

Economic Profiling of the Creative Industries: A Desk Reviewⁱ

Shebo Nalishebo

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Key messages:

- ✚ Creative industries contribute modestly to the Zambian economy at present:
 - 2.5% of total employment in 2010;
 - 0.04% of exports; 1.0% of imports in 2011;
 - 0.6% of Central Government expenditure in 2012
- ✚ Therefore, Zambia is a niche market for developing creative industries and provides huge potential for investment and increasing market share;
- ✚ The design and creative services, and the visual arts and crafts, collectively account for two-thirds of the employment in the creative industries;
- ✚ There are opportunities to invest in the creative industries, and particularly in design & creative services and visual arts and crafts, which can drive sustainable economic opportunities and livelihoods for local communities whilst expanding business opportunities for SMEs;
- ✚ Deliberate policy measures to impart entrepreneurship skills in people who are in the visual arts and crafts are required in order for the products to be graded and standardised, meet international standards and attract investment;
- ✚ More and better information is required on both the supply and demand side to know what the economic realities of the creative sector are.

1 Introduction

The UN's Creative Economy Report 2010 notes the increasing acceptance of the role of the creative economy as a leading sector in generating economic growth, employment and trade, and that creative industries are among the most dynamic sectors of the world economy – offering new, high growth opportunities for developing countriesⁱⁱ. Yet we hardly hear discussions of art, culture and creativity in terms of economic development in Zambia.

Presently, there is a dearth of information in relation to the contribution creative industries are actually making to our economy overall. This is partly because the creative sector is largely informal, often dynamic and fluid in nature and there is very little statistical information available.

Using exploratory data mining techniques, this study is an attempt to glean data from official data sources to examine the economic importance of the creative industries in Zambia. This is in order to help both policymakers and industry professionals to communicate key concepts, share reliable data and make the case for greater investment in the sector.

The data sources used are the 2010 Census of Population and Housing to gauge employment levels, the World Bank's World Integrated Trade Solutions database to determine trade in creative products between Zambia and the rest of the world, and expenditure releases by the Budget Office to estimate public cultural expenditure.

2 What are Creative Industries?

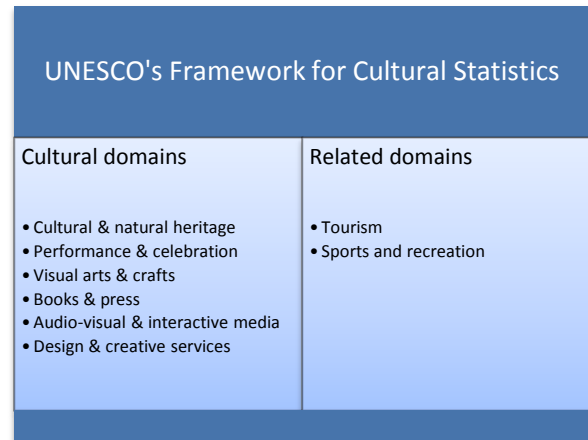
The creative industries apply a mix of skills and inspiration to produce a wide range of goods and services. The creative industries are key in employment creation and poverty alleviation as is espoused in the strategic goal of the Tourism Chapter in the 2011-2015 Sixth National Development Plan:

*“Zambia as a major tourism destination of choice with unique features, and a thriving national cultural heritage and **creative industries** which contribute to sustainable economic growth and poverty reduction by 2030”ⁱⁱⁱ (Ministry of Finance, 2011).*

There are several definitions and conceptualisations of the creative industries. But by and large the various assortments of industries described as creative or cultural in different parts of the world are very similar. Several frameworks were considered including the UK’s Department of Culture, Media and Sport in which “creativity” is characterised as a central input to the production process, with intellectual property (and not only copyright) being the identifying characteristic of creative industries’ output^{iv}; Throsby’s Concentric Model of the Cultural Sector^v which asserts that at the centre are core industries in which the proportion of cultural-to-commercial content is judged to be highest according to given criteria, with layers extending outwards from the centre as the cultural content falls relative to the commercial value of the commodities or services produced; the World Intellectual Property Organisation which sees the creative sector as built around the copyright industries, which have strong commercial prospects; and United Nations Conference on Trade and Development (UNCTAD) model which defines it in the context of trade.

This report adopts United Nations Education, Scientific and Cultural Organisation (UNESCO) 2009 Framework for Cultural Statistics (FCS). UNESCO is concerned with cultural aspects and their definition

of creative industries emphasises the production and distribution of intangible cultural content.



3 Employment in the Creative Industries

Based on the 2010 Census of Population and housing, and using the International Standard Classification of Occupations (ISCO), there were about 95,000 people working directly in creative occupations in 2010 out of a total working population of 3.9 million.

The ISCO was used because the economy includes large numbers of individuals who earn their living by applying or developing creative talents but are not employed by an enterprise that meets the classification criteria of being in a creative industry, as defined by the International Standard Industrial Classification of all Economic Activities (ISIC). This includes many art teachers in the public schools, interior designers and architects working for real estate developers, editors and staff writers working within multinational corporations, and musicians employed by churches.

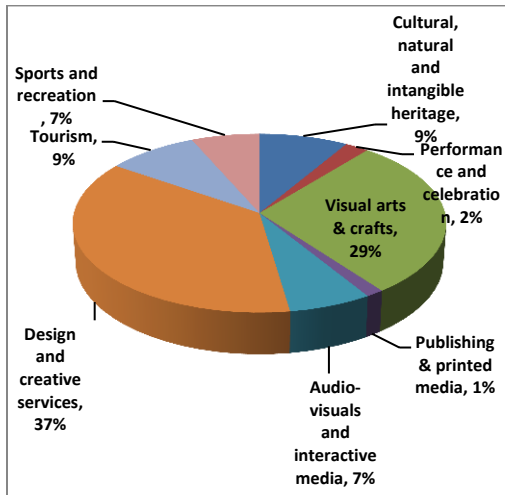
3.1 Share of Creative Industries Employment

- Lusaka Province had the largest proportion of people employed in the creative industries sector, accounting for 7.4 percent of the total working age population.
- Creative occupations were dominated by males and people aged 25-44;
- Compared to the total working age population, there were higher proportions

of people with tertiary education than secondary and primary education;

3.2 Segmenting Employment within the Creative Industries

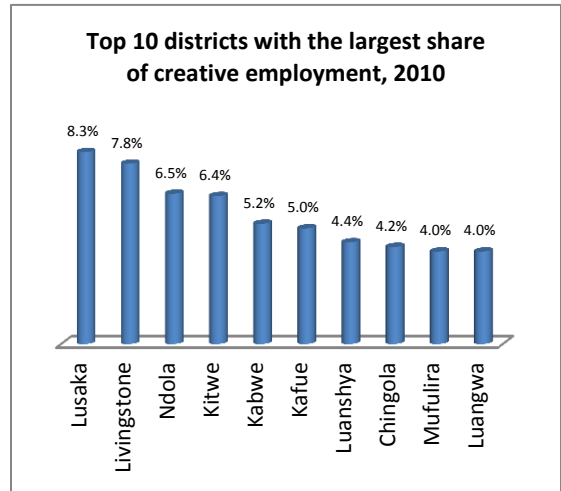
- The design and creative services accounted for the largest proportion of creative employment, followed by visual arts and crafts; the publishing and printed media domain had the lowest proportion of creative employees;



- The design and creative services were most prominent in Lusaka and the Copperbelt provinces, while the visual arts and crafts were most prominent in the rest of the provinces;
- While all creative domains are dominated by males, the design and creative services accounted for the highest proportion of females, followed by the visual arts and crafts;
- Most creative artists in the tourism, audio-visual and interactive media and sports and recreation were aged 25-34, while 35-44 year olds were mostly in publishing and printed media, visual arts and crafts and the design and creative services;
- The visual arts and crafts domain had the highest proportion of self-employed people; the cultural and heritage domain had the highest proportion of employers while the

rest of the domains were dominated by employees;

- Lusaka district had the highest proportion of people in creative occupations, followed by Livingstone, Ndola and Kitwe, in that order. The creative industries in these districts are dominated by the design and creative services;



- Luangwa district was among the top ten districts in the country with the highest proportion of creative occupations; Unlike the other towns, the creative occupations in Luangwa were dominated by visual arts and crafts, accounting for 87.8 percent of the total creative industries occupations in the district;

4 International Trade in Creative Products

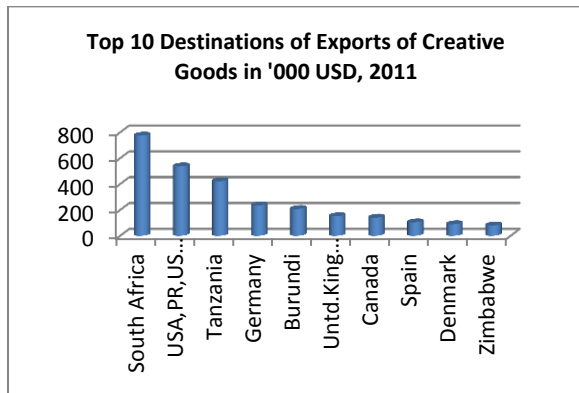
Data on flows of cultural goods were compiled using the Harmonised Commodity Description (HS) and Coding System version 2007 using customs statistics from the World Bank's World Integrated Trade Solutions (WITS) database.

4.1 Exports of Creative Goods

Zambia's exports of creative goods in 2011 amounted to US\$3.4 million. Cultural goods accounted for 86.3 percent of the total exports, while equipment and supporting materials of cultural goods accounted for 12.8 percent and

equipment and supporting materials of related goods (tourism, sports and recreation) accounted for 1.2 percent of the total exports.

The top 10 destinations of Zambia’s exports of creative products accounted for 80% of the total exports of creative products, with South Africa being the main export destination.

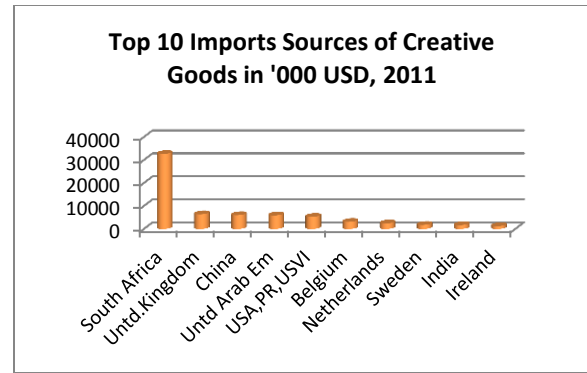


Antiques accounted for over half of the total exports (51.5 percent). This was followed by books, newspapers and other printed matter (21.6 percent), visual arts and crafts (11.9 percent) and audio-visual and interactive media equipment (11.3 percent).

4.2 Imports of Creative Goods

Imports of creative goods amounted to US\$67.2 million in 2011. The imports were dominated by equipment and supporting materials of cultural goods which amounted to 71.7 percent of the total imports. The main import in this category was audio-visual and interactive media equipment.

The top 10 sources of Zambia’s imports of creative products accounted for 89% of the total imports of creative products, with South Africa being the main source of the imports.



4.3 Balance of Trade in Creative Goods

Zambia was a net importer of creative goods in 2011. Except for antiques in which a trade surplus was reported, the country reported trade deficits in creative goods. The biggest deficit was in equipment and supporting materials of cultural goods. This was followed by books and press and equipment and supporting materials of related goods.

5 Government Expenditure on Creative Industries

The System of National Accounts (SNA) is a widely used economic model. The 2008 SNA uses the Classifications of Expenditure According to Purpose Classifications of the Functions of the Government (COFOG) to classify government expenditure data by the purpose for which the funds are used.

In this study, COFOG was used to evaluate public cultural expenditure. The main broad categories of culture are Recreational and sporting services; Cultural services; Broadcasting and publishing services; Research and Development Recreation, culture and religion; Recreation, culture and religion, n.e.c.

Data for 2012 shows that the Government released ZMW189.7 million towards public cultural expenditure, out of an estimated ZMW29.6 billion, accounting for 0.6 percent of the total expenditure. The biggest component (92.6 percent) was spent on Broadcasting and publishing services; recreational and sporting services, cultural and other services accounted for 7.4 percent of the total public cultural outlays.

6 Investing in the Creative Industries

Zambia presents an opportunity for developing creative industries. Data gleaned from official sources show that, at present, the Creative Industries do not contribute much to the Zambian economy. They accounted for 2.5% of employment in 2010, 0.04% of exports and 1.0% of imports in 2011 and 0.6% of total Government expenditure in 2012.

Zambia thus presents an opportunity for developing creative industries and provides huge potential for investment and increasing of the market share of the creative industries and boosting exports.

Investing in cultural domains. The visual arts and crafts and design and creative services are part of the core cultural domains of the creative industries. Zambia has unique selling points to foreign visitors and investors, particularly in the design and creative services as well as the visual arts and crafts, in which two-thirds of the people in the creative industries are employed.

Cultural investment is universally recognised as a public good in and of itself. A vibrant visual arts and crafts industry as well as design and creative services industry will deliver a range of economic and social benefit to Zambia. It will help to boost national pride, identity, incomes and appeal to international tourists and investors. It would also help expand business opportunities for small and medium enterprises (SMEs). A boost in incomes from this industry will improve the livelihoods of local communities.

Creation of regional clusters. The design and creative services were most prominent in Lusaka and the Copperbelt provinces, while the visual arts and crafts were most prominent in the rest of the provinces. In Luangwa, nearly nine in ten people employed in the creative industries are in the crafts business. Establishment of creative clusters in the provinces needs to be explored in order to harness comparative advantages.

Education and skills training. The visual arts and crafts, which accounts for three out of ten occupations in the creative industries, has a relatively high proportion of the workforce with only primary school education. Those with primary school education have the lowest exposure to skills training. If this segment is to become more productive, some deliberate policy measure to provide some form of training either through creative arts subjects in primary education or creative arts schools may be considered so that the resulting products could be easily standardised or graded for export purposes, consumer safety and in order to attract investment in the sector.

Evidence-based decision-making. In order to develop the creative economy, there is need for accurate and meaningful evidence to inform decisions. Presently, data mining techniques have to be employed to glean data on creative industries from official sources. More and better information is required on both the supply and demand side to know what the economic realities of the creative sector are.

ⁱ *This discussion paper is preliminary material and an abridged version of an on-going study "The Role of the Creative Economy in Zambia: A Preliminary Scoping Study"*

ⁱⁱ *UNCTAD/UNDP (2010): Creative Economy Report – Creative Economy: A Feasible Development Option – online at <http://unctad.org/creative-economy>*

ⁱⁱⁱ *Ministry of Finance. (2011). Sixth National Development Plan 2011-2016. Lusaka: Ministry of Finance.*

^{iv} *Curran, D. a. (2010). Defining and Valuing Dublin's Creative Industries. Dublin: Dublin City Council.*

^v *Throsby, D. (2010). The Economics of Cultural Policy. New York: Cambridge University Press.*



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