTRY MARKET

Netflix produces local content in Africa which has dramatically increased its exposure to international markets. For example, **'Blood and Water'** Season 3 reached the Top 10 in France, Italy and Switzerland for 1 week in December 2022.



ENABLE ACCESS TO INFRASTRUCTURE WITH THE LATEST DIGITAL TECHNOLOGY

Netflix's investments in capacity-building extend to support and provision of critical equipment and production infrastructure depending on the needs of a project.



DEVELOP EFFECTIVE AND EFFICIENT IP RIGHTS MANAGEMENT THAT ENABLES INVESTMENT, IP MONETISATION AND PROTECTION

Netflix proactively seeks out opportunities to support local ecosystems, develop enabling IP frameworks through on-going engagement in stakeholder consultation, public participation, and providing written and oral input on legislative processes such as the Copyright Amendment Bill.

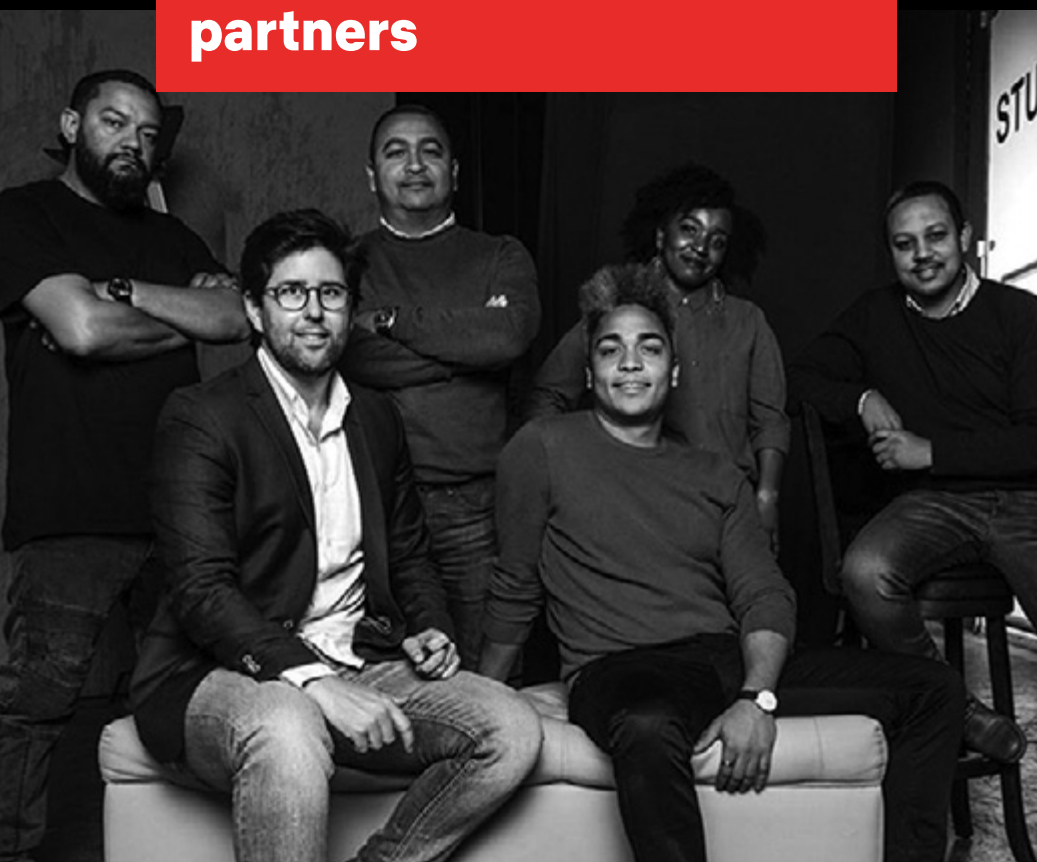


EQUIP THE CREATIVE INDUSTRY WITH LEADERSHIP & SKILLED TALENT TO INCREASE COMPETITIVE ADVANTAGE

We actively develop the skills of SA film industry workers. **76% of South African respondents from our survey said their skills increased.**

3. We assessed the Cultural and Creative Industries Masterplan (May 2022) to determine strategic priorities.

Success stories and perspectives of our local partners



GAMBIT FILMS: Showcasing Cape Town's local production talent

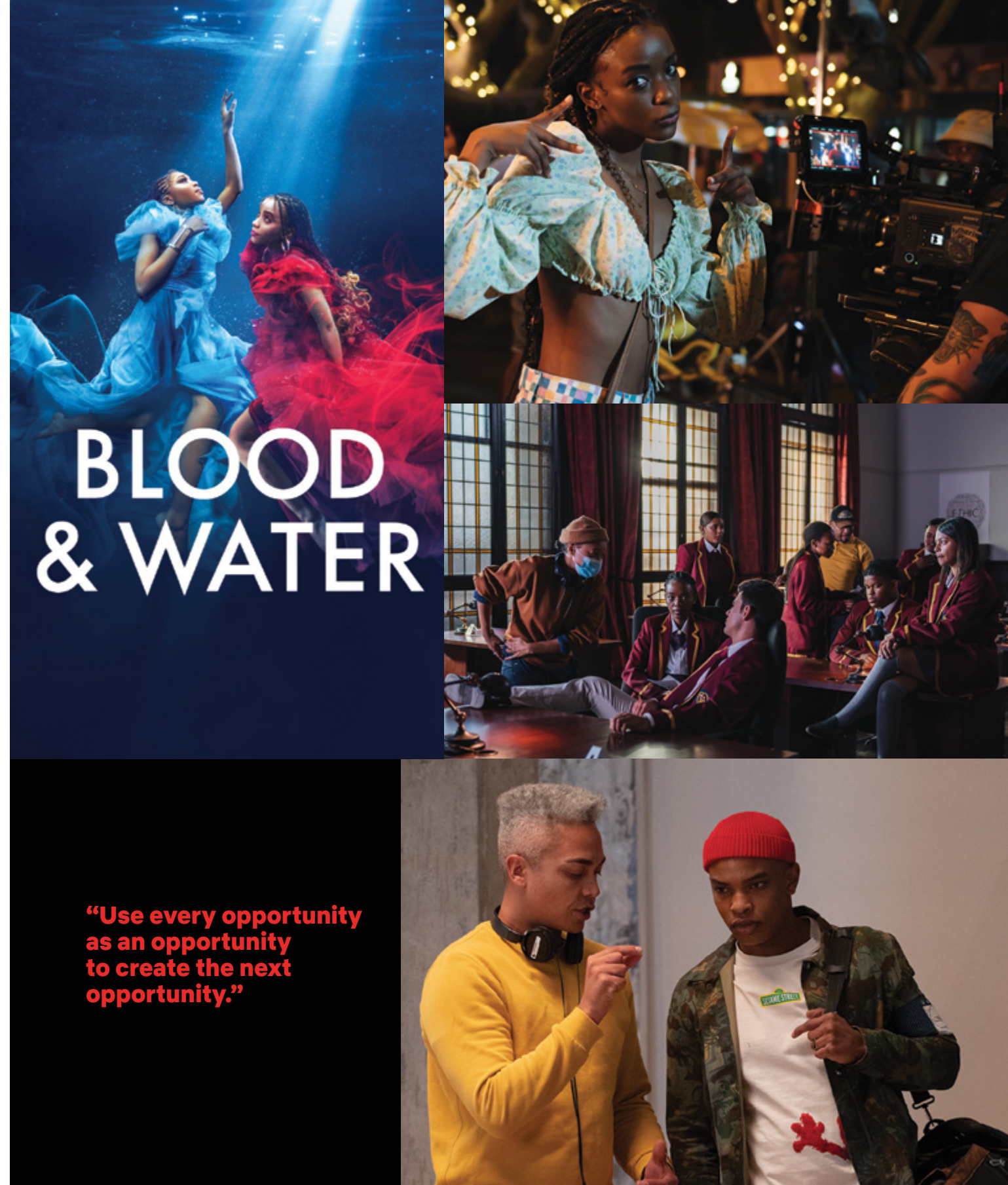
After graduating from AFDA, one of South Africa's premier film schools, the question for Nosipho Dumisa, Daryne Joshua, Travis Taute, and Simon Beesley was where to next? In 2009, starting a company like Gambit Films was a bold move - despite being 15 years into the country's democracy, the industry was still characterised by structural barriers to entry, especially for people of colour. Young and emerging filmmakers had a choice between entering the well-established service industry and taking technical jobs on foreign productions, or working in the local industry in junior, low-paid positions with minimal growth trajectory. So, together with Benjamin Overmeyer, the five formed Gambit Films, a creative vehicle that would allow them to make their own content while earning incomes through other jobs. There was just one problem, that film school hadn't offered the answer to: how exactly does one run a viable business?

As luck would have it, Daryne's brother, Bradley, was a mechanical engineer, with around 20 years of experience in the oil industry. At first, approached as an early investor, Bradley's interest in the vision of Gambit, saw him advising on business development, financial management and marketing. The hard questions Bradley led with cemented their strategy: "proof of work". In order to build trust, reputation and experience that would allow them to make Hollywood blockbuster-type productions in South Africa, the team needed to prioritise creating content of the highest production quality even if it meant absorbing costs, foregoing profit, and calling in favours and friends. Commercials, short films, websites, music videos - wherever Gambit could pitch, they would. The team poured in hours of investment in building proof points for Gambit all the while continuing to work day jobs lecturing, writing, researching and producing for public broadcaster, the SABC and other production houses such as Homebrew Films.

By 2014, Bradley could sense the groundswell. The time was now, go big or go home - he quit his job to join Gambit permanently, and with overheads covered, by 2015 the rest of the executive team had come on full-time. A few months in, and Gambit received an invitation to pitch a short film concept to Kyknet's Silwerskerm Fees, an Afrikaans film festival - they had one day. The pitch was a success, with the team receiving a cash prize to realise the concept onto screen. Nosipho directed, and co-wrote **'Nommer 37'** with Travis and Daryne. A local spin on Alfred Hitchcock's **'Rear Window'**, the film is a crime suspense thriller set in a fictional part of the Cape Flats of the Western Cape. Their short film won awards for Best Director and Best Script at the festival, and Best Short Film at the South African Film and Television Awards (SAFTAs). By 2018, Nosipho had directed the feature-length film - and submitted it to the prestigious international film festival South by SouthWest (SXSW), where "Nommer 37" enjoys pride of place as the first fully South African-made film to have its world premiere. SXSW also secured US representation for Gambit, and in turn allowed the film to come to the attention of Netflix.

One email inviting Gambit Films to pitch for a young adult series was all it took to set the wheels in motion. Initially, ‘**Blood and Water**’ was pitched as a dark-thriller, through on-going engagements with Netflix, the concept was refined to a high school suspense-drama following Puleng (Ama Qamata), a teenage girl who transfers to an elite private school to discover whether Fikile (Khosi Ngema) is her long-lost sister, who was abducted at birth. The series is a uniquely South African tale featuring novel landmarks like Cape Town CBD and the University of Cape Town campus. Ama, Khosi and most of the cast were relatively unknown in the film and TV industry prior to Season 1. A generation of fresh and diverse faces in a show led by aspirational black, female leads. What Netflix brought for these young new stars was the opportunity to immediately be screened in over 190 countries, a local story from Africa, brought to the world. And the world loved it - now in its third season, ‘Blood and Water’ has found phenomenal international success. Bradley attributes this to the strength of the working relationship with Netflix - debates and discussion on creative direction were fair, a strong focus was placed on wellbeing and mutual respect, and Gambit’s own commitment to producing content of world-class production value.

Trust underscores much of the success of the show. From concept to delivery, Gambit’s crew and creative team were people the team had worked with for years. The same people who worked for free as production assistants on short films and commercials years ago so that Gambit could develop its portfolio of work, are now successful HODs, managers and senior crew on ‘Blood & Water’. As Bradley puts it, Netflix put Gambit Films “on the map” - the impact of the show on career trajectories has allowed for work on other Netflix productions, with increased international exposure and experience. Years of accumulated experience, a dedication to craft and quality, and a team spirit led by camaraderie, community and collaboration have led to Gambit Films standing firm as one of South Africa’s finest production houses.



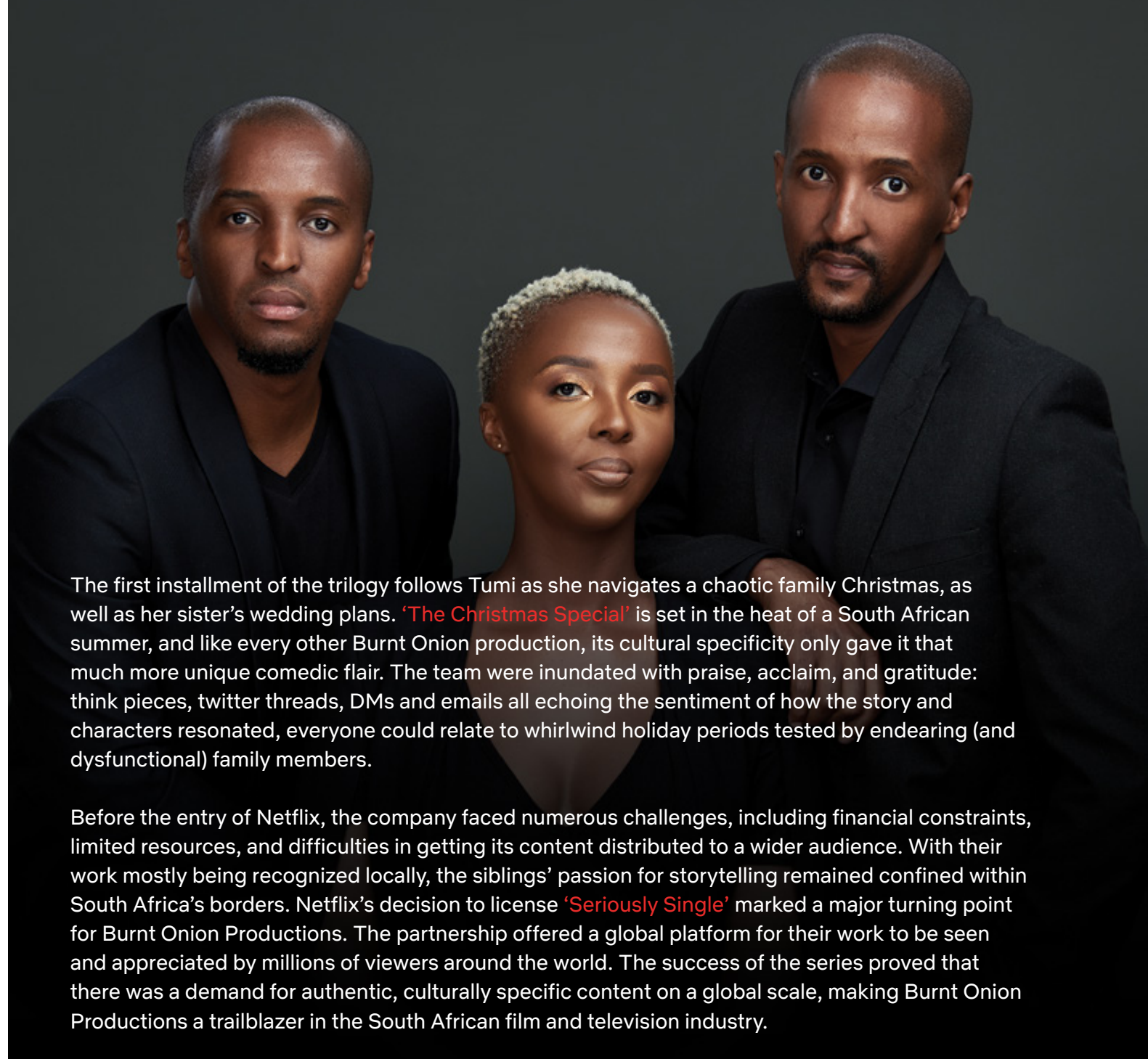


**BURNT ONION
PRODUCTIONS**

South Africa's film making trio

When *'My Perfect Family'* first aired on SABC1 in 2011, the sitcom became a sensation, capturing the hearts of South Africans with its relatable and humorous portrayal of family life. Behind this success was Burnt Onion Productions, a company founded by three talented siblings: Tshepo, Katleho "Katt", and Rethabile "Retti" Ramaphakela. With a combination of creativity, business acumen, and industry experience, the trio navigated the challenging landscape of television and film production in South Africa. Retti, having already worked as a kids' presenter by age 11, knew that she wanted to start a production company early on in her life. In her third year of her Bachelor of Arts degree in Motion Picture Medium at AFDA, she asked her oldest brother to help her register a company. Tshepo, a statistician and analyst working in banking at the time, was keen to help and registered the business under the name "Burnt Onion Productions". The move coincided with Katleho's pivot from his own career and eagerness to continue nurturing his creative side, after years both in front of camera and behind the scenes, in the film industry. "Katt" joined the team as a managing director, bringing both industry experience and the right corporate contacts. And so, by 2008, they had the final ingredients for a complementary family business of creatives, number crunchers and directors.

The turning point came in 2020 when their romantic comedy *'Seriously Single'* was noticed by Netflix. While COVID19 pandemic disrupted their planned cinematic release, negotiations were underway with Netflix to licence the film. The deal catapulted the team onto the global stage, with increased local viewership and an overnight global audience. The success of *Seriously Single* led to the creation of their next big project, *'How to Ruin Christmas: The Wedding'*, which became a hit Netflix Christmas Special. With bigger budgets and a commitment to showcasing South African culture, it was the biggest production the team had made. Almost immediately they were met with overwhelming responses from locals and internationals alike.



The first installment of the trilogy follows Tumi as she navigates a chaotic family Christmas, as well as her sister's wedding plans. *'The Christmas Special'* is set in the heat of a South African summer, and like every other Burnt Onion production, its cultural specificity only gave it that much more unique comedic flair. The team were inundated with praise, acclaim, and gratitude: think pieces, twitter threads, DMs and emails all echoing the sentiment of how the story and characters resonated, everyone could relate to whirlwind holiday periods tested by endearing (and dysfunctional) family members.

Before the entry of Netflix, the company faced numerous challenges, including financial constraints, limited resources, and difficulties in getting its content distributed to a wider audience. With their work mostly being recognized locally, the siblings' passion for storytelling remained confined within South Africa's borders. Netflix's decision to license *'Seriously Single'* marked a major turning point for Burnt Onion Productions. The partnership offered a global platform for their work to be seen and appreciated by millions of viewers around the world. The success of the series proved that there was a demand for authentic, culturally specific content on a global scale, making Burnt Onion Productions a trailblazer in the South African film and television industry.





FILM AFRIKA

Setting the bar for South Africa's service industry

“There are people that can do it. There are local South Africans that are phenomenal at what they do.” This is what Rudi Van As, Managing Director of Film Afrika Entertainment, says in response to assumptions about South Africa's capacity to manage international production projects. Having worked with Film Afrika for more than 13 years, he's seen firsthand what's needed to build trust and partnership between foreign clients and local teams in the film service industry to unlock economic investment, skills development and transfer, and job creation in the cultural sector and film service industry.

Established in 1995 with the aim of bringing foreign investment to South Africa, they work with the country's most experienced technicians, producers and controllers to ensure that big contracts are managed in mutually beneficial ways. From securing the right personnel, to finalising set locations, liaising with production managers, controlling legal, schedule and budget quotas, this Film Service Company assists with routine business affairs. Because, as Rudi puts it, it's “big business.” This endeavour requires not only an understanding of existing capacity, but also a commitment to investing in assets, infrastructure and, most importantly, human capital. They do this through their active partnership with the South African Film Academy.



“It's a respectful workplace. Working with Netflix, we feel like partners as opposed to suppliers of a big corporation.”

Since starting in 2008, SAFA has released an estimated 600 alumni into the industry. Of those alumni, and current students, 95% are youth. In collaboration with the Film Academy, Film Afrika has worked with the country's best to develop accredited practical courses and mentorship programmes for graduates. These courses enable them to exercise the practical skills that will help them survive on high-intensity work sites. Similarly, these programmes work as skills transferral initiatives that ensure that technical crews are qualified and youth-based. Once these graduates have finished with their intensive courses, Film Afrika employs trainees within their budgets, allowing them to earn a living while gaining exposure to the massive industry. In this sense, they are “reverse engineering career paths” and reducing barriers to entering the competitive industry. “People have confidence that you have the infrastructure here,” says Marisa Sonemann, Head of Production at Film Afrika Entertainment.

The filming of foreign production ‘**Black Sails**’ set the scene, literally and figuratively, for successful negotiations with Netflix on why Film Afrika was the right team to facilitate the production of ‘**One Piece**’ - **the largest ever production filmed in Africa, both in terms of scale and budget.** Marisa and team refer to the working relationship with Netflix as a partnership - underscored by an ethos of trust, transparency, and respect. Netflix's investment in ‘One Piece’ evidenced the strength of what South Africa has to offer for foreign productions: highly skilled technical teams, reliable service partners, and a great filming location. Despite this, the overall landscape still suffers from a lack of infrastructure, skilled personnel and qualified controllers to manage big budgets and high-stakes productions requiring guaranteed investment in the growth of South Africa's creative industries, and policy certainty to support it. Film Afrika's firm belief is that South Africans are capable - all that's needed is someone to unlock upskilling opportunities and on-site learning. And once that's handled, “Suddenly, you have multiple returning series coming to South Africa.”

“Now, we don't have to, as an industry, go overseas to find that skillset. It exists here and it can be improved upon.”



'ONE PIECE' - Best practice for Industry standards

Netflix is proud to have commissioned a project with such significant socio-economic impact in South Africa. 'One Piece' was a major contributor to job creation and a source of income for many South Africans, particularly those from historically-disadvantaged backgrounds and Small, Medium and Micro Enterprises (SMMEs) businesses over a long period of filming. Sustainability was at the core of the project's priorities, with massive efforts directed towards recycling and creating a green set.



LOCAL INVESTMENT (SPEND)

Total spend of ZAR 800 million (USD 54 million)

USD 31.5 million spent on local cast/crew/extras

USD 48.7 million spent on local services suppliers
(625 local suppliers with majority being **SMMEs**)



EMPLOYMENT

Total Full Time Equivalent Jobs: 1 000

Women: 27% Non-binary: 8

67% of total employment consist of **historically disadvantaged individuals**

Youth: 46% (individuals under the age of 36)

625 SMME local suppliers



INCOME GENERATING OPPORTUNITIES

Dailies and stunts:

3 275: 67% HDI; 46% Youth; Female

7 608: 67% HDI; 46% Youth; Female



Why Netflix selected South Africa for 'ONE PIECE':

EXCELLENT FACILITIES AND INFRASTRUCTURE in place to manage a production of significant scale and budget.

HIGHLY SKILLED CAST LOCALLY that can competently undertake the initiative.

POLICY/REGULATORY ENVIRONMENT that promotes investment, particularly the DTIC's film and television production rebate geared at supporting the local industry.

SAFE AND SECURE environment to film in.

SIGNIFICANT SKILLS BASE on construction, trade, financial services, transportation and other key crew personnel that are important for film.



GREENSET

A Non-profit company, under the mantle of the SA FILM Academy - manages waste and reduces the carbon footprint on sets. GREENSET was an integral component of 'One Piece', reducing waste to landfill by over **75%**, and contributing recycled products towards the city's socio-economic challenges. For example, **1600** PU bricks from the set were used to support community activities in Delft.



FILMGRO DRIVING ACADEMY

One of the biggest challenges to employment & career advancement in the Film & TV industries - especially for people from historically disadvantaged communities - is getting a driving licence. The SA FILM Academy launched the FILMGRO DRIVING ACADEMY - with a vehicle sponsored by Suzuki - to help transform a significant obstacle into an awesome opportunity, actively driving growth, skills development, employment and career advancement, transformation & diversity in the industry. FILMGRO was a huge part of 'One Piece' providing driving licenses to over **50** people.



SA FILM ACADEMY

The SA FILM Academy (SAFA) - launched in 2006 by Film Afrika - to address the transformation imperative in the emerging South African Film Industry - provides a vital bridge between education and employment by providing individuals with a chance to get real set work exposure without prior experience. 'One Piece' had **31** SA FILM Academy trainees and interns engaged in in-service training on the production, **62** SA FILM Academy Alumni in crew.



The partnership with Film Afrika carried through to the successful joint hosting of President Cyril Ramaphosa and Minister of Trade, Industry and Competition, Ebrahim Patel to the set of 'One Piece'. The visit enabled the visiting delegations a first-hand experience of the expansive and economically significant value chain that supported 'One Piece'.

Following the visit, President Ramaphosa remarked:

"To have the presence of a global brand like Netflix investing in South Africa is something we cherish. The creative industry is a great opportunity for job creation and we will continue to ensure that we provide a conducive policy environment for investors in this space."

Netflix's investment in 'One Piece' also formed one of our pledge announcements at the 2022 South African Investment Conference. Our pledge highlighted the critical role played by the creative industry in driving economic growth, development and transformation in South Africa - and in recognition of this, Netflix was honored to be named as a recipient of an inaugural investor award for our contribution to South Africa's film sector, conferred by President Ramaphosa himself.



Nigeria: Showcasing Africa's largest film industry to the world

Netflix was launched in Nigeria in 2016, and has swiftly uplifted the world's second-largest global film industry by adding its high-quality local content to our service. Over **USD 23 million** has been invested since 2016 in over **250** local licensed titles, co-produced and commissioned film content. Recent years have witnessed hugely successful Nigerian Netflix originals enter the Netflix service, such as Anikulapo which became Netflix's top-performing film in Nigeria within less than two weeks of its release. Other popular Nigerian Netflix productions include Blood Sisters, Far From Home, Shanty Town, and King of Boys. Our investment of over **USD 23 million** has had significant impacts on the Nigerian economy. Through direct, indirect, and expenditure impacts across the economy, our investments have contributed **USD 39 million** towards GDP, **USD 34 million** towards household income, and **USD 2.6 million** towards tax revenue. A total of **5,140** jobs throughout the economy were supported⁴.



USD 23.6 million
total amount invested



283
Nigerian titles licensed



3
commissioned titles

4. In Nigeria, the majority of our investment has gone towards licensing local titles. This results in a relatively larger expenditure impact, as we do not include licensed titles in direct and indirect impact calculations. See the annexure for more details on the methodology.

USD	GDP CONTRIBUTION (USD)	ADDITIONAL HH INCOME (USD)	TAX CONTRIBUTION (USD)	JOBS SUPPORTED (NUMBER)
Direct	8,033,994	6,529,468	792,930	445
Indirect	641,054	542,339	39,962	77
Expenditure	30,762,569	27,270,681	1,847,192	4,618
TOTAL	39,437,617	34,342,488	2,680,083	5,140

In addition to our upfront investment in productions and the ongoing training we provide throughout these, we have spearheaded various initiatives aimed at developing the industry in Nigeria. A few examples include:

NETFLIX FUND FOR CREATIVE EQUITY

in collaboration with the Nigerian Film Corporation, provided funding to five universities and film schools in West Africa, covering full tuition and living costs for students. We provided 52 scholarships to up-and-coming creative talent from four West African countries: Benin Republic, Gabon, Ghana and Nigeria.

NETFLIX PROVIDED DIRECT GRANTS

to film schools in order for them to reduce the cost of admissions and improve access for underprivileged students.

TOTAL DISBURSEMENT OF USD 500,000

towards the Film and Television Relief Fund that provided short-term relief to below-the-line workers (technical crew) who were unable to earn a living during the COVID19 pandemic. This disbursement included a donation to Terra Kulture, an arts and culture centre in Lagos. Terra Kulture also received Netflix funding in October 2022 to support academic training and promotion of the centre's various artistic and cultural projects.

A TEN-WEEK POST PRODUCTION TRAINING WORKSHOP

at the KAP Film & Television Academy for ten aspiring film editors, after which they received a certificate from the USC School of Cinematic Arts and KAP.

Understanding local priorities and working towards them

Netflix is promoting the strategic objectives of the film and creative industry.⁵



ORGANISE TRAINING PROGRAMMES FOCUSING ON NEW CONTENT DEVELOPMENT, AIMED AT INSTITUTIONALISING INTERNATIONAL BEST PRACTICES IN FILM PRODUCTION

“Enlightened me of different techniques within cinematography.”
Camera operator, Anikulapo

“I learned management skills and organizational skills, these are important even in my day to day life. Being in the film industry you have to possess these skills, so I’m grateful that I got to learn them.”
Cast member of Anikulapo



EXPAND NIGERIA’S SPHERE OF INFLUENCE THROUGH THE EXPORT OF INHERENT AND DIVERSE CULTURES

Netflix has over **250** Nigerian licensed titles on the service and further invests in local productions.



UPLIFT THE CREATIVE INDUSTRY & DEVELOP SKILLS AND CAPACITY BUILDING INITIATIVES

86% of survey respondents from Nigeria agreed or strongly agreed that Netflix had increased their skills.

Donations and partnerships to support training and development, including post-production training together with industry partners such as EbonyLife, KAP Film and Television Academy, and Terra Academy for the Arts.

In 2021 and 2022, the public policy team of Netflix had extensive engagements with the Nigerian Film and Video Censors Board.

In addition to partnering with the Board to ensure that licensed and co-produced films align with the Board’s rules and regulations, Netflix sponsored a panel session at the Inaugural Nigerian Digital Content Regulation Conference where Nigerian creatives were instructed on ways to expand the reach of Nigerian storytelling and cultures to audiences outside the country.



5. Based on the National Film and Video Censors Board of Nigeria industry action plan and the Nigerian Film Commission Bill (2018).

Success stories and perspectives of our local partners



Pioneering Nigerian film as craft first: **Kunle Afolayan**

From as early as age 14, Kunle Afolayan traveled West Africa, learning the craft of screening films off of 60mm projectors. The son of the late renowned Nigerian actor, filmmaker, dramatist, and producer, Adeyemi Josiah Afolayan, at the time, Kunle's creative ambition was yet to form, and despite securing the role of the lead actor in the hit 1999 political drama, *Saworoide* (director Tunde Kelani) much of this initial exposure was simply family duty. A degree in business administration saw him spend 7 years in banking, before being pulled back to the arts, undertaking studies at the New York Film Academy in London.

By 2006 Kunle had released his debut movie, *'Irapada' ('Redemption')*, which he produced and co-directed. His expertise and dedication paid off, as the film garnered recognition at the Pan African Film Festival, and the London Film Festival, and won the Africa Movie Academy Award for Best Film in an African Language. Kunle used his negotiation skills to persuade Silverbird Cinemas to screen the culturally specific content for one week. The movie exceeded expectations, running for four weeks due to massive crowds and extensive ticket sales. This marked the beginning of his successful career in the Nigerian film industry, with subsequent releases including *'The Figurine'* in 2009, *October 1* in 2014, and *The CEO* in 2016.

Kunle's success can be attributed not only to his creative talent but also to his keen business acumen and understanding of the industry. His films consistently showcase his signature style and his ability to resonate with his target audience. This, along with his innovative thinking and commitment to quality, has helped pave the way for what many now call "The New Nollywood". Kunle is uncompromising about production quality - he notes that while the digital era brought ease and accessibility, it allowed for short-cuts on elements such as camera quality, audio treatment, colour correction and grading. Long before his formal education, Kunle was learning the art of craftsmanship in the early 90s, watching how his father and peers approached filmmaking. If you paid attention to format, a film could achieve longevity by simply being able to fit on several platforms.





In March 2021, Netflix signed a three-film deal with Kunle, with ‘Aníkúlápó’ being the second title in the agreement. ‘Aníkúlápó’, released on September 30, 2022, is an epic fantasy about a widow, a spirit, and the promise of another chance at life. The film quickly became the most-watched film in Nigeria in 2022 and earned a spot in the global top 10 as the number one foreign film on Netflix. Kunle believes the film’s success demonstrates that the market is ready for more diverse and sustainable content that showcases the richness of Yoruba culture. Much of the crew behind the title is part of Kunle’s “winning team”, having walked a decade-long journey together.

His assessment of the Nigerian film industry is a market that’s ready and brimming with adrenaline to meet the global demand for local content, with Netflix serving as a catalyst for further growth of the industry. Despite the size of the industry - more capable hands are needed. The KAP Film and Television Academy was founded to invest in capacity-building especially for Nigeria’s young and emerging filmmakers. In partnership with both Netflix and USC School of Cinematic Arts, KAP has recently graduated its second batch of students in Sound Post-Production. Reflecting on those lessons from the early 90s, Kunle’s advice for the next generation is to merge creative passion with understanding the business of film - quality in, ensures quality out, and making a great film is just as important as finding your audience.

“Netflix came at the right time. Distribution has always been a major challenge for indie filmmakers... Netflix gave films a wider audience, it allowed people to dream bigger.”

Nigeria's media powerhouse: Mo Abudu and EBONYLIFE MEDIA



An affluent and aspirational Africa unpins the brand of EbonyLife Media (comprising EbonyTV, EbonyStudios, and EbonyFilms). Founded by Mosunmola “Mo” Abudu, one of the leading names in business, the conglomerate is part of the wider EbonyLife Group. Mo’s foray into

the business of film came well after she had already established a successful career as head of Human Resources of ExxonMobil, and thereafter pivoted into becoming a media mogul, hosting the much-loved “Moments with Mo” – Africa’s first syndicated daily talk show that aired on DStv across 49 African countries and on cable TV in the United Kingdom. EbonyLife TV – Africa’s first global black entertainment and lifestyle network – was formed with handpicked industry experts to form an African company with a global outlook. Heidi Uys, Head of Programming, describes the early days of the team as led by Mo’s vision for the content slate to serve as an unwavering champion of the richness, resonance, and power that lies in African storytelling.

By 2016, the team had already shifted the cultural needle domestically through distribution with hits like ‘**The Wedding Party**’ (director Kemi Adetiba), a runaway cinema success. The film broke the mould, and together with its sequel, ‘**Wedding Party 2**’ (director Niyi Akinmolayan) still stands as two of the highest-grossing box office hits in the Nigerian film industry. The creative sector, and film in particular, is a powerful vehicle to correct Western misconceptions of the continent as one-dimensional, however, this

is dependent on the ability of authentic local stories to travel the world. The partnership with Netflix fit perfectly with this ambition – inviting global audiences to see a different Africa. Heidi describes the partnership as game-changing, particularly as EbonyLife increasingly shifted its focus from linear to producing for streaming – highlighting that consistency and quality of production value is a common goal shared with Netflix. In speaking to realities, Heidi explains that to be a full-time actor is challenging – people wear many hats out of necessity. Netflix entering the market, and investing in training, capacity-building, skills development and committing to local partners like EbonyLife Media eases some of this pressure, enabling creatives to prioritise their craft, and invest in their professional careers.

The creative inspiration behind Netflix’s first-ever Nigerian Original Series, ‘**Blood Sisters**’ came from within the EbonyLife family. In preparing for her own wedding, creator and producer Temidayo Makanjuola pondered worst-case scenarios resulting in the formation of a storyline both unique and universally intriguing: an engagement scuppered when the best friend of the bride kills the abusive groom in self-defence. The four-part series was shot entirely in Lagos, with a community of cast and crew spanning over 1,500 people. It sent waves locally and globally. Filming in Lagos involves precise and thorough consideration of the city’s reality and conditions, Heidi explains how this often includes housing cast and crew to ensure production schedules aren’t affected by hours stuck in traffic. Having a partner like Netflix eases some of the factors associated with planning and setting milestones for future projects ensuring a pipeline of content in steady development.

Aligned with Mo’s passion for mentorship and investing in the empowerment of the media and entertainment industry, she is also the founder of the EbonyLife Creative Academy (ELCA), supported by the Lagos State government under the administration of Governor Babajide Sanwoolu. ELCA offers both aspiring film creatives and industry professionals looking to expand or advance their skillset exposure to quality training and development through practical short courses, designed by industry experts, at no cost. So far, ELCA boasts support to around 800 students, ensuring that the future of Nigeria’s film industry benefits from a well-trained, and well-equipped pool of talent and skill. Most recently, ELCA announced a partnership with international actor, Idris Elba, to further invest in local creative talent and improve access and opportunity for work on world-class productions.



“Africa is not just a continent of dust and poverty, but is truly cosmopolitan with cities like Lagos, Johannesburg, Nairobi... it’s not comprised of just one layer of society.”

“It’s about a common goal of excellence. When Netflix came along it helped us concretise something that was already on its way by enabling consistency and giving people better opportunities. There’s a point in time where people need to do less, but do it better. To go from a quantitative model to a qualitative model...when you’re on a streamer people can simply click, they can immediately decide whether they do or don’t like something which changes the whole game.”

Kenya: Working together to build local industries



Netflix in Kenya has been a major pillar in supporting and developing the country's creative industry. A May 2022 memorandum of understanding with the Kenyan Ministry of ICT, Innovation & Youth Affairs, has served as the baseline for cooperation focusing on skills and capacity development, creative sector infrastructure development, marketing and media spend, digital consumer protection and local content investment. Netflix's commitments to strengthen the industry have been reflected in the launch of the first **Kenyan Netflix original 'Country Queen'** in July 2022, with two more titles in various stages of production.

Our initial work in Kenya has focussed on working alongside policymakers to develop the industry, supporting national objectives of the sector and developing local talent so that the market is ready for the inevitable increase in demand for locally produced content. Some of our activities include:

TWO-YEAR MoU

with the Ministry of ICT, Innovation & Youth Affairs covering skills and capacity development.

COLLABORATION

with the Kenya Film Classification Board (KFCB) on digital literacy and online safety.

SUPPORTING THE KENYA FILM COMMISSION

with capacity development and the design/implementation of a screen production sector incentive.

MASTERCLASS ON POST-PRODUCTION

focusing on editing and sound at the Kalasha Film Festival (March 2023), open to members of the festival.

46 CREATIVE EQUITY SCHOLARSHIP FUND BENEFICIARIES

from five East African countries, studying at the Africa Digital Media Institute (ADMI), Kenya Film School, Kenya University, United States International University, and KCA University.



Understanding local priorities and working towards them

Netflix's operations are directly contributing towards the priorities of the creative industries and governments policy objectives.⁶



PROMOTE LOCAL FILM & TELEVISION PRODUCTION IN KENYA

96% of the survey participants from Kenya agreed that Netflix is positively contributing to the development of the industry.



DEVELOP AND CAPACITATE THE LOCAL CREATIVE ECOSYSTEM

Our shows in Kenya use local Kenyans as cast and crew, and focus on upskilling them. Crew members from Disconnect: The Wedding Planner said: "Netflix boosted me and increased continuity in my career."

"Working on a Netflix show gave me courage as a professional and as an actor, to know that I can fit on any screen."

"Working with Netflix has elevated my career by opening doors to other productions."

In addition, our partnership through an MoU with the Ministry of ICT, Innovation and Youth Affairs aims to facilitate capacity building.



PROMOTE KENYA AS A TOURIST DESTINATION, TO GLOBAL AUDIENCES, THROUGH SHOWCASING OF LOCAL FILM AND TELEVISION SHOWS ON THE NETFLIX SERVICE.

The digital marketing campaign to showcase Magical Kenya in collaboration with the Ministry of Tourism showcases our commitment towards attractive tourism through film and media.



SUPPORT PARTNER ENTITIES LIKE THE KENYA FILM COMMISSION IN THE ACHIEVEMENT OF THEIR POLICY OBJECTIVES

We are actively engaged and committed to working with local bodies in their efforts to develop the industry.

6. Based on the Kenya Kwanza manifesto's commitments (2022-2027), the Kenya Film Commission's objectives, and the National Film Policy (2021) from the Ministry of ICT, Innovation and Youth Affairs.

Success stories and perspectives of our local partners



David “Tosh” Gitonga: Kenya’s film maverick



David “Tosh” Gitonga’s professional start was in marketing – drawn to the busyness of the job, he soon realised that he would never be destined for a desk job. After securing an internship at a local production studio – he was soon exposed to questions about the dearth of Kenyan local content. Right then and there, the young team decided to make a film. Tosh describes this early chapter as pivotal – more than right time, right place, the question itself would set the scene for Tosh’s creative journey. The movie, titled ‘**Dangerous Affair**’ (director Jodi Kibinge), was a romantic drama, featuring local casts and familiar settings and took the local scene by storm. It was the early 2000’s, and at just 21 years old, this experience instilled in Tosh a fundamental ethos: **it’s got to be you to start something.**

Over the years, Tosh honed his skills by working as an assistant in directors’ departments. He gained valuable insights and experiences, preparing him for his eventual transition to directing. His turning point came in 2009 when MNet producers offered him the job of Head Director for the TV series ‘**Changes**’.



Despite initial hesitation, Tosh embraced the opportunity and successfully led the 13-episode series for two seasons. A harrowing initiation, but one which would lead to directorial momentum with his critically acclaimed film, **'Nairobi Half Life'** produced through the 'One Fine Day' program started by Tom Tykwer and in conjunction with Ginger Ink Films. Selected as Kenya's entry to the 85th Academy Awards for Best Foreign Language Film, 'Nairobi Half Life' became a classic among Nairobi locals and still serves as a reference point in Kenyan film schools. The film's success cemented Tosh's reputation as a visionary director with the ability to tell compelling, authentic stories.

By 2018, Tosh had created **'Disconnect'** - the perfect combination of Kenyan star power and quality production with performers like Brenda Wairimu, Nick Mutuma, Catherine Kamau, Pascal Tokodi and Pierra Makena. The show follows the ensemble cast of young Nairobians as they troubleshoot their way through the local dating scene. At the time, Tosh found it challenging to generate excitement for the show on social media, even going so far as creating his own distribution platform. When negotiations began with Netflix to licence the title, Tosh couldn't have predicted just how the tide would turn. Once on the service, the difference in visibility and exposure catapulted the title to new audiences. The title was number one in Kenya, number two in Nigeria, in the top five in South Africa, and made the top ten in sixteen other countries. Paving the way for **'Disconnect: The Wedding Planner'** which aired on Netflix in 2020.

Kenya may not yet have Hollywood budgets, but the country's creatives have passion, drive and skill. Tosh notes that the presence and interest of Netflix in the market has already upped the ante for other local and international players to invest more in the local production scene. His advice for aspirant filmmakers and producers is to do more to secure more: investing in a body of work eases the ability to negotiate down the road. Sponsors understand better the value

of mentorships when they understand what the creative industry has to offer, corporates see the value of product placement when they understand the power of an audience, cross-border creative networks through exposure and visibility, and budget negotiations become less fractious when the viewer data validates the success of a title.

In looking to the future of Kenya's film industry, Tosh speaks with resounding clarity: moving forward requires going back to the drawing board. Regardless of rank or fame, building and developing the local industry has to be a collective effort. For him, refining the craft is what will create the foundation for future success and prosperity of the industry. Understanding the business side of film requires understanding what it takes to grow an audience base - locally and abroad. A mindset shift is needed across the spectrum to understand the seriousness of the Kenyan industry - understanding the cost of filmmaking equipment or a world-class film studio, the value of a robust incentive and rebate scheme to attract foreign productions, and understanding the complexities of the business side of film are just some of the areas where Tosh feels the time is ripe for less talking, and more doing.

"We need to all collectively grow the industry before it can start giving back. Eventually the originals and the big budgets will come. But at this point, we need to figure out how to grow the audience."

"We know how to make good films. We can make films. We just have to figure out the business side of things."

5

Conclusions

Netflix's investment into SSA has huge economic and social benefits.

The review of our socio-economic impact over the last 5 years highlights the immense scale of impact we have been able to create, both from a broad economic perspective and on people's lives. The scale of monetary investment into the continent has greatly benefitted development through contributions to GDP, increases to household savings, contributions towards taxes received by local governments, and jobs supported. This picture is further evidenced by the stories emanating from our local partners and the value-chains we have worked with. Netflix has meaningfully been contributing towards unlocking careers in local film industries, upskilling individuals and providing great work opportunities that set people up for success.

Enabling environments and collaboration between stakeholders are critical to foster international investment in local film industries.

The demonstrated impact of Netflix in local markets is only possible through effective partnerships between local governments and international investors. The opportunity to use Cape Town as a base for the development of 'One Piece' was enabled and supported by local governments that provided secure spaces and approval, and through a supportive regulatory framework. It will be important for industry bodies and regulators alike to identify the key regulatory mechanisms that promote responsible and impactful investment in their markets and work to retain and strengthen these.

Developing a better understanding and appreciation of the film industry in Africa.

More research into the nuances and impact of the film industry in Africa would be beneficial. In particular, understanding the

challenges, nuances and opportunities in each market would support better decision-making, capacity building and investment decisions. It would also go a long way towards highlighting just how important the industry is for economic and social development.

Building the talent pipeline for more African stories.

As Netflix, we are excited by the prospect of bringing more local stories to the world. We understand that there is immense commercial opportunity in SSA's industries and we want to be there for the journey. We recognise that a key component to unlocking SSA's film industry is the exponential growth and nurturing of the skills base. Without dedicated efforts to develop skills coupled with supportive incentives and operating environments, the supply may not be able to meet the ever-growing demand for quality local content. That's why we are committed to engaging authentically and working alongside local industry to ensure the talent base expands. This promotes a mutually beneficial relationship which Netflix and SSA both benefit from immensely.

Enabling and conducive policy and regulatory environments that sustain investment in the audiovisual sector.

Netflix supports a policy environment that is sound, certain, evidence-driven and based on best practice especially on issues including IP rights and copyright, local ownership obligations, incentive and rebate schemes, licensing and content regulation. Unpredictable and unbalanced policy risks both investor appetite industry growth. Netflix is committed to working with policymakers and other stakeholders on policy initiatives to advance the creative industries, and even in the absence of specific regulatory compulsion at the moment, Netflix is already making significant industry, enterprise and supplier development contributions through content and production investments, skills development and job creation, and economic empowerment for historically disadvantaged persons.

6

References and Stakeholder Participants

We would like to thank all stakeholders for their invaluable contributions to this report. It would not have been possible without the time and dedication of various stakeholders including internal Netflix teams as well as the below-mentioned participants who provided their insights, learnings, stories and important data required for the assessment.

INSTITUTION

Gambit Films
Burnt Onion Productions
Film Afrika
EbonyLife Media
Redberry TV
Golden Effects Pictures
Mushroom Media
Primary Pictures

STAKEHOLDER PARTICIPANTS

Bradley Joshua
Katleho Katt Ramaphakela, Tshepo Ramaphakela, Rethabile Ramaphakela
Rudi van As, Marisa Soneman, Nicola Unsworth and the entire Film Afrika team
Heidi Uys
Tahnee Wright
Kunle Afolayan
Warwick Allan
David 'Tosh' Gitonga

1. **UNESCO: The African Film Industry Report**
<https://en.unesco.org/creativity/publications/african-film-industry-trends-challenges>
2. **The Creatives and Cultural Masterplan (May, 2022)**
<http://www.nationalarchives.gov.za/sites/default/files/u4521/Annexure%20A%20-%20Creative%20Industries%20MasterPlan.pdf>
3. **The National Film and Video Censors Board of Nigeria**
<https://www.nfvcb.gov.ng/8-point-action-plan/>
4. **The Kenya Kwanza Manifesto (2022-2027)**
<https://uda.ke/downloads/manifesto.pdf>
5. **The Ministry of ICT, Innovation and Youth Affairs: the National Film Policy Draft (2021).**
<https://ict.go.ke/wp-content/uploads/2021/01/DRAFT-NATIONAL-FILM-POLICY-2021-FOR-VALIDATION.pdf>
6. **The Netflix Top 10**
<https://top10.netflix.com/>

We would also like to thank **Quantec** for its development of economic multipliers, and **Frontier Consulting** for supporting implementation of the value-chain survey.

Report design:
Julia White - Park Road Studio

Cover design:
Sarah Kobal

Case study interviews and drafting support:
Drew Haller

7

Annexure: methodology for total economic impact for Nigeria and South Africa

Economic multipliers are tools commonly used by policymakers and academics alike to quantify the full economic impact of an investment into a value chain. Economic multipliers are expressed as a ratio. For example, a multiplier of 1:2 means that for **every 1 dollar invested into an economy or industry, a total of 2 dollars of impact is generated throughout the value-chain**, through the “trickle-down” or multiplicative effect of money moving through the economy and the additional value being generated. Multipliers are often expressed in monetary terms, such as Gross Value Added (GVA), Gross Domestic Product (GDP) or taxes, however, they can also be expressed in terms of the number of jobs supported (**e.g for every 1 million dollars invested, 2 jobs are created**).

In the case of the film industries that Netflix impacts, we opted to calculate multipliers for economic metrics that are critical to policymakers in SSA. We calculated direct, indirect, and expenditure multipliers for the following economic variables: contribution to GDP, contribution to taxes, contribution to household income, and job opportunities supported.

- **GDP.** When Netflix commissions a title in Africa and works with local partners, these partners and their suppliers across the value-chain produce goods and services, thereby increasing GDP.
- **Taxes.** Local firms pay taxes in their respective countries. When Netflix invests in a project using local suppliers, their earnings increase and they purchase taxable goods relevant to the production of the title.
- **Household income.** By commissioning titles in SSA and working with local value-chains, household incomes increase because people earn salaries and buy/sell goods needed for the show.
- **Job opportunities supported.** Commissioning work in the industry also supports jobs throughout the value-chain as local talent is used to develop and support the show, and local suppliers employ people to support increased business activity.

To understand Netflix's contributions towards these economic variables in each country, there are two impact pathways to consider and quantify.

Impact pathway 1:

Commissioning titles in local markets.

Netflix commissions a local producer to develop a title based on an agreed budget required to develop the title.

1.

Netflix provides an initial investment into an economy (e.g USD 10 million) by paying a producer to develop a local show that will feature on the Netflix service. This money is used by the producers of the show to pay all the individuals and companies across pre-production, production, and post-production, including cast (such as actors and directors), crew such as Camera operators, make-up artists, and post-production editors, as well as additional staff such as accountants and lawyers. The staff also make use of suppliers to get critical equipment and inputs. For example, post-production editors buy or rent new hardware and software in order to perform their role as editors, make-up artists will buy make-up from suppliers, and the set development teams will need to buy materials such as wood or steel to create structures that are used in the set. All of this economic activity is the direct impact of Netflix's initial investment into the economy. It results in a contribution to GDP, taxes, increased income, and job opportunities.

2.

As a result of the additional demand for materials and inputs, the suppliers of the suppliers to the show will also need to produce more output. For example, make-up manufacturers will need to buy inputs from their suppliers to satisfy the increased demand. Wood and steel manufacturers will need to buy more raw materials from their suppliers. This additional activity across the supply-chain is the indirect impact of Netflix's initial investment into the economy, also resulting in a contribution to GDP, taxes, increased income, and job opportunities.

3.

Across both the direct and indirect economic activity from the investment, people's incomes will have increased due to the higher demand for services, resulting in an increase in expenditure across the economy. This increase in expenditure across the economy also results in a contribution to GDP, taxes, increased income, and job opportunities as suppliers work to meet additional demand throughout the economy. We refer to this as the expenditure impact, otherwise often defined as induced impact.

4.

The economic contributions of the direct, indirect and expenditure impact summed together, provide a view of the total economic impact of Netflix's initial investment into the film industry in SSA through commissioning local producers to develop titles.

Impact pathway 2:

Licensing titles that have already been produced.

The second impact pathway occurs when Netflix licences a title that a local producer has already developed. Under this scenario, Netflix pays a local producer for the licence to their creative work, which is then streamed on the Netflix service. In this scenario, Netflix does not have a direct and indirect impact on the film industry, however by providing income to local individuals and companies in the local supply chain, there is an expenditure impact through the increase in local incomes in the film industry.

Using the multipliers to estimate Netflix's overall economic impact

To quantify the total impact for each economic variable, we applied Netflix's spend on commissioned content to the direct, indirect and expenditure multipliers, and we applied Netflix's spend on Licensed titles to the expenditure variable. These added together provide a comprehensive view of the economic impact of Netflix in a country.

How we calculated the multipliers

We developed multipliers for the film industry for each country using nationally available Social Accounting Matrices (SAMs) in conjunction with Netflix's internal data.

Using the SAM models, we calculated the following for each country

- The direct, indirect and expenditure impact on GDP, household income and taxes for every 1 dollar invested into the film industry.
- The indirect and expenditure-based number of jobs supported for every USD 100k dollar invested in the industry.

Using Netflix's data on direct jobs created through its commissioned works, supplied to Netflix via its local partners, we could input the direct number of jobs created in South Africa and Nigeria. This was done by dividing the total number of direct jobs created via commissioned titles by the total USD value of commissioned productions. We then expressed it as a ratio of jobs created for every USD 100k.


Details on the SAM models we used


Social Accounting Matrix (SAM) models describe the nature of an economy. SAMs can be understood as “an economy-wide data framework that captures the detailed economic structure of a country” (IFPRI, 2021). For example, SAMs combine data from national accounts, nationally representative surveys, and trade and industry data, among others, to describe inputs, outputs, jobs and income across various industries of the economy. They are robust tools for deriving multipliers, as they describe the economic relationships across a country in detail.

For South Africa, we made use of the SAM model developed by Quantec to develop the multipliers mentioned above. These are updated multipliers from the ones used in South Africa's Film and Video economic impact assessment commissioned by the National Film and Video Foundation and developed by Quantec. It draws from national databases such as: South African Reserve Bank (SARB), StatSA, South African Revenue Services (SARS), National employment surveys such as the Quarterly Labour Force Surveys and Household Surveys.

For Nigeria, the most comprehensive SAM models available are those produced by International Food Policy Research Institute (IFPRI) in 2021. The models were developed under the Nexus programme, an initiative with funding from Bill & Melinda Gates Foundation and USAID, with the specific goal of enhancing the availability and quality of SAM models in developing countries. It fosters coordination between national statistics agencies and research institutions to produce quality economic models for tracking development progress. The model covers various economic sectors including the creative, arts and entertainment industry, which was used to develop the above-mentioned economic multipliers for Nigeria. The SAM model is derived from official sources such as National Accounts, Balance of Payments data, COMTRADE data, National surveys such as the household survey, among others.

The resulting multipliers and impacts based on our calculations are as follows:

 South Africa				
PER USD INVESTED	INCREASE IN GDP PER USD INVESTED	INCREASE IN HOUSEHOLD INCOME PER USD INVESTED	INCREASE IN TAX REVENUE PER USD INVESTED	NUMBER OF JOBS SUPPORTED FOR EVERY 100K USD INVESTED
Direct	0.67	0.63	0.16	2.5
Indirect	0.17	0.16	0.04	0.6
Expenditure	0.59	0.55	0.14	2.3
TOTAL	1.43	1.34	0.33	5.4

 Nigeria				
PER USD INVESTED	INCREASE IN GDP PER USD INVESTED	INCREASE IN HOUSEHOLD INCOME PER USD INVESTED	INCREASE IN TAX REVENUE PER USD INVESTED	NUMBER OF JOBS SUPPORTED FOR EVERY 100K USD INVESTED
Direct	0.80	0.65	0.08	6.4
Indirect	0.06	0.05	0.004	0.8
Expenditure	1.10	0.97	0.07	17.2
TOTAL	1.97	1.68	0.15	24.4



Important notes and assumptions:

1.

The SAM data for the creative arts and entertainment industries in Nigeria and Kenya were grouped with some other industries, including for example sports and recreation, and cultural activities. We developed multipliers for this set of industries and assume they are representative of the creative arts and entertainment industries, and the film and TV industry.

2.

Jobs in the film industry and creative economy more broadly are often contract-based jobs. Individuals in the industry are sometimes employed full time but in other cases they work as contractors. As such, the total jobs supported refers to employment opportunities that are either FTE jobs or contractor work that does not fulfil the criteria for an FTE, depending on how FTEs are defined in each country.

3.

The difference in multipliers for job opportunities supported between the countries is due to the structure of the economy, nature and definition of employment, and methodologies for calculating employment figures. The labour market of Nigeria has a significantly higher employment figure than that of South Africa, with more employees per unit of output. They also consist of more small, medium and micro enterprises (SMMEs), resulting in more employment opportunities, particularly in the expenditure category of impact where increases in income have a significant impact on expenditure and job opportunities. As such, the total number of jobs supported per unit of investment is relatively more.

