

UNITED NATIONS EDUCATIONAL,
SCIENTIFIC AND CULTURAL ORGANIZATION

INTERNATIONAL FUND FOR THE PROMOTION OF CULTURE

ADMINISTRATIVE COUNCIL

Second Extraordinary Session

Paris (Bois du Rocher), 11-14 October 1977

REPORT

1. The second extraordinary session of the Administrative Council was held from 11 to 14 October 1977 in Paris (Bois du Rocher). The session was attended by the members of the Council, observers and Secretariat officials whose names are listed in Annex I.

Opening of the session

2. At the opening meeting, Mr. Makaminan Makagiansar, Unesco's Assistant Director-General for Culture and Communication, welcomed members of the Council and observers on behalf of the Director-General. He stated that in the current international situation, culture was seen to be even more clearly the expression of the whole range of ways of life and behaviour patterns. Thus it constituted one of the surest means of strengthening co-operation and peace, since through culture peoples and nations might live together in greater harmony and mutual understanding. In that context, the Fund had an extremely important role to play. That is why it was a wise decision on the part of the Administrative Council, at its first extraordinary session, to undertake its operational activity without further delay by approving a series of projects involving several geocultural regions.

3. Mr. Felipe Herrera, Chairman of the Administrative Council, endorsed the statements of the Assistant Director-General and asked him to thank the Director-General of Unesco for his support of the activities and initiatives of the Fund. He emphasized the importance of the first extraordinary session of the Council which had been held in Brussels at the invitation of the Belgian Government, and paid tribute to the contribution made on that occasion by Mr. Naessens. In his view, the Brussels meeting marked the conclusion of the constitutive period of the Fund and the beginning of its practical activities in a number of domains. In that connection, he described the considerable display of interest among high-ranking officials of governments and international and regional institutions with whom he had spoken in recent months in Europe, Latin America and the United States.

4. Mr. Makagiansar and Mr. Herrera, together with Ambassador El-Wakil, expressed on behalf of Unesco and the Administrative Council of the Fund their great satisfaction at seeing Mr. Luchino Revelli-Becumont present at the second extraordinary session. They paid tribute to his faith in the objectives of Unesco and the Fund, to his generosity of heart and mind, and to the dignity with which he had surmounted

the trial which he had undergone, and were happy to be able to count on his collaboration once again. Mr. Revelli-Beaumont expressed his heartfelt gratitude to the Director-General of Unesco, to the Chairman and to the members of the Council, as well as to the Secretariat staff, for their support and assistance to his family during those difficult times. He reaffirmed his faith in the action undertaken by Unesco and the Fund to ensure greater justice in international relations by aiding cultures that were oppressed at the present time.

Adoption of the agenda

5. The Council adopted the provisional agenda that had been submitted by the Director (see Annex II).

Financial position

6. The Chairman welcomed the initial contributions made by the Governments of Venezuela and Iran. Those contributions, plus that of the Government of Saudi Arabia, appreciably strengthened the financial position of the Fund. He expressed the hope that other countries and institutions which had already announced their intention of contributing to the Fund's resources would do so very soon.

7. He then reported on the highly encouraging contacts that he was continuing to have with officials of governments and institutions in France, Brazil, Argentina and the United States of America, and with the Administrator of the United Nations Development Programme (UNDP) and the Secretary-General of the Organization of American States (OAS).

8. Mrs. Diah informed the Council that following her approach to the Minister of Education on the question, the Indonesian Government would soon communicate its decision to contribute to the resources of the Fund. The Chairman expressed his great satisfaction at that news, and thanked Mrs. Diah for her active efforts.

9. Mr. Bhabha stated that the Indian Government had decided to give its full support to the activities of the Fund and that the question of how it would contribute to its resources was currently being studied.

10. Mr. Popovski announced that the Yugoslav National Commission for Unesco would be meeting shortly to consider ways and means of co-operating. Co-operation might, for example, take the form of research fellowships made available to the Fund.

11. Mr. Amador reported on changes that had taken place in the administration of cultural activities in Spain and stated that a final decision by his country concerning its contribution to the resources of the Fund might be expected before the end of 1977.

12. The Director of the Fund stressed the importance of contacts which members of the Council might make with the National Commissions for Unesco in their respective countries and regions. In that regard, the idea of organizing special meetings concerning the Fund whenever the need arose seemed to him most opportune.

13. Lastly, the Executive Secretary reported on his recent visit to Austria where he had attended an interministerial meeting during which he had answered numerous questions on the characteristics and activities of the Fund. The Austrian authorities had shown interest in the activities of the Fund and said that they intended to give thought in the near future to the possibility of making a contribution.

14. The Council then examined the documents relating to the financial position of the Fund as at 31 August 1977 (see Annex III). It took note of the explanations provided by the representative of the Bureau of the Comptroller and approved the form of presentation chosen which seemed to it to reflect clearly the structure and financial position of the Fund.

Investment of resources

15. The Chairman reported on his discussion, following the previous session, with the Comptroller of Unesco, in accordance with the decision adopted by the Council to invest, on an experimental basis, half the resources of the Fund for periods longer than one month.

16. The representative of the Bureau of the Comptroller stated that the sum of U.S. \$800,000, which represented approximately half of the resources already paid to the Fund, had been invested in four deposits of U.S. \$200,000 for terms expiring in regular succession every three months. That practice made it possible to obtain yearly interest rates renewable every three months.

17. The Council considered that at the initial stage, such a form of investment was best suited to needs, and it requested that future contributions should be invested in the same fashion. It also considered the possibility of investing sums for longer periods (e.g. eighteen months) depending upon the structure of market interest rates. It likewise considered that the deposits should be kept in United States dollars and that no exchange risk should be taken.

18. After lengthy consideration of existing investment opportunities involving longer periods and other procedures, particularly medium-term bonds, it was decided that such questions should be the subject of a meeting of the Finance Committee during the forthcoming ordinary session of the Administrative Council.

19. The Chairman expressed the Council's gratitude for the assistance provided by the Bureau of the Comptroller and stressed that a very flexible policy should be followed having regard to the highly erratic situation of the financial markets and the pursuit of a priority objective which consisted in obtaining the best possible return with a maximum of security.

Draft Financial Regulations

20. The Council studied the draft Financial Regulations drawn up by the Unesco Secretariat in accordance with a request expressed at the preceding session.

21. Members of the Council considered that the draft was consistent with the objectives of the Fund and was of such a nature as to facilitate its operational and financial administration.

22. After a lengthy exchange of views, the Council, at the request of several of its members, suggested incorporating a number of amendments designed to complete the provisions concerning resources, funds being administered and investments.

23. The Director stated that the draft, as amended, would be forwarded to the competent services of the Unesco Secretariat. After their views had been obtained, a final draft would be prepared and submitted to the Director-General for communication to the Executive Board of Unesco at one of its forthcoming sessions.

Proposed amendment to the Statutes

24. The Director recalled that at previous sessions some members of the Council had expressed a desire to study the possible amendment of the Statutes covering the following four points: (a) simplification of the Fund's title; (b) frequency of the ordinary sessions of the Administrative Council (once a year instead of once every two years); (c) increase in the membership of the Administrative Council; and (d) the possibility of allowing members to be represented at the sessions by deputies.

25. After studying the nature of the amendments suggested, the Council agreed with the view of one of its members who suggested that it was not opportune, at that point, to introduce an amendment procedure to the Executive Board or the General Conference of Unesco. The Council thought that the main problem - frequency of the sessions of the Council - might be solved by convening an extraordinary session every two years.

Examination of operational criteria

26. The Council then considered the operational criteria of the Fund on the basis of a working paper prepared by the Secretariat in accordance with the request expressed at the previous session (Annex IV).

27. In the Council's view, the document submitted was a faithful reflection of the operational criteria which the Fund should follow and it authorized its dissemination in a version which would take into account the comments made by members of the Council.

28. The Council recognized that in the face of immense needs, the action of the Fund could only be of a limited nature. Stress should therefore be laid on the catalysing role that the Fund might play in many fields which were still not receiving the financial, technical or intellectual assistance needed.

29. The Chairman emphasized, in that connection, the importance that should be attributed to technical assistance in general, and to the financing of pre-investment studies in particular. Through that approach, the Fund might play a useful and necessary role by aiding, for example, in the devising and establishment, at all levels, of institutions, structures and machinery to assist cultural action which might, at a later stage, help to raise additional funds from public or private sources.

30. Several members of the Council stressed their interest in theoretical and practical research activities which the Fund, either directly or indirectly, might promote in many fields and particularly as regards cultural financing. The publication of an information bulletin dealing with cultural financing might constitute a worthwhile initiative in that regard.

31. Aid in establishing machinery for cultural production and dissemination and in the training of cultural personnel was considered one of the most effective ways of contributing to the creation of new employment openings.

32. Lastly, the Council considered that at this early stage the Fund was in no position to undertake long-term commitments or to grant subventions on a permanent basis. Since it was a promotion organ, its operations should aid in launching projects and experiments that might later receive other financial assistance. It was also decided that no increase, even partial, in the assistance granted for the implementation of a project could be given consideration as long as the Fund did not deem the beneficiary's use of the initial aid to be satisfactory.

Co-operation with foundations

33. The Council studied an information note on the nature of the activities carried out in the area of international cultural co-operation by the principal foundations, a note which had been prepared by the Secretariat in response to a request made at the previous session.

34. It was recognized that there was currently a very small number of foundations exclusively devoted to the promotion of culture at the international level. The principal sectors of activity involved included aid to scientific and medical research and philanthropic assistance. The Fund should therefore continue its co-operation with the foundations in order to broaden efforts involving aid to culture which was regarded as one of the essential components of development.

35. The Council considered that such co-operation should be established on the basis of specific projects and relations of confidence, with respect for the independence and particular nature of each foundation. It was suggested that the Fund might give consideration, when the time came, to the possibility of appointing correspondents in certain countries, as for example the United States and Japan, in order to facilitate co-operation of that kind. In the meantime, members of the Council should actively cultivate contacts with the foundations in their respective countries.

Operational projects

36. The Director of the Fund submitted the new requests for financing covering a series of projects involving several geocultural regions and various operational sectors.

37. After studying the working paper prepared by the Secretariat, the Council decided to allocate the following maximum sums to the projects listed below:

U.S. dollars

- | | | |
|-----|--|---------|
| (a) | Multidisciplinary study on cashew cultivation: | |
| | <u>Centro Nacional de Referencia Cultural (Brazil)</u> | 20,000. |
| (b) | Promotion of the teaching of design: | |
| | <u>National Institute of Design (India)</u> | 17,000 |
| (c) | Feasibility study for the establishment of a Caribbean enterprise for the production and distribution of printed and audio-visual materials: | |
| | <u>Caribbean Development and Co-operation Committee (CDCC)</u> | 40,000 |
| (d) | Experimental seminar for the training of "animateurs culturels": | |
| | <u>Municipal Council of the City of Fez (Morocco)</u> | 35,000 |

U.S. dollars

- (e) Socio-cultural activities on the environment
in the Franco-Swiss border regions of the Jura:
URJ-AJIAC (Switzerland): CAC-CDAC (France) 23,500
- (f) Setting up of a television workshop-school in
Caracas:
Ateneo de Caracas (Venezuela) 50,000

38. It was also decided that the following requests for financing would be re-examined at the forthcoming session of the Council or the Executive Committee:

- (a) Study on the role of sound and visual recordings in contemporary society:
Mediacult (Vienna, Austria)
- (b) Inquiry into the promotion of Lebanese handicrafts:
"Mouvement Social" (Lebanon)
- (c) Equipment for an artistic and cultural centre:
"Vijnana Kala Vedi" (Kerala, India)
- (d) Study and dissemination of the performing arts of Asia:
Mandapa Centre (Paris)
- (e) Art registration terminals systems (ARTS):
Mrs. Alice Mary Hilton

39. In connection with the request submitted by the International Music Council (IMC), with a view to the establishment of an international centre for the production and distribution of audio-visual material, and similar proposals made by a number of associations and individuals, it was suggested that working meetings be organized on this subject in 1978. The aim of such meetings should be to obtain the views of the non-governmental organizations concerned and of the associations and individuals interested, on the most effective means of promoting practical forms of action in the audio-visual field.

Promotional activities

40. In order to contribute to the search for practical methods designed to facilitate communication between the public and those working in the visual arts, the Council decided to participate in the financing of experimental activities in connection with the exhibition "Feminie 1977-1978" to be held at Unesco Headquarters. The international group "Dialogue" (Paris), the promoters of the exhibition, would be organizing symposia, meetings, visits to creative centres, an experiment in the lending of works of art, and the publication of a questionnaire-catalogue. The Council decided to make a grant of U.S. \$12,000 for the financing of these various experiments.

41. The Executive Secretary reported on his recent visit to Colombia to obtain the agreement of the competent authorities for the issuing of a collector's coin. During the visit, the Governor of the Central Bank had stated that he would be supporting the submission to Parliament, during the next few weeks, of a bill authorizing payment to the Fund of revenue from the sale of the coin. In accordance with previous contacts made with the Chairman of the Administrative Council, the Central Bank had also agreed to allow revenue from the operation to be used inter alia to organize an international meeting in Bogotá on "the role of banks in cultural financing" and to publish a book or booklet on these questions.

42. The observer from the Arab Fund for Economic and Social Development (AFESD) referred to the contacts which President Jaroudi had had with Ambassador El-Wakil concerning the suggestion to hold a study meeting in Kuwait on the cultural financing situation in the Arab countries. He informed the Council that the Arab Fund regarded the proposal as extremely opportune and was prepared to organize the meeting in Kuwait in 1978. The meeting might be held under the auspices of the IFPC and AFESD and would bring together banks, Arab development funds, the Arab League and a number of eminent figures from cultural and university circles. The AFESD might deal with the individual invitation arrangements, while the IFPC could prepare the documents and studies required for discussion of the topic.

43. The Chairman, Mr. Herrera, asked the observer from the Arab Fund to convey to President Jaroudi the Council's appreciation in respect of this interesting proposal and requested the Secretariat to make the necessary arrangements. It was considered that the meeting might be held, in principle, in the last quarter of 1978.

44. The Council approved the publication of a new information brochure on the Fund. It should provide information on the background and nature of the Fund, the constitution of its initial resources and a list of the members of the Administrative Council. It would also contain a "review of activities - 1977", the first year of the Fund's operations.

45. The Chairman and Executive Secretary informed the Council of the results of the seminar on the "Cultural dimension of integration" held in Buenos Aires (Argentina) from 5 to 7 September 1977 under the auspices of the Institute for Latin American Integration (INTAL) and the Fund. The Chairman stressed the importance of the seminar which was the first of its kind. Its conclusions would be communicated to the delegations and observers taking part in the Intergovernmental Conference on Cultural Policies in Latin America and the Caribbean which was to be held in Bogotá in January 1978.

Draft Budget for 1978

46. The Council approved the draft budget for 1978 submitted by the Director. Bearing in mind that fund-raising activities must be actively continued, it was decided to increase from U.S.\$15,000 to \$20,000 the section headed "Missions and fund raising". In the light of the operations approved during the session, "Operational expenditure" was set at U.S.\$197,500 (see Annex V).

47. The amount to be assigned to "promotional expenditure" would be established by the Director and communicated to the Council later, on the basis of the decisions referred to in paragraphs 40, 41, 42 and 44 above.

Date and place of the second ordinary session of the Council

48. The Council decided to hold its next ordinary session in Paris, at Unesco Headquarters, probably in the latter half of March 1978.

Other business

49. The Council suggested that members who belonged to the Executive Board of Unesco should make statements at the next session of the Board giving an account of the activities undertaken during the first year of the Fund's operation.

50. The Council also suggested that information meetings on the Fund for regional groups made up of the permanent delegates to Unesco should be organized in the next few months.

51. The Chairman requested that the item "adoption of the report of the previous session" should be included in future agendas of the Council.

52. With regard to the request for an annual subsidy for the operation of the "Mudra-Africa" Centre, submitted by the Prime Minister of Senegal, the Council asked the Chairman to write to him reiterating the Fund's interest in that project and offering to assist the Senegalese authorities, when the time came, in seeking additional financing from other sources and in the carrying out of promotional activities by means of advances made against future receipts. It also requested him to inform the Prime Minister of the general policy decisions adopted by the Council with respect to the granting of subsidies.

Closure of the session

53. At the end of the session, the Chairman expressed the Council's satisfaction concerning the quality of the documents prepared by the Secretariat and again thanked the Bureau of the Comptroller for its active co-operation. He was himself extremely satisfied with the work of the second extraordinary session which had made it possible to take major policy decisions and to complete for the first year of the Fund's activities the choice of operational and promotional projects covering a broad range of sectors and all the major geocultural regions, for a sum amounting to approximately U.S. \$400,000. He thanked the members of the Council for their assistance and asked them to continue their active efforts to obtain new contributions and to seek innovative projects consistent with the objectives and criteria governing the Fund's operations.

ANNEX I

LIST OF PARTICIPANTS

I. Members of the Administrative Council

Mr. Felipe Herrera, Chairman	Mr. Bernard Ostry
Mr. Juan María de Amador	Mr. Dusan S. Popovski
Mr. Jamshed J. Bhabha	Mr. Luchino Revelli-Beaumont
Mrs. Herawati Diah	Mr. Edward Seaga
H.E. Mr. Zaven Hacobian	H.E. Mr. Arturo Uslar Pietri
Mr. Maurice Naessens	H.E. Dr. Chams Eldine El-Wakil

II. Observers

H.E. Mrs. Absa Claude Beckers-Diallo, Permanent Delegate of Senegal to Unesco	Mrs. Lilian Alurralde, Consultant, Organization of American States
H.E. Mr. M. Mansouri, Deputy Permanent Delegate of Iran to Unesco	Mr. Abdelkader Chanderly, for Mr. Saeb Jaroudi, Member of the Administrative Council, who was unavoidably absent

III. Unesco Secretariat

Mr. Makaminan Makagiansar, Assistant Director-General for Culture and Communication	Mr. Jean Baptiste de Weck, Head of the Division for the Promotion and Circulation of Information
Mr. Albert Botbol, Head of the Cultural Policy Section	Mr. Harihara Iyer, Bureau of the Comptroller

IV. Secretariat of the Fund

Mr. Emmanuel Pouchpa Dass, Director	Miss Brigitte Le Varlet, Administrative Assistant
Mr. Juan Carlos Langlois, Executive Secretary	Miss Brenda Appleyard, Secretary

ANNEX II

PROVISIONAL AGENDA

1. Opening of the session
2. Adoption of the agenda
3. Financial situation
4. Investment of resources
5. Draft financial regulations
6. Proposals for amendments to the Statutes
7. Examination of operational criteria
8. Operational projects
9. Promotional activities
10. Draft budget for 1978
11. Date and place of the second ordinary session of the Administrative Council
12. Other business
13. Closure of the session

ANNEX III

- I. Cumulative Statement of Income and Expenditure
- II. Statement of Assets and Liabilities
- III. Statement of Contributions and Other Income

as at 31 August 1977

STATEMENT I

INTERNATIONAL FOND FOR THE PROMOTION OF CULTURE
 CUMULATIVE STATEMENT OF INCOME AND EXPENDITURE
 TO 31 AUGUST 1977
 (Expressed in US Dollars)

EXPENDITURE

INCOME

Staff Costs	28,668	Government Contributions (See Statement III)	3,936,856
Administrative Costs		Other Income (See Statement III)	
Chairman's Office	5,000	Private Contributions	51,520
Missions	5,047	Interest Earned	43,503
Statutory Meetings	19,700		95,023
Miscellaneous	120		
	29,867		
Programme Operations Costs	105,000		
Promotional Activities Costs	8,984		
Excess of Income over Expenditure	3,859,360		
	<u>\$4,031,879</u>		<u>\$4,031,879</u>

NOTE: The unencumbered cash balance in the Trust Fund is U.S.\$1,578,170 (U.S.\$3,859,360 less contributions not yet received U.S.\$2,281,190), without taking into account contractual liabilities in respect of salary and allowances of staff until the expiry of their present contracts.

STATEMENT II

INTERNATIONAL FUND FOR THE PROMOTION OF CULTURE
STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 AUGUST 1977
(Expressed in US Dollars)

ASSETS

Cash at Bank		
Deposit Accounts (Note)	1,600,000	
Current Account	79,110	1,679,110
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Contributions Receivable (See Statement III)		2,281,190
		<hr/>
		<u>\$3,960,300</u>

LIABILITIES

Unliquidated Obligations	100,940
Balance of the Fund	3,859,360
	<hr/>
	<u>\$3,960,300</u>

Note: An amount of \$800,000 has been placed in a bank deposit renewable each month; the balance of \$800,000 has been placed in four longer term deposits of \$200,000 each, of which one deposit matures every quarter on a rotational basis.

INTERNATIONAL FUND FOR THE PROMOTION OF CULTURE
STATEMENT OF CONTRIBUTIONS AND OTHER INCOME TO 31 AUGUST 1977
(Expressed in US Dollars)

Source	Contributions Pledged	Contributions Received	Balance Due
I <u>GOVERNMENTS</u>			
Iran	1,007,211	102,094	905,117
Ivory Coast	10,000	-	10,000
Saudi Arabia	909,645	909,645	-
Senegal	10,000	-	10,000
Venezuela	2,000,000	666,744	1,333,256
	<u>3,936,856</u>	<u>1,678,483</u>	<u>2,258,373</u>
II <u>OTHER INCOME</u>			
A. <u>Private Contributions</u>			
Mr. Giovanni Agnelli	10,000	10,000	-
Gulbenkian Foundation	20,000	-	20,000
Lee Foundation	12,000	12,000	-
Miscellaneous Private Contributions	9,520	6,703	2,817
B. <u>Interest Earned</u>	43,503	43,503	-
	<u>95,023</u>	<u>72,206</u>	<u>22,817</u>
TOTAL INCOME	<u>\$4,031,879</u>	<u>\$1,750,689</u>	<u>\$2,281,190</u>

ANNEX IV

OPERATIONAL CRITERIA

1. At its first extraordinary session, held in Brussels on 20 and 21 April 1977, the Administrative Council decided to make a study at its next session of the criteria that should govern the Fund's intervention. This document has been prepared for the purpose of the aforesaid study.

Nature of the criteria for intervention

2. The criteria for the Fund's intervention derive in the first place from the aims determined by the General Conference of Unesco at its eighteenth session and set forth in the Statutes adopted with resolution 3.322. Article 2 stipulates that:

"1. The resources of the Fund are intended to promote:

- (a) national cultures, the values that they embody and the forms of expression that ensure their authenticity and identity;
- (b) artistic creation in all its forms, while respecting its independence and free expression;
- (c) international and regional cultural co-operation.

2. To achieve these aims, the Fund's resources will be used to provide intellectual, technical and financial collaboration in areas such as:

- (a) the formulation of strategies of cultural development regarded as an aspect of the overall development of individuals and of societies;
- (b) the establishment or reinforcement of institutions, structures and facilities whose purpose is cultural or artistic, and of national or regional machinery for aid to cultural action and artistic creation;
- (c) the training of specialists in cultural development and cultural action, such as planners, administrators, cultural activities organizers and technicians;
- (d) cultural production and cultural circulation;

- (e) research into cultural development;
- (f) the organization of exchanges and meetings to encourage the mutual appreciation of cultures and understanding among peoples, in a spirit of peace and international co-operation."

3. Moreover, in the description of the Administrative Council's functions, it is stated (Article 5.B, paragraph 9) that, in pursuing the aims set forth in Article 2, the Fund "shall endeavour to give special consideration to projects which involve the application of new methods and ideas and of measures likely to encourage research and experimentation in regard to cultural activity and communication, special attention being given to operations which may have multiplier effects".

4. In addition, during the examination at its first session of the criteria for intervention, the Administrative Council was of the opinion that the Fund's operations should be directed along lines conducive to economic efficiency and that it should encourage projects likely to promote, as far as possible, the creation of employment openings.

5. In the choice of criteria, account should be taken of the discussions held at the General Conference and in the Executive Board, as well as at the various meetings of the working group set up by the Director-General to study the conditions governing the creation of the Fund. It was agreed that, considering the wide intellectual and operational autonomy it possesses within Unesco, the Fund should possess as simple a management structure as possible and should operate with maximum flexibility.

6. A document dealing with resources, operations, and criteria and procedures for intervention was prepared and distributed to the members of the Administrative Council in January 1976, prior to the first ordinary session (February 1976). The questions relating to criteria and procedures for intervention are contained in sections 4 and 5.

7. From these it emerges that the Fund's criteria for intervention are of a very specific nature, deriving from: (a) a series of statutory provisions approved by the General Conference of Unesco; (b) exchanges of views that took place during the preparatory work; (c) study of this question by the Administrative Council and the Executive Committee of the Fund during their previous sessions.

8. The Fund's various criteria for action, which are research, experimentation, innovation, multiplier effects, economic efficiency, and creation of employment openings, must thus be examined in the light of the above elements and of the experience gained during the period of constitution of the Fund and preparation for its activities.

Research

9. The idea that cultural development is an essential factor in the all-round development of communities is comparatively recent. Prominence was given to it for the first time, in 1970, at the Intergovernmental Conference on the Institutional, Administrative and Financial Aspects of Cultural Policies (Venice).

10. Research on problems raised by the notion of cultural development has been much retarded, largely due to the emphasis placed on the economic aspects of development during the 1950s and 1960s. It is only very recently that some interest has begun to be shown in analysis of the cultural dimension of development, especially in connection with the definition of a new international order.

11. Unesco has unceasingly contributed to such research, particularly since the Venice Conference of 1970. A summary of some of the problems arising in this sphere is contained in a separate document.
12. Considerable though it be, Unesco's activity in this respect covers only a minute part of what should be done with regard, inter alia, to formulation of strategies, definition of cultural indicators, conception of new institutions and structures and new facilities, methods of training specialists, cultural production and cultural circulation, improvement of the status of artistic creation, relations between the cultural and economic spheres, etc.
13. Since the Fund can play a very active part in regard to research in the different cultural sectors, the projects submitted to it should comprise a "research" component, theoretical and/or practical. They could thus help towards the advance of reflection on various aspects of cultural activity. This applies to most of the projects approved by the Administrative Council at its first extraordinary session.
14. It would also be advisable for the Fund - without overlapping Unesco's activities - to conduct a specific research programme in the fields of its competence; this would enable it to instigate studies, which are urgently needed, and to obtain indications that may conduce to a better definition of its operational criteria. For it would be useless to establish a set of criteria that were not supported by a continuing process of research and reflection.
15. So as to avoid the problems of overlapping referred to above, the Fund's activity might be concentrated on certain specific areas that, while contributing to research on cultural development, would enable conclusions to be reached that might provide better guidance for its own operations.
16. From this point of view, there are four fields of theoretical and practical research that may be appropriate for the Fund, at least during the initial phase: (a) interaction between cultural development and economic development; (b) financing of culture; (c) cultural industries; (d) cultural projects.
17. Research on the relations between cultural development and economic development is as yet in a preliminary stage. Despite the advances noted in recent years with regard to the notion of the cultural dimension of development, studies on this subject are still very scattered and incomplete. The Fund could play a promotional and co-ordinating role in this area, since its field of action lies at the meeting point of culture and economics. It is undeniable that any advance in knowledge of the complex relations that exist between the cultural and economic spheres is calculated to strengthen the specific character of the Fund, while further justifying its creation and, consequently, conferring greater credibility on its operational activities.
18. At the Council's first extraordinary session, the Secretariat distributed, solely for the purposes of information, a study made by Mr. Paul-Marc Henry, Chairman of the OECD Development Centre, on the "cultural dimensions of development". This study, introduced by its author as a preliminary outline of the interaction between cultural development and economic development, explains in polemical fashion the complexity of the various questions dealt with.
19. On this subject, the Council might contemplate the possibility of more systematic action by the Fund for the promotion of studies on the relations between the cultural and economic spheres, through the financing of seminars, research and publications, the conclusions of which might help to provide guidance for its activities.

20. In general, studies on the problems relating to the financing of cultural development are at an even more preliminary stage; this falls precisely within the Fund's particular sphere of competence, as a mechanism for intellectual, technical and financial assistance, which is intended to become a kind of "world bank for culture".
21. But if it is to become a mechanism for financial aid, by means of loans, investments and other kinds of financial participation, it is essential that the Fund should be in a position to direct its action rapidly, on the basis of the most precise technical criteria possible.
22. The financing of culture is today one of the least known sectors of development, whether on the international, regional or national levels. It seems essential that, through research on clearly-defined subjects conducted as part of its operational projects, the Fund should undertake promotional action as soon as possible.
23. Such action could be undertaken through the financing of studies, meetings, seminars and publications on such topics as the situation of the financing of culture at regional level; expansion and strengthening of the part played by banks (central, public, private, etc.) in the promotion of cultural development; analysis of the possibilities of creating systems of cultural credits; analysis of specific fiscal machinery for the financing of cultural development; the role of patronage (foundations, associations, institutes, private firms, trade unions, etc.); the possibility of setting up financial machinery to assist in the organization of festivals, exhibitions and other cultural and artistic events; the financing of programmes for the preservation of folk arts and folklore.
24. Cultural production and cultural circulation, mentioned in Article 2 of the Statutes, fall largely within the sector of cultural industries. Here again, it would be desirable to envisage assistance in the gradual establishment of research programmes. This would enable the Fund to be better acquainted with these problems and to help a certain number of countries and regions to acquire facilities for production and circulation that would be more in keeping with growing needs.
25. A programme of this kind might bear on the publication and distribution of records and other types of mechanical reproduction of sound; publication and distribution of books, posters, strip cartoons, reproductions, postcards, etc.; production and distribution of art films and experimental films; production and distribution of theatrical, dance and musical performances, etc.; manufacture and sale of the products of handicrafts.
26. Lastly, the Fund's action in regard to questions connected with the identification, preparation and presentation of cultural projects should be continued and expanded. The Administrative Council has thought it desirable to accord priority to this point.
27. In the initial period of the Fund's operation, the Secretariat became convinced that the absence of general criteria applicable to the very notion of "cultural project" was one of the factors acting as a brake on the Fund's activities. For this reason, as moreover the Council has requested, the Secretariat is submitting to the present session the preliminary draft of a guide for the identification and preparation of projects, containing the criteria for intervention by the Fund.

28. This guide would be an essential working tool. It would be desirable to give it wide distribution. Moreover, in regard to the practical planning of projects, it should reflect the results of research and experiments conducted or sponsored by Unesco and the Fund.

Experimentation and innovation

29. The Statutes (Article 5.B, paragraph 9) require the Administrative Council to "give special consideration to projects which involve the application of new methods and ideas and of measures likely to encourage ... experimentation in regard to cultural activity and communication ..."

30. In the light of the lessons that can be drawn from the Fund's first year of operation, it would seem that these statutory criteria could be applied at four different levels: to projects; in connection with research activities; in specific cases; through a programme of publications.

31. As a general rule, the factors relating to experimentation and innovation in the projects submitted to the Administrative Council should be strengthened. The Secretariat therefore urges that recourse be had, to the greatest possible extent, to new and experimental methods, both in the planning and in the implementation of projects. Moreover, the guide for the identification and preparation of projects stresses this aspect, with the help of practical examples.

32. Experimentation and innovation should remain closely allied with research. It would be useful if pilot projects could be encouraged and approved on the basis of conclusions deriving from special studies. The Fund might thus become a kind of mechanism for the promotion of innovative experiments. Naturally, these would have to combine innovation with the strictest intellectual rigour.

33. Similarly, it would seem desirable to promote, whenever necessary, experiments that could serve as examples, such for instance, as cultural analysis of an economic development project; identification of the cultural component of economic and social development projects; experimental application of new methods in cultural organization; adaptation of historic sites and districts, and other places, to serve as centres for creation and communication, open to the community; conduct of innovative experiments by creative and performing artists; intercultural experiments in creation, education and communication; the design, construction and utilization of new cultural facilities (decentralized, mobile, multipurpose).

34. The Fund might take action, in due course, to publicize cultural innovation and experimentation by making known the experiments it considered most worthy of interest. This could be done by means of a periodical bulletin or by the publication of books or pamphlets.

Multiplier effects

35. According to its Statutes, the Fund is to seek, in the projects it may support, as much a multiplier effect as possible. This means that it should strive to obtain maximum results from minimum action, taking into account the indirect effects of its activity.

36. In this respect, the Fund should, as a general rule, stipulate as an initial condition that the recipient bear part of the cost of the project. The relation between the Fund's assistance and the recipient's contribution should be adjusted according to the nature of the projects and the situation of the

recipients. The Fund's share would be larger in the case of projects of interest to developing countries; it would be minimal for some categories of projects affecting industrial countries or directly involving the private sector.

37. Whenever possible, the Fund would seek to obtain contributions to a given project from other sources: public bilateral or multilateral aid, participation by foundations, associations, private groups, etc. In this way, the idea expressed by the Administrative Council of constituting a kind of "clearing house" for cultural projects would have a considerable multiplier effect.

38. In the initial stage it would be necessary: (a) to approach other sources of financing on an individual basis and in connection with definite projects; (b) to urge recipients to arrange for and adopt measures to the same effect. In this regard, Administrative Council members could be extremely useful by co-operating in such approaches and themselves approaching institutions and foundations located in their respective regions and countries. Later, a more systematic approach might be adopted, based on the experience gained, bringing into use a permanent consultative mechanism consisting of the interested institutions and foundations.

39. As part of its operational activity, the Fund might also seek multiplier effects of an administrative, technical, institutional, etc., nature, advising or requesting the recipient to adopt certain measures calculated to improve the project. In this way the Fund's interventions would in each case respond to the possible recipient's desire to make an intellectual and technical effort before, during and after execution of the project.

40. In some cases it would also be desirable for the Fund, with the participation of those concerned and with qualified partners, to be in a position to plan and promote financial and technical mechanisms for assistance to creation, production and circulation operations of a kind that could in turn very quickly become relays for its action. This might apply, for example, to the production and circulation of cultural programmes for radio and television.

41. In addition, multiplier effects would certainly result from a judicious policy of promoting pre-investment studies, principally in the case of the creation of mixed economy enterprises for the production and distribution of cultural objects, or of the establishment of consortia for production and distribution on a regional or international scale.

42. Projects planned on a regional or sub-regional scale, as well as those of an intercultural nature, likewise have an obvious multiplier effect. In some cases priority should also be accorded to cultural initiatives likely to affect other sectors such as education, health, housing, technology, etc.

Economic efficiency

43. The Fund's Statutes give it the possibility of gradually developing a certain profitability. Firstly through long-term investment of part of its resources. Next, by the very nature of its operations, more particularly loans, investments and participation. Thirdly, by its ability to receive special remunerations, conduct promotional activities and accept the transfer of royalties and works of art.

44. Consequently, at its first session, the Administrative Council asked that the Fund's operations be directed as much as possible to the search for "economic efficiency". The Secretariat's experience in the initial phase of operations shows that this is possible, in spite of the technical and psychological difficulties presented by the search for profitability in cultural matters.

45. To this end it would be necessary for the Fund to make a study of the characteristics, criteria and procedures of the loan, investment and participation operations it could undertake. By gradually undertaking specific financing activities, the Fund might: (a) considerably broaden its potential for action and strengthen its major technical assistance activities; (b) become the first mechanism for the international financing of cultural development, by providing banking services for a sector that as yet has virtually no access to lending facilities; (c) demonstrate that cultural and artistic activities can interest public and private lending organizations; (d) lead other financial organizations, especially banks, funds and development corporations, to the financing of cultural activities; (e) promote the advance of research in cultural financing, since the requirements of lending operations should lead to the development of appropriate methods and indicators; (f) acquire direct experience, which could subsequently be made available to international, regional, or national institutions, and could enable it to advise on the establishment of cultural funds or banks; (g) lastly, its lending operations would give the Fund better banking "credibility", which would help it to obtain resources and enlist the co-operation of the private sector.
46. Meanwhile, the Fund should be able to use the technique of advances against receipts to finance many activities such as publications, exhibitions, fairs, etc. The preliminary work done by the Secretariat admits of the conclusion that operations of this type could be undertaken successfully and relatively quickly.
47. Whenever possible, it would also be desirable for recipients to undertake to transfer royalties as a counterpart for the assistance given. The Fund should be able to resell these rights, thus deriving profits the size of which cannot be measured in advance but which, in favourable circumstances, might become a considerable source of revenue. The Secretariat has already contemplated inclusion of a clause covering transfer of royalties in respect of some of the contracts for the first operations approved by the Administrative Council.
48. The Fund might also assign, against payment of royalties, to public or private enterprises - including those in the commercial sector - certain promotional projects which it proposes to launch, such as series of greetings cards for the promotion of artists engaged in the visual arts and series of poster poems for the promotion of poetry. Naturally, the Fund and the non-governmental organizations in relationship with Unesco that are associated with these projects would retain intellectual, technical and financial supervision of the operations of manufacture and distribution.
49. Similar systems based on the payment of royalties might be envisaged for the publication and distribution of books, records, art posters, cultural programmes for television, art films, etc.
50. This system, which is in current use by Unesco for the sale of its official medals, is the one recommended by the Secretariat for the manufacture and distribution of collectors' coins of which central Banks in Unesco's Member States might authorize the issue on behalf of the Fund.
51. Lastly, as a general rule, the Fund should include the notion of profitability potential among its criteria for evaluating projects. But here as elsewhere nothing is more eloquent than example. It is by showing that it is able itself to attain to a certain level of economic efficiency, that the Fund will provide the best demonstration that culture can be a profitable activity, without this affecting the quality and high purpose of the products and messages.

52. Of course, the Fund was not conceived as a body in which profit-making was to be the primary object. Consequently, and particularly in the initial stage, it might be led to favour projects or programmes whose profitability would be indirect or very long-term.

Creation of employment openings

53. At its first session the Administrative Council decided that the creation of employment openings should be one of the Fund's criteria for intervention. The studies hitherto carried out by Unesco and other Specialized Agencies of the United Nations show that a more cultural approach to development processes may result, in the more or less long term, in the creation of employment openings and may thus help towards the solution of one of the gravest problems that beset contemporary societies.
54. Very few studies or research projects, however, deal in depth with the question of the interaction between cultural development and the creation of employment openings. With all the more reason, very little practical research has been carried out.
55. It would therefore be desirable to promote studies, meetings and seminars on this subject, as well as pilot experiments that would provide convincing proof and bring to light widely applicable techniques and criteria. The Fund might act in this connection by financing specific research work and pilot projects concerning, for example, the influence of traditional or contemporary handicrafts on the creation of employment openings, or the training of specialists in cultural activity and of technicians in cultural communication. Publication of the results and the lessons drawn from the pilot projects would help to develop, both in the general public and in the leaders of the public and private sectors, an awareness of the importance of the problem.
56. Likewise, in the case of certain cultural activities the Fund might encourage the creation of co-operatives capable of generating a large amount of employment.
57. Lastly, whenever possible, the Fund might ask its interlocutors to accord special importance to the effect which their action might have on the creation of employment openings in the field under consideration.

Conclusion

58. The present document, which is based on the Statutes of the Fund and the work carried out to the present time, is submitted to the Council for comments, suggestions and approval. If so decided, it might be periodically reviewed in the light of later experience gained, and could thus serve as one of the permanent instruments for the analysis of projects to be submitted to the Administrative Council.

ANNEX V

BUDGET - 1978

<u>Budget Code No.</u>	<u>Description</u>	<u>Amount in U.S.\$</u>	<u>Amount in U.S.\$</u>
9251	<u>STAFF COSTS</u>		75,000
	(a) 1 specialist (P-5) - 12 months	50,000	
	(b) 1 administrative assistant - 12 months	25,000	
9252	<u>OTHER EXPENDITURE</u>		
	1. <u>Administrative expenditure</u>		65,900
	(a) Secretariat (office of the Chairman, etc.)	7,000	
	(b) Missions (execution of projects and fund raising)	20,000	
	(c) Statutory meetings		
	second session of the Administrative Council	21,200	
	fourth session of the Executive Committee	7,700	
	(d) Miscellaneous	10,000	
	2. <u>Operational expenditures</u>		
	OP.PR.9 Multidisciplinary study on cashew cultivation: Centro Nacional de Referencia Cultural (Brazil)	20,000	
	OP.PR.10 Promotion of the teaching of design: National Institute of Design (India)	17,000	
	OP.PR.11 Feasibility study for the establishment of a Caribbean enterprise for the pro- duction and distribution of printed and audio-visual materials: Caribbean Development and Co-operation Committee (CDCC)	40,000	

<u>Budget</u> <u>Code No.</u>	<u>Description</u>	<u>Amount</u> <u>in U.S.\$</u>	<u>Amount</u> <u>in U.S.\$</u>
9252	OP.PR.12 Experimental seminar for the training of "animateurs culturels": Municipal Council of the City of Fez (Morocco)	35,000	
	OP.PR.13 Socio-cultural activities on the Franco-Swiss border regions of the Jura: UPJ-AJIAC (Switzerland), CAC-CDAC (France)	23,500	
	OP.PR.14 Setting up of a television workshop-school in Caracas: Ateneo de Caracas (Venezuela)	50,000	
3.	<u>Promotional expenditure</u>		31,050
	PM.PR.1 Guide for the preparation of cultural projects(1)	6,100	
	PM.PR.2 "Illustrated greeting cards"(1))		
	PM.PR.3 "Poster-poems"(1))	9,950	
	PM.PR.4 Exhibition "Feminie 77": Group "Dialogue", Paris	12,000	
	Publications	3,000	
	TOTAL:		<u>\$357,450</u>

(1) Carried over from the 1977 Budget.