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Glossary

<table>
<thead>
<tr>
<th>Glossary</th>
<th>Definition</th>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>VAT</td>
<td>Value Added Tax</td>
</tr>
<tr>
<td>MRC</td>
<td>MultiChoice Resource Centre</td>
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<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<tr>
<td>DTT</td>
<td>Digital Terrestrial Television</td>
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<tr>
<td>STB</td>
<td>Set Top Box</td>
</tr>
<tr>
<td>NBC</td>
<td>Nigerian Broadcasting Commission</td>
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<tr>
<td>ASO</td>
<td>The analogue signals switch-off</td>
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<tr>
<td>TLSL</td>
<td>Technology Literacy Services Limited</td>
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<tr>
<td>DSRS</td>
<td>Direct Sales Representatives</td>
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<tr>
<td>OB</td>
<td>Outside Broadcast</td>
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<tr>
<td>NPL</td>
<td>Nigeria Premier League</td>
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<td>LMC</td>
<td>League Management Company</td>
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<td>DSRS</td>
<td>Direct Sales Representatives</td>
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The Economic Impact study by Deloitte quantifies the Gross Domestic Product (“GDP”) impact resulting from MultiChoice Pay TV Group’s activities and illustrates the wider spillover effects of its activities in Nigeria.

**MultiChoice Pay TV Group’s Economic Impact on Nigerian GDP**

MultiChoice Pay TV Group’s aggregate economic impact across the period 2011/12 to 2014/15 is estimated to equal around $387.6m. MultiChoice Pay TV Group’s is estimated to have supported $213.4m of Nigerian GDP in 2013/14 and $322.0m in 2014/15, more than double the contribution in 2011/12 of $129.3m.

MultiChoice Pay TV Group’s total contribution to GDP consists of the direct impact - made up of its spend in terms of wages, taxes and corporate social responsibility payments (“CSR”) - and the indirect and induced impacts, consisting of MultiChoice Pay TV Group’s expenditure in the supply chain and the multiplier effects ensuing the impacts of additional demand created by MultiChoice Pay TV Group’s suppliers and employees in the economy.

- **Direct impact**: In total, MultiChoice Pay TV Group’s direct economic impact summed to $270.6m between 2011/12 and 2014/15. The majority of this contribution is made up of tax payments and regulatory fees.
- **Supply Chain Expenditure**: MultiChoice Pay TV Group’s spent an aggregate of $462.3m in its supply chain between 2011/12 and 2014/15. Expenditure spiked in 2013/14 due to higher building and maintenance expenditure, transmission expenditure and administrative expenditure, largely in relation to the start-up costs of the DStv business in this year.

- **Multiplier effects**: It is estimated that MultiChoice Pay TV Group’s expenditure supports an additional $571.3m of economic activity across the period over and above its direct impact and expenditure in the supply chain. An analysis of Nigeria’s economic accounting framework (the ‘Social Accounting Matrix’) suggests that $1m of demand in the communications industry gives rise to a total GDP impact in the economy of $5.3m, as a result of demand interdependencies with other sectors in the economy.

**Supporting local content production**

MultiChoice Nigeria Group has invested in the local production industry since 2003. It has directly invested in educational initiatives such as the MultiChoice Resource Centre (“MRC”) and spent $1.1bn between 2011/12 and 2014/15 on providing schools with devices to record programmes for use in class, reaching a total of 332 schools in 30 states by August 2015. Further, MultiChoice Nigeria supports the development of small enterprises in Nigeria, allowing over 7,300 agents and over 170 installers from across the entire country and a range of different backgrounds to join its distribution network.

**Empowering and educating society**

MultiChoice Nigeria has given its subscribers ready access to up to 40 educational and informative channels. It has directly invested in educational initiatives such as the MultiChoice Resource Centre (“MRC”) and spent $1.1bn between 2011/12 and 2014/15 on providing schools with devices to record programmes for use in class, reaching a total of 332 schools in 30 states by August 2015. Further, MultiChoice Nigeria supports the development of small enterprises in Nigeria, allowing over 7,300 agents and over 170 installers from across the entire country and a range of different backgrounds to join its distribution network.

**Supporting digitalisation and digital switchover**

MultiChoice Pay TV Group’s encourages the take-up of digital broadcasting services through its service innovations and had more subscribers in 2014/15. It has further supported digital migration and has provided subsidies on set-top boxes to its customers worth $1.3bn over the period from 2011/12 to 2014/15. Also, the Gotv service is provided using its own DTT, rolled out across all of Nigeria’s 36 states, providing coverage to over 50% of the population in March 2015. The total spend on transmitter sites alone between 2011/12 to 2014/15 amounted to $95.5m.

The GDP impacts only cover the immediate economic impacts of MultiChoice Pay TV Group’s activities on the Nigerian economy. In addition, there are several “spill-over impacts”. These are further impacts arising as by-products of MultiChoice Pay TV Group’s activities that are felt by the people, businesses in Nigeria and wider sectors of the economy.

**MultiChoice Pay TV Group’s Spillover Impacts in Nigeria**

The model used to assess the spillover impacts of MultiChoice Pay TV Group’s activities is a dynamic supply chain model. The model calculates the economic impacts of its activities on the Nigerian economy from the direct impact and expenditure, which is considered a direct flow to GDP, to immediate indirect and induced flows and then to more indirect flows, with the system converging on a steady state. The model also assesses the integrated impact on the population of Nigeria and the wider economy as a whole. The base case scenario assumes a constant level of demand for MultiChoice Pay TV Group’s services.

**MultiChoice Pay TV Group’s Contribution to Nigerian GDP**

MultiChoice Pay TV Group’s aggregate economic impact across the period 2011/12 to 2014/15 is estimated to equal around $387.6m. MultiChoice Pay TV Group’s is estimated to have supported $213.4m of Nigerian GDP in 2013/14 and $322.0m in 2014/15, more than double the contribution in 2011/12 of $129.3m.
produced by MultiChoice Nigeria Group’s content procurement and productions entity MSS Local Productions Limited, Nigeria. The resulting demand has encouraged an expansion of production volumes, its standard and generated employment opportunities, for example in seasoned content from 111 Nigerian production houses in 2014/15. It has further facilitated the physical infrastructure through its production studios and outside broadcasting vans, investing $32.4m between 2011/12 and 2014/15.

Promoting Nigerian sports
MultiChoice Pay TV Group incurred a total of $31.6m in licensing fees on the production and marketing of local sports content. Further, MultiChoice Nigeria has enabled Nigerian sports to be visible on television on the SuperSport channels, allowing stakeholders to benefit from other forms of revenue and investment such as sponsorship payments, gate collections and government funds as a result of the public interest generated. It has been reported that MultiChoice Pay TV Group’s lenders, as well as additional investors to clubs and the league, saw as a result of broadcasting, could be utilised to upgrade infrastructure and invest in sports talent as well as growing related professional skills such as club management.

HIGH-LEVEL SUMMARY
MultiChoice Pay TV Group’s services came to Nigeria in 1993 and have since contributed significantly to the evolution of broadcasting in the country. Since then, MultiChoice Pay TV Group has contributed to the Nigerian economy through its own operations, through stimulating economic activity in a range of industries, and through spillover effects on consumers and on the wider economy.

MultiChoice Nigeria Limited (MultiChoice Nigeria) was set up as a joint venture between Nigerian lawyer and businessman Okey Onyema and MultiChoice Africa Limited (MultiChoice Africa). In more than 25 years of operation, MultiChoice Nigeria Group has grown its presence in Nigeria, setting up additional entities such as its local content production entity, SLO, Local Productions Limited Nigeria and Africa Airtime Sales Nigeria Limited. It expanded its activities. MultiChoice Nigeria Group’s service offering spans platforms such as Satellite (DStv brand), Digital Terrestrial Television (“DTT”, GOtv brand), online and mobile and various value-added services like personal video recorders (“PVR”), high-definition television (“HDTV”) and Pay per View (the “BoxOffice” service). The entities in Nigeria have further interactions with entities outside of Nigeria, including MultiChoice Africa, SuperSport and M-NET.

In terms of its content offering, it started to invest in local content and Vernon channels through SLO, Local Productions Limited Nigeria. This reflects the company’s efforts to expand and valorize a wider range of performances among Nigerian consumers. As a result, its subscriber numbers have steadily increased and have more than doubled over the last two years.

MultiChoice Nigeria Group now has over 1,400 employees working in Nigeria across all entities. This report quantifies the Gross Domestic Product (“GDP”) impact resulting from MultiChoice Pay TV Group’s activities and illustrates the wider spillover effects of MultiChoice Pay TV Group’s activities in Nigeria through:

- MultiChoice Pay TV Group is estimated to have supported $387.6m of Nigerian GDP in 2013/14 and $322.0m in 2014/15. The aggregate economic impact across the period from 2013/14 to 2016/17 is estimated to sum to around $1.1bn. MultiChoice Pay TV Group’s contribution to the Nigerian economy in 2016/17 was more than double the contribution in 2013/14. This estimate includes the direct impact, consisting of MultiChoice Pay TV Group’s spend in terms of wages, taxes, profits and corporate social responsibility payments (“CSR”), and the indirect and induced impacts, consisting of MultiChoice Pay TV Group’s expenditures in the supply chain and the multiplier effects capturing the impacts of additional demand created by MultiChoice Pay TV Group’s suppliers and employees in the economy. The total economic impact, therefore, consists of the impacts shown in the graph on the right.
- The majority of this contribution is made up of tax payments and regulatory fees. Total payments of these were $77.9m in 2013/14 and $72.8m in 2014/15. In 2013/14, VAT made up the largest share of the tax payments and regulatory fees. In 2014/15, the majority of tax payments consisted of import duties paid on content and equipment such as set-top boxes required for the roll-out of the GOtv service. The
caused overall tax and regulatory payments to rise relative to 2013/14. In total, MultiChoice Pay TV Group’s contribution in earlier years since take-up of operations in 1993.

Supply chain expenditure
MultiChoice Pay TV Group spent $169.2m in the supply chain in 2013/14 and $123.2m in 2014/15. Overall, expenditure in the supply chain increased by a factor of 2.5 between 2011/12 and 2014/15. Expenditure spiked in 2011/12 due to higher building and maintenance expenditure, transmission expenditure and administrative expenditure, largely in relation to the start-up costs of the GOtv business in this year.

The largest spend in the supply chain is made up of administrative expenditure, amounting to $33.1m in 2014/15, a 2.5 fold increase from 2011/12. Expenditure spiked in 2013/14 to a level of $44.3m, mostly as a result of work in progress capital expenditure in that year.

The second largest category of overall spend in 2014/15 is made up of content and production facility expenditure, summing up to $30.5m in 2014/15. Expenditure in this category increased continuously across the period, tripling the expenditure of $10.3m in 2011/12 by 2014/15. This increase was primarily driven by the increase in the production and acquisition of local content for the Africa Magic channels.

Technology and transmission expenditure spiked in 2013/14 at $49.7m due to the increased efforts in rolling out the DTT network (used to operate the “GOtv” service) in this year, reducing spend to $24.5m in 2014/15. Nevertheless, this category demonstrated the strongest growth across the period from 2011/12 to 2014/15, increasing by a factor of around 3.8.

The other categories of expenditure, Marketing, Building and Maintenance and customer acquisition costs also increased by a factor of at least 1.6 across the period. Building and maintenance expenditure saw an above trend increase in 2014/15 to $29.2m in comparison with expenditure of $12.7m in 2014/15, which was driven by expenditure on building operating leases.

Multiplier effects
It is estimated that MultiChoice Pay TV Group’s expenditure supports an additional $109.3m of economic activity in 2014/15 and $131.6m in 2013/14 over and above its direct impact and expenditure in the supply chain.

The production and delivery of MultiChoice Pay TV Group’s services further supports additional activity in the economy through its multiplier impact, arising from the interdependencies of MultiChoice Pay TV Group’s operations with other sectors in the economy. Firstly, an indirect impact arises as local suppliers spend income received from MultiChoice Pay TV Group in their supply chain, giving rise to further demand. Secondly, MultiChoice Nigeria Group’s employees, as well as the employees of its suppliers, spend their income in the economy across a number of sectors, stimulating economic activity at these sectors. These impacts ripple through the economy, through a number of sectors. An analysis of Nigeria’s economic accounting framework (the ‘Social Accounting Matrix’) suggests that 5% of demand in the communications industry gives rise to a total GDP impact in the economy in the order of $1.5bn. The higher multiplier effects in 2013/14 as compared to 2014/15 are a direct result of the higher supply chain expenditure in this year, generating more demand in the supply chain and thus a larger additional economic impact.

The GDP impacts presented in this report only cover the immediate economic impacts of MultiChoice Pay TV Group’s activities on the Nigerian economy. In addition, there are several “spill-over impacts”. These are further impacts arising as by-products of MultiChoice Pay TV Group’s activities that are felt by the people, businesses in Nigeria and wider sectors of the economy, although these can only be indirectly linked to MultiChoice Pay TV Group’s activities.

Supporting digitalisation and digital switchover
MultiChoice Pay TV Group aims to encourage the take-up of digital broadcasting services through its service innovations and investments in digital migration. MultiChoice Nigeria had around 2.2m subscribers in 2014/15 across its GOtv (DTT), DStv (DTH) satellite and value added services such as Personal Video Recording (“PVR”), Catch-up and its Pay per View service “Re-View”. This represented a more than threshold increase over the period from 2011/12 to 2014/15. By March 2015, MultiChoice Nigeria provided digital services to around 12% of TV households in Nigeria. Its GOtv service aims to provide access to Pay TV to the wider public. In December 2014 GOtv subscriber numbers overtook DStv subscriber numbers, for the first time. This service is provided using its own DTT network. By March 2015, it has rolled out the GOtv network across all of Nigeria’s 36 states, providing DTT services to GOtv subscribers through a DTT network. In December 2014 GOtv’s subscriber numbers overtook DStv subscriber numbers.
coverage to over 50% of the population. The total spend on transmitter sites alone in 2011/12 to 2014/15 amounted to $95.5m. In order to encourage take-up, it has provided subsidies to its customers worth $101.8m over the period from 2011/12 to 2014/15 and had imported a total of 5.7m set-top boxes by 2015. It has further supported the government’s efforts in educating the public about digital migration and has run a digital migration-themed marketing campaign across the country.

Empowering and educating society
MultiChoice Nigeria has further given its subscribers ready access to a variety of content that is educational or informative in nature. There are at least 42 news, children, lifestyle and documentary channels on DStv’s Premium bouquet and six channels on GOtv’s cheapest bouquet, respectively, many of which are not available on other platforms in Nigeria.

MultiChoice Pay TV Group has further invested in educational initiatives, most importantly the setting-up of so called MultiChoice Resource Centres (“MRC”). In this initiative, MultiChoice Nigeria provides schools with the means to use audiovisual teaching methods in class using educational content recorded on its decoders donated to the school. The budget for this initiative is around N100m per year (c. $500,000); the total expenditure between 2012 and 2015 on this programme amounted to $1.8m. Over the last 10 years, MultiChoice Nigeria has contributed to the visibility on-air of Nigerian culture by supporting the development of the Africa Magic channel group, consisting of eight regional channels. Its production entity MMS Local Productions Limited has produced and commissioned Nollywood movies and producing prominent shows such as Tinsel, Jara and 53 Extra. More than two thirds of the content on these channels is produced in Nigeria directly, the remainder of content is produced across Africa for the Nigerian market.

The demand for local content generated by MultiChoice Nigeria’s broadcasting has supported the market of local producers. In 2011/15, content was licensed from 211 Nigerian production houses, opening the playing field to more producers. In the past, NMS Local Productions Limited Nigeria focused on acquiring licensed content from producers directly but has increasingly started to commission content to be produced exclusively for MultiChoice Nigeria, thereby reducing the risk inherent in film productions to producers. It has further facilitated in the physical infrastructure through its production studios and outside broadcasting vans. It invested $521m between 2011/12 and 2014/15, 15% of which was spent on local suppliers. MultiChoice Nigeria has organized training to equip and uplift production standards, earning credits overall for N480 million, a total of 156 employers across Nigeria.

In 2011, MultiChoice Nigeria launched the MultiChoice Resource Centre (“MRC”) initiative. This initiative has provided schools with the means to use audiovisual teaching methods in class using educational content recorded on its decoders donated to the school. The budget for this initiative is around N100m per year (c. $500,000); the total expenditure between 2012 and 2015 on this programme amounted to $1.8m. Over the last 10 years, MultiChoice Nigeria has contributed to the visibility on-air of Nigerian culture by supporting the development of the Africa Magic channel group, consisting of eight regional channels. Its production entity MMS Local Productions Limited has produced and commissioned Nollywood movies and producing prominent shows such as Tinsel, Jara and 53 Extra. More than two thirds of the content on these channels is produced in Nigeria directly, the remainder of content is produced across Africa for the Nigerian market.

Supporting local content production
MultiChoice Nigeria Group has been part of the local film production industry, widely known as Hollywood, since 2003.

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MultiChoice Nigeria has further given its subscribers ready access to a variety of content that is educational or informative in nature. There are at least 42 news, children, lifestyle and documentary channels on DStv’s Premium bouquet and six channels on GOtv’s cheapest bouquet, respectively, many of which are not available on other platforms in Nigeria.

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In addition to its technical innovations, MultiChoice Pay TV Group has attempted to tailor its content to the Nigerian customers. It has expanded its channel offering over time by increasingly investing in local content and offering channels in vernacular languages. As a result, the number of subscribers has more than doubled over the last two years.

MultiChoice Nigeria Group’s presence in Nigeria encompasses a number of different activities and entities, reflecting its growing physical presence on the ground. Throughout this time, MultiChoice Nigeria has remained a joint venture between Nigerian lawyer and businessman Adewunmi Ogunsanya and MultiChoice Africa. It is responsible for the satellite operations under the DStv brand, GOtv Nigeria (since 2012) and its mobile business under the DStv brand (commissioned in 2008). The local content procurement and production entity M.A.I. Local Productions Limited in Nigeria houses the local content production elements for the M-NET and SuperSport channels. Africa Content Sales Limited in Nigeria has been undertaking online media sales since 2003.

INTRODUCTION

MultiChoice Pay TV Group’s services came to Nigeria in 1993 and have since contributed significantly to the evolution of broadcasting in the country. The service offering transformed from an analogue service into the first digital service in the country as early as 1996. In over 20 years of operation, it has continuously expanded and now offers services across various platforms such as Satellite, Digital Terrestrial Television ("DTT"), online and mobile and offers various value added services like personal video recorders ("PVR"), high-definition television ("HDTV") and Pay per View (the "Box office" service).

As at April 2015, MultiChoice Nigeria Group employed over 1,400 staff members and contractors in Nigeria. These entities engage in a variety of activities, including subscriber management, content production and distribution. In addition, the company has built a far-reaching distribution network of agents.

There are further widespread impacts on the Nigerian economy and people as a result of its activities. These include contributing to the digitalisation of Nigeria, empowering and educating the society, supporting
INTRODUCTION

Overview of method and key concepts

This study aims to quantify and articulate the contribution MultiChoice Pay TV Group has made to the Nigerian economy during 2013/14 to 2014/15. MultiChoice Pay TV Group’s total economic impact consists of both the direct financial impact from its operations (the “GDP impact”) and the wider spillover impacts on consumers and other industries resulting from its activity (“spillover effects”).

The GDP impact of MultiChoice Pay TV Group’s operations captures the economic activity generated as a result of MultiChoice Pay TV Group’s expenditures. This is measured as the sum of the following impacts:

- **Direct impact**: This consists of MultiChoice Pay TV Group’s remunerating factors of production (wages and profits), as well as tax contributions and Corporate Social Responsibility (“CSR”) spending.
- **Indirect impact**: This consists of MultiChoice Pay TV Group’s expenditure across its supply chain in Nigeria. The company’s spending creates demand for services such as marketing, administrative support, building rental and infrastructure maintenance which generate GDP growth. This generates further ripple effects across the supply chain as MultiChoice Pay TV Group’s suppliers increase their demand for inputs.
- **Induced impact**: This consists of the ripple effects across the economy as MultiChoice Pay TV Group employees in Nigeria spend their income on consumer goods and services in other sectors in Nigeria, thereby generating further economic activity.

The spillover effects capture the impact of MultiChoice Pay TV Group’s activities which are felt more indirectly by its consumers, the wider public, or other firms and agents across the economy. These include MultiChoice Pay TV Group’s role in:

- Supporting local content production and promoting Nigerian sports.
- Empowering and educating society.
- Supporting local content production.
- Promoting and facilitating Nigerian sports.

Report Structure

The remainder of this report is structured as follows:

- The next section discusses MultiChoice Pay TV Group’s impact on value add and employment through direct, indirect and induced effects and presents MultiChoice Pay TV Group’s total economic impact in Nigeria.
- The last section discusses the wider spillover effects generated by MultiChoice Pay TV Group’s activities in Nigeria and presents case studies to illustrate these impacts on the economy.
MULTICHOICE PAY TV GROUP’S IMPACT ON GDP

MultiChoice Pay TV Group’s GDP impact constitutes the total value added in the Nigerian economy supported, both directly and indirectly, by MultiChoice Pay TV Group’s activities. MultiChoice Pay TV Group’s GDP impact constitutes the total value added in the Nigerian economy supported, both directly and indirectly, by MultiChoice Pay TV Group’s activities. This impact is calculated by considering MultiChoice Pay TV Group’s expenditure on remunerating factors of production (direct impact) and estimating the effect of its expenditure across the Nigerian supply chain (indirect impacts) and due to employee spending in the Nigerian economy (induced impact).

Direct impact
MultiChoice Pay TV Group’s direct contribution to the Nigerian economy’s GDP is estimated to amount to $56.7m in 2013/14 and $83.5m in 2014/15. The majority of this contribution is derived from wages and regulatory fees, with total payments from wages and regulatory fees increasing from $70.7m in 2013/14 to $77.7m in 2014/15 (91% of the total respectively). Wages payments were also roughly stable in both years and amounted to approximately $31.5m in both years, nearly double per employee spending. In total, the direct contribution is estimated to have more than doubled across the period from 2011/12 to 2014/15. In total, MultiChoice Pay TV Group’s direct economic impact increased from $27.6m in 2011/12 to $28.1m in 2014/15. This was followed by corporation tax ($17.0m, 24%) and import duties ($16.3m, 23%).

Wages are the component of MultiChoice Pay TV Group’s direct contribution to GDP that grew the most between 2011/12 and 2014/15, more than doubling its number of permanent staff and contractors over the same period. It employed more than 1,400 in 2014/15.

Taxes & regulatory fees
MultiChoice Pay TV Group’s contributions increased rapidly in 2013/14 to $70.7m, by a factor of more than 1.5 in comparison with its 2012/13 level of $45.8m. As can be seen in Figure 2 below, this is mainly due to increased fees paid to the regulatory bodies in 2013/14 and an increase in import duties as a result of the growing demand for the GOtv service. In this year, VAT nevertheless made up the majority of payments ($19.1m, 27%), followed by corporation tax ($17.0m, 24%) and import duties ($16.3m, 23%). In 2014/15, the majority of tax & regulatory fee payments was made up of import duties ($28.1m, 39%), which had increased again between 2013/14 and 2014/15. Tax was followed by corporation tax, amounting to $19.6m in 2014/15 (making up 27% of total tax payments).

MultiChoice Nigeria Group employed more than 1,400 permanent staff and contractors in 2014/15.

The strongest growth was experienced amongst production staff, increasing more than 18-fold from eight in 2011/12 to 145 in 2014/15. This reflects MultiChoice Pay TV Groups’s efforts to grow local content production.
Research suggests that SuperSport’s presence stimulates Nigerians to participate more in sports activities and therefore have better physical and mental health in general.

Corporate Social Responsibility
MultiChoice Pay TV Group spent $2.0m in aggregate between 2011/12 and 2014/15 on CSR activities. In 2015, more than 80% of this budget was invested in MultiChoice Nigeria’s educational initiatives, the MultiChoice Resource Centre (“MRC”), a further 13% was spent on the “Dick Enahoro Star Awards”, boosting the MultiChoice Pay TV Group’s focus on educational initiatives. These programmes are further discussed in this report. The remainder of the budget was spent on several foundations and donations to various industries, such as the Sinkle Cell Foundation. MultiChoice Nigeria has also supported smaller initiatives in the period from 2011/12 to 2014/15:

- Adopt a School Initiative: MultiChoice Pay TV Group supported the one-off event with the donation of 15 computers.
- Take a girl child to work: MultiChoice Pay TV Group supported the initiative to uplift young girls.

Supply chain and employee spending impact

In addition to MultiChoice Pay TV Group’s direct economic contributions, the company spent $169.2m in the supply chain in 2013/14 and $123.2m in 2014/15. Overall, expenditure on the supply chain increased by a factor of 2.5 from 2011/12 to 2014/15. It spiked in 2013/14 due to above trend expenditure in building and maintenance, transmission and administrative expenditure.

The largest spending in the supply chain is made up of administrative expenditure, covering general administration, travel, communication, training and spend on external parties. It amounted to $33.1m in 2014/15, a 2.5 fold increase from 2011/12 and made up 27% of overall spend in the supply chain. Expenditure spiked in 2013/14 to a level of $44.3m, mostly as a result of work in progress capital expenditure in that year.

The second largest category of overall spend in 2014/15 relates to content and production facility expenditure, summing up to $30.5m in 2014/15 (25% of total spend), having increased steadily across the period and topping the expenditure at $50.6m in 2013/12. This increase was primarily driven by the increase in the production and acquisition of local content for the Africa Magic channels.

Technology and transmission expenditure, grew the strongest between 2011/12 and 2014/15, reaching $24.5m (20%) in 2014/15. It also made up the second highest share in 2013/14 at 24% of total expenditure, given its spike to a level of $48.7m during the increased efforts in rolling-out the DTT network (used to operate the “GOtv” service).

Building & maintenance expenditure make up other significant category of spend; making up 10% in 2014/15 and 17% in 2013/14, respectively. Building
MULTICHOICE PAY TV GROUP’S IMPACT ON GDP

and maintenance expenditure saw an above trend increase in 2013/14 at $29.2m in comparison with $12.7m in 2014/15, driven by expenditure on building operating leases. Marketing expenditure also spiked in 2013/14, but overall more than doubled across the period. Expenditure on customer acquisition costs increased steadily across the period.

Multpliers

There are two types of ripple effects induced in other sectors. Firstly, MultiChoice Pay TV Group’s demand for inputs from its suppliers results in indirect production linkages related impacts across the whole supply chain. This is because MultiChoice Pay TV Group’s providers will spend a part of their income received from MultiChoice Pay TV Group in Nigeria, generating further demand in other sectors further down the supply chain. This impact is referred to as MultiChoice Pay TV Group’s “indirect impact”. Secondly, there are consumption-related impacts, as MultiChoice Pay TV Group’s employers in Nigeria, as well as the employers in the supply chain, receive income that they spend in the wider economy. This in turn generates greater demand for domestic producers across a wider range of sectors in the economy, causing further production and consumption linkage-related effects. These are termed “induced impacts”.

The interdependencies across sectors in terms of production inputs, as well as households spending are captured in Nigeria’s 2006 Social Accounting Matrix (“SAM”). As a result, the indirect and induced impacts described above in response to external shocks to demand, by applying the industry-specific multipliers to MultiChoice Pay TV Group’s expenditures, it is possible to estimate MultiChoice Pay TV Group’s total GDP impact. MultiChoice Pay TV Group’s expenditure, comprising its wages and loans, as well as its supply chain expenditure is equivalent to the total demand for MultiChoice Pay TV Group’s services. This is considered as a positive demand shock to the economy, the impact of which is being quantified in this study using the SAM. It is estimated that $1m of spend in the communications industry supports $1.51m across the Nigerian economy.

The magnitude of economic linkages of MultiChoice Pay TV Group’s expenditures depends on a variety of factors including the following three key ones:

- Strength of sectors’ supply chain: The greater the linkages between sectors and their supply chains, the more income will be spent in the supply chain and thus the larger the multiplier;
- Local demand: The greater imports, the more income leakages to abroad and the smaller the multiplier; and
- Household consumption patterns: The higher households’ propensity to consume, and to consume goods with strong supply chains, the larger the multiplier. Also, the more disposable income households are left with by the government after paying taxes, the larger the multiplier.

The extent to which economic activity is generated over and above the direct effects and supply chain expenditure is referred to as the multiplier effect.
The multiplier effect captures the combined effects of various economic linkages over a period of time as impacts in one sector cause ripple effects through a number of rounds. A more detailed explanation of the methodology used to estimate multipliers and their application in this study is provided in Appendix A.

MultiChoice Pay TV Group is estimated to have supported $322.0m of Nigerian GDP in 2014/15, and a total of $387.6m in 2013/14. Overall, across the entire period from 2011/12 until 2014/15, the economic impact estimated sums up to $1.1bn.

The total impact in 2014/15 consists of its direct economic impact of $89.5m and its supply chain expenditure of $123.3m. Together, these amount to the total value of demand for MultiChoice Pay TV Group’s services.

Through its economic linkages in the economy, $1m worth of demand is estimated to support GDP in the order of $1.51m in the Nigerian economy.

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They include MultiChoice Pay TV Group’s role in:
> Supporting digitalisation and digital switchover;
> Empowering and educating society;
> Supporting local content production; and
> Promoting Nigerian sports.

Supporting digital migration

Nigeria is in the process of digital migration, the replacement of analogue TV signal with digital terrestrial (“DTH”) services. A new deadline for the analogue signals switch-off (“ASO”) has been agreed by June 2017, and progress towards achieving ASO has been made. MultiChoice Pay TV Group is supporting the government’s efforts in reaching this goal through encouraging take-up of its DTH services, facilitating network roll-out, and creating public awareness about digital migration.

Digital signals use frequency more efficiently and thus can expand broadcasting services in additional content, such as the delivery of government information, education, health and small enterprise (“SME”) programmes. Further, DTH services increase capacity for local content in a range of different

MULTICHOICE PAY TV GROUP’S SPILLOVER EFFECTS

There are a number of spillover effects in the wider economy resulting as by-products of MultiChoice Pay TV Group’s operations and its investments. These create value in the economy beyond the economic activity created directly and along its supply chain.

MultiChoice Nigeria disseminates educational content, news, and other content of public interest and MultiChoice Pay TV Group has invested in educational initiatives. It thereby provides access to information that strengthens people’s awareness and understanding of issues relevant to their lives.
languages. This is believed to yield opportunities for developing skills and the creation of jobs and investment opportunities.

Stimulating take-up of DTT

MultiChoice Nigeria launched its DTT service under the GOtv brand in 2012, adding to its existing DStv satellite service and mobile TV services. This service provides subscribers with access to a multitude of channels using the latest DVB-T2 technology at more affordable prices. In March 2013, there were around 2.2m subscribers across the DStv and GOtv service. The increase in GOtv subscription numbers illustrates how the service has stimulated take-up of DTT services in the population. In March 2016, GOtv subscriber numbers were nearly double March 2012 figures. Since March 2012, there have been seven months where subscriber numbers have not increased; and in most cases subscriber numbers increased by over 50% per month, even up to 60%. These subscriptions need to be considered in addition to MultiChoice Nigeria’s DStv subscribers, who also enjoy digital services and thus have digitally engaged already. The number of GOtv subscribers has more than doubled since March 2010, and have continuously increased every year.²⁷

In simple terms, MultiChoice offers Nigerians the choice of two digital television systems: DStv brings entertainment, movies, lifestyle & culture, sport, documentaries, news, children’s, music, religion and consumer channels through a dish on the roof pointing at a satellite in space. GOtv does the same through an antenna pointing at a local land transmitter.

Part of the Hotel Majestic cast at the Africa Magic Viewers’ Award.
MultiChoice Nigeria has been successful in significantly opening up the Pay TV market to the wider public; in December 2014 GOtv’s subscriber numbers overtook DStv subscriber numbers. By March 2015, it provided digital services to around 12% of TV households in Nigeria.

**Import and subsidisation of set-top boxes**

MultiChoice Pay TV Group has further spent significant resource on importing set-top boxes, thereby alleviating one of the frequent hardware factors in achieving ASC. MultiChoice Nigeria had imported a total of 53,747 set-top boxes by 2014/15, amounting to set-top boxes for around 12% of households, or around 27% of TV households. Of these set-top boxes, MultiChoice Nigeria has already sold around 76%.

**Facilitating network rollout**

MultiChoice Pay TV Group is supporting the rollout and development of the DTT network. By March 2015, it has rolled out the GOtv network across all of Nigeria’s 36 states, using 73 transmitter sites, providing a coverage of over 50% of the population. The total spend on transmitter sites alone in 2011/12 to 2014/15 amounted to $95.5m.

This investment is in addition to the funds previously invested into bringing digital satellite broadcasting to Nigeria. The GOtv network benefits from this infrastructure. To enable the carriage of the national free-to-air channels, over 80 channels were travelled on the GOtv network, including the Nigeria’s state TV channel and a spotbeam over Nigeria at a cost of $1.3 billion to facilitate the provision of a transmission service.
Creating public awareness
MultiChoice Nigeria has supported the government’s effort in educating the public about digital switchover through co-sponsoring the Digital Broadcast Summit organized by the National Broadcasting Commission (“NBC”). This was the pilot digital migration events in Jos, the first city to have colour TV in Nigeria, in June 2014. At this time, the government was still planning to achieve ASO by June 2015. MultiChoice Nigeria supported the efforts beyond its attendance at the two-day events with informational billboards, radio jingles and press releases.

In August 2014, MultiChoice Nigeria started a marketing campaign in Jos, called: “Digilevez Don Land: Jos, Step-up.” The aim of the campaign was to create public awareness about ASO, educate the consumer that GOtv is aligned with the efforts of the NBC and communicating the key distinctive features of the GoTV service to the public. It announced for the first time, the well-known Hollywood star John Okafor, as its Brand ambassador and conducted road shows, gave out flyers, and used social media as a platform.

In November 2014, the government’s announced to delay ASO beyond its previously set deadline. MultiChoice Nigeria continued its campaigns regardless under the premise of the 2G/3G spectrum, to ensure the successful adoption of digital technologies and DTT. MultiChoice Nigeria has operated a mobile television service across the country since 2008. Using the “Drifta” devices, consumers can watch TV content using their laptops; using the “Walka”, subscribers can switch content on the device directly.

In addition to the five bouquets that subscribers can choose from on DStv, all subscribers who have PVR enabled decoders (the ‘Explora’ decoder) can make use of the PVR functionality for an additional monthly fee. This allows customers to record and store up to 104 hours of personal recorded content, selected from the weekly programme guide accessible on the decoder. There are currently around 1,100,000 subscribers with Explore devices. The PVR subscription also allows consumer to access other pioneering digital services as:

> Box office: A pay per view service enabled through PVR decoders and online, available to Premium, Compact + and Compact PVR subscribers. This service offers films currently available on DStv, around three months after the launch of the movie in the cinemas;

> SuperSport App and DStv Now: Website and mobile application-based live streaming services of Super Sport and other channels, respectively, providing service mobility to Premium PVR subscribers; and

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MultiChoice Pay TV Group has also further innovated in terms of customer support and payment services. MultiChoice Nigeria subscribers can reactivate their decoders following a lost or unresponsive device, with a simple application accessible from any mobile phone. Subscription payments can be made through a variety of payment services.

Facilitating efficient use of spectrum
Digital broadcasting facilitates HIF release of spectrum in addition to the expansion of content areas broadcasting. Frequencies are used more efficiently.

Spectrum is of significant value, and can be revenue generating for the government, since it can be put to alternative uses, referred to as the “digital dividend.” Through its contributions to ASG, MultiChoice Pay TV Group is assisting in this process.

Many governments have stated their intentions to use the licensing fee for various broadband communications, as well as other applications, such as value added broadcasting services. analogue TV signals occupy the frequency range from 174MHz to 230MHz. In November 2015, the ITU took the decision to provide enhanced capacity for mobile broadband in the 190-790 MHz frequency band, but provide full protection to television broadcasting systems operating in this frequency band. Research shows that this has impacts on strengthening economic growth. Digital dividend spectrum is expected to contribute an estimated 1.2% to Nigerian GDP by 2015.12

The use of spectrum for increasing internet penetration is valuable in the Nigerian context, given that Nigeria’s internet penetration is still lagging behind other countries in Africa. As of 2014,13 World Bank research shows that in a cross section of countries, for every 10 percentage point in broadband penetration, economic growth increases by 1.38 percentage points.14

MULTICHOICE PAY TV GROUP’S SPILLOVER EFFECTS

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MULTICHOICE PAY TV GROUP’S ACTIVITIES AND IMPACT IN NIGERIA

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MULTICHOICE PAY TV GROUP’S ACTIVITIES AND IMPACT IN NIGERIA

MULTICHOICE PAY TV GROUP’S SPILLOVER EFFECTS

**GOtv services and digital migration campaigns**

In line with its strategy to make its services more accessible to the wider public, MultiChoice Pay TV Group rolled out GOtv to subscribers in Nigeria in 2011. At more affordable prices, subscribers in all of Nigeria’s 36 states, in cities and even some rural communities, now have access to MultiChoice’s digital services. This allows subscribers to enjoy MultiChoice’s rich local content through some of its Africa Magic channels and other local channels aired on the platform, including AIT, STV, Channels, MITV, LV, ONTV, Ebony Live, and NTA. This is in addition to a variety of channels containing news, children’s programmes, documentaries, series and movies which cater to a variety of tastes and family viewing needs. Two bouquets are currently available – GOtv and GOtv Plus at monthly subscriptions of N1,200 and N1,800 (September 2015) respectively. Whilst GOtv has 28 channels, GOtv Plus has 42 channels.

In Nigeria, digital broadcasting is gradually gaining adoption as TV and radio stations have been mandated by the Nigerian Broadcasting Commission (NBC) to go digital by June 2017. MultiChoice Pay TV Group’s investment in providing set-top boxes at subsidized rates for GOtv shows its commitment to ensuring digital migration by significantly reducing the cost to the end-user. This makes GOtv more affordable to low-income households. In 2014, MultiChoice Pay TV Group embarked on campaigns through GOtv to educate the public about digital migration. It appointed a renowned Nollywood actor, John Okafor popularly known as ‘Mr Ibu’ as its ambassador. During the campaigns, about 26 cities were covered. The campaign which was first launched in Jos - a city in north-central Nigeria and home to the Nigerian Television Authority’s television village - was dubbed ‘Digilevelz Don Land: Jos Step-up’. It was seen across various media platforms, including radio and TV, print newspapers as well as on social media; road shows were conducted, flyers were given out.
Some of MultiChoice Pay TV Group’s activities contribute to the empowerment of the local society. Firstly, MultiChoice Nigeria disseminates educational content, news, and other content of public interest and MultiChoice Pay TV Group has invested in educational initiatives. It thereby provides access to information that strengthens people’s awareness and understanding of issues relevant to their lives. Secondly, through its distribution network, MultiChoice Nigeria has built a broad value chain that has not only created employment opportunities, but also facilitated the set-up of several successful local businesses, thereby strengthening the economy.

Educating and informing Nigerians

Through its broadcasting activities, MultiChoice Nigeria has given its subscribers ready access to a variety of content that is educational or informative in nature. MultiChoice Pay TV Group has further invested in educational initiatives such as the MultiChoice University Centres. In this fashion, MultiChoice Pay TV Group contributes to educating and informing Nigerians.

The general impact of education on people’s lives and the economy has been researched extensively. The economic literature reports that higher educational inputs can lead to improvements in productivity, allow the society to move towards a more equal distribution of income, and facilitate individuals’ life choices, thereby contributing to human development. Importantly, it is also found to trigger higher economic growth. Broadcasting can serve educational and social purposes by transmitting news and information for illiterate segments of the population and can complement the print media.

Access to educational and news content

MultiChoice Nigeria’s subscribers across both GOtv and DStv have access to a wide number of channels distributing informative content and content of public interest. On GOtv’s Premium bouquet, for example, there are at least 13 news channels, 13 children and teen channels and 16 lifestyle and documentary channels. On DStv’s Hopkins bouquet, there are still at least two news channels, two children’s channels, and two lifestyle and documentary channels. Many of these channels are not available on other platforms in Nigeria. This is reflected through the broadcast hours illustrated in graph below. It has shown that there has been a steady increase in broadcast hours of content of public interest, driven by educational and children’s content. Overall, the total broadcast hours of informative content translated into almost 36 channels broadcast 24 hours a day, 365 days a year.

Informative content is becoming more popular over time. Whilst total viewer hours amongst Premium and Compact households amounted to almost 67,000 viewer hours in 2013/14, they are projected to increase to almost 100,000 in 2015/16, a 49% increase. Further, this content has become more popular relative to Sports, Entertainment and Religious content, for which viewing decreased by 10% between 2013/14 and 2015/16.

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MULTICHOICE PAY TV GROUP’S ACTIVITIES AND IMPACT IN NIGERIA

MULTICHOICE PAY TV GROUP’S SPILLOVER EFFECTS

Encouraging learning and investment in education

MultiChoice Pay TV Group has further contributed to increasing knowledge in the society by investing in educational initiatives in Nigeria. Such initiatives as the MultiChoice Resource Centres, the DStv EutelSat Star Awards and the CNN Journalist of the Year.

MultiChoice Nigeria initiated a countrywide education programme to set up MultiChoice Resource Centres (“MRCs”) in 2004. The programmes are run with the support of Technology Literacy Services Limited (“TLSL”), a stakeholder in the education sector. Recognising the educational value of the content provided to its subscribers, MultiChoice Nigeria provides free access to seven educational channels, providing schools with a TV, satellite dish and PVR decoder, a backup power generator, and the set-up of a classroom. The aim of the programme is to facilitate learning by enabling teachers to record programmes and thereby integrate audio visual learning technologies in the teaching in class. To this end, TLSL has trained over 50,000 teachers on the technical use of the decoders and the use of recorded material in classes.

Teachers are given an incentive to utilise the facilities through the MultiChoice Creative Teachers Awards, in which teachers are recognised for their innovative use of the MRC facilities in class. The budget for this initiative is around N100m per year (ca. $500,000); the total expenditure between 2012 and 2015 on this programme amounted to $1.8m. By August 2015, MRCs had been set up in 332 schools in 30 states and over 60,000 students have benefitted from this programme since its initiation. Each year, around 30 new schools in 3 states are added to the programme each year, chosen in collaboration with the Ministry of Education. There are a number of key benefits of using audio-visual material in classes. These include better understanding and retention of knowledge of abstract materials that could otherwise only be taught through books, one of preparation of classes for teachers, higher levels of student engagement and retention, and an improved relationship between teachers and students. In addition, it has been reported that critical thinking, emotional intelligence and learning outside of school and a broadening of students’ perspectives have been stimulated. A study conducted in a secondary school in Nigeria showed that audio-visual resources stimulate interest and improve learning.

Creative Teachers Awards

The MultiChoice Africa has further driven the initiation of the CNN MultiChoice Africa Journalist Awards, an initiative empowering local talent in journalism. In this annual award ceremony, young talented journalists are recognised for their work in around 10 categories. This award is internationally well-received, and similar CNN awards are being held in India, South Korea, Latin America and the German-speaking areas.

MultiChoice Africa invites key stakeholders and media from the industry to attend the awards in addition to the participants for capacity building and networking purposes. There have been several Nigerian winners in the past, including four in 2015 and two in 2014.

Thedcc programme is accompanied by the DStv EutelSat Star Awards, a pan-African collaboration between MultiChoice Africa and Eutelsat. In this initiative, students submit essays about the benefits of satellite technology on the continent. The overarching aim is to get students interested in science and technology concepts, and encourage further study in these fields. Top submissions are awarded with prizes locally and are invited to participate in the Africa wide competition, with the prospect of winning a trip to Paris to visit the Eutelsat facilities.

MultiChoice Africa has further shown the initiation of the ONN MultiChoice Africa Journalist Awards, an initiative empowering local talent in particular. In this annual award ceremony, young talented journalists are recognised for their work in around 10 categories. This award is internationally well-received, and similar CNN awards are being held in India, South Korea, Latin America and the German-speaking areas.

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Source: Deloitte analysis using MultiChoice Pay TV Group data; Note: 2013/14 information based on data from October 2013 to March 2014; 2015/16 data forecast based on data for April to August 2015
Winners have since been able to progress their careers; for example, a winner from 2012 got appointed press secretary in a ministry.

MultiChoice Nigeria has also supported the efforts of the Sickle Cell Foundation for a number of years. The foundation aims to represent the over 200m Nigerian Sickle Cell Syndrome Carriers by offering education on the condition, as well as testing and treatment facilities.

MultiChoice Nigeria has been supporting the foundation for a number of years. In 2014/15, MultiChoice Nigeria donated a Toyota Avensis, to allow the staff to move around more easily, replacing a car donated earlier in the 2000s together with a team minibus. Further, for 2015/16, MultiChoice Nigeria plans to support the foundation with the filming of a documentary to update the current version “Keeping up our Life” that it sponsored in 2010. MultiChoice Nigeria also provides free subscriptions to the Foundation’s guest lodge and has sponsored the training of psychologists in 2005, bringing in specialists from England for this purpose.

MultiChoice Nigeria Group has taken a long term approach in their investment in local businesses across the country and has empowered almost 7,740 people from different backgrounds to join its distribution network. These agents and installers earn commission payments for the various services carried out on behalf of MultiChoice Nigeria Group. The financial benefits from these subscriptions payments do not just accrue to the agents themselves, but also others; income earned is used to support families and dependents and agents operating in local locations pay rent from the shop rental. Agents hire employees, who can again support their families. The mechanism, for example, at the top of the value chain and have on average around 35-40 employees. In this fashion, MultiChoice Nigeria Group indirectly supports at least another 4,000 jobs in the supply chain. The monetary impacts on the economy of this mechanism have been included in the estimation of the
MULTICHOICE PAY TV GROUP’S ACTIVITIES AND IMPACT IN NIGERIA

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Multiple effects. There are several impacts, however, that go over and above the pure monetary value of commission payments, discussed in this section.

Local entrepreneurs in the value chain

MultiChoice Nigeria has set up a unique distribution network, which specifies an upward progression path for its agents, referred to as the ‘value chain’. In this fashion, agents with different capabilities are able to join at various stages in the value chain, but are actively encouraged to move up the value chain to expand their businesses. The value chain in the current form has been operational since 2013 and consists of megadealers, superdealers, branded stores, ‘moms and pops’, ‘canvassers’ and direct sales representatives, as well as installers. Whilst commissions earned on a transaction basis are higher at the top of the value chain, there are many more agents at the beginning of the value, meaning that commissions payments are significant in each stage. The graph on the right shows the proportion of agents by category. Moms & Pops make up the largest share of agents, followed by canvassers.

MultiChoice Nigeria’s agents are located across the entire country, next page’s illustration shows the proportion of agents by broad region in Nigeria. The strongest coverage (42%) is found in Lagos, being the most densely populated region in Nigeria.

Megadealers were introduced in 2013. They sell both DStv and GOtv decoders and collect subscription payments, as well as perform customer care activities. These are semi-permanent outlets, and manage a group of around 50 DSRs. There are no particular requirements for becoming a megadealer, except that they offer a business plan, financial reports and company registration. Megadealers typically have several retail outlets.

Branded stores work together closely with moms & pops, as well as canvassers and supply stock to them. Moms & pops are informal retail outlets who focus on the sale of GOtv decoders in addition to their usual shop operations. These are located close to the customers in the neighborhoods. The only requirement for moms & pops to become MultiChoice Nigeria agents is to keep a stock of five GOtv decoders. They cannot currently collect subscription payments, but can earn a commission on the sale of recharge cards.

Branded stores and their Direct Sales Representatives (“DSRs”) sit at the beginning of the value chain. Canvassers are semi-fixed outlets, and manage a group of around 50 DSRs. There are no particular requirements for becoming a DSR, except the provision of a modest but not necessarily guaranteed payment, but once canvassers need to be purchased in advance. Stocks can be collected on a daily basis, and remaining stock as well as balances collected are returned at the end of the day. Commissions are returned each day, in addition to a daily stipend and an additional weekly stipend is paid. Agents from any background can earn revenue from subscription payments can be collected, a share of collections is then paid at the end of the month.

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Similar requirements, although less stringent, exist for superdealers. These were introduced in 2007. Like the megadealers, superdealers interact directly with the consumers, but may also supply agents further down the value chain with stock. Superdealers have at least 5 employees.

Branded stores also need to fulfill certain requirements for the setup of these outlets, most notably cash deposits with MultiChoice Nigeria. Branded stores sell decoders, and can collect subscription payments through mobile prepaid solutions. To do so, they need to pay upfront fees according to the balance of which...
MULTICHOICE PAY TV GROUP’S SPILLOVER EFFECTS

The graph below shows the proportion of customer activations by agent category. For GOtv, the majority of activations are done by canvassers, and moms and pops, further down the supply chain. Megadealers have the smallest proportion of sales to customers, which contains their role as wholesalers rather than customer sales agents. In DStv activations, however, branded stores, superdealers, and megadealers account for a much more equalized share of sales.

Businesses are incentivised to move up the value chain through the commission structure for both the sale of decoders and the collection of subscription payments. Commissions on decoder sales are being paid implicitly through a reduced price at which decoders are sold to agents. The higher up the value chain, the lower the price at which decoders are sold to the agent by MultiChoice Nigeria, and thus the higher the commissions from the sale of decoders to the customer, or even other agents. In practice, megadealers supply agents further down the distribution network, who then supply agents even further down the distribution network. In such cases a commission is earned. Whilst for a megadealer, the highest commissions are earned from a consumer, much higher volumes of stock are sold to other agents who are closer to the customer. Similarly, mega- and superdealers earn a higher share of subscription payments collected than branded stores and do not need to pre-deposit funds in order to do so.

This system encourages close cooperation between different types of agents. Given that megadealers benefit from the commissions from selling decoders on to agents further down the line, such as branded stores, they develop close relationships with them, and often extend trade credit to enable them to turn around more stock. Further down the value chain, branded stores support moms and pops, as well as consumers. This strategy seems to be working. Of the 14 megadealers that are currently in MultiChoice Nigeria’s distribution network, 11 grow into this role over time. Of these, over half of them started out as installers. Several further agents have made it from DSRs up to at least branded shop level.

Encouraging business development through training

Besides pushing agents to move up the value chain through their own means, MultiChoice Nigeria has further facilitated skill transfer through the various training initiatives it gives to its agents. The training is meant to facilitate their business growth, but has also resulted in a few agents being able to diversify their businesses and to invest in ancillary businesses.

There are a variety of training courses that are being conducted for agents. For dealers and branded stores, an emphasis is placed on customer service training and sales training. In this training, bases such as around customer management are being taught, including communications skills. The training is not only useful for the business with MultiChoice Nigeria, but also teaches skills useful for other business ventures. The same is true for aspects of other training courses given to agents, such as training on point of sale devices and mobile prepaid solutions, product knowledge and how to deal with technical queries. Trainings are organized around every three months, and are conducted across the whole country; frequent refreshers are available.

Furthermore, the technical training extended to installers has allowed some installers to explore other business ventures, such as installation of CCTV and other satellite technology. As a result, a few agents have been able to open up ancillary businesses, such as electronics shops. Further, branded stores and moms and pops, who do not work exclusively with MultiChoice Nigeria, have been able to remortgage the commissions earned into their white business, allowing them to expand their other business streams. Selling MultiChoice Nigeria products acts as a pull-factor to other customers. Customers may enter businesses to purchase MultiChoice Nigeria products, but end-up purchasing other products at the same time.

MultiChoice Nigeria further tries to organize community events for its agents, to enable agents to exchange their experiences. Notably, a party for the canvassers and DSRs is organized at the end of each month. There, DSRs generate their entertainment, hold comedy and music sessions and share their experiences. Usually, the host sells of the month is asked to provide tips and tricks.
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Local business owners in the value chain

MultiChoice Pay TV Group engages more than 7,700 agents in the form of small business owners and individuals across its value chain, as well as around 170 installers. MultiChoice’s model allows agents to enter into different stages in the value chain, depending on their financial capabilities. At the beginning of the chain are the canvassers, followed by ‘moms and pops’ and who do not require large capital and strict financial criteria to be sales agents to MultiChoice unlike the super- and megadealers at the top of the network. Installers are trained technicians who do DStv installations for its clients.

Ifeanyi Onyibo, a megadealer started his business with MultiChoice Pay TV Group 16 years ago when he was a student. Today, he has over 60 employees and 7 offices. He says, “I used to hang around the MultiChoice office those days as a freelance installer. My dream was to become an accredited dealer.” After getting his first office, he started collecting subscription payments. “I grew my business to become the first super-dealer for MultiChoice Pay TV Group in Lagos. Today, I am a megadealer.” Similar to Ifeanyi’s story is Kazeem Adebayo. Kazeem used to stay close to the DStv office when MultiChoice Pay TV Group opened its first office in Lagos. He, too, has since grown to be a mega-dealer. He also has a hospitality business. “There are also many examples where dealers have been able to open other lines of business using the funds from their partnership with MultiChoice Pay TV Group. For example, Ifeanyi Onyibo runs a showroom where he sells TVs and other electric items.

Bala Sarumi, a super-dealer for MultiChoice Pay TV Group, had started his business before working with MultiChoice, but has been able to increase his earnings substantially with DStv sales and installations for corporates and high net-worth individuals. He states that “the impact of super-dealership has been tremendous. It has given me to many successful businesses in the country.”

MultiChoice Pay TV Group actively encourages its sales agents to move up the chain, and as such, most of the dealers grew from below the ranks as retailers. Ifeanyi Onyibo started his business with MultiChoice Pay TV Group 16 years ago when he was a student. Today, he has over 60 employees and 7 offices. He says, “I used to hang around the MultiChoice office those days as a freelance installer. My dream was to become an accredited dealer.” After getting his first office, he started collecting subscription payments. “I grew my business to become the first super-dealer for MultiChoice Pay TV Group in Lagos. Today, I am a megadealer.” Similar to Ifeanyi’s story is Kazeem Adebayo. Kazeem used to stay close to the DStv office when MultiChoice Pay TV Group opened its first office in Lagos. He, too, has since grown to be a mega-dealer. He also has a hospitality business. “There are also many examples where dealers have been able to open other lines of business using the funds from their partnership with MultiChoice Pay TV Group. For example, Ifeanyi Onyibo runs a showroom where he sells TVs and other electric items.

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With its introduction of GOtv, MultiChoice Nigeria’s dealers have been able to benefit from additional sales. Though the margin on GOtv is higher, GOtv has higher volumes. More importantly, however, GOtv has allowed the distribution network to widen further, by bringing in more movies and pops, and canvassers into the value chain. Canvasers and their direct sales representatives sell decoders at small stands in the streets, with direct reach closer to consumers in the neighborhood. This has attracted many previously unemployed youth and students during their holidays to become MultiChoice Nigeria agents. In some cases, canvasers used to be so-called ‘area boys’, belonging to loosely organized gangs of unemployed teenagers and older men. Besides the commission they make, canvasers also earn a monthly stipend. Such grassroots empowerment and inclusiveness has helped transform lives by creating jobs for the unemployed and giving them a better and decent means of livelihood. Babatunde Adeyanju, a GOtv retailer says, “I used to be on the streets but since taking up GOtv sales, my life has gotten better. I am now able to take better care of my wife and two children”.

Many of these sales agents have benefitted from trainings provided by MultiChoice Nigeria. These trainings focus on business, customer service, selling techniques, and in some cases leadership. The skills and learnings imparted are transferrable to other disciplines. Installers too have benefitted from technical trainings. These trainings are conducted on a continuous basis. Bala Sarumi himself has participated in managerial and customer support training, and quoted the usefulness of the training. Kazeem Adebayo, a MultiChoice Nigeria sales agent says, “MultiChoice Nigeria introduced me to Paga and SMA payment platforms”. Not only MultiChoice’s agents benefit from the commissions earned through selling MultiChoice Nigeria services and training opportunities, but also the employees of the many businesses that have been created. For instance, retailers commonly employ between 10-45 employees, supervisors around 15-25, and branded stores 1-5. In this fashion, MultiChoice Nigeria has indirectly created around 2000 jobs. MultiChoice Nigeria has been able to take people off the street, and give them training”. “They can support their extended families; it has also helped people set up businesses” states Ifeanyi Onyibo.

MultiChoice Nigeria helps foster strong relationships among suppliers in its value chain as well as with the e-payment platform providers. For instance, branded store owners work closely with ‘moms and pops’. Likewise, retailers have very close relationships to the canvassers. “I have 3 stands with one person in charge at each stand”, says Babatunde Adeyanju. This brings tremendous benefits to the individuals as more jobs are created and agents have been able to pass business learnings to one another.

“I used to be on the streets but since taking up GOtv sales, my life has gotten better. I am now able to take better care of my wife and two children.”

Kazeem Adebayo, GOtv retailer
According to the teachers interviewed from junior and senior secondary schools from three schools around Lagos, the direct impact on the students, is that it has significantly improved learning, especially learning of abstract topics and concepts. Mrs. Olubiyi, a vice principal in one of the beneficiary schools says, “Assignments turn out much better. There was a big change visible at the [examinations at the] end of the year, and [the MRC] was only implemented in the middle of the first term.”

This arises out of benefits for both teachers and students. Teachers stated that they “can more easily explain concepts to the students”. Examples of topics that are easier to experience visually quoted by teachers include transparencies, scene, and animals which the students are not familiar with. These topics could otherwise only be taught using books. The teachers interviewed report that: “It makes teaching a lot easier” and “teaching preparation time is a lot shorter”. This is even though it requires active effort on the teachers’ behalf to record programmes and use the facility, but one teacher stated that “we use the facility every day”. On the students’ part, they seem to find it easier to comprehend the content learned. Teachers state that the MRC “helps facilitate learning at a fast pace, students found it so much easier to understand.” “Students really remember better”, says one teacher. “What you see, you remember” states another.

Furthermore, the interaction between teachers and students is reported to have improved. Teachers reported that students are more engaged, and pay better attention. “Students participate more...
MULTICHOICE PAY TV GROUP’S SPILLOVER EFFECTS

activity” says one teacher. This alone could lead to improved learning, given that class sizes in
the interviewed schools range from around 40-100 students per class. By using these centres,
teachers are able to explore an easy and flexible style of teaching which enables their classes to
be interactive: the classes have thus become participant-driven and more interactive with the
students. One teacher stated, “[t]his has improved the relationship between students and teachers,
bring[s] the students closer to teachers”. This could allow teachers to better target students’ needs.

Indeed, the impact on students seems to go beyond the classroom. One teacher says, “Students
have also started thinking about education at home. Students were reported to watch TV for
educational purposes at home. Mrs Olumeholu says, “There’s active research by learners,
Students want to challenge you.” Ms D.O. Sotinde, a principal in another beneficiary school says,”
“It has improved the students’ emotional intelligence and critical thinking. The students have
become more confident”. Furthermore, the facility may even have helped to shape the career
path for some of their students. Teachers made statements such as “It has changed the emotional
intelligence”, “you can change [the students’ perspective]”, “you can expose the students a lot
more” Especially the impact on girls is noteworthy; Ms O.O. Sotinde says, “the best performing
students are often girls. We have noticed that [the MRC] is aspirational for girls.”

Finally, there seems to be consequences for the schools as well. Teachers interviewed observed
that the beneficiary schools have gained better reputation in most surrounding communities. This
is noteworthy, given the mixed backgrounds of students at the schools interviewed, both culturally
as well as in terms of affluence.

MultiChoice Nigeria ensures that teachers are trained on how to use the facility in teaching and
encouraged to use it in a creative fashion. To this end, MultiChoice Nigeria also organises an annual
competition to recognize teachers who best use the facilities. Ten successful teachers are invited
to Abuja for an all-expenses paid trip where they can share experiences and the overall winner is
given the opportunity to visit the MultiChoice Pay TV Group facilities in South Africa. A benefit of
this is knowledge sharing amongst teachers. Matthew Ayoji Ologbode, a resource centre trainer and
teacher in one of the beneficiary schools says, “It encourages collaboration amongst teachers as
they share new experiences and insights gained from using the facility”.

Teachers state that the “MRC students really remember better”, says one teacher. “What you see,
you remember” states another.
Key constraints to the sector’s growth that have been reported include financing, domestic and international distribution, and insufficient technical and creative training. MultiChoice has tackled these constraints, with its Pay TV Group’s activities in the industry have facilitated local content to be represented on air in Nigeria and across Africa, but also made long-term investment in production infrastructure and training to help develop skills and professionalism. Further, MultiChoice Local Productions Limited, being engaged in both content production, sourcing and commissioning through, has facilitated significant funding and demand for content.

Representing local culture

Over the last 10 years, MultiChoice Pay TV Group has contributed significantly towards the visibility on-air of Nigerian culture. It has done so by developing regional channels under the Africa Magic brand, and producing and commissioning Nigerian movies and producing prominent shows such as Tinsel, Jara and Jara.

Supporting local content production

MultiChoice Pay TV Group has been an integral part of the local production industry, widely known as Nollywood, since at least 2003. Nollywood is now the third largest film industry globally, grossing an estimated $590m per year. Industry experts believe that the Nigerian entertainment industry has similar growth prospects than the Indian industry, which is growing at 20% annually.

The birth of Nollywood is widely accredited to the 1992 film “Living in Bondage”. Whilst initially films were largely distributed via DVDs sold in the streets, MultiChoice Pay TV Group provided a platform for Nollywood content through its Africa Magic channels as early as 2003. Adding to this offering throughout the years, there are now eight Africa Magic channels on DSTV, and three on GOtv. This has allowed a significant increase in the access to local content.

The Tinsel Charity Ball

The charity event was the culmination of a recent charity drive by the cast of Tinsel, Sub-Saharan Africa’s longest running and most successful soap opera, and headed by an intiative by the cast to the hearts of Gold Hospice and the Shelter for Abused Women and Children (SAWMC), both charity organisations in Lagos. The highlight of the event was Africa Magic’s donation of N5,015,000 to each of the two charities, with cars being a precursor to the number of Tinsel episodes aired by that date.

Africa Magic

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54Extra. Television plays a central role in socialisation and the messages received by television may affect a large spectrum of beliefs and behaviours. Literature shows that television can also affect socio-economic outcomes. By increasing regional channels and programmes, MultiChoice Pay TV Group contributes to increasing the level of social capital and cohesion in Nigeria, enhancing socio-economic outcomes.

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Importantly, the Africa Magic channel group includes channels in vernacular languages, such as Africa Magic Yoruba, Africa Magic Hausa and Africa Magic Igbo. This illustrates that MultiChoice Pay TV Group has been able to tailor its content to its diverse viewership, allowing around 70% of Nigerians to enjoy content in their tribal tongues.

MultiChoice Pay TV Group has itself contributed to creating local content through its diverse in-house local productions. The graph below shows the most broadcast shows on the Africa Magic channel group. Two of these, Tinsel, and Jara, are in-house productions by MSS Local Productions Nigeria Limited. Tinsel, first aired in 2008, is Africa Magic’s longest running and most popular soap and has been called the most successful television drama on Nigerian television.8 Jara, is a lifestyle programme, offers the latest entertainment news, events, celebrity information from Nollywood. Other shows produced by MSS Local Productions Nigeria Limited include 53 Degrees, a magazine show featuring entertainment news and events and Hotel Majestic, a telenovela that aired in January 2015. In addition to the long running shows, MSS Local Productions Nigeria Limited has produced, it further recently invested in a new initiative, involving the in-house production of “Africa Magic Original Movies”. It aims to produce around 90 movies per year, though in 2014/15, it produced 140.

In 2014/15, MSS Local Productions Nigeria Limited produced 172 unique shows and movies. This amounted to 10% of all Nigerian produced content on Africa Magic channels related to MSS Local Productions Nigeria Limited in-house productions, amounting to around 17 hours of content daily. For 2015/16, it has planned to produce another 605 hours of original content, amounting to 25 full days.

In addition to this, MultiChoice Nigeria broadcasts a number of cultural live events. These include the Calabar Carnival, which is recorded and broadcast every year for around 5 days in partnership with Cross River States, as well as the News Years Countdown Celebrations, and Christmas Carol shows. This is in addition to all sports content produced for the SuperSport brand, further discussed in the sports section.

40 41 27
MultiChoice Pay TV Group has taken a long-term approach in developing its local content offering. This is reflected in its development of a growing platform to showcase local talent, its willingness to offer commission through different content acquisition models and through its investment in facilities on the ground. This has contributed to the creation of a stable production environment.

**Platform to showcase talent**

Besides enabling its viewers to enjoy local content, the Africa Magic channels have also had the function of offering local producers and other local talent such as actors a platform to gain visibility. Through MultiChoice Pay TV Group’s increasing demand for content, as well as explicit initiatives to celebrate local talent, it has been able to gain popularity across Nigeria and Africa.

MultiChoice Pay TV Group has relied heavily on local producers’ content to fill the eight Africa Magic channels, thereby providing substantial demand making local productions of content viable. In 2014/15, MSS Local Productions Limited sourced content from 231 Nigerian production houses, opening the playing field to more producers. Even the production of content in vernacular languages has become an industry, with well-known names such as Obi Emelonye producing films in his tribal language Igbo. This further contributes to the diversity of productions in the Nigerian production industry and the visibility of Nigerian content on air.

MultiChoice Pay TV Group has further provided a platform for local talent to gain recognition through the initiation of the Africa Magic Viewers’ Choice Awards (“AMVCAs”). Annually, local talent such as actors, involved in film and entertainment content production is celebrated across over 25 different categories in a pan-African awards ceremony in Lagos.

Winners in nine categories of the winners are chosen by viewers, whilst the majority of awards are decided by a jury. Nigerian talent is generally the dominant nation in terms of the number of awards, and many local stars have been born after winning awards. The AMVCAs have therefore become a source of talent across Africa. For example, Obi Emelonye attributes much of his success to his award for his film “Mirror Boy” in the category of “Best Film (Drama)” and “Best Writer (Drama)” in 2013 and his film “Last flight to Abuja” in the categories of “Best Sound Editor” and “Best Video Editor”. Further, he has also been recognised in the category of “Best local language: Igbo” in 2015 for his Igbo film “Onye Ozi (the Messenger)”.

**Different content acquisition models**

MultiChoice Pay TV Group has been open to procuring content through different content acquisition models, enabling local producers to reap value from their productions.

Whilst in the past, MSS Local Productions Nigeria Limited, has focused on sourcing content from producers directly, it has increasingly started to actively commissioning content to be produced exclusively for the Africa Magic channels. Next page’s graph shows the 10 source and content procurement models through which it has procured 99% of its content in 2016/17.
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Investment in production facilities

Multichoice Pay TV Group’s entities have invested $32.4m between 2011/12 and 2014/15, as shown in Table 2 below. Of this, $5m was spent on local suppliers; the remainder was paid to external suppliers for the construction of its state of the art production studios, its outside broadcasting (“OB”) vans, as well as equipment.

As of November 2015, MSS Local Productions Nigeria Limited is working towards the finalisation of the construction of production studios in Lagos. The production studios are used for its in-house productions, but are also made available to outside parties, such as local production houses. This has enabled the continued growth of the local production ecosystem, and is generating various spillover effects.

These production studios house four dedicated studios, which are already in use, one of which is used for the production of Tinsel. Finally, there is also a fifth “variety” production studio which can be rented out to third parties. The state of the art equipment in the production studios helps to improve the quality of production directly. The facilities further inclusive all equipment required for front-end and post-production, such as in make-up rooms, stage building, as well as all equipment required for post-production and transmission to content aggregation centres. Having all functions within close proximity also facilitates economies of scale with regard to production costs due to time savings and having access to state of the art equipment. Further, it protects the confidentiality of the content in its move from raw recording to post-production, to aggregation. In addition, anecdotal evidence from interviews with production staff suggests that offering a base to all stakeholders is motivating and creates a joint identity, which gets reflected in the overall quality of productions. These factors are conducing to the production of more and higher quality content in the future.

Anecdotal evidence further suggest that it is expected for the production facilities to encourage the development of a local production hub, much like it was the case in the previous leased production studios that

### Table 2

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Source: Deloitte analysis using MultiChoice Pay TV Group data
MULTICHOICE PAY TV GROUP'S ACTIVITIES AND IMPACT IN NIGERIA

MULTICHOICE PAY TV GROUP’S SPILLOVER EFFECTS

Training & capacity building

Multichoice Pay TV Group has contributed to raising the production standards in the local content production industry, through providing on the job training and encouraging close relationships with local producers, pushing for high production standards. This has contributed to increasing the level of skills and competencies of the sector. Ever since Multichoice Pay TV Group began to procure content in Nigeria, it has been closely involved in the productions for its platform, regardless of whether content was licensed, commissioned or produced in house. This has allowed Multichoice Pay TV Group’s employees, as well as external partners, involved in the production to gain specialist knowledge and expertise that could be used in subsequent productions.

“Dr Quarters” was the first show acquired by Multichoice Pay TV Group, shot in Nigeria as a co-production of South African production house Endemol Shine Africa and a Nigerian production house. Being a novel production in a niche area, the show involved close collaboration between producers, directors and other staff. The production of the series was a learning experience for the Multichoice Pay TV Group employees, as they were involved in the production to gain knowledge and expertise that could be used in subsequent productions.

Similarly, “Big Brother Nigeria” was first produced in 2006, initially exclusively through Endemol in South Africa, though it is now fully managed by MSS Local Productions Nigeria Limited. It presented the first major multi-camera production for the Nigerian market and has become the best-selling show in Africa. About 50% of crew members were Nigerian from initiation, facilitating significant on the job skills transfer. Even today, the 130 Nigerian crew members employed exclusively on the show are required to produce the 260 live shows broadcast every year. The production of the 17-month programme, which involved passing various exams following practical and theoretical sessions.

In 2010, SuperSport launched the GIFT programme in Nigeria, and Kenya in the following year, at a total budget of around $1.3m. The purpose of the GIFT course was to upscale the existing production knowledge in disciplines such as video production, control, direction, and editing. All 150 individuals participated and were offered the prospect of employment after successful completion of the 17-month programme, which involved passing various exams. Subsequent practical and theoretical sessions.

Other local production companies may feel inclined to co-locate close to the production studios and benefit from the spillover effects such as easier networking and easier access to knowledge.

An investment in four state-of-the-art OB vans, containing a total of 24 cameras each, has further been made. These are used mainly for the production of live sports events, such as football matches in the West African region. However, the OB Vans were also used to give coverage of the AMVCA and other non-sports related live events.

In addition to giving exposure to local stakeholders on its platforms and providing continuous demand for content, Multichoice Pay TV Group has also contributed to the development of agents’ technical skills in the content production industry, through both direct training and on-the-job learning opportunities. Finally, the local production industry creates employment beyond just the agents involved in the production of content.

HELPING DEVELOP PROFESSIONS

In 2007, 14 interns from Nigerian production houses were picked to be trained in production, cinematography, audio-visual editing, using trainers from SA or the UK.

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MULTICHOICE PAY TV GROUP’S SPILLOVER EFFECTS

Training & capacity building

Multichoice Pay TV Group has contributed to raising the production standards in the local content production industry, through providing on the job training and encouraging close relationships with local producers, pushing for high production standards. This has contributed to increasing the level of skills and competencies of the sector. Ever since Multichoice Pay TV Group began to procure content in Nigeria, it has been closely involved in the productions for its platform, regardless of whether content was licensed, commissioned or produced in house. This has allowed Multichoice Pay TV Group’s employees, as well as external partners, involved in the production to gain specialist knowledge and expertise that could be used in subsequent productions.

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Whilst Lagos has become the hub of the Nigerian production industry, the sheer volume of productions has also enabled production houses to be set up in various regions across the country. In addition to the staff directly involved in the production of content, there are several other employment opportunities that are generated. There are several supporting industries, including the lighting, set construction, costuming, and post-production sectors. For instance, the production of "Tinsel" involves a total crew of about 300-400 staff on a daily basis. Anecdotal evidence suggests that even smaller productions require crews of about 60 team members.

Finally, the production industry generates employment opportunities for the youth. Anecdotal evidence from interviews suggests that the average age is significantly below average. Social media has also inspired a lot of young newcomers to enter the industry. This is an ongoing training programme with new candidates enrolled from time to time. Trainings at both MultiChoice Pay TV Group and external production staff have been ongoing. Trainings include Master Classes in preparation for the AMVCA in 2013, 2014 and 2015, amounting to a total of $45,350 in local and external expenditure; Performance director, art director and DOP training for the production of Hotel Majestic, in 2015, totalling almost $73,500; and Script writing classes for "Tinsel" and Hotel Majestic across all four years, amounting to almost $81,000. The training carried out has facilitated the development of self-sufficient Nigerian productions. In addition, 100% of local football productions for the SuperSport brand have been done exclusively by Nigerians for the past 6 years already. Furthermore, a significant number of agents have worked on MultiChoice Pay TV Group productions in the past, have now become independent producers in their own right, working with MultiChoice Pay TV Group on a commission or分成 basis. Finally, producers of the Africa Magic Original Movies have been sent to Kenya in order to transfer production skills to the Kenyan production industry.

As apparent from the preceding sections, the Nigerian production industry supports a variety of different specialised professionals involved in the production of content. These include directing, camera, EVS, audio and editing. These professionals are in addition to the creative talent, including actors and writers. This specialisation is a signal of the extent and professionality of the industry.
MULTICHOICE PAY TV GROUP’S ACTIVITIES AND IMPACT IN NIGERIA

MULTICHOICE PAY TV GROUP’S SPILLOVER EFFECTS

Africa Magic Channels and AMVCAs

The Africa Magic brand consists of a set of eight local content channels airing programmes produced exclusively for the Nigerian market. These channels are Africa Magic Family, Africa Magic Epic, Africa Magic Urban, Africa Magic World, Africa Magic Showcase, Africa Magic Igbo, Africa Magic Hausa and Africa Magic Yoruba; the first channel was launched in 2003. The programmes on these channels have a diverse cultural appeal to most Nigerians. Specifically, the three vernacular channels are dedicated exclusively to content in the three most commonly spoken languages in Nigeria.

Through these channels, MultiChoice Pay TV Group contributes to the preservation of the people’s culture and their languages as well as showcases these cultures to the rest of Africa, being broadcast all across Africa. Consumers thus have access to watching their cultures showcased in local compelling stories and in good quality. This is valuable, especially in urban, and multicultural environments like Lagos, where different cultural identities merge. Also, Africa Magic has helped Nigerians learn about and appreciate other local tribes and cultures besides their own.

The channels also offer a ready platform for local talent, with some actors like Nkem Owoh gaining fame through their presence on TV. Further, the Africa Magic channels provide a source of significant demand for local producers’ content.

MultiChoice Pay TV Group has further initiated the annual awards ceremony AMVCAs, a platform which to celebrate film and television talent in Africa in more than 27 categories. In some categories, viewers from all across Africa decide and are given an opportunity to nominate and vote for the best programmes and films aired on Africa Magic. There are also different award categories for outstanding TV and film artistes and producers. The fame and recognition which winners and even nominees enjoy give them a potential to enhance their future careers. Obi Emefieh, a widely acclaimed Nigerian director/producer feels that his Award for his movie “Mirror Boy” meant his “announcement as a Nigerian film maker”. He states: “Since 2013, these have been the biggest awards, in terms of the value of the recognition. I respect my four awards more than anything”.

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This facilitates wider benefits in the economy. Research conducted in South Africa found that the sport industry creates direct economic benefits through employment, revenue from events, consumables and general taxation; further, it may promote employee productivity through activity and health.

Over the years, the MultiChoice Pay TV Group has actively identified, invested in and supported the development of sports initiatives into marketable sports propositions across a number of sports.

Financial support to sports infrastructure
MultiChoice Pay TV Group has provided direct investment into a number of sports, facilitating the upgrading of infrastructure and supporting professionalism in the industry. Between 2011 and 2015, MultiChoice Pay TV Group invested a total of $38.6m in broadcasting rights, production and the marketing of local sport content.

MultiChoice Pay TV Group has most notably been involved in the development of the local football industry. Whilst it had already collated and produced some football-related content for the SuperSport channel as early as 2005/06 season, its involvement formalised in 2007 when SuperSport began its relationship with the local football league, the Nigeria Premier League (“NPL”). It entered into a licence agreement with Total League, the league’s agency at the time, to produce all home and away games in the SuperSport league. In 2015, the arrangement was transferred to an arrangement with League Management Company (“LMC”).

Investment in sports infrastructure and development of marketable sports propositions
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MultiChoice Pay TV Group’s Activities and Impact in Nigeria

PROMOTING NIGERIAN SPORTS

are utilized for the running of the local league, including compensation of league management, the payment of referees and other operating expenditure. This includes improving the marketing of the league, making it attractive to competition and event sponsors. It has also assisted the league in the establishment of critically important sub-structures such as stadium security, enhancing a club licensing programme and event management, as well as upgraded registration and database management. Further, income is distributed to the clubs, around N10m (ca. $200,000) each year, allowing them to meet their expenditure with respect to salaries, as well as stadium maintenance and upgrades. MultiChoice Pay TV Group is also the broadcast rights holder of the National team, the “Super Eagles”, thereby contributing further funds for the development of the sport in the country.

MultiChoice Pay TV Group also invested in the sport’s infrastructure through its production expenditure, for example, it has utilized some of its production funds in order to enhance stadium facilities for the purpose of its broadcasts. The presence on national TV has further triggered investment from other stakeholders as discussed in the following sections.

MultiChoice Pay TV Group has further invested in the sponsorship of the DSTV Basketball League. The funds paid to the league have made MultiChoice Pay TV Group the head sponsor since 2009, and allow MultiChoice Nigeria to broadcast the sport. As in the football industry, these funds are utilized to enhance the basketball infrastructure. MultiChoice Pay TV Group had also invested in an international standard basketball court to improve playing facilities. In addition, the visibility of the sport on TV is expected to encourage investments and contribute to the development of the sport in the country. All of these funds have been provided in addition to the investment of MultiChoice Pay TV Group’s entities in the production infrastructure, such as its production studios and OB Vans.

MultiChoice Pay TV Group’s activities and impact in Nigeria

Presence on national TV

MultiChoice Nigeria has contributed to the popularity of sports by giving it more presence on air. Especially football and basketball are broadcast extensively, as seen by the number of broadcast hours of the three most widely broadcast content shown in the graph above. In 2014/15, the local football league was broadcast for about 750 hours, amounting to more than 31 full days per year. In 2013/14, the number amounted to 50 full days per year. MultiChoice Nigeria was also the first broadcaster to air the Basketball league. Around 470 and 294 hours of the DStv-
However, as is visible from the graphs below, several other sports are also broadcast, with MSS Local Productions Limited producing exclusive matches for the SuperSport channels. These include Boxing, Table Tennis, Dance, Tennis and Athletics. As with Basketball, many of these sports had never been produced and broadcast locally before. MultiChoice Pay TV Group has thereby contributed to generating interest amongst the public in a number of sports.

Football Club now has a title sponsor endorsement for N100m (ca. $500,000). Gabras Football Club was bought, for the first time in history in Nigeria, for over N5bn (ca. $5.0m). Clubs have also been able to earn funds from the sale of the jerseys.

Broadcasting has promoted engagement with sports by increasing branding, awareness, participation and attendances.

One important revenue source derires from ticket sales in relation to football stadium attendances. Seeing football on TV has driven viewers to the stadiums, resulting in significant additional revenues. To illustrate, Enyimba International Stadium, now charges N1,000 (ca. $5) for the cheapest tickets, and with an average about 10,000 visitors results in revenues above $50,000 per match. Similar revenues are earned by football clubs located across the country. For example, the northern club Kano Pillars achieve on average 40,000 spectators per match, despite political unrest in this part of the country.

AS A RESULT OF DIVERSE SPORTS PRODUCED, AUDIENCES INCREASED SIGNIFICANTLY

Nigeria has won 4 gold and 2 silver medals in boxing at the 2015 African Games. Basketball League were broadcast in 2013/14 and 2014/15, amounting to more than 12 and 20 full days of content respectively. In addition to the production of football games and events, MultiChoice Nigeria also produces a number of magazine shows. “Naija Made”, a weekly magazine show about local football, was broadcast for 322 hours in 2014/15. Further shows include “Monday Night Football”, and the “Up Eagles” show. A new show called “Africa Spot On”, a variety sports show is under development in 2015.

Broadcasting of the local football league began in 2006, when MSS Local Productions Nigeria Limited produced the final two matches of the season and the Super 4 Tournament to crown the champions for the 2005/06 season for the SuperSport channel. In 2007, it produced one game per week. The number has increased significantly over time. In 2014/15, around 36 Super League games were produced, in addition to 36 other football games, such as for the Federation Cup, Super 4 and Super Eagles matches. In 2015, every Super Eagles game that was played locally was shown on SuperSport. This is shown on the right.

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The government has also become involved, providing funding to improve stadiums with a net worth of around N300bn (ca. $1.58bn). Some stadiums did initially not benefit from suitable broadcast facilities, including supporting facilities such as sanitary facilities and security. With MultiChoice Pay TV Group’s support, shortcomings could be identified and are now being addressed in many locations, enhancing the overall visitor experience, likely to result in increased viewership.

Investment in players and other stakeholders

MultiChoice Pay TV Group’s funds, as well as the additional revenues to clubs and the league, could be utilized to invest in sports talent and gene professors. This has allowed sporting events to become professional, and salaries for players and other agents to rise.

Nowadays, the Nigerian Premier League is fully professional, such that all players earn their livelihood from being professional football players. The minimum salary in the League is around N250,000 (ca. $1,250) per month, which is more than five times Nigerian GDP per capita at $2,758 in 2015). Victor Esedji, who has played for a number of clubs across Nigeria, is reported to earn a monthly salary of N1m ($5,000). Not only the players have benefitted from better pay; coaches for example can achieve an average salary of about N2m (ca. $10,000) a month in the Nigerian Premier League.

Nigeria has further become the largest exporter of footballers in the world after Brazil, with many players having gained international fame. Besides providing additional revenues to clubs, this is also a sign that the quality of footballers has improved immensely. Examples of internationally well-known players include John Obi Mikel, Kanu Nwankwo, Austin ‘JayJay’ Okocha who play in the EPL, as well as Victor Ayala, Jonathan Akpoborie who played in the German Bundesliga.

A similar development of players has been observed in the Basketball League. To illustrate, there are now more Nigerian players in the NBA than from any other country besides the United States. Among 16 student basketball players have been given scholarships to go to the US and play in the college league, providing important youth development support. Other stakeholders have also been given the opportunity to develop, and to increase the overall profession.

Promoting participation in sports

Through making sports visible on TV, MultiChoice Pay TV Group has further contributed to making sports popular, promoting greater participation in sports. Levels of sporting activity in Africa are often low due to a range of factors, including lack of sports instructions in school, teachers and coaches and equipment. This often arises because of a combination of increasing demand and funding constraints. In this context MultiChoice Pay TV Group’s investment is particularly noteworthy. MultiChoice Nigeria has broadcast sports content from a variety of different disciplines in recent years. It has thereby broadened the horizon of the

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The ‘Let’s Play’ initiative aims to encourage the youth of Nigeria to participate in sports. Developed by SuperSport, it has been endorsed by various other bodies like the Lagos State Football Association, Lagos State Rugby Association, National Rugby Football Federation and UNICEF Nigeria.

Let’s Play Nigeria has carried out various media campaigns in schools, universities, homes and communities in order to spread awareness about, and encourage participation in playing sports. A subsidiary aim of the programme is to try and promote good health, and motivate the children to stop in school and away from the streets, by promoting active involvement in play and activities.

Campaigns include events to collect and donate free sport equipment, such as during the nationwide event, “Gear Up Our Kids”, building sport skill imparting sessions, collaborating with celebrities to visit schools and partnering with sport associations. Events have involved a variety of different sports in the past, such as football, cricket, boxing, tennis and rugby. For example, one event involved teaching 60 kids basic tennis skills. In 2015, a football skill imparting session was held at Canopy Stadium, Lagos Island to help teach football skills, tactical discipline and mental strength to Nigerian children. Events are often supported by local stars, such as former players as coaches. For example, Victor Ikpeba and Obafemi have participated in the past. This allows real live role models to talk to children about the possibilities and opportunities in sports.
The Nigeria Premier League

Football is widely understood to have become the most popular sport in Nigeria. On the international scene, Nigeria has won laurels which include winning the Africa Cup of Nations in 2013, the men’s football competition at the Atlanta Olympics in 1996 and the maiden edition of the U-17 world football tourney in 1985 in China amongst others. MultiChoice has contributed to the development of football in Nigeria at the local level through its support of the local football league. It has provided direct funding to the league through the acquisition of broadcasting rights, and has made the sport visible on national TV. This transformation has created an economy out of football, benefitting players, clubs and society.

Whilst the League was set up as early as 1972, it has experienced notable developments since the onset of MultiChoice Pay TV Group’s engagement in 2006. MultiChoice Pay TV Group’s financial support has been invested in the management of the league, the remuneration and training of players and other stakeholders, as well as the wider infrastructure. In 2012 the NPL was ranked as the best in Africa and 24th best in the world by the International Federation of Football History and Statistics (“IFFHS”). Initially criticism though claims of mismanagement, it now consists of 20 professional clubs, which are governed by strict requirements. They are required to run as limited liability companies, each governed by a regularly constituted board of directors and required to hold annual general meetings, present independently audited accounts, cultivate youth teams and own their own stadium within five years of registration.

By making football more visible on TV, MultiChoice Pay TV Group has given football fans and enthusiasts who cannot go to the stadiums the opportunity to watch their teams’ live matches. This has promoted the popularity of the clubs. This also offers a viable opportunity to attract sponsors for the clubs. While the League as a whole has become more professional, clubs are also emerging into brands with a great following. Expenditure Football Dahl for instance, makes good sales from its jerseys and has been able to attract an endorsement of N70m leveraging the live broadcast of its matches and its successful performance in the League. Gate collections by clubs have improved. Kano Pillars, a club based in Kano northern Nigeria has an average of 40,000 spectators per match.

On the players’ part, they too now have better publicity. Football broadcast has given the coaches, football administrators and even the public the opportunity to know these players. Through the funds received from MultiChoice Pay TV Group and other sources, most clubs are now able to pay their players above N2,000,000 (ca. 11,250). In some instances, it could be as high as N7m (ca. 5,000) for a star player like Victor Ikpeba. This has made football a viable profession, pulling talent into the sport.

The coaches too are not left out as their monthly salaries average about N1m (ca. 5,750). Other stakeholders in the industry, like sports administrators, have received training through the “New Managers Programme” organised by SuperSport in cooperation with Wits Business School.

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Football is widely understood to have become the most popular sport in Nigeria. On the international scene, Nigeria has won laurels which include winning the Africa Cup of Nations in 2013, the men’s football competition at the Atlanta Olympics in 1996 and the maiden edition of the U-17 world football tourney in 1985 in China amongst others. MultiChoice has contributed to the development of football in Nigeria at the local level through its support of the local football league. It has provided direct funding to the league through the acquisition of broadcasting rights, and has made the sport visible on national TV. This transformation has created an economy out of football, benefitting players, clubs and society.

Whilst the League was set up as early as 1972, it has experienced notable developments since the onset of MultiChoice Pay TV Group’s engagement in 2006. MultiChoice Pay TV Group’s financial support has been invested in the management of the league, the remuneration and training of players and other stakeholders, as well as the wider infrastructure. In 2012 the NPL was ranked as the best in Africa and 24th best in the world by the International Federation of Football History and Statistics (“IFFHS”). Initially criticism though claims of mismanagement, it now consists of 20 professional clubs, which are governed by strict requirements. They are required to run as limited liability companies, each governed by a regularly constituted board of directors and required to hold annual general meetings, present independently audited accounts, cultivate youth teams and own their own stadium within five years of registration.

By making football more visible on TV, MultiChoice Pay TV Group has given football fans and enthusiasts who cannot go to the stadiums the opportunity to watch their teams’ live matches. This has promoted the popularity of the clubs. This also offers a viable opportunity to attract sponsors for the clubs. While the League as a whole has become more professional, clubs are also emerging into brands with a great following. Expenditure Football Dahl for instance, makes good sales from its jerseys and has been able to attract an endorsement of N70m leveraging the live broadcast of its matches and its successful performance in the League. Gate collections by clubs have improved. Kano Pillars, a club based in Kano northern Nigeria has an average of 40,000 spectators per match.

On the players’ part, they too now have better publicity. Football broadcast has given the coaches, football administrators and even the public the opportunity to know these players. Through the funds received from MultiChoice Pay TV Group and other sources, most clubs are now able to pay their players above N2,000,000 (ca. 11,250). In some instances, it could be as high as N7m (ca. 5,000) for a star player like Victor Ikpeba. This has made football a viable profession, pulling talent into the sport.

The coaches too are not left out as their monthly salaries average about N1m (ca. 5,750). Other stakeholders in the industry, like sports administrators, have received training through the “New Managers Programme” organised by SuperSport in cooperation with Wits Business School.
Furthermore, an investment of around $18.5m in its OB vans was made, facilitating the coverage of sports live events, allowing it to produce more than 36 NPL matches and 46 Basketball League matches in 2014/15, in addition to several other sports and events.

However, the construction of local sports studios has taken the production of sports content in Nigeria to another level. MSS Local Productions Limited Nigeria is now able to shoot and edit all commentary and discussion of matches previously filmed in South Africa in its local studios. Further, it has developed several sports shows that are locally produced to keep viewers abreast of new developments in sports. By airing local programs that reflect on sports from a local perspective, MultiChoice Pay TV Group contributes to strengthening local interest and participation in sports.

Monday Night Football, is a weekly show presenting a review of Barclays Premier League and Spanish La Liga matches from a Nigerian perspective, thereby satisfying people’s desire of European Football. Tuesdays see a new weekly show called Sport On. In this hour-long variety sports show, all relevant sports events from the preceding week are covered, with a focus on events and local leagues from West Africa. The show features highlights and news clips, as well as contains post analysis and interviews with players, coaches and other stakeholders. It is aired on SuperSport 9 and SuperSport Select, allowing both DStv and GOtv subscribers to follow important developments in local sports.

Naija Made is shown on Thursdays. Originally established to focus on local football such as Super Eagles and NPL matches before the launch of Sport On, it now focuses on mid-week NPL matches and covers other variety sports as well.

MultiChoice Pay TV Group’s sports production facilities

The MultiChoice Pay TV Group production studios, producing content for the M-NET and SuperSport brands, have been a landmark in the progressive transformation of locally produced television content, including sports content. Located along Industrial Street in Ifakojo, Lagos, the production studios host live state-of-the-arts studios for the production of both entertainment and sports content.
The government receives indirect taxes (import and sales taxes) from commodities in addition to taxes from households, as well as foreign grants and loans, and spends income through the demand for public commodities and pays social transfers to households. The remainder of its income is the fiscal surplus which is invested. Information on government accounts in the SAM was taken from government accounts data from the Central Bank of Nigeria and the National Bureau of statistics and the balance of payments.

Investment must equal total savings in the economy; the difference between total domestic savings from the government and households and total investment is the current balance of payments estimated by the IMF, and trade data from the National Accounts Department. Economic linkages

Demand-side shocks to the economy result in both direct and indirect effects. The direct effects are those pertaining to the sector that is directly affected by the shock. However, it may also have indirect effects stemming from the sector’s linkages to other sectors and parts of the economy. These indirect linkages can be separated into production and consumption linkages, these are referred to in this report as “indirect” and “induced” impacts respectively. The extent to which the direct effects are amplified through the indirect and induced impacts is referred to as the multiplier effect. Multiplier effects capture the combined effects of various economic linkages over a period of time, as impacts in one sector cause ripple effects through a number of rounds.

The indirect impacts, or production linkages, are determined by the sectors’ production technologies, contained in the input-output part of the SAM. These are differentiated into backward and forward linkages. Backward linkages are the demand for additional inputs to supply additional goods. Forward linkages account for the increased supply of inputs to upstream industries. Other things being equal, stronger linkages lead to larger multipliers.

The consumption linkages, or induced effects, arise when an expansion of production in response to a demand shock generates additional incomes for factors and households, which are then used to purchase goods and services. This in turn generates greater demand for domestic producers across the range of sectors in the economy, causing further production and consumption linkage related effects. The magnitude of consumption linkages depends on various factors, including the composition of the consumption basket, the share of domestically supplied goods in consumer demand and the share of factor income distributed to households. Importantly, import demand is a leakage from the circular flow of income, if households demand imported goods, then it is foreign producers who benefit and so linkages will be smaller. Similarly, taxes paid to the government from household income reduce consumption linkages.

The 2006 Social Accounting Matrix (SAM) for Nigeria is an accounting framework that captures the circular flow of income between sectors and institutions including productive activities, commodity markets, factor markets, households, government and domestic and foreign investment. It provides a detailed representation of the Nigerian economy and is built using input-output tables, national accounts, government budgets and balance of payments. Importantly, it can be used to estimate total impact GDP multiplier in any sector of the economy, in response to external demand shocks.

A SAM is different from an input-output matrix because it not only traces the income and expenditure flows of activities and commodities, but it also contains complete information on different institutional accounts, such as households, the government, investors and the rest of the economy. Whilst households are the owners of factors of production and thus get paid the value added, they also receive and make transfers to government in the form of social transfers and taxes respectively. They further receive interest income from foreign investment. They purchase commodities (consumption spending) and the remainder of their income is saved as private savings. Information on households was taken from the national accounts, as well as the government accounts and the balance of payments from the Central Bank of Nigeria.

The 2006 Social Accounting Matrix (SAM) for Nigeria is an accounting framework that captures the circular flow of income between sectors and institutions including productive activities, commodity markets, factor markets, households, government and domestic and foreign investment. It provides a detailed representation of the Nigerian economy and is built using input-output tables, national accounts, government budgets and balance of payments. Importantly, it can be used to estimate total impact GDP multiplier in any sector of the economy, in response to external demand shocks.
Given that in the exercise of this report, demand for MultiChoice Pay TV Group’s services is either present or not, it does not seem too limiting an assumption that prices stay constant. However, prices of competi-
tors and in other sectors may of course be affected.
This needs to be recognised as a limitation of the model.

The communications industry depends mostly on the
input of labour (37%) and capital (17%) as factor resources. Furthermore, in terms of intermediate demand, communication... in this exercise, demand for MultiChoice Pay TV Group’s services is already present and its output is being produced.

Value added is measured by the wages, taxes, CSR payments and profits paid into the economy. These payments equally sum to the direct impact. Intermediate demand is measured by the total pay-
ments made in supply chain. In order to capture the total economic impacts on the Nigerian economy, it is therefore necessary to apply the multiplier to the sum of value added and intermediate demands.

Types of multipliers
These types of multipliers can be distinguished. Firstly, an output multiplier reports the final increase in gross output of all production activities from both direct, indirect and induced impacts. Secondly, a GDP multiplier measures the total change in value-added or factor incomes caused by these impacts. Finally, the income multiplier measures the total change in household incomes.

In this report, impacts are measured in terms of the
GDP multiplier given that value added represents the incremental impact on GDP caused by the demand side shock.

The 2006 SAM can be used to calculate GDP multipliers for different sectors. Over 60 sectors are defined
through the activities in the SAM. The GDP multiplier for the communications industry is applied to Multi-
Choice Pay TV Group’s supply, consisting of value-added and intermediate demand, in order to estimate the total economic impact of MultiChoice Pay TV Group in terms of direct, indirect and induced impacts.

The GDP multiplier calculated for the communications industry is 1.51. This implies that for every 1% of
MultiChoice Pay TV Group’s services demanded in the economy, the total GDP increases by 1.51%.

Assumptions
The SAM multiplier framework can be used to estimate the impacts of changes in any of the exogenous demand accounts in the model. Households are treated as endogenous, given that the SAM multiplier approach makes use of information on household factor endowments and income distribution. Other demand stimuli are treated as exogenous: export demand, government spending and investment demand. This implies that it is assumed that none of these agents change their behaviour in response to MultiChoice Pay TV Group’s activities. This is consid-
ered prudent since rendering any of these demand factors endogenous would increase the size of the multiplier. To illustrate, if government spending and taxes were to be assumed to be endogenous, the multiplier would rise to 1.75; similarly if investment demand and export demand were assumed to be endogenous the multiplier would rise to 1.73 and 5.51 respectively. Given that there is no immediately obvious reason for why the government would increase its spending in response to MultiChoice Pay TV Group’s demand, or why investment and export demand would rise, it is assumed that these demand factors remain exogenously determined.

However, a number of limiting assumptions are made. The SAM multiplier model allowed assumed that prices are fixed and that any changes in demand will lead to changes in physical output, rather than prices. This in turn requires an additional assumption that the economy’s factor resources are untreated as uncon-
cstrained, so that any increase in demand can be matched by an increase in supply. Finally, it is assumed
that all structural relationships between sectors and households are unaffected by exoge-
nous changes in demand, meaning that the input coefficients of producers and the consumption
patterns of households as stated in the SAM remain unchanged.

Given that in the exercise of this report, demand for MultiChoice Pay TV Group’s services is either present or not, it does not seem too limiting an assumption that prices stay constant. However, prices of competi-
tors and in other sectors may of course be affected.
This needs to be recognised as a limitation of the model.

The communications industry depends mostly on the
input of labour (37%) and capital (17%) as factor resources. Furthermore, in terms of intermediate demand, communication services mostly depend on financial services and transport (6%). Treating these factors as exogenous would reduce the multiplier significantly. However, there is no immediate reason why they should be constrained, given that in this exercise, demand for MultiChoice Pay TV Group’s services is already present and its output is being produced.
SOURCES

1. All economic impact figures are quoted in US$ unless otherwise stated. (DVN/24702)

2. For the purposes of this report, MultiChoice Nigeria Group refers to the Nigerian entities of MultiChoice Nigeria, MultiChoice Africa Limited, and their subsidiaries and associated companies. (DVN/24702)


5. A recent study found that in 2015, the contribution of Nollywood to GDP was estimated to be $1.5 billion. (DVN/24702)


10. TV Production Nigeria: Entertainment as a tool for national growth. (DVN/24702)


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