

## **Discussion Document**

# **Guidelines and modalities for the International Fund for Cultural Diversity**

### **INTRODUCTION**

The purpose of this paper is to contribute to the development of an administrative framework for the International Fund for Cultural Diversity (hereinafter, “the Fund”) to be created in accordance with Article 18 of the Convention on the Protection and Promotion of the Diversity of Cultural Expressions. According to Article 18, the Intergovernmental Committee (hereinafter “the Committee”) shall, based on the guidelines determined by the Conference of the Parties, determine the use of Fund’s resources and develop operational guidelines for the Fund and its general operating framework. This operational framework must then be approved at the Second Ordinary Session of the Conference of the Parties.

Further to resolution 1.CP7, the Conference of the Parties decided that the Fund would be managed as a special account in accordance with Article 6.6 of UNESCO’s financial regulations. Under Article 23.6(f) of the Convention, the Conference of the Parties has also invited the Committee to submit for approval at its Second Ordinary Session draft guidelines on the use of Fund resources under Article 18.4, by determining its priorities, terms and conditions. Under resolution 1.CP7, it is also recommended that the Fund’s resources be used to support cooperation for sustainable development to promote the emergence of a dynamic cultural sector, particularly with regard to the specific needs of developing countries.

During its First Ordinary Session, the Committee asked the UNESCO Secretariat to draft an interim report in light of the debates held during this session and the written contributions of the Parties to be submitted to UNESCO by end of February 2008, to be presented at its next extraordinary session in June 2008. The purpose of this paper is to help the Secretariat prepare this report.

It is also important to note that during the First Session of the Committee, a number of Member States expressed the need for a transition phase (or “pilot phase”) that would improve the effectiveness of the Fund over time. Consequently, the directions and terms of use for the Fund described in this document could reasonably be reviewed, corrected and improved once the International Fund for Cultural Diversity becomes operational.

### **GUIDING PRINCIPLES**

Before outlining the terms and conditions of the future Fund, it is important to establish the principles and procedures that govern the Fund’s administration, and the basis on which it shall

be managed, while working to ensure a transparent and equitable balance in the allocation of resources. To do so, the Committee could be asked to follow these basic rules:

- Projects submitted to the Committee shall embody the Convention's broad orientations, support its objectives (Article 1), and be based on its guiding principles and scope of application (Articles 2, 3 and 14). Moreover, the Fund must not be bound by any political, economic or other conditions that are not consistent with the objectives of the Convention;
- The Fund shall be targeted to avoid the scattering or dissipation of resources;
- The Fund shall promote projects that will have structuring effects and contribute to sustainable progress in the cultural sector;
- The Fund shall supplement other existing international funds in the area of culture. However, this should not compromise the Fund's ability to provide funding to projects that have or could receive financial assistance from a third party;
- The Fund's administration shall remain simple, efficient and cost-effective, to ensure that maximum resources are allocated to the projects submitted;
- The Fund and its resulting projects shall remain sensitive to the changing needs of the cultural sector, especially those of developing countries;

## **OBJECTIVES**

The objectives of the Fund are to:

- help implement measures and policies established by the Convention, particularly those intended to protect (Article 6.2) and promote (Article 7.1) the diversity of cultural expressions in developing countries;
- strengthen the public sector's strategic abilities and management in public cultural institutions through international professional cultural exchanges and by sharing best practices;
- to enable the cultural industries in developing countries to strengthen their capacity for production and distribution through the development of cultural policies and infrastructures;

## SCOPE OF APPLICATION

As set out in resolution 1.CP7 adopted by the States Parties to the Convention, the Fund shall be used to support cooperation for sustainable development to foster the emergence of a dynamic cultural sector.

In that spirit, and further to the debates held during the First Session of the Committee whereby the Fund's actions must target specific areas of intervention, the Committee will undoubtedly wish to identify a limited number of priority areas of intervention in the area of cooperation for development:

- creation and implementation of cultural policies and measures intended to promote and protect cultural expressions (national horizontal strategies, legal or institutional frameworks, etc.);
- capacity-building through the exchange of information and expertise, including training human resources; transfer of technology and knowledge;
- strengthening of cultural industries in developing countries. The Committee should, however, identify a limited number of priority sectors to avoid the scattering or dissipation of resources;
- support for international cooperation in special circumstances where cultural expression in the Parties' jurisdiction is at risk of extinction, faces a serious threat, or requires emergency safeguards<sup>1</sup>, with particular attention to developing countries.

To ensure some flexibility in the administration of the Fund, these priority areas of intervention for the Fund shall be reassessed on a cyclical (every two years) and consensual basis, in consultation with the recipients.

## BENEFICIARIES

Since Fund beneficiaries are not clearly defined under the terms of the Convention, a range of public or private sector bodies or bodies from the Parties could legitimately apply to it for support (financial, or other). In fact, the participation and involvement of private-sector or quasi-public agencies whose aims are consistent with those of the Fund, and whose activities contribute to the diversity of cultural expressions, are encouraged. However, a broad and inclusive definition of eligible Fund recipients may lead to a considerable increase in funding requests and further delay the application review process. Such a practice could impair the

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<sup>1</sup> In such cases, it would be important for the Intergovernmental Committee and State Parties to clearly establish the criteria that will be used to generate a common definition of what constitute a cultural expression "at risk of extinction or under serious threat".

Fund's ability to meet genuine needs and undermine the guiding principles cited earlier, to have a structuring effect, and to avoid scattering or dissipating Fund resources.

For these reasons, the Committee would certainly give priority, as priority beneficiaries, to the least developed States Parties, developing countries, or low-income countries as defined by the United Nations Economic and Social Council's Committee for Development Policy.

Projects could be submitted individually by the Parties or through regional partnerships. These partnerships would be strongly encouraged. They may take the form of collaborative projects involving several countries from one region. These projects often allow for a more concerted approach to common problems.

In addition, it is important that the Committee create a mechanism for the Fund that would also provide financial support for projects submitted by representatives of civil society from developing countries. These organizations are often closer to the cultural and artistic communities, allowing them to contribute in their own way to capacity-building and to the implementation of cultural policies and measures in developing countries.

As for the eligibility of private sector organizations to the Fund, it could be conditional upon this sector's ability to help finance the Fund. In other words, private organizations could receive only funding made available through the Fund by the cultural industries. Accordingly, by supporting its peers, the private sector could be further encouraged to help finance the Fund.

## **FORMS OF ASSISTANCE**

The Fund may be used for legal, technical, human, or financial assistance, and cover the following:

- assistance to foster the emergence of dynamic cultural sectors in less developed, developing, or low-income countries. This assistance may be given in the following areas: cultural policy, institutional infrastructure, capacity-building, cultural industries, and technology transfer;
- assistance in special circumstances for Parties that have identified a risk of extinction, a serious threat, or a need for emergency safeguards, with particular attention to developing countries;

## **TYPE OF PROGRAMS, PROJECTS AND ACTIVITIES**

The type of program, project or activity funded with the Fund's resources shall be in line with the Fund's objectives, its scope of application, and the eligible types of assistance, as described above.

Moreover, the Committee may wish to define the opposite, forms of assistance that *cannot* be granted. For example, the Committee may wish to specify that the Fund's resources cannot be allocated to offset a deficit, repay a debt, or pay interest. Accordingly, it could be determined that some cultural affairs projects cannot receive assistance from the Fund, such as projects relating exclusively to the production aspect of cultural expressions.

In addition, the Committee may wish to set out the minimum and maximum amounts to be granted for one project. Although these amounts should be assessed based on the resources available, contributions to the Fund and the average number of projects submitted and/or funded annually, the following initial amounts serve as a starting point:

- Planned spending for a project submitted by States Parties should be between US\$10,000 and US\$20,000 for a project of national scope;
- For a project with a sub-regional, inter-regional, regional or international scope, budget estimates should be between US\$20,000 and US\$50,000.

In order to ensure a simple and effective administration and the achievement of tangible results, projects supported by the Fund should be yearly rather than multi-year projects.

In exceptional circumstances, the Committee could allow funding for some extensive projects that exceed the prescribed thresholds (in time and money). This type of pilot project could help enhance the visibility of the Fund by involving stakeholders from large organizations or cultural industries.

## **PROCEDURE AND FORMAT FOR SUBMISSION OF ASSISTANCE REQUESTS**

Applications for assistance would be submitted by the recipients to the Director General, UNESCO, through the officially designated national channels (for example: UNESCO States Parties, National Commissions, or Regional Offices).

Once the framework for the administration of the Fund is approved by the Conference of the Parties, the Secretariat can prepare funding application forms. In keeping with the principles of the Fund, this document should remain simple so that it can be easily completed by the applicants.

## **SELECTION CRITERIA AND PROCEDURES**

The projects sponsored or funded by the Fund in whole or in part must:

- be approved by the Intergovernmental Committee;
- originate from the least developed, developing, or low-income States Parties, or involve projects that build the capacity of these States Parties, more specifically through regional partnerships.

Applications must meet four mandatory criteria with which the recipients agree to comply:

- (i) assume financial and administrative responsibility for project implementation;
- (ii) assume, except when prescribed, an initial and mandatory contribution from the preliminary budget;
- (iii) for a financial contribution, submit to the Director General, once the project is complete, a detailed and certified financial statement showing that the funds allocated were used to complete the project, and return any unspent funds to UNESCO;
- (iv) provide a mandatory, detailed evaluation report of the outcomes the funded activities and results achieved.

In its selection process, the Intergovernmental Committee gives priority to projects that are most closely aligned with the guidelines on the use of the resources of the Fund, as described in this document.

## **EVALUATION AND APPROVAL OF THE ASSISTANCE REQUESTS BY THE COMMITTEE**

To avoid overloading the Secretariat with applications, it may be suitable for the Fund to have a national filter or drop point. Consequently, and as stated above, we propose that the recipients submit all funding applications to the Director General of UNESCO through their designated official channel (UNESCO States Parties, National Commissions, or Regional Offices).

The designated official channel would be responsible for screening applications based on a standardized assessment grid that clearly identifies the selection criteria and procedures. This procedure would have a number of benefits:

- help manage the number of applications per country;

- place the importance of the projects submitted into perspective, emphasizing the most relevant projects;
- give the Fund administrators an opportunity to consider a greater number of projects from various sources.

The screened funding applications would then be submitted to the UNESCO Secretariat.

The official application review process would then have a three-level structure.

- (i) First, using a standardized assessment grid that clearly identifies the selection criteria and procedures, the Secretariat would screen and conduct a preliminary review of the eligible funding requests.
- (ii) Second, once referred by the Secretariat, these project proposals would be reviewed and assessed against the pre-determined criteria by a Fund subcommittee. Based on the principles of fair geographic distribution and rotation, this sub-committee would comprise six experts representing the Committee's member countries, appointed by them. Its mandate would be to produce a prioritized list of the most promising projects that merit funding using a transparent point system.
- (iii) Third, and based upon the equity principle and the resources available, the Fund subcommittee would submit to the Committee for approval, with recommendations, this list of projects to be funded by the special account.

At the end of the funding process, the Secretariat would be responsible for obtaining a detailed activity statement and for submitting it to the Fund subcommittee. With the Secretariat's support, the sub-committee would then review the project evaluation report and confirm that the funds were used to implement the project.

## **APPLICATION AND EVALUATION**

- Applications submitted by States Parties would receive an advance payment subject to the receipt of a detailed working plan that itemizes the cost of each component of the contribution.
- Subject to the duration of the funded project and the decision of the Intergovernmental Committee, the initiator of the project must provide a progress report that describes the project status and the direction of work to be done.

- A new financial contribution can be made only after the applicant has submitted all of the financial and evaluation reports on past projects for which payment has been made.
- The Intergovernmental Committee, through a sub-committee assigned to Fund administration, is responsible for receiving the detailed statements of the activities carried out, verifying that the funds were used to implement the project, and reviewing the project evaluation reports.

## REPORTS TO THE COMMITTEE

The sub-committee of experts responsible for administering the Fund must then submit a summary report of project evaluations to the Committee.

Under the Financial Regulations for the Special Account of the International Fund for Cultural Diversity, the UNESCO Comptroller shall be responsible for maintaining such accounting records as are necessary, and for presenting the annual accounts to the UNESCO External Auditor for audit.

The Secretariat shall then submit the accounts to the Conference of Parties to the Convention.

## SOLICITATION

Under the terms of the Convention, the Parties shall provide voluntary and regular contributions for its implementation. To ensure the Fund's smooth operation in the long term, the Committee shall encourage all States Parties to play a regular and active part in financing the Fund.

In addition to encouraging active solicitation of the States Parties to the Convention, the Committee will also seek financial support from the private sector and various international organizations. Consequently, it is recommended to the Committee that it select one or more member countries to implement a fundraising strategy and create a visibility and action plan for potential donors to the Fund. The Committee should agree that the States or donor organizations may gain some visibility from their funding by being clearly identified and associated with specific projects. However, the Committee should encourage general contributions rather than funding for specific projects. This would foster greater consistency in Fund management and a more equitable distribution of resources.

Action should also be taken to promote the existence of the Fund, namely a circular letter addressed to the ministers responsible for relations with UNESCO, national commissions, and permanent delegations. The cultural community will also need to be informed about the Fund.