Creative Economy as a Path to Economic Development for Africa: Cases of Nollywood in Nigeria and women's Gold in Bukina Faso

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Creative Economy as a Path to Economic Development for Africa: Cases of Nollywood in Nigeria and Women’s Gold in Burkina Faso

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August 2015

Master’s Thesis
Submitted in Partial Fulfilment of the Requirements for the Degree of Master of International Affairs at the City College of New York

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Chapter 1: Introduction

“Too many well-intended development programmes have failed because they did not take cultural settings into account...development has not always focused enough on people. To mobilize people, we need to understand and embrace their culture. This means encouraging dialogue, listening to individual voices, and ensuring that culture and human rights inform the new course for sustainable development.” These are the words of the United Nations Secretary General Ban Ki-Moon during his opening speech of the General Assembly debate on culture and development in 2013.¹ The connection between culture and development has been acknowledged over the years and the UN has established the relevance of culture as a driver for development. The UN Educational, Scientific and Cultural Organization (UNESCO) considers that culture enables development when a particular project or venture respond to the local context and community needs through the use of cultural resources with an emphasis on local knowledge, skills and materials while including the local community in its own development. “Emphasizing culture means also giving members of the community an active role in directing their own destinies, restoring the agency for change to those whom the development efforts are intended to impact, which is crucial to sustainable and long-term progress.”²

In economic development, culture can be led by the growth of the creative economy sector which has been recognized for its economic value. The creative economy empowers people and gives them the ability to take ownership of their development process. This is the context in which I am exploring the impact and value of the creative

² UNESCO, Culture for Sustainable Development, www.unesco.org
economy as a path to economic development for developing countries in Africa. Through empirical evidence, I will delve in the creative economy potential of the film industry in Nigeria and shea butter Industry in Burkina Faso, hoping to demonstrate that with the right investments and policies, the sector of creative industries can play a major role in a developing country’s path to sustainable development. The potential of the creative industry is great because its particularity in incorporating individuality, innovation and creativity while acknowledging the importance of cultural diversity for inclusive economic development, and sustainability.

It is not so long ago that African countries used to be referred to as part of the “third world” for the continent shelters some of the poorest countries in the world. Today, the politically correct way to refer to these countries is to use the phrases “developing countries” or “economies in transition.” But unfortunately, the transition is long overdue and slow in coming for most of them. For the purpose of this work, I will refer to these countries as developing countries as I am studying innovative paths to the economic development of African states.

Out of the 48 countries classified as Least Developed Countries (LDCs) in the world by the United Nations (UN), 33 are in Africa. Although more than half of the countries on the continent are considered to be less developed, the continent has not lost its dynamism and is considered by many to be a land of opportunity rather than a burden, “The White Man’s Burden.” ³ William Easterly addresses the issue in his discussion of

foreign aid and its allocation to poor states. He argues that African states have “received more than 15 percent of [their] income from foreign donors in the 1990s” and yet the “surge in aid was not successful in reversing or halting the slide in growth of income per capita toward zero.” Like Easterly, I do agree that foreign aid is not the answer to Africa’s development. The continent has an abundance of resources but many factors (history of colonization, bad governance, inability to exploit resources for the greater good rather than for the individual) have to be taken into account in order to understand some of the many obstacles faced by African states on their road to economic development.

Despite the many stumbling blocks in the way of Africa’s chance to achieve substantial economic growth to overturn the odds, I do believe that there is a way for the continent to attain sustainable economic developments by investing in its own resources.

In this thesis, I argue that instead of relying on external aid, African countries have a better chance of achieving sustainable economic development by investing in indigenous initiatives such as the creative economy, as the United Nations (UN) has suggested. In 2013, The UN Education, Scientific and Cultural Organization (UNESCO) and the UN Development Programme (UNDP) issued the *Creative Economy Report*, a report focusing on the potential of the creative economy at the local level in developing countries. The report confirms that the creative economy is one of the “most rapidly growing sectors of the world economy and a highly transformative one in terms of income generation, job creation and export earnings.” The report supports the case I am

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4 William Easterly, *The White Man’s Burden: Why the West’s Efforts to Aid the Rest Have Done So Much Ill and So Little Good*, The Penguin Press, New York, 2006 p.45
making that by investing in local cultural industries, the Global South can forge “new
development pathways that encourage creativity and innovation in the pursuit of
inclusive, equitable and sustainable growth and development.”

In order to make my argument, I will use the case studies of Nigeria and Burkina
Faso, two African countries that have proven the ability to utilise their own resources to
create economic growth, and, with the right policies, could eventually achieve economic
sustainability.

My interest in this issue is triggered by the consciousness that most African
countries still receive a considerable amount of aid from the richest countries in the world
and that dependence seems to be a hindrance to economic freedom and political self-
determination. In order for Africa to be freed from aid dependence, the continent needs
to be self-reliant and each country should be able to invest in its resources to achieve
sustainability. Using empirical evidence to corroborate my claim, I will present the cases
of Nigeria and Burkina Faso, which have used their creative economy in the film industry
and the shea butter industry to their advantage. I will use economic development models
supported by neoliberalism in order to demonstrate that both economies can be tied to the
laissez-faire approach of capitalism to reach their best potential. I will then compare and
contrast both cases and determine their ability to achieve sustainable development with
the right investments and policies.

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6 Ibid
Chapter 2: Sustainable Economic Development for Africa

Culture and creativity have proven to be a driver for a country’s economy and when enabled by the adequate policies and investments it can become a driver of development. “Culture … shapes our identity [and] is a means of fostering respect and tolerance among people [it] is a way to create jobs and improve people’s lives [it] is a way to include others and understand them helps preserve our heritage and make sense of our future.”

I hypothesize in this thesis that in order for developing countries, especially in Africa, to gain financial dependence and thrive, it is essential that they invest in their own resources and uniqueness to achieve economic sustainability.

In order to make my case, I chose to discuss two distinct areas of Burkina Faso and Nigeria’s economies, hoping to demonstrate that creativity can play an important role in economic development. In the case of Nigeria, I will showcase the potential of the country’s film industry and its ability to create employment and revenue. In Burkina Faso, I will study the impact of the production of shea butter in women collectives and their communities as well as their impact on the economy. I am hoping to uncover the conditions under which such industries can have had a positive effect on development.

I have chosen these countries because Nigeria is one of the fastest growing and most populated African countries which economic potential is always put forth but yet to be exploited to benefit the population. Nigeria, like many other African states, has been struggling to overcome economic challenges, although it is one of the fastest growing economies on the continent and has been able to utilize its own resources, such as oil, for

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7 Extract from the joint video message of Irina Bokova, UNESCO Director-General, and Helen Clark, UNDP Administrator, “Let’s put culture on the agenda now”
economic growth. Though the oil sector is the main source of revenue for the country, the economy of the country also depends on other sectors such as trade and agriculture. In this paper, I will demonstrate that another sector of the Nigerian economy, the film industry, can make a substantial impact on the country’s economy. The Nigerian film industry has gained popularity over the years and though its success does not equals that of Hollywood productions, it has a large following among the African diaspora all over the world. Because of its popularity, the Nigerian film industry has created a momentum that Nigerian law makers and economist cannot ignore. The challenge though is to regulate an industry that has been informal for decades and generate revenue that will benefit more than just a selected few.

On the other end, Burkina Faso is one of the poorest countries on the African continent with unexploited natural resources. Its economy is based mostly on agricultural exploitation with more than ninety percent of the population engaged in agriculture. I want to show that governments can invest in their communities and still obtain a share of the international market in certain domains. The production and trade of shea butter will be the example of this discussion. Shea butter has gained great popularity of the past years thanks to the thirst of natural products. More and more people are inclined to purchase products that are organic or naturally derived. This trend created a huge demand for products such as shea butter in lieu of conventional cosmetics. In a time where the consumer is more educated and more susceptible to do research on the products he/she purchase, big cosmetic companies have made it their mission to provide products that will fulfil that demand. In that optic, cosmetic companies have been more and more
inclined to partner with rural communities able to provide that sense of “naturel” that is now in fashion. The challenge in this case is to establish good working environment for the local communities providing their services and decent revenue that will enable economic development and trade opportunities.

The main challenges faced by most developing economies often include weak institutions, high unemployment rates, bad infrastructures, lack of access to financial services and unsustainable laws and regulations. By choosing Burkina Faso and Nigeria, I intend to see if by investing in the creative economy, developing countries, particularly those in Africa, can attain sustainable development.

Sustainable development has been one of the main goals promoted by the United Nations for years. Campaigns for sustainable development such as the Millennium Development Goals or MDGs (in 2002, the UN launched the Millennium Campaign aimed to raise awareness and support for the MDGs, eight specific issues targeting poorest countries have been selected in order to attain a higher global level of development by 2015) is one of many promoted by the UN. The UN has been proactive in putting forth several research and programs for the promotion of sustainable economic development for developing countries and African States in particular. As a major proponent in promoting economic and social progress for developing countries; the UN has several organs of the Organization dedicated to helping Least Developed Countries (or LDCs) in achieving economic development. According to the UN, the MDGs “have produced the most successful anti-poverty movement in history.”

Although the UN claims that extreme poverty has “declined by more than half,” or that “The primary

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school enrolment rate in the developing regions has reached 91 percent, and many more girls are now in school compared to 15 years ago,” there is still much to be done. In that optic, the Organization has proposed that Sustainable Development Goals (or SDGs) will be the next step to really end poverty. Such efforts and dedication are indeed ambitious but to my opinion the emphasis should be put more on self-reliance and less on humanitarian help. Aid is at time necessary but that is all it should be, help. Help to get on track to better habits of governance and economy instead of becoming a solution and a hindrance to growth. Through my findings, I will back up my argument and demonstrate how Nigeria and Burkina Faso can achieve sustainability through their own means.
2.1 Dependency Theory

In international relations, the slow economic growth of the LDCs can be partially explained through the dependency theory which assumes that “the LDCs are wedded to their pasts, reflecting a lack of entrepreneurial spirit that was found in European society during the rise of capitalism in the sixteenth century.”

Because development is not autonomous in a capitalist economic system and occurs through the ups and downs of the world’s advanced economies, the choices for less advanced economies are restricted. From those restrictions comes a structure of domination which reinforces unequal exchanges between the North and the South and a condition of dependency where “certain numbers of countries have their economy conditioned by the development and expansion of another…, placing the dependent countries in a backward position exploited by the dominant countries.”

The theory also assumes that the less developed nations mainly provide cheap labour and raw material to the richer states, making the rich states even more prosperous while depleting the resources of the poorer states contributing to their decline. Dependency theory does not only address external forces (such as the role of foreign states, multinational corporations, or international banks), it also considers underdevelopment to be the result of internal processes such as social structure, governance, and land tenure. These domestic factors tend to strengthen instruments of foreign domination.

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Tony Smith, author of *The Logic of Dependency Theory Revisited*, argues that imperialism influenced the specific structural features of southern development and states that “imperialism may manifest its form… through international class alliances, which dependency literature has been particularly clear in pointing out.” Dependency can be used to explain the economic development and underdevelopment of states from an external viewpoint (political, economic and cultural) which can in return have an effect on national development policies as emphasized by Theotonio Dos Santos:

[Dependency is]…an historical condition which shapes a certain structure of the world economy such that it favours some countries to the detriment of others and limits the development possibilities of the subordinate economies…a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy, to which their own is subjected.

In the article *Economic Dependency in Black Africa: An Analysis of Competing Theories*, authors Patrick McGowan and Dale Smith agree with that argument. “Third world countries are controlees within the dependency relations, their economies and political structures are subject largely to non-autonomous structural transformations that tend to produce undesirable and unintended consequences such as economic inequality.” But through an extensive comparative analysis of Latin America and tropical Africa the authors caution against using the dependency theory as the sole explanation for the slow development of Africa and conclude that “dependency theory

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does not fit the continent as an explanation of Africa’s political economy.”

They demonstrate that “a competing theory quite compatible with neo-classical doctrines of comparative advantage or with a Marxist analysis of the spread of capitalism fits quite well.” Marxists identify class relationships as the principal factor influencing political order. The class struggle in the Marxist school of thought is between bourgeoisie and proletariat where the wealth is in the hands of the exploiting non-producing class which takes advantage of the exploited producing class. In this case, the power struggle would be between the developing countries and the more advanced countries whose productivity and advancement is mainly due to their exploitation and utilisation of the poorer states throughout centuries of slavery and colonization. But there is a difference between the dependency theory and the theory of imperialism. Indeed, as described by Vincent Ferraro in his article *Dependency Theory: An Introduction*, the Marxist theory of imperialism explains the dominance of state expansion whereas the dependency theory explains the underdevelopment of less advanced nations. “Marxist theories explain the reasons why imperialism occurs, while dependency theories explain the consequences of imperialism… [which is] part of the process by which the world is transformed.”

Theodore Cohn demonstrates in his work, *The Historical Structuralism Perspective*, that particular aspects of the world’s division do play a role in the relations between states. Cohn declares that the state is an “agent of the dominant class or

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14 The dependency theory emerged from a study of Latin America’s dependency to the United States in the 1960s developed by economics from the Economic Commission on Latin America and the United Nations Conference on Trade and Development.
bourgeoisie” which uses the state as an “instrument to exploit wage labour.” The same framework is relative to the relation between the industrialized countries and the least developed countries or North-South relation. In this regard, Cohn refers to the interdependence theory to illustrate the “mutual dependence” of states in international relations. Robert Keohane and Joseph Nye go deeper in their analysis of complex interdependence in their work *Power and Interdependence*. The authors identify particular characteristics such as the multiple channels that connect societies “including informal ties between government elites as well as formal foreign office arrangements; informal ties among nongovernmental elites… and transnational organizations.”¹⁷ The struggle of dependency between the developed countries and the developing countries does provide another perspective on the inequality and struggle of the developing nations of Africa which cannot break the link with their “providers” without taking the risk of falling shorter than they already are. The pattern of dependency is going to be difficult to break as it goes back to many centuries of oppression and domination.

Although helpful in understanding the current condition of certain states, the dependency theory has since been discredited by many to leave place to the modernization theory which assumes that the focus should be put on the non traditional element of society within the developing countries and that the gap between the rich and poor countries is caused by a flawed system. Although Thomas Holloway said “let’s not

throw out the baby of dependency with the bath water of the transition to socialism,”18 the fact that many policy prescriptions made by dependentistas were complicated to apply does not wipe away the findings of dependency theory all together.

Modernization theory assumes that societies go through different stages of development, an evolution which presumes that developing economies should follow the example of richer economies in terms of values. But this would mean get rid of traditional values and adopt a more individualistic approach to modern society in order to attain prosperity:

Theories with a focus on values, such as fatalism or culture of poverty, are “blame-the-victim” theories that assume that all individuals think alike independently of their social context and circumstances. They ignore the actual resilience and ingenuity that people in absolute poverty mobilize in order to simply survive. And these theories also ignore the tremendous social obstacles that block people’s path to prosperity, such as war or political and ethnic repression.19

In my opinion, using “blame-the-victim” theories is not the right approach to tackle the issue at hand but it is necessary to present different aspects of international relations theory in order to better understand the status of African states and their inability to achieve economic freedom. If many African nations have yet to secure their economic growth on the continent, foreign aid is one of the most commonly used approaches for alleviating poverty. Through International organisations and international banks, LDCs have received trillions of dollars in assistance to help close the gaps.

The United Nations has been focused on “the plight of the world’s most vulnerable countries (as defined by low per-capita incomes, low standards of living and

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19 Global Sociology, *Theories of Global Stratification: Modernization Theory*
https://globalsociology.pbworks.com/w/page/14711295/Theories%20of%20Global%20Stratification
high vulnerability to economic shocks)... [by mobilizing] international support [and] encouraging developed countries to disburse more aid to LDCs.”

In his paper *Development Aid: End It or Mend It*, Peter Bauer advises against the term “foreign aid,” arguing that it is a misleading expression which “enabled aid supporters to claim a monopoly of compassion and to dismiss critics as lacking in understanding and sympathy.” Instead, Bauer prefers to call it “official wealth transfers” and notes that “the term also clearly implies that the policy must benefit the population of the recipient countries, which is not the case.”

In his book *The White Man’s Burden: Why the West’s Efforts to Aid, the Rest Have Done So Much Ill and So Little Good*, William Easterly supports Bauer’s insight. Easterly notes that “the West spent $2.3 trillion on foreign aid over the last five decades” and “well-meaning compassion” has brought about little progress in terms of economic development in the recipient states. The amount of money given to Africa through “official wealth transfers” is considerable but it seems that there is not much to show for it. Because aid has become the norm in terms of poverty alleviation, it does not promote financial independence. In their book *More than Good Intentions*, Dean Karlan and Jacob Appel seek to stimulate debate on better and more efficient ways to address global poverty, beyond foreign aid or other common approaches. The book criticizes microfinance as an alternative to foreign aid. Although microfinance has been popular, the authors argue that it may not be suitable to everyone and that people’s specific needs must be thoroughly examined before handing out loans. People’s needs can be very

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21 Peter Bauer’s *Development Aid: End It or Mend It* International Center for Economic Growth, Occasional Papers No. 43, 1993 p.2
complex, and may not be met by just obtaining a loan. In the long term, such loans can at times be more detrimental than beneficial.

Economist and author Dambisa Moyo also condemns aid in her book *Dead Aid* and goes further to hold the African governments accountable for the misuse of aid. She argues that aid is not always distributed appropriately and is also the source of corruption. She qualifies Africa as addicted to aid and partly blames the West for providing what has become easy money landing in the wrong pockets. “Like any good addict it needs and depends on its regular fix, finding it hard, if not impossible, to contemplate existence in an aid-less world. In Africa, the West has found its perfect client to deal to.”

Moyo adds that aid is widely misused on the African continent and may have engendered results if it wasn’t “squirreled away in foreign bank accounts.” She blames the leaders for thinking more about their self-interest rather than their state’s interest and asks the question “why give aid if it leads to corruption?” Moyo states that not only are aid funds not reinvested in the country and its people but they also decrease the country’s incentive to save, engender lazy policy making and eliminate incentives to reform government institutions.

By focusing on the relationship between rich and poor countries, the dependency theory allows for a better understanding on how and why developing countries are more likely to fall into the aid-cycle. But it is also important to emphasize the fact that as time evolve, the theory might become obsolete if not explained in the actual global context. Indeed, mentioning emerging economies such as China and India only confirms that investing in ones’ own capital is essential for growth. If governments alone do not have

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22 Dambisa Moyo. *Dead Aid: Why Aid is not working and how There is a Better Way for Africa*. Farra, Staus and Giroux, New York 2009 p.75
the capacity to lift their nation out of poverty, the next approach might be more suitable to African states as it emphasizes the importance of non-state actors in the international arena.
2.2 Economic Liberalism

Economic liberalism acknowledges the complexity and interdependence of the international system and puts more emphasis on the importance of institutions reflecting the notion that utopian harmony of interest can exist among individuals and groups. Because of the status of Africa’s development, institutions such as the United Nations are able to affect the countries with an agenda broader than security issues (economic, social, and cultural). Since the institutions are more focused on the human factor, they are able to reach different states while targeting similar issues which require the involvement of additional states.

Economic liberalism is frequently related to free market and private ownership of capital. Adam Smith, also known as “The Father of Economics” was one of the first to advocate for minimal interference of government in the market economy and a major supporter of laissez-faire economic policies. Smith wrote: “It is not from the benevolence of the butcher, the brewer, or the baker, that we can expect our dinner, but from their regard to their own interest.” Economist Lisa Smith clearly summarizes the idea by stating that by selling products that people want to buy, the butcher, brewer and baker hope to make money. If they are effective in meeting the needs of their customers, they will enjoy the financial rewards. While they are engaging in their enterprises for the purpose of earning money, they are also providing products that people want. Such a system, Smith argued, creates wealth not just for the butcher, brewer and baker, but for the nation as a whole when that nation is populated with citizens working productively to better themselves and address their financial needs. Similarly, Smith noted that a man
would invest his wealth in the enterprise most likely to help him earn the highest return for a given risk level.  

Economic liberalism, as defined by Adam Smith, supports the idea that free markets and private ownership should mainly be controlled by individuals with minimal government intervention in order to prevent monopoly. Smith emphasises the importance of protection of industry making the claim that a protected industry will increase employment. Smith argues that total employment depends on total capital which in its turn depends on how well it is used. In Smith’s ideal, productivity is measured by profit and the more profit the more work in return.

But the annual revenue of every society is always precisely equal to the exchangeable value of the whole annual produce of its industry, or rather is precisely the same thing with that exchangeable value. As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it.

If Smith’s ideal is followed by African economies, they might have a chance to increase their revenue and create more jobs. But before applying the Adam Smith model,

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it is important for each economy to choose their investment wisely with a hint of creativity.
Chapter 3: Creative Economy an innovative solution for economic development

Established in 1964, the United Nations Commission on Trade and Development (UNCTAD) has been promoting the “development-friendly integration of developing countries into the world economy.” The Organization serves three main goals: it serves as a forum for intergovernmental deliberations aimed at consensus building, it works on policy analysis and data collection and it provides technical assistance to developing countries and economies in transition. UNCTAD’s main goals are:

To work as a laboratory of ideas and to provide on-the-ground assistance to help developing countries raise living standards through trade, investment finance and technology. To help developing countries benefit from the globalized economy and to contribute to international debate on emerging issues related to developing countries and the world economy … throughout major reports, policy briefs, and contributions to international conferences.

UNCTAD classifies creative industries into four groups: heritage, arts, media and functional creations. The groups are then divided into nine subgroups (cultural sites, traditional cultural expression, performing art, audiovisuals, new media, creative services, design, publishing and printing media, and visual arts). The term “Creative Economy” was first introduced by John Howkins who studied the relationship between creativity and economics. As stated by Howkins, “creativity is not new and neither is economics, but what is new is the nature and the extent of the relationship between them and how they combine to create extraordinary wealth.”

The Organization encompasses various main activities such as globalization and development strategies which aim at identifying trends and reports on prospects in the

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26 Ibid
world economy as well as solutions to the economic development challenges of Africa. UNCTAD also bases its activities on the trade of goods and services and supports developing countries “in all aspects of their trade negotiations,” while analysing the impact of international trade laws on development. Actions of the organization are also focused on investment and enterprise development to help developing countries participate in international investment agreements and with the creation of small and medium-sized enterprises. One of the most important areas of work for UNCTAD is certainly its Africa, Least Developed Countries and Special Programmes which focuses on the “poorest and most vulnerable developing countries in the world.” The relevant division aims to “increase understanding and awareness of the development problems of Africa and the least developed countries.” UNCTAD’s Programme of Action for the Least Developed Countries for the Decade 2011-2020 was published during the Fourth United Nations Conference on the Least Developed Countries in May 2011 and states:

The least developed countries, consisting of 48 countries with a total population of 880 million, represent the poorest and weakest segment of the international community. Least developed countries are characterized by constraints such as low per capita income, low level of human development, and economic and structural handicaps to growth that limit resilience to vulnerabilities. 28

Although the above statement is significant, it is also relevant to mention that some African economies are some of the fastest growing economies in the world. In June 2014, UNCTAD issued a press release stating that “Foreign Direct Investment inflows to Africa rose by 4 per cent to $57 billion in 2013, driven by international and regional market-seeking investments as well as infrastructure investments.” The press release also reveals that the FDI in the region continues to increase (see figure 1). “Intra-African

investments are increasing, led by South African, Kenyan, and Nigerian Transnational Corporations (TNCs). Between 2009 and 2013, the share of announced cross-border Greenfield investment projects originating from within Africa rose to 18 per cent of the total, from less than 10 per cent in 2003-2008. For many smaller countries in Africa, intraregional FDI is a significant source of foreign capital.” (Figure 2)

**Figure 1. Africa: top 5 recipients of FDI inflows, 2013, 2012 (billions of dollars)**

![Bar chart showing FDI inflows to South Africa, Mozambique, Nigeria, Egypt, and Morocco in 2013 and 2012.]


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Figure 2. Geographical distribution of Greenfield investment in Africa by number of projects, 2003-2008 and 2009-2013 (percent)\(^{30}\)

![Figure 2: Geographical distribution of Greenfield investment in Africa by number of projects, 2003-2008 and 2009-2013 (percent)](image)


Figure 2 shows the increase of African countries investing in their own continent; although the increase is significant, only a few of the richest economies in Africa invest in their continent.

Among other projects, UNCTAD is particularly pushing the innovative concept of the creative economy as a feasible development option and published its first report in 2008. “The report concluded that the creative industries were among the most dynamic sectors of the world economy and offered new, high growth opportunities for developing countries.”\(^{31}\) The UN report defines economic creativity using three key factors: artistic, scientific and economic.

Artistic creativity involves imagination and a capacity to generate original ideas and novel ways of interpreting the world, expressed in text, sound or image; scientific creativity involves curiosity and a willingness to experiment and make connection in problem-solving; and economic creativity is a dynamic process

\(^{30}\) Ibid
leading towards innovation in technology, business practices, marketing, etc. and is closely linked gaining competitive advantage in the economy.32

As previously mentioned, the UN’s interpretation of creative economy is the combination of a nation’s own creative resources used to benefit the country’s development growth. The UN Creative Economy Report 2010 measures the economic outcome of creativity and the cycle of creative activity through the interplay of four forms of capital (assets): cultural, human, structural and institutional and social. The report is based on the idea that by capitalising on a country’s cultural and creative resources it is possible to achieve significant economic development. According to the UNCTAD report, there are multiple dimensions to the creative economy.

In 2009, the United Nations Educational Scientific and Cultural Organization (UNESCO) Director-General Koïchiro Matsuura declared that “film and video production are shining examples of how cultural industries, as vehicles of identity, values and meanings, can open the door to dialogue and understanding between peoples, but also to economic growth and development.” I will demonstrate the validity of the above argument by using Nigeria as an example. The Nigerian film industry is the “creative” industry analysed for this assessment. Creativity can be a challenge when it comes to developing economies, therefore I will contrast the creativity of the Nigerian film industry with the more traditional harvest of shea butter nuts in Burkina Faso. The shea butter industry is growing with the demand, I will analyse how a woman collective can be a great source of revenue for the community and the investor. I will first study the economic background of both countries to understand how these two very distinct choices of investments can make a difference in the countries’ economic growth

32 Ibid
Chapter 4: Nigeria and the case of Nollywood

The World Bank describes Nigeria as a “lower middle income,” mixed economy with a Gross Domestic Product (GDP) of $521.8 billion, the largest economy in Africa and also the most populated country with nearly 173.6 million people (as of May 2015).\textsuperscript{33} The country has many sectors contributing to the economy such as oil, agriculture, telecommunications, and an abundance of mineral resources. “Its economy has been growing at an average rate of around 7 percent a year over the past decade. It is rich in resources, especially oil. It has energetic entrepreneurs and aspirations to be the tech hub of Africa, boasting start-ups such as Konga and Jumia, budding Nigerian Alibabas.”\textsuperscript{34}

According to the World Bank, the oil sector developed rapidly in the 1970s and has become the country’s main revenue. Nigeria has the second largest oil reserves in Africa, and after Libya, is the continent’s first oil producer with the largest natural gas reserves.\textsuperscript{35} Nigeria produces about 2.7 percent of the world’s oil supply, compared to 12.9 percent for Saudi Arabia, 12.7 percent for Russia and 8.6 percent for the United States.\textsuperscript{36} Although the oil and natural gas sector accounts for 75 percent of federal government revenue and 95 percent of total export revenue\textsuperscript{37} but it does not provide major employment to the population which is suffering from the rising costs of petrol. In

\begin{itemize}
\item \textsuperscript{33} World Bank Data \url{http://data.worldbank.org/country/nigeria}
\item \textsuperscript{34} The Economist, Africa’s Number One, \url{http://www.economist.com/news/leaders/21600685-nigerias-suddenly-supersized-economy-indeed-wonder-so-are-its-still-huge?frsc=dg%7Ca}
\item \textsuperscript{36} US Energy Information Administration \url{http://www.eia.gov/countries/cab.cfm?fips=ni}
\end{itemize}
January 2012, Nigeria President Goodluck Jonathan announced the removal of oil subsidies in the country, which resulted in doubling the cost of fuel.

Prior to the subsidy’s removal, the pump price of fuel was 65 naira ($0.40) per litre, against a landing cost of N139. The government therefore contributed a N73 subsidy, for an annual total of N1,200 billion (US$7.6 billion), or 2.6 per cent of the country’s GDP. In effect since 1973, the subsidy was regarded by a majority of Nigerians as one of the few benefits they enjoyed as citizens of an oil-producing country.\(^\text{38}\)

With a GDP per capita of $1.695,\(^\text{39}\) the economy of Nigeria can be separated into two groups: oil sector and non-oil sector. Nigerians are mainly employed in the non-oil sectors such as agriculture, wholesale/retail, communications and transportation.\(^\text{40}\) Nigeria’s unemployment rate was at a high of 21 percent in 2011,\(^\text{41}\) with the labour force roughly divided as follows: agriculture 70 percent, services 20 percent and industry 10 percent. Although the economy of the country depends on these main sectors, there is one left out of the equation which is worth hundreds of millions of dollars: the Nigerian film industry. “The industry employs over one million people - making it the nation’s largest employer outside agriculture,”\(^\text{42}\) and makes a profit of approximately $500 million producing an average of 1,500 movies per year, making it the second largest producer after Bollywood (India). In terms of revenues, Nollywood is the third largest film industry after Hollywood (US) and Bollywood\(^\text{43}\).

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\(^{38}\) Yemisi Akinbobola, *Bid to end subsidy stirs protest in Nigeria*, Africa Renewal, Vol. 26 No1 April 2012
4.2 Nollywood

The Nigerian film industry (Nollywood), gained popularity on the continent and among the African Diaspora in the digital revolution of the early 1990s when digital camcorders replaced 35mm motion film cameras, and digital supports substituted celluloid as recording devices. While the most developed parts of the world adapted quickly to the new technology, Nigeria continued to use their abundant supply of digital technology for profit. As a result of the world’s switch to more advanced technologies, Nigeria had an abundant supply of cheap blank VHS tapes from Asia and VHS players reached a household penetration rate of approximately 57 million.\(^\text{44}\) The film technology became accessible and affordable to producers and consumers all over the country. Author Patrick Ebewo associates the popularity of Nigerian movies not only to its inexpensive access but also to its “indigenous content [addressing] issues relevant to a mass audience. Through an amalgam of Nigerian narrative techniques (African Storylines) and Western technology, these films document and recreate socio-political and cultural events.” As the popularity of the films grew in the country, the rest of Africa and its Diasporas followed. The average cost of producing a movie is between $15,000 and $25,000. The films are produced within a month and are profitable within two to three weeks of release. The movies sell to the public through a network of merchants for $3 each. Each dollar goes to the producer, the distributor and marketing costs. Most videos easily sell more than 20,000 units. The most successful movies sell over 200,000

units. However, thanks to the rapidity of technology advancement, the latest equipment is available to a broader public, consequently increasing the risk of piracy. Because piracy cuts into a large portion of the revenues, it is indispensable for the industry to be regulated in order to guarantee benefits.

Chioma Nwagboso, a World Bank Finance and Private Sector specialist, is familiar with the industry and its challenges. She recognizes that there are few legal channels for the exportation of movies therefore fewer or no return goes to the owners and practically no revenue goes to the Nigerian government. This is why a collaboration between the World Bank and the Nigerian Export Promotion Council (NEPC), the Nigerian Copyright Commission (NCC) and the National Film & Video Censors Board (NFVCB) has been welcomed, the goals being to ensure according to Nwagboso, a “fruitful export for the country and its citizens.” Nwagboso also observes that the industry started without government aid or assistance and still managed to propel itself to the position it occupies today. In order to help regulate the film industry and assist the government in making it more profitable, the World Bank created a Growth and Employment in States Project (GEMS), a federal government project that will support key industry clusters including the entertainment industry. According to Nwagboso, the World Bank is supporting the Nigerian Entertainment industry “because of its huge potential in terms of job creation and value creation.” The project aims to fight piracy and other illegal activities by funding anti-piracy products through the Digital Nollywood Project which is aimed at “creating a digital distribution platform for Nigerian films through the connected video clubs and retail outlets that would be signed up to retail and

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45 Jeremie Nathan, *No Budget Nigeria*, Film Makers Magazine, 2002
rent digitally secured content through proprietary digital media computers.”

The World Bank also collaborates with the Nigerian Export Promotion Council on a conference on harnessing the Nigerian film industry through formal non-oil export to raise national awareness about the great potential of the nation’s film industry.

These efforts will be scaled under the proposed GEMS project [which] will focus in more detail on land and tax reforms and reducing the number of days it takes to get permits to start a business. The World Bank strongly believes that an improved business environment reduces the costs of doing business and enhances opportunities for both domestic and foreign investors. This is needed to create jobs and provide opportunities for all but especially for young Nigerians.

Under the GEMS project, the World Bank has provided grant funding and technical expertise to states interested in assuming reform pilots to develop their business capacities. While developing business capacity is essential to enhance the economic growth of the country, it is indispensable to also take in account Nigeria’s notorious corruption problems which could be a setback to any attempts at a healthy economic growth.

The GEMS project “Implementation Strategy is to systematically implement a Business Environment Improvement Framework to make it easier to do business in Nigeria. This Framework was tested in Kano, Kaduna, Lagos and Cross River from July 2013.” The Framework envisages interventions pertaining to the investments, land and tax systems and is sufficiently flexible to allow for intervening in key sectors of economic growth in Nigeria to increase the overall impact.

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48 Ibid
49 GMS Nigeria http://gemsnigeria.com/
According to GEMS Nigeria, the time frame for effective results lies between 2012 and 2017 and by 2017, GEMS “will have helped reduce the cost, time, and number of procedures for starting a business in Nigeria, and promoted the key benefits of business registration, including improved access to finance and business development services.”

(See Figure 4)

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50 Ibid
Although there is great potential for the country’s economy to thrive, Nigeria has, like many other African countries, been victim of bad governance for years which can hinder the economy to reach its full potential.

In his book *A Culture of Corruption Everyday Deception and Popular Discontent in Nigeria*, Daniel Jordan Smith examines the Nigerian corruption factor from the infamous worldwide scams to their causes at the local level and the relation between the government and its population. Although Smith acknowledges the existence of corruption in mostly all aspects of the Nigerian society, he also determines that the main responsibility lies within the federal government which does not see the communities as a
priority and he also puts the blame on the Western world whose interaction with Africa seems to be, according to him, at the juncture of oil and foreign aid. “The Western world is[,] a culpable and complicit actor in the whole enterprise of development-related corruption […] the larger system of inequality is taken for granted, at least by most of us who are its principal beneficiaries.”

The scale of corruption in the country is so great that the government has no other option than to acknowledge it. The Nigerian parliament did address the issue of corruption in the latest fuel subsidy developments where several investigations were conducted following the nationwide protests when the government tried to remove the fuel subsidy. The scheme was so large that it cost the country $6.3 billion in three years. “The missing $6.8 billion equals roughly a quarter of Nigeria's annual budget for a country in which more than half of inhabitants live below the poverty line.”

The corruption mentality of the country can be found in about every level of society and in almost every industry. Thus it is not a surprise that corruption plays a large part in the insufficiency of returns of the funds in the Nigerian film industry. Legitimate distributors are also among those fighting piracy. 32-year-old chemistry graduate Jason Njoku is one of Africa’s largest distributor of Nigerian movies, and has made over eight million dollars in benefits since 2010, when he founded the company Iroko Partners. Mr. Njoku currently has 71 employees in Lagos, London and New York, and often boasts that “these people are working for us in a country with fifty percent unemployment.” He was listed by Forbes, an American business magazine, as one of the top ten young African

52 Camillus Eboh, Nigeria parliament urges fuel subsidy graft arrests, Reuters April 25, 2012
millionaires to watch in 2013. “We’re the first guys to actually legally reach out in Lagos to the production houses, the owners of the movies, and negotiate and sign deals with these guys so they can finally get remunerated for their hard efforts,” claims Mr. Njoku.53

Euromonitor International and Reed Exhibitions, organizers of the World Travel Market54, a global event for the travel industry, predicted in their November 2012 report that Africa’s projected 5.2 percent GDP growth rate in 2013 would be due in part to the popularity of the Nigerian film industry, which it said would also attract domestic and regional tourism. Nigerian former President, Goodluck Jonathan referred to Nollywood as “our shining light,” adding that “whenever I travel abroad, many of my colleagues ask me about Nollywood.”55 The World Travel Market has been predicting major trends in travel and tourism since 2006, and puts forth the destinations they find will entice tourists to travel in one country more than the other, and for reasons ranging from the prospect of byuing luxury goods in Asia to technological innovations in North America. Thus World Travel Market reported that Nollywood, as “a magnet for intra-regional African travel” was going to be one of the most important tourists attractions especially within the region. A city such as Lagos would be particularly attractive to tourists because it is the main city showcased in most Nigerian movies and therefore fans would be attracted to visit their favourite film locations. According to the report, the Nigerian movie industry “has helped to change stereotypes about Nigeria, by highlighting its culture, norms, creativity and hospitality.”56

55 Statement of President Goodluck Jonathan, Saturday, March 2, 2013, at the State House in Marina, Lagos
56 World Travel Market, Global Trend Report 2012
Revenues from tourism is more than valuable in any country but in a developing African country such as Nigeria, the extra revenues created from tourism derived from Nollywood could be crucial in terms of extra employment and GDP (see figures in table below)\textsuperscript{57}.

**Figure 5: Nigeria Key Tourism Indicators % Growth 2012-2016**

![Graph showing tourism indicators in Nigeria](image)

Source: World Travel Market, Euromonitor

The World Travel Market report indicates that arrivals to Nigeria are expected to record a three percent growth between 2012 and 2016 due to intra-regional tourism fuelled by expanding African economies, and that “the popularity of Nollywood will be a

\textsuperscript{57} World Travel Market, Euromonitor
major growth driver with the leisure sector attracting film fans and business travel boosted by the growing economic importance of the film industry.” The effects of tourism is already visible in Lagos where in 2012 international hotel chains including Radisson Blu, Four Points Sheraton and Ibis opened their doors. The demand for tourists’ accommodation keeps growing which is indicative of more potential business for the right investors. More hotels under construction should follow suit like Hilton and Accor\textsuperscript{58}. Another industry benefiting from tourism will be the airlines. Indeed, the airlines operating intra-regional routes will be adding additional flights while new African low-cost carriers such as FastJet are expected to start operating flights in Nigeria in the near future. In addition, several Film Village, Plateau Film City (locations where the movies are shot) will help boost the production and quality of films, which in turns will attract more tourists.

While dissecting Nigeria’s economy and its film industry, the allocation of revenues and the regulations created around this business, it is safe to say that while using its own resources, Nigeria has the capability to capitalize on its film industry; and that with adequate policies and regulations it can benefit the economic growth of the country. As demonstrated by the World Bank’s project and the Nigeria’s fuel subsidy investigation, more involvement of the Nigerian government is necessary in order to better regulate the country’s economy. The recognition of the industry’s potential is one thing, governments need to support and invest in their creative industry for a better chance to succeed. In March 2013, President Jonathan allocated a $17 million dollar grant for the project ACTNollywood, a project aimed at providing training for film

\textsuperscript{58} Ibid
production and distribution. By betting on its film industry and ensuring that revenues are better distributed and reinvested in the country’s economy, Nigeria could use a creative economy (its film industry) as a profitable strategy for economic growth.
Chapter 5: Burkina Faso and the case of women’s gold

Burkina Faso is placed number six on the list of least developed countries in the *Least Developed Countries Report 2014* published by the United Nations Conference on Trade and Development and is considered as a low income country. With an average economic growth rate of 5.5 percent, Burkina Faso has witnessed falling gold and cotton prices and a drop in grain production. According to the World Bank, the country’s recent political crisis (the nation contested the plan of President Blaise Compore - who has been in power for twenty seven years - to amend the constitution so that he could run for office at the next elections and is calling for a civilian transition of power) and the above mentioned shortage have contributed to low public revenues and investments. In addition, these factors have also had a negative impact on economic growth in 2014, lowering it to 5 percent from a predicted 6.6 percent. The 2014 Human Development Index published by the United Nations Development Program (UNDP) ranked the country 181st out of 187 countries with a population of 17 million in 2013 and a 43 percent poverty rate. The country’s economy relies mostly on agricultural production with cotton being the key product for exports. As a landlocked country with few natural resources, Burkina Faso’s economy is susceptible to be affected by external factors such as climate, international market rates, oil crises and regional instability.

After the economic crisis of the 1980s that affected most of Sub-Saharan Africa, the Caribbean and Latin America (the crisis was largely a result of the 1970s recession

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which engendered declining GDP rates, deteriorating trade terms, brought enormous external debt and great political instability), Burkina Faso benefited from the World Bank and the International Monetary Fund’s Structural Adjustment Programmes (SAPs) to ensure debt reimbursement and economic reforms. Burkina Faso benefited from SAPs mainly for the promotion of cotton and horticultural exports. Trough the SAPs, foreign investors were encouraged to invest in Burkina Faso, which led to more interest in the country’s resources.

Through the SAPs, the World Bank promoted the country’s economic potential for foreign investors: “the socioeconomic development of the country will depend in part on its openness to international trade and a diversification of its exports. Additional measures such as reforms to liberalize Burkina’s economy and promote employment by small and medium enterprises, will also help boost sustainable growth.”

As interest grew for the country’s resources, there was also interest for its female labour force. Indeed, more women were favoured for employment as they were already baring the responsibility for crop harvesting such as millet, maize, rice and shea nuts.

This case study will demonstrate how investing is a local traditional product can positively impact the lives of thousands of rural women producers and contributes to transforming the nature of a particular sector in a developing country. I will use the example of the shea butter industry which has gained popularity from users and producers in the past years. Because of its natural properties, shea butter is in high demand in the western market where more and more consumers are looking for natural alternatives in lieu of the conventional cosmetics mostly produced with harsh chemicals,
artificial colours and fillers. Thus, shea butter from the west African Sahel has become a valuable ingredients sought after by major international cosmetic brands such as L’Occitane en Provence, a French multinational cosmetics firm recognized worldwide for its luxury products based on natural ingredients. This case study will highlight the potential of the shea butter industry in Burkina Faso’s economy and how investing in the product can bring great profit for a Multinational Corporation (MNC) and the women harvesting and producing the product.

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5.1 Woman’s Gold

Shea butter comes from the nuts of African Karité nut trees that grow in the regions of west and central Africa. For centuries, shea butter has been called women’s gold for its rich golden colour (although shea butter can also sport a deep Ivory hue depending on the region) but also because it primarily provides employment and income to millions of women across the continent. Most of them are organized in cooperatives and harvest the fruits of the tree using traditional methods. Shea butter is non-toxic, edible and can be used for cooking, but is mostly utilized for cosmetic purposes. After picking the nuts from the trees, the women crush them to extract the precious butter, which is then boiled, cleaned and packaged to be sold at the local markets or exported.

UNDP studies estimate that an average of 3 million African women work directly or indirectly with shea butter. In Burkina Faso, shea butter can provide 20 percent of a family’s income while granting employment to approximately 400,000 women. In Mali, figures show that shea production contributes to 60 percent of women’s income while in Ghana, over 600,000 women work in shea-related operations. The shea trees grow in the savannah region that lies south of the Sahel in an area totalling three million square kilometres extending from Senegal to South Sudan. The top shea nut producing countries are Nigeria, Mali, Burkina Faso, Ghana, Cote D’Ivoire, Benin and Togo.\(^65\)

With the demand for more natural and organic products rising in the Western world, shea butter has become a hot commodity. The precious substance is used for many different types of cosmetics and skin care products because of its natural healing properties which people prefer to the harsh chemicals, artificial colors and fillers often

\(^{65}\) Ibid
used in conventional cosmetics. Shea butter is also appreciated for its use in food products such as chocolate. Confectioners use it as a cocoa butter equivalent to give chocolate a higher melting point and a smoother texture. The butter is also used in the confection of popular chocolate bars such as Kit Kat and Milky Ways. A survey conducted in Burkina Faso in 2010 by USAID found that for every $1,000 worth of shea nuts sold, an additional $1,580 in economic activity was generated for the village. Shea butter exports from West Africa totals are estimated to be between $90 million and $200 million a year says the New York Times. The demand comes not only from major corporations but also from millions of entrepreneurs who hope to make a fortune in the distribution of the women’s “gold.”

Because of its popularity, the number of shea fair trade cooperatives and associations has risen. And with the high demand come the ethical issues, a concern that often arises with products originating from the developing world. Fair Trade is an organized social movement from the 1980s that promotes better trading conditions between producers from developing countries and buyers in the developed world. In order to receive fair prices for their products, the producers have to maintain a certain levels of environmental and labour standards recommended by Fair Trade certification organizations such as Fairtrade International, World Fair Trade Organization, Faire Trade USA or Fair Trade Federation, to name a few. The Fair Trade model offers an improvement on the typical trade model. Paying market price for the commodity guarantees a minimum price to the producers. The industries usually associated with fair trade are coffee, cocoa, bananas, flowers, gold and other exotic products. Shea butter was

not part of the top sought-after commodities until recently. The Fair Trade movements also seek to raise consumer awareness believing that an educated consumer may be willing to pay more for goods provided that the producer gets a fair return from investment.

Philip Booth of the Institute of Economic Affairs sees things differently. He argues that “no clear evidence has been produced to suggest that farmers themselves actually receive higher prices under Fair Trade. Fair Trade may do some good in some circumstances, but it does not deserve the unique status it claims for itself.”

Cosmetic retailers like L’Occitane en Provence often portray fair trade shea butter as an exotic, traditional, authentic, and ethical product encouraging female solidarity and promoting local craft and empowering local business.

The collaboration between L’Occitane and shea butter producers has created win-win outcomes for both sides. In 2011, L’Occitane bought more than 500 tons of shea butter from Burkina Faso generating significant revenues for 15,000 rural women and their cooperatives. Each cooperative also placed 2% of the sales revenue from the shea butter into a social development fund used to make social investments in the producer communities, such as financing a district health mutual. As for L’Occitane, the company formulates almost 100 different cosmetic products using shea butter and its shea butter hand cream is the company’s best selling product, with one cream being sold every three seconds in shops across the world. L’Occitane’s relationship with shea butter producers in Burkina Faso has also become a key part of its corporate story, cherished both by its consumers and its staff.67

The butter is produced by women in Africa and consumed mainly by Europeans and North Americans in search of “ethical” products. Because of the high number of companies or small entrepreneurs claiming to use fair trade shea butter in their products, it can be difficult to differentiate marketing strategy from real engagement. The French

multinational cosmetics firm L’Occitane en Provence is famous worldwide for its luxury products based on natural ingredients. L’Occitane prides itself in its use of fair trade shea butter and was recognized by the United Nations Development Programme in 2013 as an exemplary company for its activities in Burkina Faso. “L’Occitane’s work in Burkina Faso has been selected as one of twelve innovative and inclusive business models in Africa by UNDP, and sets an example of a leading global corporation that can do business while creating value for women farmers in one of the poorest countries in the world,” says Sahba Sobhani, UNDP Programme Manager. 68

The report L’Occitane au Burkina Faso: More Than Just Business With Shea Butter Producers highlights the company’s dedication and collaboration with the 15,000 rural women producers and the company use of shea butter in its products. Among L’Occitane’s bestseller items, a few are shea based products such as its Shea Butter Hand Cream, Shea Butter Ultra Rich Body Cream and Shea Butter Foot Cream.

According to the report, L’Occitane estimates that the overall price it pays to source shea butter from Burkina Faso is between 20 percent and 30 percent more expensive than buying from Western industries. Sales of shea butter to L’Occitane represent about 1 million euros (US$1.23 million) in revenues for the supplier cooperatives and their 15,000 rural women members. The cooperatives working directly with L’Occitane buy the butter from the women producers at around 75 percent of the sales price (see figure 6 for production chain). According to the report, “L’Occitane’s actions in Burkina Faso have had significant impact, not only through commercial

68 Ibid
transactions with its supplier cooperatives, but also through the work that its Foundation undertakes in the country."\(^{69}\)

More than just economic impacts, the collaboration between the cosmetics giant and the women collaborative engenders social and environmental impacts. The revenues that women producers received from the sale of shea butter have contributed greatly to their “economic emancipation” according to the UNDP report. Their higher income allows them to provide better food, education, and healthcare for their children and themselves without depending solely on their husbands. On the environmental side, L’Occitane en Provence and its suppliers have plans to set up an environmental fund to offset the negative environmental of shea butter production, they also promote the use of improved stoves in the production process and are researching ways to use residues as combustible material.

\(^{69}\) Ibid
Figure 6: The L’Occitane shea butter production chain

There has been an ongoing discussion regarding MNCs and their effects on national economies and the global market. Some argue that on one side, the MNCs promote their expansions by claiming that they help bring prosperity to the country they settle in (case in point with Burkina Faso and shea butter), and on the other hand, they are meddling with more than the economic aspects of the host nation. Although Foreign Direct Investments are an important factor in the economies of the developing world, it poses the issue of dependency and exploitation.
Robert Gilpin states that MNCs have contributed to the acceleration of the global economy and were essentially responsible for the dramatic expansion in international trade between 1950 and 1960. MNCs’ impact on the global economic system is undeniable and is indeed a considerable feature of the global economy. Experts disagree on the nature of MNCs and their influences. In order to understand how Multinational Corporations impact the economy, it important to first define the entities and then distinguish the pros and the cons in order to finally study the effect it has on developed and developing countries.

The most common definition of a Multinational Corporation or MNC is when a firm from a particular nationality has “partially or wholly owned subsidiaries within at least one other national economy.” An MNC usually has its factories and assets in at least one other country other than its home country and most often coordinates its global business from a central head office. Some very important MNCs can even exceed the budget of some states. The corporations expend overseas through foreign direct investments (FDI) in order to have some control over production or any facilities in another country. Often this type of investment occurs in services, manufacturing, and commodities. There are two different types of expansions characterizing MNCs: the horizontal expansion implies that the production in the host country is a duplicate of the home country; the vertical expansion implies that the facilities in the host country are used to produce needed material for final production back in the home country.

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71 Ibid
Dambusa Moyo explains in her book *Dead Aid*, that the African continent is not “ready-made for FDI,” despite the low labor costs and high investable opportunities. Investing in Africa requires a splash or endurance, a zest of fortitude and mostly eyes on the prize. Indeed the lack of adequate infrastructure among others can raise the cost of production of goods and services in comparison with production in Asia where the entire infrastructure is set up for faster lower cost production. This is one of the reasons European corporations prefer to work in the Chinese market although the distance is greater than Africa.

In the case of L’Occitane en Provence and Burkina Faso, UNDP reports a fruitful relationship for both parties. “Strong ideals, enthusiasm, and perseverance in the face of adversity have allowed L’Occitane to establish mutually beneficial commercial relationships with grassroots shea butter suppliers in Burkina Faso.”

Although the relationship between the multinational and the community of women turned out profitable for both parties in the above mentioned case, Sirra Horeja Ndow from the Network African Women Economists (NAWE) denounces that in some cases women can also suffer from their partnership with multinationals. Ndow makes the case that women employed by MNCs or TNCs can find themselves with “increased workloads, longer working hours and low, stagnant wages.” Although the shea butter industry was not particularly promoted by SAPs, interest had grown enough for the Burkina Faso government to take notice, and in 1994, the government petitioned for

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73 Sirra Horeja Ndow, *A Story from West Africa: ‘Women’s Gold’- shea butter from Burkina Faso*
https://wideplusnetwork.files.wordpress.com/2012/10/sixthstoryofwomen.pdf
additional support for its support. Donor agencies such as the UN Women Agency (then UNIFEM, now UN WOMEN), the Centre Canadien d’étude et de cooperation internationale, a Canadian non-governmental organization.\textsuperscript{74} Ndow study rests on the case of twenty women from Burkina Faso who were employed by a multinational in the export of fruit and vegetable but were not earning enough for their families’ survival. The group of women decided to pull their own resources and create a cooperative for the harvest and production of the shea butter nut. The group calls themselves Association Songtaab-Yalgre (which means to help one another) and grew very successful:

The association became involved in collecting and processing shea nuts into shea butter and exporting the butter. The women’s decision coincided with the government’s strong commitment to promoting women’s economic empowerment through the development of the shea sector. The government, together with other donors, provided support to the group in the form of loans, literacy and technical training. The association became involved in two main types of activity: economic activities aimed at providing income for women through the processing and marketing of shea butter, and socio-cultural and self-improvement activities (literacy, training, health). The women pooled their resources to start their enterprise, and also received loans from various organizations to help them expand and improve their production.\textsuperscript{75}

The women received adequate training and were able to produce the quality shea butter required for foreign buyers and eventually became responsible of the entire process from the production to the export of the product. “No middlemen are involved. The women control the entire process and the profits are shared among the group’s members. Now, selling the butter, they earn four times the price they used to get for whole nuts,” Ndow confirms in her study. In two years, the women were able to get a return on their investment and their association is now part of the Union des Groupements Kiswendside, “a national network of women shea producers comprising more than 100 shea entreprises

\textsuperscript{74} Ibid
\textsuperscript{75} Ibid
and with a total of 1,174 members, mostly women who live in villages outside the capital, Ouagadougou.\textsuperscript{76} The network is presently in talks with the government to grant women with secure titles to the lands where the shea trees grow.

The experience of the Association Songtaab-Yalgre eventually served as model for other women cooperatives in the region and encouraged them to begin their own shea butter enterprises:

This is having a ripple effect, as women’s groups from neighboring villages and even from countries such as Mali and Ghana regularly visit the enterprise to gain knowledge to improve and expand their own enterprises. Given its success, this enterprise also provides an opportunity for its members to serve as advocates for the reduction of the negative impact of global trade and investment policies on their livelihoods, and for the promotion of gender equality.

From a small cooperative of women in a small village of Burkina Faso to a cosmetic giant in Paris, shea butter has become a precious commodity which is gaining more interest from producers to major companies.

L’Occitane en Provence’s interest in shea butter is not an isolated case. The first ever Shea Butter Trade Industry Conference in North America took place in May 2013 in New York City. The conference was an opportunity for African producers to rub shoulders with cosmetics industry giants such as L’Oreal, Kao and the Body Shop.

In order for more African women working in the shea industry to reap the benefits of fair trade collaborations with major companies, the New York Shea Butter Trade Industry Conference was organized by the Global Shea Alliance. The Global Shea Alliance is a multi-stakeholder association that promotes quality and sustainability in the shea butter industry in support of African rural women communities. The association is also a big advocate of women’s empowerment. With the inauguration of the North

\textsuperscript{76} Ibid
American trade event, the Alliance aimed to provide a platform for exchange and communication across the supply chain among collectors, producers, traders, industrial users and consumers of shea products. “The Body Shop has used shea for over 19 years and we are firmly committed to using our learning to build a sustainable shea sector,” said Mark Davis, the company’s director of community fair trade. “Being a member of the Global Shea Alliance is critical to achieving that goal.”

The same way other global commodities such as coffee have become associated with Fair Trade, many stakeholders in the shea industry aspire to do the same. Salima Makama, the Global Shea Alliance’s president, is convinced that the African women who came all the way to New York to put in place better strategies to empower themselves are well on their way to turn the shea butter export into “real gold.”

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Chapter 6: Conclusion

The term sustainable development was first noticed some twenty plus years ago in *Our Common Future*, a report published by the World Commission on Environment and Development. The report included the standard definition of sustainable development as: “development which meets the needs of the present without compromising the ability of future generations to meet their own needs.”\(^{78}\) Although the concept of sustainable development can be as broad as its meaning, the common principles recognized by most and that are more likely to be emphasised are:

The first is a commitment to equity and fairness, in that priority should be given to the improving the conditions of the world’s poorest and decisions should account for the rights of future generations. The second is a long-term view that emphasizes the precautionary principle…Third, sustainable development embodies integration, and understanding and acting on the complex interconnections that exist between the environment, economy, and society.\(^{79}\)

Sustainable development has become one of the main issues pushed by the United Nations especially for developing countries. The Organization has been proactive in promoting and assisting the most vulnerable countries on their path to achieving sustainability.

The aspect of sustainable development that I put forth in this paper is the economic facet, economic sustainability for developing countries. Because the African continent harbours some of the poorest countries in the world, I have used as example two African countries to demonstrate that the pathway to economic development can be initiated through a more creative approach: creative economy.

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\(^{78}\) The United Nations, *Sustainable Development from Brundtland to Rio 2012*, New York 2010

\(^{79}\) Ibid
The United Nations says that creative economy is “a powerful transformative force in the world today…one of the most rapidly growing sectors of the world economy, not just in terms of income but also for job creation and export earnings.”\textsuperscript{80} In this paper, I argue that the key of creative economy is to merge the social, indigenous culture (creativity) to a suitable economic platform in order to attain the best results. Thus my choice of countries (Nigeria and Burkina Faso) and industries (the film industry and shea butter) demonstrate that culture-based industries with real tangible outputs can be compared to mainstream industries. Although the creative industries do not provide all the solutions to achieve sustainable development, they are among the “most powerful sources for new development pathways that encourage creativity and innovation in the pursuit of inclusive, equitable and sustainable growth and development...”\textsuperscript{81}

In a world where exchange has become more than a commodity, international integration plays a great part in the success of development through creative economy. Robert Gilpin describes economic globalization as “the most outstanding characteristic of international economic affairs and, to a considerable extent, of political affairs as well” since the end of the Cold War. The increasing interdependence of national economies around the world shifted the economic order in such a way that economic integration among countries led to the surfacing of a global market place or single world market. But this is not a new phenomenon, since the mid-nineteenth century there has been a variety of international organizations to increase trade and economic development. At the base of these international economic relations lies several know structures that attempt to put in


\textsuperscript{81} Ibid
perspective different theoretical approaches. Although the study of international relations can help understand the inequalities between different nations or groups, particularly in the case of African states, the study of International Relations (IR) has not been extended to the root of their condition.

Therefore I have highlighted one of the most tangible explanations to the current condition of most African states by linking their dependence to aid and the stagnation of their economies. This paper establishes a possible path from aid dependency to economic freedom by investing in local industry. By applying the theory of a liberal economy which calls for a minimal interference of the government in the market economy, African states such as Nigeria and Burkina Faso have the potential to attain sustainable economic development.

Though minimal, the interference of the government is still required. The government’s involvement is necessary as demonstrated in the case of Burkina Faso and the women cooperative of the Association Songtaab-Yalgre With commitment from the government to promote the shea butter industry through programmes or dedicated policies in the case of Nigeria and its film industry. The government can also facilitate the exchange between the industry and potential stakeholders on a national and international level for more legitimacy by establishing common standards for product quality and product certification. Because the creative sector, especially in developing countries, can rely on informal system and processes, it can be considered high risk for investors. Capital is often raised from informal sources, as in the case of the women cooperative, rather than through institutions. Therefore to have a better chance to succeed, “informal creative activities require a different kind of policy thinking.
Adopting methods that identify the connections between the informal and formal sectors will be particularly useful to gauge how policy initiatives aimed at fostering creative activity in informal settings may shape the way that these activities evolve and feed back into the formal creative economy. “

Nevertheless, the informal nature of creative industry can also be a potential source of corruption and mismanagement of funds. In the case of the Nigerian film industry, the demand is such that within hours of a film’s release, pirated copies are sold at a fraction of its retail price, or are available online illegally. In Nigeria, it is estimated that five to ten illegal copies of a movies are sold for one legitimate one. Because many workers in the creative industry can find themselves beyond the reach of official regulations, it is imperative that institutions that investigate the connections between the informal and the formal sectors be part of policy development for creative sectors.

Through analysis of the cases presented in this paper, my findings suggest that analysing the factors contributing to the success of creative economic development is critical for success. Many variables need to be taken into account when creating policies to support creative economic development such as: the historical nature of the project, financial investments that match infrastructure and labour capacities, intermediaries and institutions to make policies and monitor, capacity-building for technical and entrepreneurial skills and open access to transnational exchange. But more importantly, engaging South-South cooperation will facilitate productivity, encourage mutual learning and promote transparency in policy-making. “

82 Ibid
engagement in productive mutual learning can also contribute to the formulation of international agendas for development.”

In many countries in Africa, communities often can act more rapidly and efficiently than governmental institutions for the integration of creative industries in the economy mainly via informal means. However, for creative economy to reach its full potential and contributes to the sustainable development of developing countries, it is essential to prioritize investments in the creative industries, commitment of institutions and governments in order to create collaboration that will empower communities and give them the determination and the potential to achieve sustainable development through creative economy.


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