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Policy Modalities for Support of Ethiopia's Creative Industries

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Abstract
Creative industries are a rapidly growing sector in the global economy in terms of income generation, job creation, and export earnings. The creative economy, based to a significant extent on ideas rather than physical capital, offers new, high-growth opportunities for developing countries. The author of this article led a WIPO-commissioned study (Belete & Tadesse, 2014) of the economic contribution of the creative industries in Ethiopia. That study quantified the contribution of "copyright industries" to the country's economy, and showed the sector's great potential to contribute to sustainable development in the country. Alongside the vast opportunities offered by the creative industries, that earlier study also found a number of corresponding challenges that needed to be addressed by Ethiopian policymakers. In this article, the author provides a framework for understanding the policy issues at play in the Ethiopian creative industries sector and then brings that framework to bear on the findings of his earlier study (Belete & Tadesse, 2014). The result is a set of proposed policy measures that the author determines are necessary for optimal support of Ethiopia's creative economy.

Keywords
creative industries, culture, copyright, public policy, knowledge, Ethiopia

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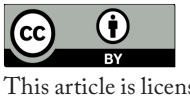

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1. Introduction

The economic significance of the creative industries has gained increased attention over the past few decades. It has become evident that the creative industries, in addition to helping countries maintain their cultural identity, can also offer the countries comparative advantages in support of improved global competitiveness. The activities of these industries, which include the creation, production, marketing, and distribution of products and services resulting from human creativity, deal with the interplay of various knowledge-based economic activities. They are much less dependent on natural resources than traditional economic sectors. Growth strategies in the creative economy, therefore, focus on harnessing the development potential of an unlimited resource rather than on optimisation of limited resources via traditional manufacturing industries (Van der Pol, 2007).

As globalisation makes primary industries, i.e., manufacturing and services, more unpredictable, it is perceived that "creativity and innovation" , "the knowledge economy" and "the creative industries" are vital to future prosperity (Holden, 2007). The creative industries serve as a platform for promoting innovation, enhancing services, and reducing unemployment. A new development paradigm is emerging that links economy and culture, embracing economic, cultural, technological and social aspects of development at both the macro and micro levels. Culture is increasingly finding a route to the market, which is leading to radical transformations in the way people create, consume and enjoy cultural products (UNDP & UNCTAD, 2008; Van der Pol, 2007). An increasing proportion of the world's intellectual and creative resources is being channeled into culture-based industries, whose sometimes intangible outputs are now acknowledged as being just as "real" and considerable as those of more traditional industries (UNDP & UNESCO, 2013).

The creative industries sector holds great potential for developing countries, which often have rich traditions of art, music, dance, literature, film, and other forms of creative talent, as well as vast reserves of cultural heritage and traditional knowledge (UNCTAD, 2011) not yet widely exposed beyond national borders. Creative industries have already shown impressive growth and economic performance in some developing countries, in contrast to other more traditional sectors. However, most developing countries have yet to tap the full potential of their creative industries sector. Creative products from many developing countries are very much under-represented in world markets, despite the great potential of their creative economies. This is a reflection of weaknesses in domestic policy and business environments, and biases at the global systemic level (UNDP & UNCTAD, 2010). With the correct institutional and policy frameworks, the creative economy can offer developing countries a feasible development option and opportunities to leapfrog into emerging high-growth areas of the world economy (UNDP & UNCTAD, 2008).

There is a growing tendency for countries, both developed and developing, to

include various aspects of creative industries in measuring national developmental performance. It has become obvious that these industries have an impact on gross domestic product (GDP) and employment, and that they can improve a country's foreign trade position and competitiveness. In many countries, the promotion of these industries is now included in industrial and economic policies. Such policies, directed towards the development of rural areas or rejuvenating depressed inner cities, have contributed to poverty alleviation and job creation, assisted the local economies of individual villages and inner city districts, and promoted self-reliance (UNIDO, 2007).

The creative industries are by nature inter-disciplinary. They combine culture on one hand, economy on the other, and many other connected areas such as education and innovation. Grounded in ideas rather than physical capital, the creative economy extends to economic, political, social, cultural and technological issues and sits at the crossroads of arts, business and technology (Van der Pol, 2007). Creative activities often generate positive externalities in the areas where they are located. Their openness and interaction with other activities give rise to agglomeration and cluster effects, and they tend to generate a high proportion of their total value-added locally. This makes it crucial for a range of stakeholders, from government, the business community and the non-governmental sector, to collaborate and create integrated strategies for the creative industries (EU, 2012).

The creative industries sector has a flexible and modular market structure that ranges from independent artists and small-business enterprises at one extreme to some of the world's largest conglomerates at the other (UNDP & UNCTAD, 2008; 2010). This makes the creative industries appealing in that they can draw upon individual human capacities and small-scale initiatives, rather than being reliant upon only large-scale capital investment. By drawing more on local cultural practices than expertise from outside, creative industries' strategies can maintain cultural diversity and promote cultural sustainability. Moreover, the rapidly falling costs of production and distribution associated with the global dissemination of networked digital media technologies further enhances such possibilities by opening up new markets for such cultural products and practices (Flew, 2014).

A study undertaken in Ethiopia for the World Intellectual Property Organisation (WIPO) revealed the significance of the products and services provided by the Ethiopian creative industries in generation of value-added, employment creation and export earnings (Belete & Tadesse, 2014). The findings of this study indicated the potential of the sector to contribute to sustainable development in the country and that with appropriate policy support, the economic contribution of these industries could be further enhanced. This article builds on the findings of that study by identifying modes of government intervention necessary for the realisation of the developmental potential of the creative industries in Ethiopia.

The research for this article consisted of, first, a review of conceptual approaches, measurement frameworks, and policy issues in relation to the creative industries. The findings of this review were then fused with the findings of the earlier WIPO-commissioned study (Belete & Tadesse, 2014), in order to generate policy recommendations for pursuit by the Ethiopian government. It was found that the government could improve the performance of the creative industries through strengthening the infrastructure that supports the creative economy; improving access to finance; facilitating the formation and growth of creative clusters; strengthening the interface between the creative industries and other economic activities; and determining an appropriate level of copyright protection.

2. Concepts and approaches

The creative industries emerged as a distinct area of interest for researchers and policymakers in the early 1990s.In Australia, the issue has been in play since 1994, the year of the launch of the report *Creative Nation* (Government of Australia, 1994). This report emphasised culture's importance, defining it more broadly than had been the case in earlier conceptions. The report also stressed the economic potential of cultural activity and the arts by positing that culture adds value, generates employment, is a valuable export in and of itself and is an essential accompaniment to the export of other commodities. Subsequently, the notion of creative industries started to be even more widely used after preparation in the UK of the *Creative Industries Mapping Document,* produced by the Creative Industries Task Force (CITF) under the UK government's Department of Culture, Media and Sport (DCMS, 1998).

Different models have been developed as a means of providing a systematic understanding of the structural characteristics of the creative industries. One of these models is the one developed by WIPO, which has adopted a functional classification of the "copyright-based industries".

WIPO Guide

In order to assist its members to conduct surveys in the field, WIPO developed the *Guide on Surveying the Economic Contribution of the Copyright-Based Industries* (WIPO, 2003). This *Guide* has been implemented in over 40 countries (WIPO, 2014), including the Ethiopian study I participated in (Belete & Tadesse, 2014). In order to make the *Guide* compatible with recent developments in the copyright industries and with changes that have taken place in the international industrial classification system, a revised *Guide* was issued in 2015 (WIPO, 2015), with the revised volume's title referring simply to "copyright industries" instead of "copyright-based industries".

The WIPO *Guide* covers content creation (expression of original ideas, formatting and processing of work); production of original creative work; distribution, marketing and promotion of creative work; and consumption and use of such work. The *Guide*

divides the copyright industries into four categories:

- core copyright industries;
- interdependent copyright industries;
- partial copyright industries; and
- non-dedicated support industries (WIPO, 2015).

Core copyright industries
The main sectors that fall under this category are advertising, film and video, music, performing arts, publishing, photography, software, television and radio, visual and graphic art, and copyright royalty collection and disbursement.

Interdependent copyright industries
These are industries engaged in production, manufacture and sale, and renting or leasing, of equipment such as TV sets, computers, musical instruments, and photographic and cinematographic instruments. Their function is wholly or primarily to facilitate the creation, production, or use of works and other protected subject matter.

Partial copyright industries
These are industries in which a portion of the activities is related to copyrighted work and other protected subject matter, e.g., architecture, clothing, footwear, design, fashion, toys and games and household goods.

Non-dedicated support industries
This category generally refers to business services and delivery modes, including general wholesale and retailing, general transportation, and telephony and the Internet (WIPO, 2015).

UK DCMS Mapping Document
Another methodology for classifying the creative industries is the model adopted by the aforementioned UK DCMS Creative Industries Task Force. The DCMS regards the creative industries as: "those activities which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property".

In its first *Mapping Document* in 1998, the DCMS defined the following industries as creative: advertising, architecture, crafts, design, designer fashion, film and video, interactive leisure software, music, arts and antiques market, performing arts, publishing, and software and computer services (DCMS, 1998). Although some minor adjustments have been made to the list, the 1998 definition is essentially the one still used by the DCMS today, and it is often used by other countries as the basis for developing their own definition (BOP Consulting, 2010). The DCMS *Mapping Document* definition of the creative industries is narrower than that of the WIPO

Guide. Furthermore, while the WIPO methodology designates the industries under different groups depending on their level of involvement in the creation, manufacture, production, broadcast and distribution of copyrighted works, the DCMS model makes no such distinctions between the industries included.

UNESCO Framework

The UN Educational, Scientific and Cultural Organisation (UNESCO) Framework for Cultural Statistics (FCS) approach is grounded in a broad definition of culture based on the "cultural cycle" model (UNESCO, 2009, p. 19). In accordance with this model, the culture sector covers the following domains: cultural and natural heritage; performance and celebration; visual arts and crafts; book and press; audio-visual and interactive media; design and creative services; and "transversal domains" such as intangible cultural heritage, education and training, archiving, and preservation (2009, p. 28). The list of cultural domains also includes related domains (tourism, sports and recreation), as well as equipment and supporting materials for cultural domains (UNESCO, 2009). According to this approach, all components of modern and technologically oriented activities of culture are defined as cultural or partially cultural domains, together with the traditional fields of art. Although it does not go into detailed breakdowns of the different groups of activities, the UNESCO approach contains most of the activities included in the core, interdependent and partial copyright industries of the WIPO *Guide*.

UNCTAD approach

The UNCTAD classification divides the creative industries into four broad groups: heritage, arts, media, and functional creations. Heritage includes traditional cultural expressions and cultural sites while art is divided into visual and performing arts, which are creative industries based purely on art and culture. Media covers publishing and printed media and audiovisuals. The functional group comprises demand-driven and service-oriented industries creating goods and services with functional purposes such as design, architecture and advertising. According to this approach, there is a mutually-reinforcing relationship between the "upstream" (heritage and arts) and "downstream" (media and functional group) activities. The downstream activities, which are much closer to the market, derive their commercial value from low reproduction costs and easy transfer to other economic domains (UNCTAD, 2004, p. 4; UNDP & UNCTAD, 2010, p. 8).

3. Policy priorities for the promotion of the creative industries

As with any industrial sector, the creative industries sector requires a strategic policy framework to support its development potential and to address the constraints and barriers to its growth. Creative industries sector policies need to establish an effective link between creativity and economic development. This requires proper understanding, among policymakers, of the interface between activities in the creative industries and a number of other sectors of a nation's economy. Flew (2014)

has identified the following policies that can promote the creative economy in developing countries:

- provision of improved digital infrastructure and access to high-speed broadband networks and information and communications technologies (ICTs);
- investment in education and human capital;
- strategies for cultural asset management and community cultural development;
- innovation in financing of small and medium-sized enterprises (SMEs) in creative industries, including better access to microfinance;
- establishment of creative clusters;
- a whole-of-government approach to cultural industries policy that recognises links to policies in the education, trade and industry sectors; and
- advanced data-gathering, in order to better understand the size, significance and linkages arising in national creative industries.

The UN *Creative Economy Report* of 2010 (UNDP & UNCTAD, 2010) identifies the following kinds of policy initiatives for boosting creative economies in the developing world:

- provision of infrastructure;
- provision of finance and investment;
- creation of institutional mechanisms;
- appropriate regulatory framework;
- development of export markets;
- establishment of creative clusters; and
- a mechanism for effective data collection and analysis.

It can be seen that there is much in common between the areas of government intervention identified by Flew and by the UN .Let us now turn to a discussion of some of the key policy areas.

ICTs

ICTs, identified as an important policy area by Flew (2014), help artisans and artists increase the benefits they derive from their labour. ICT platforms and networks allow creators to include their creations in domestic and international value chains, enhance their services to clients, and encourage integration of creative industries into national trade development strategies. ICTs open up new opportunities for creators to produce and distribute their works to a wider public at a lower cost, independent of physical and geographical constraints. Key creative industry sub-sectors such as media, entertainment and publishing are becoming more and more reliant on digital, ICT-based production, delivery and consumption. In addition, the convergence of multimedia and telecommunications technologies, together with globalisation, has transformed consumers from passive recipients of cultural messages into active co-

creators of creative content (Van der Pol, 2007).

In discussing the enormous power of ICTs in the creative industries, the UN *Creative Economy Report* of 2010 puts emphasis on three types of "digital convergence": technological convergence (a shift in patterns of ownership of media, such as film, television, music and games); media convergence (allowing users to consume different media at the same time using a single personal computer); and access convergence (all production and distribution of media and services are being reengineered to work on a distributed network platform, i.e., everything is becoming available or doable on the Internet) (UNDP & UNCTAD, 2010).

Financing

Although ICTs potentially provide numerous opportunities to creative enterprises, SMEs in creative industries are susceptible to the same constraints that afflict small enterprises in other areas of the economy. Chief among these constraints is access to finance. Hence policy recommendations for SMEs in other sectors are applicable in the main to SMEs in the creative industries sector. Improving access to credit facilities, or to loans and investments that would make the businesses in the creative industries more viable, is thus an important area for policy intervention.

Entrepreneurs in the creative industries often find it difficult to present a convincing business model. Many skills and professions related to the creative economy are not recognised as business categories in legal terms. The low levels of physical assets that can be used as collateral restrict access to commercial banking services (most creative-industry assets are intellectual property-based and hard to value and secure against). Financial institutions are often ill-at-ease with the sector's innovation-driven character, notably when an enterprise relies on the generation of copyright content (Hackett et al., 2000; UNDP & UNCTAD, 2008).

Education and training

Education and training are considered by many governments as key issues for long-term growth of creative industries (Madsen, 2007; UNCTAD, 2011). Creative skills need to be developed at primary, secondary and tertiary educational levels. Mueller and Thomas (2001) and Florida (2004) have examined how the approach to education can foster creativity in the economy. Also, business skills are increasingly necessary for the sector's professionals (Zaboura, 2009). Educational activities can also be considered important instruments for stimulating demand for creative products and services (Dervojeda et al., 2013).

Education is often considered a vital contributor to the social and human capital of a country, enhancing the skills base of the workforce and, in turn, attracting "high-end" industry and increasing per capita income. Dervojeda, Nagtegaal, Lengton and Datta (2013) assert that good education is important for laying the foundation for the

emergence of creative industries. According to Australia's *Creative Industries Strategy* (Commonwealth of Australia, 2011), creative talent can have a positive impact not only on creative industries, but also on the capacity for all sectors to adapt to future challenges. The strategy recognises the importance of investing in education, skills and training in the creative industries to support supply of skilled labour now and in the future; demand for production and consumption of creative content and services, generating markets for creative businesses; and development of creative and digital skills leading to a more innovative workforce over time.

Copyright

Until recently, there was a general consensus among industrialised nations that relatively strong copyright protection spurred the development of content and was both pro-innovation and pro-consumer (see Atkinson, 2012). Recently, however, divergent perspectives have emerged on how copyright and intellectual property laws impact creativity, innovation, and the creative industries.

The challenge for copyright instruments is to achieve balance, whereby neither the creator of a new work nor the wider public is able to appropriate all of the benefits that flow from the work's creation (Flew, 2015). The degree to which the copyright owner can appropriate the value produced by the consumption or appreciation of the work by others and the degree to which this appropriation hinders consumption are the crucial issues. This trade-off between efficient production and efficient consumption – between incentivising creators and protecting public interest – is a prominent discussion in the copyright literature (see Watt, 2004).

The development of new knowledge is enhanced if all sections of society have broad access to the widest possible pool of information, knowledge and forms of creative expression at the lowest feasible cost – so that knowledge can be promoted, equitably shared and built upon. Copyright policy, hence, needs to balance the incentive for the development of new content with the need to provide potential users with access to the material (Png & Wang, 2006; PwC, 2011).

Watt (2004) identifies the need for copyright law to achieve a balance between copyright's static effects and the dynamic effects that can emerge via the cumulative aspect of creation made possible by access to creative works, i.e., there must not be so much protection that second-generation creation is thwarted. Overzealous copyright regimes can stifle second-generation creativity. The benefits from creating additional creative works can be maximised, and the diffusion of knowledge and knowledge-based products encouraged by designing a copyright law with an appropriate scope and optimal duration of protection.

4. Economic contribution of the creative industries in Ethiopia

Ethiopia is an ancient country with rich linguistic and cultural diversity. This diversity includes many languages, and tangible and intangible heritage composed of both traditional and modern cultural expressions. The country's centuries-old know-how in handicraft production, and its songs, dances, poetry, stories, images and symbols, form the foundation of its creative industries. The majority of the cultural products of the country's various ethnic groups are authentic, indigenous products with little to no influence from foreign cultures, giving Ethiopian artifacts strong potential comparative advantage in international markets.

The strong economic potential of the creative industries in Ethiopia was made evident by the findings of the aforementioned WIPO-commissioned study (Belete & Tadesse, 2014). Using the *WIPO Guide on Surveying the Economic Contribution of the Copyright-Based Industries* (WIPO, 2003), our study revealed Ethiopian creative industries' value-added to the country's GDP, and their contribution to employment and to revenue generated from foreign trade. The study was also aimed at generating research-based evidence and analysis to inform policymakers about the economic significance of the sector. Since most economic activities involve a degree of creativity, there was a challenge to identify the portion attributable to creativity. However, using the tools provided in the *Guide* it was possible to identify the activities considered to be part of the creative industries. Following the *Guide*'s suggested methods and procedures for quantifying the contribution of the copyright industries in statistical terms, the study quantified the economic significance of Ethiopia's (1) core copyright industries, (2) interdependent copyright industries, (3) partial copyright industries, and (4) non-dedicated support industries.

The study found that, in 2012, the value-added of the copyright industries in Ethiopia was ETB 23,989,211,925 (approximately USD1.3 billion at the 2012 exchange rate). As a percentage of GDP, at constant prices, this amounted to 4.73% of GDP. The largest contribution came from the core copyright industries, which represented 1.96% of GDP. The three largest sub-sectors – (1) press and literature; (2) radio and television; and (3) music, theatrical production and opera – accounted for 78.72% of the total GDP contribution of the core copyright industries in terms of gross value added.

Motion pictures and video contributed only ETB550,500,000 (USD30 million) to the country's GDP in 2012, constituting 5.54% of the total share of the core copyright industries. This is a very low figure compared with the performances of other African countries, such as Nigeria and South Africa, which have booming film industries. Some recent attempts are showing positive signs of the sub-sector's future in Ethiopia. However, the Ethiopian film industry is suffering from a shortage of qualified personnel, and investors are not yet ready to contribute huge expenditure in the area. The poor marketing system of Ethiopian movies, controlled by a few

groups, has also negatively impacted the growth of the sector. Much needs to be done to promote the country's film industry abroad, which has currently not received recognition outside of the Ethiopian diaspora.

Official data also revealed the current low level of development of Ethiopia's software industry. With ETB584,653,226 (USD32 million) value-added in 2012, software and databases accounted for only 5.88% of the share of the core copyright industries. Out of this total, software programming and consultancy accounted for ETB88,163,949 (USD4.8 million), while the remaining balance, ETB496,489,277 (USD27 million) was the contribution from database activities. Ethiopia has great advantages and considerable room to improve its capability in the software industry and make better use of this potential. The growing number of private-sector enterprises that could use automation and digitisation to improve their competitive position, and the various initiatives aimed at improving public sector efficiency, create demand for software products and services. Furthermore, the expansion of tertiary-level education in the country has created the opportunity to significantly increase the number of adequately-trained ICT professionals. However, the current level of development of software companies in the country is low, and the potential benefits of the technology are underexploited in the economy. In the group of interdependent industries, which contributed 1.39% of GDP, TV sets, radios, VCRs, CD players, DVD players and other electronic equipment took the leading place with 57.48% of that category.

It was found that the copyright industries provided jobs to 240,287 persons, which constituted 4.2% of urban employment in the country. The core copyright industries, which employed 78,407 persons, had the highest share (32.63%) of copyright industries employment, followed by the interdependent copyright industries, which employed 72,725 people (30.27% of employment in the copyright industries).

The partial copyright industries and non-dedicated support industries provided jobs for 18,861 and 70,294 people respectively, representing 7.85% and 29.25% of employment in the copyright industries, respectively. With a 0.65% share of exports and a 10.87% share of imports, the copyright industries also played an important role in Ethiopia's external trade. Total exports by the copyright industries amounted to ETB 465,501,740 (USD25 million) worth of goods and services, while total imports amounted to ETB24,358,767,344 (USD1.3 billion) (Belete & Tadesse, 2014).

The study also compared the copyright industries sector with other sectors of the Ethiopian economy. It was found that the contribution of the copyright industries to GDP was higher than that of many other important sectors, i.e., higher than mining and quarrying; hotels and restaurants; financial intermediation; education and health; and social work. And in terms of employment generation, the copyright industries outperformed mining and quarrying; transport and communication; and financial intermediation (Belete & Tadesse, 2014). The general picture that emerged

from that research was that the creative industries are of great economic importance to Ethiopia.

5. Policy initiatives to promote the creative industries in Ethiopia

A clear implication of the results just outlined from the WIPO-commissioned copyright industries study (Belete & Tadesse, 2014) is that the Ethiopian government should strive to put in place policy measures that can optimise the potential of these industries for wealth creation, employment generation, and export promotion. As discussed above with reference to the work of Flew (2014) and UNDP and UNCTAD (2010), governments can use a wide range of measures to stimulate the creative industries and promote their contributions to development.

Let us now discuss the policy measures that Ethiopian policymakers should consider, with my recommendations grounded in the realities uncovered by the 2012 data gathered for the WIPO-commissioned study.

ICT access

A policy area clearly relevant to the creative industries in Ethiopia is that aimed at improving ICT access. ICTs provide a link between education and commerce and assist in turning knowledge into marketable products. In Ethiopia, ICTs are seen within the broader context of the country's socioeconomic development objectives. The sector is seen as a key strategic pillar in different policies and strategies. Ethiopia's National Information and Communication Technology Policy and Strategy of 2009 provides guidance on leveraging ICT in all sectors of the economy (FDRE, 2009). The country's first Growth and Transformation Plan (GTP) also positioned embracing ICT as essential for education; creation of new jobs and business opportunities; and improvement of the effectiveness of government administration and service delivery (FDRE, 2010).

ICTs are also taken as one of the priority areas in the economic infrastructure sector in the country's second GTP (FDRE, 2015). This second Plan identifies strategies for expanding ICT infrastructure, for modernising and standardising ICTs, improving the contribution of the private sector in ICT development, and mainstreaming laws and legal frameworks related to the development of data services into policies, strategies and programs (FDRE, 2015).

The ICT sector in Ethiopia is nascent and small-scale compared to the sector in many other countries in Africa, which have been strategically building their local ICT industry and even emerging as viable players in global ICT-based industries (Adam, 2012; Lixi & Dahan, 2014). In Ethiopia, the ICT sector suffers from significant gaps in availability of the necessary infrastructure, and shortage of the talent pool necessary to realise potential opportunities in ICT-based services. These shortcomings create a barrier to development of the creative industries, because many applications to

stimulate creative production and e-business depend on the use of ICTs.

Appropriate policies, investment incentives, and institutional forms are important foundations for ICT-based services industry development, and have been critical to success for many countries (Lixi & Dahan, 2014). Policy efforts in Ethiopia should focus on better infrastructure for ICT, and better human resource development in order to address the knowledge gap faced by the sector. The government has initiated some projects for exploitation of opportunities provided by ICT. Examples of these projects are the establishment of Ethiopia's first information technology park, a large-scale telecommunication infrastructure expansion project and WoredaNet, which is an e-government network connecting more than 800 woredas (districts) (Reba, 2015). In order to enhance the positive impact of ICT in the economy it is also necessary to address issues of affordability, accessibility and education.

Access to finance

Another area of government intervention necessary to promote development of creative industries in Ethiopia is improvement of access to finance. According to a recent World Bank report, young and small firms in Ethiopia are the most likely to report that access to finance is a major constraint to their business operations, with the constraint reported at higher rates than in many other African countries (World Bank, 2015). Banking in the country is inclined towards conventional lending practices, where collateral is mandatory. As in other developing economies, banks in Ethiopia prefer immovable collateral, such as land, rather than movable assets such as machinery. Typically, only large firms are able to use equipment as collateral. The aforementioned 2015 World Bank report also showed that the average value of collateral needed for loans in Ethiopia is very high compared with other regions of the world, including some other economies in Africa. On average, Ethiopian firms require 234% of the loan amount for collateral, compared with 134.3% in Eastern Europe and Central Asia. In relatively better positioned African countries, collateral requirements are much lower than in Ethiopia, e.g., 120.8% in Kenya (2007) and 103.6% in South Africa (2007) (World Bank, 2015).

The resources of creative enterprises and individuals are mainly intangible intellectual assets, which are not considered assets by many organisations, including banks. Hence most Ethiopian creative enterprises are at present marginalised from the system of bank loans, lacking the basic requirements that a loan request demands. Creative enterprises could do better in the economy if the financial sector were better-adapted to financing them, i.e., if they were more officially recognised. Government intervention in support of small-enterprise finance development should focus on improving the financial sector infrastructure; addressing limitations in the current collateral regime and contractual environment; and developing an institutional framework for alternative sources of funding. Creation of a small-enterprise finance culture among financial institutions, and provision of incentives to commercial banks

for engaging in market downscaling initiatives are important policy considerations.

Creative clusters

Although many creative industries operate individually, others cooperate in groups or clusters to source raw materials and market their products. UNIDO (2007) defines creative clusters as combining production and distribution activities within a common structure, being capable of promoting creativity, research applications and distribution systems, and being supported by both private and public financing. According to the UN *Creative Economy Report* of 2013, creative clusters are vertically-disintegrated networks of production units that can function flexibly when faced with the high levels of instability and risk that prevail in the production and consumption of cultural goods and services (UNDP & UNESCO, 2013). Creative clusters have been identified as an important mode of operation, helping micro and small enterprises (MSEs) to obtain higher levels of growth through mutual stimulation, making use of others' knowledge and establishment of integrated services and markets (UNIDO, 2007). Creative clusters thrive when support systems that respond to their needs are available.

Naturally-emerged clusters of MSEs are widespread in Ethiopia. Clothing and footwear, which are grouped under partial copyright industries in the WIPO copyright industries model, are good examples of Ethiopian creative industry production sectors that currently exhibit MSE clustering. Clusters have attracted the interest of policymakers and various development organisations, including the UN Industrial Development Organisation (UNIDO), which seeks to promote them because of the direct impact they can have on poverty alleviation. Cluster-based development is also given strong priority in Ethiopia's first GTP as a key tool for spurring income and employment growth among MSEs (FDRE, 2010; Ali et al., 2016).

The Ethiopian government can play an active facilitative role in the formation, growth and scale-up of emerging and existing natural creative clusters by providing infrastructure such as roads and electricity, by developing training programmes with local educational institutions, by facilitating the development of linkages and networks between local firms, and by facilitating the securing of finance to support cluster activities.

Government can also contribute by identifying weaknesses in existing natural cluster value chains, and by helping to attract investors and businesses to fill these identified gaps, thus strengthening clusters' forward and backward linkages within creative-industry value chains.

Coordination with other sectors

Our report (Belete & Tadesse, 2014) commissioned by WIPO argues that the lack of appropriate policies for development of the copyright industries will not only

constrain the performance of creative industries in Ethiopia, but will also affect activities in many other production- and service-based sectors of the economy. Similarly, Ethiopian government policies in a variety of social and economic sectors impact both directly and indirectly on performance of the creative industries.

Lack of integration among government sectoral policies, and weak linkages and networking among the different sectors, whose activities are related to the creative sector, are currently factors hampering the performance of the creative economy in Ethiopia. The interface between the creative industries and other economic activities needs to become a central issue in Ethiopian policymaking. Sectors that have strong relationships with creative businesses, such as providers of intermediate inputs and tools to the creative industries sector, have a key role to play in both the design and implementation of policies for creative industries.

Copyright and non-core activities

The prevailing view among copyright rights-holders in Ethiopia is that stronger copyright protection and enforcement are necessary for the growth of the country's creative industries (Belete & Tadesse, 2014). However, sound copyright policies are not dictated solely by the interests of rights-holders alone. Due consideration must be given to *both* the interests of the rights-holders (in obtaining returns on their investment) *and* needs of the majority of people(for improved access to knowledge) (Belete & Tadesse,2014). Data generated by the 2014 WIPO-commissioned study established the existence of a link between *core* copyright industries and industries that disseminate copyrighted products (Belete & Tadesse, 2014). Therefore, in deciding the level of copyright protection in Ethiopia, it is necessary to take into consideration the potential impact of strong copyright protection on not just the *core* copyright industries, but also the other three types of copyright industries delineated in the WIPO Guide that have links with the core copyright activities – *interdependent*, *partial*, and *non-dedicated* industries (WIPO, 2003).

The scale of economic activities in Ethiopia affected by copyright is much broader than previously understood. The broad impact of copyright on various sectors of the economy makes it imperative that there be close interaction among the various stakeholders affected by the copyright policymaking process. Copyright policymakers must adopt a broad conceptualisation of the creative industries and recent technological changes and, accordingly, revisit previously-held views that formed the basis for a belief in strong copyright protection. Copyright policymaking should be seen in terms of a delicate balancing of the following imperatives: improving competitiveness and access to important knowledge-based products; facilitating research; protecting cultural expression; and reducing poverty. In order to address these myriad needs, it will be necessary for Ethiopian copyright policy and law to provide significant flexibilities, i.e., significant limitations and exceptions to exclusive copyright protection.

6. Conclusion

The existing data show that Ethiopia's creative industries are already generating significant economic gains for the country. Increased production and distribution of creative goods and services can thus be sources of enhanced income, employment and trade. The multifaceted nature of the creative economy necessitates a range of public policies and strategic choices in order to optimally harness the economic potential of the creative industries to generate socioeconomic development. These policies and strategies must be based on a clear understanding of the range of stakeholders in the creative economy, the nature of their interactions, and how the creative sector relates to other sectors of the economy.

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