

INTERNATIONAL NETWORK FOR CULTURAL DIVERSITY



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**STRENGTHENING LOCAL CREATIVE INDUSTRIES  
AND DEVELOPING CULTURAL CAPACITY  
FOR POVERTY ALLEVIATION**

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From 1995 to 2002, he worked as a UNESCO Consultant and concurrently as the Coordinator of the African Itinerant College for Culture and Development (AICCD). The AICCD was a joint project of UNESCO and IDEP (United Nations African Institute for Economic Development and Planning), designed to develop and promote the concept of “culture-sensitive development” in Africa through research, training and advocacy.

Since 2002, Mr. Sagnia has been involved in several consultancy assignments with UNESCO in cultural sector analysis and policy review, and in designing strategies to enhance the cultural effectiveness of poverty alleviation programmes.

Currently, Mr. Sagnia works as the Lead Consultant for the World Bank’s “African Cultural Effectiveness Project”, designed to develop Africa-specific cultural resources to equip the Bank’s staff with cultural knowledge and competences which will enhance their effectiveness in addressing development challenges related to the Millennium Development Goals (MDGs).

## **TABLE OF CONTENTS**

<b>SECTION I</b>	<b>INTRODUCTION</b>
<b>SECTION II</b>	<b>CURRENT STATE OF DEVELOPMENT ACTIVITIES RELATED TO CULTURAL EXPRESSIONS AND THE ARTS</b>

- II.1 Cultural Concerns in Development Issues
- II.2 Strengthening Local Creative Industries for Poverty Alleviation
- II.3 Developing Cultural Capacity and Strengthening Local Institutions
- II.4 Lessons and Challenges

**SECTION III CURRENT STATE OF DEVELOPMENT AGENCY FUNDING FOR ARTS AND CULTURE**

- III.1 Current Practices in International Development Cooperation
- III.2 Budgetary Support for Culture: The Case of Selected Development Agencies
- III.3 Towards a Renewed Commitment for Arts and Culture in Development Assistance

**SECTION IV INTEGRATING CULTURAL IMPACT ASSESSMENT INTO DEVELOPMENT FRAMEWORKS AND PROCESSES**

- IV.1 Key Principles and Procedures in Cultural Impact Assessment
- IV.2 Advancing the INCD's Objectives

**SECTION V CONCLUSIONS**

**SECTION VI REFERENCES**

## SECTION I – INTRODUCTION

The International Network for Cultural Diversity (INCD) is a worldwide network of artists and creators, cultural non-governmental organizations and professional cultural associations, academics and others working to counter the adverse effects of economic globalisation on arts and culture.

Since its formation in 1998 and founding meeting in 2000, the focus of INCD's advocacy has been on building support for the *Convention on the protection and the promotion of the diversity of cultural expressions*. But, also from the beginning, INCD has recognised that achieving greater cultural diversity also requires the development of cultural capacity and creative industries and more balance in the global exchange of cultural goods and services. With the likely adoption of this Convention by the UNESCO General Conference in October 2005, the activities of the INCD will shift to other priorities that can support the realisation of the goals of the Convention and the objectives of INCD and its members.

This study investigates and analyses three areas where INCD can make a contribution, through clearly-defined interventions, and further the goals of the Convention:

1. The development of creative industries to promote job creation, income generation and poverty alleviation;
2. Campaigning to increase the available resources for cultural projects allocated by development agencies; and
3. Integrating Cultural Impact Assessment into development frameworks and processes by development agencies.

The study shows that creative industries are a ubiquitous asset, available in all countries. Through its effective nurturing and exploitation, it could significantly contribute to job creation, income generation and poverty alleviation. However, the opportunities offered by the industries are not fully exploited, especially by the developing countries, despite their rich and diverse cultural heritages. The major challenges facing developing countries include the inadequacy of relevant creative capacity to produce and circulate cultural goods and services in forms that can be readily consumed by developed countries; weak cultural infrastructure and institutional capability; and lack of access to finance and technology.

The study also examines the issue of a committed budgetary support to culture by the development agencies. It starts with an examination of three types of development agencies; bilateral, multilateral and private development agencies. Research and consultations with development experts suggests that INCD launch a process of consultation and dialogue with selected development agents, to seek agreement on a progressive budgetary increase, in specified areas, over a given period of time.

The INCD previously completed a project on the elaboration of a *Framework for Cultural Impact Assessment*. This study identifies ways and means for INCD to ensure development agencies integrate cultural impact assessment into development frameworks and processes.

This study will be presented at the INCD sixth annual conference, taking place in Dakar, Senegal, 17-20 November 2005.

## **SECTION II – CURRENT STATE OF DEVELOPMENT ACTIVITIES RELATED TO CULTURAL EXPRESSIONS AND THE ARTS**

Many in the international community are presently searching for a model of development that can preserve diversity and achieve sustainable development. In international development strategies such as the **Millennium Development Goals** (designed as a *Global Pact* to reduce poverty, hunger, disease, illiteracy and environmental degradation by 2015), it is recognised that for this to be achieved, it is necessary to forge a harmonious relationship between human beings and their environment and their heritage, and take into account the interests of present and future generations, as well as improve the well-being of the poorest peoples of the world. From Rio de Janeiro (1992), Stockholm (1998) to Johannesburg (2002), the international community has been searching for strategies to attain sustainable development while preserving our diverse heritage as the common endowment of humanity.

A model of development that acknowledges the central role of culture in its framework and process possesses the potential for the realisation of the goal. However, in order to ensure this, the entirety of culture has to be developed and allowed to grow. Development of the various forms of cultural expressions; cultural heritage (tangible and intangible); the economic role of specific cultural activities as industrial sectors; the forms of traditional political, social and economic organisations; and religious and sacred rites and rituals are all essential components of culture. (UNESCO, 1996:25).

In its seminal report *Our Creative Diversity*, the World Commission for Culture and Development (UNESCO, 1996) reminded us that, to face these challenges, new questions need to be asked and old ones posed anew:

- a. What are the cultural and socio-cultural factors that affect development?
- b. What is the cultural impact of social and economic development?
- c. How are cultures and models of development related to one another?
- d. How can valuable elements of traditional culture be preserved and combined with new forms? and
- e. What are the cultural dimensions of individual and collective well-being?

Significant efforts and strides have been taken over the years to address these challenges by various development agencies: multilateral, bilateral, private agencies, non-governmental agencies, governmental agencies and by community-based organisations, through their development programmes and projects. However, much still remains to be done in ensuring a central role for culture in the principles, strategies, policies and plans of development agencies as well as allocating significant resources to arts and culture projects to enhance their growth and development.

### **SECTION II.1 – CULTURAL CONCERNS IN DEVELOPMENT ISSUES**

#### **The Problem of Concepts, Definitions and Approaches**

Any discussion of the relationship between culture and development must necessarily begin by addressing the confusions and contradictions relating to the concepts, definitions and approaches employed to explain or attempt to justify the intended form of development. This situation has led to lengthy debates on different approaches, schools of thought and career

applications. Where do all these lead us to in terms of campaigning for a central role and place for culture in development frameworks and processes, as well as ensuring the allocation of significant development resources to cultural projects to enhance the growth and development of culture in its own right?

Interestingly enough, many of the debates on the cultural concerns in development issues have raised important questions on the definition of concepts and approaches as an integral part of a world view which in turn influences our understanding and definition of development. This applies to strategies and policies designed to achieve it; the methods, techniques and practices required to actualise it; as well as the context and environment (i.e. the values and institutions) designed to facilitate it. It is this consideration that has informed a great deal of debates in the last few decades, but heightened since the 1980s, considered as *The Lost Decade*, in which failed development strategies and policies almost brought countries in Africa, Asia and Latin America to the brink of a development disaster. These considerations still remain valid and require our attention in campaigning for a central role for culture in development (S. Bello, 1999:43-44; Beukes, 1989).

The first of these considerations is the concept of “culture” and its relationship to the development process. Although the role of culture as a factor in development frameworks and processes is generally recognised, the concept remains elusive and carries various meanings and connotations (UNESCO, 1996:22). Since culture was first used, a vast amount of literature has accumulated. Today, there are over 100 definitions of the concept in academic literature. However, each definition has its limitations and many of them are cast in so narrow a perspective, as to be of no direct relevance or significance to the purpose of addressing the question of “culture’s” relationship to development. A broad definition of “culture”, however, did come out of the 1982 Mexico City Declaration of the World Conference on Cultural Policies (MONDIACULT). The preamble states:

*In its broadest sense, culture can be viewed as a set of distinctive spiritual and material, intellectual and emotional characteristics which define a society or social group. In addition to the arts and the letters, it encompasses ways of life, the fundamental rights of the person, value systems, traditions and beliefs.*

This “expanded concept of culture”, may appear rather vague or general in its application, but it is the most rigorous and all-embracing definition and is the best to account for the relationship between culture and development. It has also become the one that has been internationally used to take account of the different concerns and challenges culture faces in its relationship to other disciplines. It is the most universally-applicable and widely referred to concept (resonating in the deliberations of several other international meetings and instruments on culture and development: (Stockholm, 1998; Florence, 1999; Kimberly, 2002; the proposed UNESCO *Convention on the protection and promotion of the diversity of cultural expressions*) among others. However, it has to be tailored to particular circumstances and needs to signify its relevance.

A dynamic entity in itself, culture represents all the ways of living, thinking and acting in society (CIDA, 1995). Culture has come to be defined as the “very fabric of society” and the “internal force of that society” upon which the process of development survives (UNESCO, 2000). In short, culture can be regarded as the “matrix or framework” for guiding social and economic development.

“Development” is complex, holistic and multidimensional. Like culture, it has become a protean concept, with an elusive and bewildering variety of meanings. For the purpose of this study, we may confine ourselves to viewing development from two broad perspectives. According to one perspective, development is a process of economic growth, a rapid and sustained expansion of production, productivity and income per head (sometimes qualified by insistence on a wide variety of the benefits of this growth) (Beukes, 1989:214-230). According to the other, it embraces the transformation of a whole society from one level of well-being to the next, taking into account every human activity and the meaning people find in their whole social existence. From this perspective, the development process goes beyond the manipulation of economic growth indicators that reflect advancing industrialisation and modernisation, but one that enhances the effective freedom of people to pursue whatever they have reason to value (A. Sen, 1995; M. UI Haq, 1995).

It is clear that the role of culture is different in the two above-mentioned perspectives of development. In the view that puts an emphasis on economic growth, culture does not play a fundamental role, but has rather been made an instrument at the service of economic expediency, to either help promote economic growth or to hinder rapid economic growth. It is therefore important to acknowledge both the far-reaching instrumental function of culture in development and at the same time to recognise that this cannot be all there is to culture in judgements of development. Education, for example, promotes economic growth and is therefore of instrumental value and at the same time it is an essential part of development, with an intrinsic value. Similarly, the dual role of culture applies not only in the context of the promotion of economic growth, but also in relation to other objectives, such as sustaining the environment, preserving traditional values, protecting institutions, and so on.

But when we look at the issue in a different way, culture becomes fundamental. It is not a “servant of ends” but is the “social basis of the ends themselves.” In this view, we must question the concept of “the cultural dimensions of development,” as if there are many dimensions to development, of which culture is but one.

Similarly, if we accept that culture defines how people relate to each other, to the natural and physical environment, and through which we express our attitudes to and beliefs in other forms of life, both animal and plant, then all forms of development, including human development, are ultimately determined by cultural factors. From this point of view, it is meaningless to talk of the relationship between “culture and development,” as if they are two separate entities that need to be merged to achieve desired outcomes.

Culture should therefore be viewed as the basis or foundation on which development grows, develops and survives, and hence establishes its relevance, legitimacy, credibility and acceptability.

On the other hand, culture is dynamic. It is in a constant state of flux, adopting, adapting and adjusting while responding to new challenges in its global environment. Thus attempts at making culture a qualifier of development as in concepts such as “culturally-sustainable development”, “culturally-sensitive development”, “culturally-effective development”, must be undertaken with great care. It should not be interpreted in such a way as to confine culture to the role of an instrument that “sustains”, is “sensitive to”, or makes “effective” some other objective, nor should it be defined so as to exclude the possibilities that culture can grow and develop.

Once we shift our attention from the purely instrumental view of culture, and awarding it a constructive, constitutive and creative role, we have to see development in terms that include cultural growth (UNESCO, 1996:25; CIDA, 1995:21).

The second major consideration has to do with the way culture is perceived, used and understood by some governments and institutions, particularly in Africa and, to some extent, in Latin America. This problem of perception we must say derives to a great extent from the very limited comprehension and perspective of the way of life of these societies and their active, rather than passive role in it. Perhaps because of the extensive and destructive history of slavery and colonisation and their subsequent psychological impacts, some segments of the populations (particularly the elites) have developed a certain mindset, attitudes and mental traits which need to be re-examined in the light of current efforts at enhancing the quality of life of most Africans and Latin Americans. Asia on the other hand, presents a different case, and some countries (such as Japan, South Korea, Malaysia, Thailand, India, and China) remain faithful to their traditions, yet earned for themselves higher living standards than many nations in the industrialised world. (S. Bello, 1999; E.A. Sheldon, 1987; J.F. Conceicao, 1974).

The third consideration has to do with the way the relationship between culture and development is perceived from the “neo-liberal” perspective, promoted by the Bretton Woods Institutions and the OECD, among others. This perspective sees development as the “independent variable” and culture as the “dependent variable”. This means that, in any given development situation, it is culture that has to be made to respond to the particular development idea or intervention.

The “structural functionalist” vision of human society however, is that human culture is and should be understood as an organic and indivisible entity or a functioning whole that cannot be divided into compartments. This perspective treats culture as the “independent variable” and development as the “dependent variable”. In effect, what this meant is that it is not for culture to justify its relevance to development, but rather it is for development, already conceived and defined outside a given cultural context, to establish its appropriate “cultural fit”, by responding to the cultural context as it is. In this respect, culture becomes the context or basis for all development interventions (Andah, 1992; Mlana, 1991; UNESCO, 1996, 2000; L. Salmen, 1990; M. Cernea, 1990).

In the light of the above nagging questions, there is clearly need to transcend economics without abandoning it. The difficulty we experience in establishing clear linkages between culture and development is that the notion of development itself has to be broadened, as people realise that economic criteria alone cannot provide a quality of life which ensures human dignity and well being. The search for other criteria has led other agencies, like the UNDP, to elaborate the notion of “human development”, through its annual human development report; UNICEF to coin the concept of “development with a human face”, UNESCO to establish the *World Report on Culture and Development*, to popularise the concept of a “cultural approach to development”. Other distinguished groups also evoke the notion of the expanded concept of development. (The Brandt Commission, The South Commission, The World Commission on Environment and Development, The Commission on Global Governance, The Africa Commission, initiated by the British Prime Minister, Tony Blair, and so on.)

## **Culture and Development Issues**

Until recently, most development agencies regarded cultural factors as of no concern or serious impact to social and economic development. This lack of concern has often led to failures in reaching the poor. This is what eventually created interest in the need to take cultural issues into account in development frameworks and processes. If development plans, programmes and projects cannot move forward because of the failure of taking cultural issues into account in the implementation process, it becomes imperative that the planning process take this aspect into consideration.

In any local situation, there are cultural values and institutions that can support, constrain or even completely frustrate well-meant development programmes and projects. Examples of development interventions failing to promote quality of life and overall well-being because of their incompatibility with the cultural values and institutions of the populations concerned are numerous and well-documented. The attempt here is to organise a brief discussion around some of the key development concerns and the cultural issues involved.

The international community crafted the Millennium Development Goals (MDGs) from the Millennium Declarations, which has set out specific and quantifiable goals for human development by the year 2015. The eradication of extreme poverty and hunger is recognised by these goals as among the most central challenges before human society. For some time, the dominant view was that poverty could be addressed by raising economic standards through the “trickle down effects” of economic growth. Obviously, economic growth creates the capacity to reduce poverty and, given enough time, it may actually do so. But, experience across many countries in Sub-Saharan Africa for example (UNECA, 2005), has raised growing doubts as to whether it is feasible to attain the MDGs without mobilising more fully the under-utilised capacities of the poor, notably their culture. This makes it imperative that the issue of poverty is addressed from a broad-based and holistic perspective, taking into account the role of women, children and young people, the traditional cultural institutions and values and related problems such as environmental degradation, social stability and the HIV/AIDS pandemic.

Developing a clear understanding of who are the poor has often been crowded with myths and misconceptions that have come in the way of developing effective strategic responses to take advantage of their dormant and under-utilized capacities and competences. UNCTAD (2004) maintains that “poverty is associated with unexploited productive potential, inequalities within countries and in the global economy, and also non-inclusive national development processes”. As if to buttress the UNCTAD conceptual point of view, the United Nations Global Monitoring Report (2004) for the Millennium Development Goals, did admonish that in order to achieve the MDGs there is an urgent need to implement the “global bargain” whereby developing countries will seriously integrate these goals, and in particular the poverty reduction objectives, into their national development strategies, and the developed countries provide a fair and just enabling framework and the necessary resources.

The “global bargain” implies work on multiple fronts, including market access and debt relief, increased and more effective development assistance, better governance and the full and effective engagement of all stakeholders, including the private sector and civil society. While developing countries themselves have the primary responsibility for poverty reduction, there is an upper limit to how much they can achieve without appropriate international policies, development funding and the dismantling of oppressive barriers.

## EXAMPLES OF ACTIVITIES OF SELECTED AGENCIES IN THE AREA OF CULTURE

Resulting from the Millennium Declarations, several development agencies designed strategies and plans on how to integrate the MDGs into their work programs and projects. In respect of culture's relationship to the poverty reduction strategies, we can examine the efforts of several development agencies in the area of culture.

### **The World Bank**

The Bank set up the Culture and Poverty Learning Resource Group to stimulate a cross-disciplinary dialogue on culture and development policy. The group works to identify key aspects of culture that have been neglected in the development process; sketches out a range of actions that development agencies can take to address these cultural aspects; and puts forward suggestions as to how methodologically, economics and anthropology, can work together to address the cultural aspects of development both fully and rigorously. As part of its activities, the group recently published a book titled *Culture and Public Action: A Cross-Disciplinary Dialogue on Development Policy*.

To enhance the integration of its research and consultative activities on culture into its operations and strategies, the Bank has established a Culture and Sustainable Development Thematic Program, which is influencing aspects of the Bank's work:

- Country Assistance Strategies.
- Country and Sector Strategies.
- Operations, by investing in culture, such as in the conservation of physical assets, stimulating cultural enterprise development and the development of cultural tourism.
- "Building capacity", involving the development of knowledge management systems, preparation of case studies, interactive learning for staff, clients and partners, and actions to improve social assessment and cultural sensitivity.
- Creation of a Partnership Network for Culture and Development for specialised cultural organisations, private development agencies and regional organisations.
- "Conference series", to provide a forum for the exchange of experience and to increase understanding of issues such as the protection of historic cities and mobilising private sector investment in culture
- "Internet information sharing", to disseminate lessons of experience and best practice, and facilitate collaboration between the Bank and partner web sites dedicated to culture and sustainable development issues.
- "Brokerage workshops", organised by the Bank's Task Team Leaders with organisations in the Partnership Network to form agreements on specific collaborative activities.

Development of the Africa Cultural Effectiveness Project (ACE), designed to collect Africa specific cultural resources to equip the Bank's staff with cultural knowledge and competencies which will enhance their effectiveness in addressing development challenges related to the MDGs and to assist the Bank's staff in their transition to country offices in Africa. ACE is expected to develop country specific cultural data banks to enhance access to country specific cultural resources in Africa.

## **United Nations Educational, Scientific and Cultural Organization (UNESCO)**

### **Global Alliance on Cultural Diversity**

Within the framework of the Universal Declaration on Cultural Diversity, UNESCO created the Global Alliance for Cultural Diversity, as a six-year exploratory undertaking, to be implemented in collaboration with development agencies, both national and international, and representatives of the private sector and civil society.

The aims of the Alliance are to:

- Strengthen local cultural industries through:
  - Providing technical expertise, resources and training, particularly in business-related fields such as marketing, finance, sales and copyright management, elaborating cultural industry policies, developing legislation and regulatory frameworks;
  - Increasing awareness of available or potential local and international opportunities for business development;
  - Enhancing cooperation amongst public and private sectors in areas relating to culture; and
  - Broadening capacity for cultural enterprise development, entrepreneurship, long-term planning and investment in R&D.
- Prevention of piracy, by assisting governments in developing, updating and/or enforcing copyright legislation, as well as organising anti-piracy training programs.
- The Global Alliance Special Fund, to address the potential needs of participating developing countries and countries in transition. The Fund will finance the development of policies and regulatory frameworks necessary for domestic cultural industries to benefit and build on partnership agreements. Sector analyses, design of tax reduction programs and fiscal incentives, development of regulatory mechanisms and copyright enforcement training for judges, lawyers and customs officers will be some of the activities supported by the Fund. Particular focus will be placed on the revision and updating of legislation pertaining to targeted cultural industry sectors as well as to copyright.

### ***Convention on the Protection and Promotion of the Diversity of Cultural Contents Expressions***

In November 2001 UNESCO adopted the Universal Declaration on Cultural Diversity. Like other declarations it carries a moral force, being the result of an intensive negotiation and agreement by the member states and others but does not contain legally-binding obligations on member states. This is a “soft law” which has reduced effectiveness in protecting cultural diversity.

With a view to strengthening the protection of the diversity of cultural contents and the artistic expressions of creators and communities, UNESCO is considering adopting a legally-binding Convention in 2005.

### **Institute for Statistics**

The institute worked with partners on the development of indicators in such areas as cultural industries and the impact of arts on education. It also produces an occasional publication on the *International Flow of Selected Cultural Goods* which will support the Declaration on Cultural Diversity and the new Convention.

## **United Nations Conference on Trade and Development (UNCTAD)**

### **International Centre on Creative Industries**

In collaboration with the Ministry of Culture of the Government of Brazil and within the activities of the International Forum on Creative Industries held in Salvador, Bahia (Brazil), in April 2005, an International Centre on Creative Industries is expected to be established in Brazil in 2006. The Centre will serve as a knowledge bank of policies and initiatives that have succeeded in fostering the growth of creative industries and create an international network to increase the potential role of these industries in job creation and poverty reduction. Other possible activities include international advocacy work and the creation of public-private partnership.

Institutional and financial support for the Centre has been pledged by the following agencies:

- Inter-American Development Bank
- Brazilian National Development Bank
- CARICOM
- Agence Internationale de la Francophonie

A meeting jointly coordinated by UNCTAD and the UNDP is scheduled to take place towards the end of 2005 at the United Nations in New York on the design and financing of the Centre.

### **Inter-Agency Task Force on Creative Industries and Development.**

In order to ensure the success of the Centre, a task force has been set up between the International Labour Office, UNESCO, World Intellectual Property Organization, International Trade Centre, UNDP's Special Unit for South-South Cooperation, the UN's Department for Economic and Social Affairs of the United Nations and the UN Economic Commission for Latin America and the Caribbean, whose relevant expertise and support in the field of creative industries will be crucial to the work of the Centre. They have all pledged to provide technical and other assistance to the Centre.

### **Poverty Reduction through Employment Creation and Trade Expansion in Creative Industries in Developing Countries**

This was designed as a multi-agency proposal of ILO, UNCTAD and UNESCO, to enhance the development of creative industries in selected African, Caribbean and Pacific countries. It is intended to develop the music, film, performing arts and other related industries through a variety of targeted activities spread over three years (2003-2006).

The objective of the project is to offer effective policy guidance and develop capacity-building materials that will enhance the conditions for transforming local talents into the basis for dynamic creative industries that are competitive and can contribute to sustained economic and employment growth. Project activities will target support on government policy-makers responsible for promoting creative industries, local government officials, industry specialists and trainers, creative industries actors, related civil society organisations, agents/managers, and practising artist entrepreneurs.

Operationally, this project is now in the programmes of the partner agencies, such as ILO's Cultural Entrepreneurship Project, the UNESCO Global Alliance Project on craft industries in Senegal and other countries, and UNCTAD's music industry project in the Caribbean.

### **Audiovisual services, informatics and software development**

At UNCTAD X, held in Bangkok (Thailand) in 2003, the Bangkok Plan of Action identified audiovisual services, informatics and software development for particular attention in UNCTAD's analytical work in the context of activities related to the strengthening of supply capacities in export-oriented sectors of manufactures and services.

Since then UNCTAD has conducted several in-depth studies on the economic potential of the music industry in the developing countries, including joint work with the World Intellectual Property Organization on *Expanding the Economic potential of the Caribbean Music Industry*, carried out in Cuba, Jamaica, and Trinidad and Tobago. Subsequently, UNCTAD convened an Expert Meeting on Audiovisual Services in November 2002. On the basis of the final report of the Expert Meeting, the Commission on Trade in Goods, Services and Commodities recommended that UNCTAD examine issues involved in trade in audiovisual services and continue its analytical work on related issues.

The Dakar Declaration on the Promotion of ACP Cultures and Cultural Industries, resulting from the First ACP International Meeting of Ministers of Culture (Dakar, 18-20 June 2003) "requested UNCTAD to carry out studies in evaluating the impact of the current trade regime on domestic cultural policies".

### **The World Intellectual Property Organization (WIPO)**

At its October 2000 General Assembly meeting, WIPO discussed matters concerning intellectual property and genetic resources and decided to extend the discussion to include two new categories of intellectual property, "traditional knowledge" and "folklore".

To facilitate work in this area, WIPO created an Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore which is considering how to enhance:

- access to genetic resources and benefit sharing;
- protection of traditional knowledge, whether or not associated with these resources; and
- protection of the expressions of folklore (i.e. cultural expressions).

### **Implications for cultural policy**

With the emergence of modern biotechnologies, genetic resources have increased economic, scientific and commercial value. Very often, such resources are part of the traditional knowledge of specific cultures, consequently giving rise to intellectual property issues. While it is essential to facilitate access to traditional knowledge to enhance poverty reduction and the treatment of major illnesses plaguing humanity, an international system to ensure that the communities from which these resources emerge share in the return must be put in place.

The other issue is how to integrate traditional knowledge into existing patent, trademark and copyright systems and how to enforce the collective rights of the community which "owns" such intellectual property.

Another new area of the organisation's activities concerns the protection of "cultural expressions," or expressions of folklore. The organisation is currently studying the possibility of creating a *sui generis* legal protection for the different forms of cultural expression.

### **The World Customs Organization (WCO) and Customs Co-Operation Council**

Craft enterprises and artisans can today hope to improve their position in global trade, as a result of changes in product classification that can make their contribution to the economy more visible.

In 2000, the Customs Co-operation Council recommended that states “insert in their statistical nomenclatures, as soon as possible, as many additional subdivisions for hand-made products as they deem necessary”. It also suggested they should “lay down, in their statistical nomenclatures, a definition of hand-made products, and provisions in respect of the certification of such products, if they deem it necessary”

Behind this decision lay decades of frustration for craftspeople seeking recognition of their contribution to international trade, which, for developing countries, is often a major contributor to balance of trade. For over 30 years, craft associations and policy-making bodies from around the world had attempted unsuccessfully (apart from a few exceptions) to identify artisanal products separately in the main international system for trade statistics, the *Harmonized Commodity Description and Coding System (HS)*.

Many countries do not separate artisanal products from manufactured products in their statistics, making it difficult for governments to develop or fund export promotion programmes, and for importing countries to distinguish between traditional products and manufactured products.

The recommendation covers national systems as the first step toward harmonised definitions internationally. National authorities are required to notify the WCO Secretariat on the definitions used; provisions for certification, if any; the list of sub-divisions introduced; the acceptance of the recommendation; and the date of its application.

The recommendation has so far been officially adopted by Senegal, Morocco and Canada. The management committee for the common external tariff of the West African Economic and Monetary Union has recommended that its eight member states adopt the recommendation. Most of its members have a considerable production and trade in artisanal products. The idea is also being considered by the 15-member Economic Community of West African States (ECOWAS).

## **SECTION II.2 – STRENGTHENING LOCAL CREATIVE INDUSTRIES FOR POVERTY ALLEVIATION**

The creative industries are one of the fastest growing sectors of the global economy. In economic terms, they have already outperformed traditional economic sectors such as agriculture and manufacturing. But what are the “creative industries”, how are they defined and why is the sector increasingly becoming an important sector in the global economy?

The United Kingdom government created a Creative Industries Taskforce in 1997, an inter-agency advisory body to advise the government on policy. As the basis of its first mapping exercise on the creative industries, carried out in 1998, the Task Force adopted the following definition for the creative industries:

*Creative industries are those industries that have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.*

The issue of definition is no doubt important within the creative sector, but there remains much debate about where the boundaries of the creative industries might cross with other sectors, such as telecommunications and computers. The benefit of the definition adopted by the Task Force is that it allows us to look immediately at the questions of economic return through wealth and job creation, and to see that return generated through the exploitation of intellectual property.

Taking the UK definition, as well as working definitions adopted by the International Forum on Creative Industries (Salvador, Brazil; April 2005) and the UNCTAD High-Level Panel on Creative Industries and Development (Sao Paulo, Brazil; June 2004), among others; creative industries has been understood to include the following sub-sectors:

*The recording industry; music; performing arts; film and video; publishing; software and computer services; photography; art and antiques market; radio, television and cable broadcasting industries; advertising; crafts; architecture; design; designer fashion; interactive leisure software; cultural heritage (tangible and intangible); tourism.*

Given the above, what is the cultural and socio-economic importance and impact of the creative industries at the individual, community, national and international levels?

Globalisation and the increasing interdependence of national economies have opened up new development opportunities for developing countries in this area, while at the same time containing potential threats to cultural diversity and creativity. But, for developing countries, benefiting from the opportunities offered by the creative industries is a daunting task because of its increasing link to the expanding technological frontiers of the information society. Because creative industries draw from the creative expressions of communities, based on the wealth of their historical and contemporary values and symbols, allowing them to narrate their own stories, project their images and share their own challenges and aspirations both among themselves as well as with those from other countries, support for the industries should be seen as an integral part of the protection and promotion of cultural diversity. Moreover, such diversity, because it is a global public good, needs to be fully supported by the international community (UNCTAD; 2004).

It is evident that the creative cultural assets and rich cultural resources found in abundance in all developing countries, based on human creativity, could be transformed into economic value and a source of economic development. The opportunities for employment creation, export expansion, value creation, technological upgrading and wealth generation have gone unrealised in developing countries, and effective national policies on the creative industries can make a difference. It is estimated that the global market value of the creative industries will increase to US \$1.3 trillion in 2005, from US \$831 billion in 2000, an annual compound growth rate of over 7 percent. The creative industries are estimated to account for more than 7 percent of the world's GDP and are forecast to grow on average by 10 percent per annum (UNCTAD; 2004). Already, these industries are a leading sector in the OECD economies showing annual growth rates between 5 percent and 20 percent (EU; 2003).

In the United Kingdom, creative industries generate revenues of over £110 billion and employ 1.3 million people. The 2001 mapping document showed that the sector was worth 7.9 percent of the UK's GDP in 2000 and that, between 1997 and 2000, the sector had achieved average annual growth of 9 percent in comparison to 2.8 percent for the whole economy. The research showed a similar growth in exports by the sector, 13 percent compared to 9 percent for service industries and 5 percent for the national economy as a whole (UK Department of Culture, Media and Sports; 2003).

However, most developing and transition economies continue to be marginal players in these industries and yet the potential of these countries is far from negligible, as demonstrated by the success stories, such as the Indian Film Industry (Bollywood), the Nigerian Home Video Industry (Nollywood) and the recent emergence of Cape Town, South Africa into the lead ranks of film production centres in the world.

South Africa has had some success in the past few years in attracting offshore film, television and commercial producers, including some from the United States and the United Kingdom. Based on a recent film exhibition, *Indabada*, organised by international film producers in Cape Town, the city is now considered one of the top ten film production centres in the world, as a result of its landscape, infrastructure and the diverse range of skills and talents the country offers to a mobile production industry. According to a recent study (UNCTAD; 2004), the Indian entertainment industry (Bollywood) is expected to more than double its size from the current level of US \$4.3 billion to US \$9.4 billion in 2008. The Nigerian industry generated over US \$200 million in exports sales between 1992 and 2005, according to a May 2005 report released by the Nigerian Copyright Commission. According to the Commission, Nigerian movies provide a unique alternative to US and other western movies, especially among the African-American population and they are expected to make an increasingly significant contribution to the national economy. Piracy is the industry's biggest challenge according to the report, as nine out of every 10 CDs, VCRs and DVDs circulating in the country are pirated. The Commission noted that this negative trend in the industry inhibits growth, and the government responded by launching the Strategic Action Against Piracy (STRAP) last May.

Judging from the above-noted success stories in the film industry, the marginal position that most developing countries continue to occupy in the global creative economy, is in stark contrast to their rich cultural heritage and inexhaustible pool of creative talents, which is an enormous potential for the development of these industries.

But developing dynamic competitiveness in creative industries in developing countries will require that major challenges and obstacles relating to the development of the industries be identified and addressed. Most of the activities classified under these industries in the developing countries are categorised as SMEs (small and medium-sized enterprises) and operate largely within the informal economy. UNCTAD contends that the following challenges need to be addressed to enhance the competitiveness of the creative industries in developing countries:

- **Regulatory environment**

A simple, transparent, stable and enforceable regulatory environment is necessary to form the basis upon which a dynamic enterprise can develop. UNCTAD notes that in South Africa there are 65 laws to comply with to register a business. People don't know what to do or where to start, let alone who to ask for help. The South African situation indicates that

enterprises in developing countries face a heavy and costly regulatory burden that discourages especially the smaller enterprises from entering the formal sector of the economy.

- **Public-private sector partnership**

An effective and feasible long-term solution for improving the regulatory environment from the point of view of enterprises must start with public-private sector dialogue. Effective interaction and dialogue between the government and the private sector, including non-governmental organisations, play a key role in creating a better investment climate, coherent policy framework and effective support measures and structures for the development of enterprises.

Such a dialogue is essential in the light of the potential economic challenges facing investors, such as the high levels of risk and volatility, but also the social and cultural externalities that play an integral role in shaping this sector (cultural diversity, social cohesion, democratic expression, preservation and promotion of domestic cultures, and so on).

A favourable investment framework cannot be provided exclusively by the market, the firm or the state acting independently, it requires a partnership between all stakeholders.

- **Access to business development services (BDS )**

Over the past decade, Governments and international donors have increasingly turned their attention from merely offering financial assistance to providing business development services for SMEs, recognising that financing alone is not enough to achieve sustained competitiveness.

BDS include all forms of SME support services, including training, consulting, technical and managerial assistance, marketing, physical infrastructure and policy advocacy. BDS interventions are specifically aimed at helping small enterprises to overcome market imperfections and inadequate access to technology, and to operate more competitively and with greater efficiency in domestic and global markets.

- **Access to finance**

Finance has been identified in many business surveys as the most important factor determining the survival and growth of SMEs in both developing and developed countries. Despite the importance of SMEs to the economies of both developing and developed countries, they have traditionally had difficulty in obtaining credit or equity investment.

Commercial banks and investors have been reluctant to service SMEs for a number of reasons, including:

- SMEs are regarded by creditors and investors as high-risk borrowers because of insufficient assets and low capitalization, vulnerability to market fluctuations and high mortality rates;
- the lack of adequate financial statements or business plans makes it difficult for investors to assess their creditworthiness; and
- high administrative/transaction costs of lending or investing small amounts do not make SME financing a profitable business.

- **Access to technology**

In a liberalized and open economy, competitiveness increasingly depends on the ability to incorporate new technology and management practices. Thus, the ability to acquire, diffuse

and master technologies as well as innovate can enhance the competitiveness of SMEs. However, several studies show that only a handful of developing countries have managed to narrow the “technology gap” compared with developed countries, while many other countries are falling further behind.

According to UNIDO’s Competitive Industrial Performance Index (2002) most of the economies that are getting ahead in terms of access to technology are located in Asia. Some of the critical factors responsible for the success of the Asian economies include:

- vision and commitment of government;
- skills training;
- attracting export-oriented foreign direct investment;
- support for local industry; and
- local research and development efforts.

Replicating the Asian policies will not have the same outcome in African and Latin American countries since the international framework and the opportunities have changed, but the principles behind the success of Asian economies are a starting point.

- **Information and Communications Technologies and Electronic Commerce**

Information and Communication Technologies (ICTs) have an impact not only on every single branch of industry but also on every service in an open economy. They can be used to replace traditional means of communication, to manage business documentation and information (databases), to perform business operations such as inventory control and to engage in business transactions or e-commerce (business to business or business to consumer). While e-commerce in OECD countries requires SME awareness and the ability to adapt traditional business operations, e-commerce readiness in developing countries is mainly a function of connectivity and access. Connectivity is measured by the number of internet hosts, personal computers, mainlines and mobiles. Only three developing countries, all in Asia, are in the top 25 in UNCTAD’s Index of ICT Diffusion: Hong Kong China (9), Singapore (14) and Republic of Korea (23).

- **Entrepreneurship**

Availability of the required cultural entrepreneurial skills is a vital ingredient for the enhanced competitiveness of SMEs operating in cultural goods and services. The Global Entrepreneurship Monitor (GEM) Consortium conducted a survey of 37 countries on levels of entrepreneurship in developed and developing economies. The survey makes an interesting distinction between “opportunity entrepreneurs” and “necessity entrepreneurs”. The former are entrepreneurs because they choose to pursue a business opportunity and are therefore more likely to pursue growth-oriented businesses, and contribute more to the competitiveness of the economy. The latter are people who have become entrepreneurs because they cannot find other suitable work, but they also play an important role in poverty alleviation. The survey finds that the number of necessity entrepreneurs is generally significantly higher in developing countries than in developed countries. This poses a serious challenge for professionalism and standards, as such entrepreneurs may lack the skills, talent and capacity to compete globally.

- **Networking**

Networking can be a remarkable source of technology diffusion and mastery, skills development, market access and financial assistance. Horizontal linkages can exist through formal and informal cooperation among local SMEs. In other cases, vertical linkages can be

fostered with larger corporations operating internationally which are prepared to offer assistance and advice to small businesses. In this regard, linkages could be established between large trans-national corporations (TNCs) and local SMEs in developing countries. The TNCs would build competitive supply chains to enable the SMEs to have access to new and diversified markets, acquire information on market trends, acquire and master new technologies and skills, and solve cash flow/finance problems.

The example of countries such as Ireland, Malaysia, Mexico, the Philippines, South Africa and Singapore indicates that the developmental impact of TNC-SME linkages can be instrumental in modernising local industries and making them more dynamic. According to UNIDO (2002), these countries upgraded their local productive capacities and enhanced their industrial performance by integrating into the TNC supply chain. Experience shows, however, that this does not happen automatically. It requires a partnership among all stakeholders: government, TNCs, SMEs, and their support agencies.

- **Intellectual Property Rights**

Globalisation and recent technological developments offer unprecedented opportunities for the development of the creative industries, yet globalisation is not benefiting all equally, as the digital divide demonstrates.

While there is mounting evidence to show the contribution of creative industries to poverty reduction and sustainable development in certain countries, certain developments, such as technological convergence; freer movement of goods, services and capital; market mergers and acquisitions; and weak copyright legislation and enforcement regimes, can jeopardise potential growth, particularly in developing countries and countries in transition.

- **Concentration of Media Ownership**

Creative industries are increasingly concentrated amongst the few players with advanced technical capacities for producing and distributing creative products. Furthermore, new technologies have also made piracy of cultural products much easier and faster, forcing local creative industries to struggle against cheaper pirated products. Consequently, cultural sector stakeholders from all countries suffer losses of profits, jobs, revenue and investment (UNESCO; 2002).

## **EXAMPLES OF BEST PRACTICES AND INNOVATIVE EXPERIENCES IN USING CREATIVE INDUSTRIES FOR ALLEVIATING POVERTY**

Given the challenges and issues highlighted in the previous section, what can be learned from best practices and innovative experiences with respect to how creative industries can contribute to job creation, wealth generation and poverty alleviation?

### **EXAMPLE I: Senegal – The World Bank – Africa Music Project**

#### **Project Objectives**

This World Bank's Africa Music Project, has three complementary objectives:

- to increase the earnings of African musicians;
- to support African culture and to demonstrate that such support would be a boost to the economy rather than a drain on it; and
- to find ways to make the WTO agreement on intellectual property more supportive of development.

## **Project Vision**

In June 2000, the Policy Sciences Center, Inc (PSC), a non profit NGO based in Washington, organised a workshop at the World Bank that brought together African musicologists and people with experience in the music business in Africa.

The vision for the Africa Music Project that came out of the workshop starts with an African musician playing a song in an African studio. Computerised equipment records the song, creates a copyright record and mounts the song into a “.com” facility available to listeners around the world. As a listener downloads or plays the song, he or she automatically pays a fee by bank or credit card and the musician’s account is automatically credited.

Another part of the vision starts with Nashville, Tennessee (U.S.A.), which 60 years ago was an undistinguished part of the poorest region in the United States. Today, it is the seat of the US country music, a US \$3 billion a year agglomeration of musicians, composers, arrangers, recording studios, managers and so forth. Currently, virtually all African music that enjoys international market is produced in Paris or London, thus, the agglomeration of jobs that successful African music generates is not in Africa. The dream for improving the African music industry is that African countries would create their own Nashvilles. The Nashvilles of six or seven African countries would be connected to a central electronic hub, also in Africa, that would be the site of the “.com” vendor.

The critical issue is that music is an integral part of African life, society and communication, and the development objective of the project is to enrich African life.

## **Problem Analysis**

To better understand what possibilities existed in Africa, a team from the World Bank and PSC visited Dakar in December 2000 to discuss with the government and other stakeholders the development of a strategy to support the music industry in Senegal and other African countries. The reaction from the government was generally positive and the Musicians Union was identified as the team’s counterpart in Senegal.

During the visit, the Bank-PSC team spent two full days with local musicians in town hall meetings. At the meetings, the musicians were requested to identify their problems, what they consider as possible solutions and how outsiders could assist. In total, 80 musicians and musicians’ agents participated in these meetings.

The following is a sampling of the views and recommendations in regards the problems and possible solutions:

### **Problems**

- Eighty percent of musicians in Senegal are unemployed or underemployed;
- Most of the radio stations in Senegal do not pay royalties;
- Pirates have more means at their disposal than those responsible for policing them;
- Though the Bureau Senegalais du Droits d’Auteur (BSDA) is vigorous in its pursuit of pirate producers, these pirates are often let off hook through the intervention of powerful leaders;
- Because the BSDA cannot obtain accurate information on sales from music distributors, BSDA is unable to collect revenues for musicians and composers;
- The BSDA levies too high a level of tax for the services it provide;

- The BSDA should be more accountable to the musicians;
- Financial institutions in Africa would not lend to the music industry, financing comes from the musicians' own earnings;
- The government tax on musical instruments is a major problem;
- Maintenance of instruments and equipment is a major problem;
- The pressing need for short-term income often leads musicians to give up their rights rather than licensing or some other sort of business/legal arrangement that would provide longer-term income;
- There is concern about the extent to which multinational companies impose their views;
- There is limited infrastructure – few managers or administrators are in the music field;
- Recording studios are too expensive for ordinary Senegalese musicians to use;
- Because of piracy, musicians are forced to depend on revenue from outside the country; and
- Rappers do not have funds for cassette reproduction.

### **Possible Solutions**

- Invest in the low-income musicians;
- Income security for grassroots artists;
- Inform artists of their rights;
- Traditions can and should be used for cultural exchange;
- Train support staff – producers, managers, agents, distributors. These roles are not clearly understood in Africa;
- Business development should be a significant part of the programme;
- Provide health and mutual insurance for musicians and the model of SIAE in Italy might be an example to follow;
- The legal environment should not be imposed from outside;
- There should be more emphasis on developing the West African market; and
- Justice, democracy, honesty, fairness, and equity are essential for the development of Senegal's music industry.

### **The Situation of the African Music Industry**

On the basis of the above analysis and an examination of the situation in other African countries, the Team drew the following conclusions about the music industry in Africa in general and Senegal in particular:

- Many African musicians have been successful in international markets, but their recording is done almost exclusively outside of Africa;
- Piracy, or the unauthorised copying and selling of recordings, is a pervasive problem. Almost no country has a piracy level of less than 25 percent, some estimates for West Africa suggest that the piracy level is as much as 85 to 90 percent. The situation in Senegal is typical. Piracy also scares away potential investors;
- Collecting societies are the organizations that track the use of music and ensure that artists are paid their royalties. In some Western countries these are key institutions, but in Africa, they are ineffective;
- Rampant piracy combined with weak collection societies makes the collection of royalties problematic, hence African artists and composers often sell their copyright to a publisher or recording company for an upfront payment;

- The incentive for an artist who receives a one-off payment is to immediately record another album. The new album often undercuts sales of the previous one. Because recording companies know that the artist-composer will immediately record another album, they factor the undercutting into what they offer the artist-composer;
- The weak legal environment tempts both the recording companies and artists to duplicate. Royalties promised are rarely paid. Artists who promise to limit the number of albums they record often jump immediately to record with another company. This situation creates a cycle of increased output from artist-composers at declining prices. The quality of the music and of the recording companies' marketing of it, likewise declines;
- In addition to royalties on disks sold, musicians also make their money from royalties on airplay, synchronization rights for television, and live performances. However, in Senegal and many other African countries, radio stations do not provide the collecting society with a list of songs played. This means that even if the Senegalese radio stations pay their obligatory annual fee to the collecting society, the society has no basis on which to apportion royalties among musicians; and
- Artists do not earn much from record sales or royalties on radio, they make most of their money from public performances. Musicians described a list of problems they encounter when they organise public performances or concerts: many complained of dishonest producers and corrupt or incompetent managers of performances and tours, import restrictions on musical instruments and sound equipment limit their availability and allow those who own equipment to charge high prices.

### **Planned Project Activities**

On the basis of the analysis of the situation of the music industry in Senegal, the following activities have been planned:

- Intellectual Property Rights
  - Educate musicians to understand their rights and methods of securing them
  - Reform regulations, institutions and procedures for policing rights
- Social Security for Musicians
  - Establish contact with musicians' associations from other countries see how they deal with social security to research a potential model for Senegal
- Training
  - Train musicians in the various specialisations in the music field
  - Rehabilitate and refurbish the existing music conservatory
  - Establish a jazz school
  - Establish a training centre for agents, managers and technicians and
  - Support music education in public schools, including instruments and training for teachers
- Tax reform
  - Liberalizing import restrictions on musical instruments and equipment;
  - Make domestic taxes more equitable, less arbitrary and directed at promoting development
- Conserve Senegal's music patrimony
  - Archive, both to maintain music from generation to generation and to reinforce the IPR system
- Decentralize
  - Make areas outside Dakar more attractive locations for music production and performance

- Promote the role of musicians and communities in the regions in all the activities listed in this programme
- Invest in facilities for recording and performance
  - Create more widely dispersed recording studios, in Dakar as well as in other regions;
  - Invest in for-hire facilities such as public address systems
- Develop e-commerce
  - E-commerce is expected to contribute to many issues, such as controlling piracy
  - Expand internet connectivity and access as this is a key way to attract the attention of the youth, the next generation of musicians and audiences.

### **Impact of the Project in Senegal**

In 2003, the World Bank approved a US \$46 million credit for private investment promotion. One component will finance music industry ventures and another component will finance the rewriting of the copyright law and training for musicians, particularly in micro-enterprise techniques. The Bank is also considering making the Musicians' Association eligible for its matching grant management system, meaning the Bank would provide 50 percent of funds for micro-enterprise projects if the association contributes the other 50 percent towards the effort.

An expert from the Max Planck Institute in Germany was funded by the Bank-Netherlands Partnership Program to provide legal expertise to assist the musicians in preparing their inputs into the BSDA reform process.

In December 2001, the BSDA installed a copyright tracking system to help combat piracy. The BSDA started to provide difficult-to-counterfeit hologram stickers to protect copyright compositions. A sticker on a cassette or compact disc verifies that the distributor has paid royalties. The hologram can now be seen affixed to many music cassettes and CDs selling in Dakar. The BSDA conducted a public relations campaign on TV, radio and flyers, to inform the public of the importance and legal obligation of buying "hologram" music. The system has had a notable effect, although pirated products are still on the market. Also, with the assistance of law enforcement agents, BSDA once raided market stalls of vendors who sell music without holograms.

Following a letter of warning and threats from the BSDA that those failing to make payments would be closed, radio stations began to make copyright payments to the BSDA. It was reported that within two weeks of this notice, the BSDA secured a legal order from a magistrate to close down one station. Subsequently, all other began to pay.

The BSDA had been criticised by the local musicians for the lack of transparency, leading to suspicions about the allocation of revenues collected by the BSDA. In 2000, the President of Senegal appointed the President of the Musicians' Association to serve as the Chairman of the BSDA. This appointment brought internal reforms at the BSDA, leading to more efficient distribution of royalties to musicians.

The legal expert also provided technical advice during several trips to Senegal between 2000 and 2002. This included analysis of the copyright legislation and discussion of IPR issues with judges, special government advisors, the executive committee of the Musicians' Association, the BSDA and the Writers Union. Resulting from these advisory missions, the government started the revision of the legislation to clearly define the rights of composers, lyricists and performers; ensure harmonization with relevant international laws; and improve the structure of the Copyright Society.

Between 2000 and 2002, membership of the Musicians' Association more than doubled, from 1,055 to about 3,000. The increasing number of musicians willing to join the association indicates growing unity within the industry. In this period, the President of the Association toured most of the regions of the country to raise awareness and sensitise local musicians about IPR, the importance of forming an association for and by musicians and opportunities in developing the music industry.

The association has also demonstrated its social commitment to the wider society at large. One executive member represents the association on the National Committee against HIV/AIDS. Also, in 2002, the association raised CFA 35,000,000, through a fund-raising concert for victims of a flood that occurred in the north of the country, destroying livestock and crops. The efforts of the musicians have captured the interests of other groups. In September 2002, the Writers Union expressed interest to the government in receiving royalties, copyright legislation reform and in joining the Musicians Association in its efforts.

### **Impact of the Project at the Bank**

Project officials claim that one of the outcomes was that it helped to embed "culture" into the Bank's private sector development (PSD) efforts. One of the project officers at the Bank assisted in the insertion of a "cultural industry" clause into Mali's five-year Country Assistance Strategy (CAS) during a mission to Mali in June 2002, representing the first time that culture has been recorded into a CAS. Thereafter, Senegal and then Ghana, also incorporated cultural industries into their country strategy agreements with the Bank.

Source: [http://www.worldbank.org/research/trade/africa\\_music2.htm](http://www.worldbank.org/research/trade/africa_music2.htm)

### **EXAMPLE II: South Africa – The Talking Beads Academy of South Africa: Local Crafts Revival Boosts Exports**

A South African businesswoman, Ms. Tembeka Nkamba-Van Wyk spotted an opportunity when she noticed that local craft traditions were disappearing, while tourists were seeking locally-made handicrafts. In capitalising on the opportunity, she has created an export business employing thousands of women in rural areas, and has invested in their communities by providing training and medical care.

Ms. Nkamba-Van Wyk set up the Talking Beads Academy in 1997, with the aim of keeping local traditions alive and providing employment for South African women. Women from rural areas, working in cooperatives, form the majority of the organisation's membership. Talking Beads allows women to work and stay with their families, rather than move to urban areas.

By 1999, Talking Beads had trained so many women that the local market for their products became saturated, and the company decided to begin exporting. Initially, they decided to concentrate on France and the US. Their attempts to target the latter market proved more successful because there was already a demand for the type of product that Talking Beads manufactured.

At the outset, they experienced problems because the established business community assumed that, as women, they would lack the qualities necessary to operate successfully, and therefore did not wish to risk investing in their business.

The company identified its main challenges as:

- inadequate knowledge about their export markets;
- a lack of expertise in negotiating business deals;
- need to avoid exploitation by agents; and
- a shortage of funds for advertising and promotion.

They responded to these challenges by reading books on trends and business dynamics; raising money from local sales and reinvesting their profits in training; forming local partnerships; and joining international networks. Most importantly, according to Ms. Nkamba- Van Wyk, “we never accepted failure as an alternative”

Talking Beads has used information and communication technology to increase its profits by responding promptly to requests from prospective clients, since even a delay of a few hours can result in lost orders. The organisation invested in a fax line, an Internet connection and cell phones, in order to be accessible 24 hours a day, seven days a week.

The organisation hopes eventually to have sufficient resources for a mobile training unit, to provide women in the remote areas with training and the supplies of beads and designs. They also want this unit to be able to provide basic health facilities and screening for HIV/AIDS. “If you are working with people from deprived backgrounds, you really need to see yourself not only as a businesswoman, but also as a social entrepreneur,” says Ms. Nkamba- Van Wyk.

Company:	Talking Beads
Sector :	Artisanal crafts
Location:	Pretoria, South Africa
Employees:	30 full-time, 4,500 on commission
Yearly turnover:	Approximately US \$145,000
Export markets:	Austria, Brazil, Chile, Germany, United States .
Contact:	<a href="mailto:talkingbeads@ananzi.co.za">talkingbeads@ananzi.co.za</a>

Source: International Trade Forum (The Quarterly Magazine of the International Trade Centre); Issue 4/2003

### **EXAMPLE III: India – The Self-Employed Women’s Association (SEWA) of India: Integrating the Informal Sector into the Global Economy**

SEWA is an association of cooperatives, comprising women who are mainly self-employed and working as artisans in the informal sector. The movement is democratic, each cooperative elects its own governing body from among its workers and 500 elected representatives or “pratinidhis” meet monthly in small groups to share ideas and experiences.

SEWA from the onset carried out a thorough analysis of the challenges and barriers to business in the fields in which it intended to operate, and through that process identified the following:

- laws and customs that discriminate against women;
- insufficient access to credit;
- lack of social benefits like health insurance and pensions;
- lack of affordable childcare;
- inadequate health care;

- lack of education and training;
- insufficient knowledge about export marketing;
- lack of experience in production and marketing;
- a scattered production base with inadequate quality control;
- no in-house design capability; and
- insufficient retailing channels.

To ensure that it addresses the challenges on an ongoing basis, SEWA developed a structured program of Research and Development. The research results find their way into its programs of capacity building and product development. Research assisted it to streamline the production system by introducing common production centres, quality control, central designing, rationalising costs and developing vendors. It concentrated on brand building, integrating both social and commercial aspects in its planning.

SEWA emphasizes capacity building and member education. It has established the SEWA Academy, where 20,000 women participate annually in education programs, focusing on literacy, training, research and communication. The Association develops information and training software in local languages, both for skills development and to increase literacy. It has designed customised software for the micro-enterprises of poor, illiterate women, such as embroidery activities at the village level. SEWA also uses audio-visual media to connect with its rural members for training and capacity building, mentoring and export guidance. It uses e-conferencing via satellite for meetings and brainstorming.

To give its members access to national and global markets, and thus ensure their long-term stability, the SEWA Trade Facilitation Centre (STFC) was established in March 2000. In this unique business model, the majority of shareholders are the artisans themselves. This project has been a resounding success, in its first eighteen months annual sales grew by 62 percent and exports by 311 percent. In May 2003, SEWA registered the centre as an independent company to enable it to grow even faster. The centre made rigorous efforts to explore national markets, before expanding abroad. In this regard, artisans of Banaskantha and Kutch exhibited and sold their textile products in Paris and three other French cities during SEWA's first international exhibition and international trade is growing. At present, business-to-consumer sales account for 71 percent of total sales, with business-to-business sales accounting for the remaining.

Harnessing technology has been a key part of STFC's ability to effectively manage its entire micro-enterprise activity. It uses ICTs to tap into the virtual marketplace and to showcase its products via web sites. Modern technology allows the organisation to adapt rapidly to changing trends and to manage its stock more effectively. SEWA uses technology to help anchor the process of integration: it uses it to provide business training and education; facilitate networking; and improve quality management and production efficiency.

Networking also plays an important role in SEWA's development. This occurs between members in different Indian states. In the South Asian region, through the South Asian Association for Regional Cooperation, SEWA has built alliances with other regional organizations and establishing a SEWA Trade Facilitation Centre for Southern Asia. Finally, at the global level, it networks with SEWA movements in Turkey and Yemen. Through the World Bank's Voices of the Poor workshops, it has established the Global Trade Facilitation Centre, designed to strengthen, support and expand market opportunities for grassroots producer organizations, in the informal sector, with a particular focus on women. The centre

was created on the premise that the informal sector does not have a voice with trade development decision-makers and trade development organizations, and therefore, only a global grassroots trading network could help address this issue.

The organization created the SEWA Bank, one of the group's largest cooperatives, with over 125,000 members, to enable it to respond more effectively to the financial needs of its members.

As a way of fulfilling its social responsibilities, six self-financed organisations provide insurance, pensions, medical and childcare for SEWA members. The largest is the Lok Swasthya SEWA Health Cooperative, with 155 member-workers who serve 74,695 self-employed members and their families.

Company:	Self- Employed Women's Association (SEWA)
Sector:	Manufacturing, crafts, services
Location:	India
Members:	Over 420,300 members (Gujarat 284,317; Madhya Pradesh 107,620; Uttar Pradesh 25,800; Bihar 1,600; Kerala 719 and Delhi 252)
Export markets:	Australia, Belgium, France, Germany, Italy, Japan, Spain, United Kingdom and United States of America
Information:	<a href="http://www.sewa.org/">http://www.sewa.org/</a>

Source: International Trade Forum (The Quarterly Magazine of the International Trade Centre); Issue 4/2003.

#### **EXAMPLE IV: Brazil – The Berimbau Project of Brazil: A Community-based Approach to Reducing Poverty and Promoting Social Cohesion**

A Berimbau is a local musical instrument, made of wire and a piece of wood. It is a key element of the culture and a symbol of hope for the poor communities around the Costa do Sauipe resort, a tourist resort in the heart of an environmentally-protected region of Brazil, 70 km from Bahia's capital, Salvador.

The development of the resort left 54 percent of the local community without regular income. Some 45 percent of adults are illiterate and, among the working population, 23 percent earn less than the national minimum monthly wage. Consequently, the development did not have community support.

As part of the *Fome Zero* (Zero Hunger) Campaign launched by Brazilian President Luiz Inácio "Lula" da Silva, the Berimbau project promotes social inclusion by integrating the communities surrounding the resort into tourism, agriculture, fishing and crafts work; providing basic education and professional training; and strengthening local culture.

The project features a "sustainable triangle" between the community, market and institutional support. Eight poor communities comprising 10,000 people are the project beneficiaries, which are linked with four socially responsible international hotel chains and a committed "trade support institution" (the Banco do Brasil).

Banco do Brasil, the main sponsor of the project, signed a memorandum of understanding with the Geneva-based International Trade Centre (ITC) in June 2003, which enabled the ITC to transfer to the Banco do Brasil its methodology, best practices and tools for implementing an export-led poverty reduction project.

To develop the capacity of the target beneficiaries, education and cultural activities are integrated into the project, including the *Capoeira* (Street Dance/Martial Arts) and the *Samba da roda* (Circle Dancing).

As a result of the project, the Sauipe region now has a community hall for meetings and a training school. The school has offered various professional courses, including literacy courses for 252 adults, providing the basis for many people to enter the job market or to create their own businesses. People from the region are now able to produce soap, shampoo and handicrafts for sale to the hotels and tourists. They also sell traditional garments as uniforms to the hotels and organise cultural activities at the hotels and in the neighbouring villages.

The ITC organised a six-day workshop at the start of the project, through which it trained 30 national tutors to assist communities to organise themselves and develop their capacities to supply quality products and services.

The Berimbau Project opened a warehouse to store fruits and vegetables from the communities, enabling quality control and direct sales to the hotels. It also built a showroom for artisans, as well as a workshop in which craftspeople can work together.

By the end of the two-year program (2003-2005), local employment at the hotels is expected to increase to 100 percent.

Source: The International Trade Forum (The Quarterly Magazine of the International Trade Centre); Issue 4/2004

### **SECTION II.3 – DEVELOPING CULTURAL CAPACITY AND STRENGTHENING LOCAL INSTITUTIONS**

Creativity is deeply embedded in the cultural context of every country, it is a ubiquitous asset. Effective nurturing and exploitation of that creativity can provide new opportunities for job creation, income generation and poverty alleviation in developing countries.

However, building dynamic competitiveness in the creative industries in developing countries requires the strengthening of domestic producers and supply capacities, which can have the most positive economic effect if they are integrated into global markets. All of this requires the development of local capacity and competence among artists and cultural entrepreneurs, the strengthening of local institutions and infrastructure, the development of networks, the building of new creative partnerships, enhancement of the domestic policy framework and the development of a favourable incentive structure.

The experiences of countries as diverse as the United Kingdom, Brazil, Nigeria, Senegal, South Africa, Thailand and India which have successfully nurtured and developed their domestic creative industries attest to the fact that these sectors can contribute to skill-intensive and high value-added activities that generate linkages with ancillary sectors throughout the economy, including information and communication technologies and design capacities.

Given the all-embracing scope often attached to “capacity building” (or “capacity development”), in many development agency documents, one finds a set of competing definitions. Readers can pick and choose, or even assemble their own. Alternatively, they simply become so bewildered they let the author decide for them.

Here, we take a different approach. We will not provide a rigid definition of capacity building but will highlight certain key principles and characteristics of the approach. While there is no context-free recipe for capacity building, a conscious framework for intervention can help in understanding diverse needs and opportunities, and in informing longer-term strategies. From this perspective, capacity building is an approach to development and not something separate.

To start, it is useful to illustrate the nature of capacity building through four negative examples, demonstrating what capacity building is not about (D. Eade, 1997).

#### **Capacity building should not create dependency**

Increasing dependency and vulnerability are the very opposite of capacity building, yet much development aid has resulted in institutions and activities which are dependent on receiving additional grants, partly because development cooperation is perceived largely as the one-way transfer of resources, rather than a process of “critical accompaniment”. Capacity building cannot also mean the creation of institutional structures that are grafted onto the local context, with no shared commitment to their survival, and no relevance to the local socio-cultural environment.

#### **Capacity building does not mean weakening the state**

Capacity building of community organisations or NGOs should not be done in ways that weaken the capacity of the state, allow it to abdicate its responsibilities to its citizens, or transfer its functions to institutions that are not themselves accountable to those who use their services.

#### **Capacity building is not a separate activity**

It is wrong to see capacity building as an independent or self-contained activity, or to assume that it must always take certain forms.

#### **Capacity building is not solely concerned with financial sustainability**

Although capacity building should enhance sustainability, this is not synonymous with financial self-reliance. Reducing dependence on grants is critical for any organisation that is working towards future independence, but not all activities can become entirely self-funding – arts and culture being the most obvious. Investments in this area should not be limited exclusively to money: “experience has shown that it is easier to build capacity than to maintain and use it.” (Maselli and Sottas, 1996).

Capacity building can be considered as an approach that reflects an agency’s philosophy of development, as well as how it interprets its own role. It requires an agency to work with its existing and potential counterparts in a way that responds coherently to a shared reading of the context, compatible criteria for evaluating results, and a mutual understanding of their respective mission and goals. There are many ways of developing this basic match, however, a relationship of trust, or critical accompaniment, is the only basis on which to develop relationships and strategies that can both respond to and manage change. Unfortunately,

agencies often miss out some of these critical steps and go directly into activities falling under their own general rubric of capacity building.

There are several models of capacity building and we may begin by examining the characteristics of some of them (C. Roche, 1995).

#### **Model 1: Working through Intermediaries**

This model involves working through intermediary organisations, often in the form of local NGOs or community organisations. The relationship here between the external agency and the local counterparts is often mediated via the provision of grants for specified purposes, but may also involve other forms of support (such as advice, information or contacts). If the external agency is working with several local counterparts, it should encourage links, networking and collaboration among them to share and exchange ideas, experiences and best practices.

#### **Model 2: Generating Synergies**

A more focused variation is the synergy model, in which the external agency works with a combination of counterparts on specified capacity building activities. The strategic relationship with the selected group of partners must, however, be managed within a well-defined operational framework that clearly states when a partnership will be terminated or sustained in a different way. Such a framework also facilitates the integration of the areas of work and specific projects within the framework of the cooperation.

#### **Model 3: Promoting Representative Organisations**

A common model for both operational and non-operational programmes, is one based on facilitating the emergence of unions, federations, alliances or national associations. In the case of the arts and culture sector, this could involve creation of federations or unions of performing artists (musicians, actors, singers) or creative artists (artisans, visual artists, writers). Support for capacity building and organisational strengthening is often the basis for the creation of such structures, and they help to reinforce the work and mission of the external agency and the delivery of the national cultural policy.

#### **Model 4: Generating Independent Organisations**

Occasionally, projects originally funded by an external agency, may develop into independent organisations. This may happen at the local level, in which case they continue with and build upon the previous responsibilities of the project.

#### **Model 5: Governmental and Non-Governmental Structures in Parallel**

Sometimes, it may be appropriate to work predominantly through the state, usually through the Ministry of Culture or relevant national agencies responsible for specific cultural domains, such as the National Museum, National Theatre, etc. Also, other cultural CBOs and local NGOs may be supported to provide capacity building activities to both the public and non-governmental sectors. Funding of government-run programmes may also be linked with influencing government policy through the provision for training and exchange visits.

Having examined what capacity building is not about, and what forms or models of relationships exist in carrying out capacity building activities, we now examine specific areas of intervention that capacity building programmes can target for maximum effectiveness.

### **Training: Investing in People**

Education and training represent an investment in people, and so are important ways to put a capacity building approach to development in practice. In this regard, training programmes should be based on a clear analysis of the issues they aim to address, a proper training needs assessment.

Whether it is focused inwards on the organisation, or outwards on the needs of others, training is effective only if it is part of an overall strategy to enable participants to make use of what they have learned. People learn in many ways – seeing and doing, workshops, exchanges, and so on. Training is only one avenue to learning, and a combination of training and other forms of learning is often needed. Training can address many issues:

- **Training for rights:** Over and above the practical skills, training in legal and moral rights (“cultural rights”) is often linked to struggles of particular groups, such as Indigenous Peoples, who can face human rights challenges and need to learn about human rights bodies, instruments and potential legal remedies for their situation. It may also involve “anti-piracy” training programs for artists and creators to protect their creations. While it may have a technical dimension, training in this area is also concerned with giving people the sense that they have rights, as well as the confidence to fight for them.
- **Awareness training:** Within organisations, norms and procedures tend to validate certain ways of doing things, and to exclude or ignore others. This may not accord with what the organisation says or believes about itself, or may not be logical or defensible on ethical grounds. But, where the interests are deeply entrenched, their existence may be invisible to or denied by many people. Challenges to them will be resisted in a variety of ways. Awareness training therefore addresses attitudes, perceptions and beliefs, such as gender inequality, mismanagement of public assets, social constructs that discriminate against others at the work place such as the “caste system”, and so on.
- **Vocational and skills training:** Small businesses and micro-enterprises are a major source of employment for poor people worldwide, producing goods and services for local consumption or for export. Low-capital, low-technology and low-intensive enterprises must survive in an increasingly harsh economic context. Such enterprises are vulnerable to a flood of cheap imports, or competition with mass-produced goods. Further, they are often constrained by lack of credit facilities, training opportunities, access to technology, legal protection and regulation, and marketing outlets.

Strategies to address these issues include vocational and other forms of training designed to raise the incomes of poor people, on the assumption that with new and marketable skills they will be able to find work or set up enterprises of their own. Vocational and technical training focuses on the trainees’ real or potential work opportunities, and revolves around upgrading skills. Equally important are organisational and management skills, ranging from leadership, knowing how to conduct meetings and keep minutes, negotiate contracts, or keep accounts, to personnel, financial and business management, information and stock control systems, and marketing expertise.

The technology used in an enterprise may affect access to government facilities such as credit, training, and marketing. New technology may also change production methods. Training in the use of new technology, maintenance of new machines, and appropriate business skills, is therefore indispensable.

### **Institutional Strengthening: Investing in Organisations**

Strengthening the ability of organisations to represent individuals is the essence of capacity building. Organisational forms are immensely varied; some are informal and operate at the micro-level, others are concerned with shaping public policy or have international scope. People need support to develop their capacity to relate to each other in ways that enable them to tackle the causes of their vulnerability, and to enhance the quality of their participation in the processes of social and cultural change.

Since people organise for different reasons and in different ways, it may not be feasible to transfer forms of organisation from one situation to another. It is essential that the external agency understand the role and objectives of the local organisation before deciding whether, how, and for what purpose to strengthen it. A capacity building approach focuses on what is right for the organisation and its constituency, as often the methods and approaches preferred by donors may not always help the organisation to become autonomous.

We may begin by examining some of the different forms of organisation typically supported by donors. It is not suggested that all these characteristics are always present, or that others are not. What is important is to recognise the nature of an organisation before seeking to strengthen it, and to analyse how it is accountable to its members or its constituencies, before accepting its claims to “represent” them.

- **Traditional organisations:** These organisations normally mobilise along mainly cultural issues such as religion, ethnicity, gender, social class, age, village, clan or kinship. They foster the preservation, protection and promotion of the local culture. Like other social structures, they also evolve by adapting to external changes or in response to challenges from within. Supporting their ceremonies, programmes and providing them with basic materials and equipment enhances their contribution to the promotion of culture. As local opinion leaders and change agents, they could also be useful in awareness-raising campaigns. Examples of such organizations include the associations of traditional healers and the house of chiefs or traditional rulers.
- **Membership organisations:** These organisations are generally based either on functions or identities, or on issues and interests. They can include research networks, professional associations, such as associations of musicians, publishers, filmmakers, authors and artisans. The common characteristic is that their membership is generally voluntary. Membership organisations may also have a formal or *de facto* representative function. For example, an actors’ union may represent members who have grievances, as well as acting as a negotiating body for members’ collective rights. Revenue may be raised from membership fees, fund-raising activities, donations and grants. Many such organisations also seek external support for activities such as training, legal advice, cultural infrastructure and publications.

Training programs can help to build capable and confident representatives, and strengthen the internal democracy that is so vital to the health of any membership organisation. Training in financial management and in leadership and organizational

skills, such as how to run meetings and workshops, or how to communicate and negotiate effectively, is vital.

- **Organisations sponsored by external agencies:** These are organisations set up by an external agency, often the state or a religious body. Initially, these structures can be under the firm control of the sponsoring body and their ways of working and structures can be alien, complex and unresponsive. However, in combination with strong, independent organisations which can lobby for change, they can become a vehicle for significant advances for disadvantaged groups. Sometimes, though, these organisations may assume a life of their own.
- **Development NGOs:** These may be service-providing agencies, technical assistance groups, or advocacy organisations.

### **Partnership and Cooperation: Investing in Networks**

The term “network” covers the informal linking and communications that goes on between people and organisations, at a local, national, or international level. Networks are semi-formal groupings in which each participant remains autonomous, but where enough common ground exists to establish shared concerns. Networks may be primarily literature-based (for example, through newsletters or journals), topic-focused, or revolve around exchanges, training workshops, and other encounters. Their members may meet or communicate with each other bilaterally, or through a central coordination point. International networking has been revolutionised by the recent advances in information and communication technologies which have enabled organisations around the world to share information, build common strategies, and interact in many other ways.

There are two main reasons for promoting networks: first, to share new ideas and information in order to learn from others with similar interests; and second, to pool participants’ experiences and energy in order to enhance their collective and individual impact.

Participation in international networks can enable people to make the links between the global level and what is going on in their own lives or localities. The following are the different aspects of networking.

- **Linking:** This is an informal and essentially open-ended method of working, which is being increasingly adopted by Northern NGOs in an attempt to break through the communication barrier. Links need not be permanent and they need not be all-encompassing. They can be part of a short-term strategy to reach a particular goal, or a long-term strategy for information exchange.
- **Exchange Visits:** Exchange visits include a visit between one group and another within the same country or between countries. An advantage of such visits is that people learn more readily from peers than from outside experts who lecture them.
- **Workshops:** Workshops enable people to work together on a common concern in a structured but informal and participatory setting, which is why they are often used for training or to assist in brainstorming on a given topic.
- **Conferences:** No capacity will be built by sending delegates to a conference simply to collect copies of the papers. But, where the conference is part of a process of shaping

an organisation's strategies, policy, or planned program activities, it may be more important to participate, and it may be just as important to participate in the preparations rather than in the event itself;

- **Electronic communication:** The number and scope of computer-based electronic networks is growing very rapidly, especially with the advent of the Internet – a global network of networks that links networks in academia, governments, libraries, businesses, civil society and others. Electronic networks can provide access to information and contacts on an unprecedented scale, and add a global dimension to communication.

## **EXAMPLES OF BEST PRACTICES AND INNOVATIVE EXPERIENCES IN DEVELOPING CULTURAL CAPACITY AND STRENGTHENING LOCAL INSTITUTIONS**

### **EXAMPLE I: Empretec – An UNCTAD Capacity Building Programme in Entrepreneurship.**

Empretec is an integrated capacity building programme of UNCTAD that promotes the creation of sustainable support structures to help promising entrepreneurs build innovative and internationally competitive small and medium-sized enterprises, thereby contributing to the development of a dynamic private sector.

Since its inception in 1988, Empretec programmes have been initiated in 26 countries, assisting more than 70,000 entrepreneurs through local, market-driven, business support services.

#### **Project Objectives**

- build a coalition of public-private stakeholders to promote the development of business with an emphasis on SMEs;
- strengthen entrepreneurial skills and domestic business development services;
- enhance entrepreneurship in local communities
- contribute to the development of a dynamic private sector;
- enhance the export capacity of local enterprises;
- assist in identifying overseas market opportunities;
- facilitate the building of contacts and linkages with foreign companies;
- promote trade, investment and the transfer of technology;
- create enterprise support centres to provide business advisory services;
- conduct Entrepreneurship Training Workshops to improve entrepreneurial talents and business competency; and
- provide follow-up technical assistance, networking opportunities and extension services.

#### **Project Beneficiaries**

- public and sector senior officials are transformed into dynamic managers by promoting entrepreneurship;
- business start-ups profit from professional advice so vital for success;
- women entrepreneurs benefit from specially targeted initiatives, creating new and additional employment opportunities

### **Project Partners**

- Italian Development Cooperation (DGCS) – strengthening support capacity for SMEs in ten countries around the Mediterranean Basin and the Horn of Africa through the ‘Mediterranean 2000’ programme;
- Inter-American Development Bank – promoting entrepreneurship in Central and Latin America; and
- UNDP – installing the Empretec model in 20 African countries through the Enterprise Africa Programme.

A key aspect of the Empretec model is to adapt the methodology to local conditions. Accordingly, each country programme develops its own products and follow-up services. This offers a window of opportunity for providing capacity building programmes in cultural entrepreneurship for artists and other cultural workers, in collaboration with the Empretec-Country Programmes or the parent programme, “Empretec-UNCTAD”.

### **EXAMPLE II: ILO Capacity Building Programme – Strengthening the Cultural Entrepreneurship of Artists and Performers**

#### **Small Enterprise Development and Job Creation in the Cultural Industries Programme**

The main outputs of this project, implemented by the ILO and funded by the Ford Foundation, included:

- Five policy-oriented research reports on the cultural industries in the SADC region (performing arts and dance, television and film, the music industry, visual arts and crafts, and ethno-tourism), all using an innovative research methodology, based on value-chain analysis adapted for the cultural industries.
- A Culture Sector Workshop (June 2003), financed by the ILO in partnership with the Senegalese Ministry of Culture, aimed at providing policy recommendations to the first ACP International Meeting of Ministers of Culture, Dakar (June 2003).
- An ILO-financed study on the Senegalese film industry.
- Five cultural industries studies in Brazil, in collaboration with the Ministry of Culture and the Ministry of Labour, on the small enterprise, employment and labour dimensions of the audio-visual industry in Brazil.
- Training materials for cultural entrepreneurship developed and tested in partnership with the Culture Sector Support Program and the Ministry of Labour, Zambia. The intention was to make this package available for capacity building and training of artists in other African countries, with adaptations for other regions and other languages.

#### **Programme of Assistance to Performing Organizations**

The ILO and its International Training Centre in Turin (Italy), have provided financial and technical support to performers’ organisations through the following projects.

- Workshop on Social Protection for Musicians in Africa, for national associations of musicians from 14 countries, in Cape Town (December 2003), organised jointly with the International Federation of Musicians (FIM).
- ILO assistance to musicians in Senegal creating their own micro health insurance scheme. To avoid the risk of incurring expensive medical bills, musicians pay a small premium to a local micro-insurance scheme.

- Training on trade union organising and collective bargaining for musicians and actors was also carried out in the Asia-Pacific region. The ILO supported the International Federation of Actors (FIA) and the International Federation of Musicians (FIM) in organizing the first pan-Asian workshop for performers' trade unions in the region (actors, dancers and musicians), held in Hong Kong (October 2004).
- A regional workshop on the Social Rights of Artists in the MERCOSUR countries in Santiago, Chile (October 2002).
- IFP/SEED National Workshop on Enterprise Development in the Cultural Sector in Lusaka, Zambia (October 2002)

### **EXAMPLE III: UNDP Capacity Building Project – Enterprise Development**

#### **Enterprise Africa Programme**

This is a regional initiative designed to be a focal point for the coordination of all enterprise development in Africa and to enhance development of indigenous African entrepreneurship. Specifically, the programme seeks to strengthen SME creation, development and regional integration through cross-fertilisation of experiences among various African countries under the framework of a regional network. This provides a window of opportunity for the development of “cultural entrepreneurship” in Africa in collaboration with the UNDP and the participating African countries.

#### **Africa 2000 Project**

This is an action-oriented programme at the downstream end of the UNDP's poverty alleviation campaign. The network countries are Burundi, Burkina Faso, Cameroon, Ghana, Kenya, Lesotho, Mauritania, Rwanda, Senegal, Tanzania, Uganda and Zimbabwe. The programme has supported approximately 700 activities (averaging 40 per country) which have had a considerable impact on poverty reduction in rural areas. It enhances the sharing of successful experiences and the dissemination of best practices.

#### **TCDC Network Facility for Africa/Asia Operational Exchanges**

This project supports a multi-disciplinary network as a catalyst for South-South cooperation. The network fosters practical exchanges of knowledge, technology and best practices primarily between Sub-Saharan African and Asian countries focused on capacity building. Networking activities revolve around high-priority areas of concern, such as job creation, sustainable livelihoods, increased productivity, environmental management and enterprise development. The network facility is contributing to the following.

- Enabling African countries to become partners in the regional and global marketplace.
- Building Africa/Asia cooperation and networks to ensure coherent approaches to common problems affecting countries in the region through problem-solving activities in select sectors and countries that provide the context for technical and skills transfer as well as the sharing of proven experiences.
- Facilitating and promoting meaningful cooperation between African and Asian countries through secondment and information exchanges and furthering activities that enhance the capacity of various actors through training and sharing experiences.
- Supporting institutional development through regional and inter-regional exchanges among government and business officials in priority areas such as education, agriculture and the private sector.

- Identifying “pivotal” countries and institutions or models of excellent practices and individuals with the potential to acquire or transfer desired skills and experiences in Africa and Asia

The activities of the network are being implemented by organisations and institutions of 15 developing countries. This offers an opportunity for the INCD to seek participation in the activities of the network with a view to strengthening South-South cooperation between its members in Africa and Asia, for the purpose of exchanging experiences and best practices.

## **SECTION II.4 – LESSONS AND CHALLENGES**

What lessons can be drawn from the successful case studies, best practices and innovative experiences in the development of creative industries and cultural capacity? What role can development agencies play in providing further support to build competitive creative industries?

### **Lessons from successful case studies, best practices and innovative experiences**

We can summarise some of the lessons learned from the successful case studies, best practices and innovative experiences. These will inform future actions in this area.

- Globalisation and the increasing interdependence of national economies have opened new development opportunities, as well as challenges, for the creative industries.
- These challenges are most evident in the area of entrepreneurship, investment and finance, access to technology (including ICTs), intellectual property rights, networking, public-private sector partnership, creation of an enabling environment for the development of the creative industries, institutional strengthening, and the empowerment of women entrepreneurs.
- The examples demonstrate what strong women business leaders can do, in creating a better future for themselves, their employees and their communities through the creative industries. Their experiences as women have shaped their approach to the organisations they founded and managed. As role models, they illustrate the advantages of women becoming engaged in the creative industries.
- Where creative industries contribute to poverty alleviation, business concerns go hand-in-hand with social commitment. For example, Ms. Tembeka Nkamba-Van Wyk, the handicrafts exporter employing thousands of South African women, says: “If you work with people from deprived backgrounds, you really need to see yourself not only as a businesswoman, but also as a social entrepreneur”.
- The concerns and approaches for the development of the creative industries share various elements.
  - Networking is seen as a major ingredient in the recipe for success. (Networking plays a major role in SEWA’s development between its members in the different Indian states, in the South Asian region, and at the global level through the creation of the trade facilitation centre);
  - New technologies help the entrepreneurs network more effectively and manage their organisations successfully (SEWA uses e-commerce as a marketing vehicle and showcases its products via websites);
  - Building a skilled workforce is seen as a major challenge which all the enterprises paid attention to and developed ways of addressing. This is supported by capacity

building programmes offered by different agencies, such as UNCTAD, ILO, UNDP, UNESCO and WIPO;

- Access to investment and financing can be a major stumbling block for any enterprise (commercial banks are reluctant to give credit to SMEs) and all the successful case studies take measures to address this, as a critical issue. Solutions range from providing start-up financing to a few hand-picked enterprises from enterprise development projects such as the UNDP's Enterprise Africa Programme, to the creation of a cooperative bank like the SEWA Bank in India, allowing thousands of members to pool savings; and
- Trade development strategies cannot ignore the development of the informal sector. Most of the creative industries activities in the developing countries operate in this sector, as SMEs, and it is also here that most of the vulnerable, but potentially entrepreneurial, members of the society exist. They usually require assistance to move into the formal economy and into the international arenas.

### **Supportive Role of Development Agencies in Building Competitive Creative Industries**

Creativity is a ubiquitous asset, available in all countries, developed and developing. Its effective nurturing and exploitation can provide new opportunities for job creation, wealth generation and poverty reduction in developing countries. While it is estimated that the global market value of the creative industries will increase to US \$1.3 trillion in 2005, from US \$831 billion in 2000, most developing and transition economies still continue to be marginal players in this sector, in spite of the potential for their growth and development.

Support for domestic creative industries should be seen as an integral part of the promotion and protection of cultural diversity. Moreover, as diversity is a global public asset, it needs to be fully supported by the international community. A critical aspect for support in this area should be provision of development assistance in the form of start-up financing or venture capital for new creative industries, facilitating market access for small players in this sector and putting in place trade policies that can ensure an equitable distribution of the rewards of their creativity.

The digital revolution has transformed the structure of the creative industries and convergence creates an overlap with other sectors of the economy, such as information and communication technologies. This transformation has been closely linked to globalisation. ICTs have facilitated better quality products and services, including creative works. ICTs have also brought new employment opportunities, greater job satisfaction and potentially better employment. Supporting, financing and development of new technologies is an important aspect of the development of the creative industries. Particularly important is enhancing ICT connectivity and access, and related skills development.

It is also important to note that the new technologies have displaced people, skills, techniques and instruments that were highly respected. As with previous technological breakthroughs, there are gains and losses in quality, and winners and losers in the process of technological change. There is no doubt that there is expanding choice for consumers, additional features, better sound and easier use. However, there are fewer opportunities for musicians to perform live, computer-generated special effects take work away from actors and standards appear to have fallen. Furthermore, there are accusations that there is less authenticity and diversity (cultural, linguistic and political) caused by mass production, dumping of low-quality pirated products in markets, and increasing homogenisation of products and services (ILO, 2005). Some believe this situation has been made worse by weak copyright legislation and

enforcement regimes for the creative industries, leading to losses of jobs, revenue and investment (UNESCO, 2005).

Support is required to ensure the development of appropriate copyright legislation and enforcement regimes, and to ensure that artists are beneficiaries of this protection. Capacity building for stakeholders such as artists, cultural workers, legal experts, customs officials and enforcement agents is therefore vital.

The creative industries have increased revenues as consumers in many countries spend greater amounts on media, entertainment and handicrafts. Cultural goods and services are increasingly available digitally in homes, workplaces and over mobile systems, at ever-greater speeds, using a wide variety of means. In spite of their variety, the products of the creative industries share one thing - they are knowledge-intensive. Teams of highly-skilled writers, editors, performers, designers, technicians, artisans, producers and others provide the imagination, inventiveness and technological sophistication which make each product unique. It is the sum of these talents, diverse skills and the mastery of ICTs which brings value to the form and content of the different products and services. To ensure these skills stay at the leading edge of the knowledge economy, there is the need for further investment in the development of technical and professional creative skills; managerial and organisational skills; and to strengthen the cultural institutions.

## **SECTION III – CURRENT STATE OF DEVELOPMENT AGENCY FUNDING FOR ARTS AND CULTURE**

Development cooperation and assistance has come under increasing strain in recent years in many developed countries consequently affecting both the form and pattern of the cooperation. This has particularly affected the relations between private and government development agencies and the forms of cooperation between the two sets of agencies. This has largely been influenced by changes in the principles and practice of development cooperation (OECD, 2004). The main factors responsible for this are:

1. A shift in importance from private agencies in the North to NGOs in the South.
2. The greater emphasis which donor countries place on governance issues in the developing countries.
3. Intense competition by the trans-national corporations and multilateral agencies (particularly those within the United Nations System) for development cooperation funds from the OECD countries.

This Section will explore the current practice in development cooperation in the light of the above-mentioned factors and the impact is it likely to have on the campaign to mobilise a renewed commitment for allocating sufficient resources to arts and culture projects.

### **SECTION III.1 – CURRENT PRACTICES IN INTERNATIONAL DEVELOPMENT COOPERATION**

International development cooperation refers to “measures and actions taken by the international community that have the aim of promoting the advancement of developing countries and improving the functioning of international economic relations”, which remains an urgent task to this day (OECD, 2004).

Development assistance varies greatly in magnitude and type. It consists of a direct transfer of funds, grants, loans and in-kind assistance. Examples of in-kind assistance include food aid and medical supplies, technical assistance, balance-of-payment support and debt relief.

Development assistance in the OECD and other donor countries is largely administered by two entities, the ministry of foreign affairs and the bilateral development agency. The ministry normally administers development assistance destined for the multilateral agencies such as the World Bank, International Monetary Fund, the United Nations and its agencies, and regional organizations and banks. The bilateral development agency administers development assistance funds for cooperation programmes with individual governments; private development agencies in the North, such as foundations, funds and NGOs; and direct assistance to NGOs in the South.

Within this framework, it is common for government-run and private development agencies to work with and help finance NGOs in the South. This relationship has been strained recently as donor governments question the need to support southern NGOs through private agencies in the North, as this increases the transaction cost of development assistance.

During the second half of the 1980s, public development agencies came under increasing criticism for their cooperation with the governments of developing countries. Critics

contended that development aid was being channelled into projects that were doing nothing to improve the lot of the vulnerable and disadvantaged populations of these societies. With the end of the cold war, the criticism was that much of development assistance had served only to keep friendly governments in power, including those with poor governance records. Governments responded to these criticisms by channelling more public development funds through private agencies in the North and to support NGOs, rather than projects connected with governments. This anti-government shift conformed to prescriptions of the first generation of Structural Adjustment Programmes (SAP) imposed by the Bretton Woods Institutions. Under SAP, the task of the private development agencies in the North was to encourage the creation of NGOs in the South, with a view to “developing a vibrant civil society” and “building their capacity”.

Later, the priorities shifted. As a weak government is seen as an obstacle to development, Southern NGOs are no longer seen as suitable replacements for a dysfunctional state. In principle, OECD governments now favour concentrating aid on developing countries with government whose behaviour meets OECD standards. This situation means that for the private development agencies in the North and for Southern NGOs to continue benefiting from public development funds, activities must ‘fit’ into development plans of both the developing countries’ governments and those of the donor countries. In large measure, this process is being driven in the developing countries through the Poverty Reduction Strategy Papers (PRSP) which these countries must develop in order to continue receiving loans from the World Bank, IMF and OECD member countries (OECD, 2005).

The situation is further complicated by the fact that, to achieve the objectives of the Millennium Development Goals, the development agencies are advocating for a “partnership” with suitable private sector companies in the North, in order to build adequate infrastructure in the developing countries. In theory, this partnership should bring private capital to developing countries but, in practice, the donor countries and the beneficiary developing countries must assuage the private partner’s fears. This situation reduces funding for other items in the development budget, including arts and culture, as well as funding for private development agencies in the North, and Southern NGOs (UN, 2005).

Natural disasters, such as the Asian tsunami, and trouble-spots in Africa, including Darfur, the Great Lakes Region, the Horn of Africa, the Mano River Basin, the drought and famine in Niger and Ethiopia, bring increasing pressure for international development assistance and humanitarian programmes.

Political considerations also enter the equation. Many governments are upset at the advocacy work and criticisms from private development agencies and NGOs, especially their protests against economic globalisation. Opposition to the interventions in Afghanistan and Iraq have fuelled this concern. While private agencies and NGOs might have the support of the majority of their populations, their actions get themselves into trouble with their governments.

The current interest in the donor community is for private development agencies and NGOs to be involved in issues such as capacity building and public education advocacy. Awareness building and discussion of problems in developing countries can awaken and sustain public interest in development cooperation in the North (SCD, 2004). This is probably an area where arts and culture activists can create a niche to demand a renewed commitment and an increased budgetary allocation.

## **SECTION III.2 – BUDGETARY SUPPORT FOR CULTURE: THE CASE OF SELECTED DEVELOPMENT AGENCIES**

International development assistance is normally channelled through three main sources:

- Bilateral development agencies;
- Multilateral development agencies; and
- Private development agencies (including foundations, funds, NGOs)

For the purpose of this study, an examination of the programmes and budgetary allocations for arts and culture will be made for one example from each category, with a view to determining the level of commitment for culture in the programmes and activities of these agencies. This information will be extrapolated to draw conclusions and recommendations for a renewed commitment for additional resources for culture in international development assistance.

### **EXAMPLE I: European Union – Budget for 2005**

For the year 2005, the European Union appropriated EUR 106,300 million, as its overall budget. This is broken down into six budget headings:

<b>Category</b>	<b>€ millions</b>
Agriculture and Rural Development	49,115
Structural Operations	32,396
Internal Policies	7,923
External Actions	5,476
Administrative Expenditures	6,351
Pre-accession Strategy	3,287
Other	1,752

Internal Policies covers operational activities, including culture, and represents 7.9 percent of the total budget. Culture and education are lumped together as a policy measure. Below is the detailed breakdown of the budgetary allocation for this heading.

<b>Internal Policies</b>	<b>Budget Estimates (€ millions)</b>	<b>% of Budget</b>
Research and Technological Development	5,047	55.8
Education and Culture	897	9.9
Economic and Financial Affairs	83	0.9
Employment	178	2.0
Enterprise	159	1.8
Environment	236	2.6
Justice and Home Affairs	540	6.0
Health and Consumer Affairs	121	1.3
Energy and Transport	1,056	11.7
Other	735	8.1

The Education and Culture budget is 9.9 percent of the total budget of Internal Policies. It is the third largest budgetary allocation after Research and Technology and Energy and Transport. However, the amount allocated to culture is not clear from these estimates. But this a difficulty culture encounters because it is normally part of consolidated allocations. It is often with another sector and is sometimes used as an instrument to achieve the objectives of that sector (in the case of the EU budget, Education).

However, an examination of the EU Programme on Culture gives you a clearer indication of the organization’s commitment to the sector, through the following activities:

- **Culture 2007.** Previously Culture 2000, it was originally designed to run from 2000 to 2006 and now has a budget of €236 million. Among other things, it was designed to develop artistic and literary creations, to develop heritage sites and cultural collections of European importance, and to stimulate intercultural dialogue and social integration. Culture 2007 is aimed at “boosting trans-national mobility for people working in the cultural sector, encouraging trans-national circulation of artistic and cultural works, and enhancing intercultural dialogue”.
- **European Social and Regional Funds.** Together, these funds spend up to €500 million a year on projects with a cultural element, including support to Italy’s Arturo Toscanini Foundation, which runs training courses for out-of-work musicians and contributions to a programme to preserve and enhance Greece’s archaeological heritage.
- **Capitals of Culture Programme.** Each year, one or two cities are selected as cultural capitals of Europe, thereby qualifying for financial support under the Culture 2007 Programme.
- **Gifts of Tongue Programme.** This is expected to promote linguistic diversity in Europe by working to preserve, protect and promote the regional and minority languages, including Basque, Breton, Catalan, Frisian and Welsh.
- **Media 2007 Programme.** This programme is designed to provide training for professionals, to develop production projects and enterprises, to distribute films and audiovisual programmes, to provide access to funding for the SMEs, and so on. The current programme has a budget of €513 million. The Commission has proposed renewing the media programme for the period 2007-2013 with a draft budget of over one billion euros.

**EXAMPLE II: Swiss Agency for Development and Cooperation – Bilateral Development Cooperation by Sector for 2004 (in CHF millions)**

<b>SECTOR</b>	<b>Africa</b>	<b>Asia</b>	<b>L/America</b>	<b>Europe</b>	<b>Others</b>	<b>Total</b>
Agriculture	20.6	30.1	19.7	0.7	7.7	78.8
Water, Infrastructure And Transport	17.0	14.7	7.9	-	4.0	43.6
Environment	6.7	21.2	10.6	0.2	12.3	51.1
Health, Population	30.0	8.6	3.1	-	6.9	48.7
Education, Arts and Culture	17.2	23.8	5.3	2.1	14.5	62.8
Private Sector and Financial Sector	8.2	10.3	14.1	0.0	6.3	38.9
Public Sector						
Management	19.7	20.5	7.0	0.0	4.6	51.8
Multi-Sectoral	39.5	23.0	16.0	0.5	106.6	185.6
<b>TOTAL</b>	<b>159.0</b>	<b>152.2</b>	<b>83.7</b>	<b>3.5</b>	<b>163.0</b>	<b>561.3</b>

In the development cooperation budget for the Swiss Agency for the year 2004, the ‘Education, Arts and Culture’ Budget is the third largest recipient of the Agency’s budgetary allocation, coming only after ‘MultiSectoral’ Programmes and ‘Agriculture’, which is a major priority sector for the country. In terms of the regional allocation; Africa tops the list, followed by Asia, Latin America and Europe in that order.

**EXAMPLE III: The Ford Foundation – Approved Grants and Project for 2004 for the Media, Arts and Culture Department (A Private Agency)**

The total programme expenditures in 2004 of the Ford Foundation were roughly US \$512,000,000. Of this, the Department for Media, Arts and Culture (MAC) was awarded \$43,905,000 or 8.6 percent. From the total budget for MAC, \$31,500 was awarded as grants to individuals, with the remaining awarded to projects and organisations. The distribution of funds awarded to organizations and projects for the year 2004 follows:

<b>SECTOR</b>	<b>US \$ Expenditures</b>
Arts and Culture	\$ 28,837,890
Media	15,066,750
<b>TOTAL</b>	<b>43,904,640</b>

**SECTION III.3 – TOWARDS A RENEWED COMMITMENT FOR ARTS AND CULTURE IN DEVELOPMENT ASSISTANCE**

The research and consultations for this study show that campaigning for a blanket increase in the cultural budget of development agencies could be problematic and complicated, especially considering certain factors and players. Generally, obtaining a renewed commitment will require a cautious and pragmatic process of engagement and dialogue with the development community. The objective is to establish common ground and mutual understanding.

To address this issue, we should briefly examine the following considerations:

- The role of donor networks such as the Bellagio Group, the United Nations Inter-Agency Consultative Committee and OECD’s Development Assistance Committee. The mandate of these networks is “to consult with the member organisations on the methods for making resources available for assisting countries and areas in the process of economic development and for expanding and improving the flow of long term funds and other development assistance”. Although individual member countries or organisations determine the content of their budgets, decisions of the networks on some fundamental issues of development assistance is considered in the budget process. Thus, it is important to understand the perceptions of these networks on culture’s relationship with development and their involvement in the consultative process is vital.
- The manner in which development assistance is managed and channelled adds to the problem. In the case of bilateral development agencies, it would be necessary to advocate to politicians, since legislative approval of the development assistance budget is required. It is also necessary to advocate to Boards of Directors and secretariats of these agencies. For multilateral agencies, advocacy of member

countries, as well as the staff of the agencies and their committees would be required. Although it would not be as cumbersome, it would also be necessary to advocate to key people involved in the private development agencies.

- Another consideration is the shifting priorities of the development agencies. The priorities of the agencies change from time to time, sometimes often, depending on the exigencies of the situation. New priorities can easily replace older ones in the budget allocation process.
- Finally, we need to deal with the perception or approach adopted by each agency to the issue of culture's relationship to development. This issue of perception invariably determines the extent to which culture is accorded a key place in the budget of an individual agency. This is an area where the development community has to be engaged, in order to influence it positively.

Having explored these considerations, we would now like to recommend to INCD a three-pronged approach to addressing the issue:

**1. Prepare an Advocacy Programme**

It is essential for INCD to develop a clearly-worded advocacy programme that identifies the issues, and analyses the strengths, weaknesses, opportunities and threats. INCD needs to make concrete recommendations on what actions it would like the development agencies to take. The advocacy document would provide the basis for the engagement and dialogue with the development community.

**2. Initiate a Process of Engagement, Dialogue and Consultation**

The following process should be considered:

- 2.1 INCD should identify two or three development agencies from the following categories to work with initially:
  - Bilateral Development Agencies
  - Multilateral Development Agencies
  - Private Development Agencies from the North
  - NGOs from the South.
- 2.2 The INCD can then launch a dialogue, electronically at the start, to be followed by visits and/or the convening of a consultative meeting involving all of the identified agencies. The consultative process will enable INCD to educate the agencies on its proposals as well as be educated about the particular agency's practices, including:
  - What projects do they fund?
  - How do they budget and make decisions about applications?
  - What is their perception or approach respecting culture's relationship to development?
  - How can INCD's agenda be accommodated in their operations, programmes projects?
- 2.3 INCD should look first to agencies with which it has an established working relationship, or those which already acknowledge the role of culture in their activities.

- 2.4 If INCD receives interest in its agenda, it can elaborate a pilot project and invite at least one agency from each of categories in 2.1. The pilot project would be concrete, would address policy and procedural matters, and would recommend how the proposal would impact on the budget of the development agency. The selected agencies will implement the proposal for a period three years and assess whether it is sustainable in the longer term.
- 2.5 Depending on the results of the pilot project, the idea can be expanded to other development agencies

### **3. Issues for Consultation Process**

The author believes that to start campaigning for a budgetary increase for culture in development budgets without first engaging the development agencies in addressing their perception or approach regarding culture's relationship to development, is like jumping into the middle of the problem, or "putting the cart before the horse". The way they perceive culture's relationship to development to a large extent will determine the size of each agency's cultural budget.

The author believes further that INCD would do better to undertake an issue-focussed campaign for specific budgetary increases for culture, rather than clamouring for an across-the-board budgetary increase, which is unrealistic and too ambitious.

In view of the fact that donor priorities shift from time-to-time, it might be better to seek a commitment of a particular donor to a particular issue (for example, developing the craft industry) for a given period of time (five-to-ten years). This appears to most of the donor agencies consulted as part of the study to be a more feasible option than requesting a blanket budgetary increase for an indefinite period.

Thus, the author recommends the following issues be on the INCD agenda for consultation and dialogue.

#### **3.1 Culture's relationship to development**

This should address the way the development agencies selected for consultation perceive the relationship between culture and development, and how that is reflected in their operations, programmes and projects.

The Bretton Woods Institutions and some OECD member countries subscribe to the neo-liberal approach to culture, which visualises culture as an instrument for promoting the accomplishment of particular development objectives. Any agency subscribing to this perspective would view culture as an instrument in its activities. The World Bank asserts that it "invests in cultural assets by two means: (a) as components of large sectoral projects; and (b) in projects specifically designed for conservation, management and economic use". This is a purely neo-liberal perspective of culture as an instrument to attain the objectives of "large sectoral projects".

The cultural community strives to project a perspective of culture as a "structural functional" vision of human society. This perspective advocates that, although every country aspires for some measure of economic development, the criteria

and indicators for that development must be broadened to include not only economic development, but also cultural growth and development. This acknowledges the dual function of culture: its far-reaching instrumental function to promote economic development; and its intrinsic value that warrants it to grow and develop in its own right, to enable it to be effectively of service to development and other basic human objectives.

### **3.2 Additional budgetary support for culture**

The author submits that the INCD should take an issue-focused approach, over a defined period, rather than clamouring for a blanket percentage budgetary increase over an indefinite period. For this, we recommend that INCD identify a few priority areas based on its experiences and the information documented in this report. This could fall into the following three broad areas as outlined earlier in this Report.

3.2.1 *Development of Creative Industries.* There is an urgent need for access to financing for start-ups and acquisition of technology, and for programmes dealing with market access, intellectual property rights and others;

3.2.2 *Development of Cultural Capacity.* Investments in the development of technical and professional creative skills, and managerial and organisational skills, are required across all sectors.

3.2.3 *Strengthening Local Cultural Institutions, Organisations and Networks.* Investments in cultural infrastructure, equipment and materials are required for these groups to function effectively, as are investments to develop their capacity to network and to exchange ideas, best practices and innovative experiences

### **3.3 Integrate Cultural Impact Assessment into Development Framework and Processes**

This aspect would supplement the other areas, as it will buttress the agency's commitment to the preservation, protection and promotion of the cultural diversity of the countries and communities where they operate.

## **SECTION IV – INTEGRATING CULTURAL IMPACT ASSESSMENT INTO DEVELOPMENT FRAMEWORKS AND PROCESSES**

The term “cultural impact” refers to the consequences to human populations of any public or private policies and actions that significantly change the norms, values, beliefs, practices, institutions as well as the way these populations live, work, socialise and organise themselves as part of their cultural life.

Within the framework of the INCD project on this subject, cultural impact assessment has been defined as:

*“A process of identifying, predicting, evaluating and communicating the probable effects of a current or proposed development policy or action on the cultural life, institutions and resources of communities, then integrating the findings and conclusions into the planning and decision-making process, with a view to mitigating adverse impacts and enhancing positive outcomes”*

What are the key issues, principles and procedures involved in the cultural impact assessment that could guide the INCD in campaigning for its integration into the operations and activities of development agencies?

### **SECTION IV.1 – KEY PRINCIPLES AND PROCEDURES IN CULTURAL IMPACT ASSESSMENT**

#### **Key Principles:**

- Cultural impact assessment is predicated on the notion that policy and decision-makers, planners and project managers should understand the consequences of their decisions and actions before they act, and that the affected people will not only be appraised of the effects, but have the opportunity to participate in designing their future.
- An enormous amount of different types of cultural impact assessment work is done around the world. Ideas are constantly evolving as to how to standardise it and make it more widespread and effective. Most of these instruments are agency driven, designed by various development agencies and sometimes individual experts, as part of their programme or project evaluation frameworks.
- Because of the multiplicity of the agency-specific CIA, there are remarkable variations in approaches and experiences. This highlights the need to develop standard guidelines and minimum standards for assessing the cultural impact of policies or projects, with a view to reducing biases and abuses, especially in countries with the weakest legislation and regulatory frameworks for preserving and protecting cultural heritage.
- There are two aspects to the task of integrating cultural impact assessment into development frameworks and processes; 1) designing the framework for undertaking the task; and 2) formulating additional policies and regulations to enhance its effective integration into the operations, strategies and projects of development agencies.
- The CIA refers to the whole appraisal process from identification of probable impacts to acting on the results of the investigation. The part of the process which comprises

carrying out the investigation and prediction of the likely effects and reporting on this, is typically undertaken by the programme or project proponent, or the agency.

- The risk of bias in the CIA process could be reduced in the following circumstances:
  - If the investigation is commissioned and supervised by the relevant decision-making authority.
  - If there are systems for independent verification or peer review of the work according to recognised standards.
  - If transparent procedures are followed to ensure impartiality where the decision-making authority itself is the proponent of the programme or project to be subjected to CIA,
  - If use is made of suitably qualified and experienced professionals with the requisite expertise in the relevant fields, and competent to apply correct methods with the rigour required during the assessment and evaluation stages.
  - If provision is made for consultation and participation of local people, interested non-governmental organisations and the general public in the CIA process. Such people and organisations should be afforded an opportunity in defined circumstances to challenge information and observance of relevant procedures which they believe to be deficient.

### **Key Procedural Guidelines for Carrying Out Cultural Impact Assessment**

Cultural impact assessment is characterised by its multidisciplinary, systematic and predictive nature and in its better form involves:

- Reviewing the existing state of the cultural environment and the characteristics of the proposed action and possible alternative actions.
- Predicting the state of the future cultural environment with and without the action (the difference between the two being the action's impact).
- Considering the methods for avoiding, eliminating or reducing any adverse impacts, and possible compensation for them.
- Preparing a cultural impact assessment statement or cultural assessment report which discusses the issues, and is used to inform and influence decision-making.
- After a decision is made about whether or how the action should proceed, monitoring the impacts which do occur, and acting on the results of such action.

How can INCD work to ensure that development agencies integrate cultural impact assessment into development frameworks and processes?

## **SECTION IV.2 – ADVANCING THE INCD'S OBJECTIVES**

There are three possible ways that the INCD could work to ensure the integration of cultural impact assessment into development frameworks and processes:

1. **Create a web portal** – The portal would have two purposes:
  - To document successful case studies, best practices and innovative experiences in cultural impact assessment and to distribute them widely.
  - To encourage INCD members or others to inform the INCD through the portal, on cases where projects are being implemented or in the process of being implemented, without cultural impact assessment being an integral part of the delivery process.

2. **Launch a targeted campaign** – On the basis of information the INCD receives that the CIA process has been omitted in a given project, it could launch a campaign:
  - Contact the agency funding the project and the beneficiary to bring the omission to their attention and to work with them until the project accommodates the CIA process.
  - If they fail to cooperate, the INCD could bring the issue to the attention of other prominent persons or institutions, requesting them to contact the parties involved and putting additional pressure on them to modify the project to accommodate the CIA process.
  
3. **Engage in a dialogue with development agencies** – On the issue of campaigning for a budgetary increase for culture by development agencies, it has been proposed that INCD launch a process of consultation and dialogue with selected donor agencies. This consultative framework could provide the basis for the INCD to request the development agencies involved to consider integrating the CIA process into their operations and projects.

## SECTION V – CONCLUSIONS

Creativity is a ubiquitous asset available in all countries. Its effective nurturing and exploitation could contribute to job creation, income generation and poverty alleviation. These opportunities have been unrealised in many developing countries and countries in transition for many reasons, including the expanding technological frontiers of the information society.

Creative industries are one of the fastest growing sectors of the global economy, and contribute significantly to the GDP of many developed countries. However, most developing and transition economies continue to be marginal players, regardless of their rich cultural heritage. Nonetheless, the potential for them to reap the benefits from the creative economy is enormous, given the examples of the Indian and Nigerian Film Industries, as well as the examples of successful craft industries in Senegal, South Africa, India and Brazil.

The study also shows that the development of creative industries and cultural resources can be effectively accomplished if cultural capacity is developed and cultural institutions, organisations and networks are strengthened. The examples cited point to these issues as among the major challenges that can be addressed through different ways and means. The efforts are supported by the activities of certain development agencies with which INCD should seek cooperation in promoting concrete projects.

The investigations and consultations on the issue of launching a campaign for a budgetary increase for culture by development agencies show that requesting a blanket budgetary increase for an indefinite period, is not a viable option. Instead, the INCD should begin a process of consultation and dialogue with selected donors on this issue. In this way, the INCD will target particular development agencies, and advocate for a progressive budgetary increase in selected areas over a given period of time.

In the case of the INCD proposal to promote the integration of cultural impact assessment into the operations of development agencies, it is recommended that a web portal be created to document successful case studies and to investigate the failure of given projects to accommodate the CIA process. INCD should advocate to funding agencies to ensure the CIA process is accommodated in project delivery.

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