

Setting the Institutional Parameters of the
International Centre on Creative Industries
(ICCI)
(Non-official document)*

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TABLE OF CONTENTS

Preface

Creative Industries and the Creative Economy

The Creative Economy as a Global issue and a Policy Challenge

Promoting a culture-based creative economy

Facing the policy challenges

The International Centre for Creative Industries, (ICCI)

Key objectives of ICCI

Principal lines of Activity of the Centre

Capacity Building in Creative Industries

Policy Support Initiatives and Advocacy

Creative Economy Research Programme

Institutional Design: Choosing an Appropriate Institutional Format

Thematic Organization

An Intergovernmental Organization

An International Non Governmental Organization

International Multi Stakeholder Institution

Elements for a Design.

Membership and Governing Board

Activities of the Board

Creative Economy Network

The ICCI Secretariat

Creative Economy Programming Framework

Financial Resources

The Way Ahead

References

PREFACE

1. At UNCTAD XI the international community recognised that: «Creative industries can help foster positive externalities while preserving and promoting cultural heritage and diversity. Enhancing developing countries' participation in and benefit from new and dynamic growth opportunities in world trade is important in realizing development gains from international trade and trade negotiations, and represents a positive sum game for developed and developing countries» («São Paulo Consensus» para. 65).
2. However, realizing such gains will require overcoming various structural constraints as well as institutional gaps and market failures which are likely to face these industries, particularly new entrants. Active policy efforts at the domestic and multilateral levels, particularly with respect to the financing, technological and trade dimensions of these industries will certainly be required. With this in mind, the UNCTAD conference called «for the international community to support national efforts of developing countries to increase their participation in and benefit from dynamic sectors and to foster, protect and promote their creative industries» (para. 91) and a High-Level Panel on Creative Industries at UNCTAD XI recommended the establishment of an independent entity, such as an international forum on creative industries that would deal specifically with the development of creative industries in developing countries. (para. 7, TD/L.3.79)
3. Pursuant to the recommendations made by the Conference, the UNCTAD secretariat, jointly with the Brazilian government, the initiative for the creation of an International Centre on Creative Industries, ICCI, launched in August 2004 in Geneva. Subsequently, the Brazilian government decided to convene an International Forum in Bahia, Brazil, from the 18th to 20th April 2005 on «Shaping the International Centre on Creative Industries» to discuss the scope, programme of activities and modalities of operation of the Centre.
4. This working paper proposes a set of parameters and guidelines for consideration by participants at this meeting on the modalities of organization and governance

for the future International Centre on Creative Industries, to be based in Brazil and to be operational by 2006.

CREATIVE INDUSTRIES AND THE CREATIVE ECONOMY

5. The Creative Economy refers to the cycle of creation, production, and distribution of goods and services that use knowledge, creativity and intellectual capital as their primary productive resources. The creative economy demonstrates the growing power of such intangible assets as primary determinants of international competitiveness. By means of digitalization and related technological advances, the creative economy has been pushed to the forefront of global economic development.
6. Creative industries lie at the core of the new so called Creative Economy; these industries produce and distribute goods and services centred on texts, symbols and images. They are a cluster of knowledge-based activities which combine creative talent with advanced technology and techniques to add value to their underlying intellectual assets. In many cases, these activities are framed by institutional arrangements and formal rules concerning access to and use of intellectual property rights. As such, they constitute a vast, complex and heterogeneous field ranging from artisan products, to visual and performing arts, the recording industry, cinema and audiovisual media, as well as multimedia including digital art to publishing and entertainment, and represent one of the most dynamic sectors in the global trading system. While some of the distinct economic components of this cluster have been a part of more traditional economic activities for a long time, only recently have they been identified as a distinct economic sector 4 deserving the attention of policy makers.¹
7. These industries represent a new basis for wealth creation, economic growth and export diversification,² and already this sector is one of the most rapidly expanding economic sectors in the global economy;³ «over the last decade, the annual growth of the creative economy in OECD countries was twice that of the service industries and four times that of manufacturing overall».⁴ According to the Intellectual Property Association in the United States, copyright-based industries are estimated to be worth \$360 billion, and employ 1.5 million persons making them more valuable than the automobiles, agriculture or aerospace sectors.⁵ In France, Britain, Germany and Spain, the creative industries sec-

1. 1997, DCMS, United Kingdom.

2. HOWKINS, 2001; Florida, R., 2003; UNCTAD, 2004.

3. According to one estimate global creative industries already account for circa 7 per cent of global GDP, exhibiting a particularly rapid rate of expansion over the past decade (World Bank, 2003). However, a number of issues regarding the definition and measurement of what constitutes this sector remain to be resolved.

4. HOWKINS, J., 2004.

5. ROBINSON, 2001.

- tor accounts for over 3% of the GDP.⁶ In those developing countries for which data are available, this figure ranges between 2-3% of the GDP.⁷
8. However, the frontier of creative industries shifts with advances in technology, and there is a blurring of its edges as innovations in management and technology become an increasingly prominent input in the production process of more traditional creative industries and services such as crafts and design.⁸
 9. While creativity is a key economic input for this rapidly growing group of industries and a source of competitive strength in a globalizing world, globalization is changing the rules of the competitive game facing firms across the industrial spectrum, including in this sector. Developing countries and economies in transition are facing particular challenges with respect to access to technology, financial resources and markets. These structural barriers can leave them at a further disadvantage, particularly in non-traditional and more skill-intensive segments of dynamic sectors such as creative industries. The ability of developing countries to position themselves in the new creative economy and develop skills and productive capacities that will enable them to compete successfully on international markets is complicated by a number of distinct features of creative industries.
 10. Firstly, these industries are both local and global: economies of scale and agglomeration push in the former direction while economies of scope push in the latter. High sunk costs, constant remixing of creative assets in response to changing fashion and intense financial uncertainty surrounding investment encourage localised production in clusters, the symbolic exchanges that define the markets for the final products tend to make for globalized distributional channels. Creative goods and services are produced locally but distributed globally; while they originate from local cultural assets and are greatly influenced by global markets, they can be considered simultaneously local and global activities.⁹
 11. Secondly, creative goods and services combine both tangible and intangible elements; they are simultaneously cultural assets and manufactured products, and have symbolic meanings as well as a market return. Creative industries are at the cutting edge of technological progress and are among the first to acquire mass markets, thereby facilitating the democratization of cultural exchanges. As such, they represent a very unique and valuable activity, not only on in the eco-

6. World Bank Development Outreach, OAS Cultural Series, 2003.

7. IFC, 2004.

8. The term 'creative industries' is commonly used interchangeably with 'cultural industries' to cover a range of activities ranging from crafts to software. The extended use of the concept leads to lack of precision and definition. A distinction needs to be made between the transformation of traditional cultural/craft activities into economic goods and creative industries. The latter are not simply conveyors of cultural traditions brought into the market place but content creation industries. They do not transmit cultural traditions but innovate and create new symbolic exchanges.

9. WATERS, Malcolm, *Globalization*, New York, Routledge, 1995.

conomic but also in social and cultural spheres as they are considered to be important channels for the preservation of cultural diversity. Moreover, that diversity is itself an essential ingredient of flourishing creative industries.

12. Finally, cultural goods are experience goods whose value changes over time and depend on information that is detached from their price; they also share many of the characteristics of «public goods» such as non-rivalry, and non-excludability in consumption. Creative goods and services can be exploited collectively without diminishing in value, are easier to reproduce than produce, and vary with fashion and taste. They have significant externalities and are subject to considerable market uncertainties and asymmetries, requiring public support.¹⁰
13. The blurring of the interface between economics and culture has meant these issues have become more prominent in multilateral economic rule making bodies, such as the WTO and WIPO, as well as bodies such as UNESCO.
14. The unparalleled growth of the creative industries over the last decade heralds a new era for cultural development that lies at the core of the creative economy. However, measuring the actual contribution to the national economies of creative industries as a distinct cluster, to the national economies, is fraught with conceptual and analytical challenges, and remains a daunting task. This is due to a lack of consensus over what exactly constitutes this sector as well as the existence of different methodologies used to measure it. Moreover, measurements are rendered difficult owing to the lack of precise data as well as the presence of a significant intangible component involved in this sector. Conventional techniques are not well suited to capture the real economic value of the sector. However, few would deny that this sector generates substantial direct benefits in terms of enterprise development, jobs and exports as well as indirect spill over effects to other parts of the economy, such as tourism. Hence the need to improve market transparency with reliable statistics, economic indicators and information on policy measures applicable in domestic regulation and trade in dynamic creative goods and services.
15. Most developing countries, despite possessing rich veins of cultural excellence and an abundance of local talent, are still lagging behind in recognising their economic potential and in designing strategies to harness that potential for development. Resources need to be pooled together in an efficient manner in order to meet the challenges faced by new entrants, and the role of intellectual property needs to be better recognised and examined from an economic development perspective. Most advanced market economies have already responded to these challenges through effective partnerships of private and public actors, through

10. For a discussion of the semi public goods nature of creative goods and services see UNCTAD doc TD/L 379. For the concept of Culture Capitalism see Jeremy RIFKIN, *The Age of access: The New Culture of Hyper capitalism, where all of life is paid off experience*. New York Archer/Putman 2000.

innovative policy support and through the nurturing of creative networks and alliances in support of creative entrepreneurship.

16. And there are already some distinct global dimensions to this sector in terms of the growing importance of the global trading and IPR rules that shape the environment in which national creative industries have to operate. Hence, a development agenda for this sector can no longer be limited to the national environment alone.
17. Managing the interaction between the international and national policy space in order to design a flexible and effective policy that could tackle the development challenges is becoming increasingly necessary. As was emphasised at UNCTAD XI, sufficient policy space at the national level is required for policy experimentation (given the degree of uncertainty and risk in these activities, the rigid application of universal global rules is not always likely to generate a conducive pro-development environment) and to adapt policy goals and instruments to specific local conditions. A rigid «one-size-fits-all» approach cannot be imposed in such an environment without having an adverse impact on the capacity to design and carry out effective policies that favour the rise of the creative economy.
18. In light of these challenges, policy makers need to have access to as much information as possible, be able to engage in open discussion and to dialogue across traditional institutional boundaries in search of a more integrated and collaborative policy approach and to learn from best practices everywhere. They must also be able to design policies with local conditions firmly in mind but with a full understanding of the global pressures and opportunities that characterise this sector.

THE CREATIVE ECONOMY AS A GLOBAL ISSUE AND A POLICY CHALLENGE

Promoting a culture-based creative economy

19. Creative economies are based on dynamic local cultures. The creative economy, while unified by an underlying characteristic of cultural creativity, does not yet constitute a cohesive or discrete industrial sector in most developing countries, at least in the traditional sense of an interrelated cluster of complementary activities with well-defined markets. The sector suffers from an overall lack of sectoral identity and an absence of coordinated strategic thinking by members of the sector itself.
20. However, like any other industry, the culture-based creative economy requires a strategic framework that can address the obstacles and barriers to its growth and enhance its development potential. The creative economy is made up of core creative clusters and supportive organisations that provide the skills, training, technology, financing, physical infrastructure and the regulatory and business climate necessary to sustain the clusters that are often found at the regional level.
21. The economic development of creative clusters depends on the development of industrial support systems and infrastructure that can respond to the needs of the cluster. The currently existing vehicles that support arts and culture need to be

- expanded into the commercial spheres and supplemented by new mechanisms based on collaborative principles at the local, national, regional and international levels. The increase in the production and consumption of creative goods and services cannot simply be explained by the rising importance of service industries and increase in affluence. Creative industries are a new and expanding form of consumption also in developing economies. Globalization and new information technologies have contributed to the rise of creative industries by stimulating the convergence of media, communication and audiovisual expressions.
22. Creative industries' outputs have thus become the leading medium of economic and symbolic exchange, a privileged form of communication and socialization, an instrument through which national and global cultural expressions are manifested and distributed instantaneously across the globe. They contribute to cultural diversity and protection of local cultural expressions.¹¹ Their dual nature (cultural and economic) calls for a sophisticated policy approach that can accommodate the sensitive balance between these two dimensions.
 23. Creative industries remain an insufficiently researched economic phenomenon in the developing countries. Although many trade-related aspects of the creative economy and rules of intellectual property regimes governing creative products and services are increasingly central to the global economic discussion, to date, no international or intergovernmental organization deals with the creative economy as a whole, from a global perspective (UNCTAD, 2004).
 24. Yet, the creative economy is a global concern and an integral part of the new global development agenda. The methods and processes by which creative goods and services are produced and distributed in the global market have significant consequences for protection and promotion of cultural diversity. The application of new technologies to creative productions is driving the frontiers of technological innovation, that shape the market conditions for creative goods and services and the entry possibilities of newcomers into an already highly competitive market. Technological innovation is at the same time altering the parameters of production with important consequences for the existing system of intellectual property regimes. The application of new digital technologies has far-reaching implications for the development of the IPR regimes and merits further consideration in the context of the discussion of creative industries as a tool of economic development.

FACING THE POLICY CHALLENGES

25. The intense interaction between the local and global dynamics of this sector presents daunting new policy challenges for all countries, in particular developing countries and especially the Least Developed Countries. Policies geared

11. UNESCO, 2005.

towards creative industries have evolved from a generalized support of culture as a public good to nurturing and supporting creative industries as purveyors of economic and social value. There is a growing consensus of the need to tailor policies to the special characteristics of the creative economy. In fact, policies for creative industries escape the traditional divide between public versus market regulation, they tend to be both general and specific in scope, ranging from measures to support individual talent to trade promotion; they are innovative, in terms of financial support and incentives and afford special opportunities for collaboration between the private, public and non-profit sectors. Developing countries participate unevenly in the global division of labour of the creative economy. While creativity abounds and consumption of creative goods and services increases, existing systems of distribution impose limits to exports and diminish the opportunities for market entry. Market uncertainty and concentration threaten the economic survival of independent producers, and diminish diversity and experimentation upon which creativity flourishes. Currently, global cultural markets are not a level playing field, with highly concentrated global market structures. Therefore, sound competition policies are essential to ensure the participation of developing countries in the global market for creative products and services.

26. Despite these challenges, the creative economy is an expanding reality and a continuous opportunity for developing countries. Creative industries generate value added in times of slow growth, employment outside the public sector and open new dynamic possibilities for trade.¹² Much of this new activity is building around local markets, but several developing countries have already established global niches in some creative industries such as software production in India, Chile and Brazil; videogames in China; film production in India, China, Mexico, Argentina, South Africa, Bangladesh and Burkina Faso; and music in Senegal, Mali, Jamaica, Cuba and Trinidad and Tobago amongst others.

THE INTERNATIONAL CENTRE FOR CREATIVE INDUSTRIES, (ICCI)

27. The ICCI will bring to light the importance of the global-local interaction in the development of creative industries by considering the impact of the global dimensions of the international trading and IPR regime rules on the development of national policies.
28. At present, no single international body is addressing the challenges facing creative industries in the developing world, yet there is a need for an international body that would perform this function. The role of the ICCI will be to provide such a platform for reflection and action in favour of creative economies.
29. The ICCI will consider the impact of the international rules on the development of national policies for creative industries. The ICCI will bring together the glo-

12. OAS Culture Series 2003.

- bal forces with the specific national forces with a view to promoting and nurturing creativity-based development strategies.
30. The International Centre for Creative Industries proposes to design, promote and implement a development agenda for creative industries with a view to fostering sustainable productive capacities at the local level which can be competitive and original at the global level.
 31. The International Centre for Creative Industries is envisioned to support new thinking and initiatives in this area. The Centre aspires to be a new form of organization, open to multiple stakeholders, with a programme of activities organized around partnership lines and devoted to a development agenda. This will help developing countries, in the formulation of national, regional and international policies and best practices which can increase their potential for participating in this new dynamic sector with a competitive edge.
 32. The Centre will also serve as a forum for a regular and permanent dialogue on the creative economy, a new platform for discussion which goes beyond the traditional north/ south divide and as an instrument for new frontiers on public and private cooperation. It is an opportunity for creativity and increased cooperation amongst creative industries practitioners and an instrument to enhance the position of creative industries of developing countries in the global scenario.
 33. The programme and activities of the Centre are targeted to the special characteristics of the creative economy and the challenges which it faces in the new global environment. Foremost in its concerns are: the nature of the external constraints and opportunities imposed by the global market in the development of local creative industries and the effects on productive capacities of the expanding technological frontier of information and communication technologies.¹³
 34. Several UN agencies are paying increasing attention to particular aspects of the creative economy. UNESCO is undertaking the seminal task of finalizing a convention on Cultural Diversity, which will be a major policy instrument for all activities related to creative industries. ILO is carrying out important work on creative industries and employment. UNDP has long supported the role of creative sectors, and recently its Human Development Report emphasized the wider importance of creativity for poverty reduction strategies. In addition to these initiatives, WIPO has recently undertaken the task of revisiting intellectual property rights as part of a development agenda, WTO is dealing with the issue of trade in creative industries in the context of the ongoing negotiations on services (GATS) and trade-related intellectual property (TRIPS), and ITC is developing new programmes to link creative producers to the global market. UNCTAD has in turn pioneered work for creative products and services by identifying the

13. On the special characteristics of the creative economy see, UNCTAD XI documents for the High Level Panel on Creative Industries.

new growth opportunities for developing countries in trade, finance, investment, technology, and entrepreneurship, and more recently also in e-commerce. Over the years, it has accumulated expertise in examining the creative economy from a development perspective and in a multidisciplinary approach.

35. The Centre will build upon and enhance these initiatives, providing for complementarities rather than duplicating activities currently undertaken by UN organizations. The Centre will provide a framework for working on the creative economy as a whole, with a view to enhancing cooperation among multiple stakeholders committed to work in this area. The creative economy is a new policy agenda for the United Nations organizations and governments alike and it requires a framework suitable to enhance international cooperation, based on synergies amongst various agencies and specialized organisations.

KEY OBJECTIVES OF ICCI

Objective 1: To integrate the development of local creative economies with national and international economic development strategies

- To identify and mobilise existing financial resources for creative industries and economy;
- To identify and advocate for policies that benefit the creative economy clusters;
- To integrate the creative economy development into overall economic development.

Objective 2: To promote the economic development of a culture-based creative economy in order to enhance its contribution to job and output creation

- To develop a propitious policy framework for the development and coordination of knowledge, resources and strategies required to realise the economic development potential of the creative economy in developing countries;
- To convene the various stakeholders from different industry clusters to identify obstacles and barriers to growth as well as needs and opportunities for growth and development of creative industry clusters that make up the creative economy;
- To formulate coordinated policies mechanisms needed to address these challenges and opportunities;
- To support and initiate polices, partnerships and programmes aimed at strengthening the creative economy;
- To create a platform for a unified voice, visibility and a common identity for the creative sector;
- To promote dialogue and exchange among the various stakeholders within the creative economy;

- To foster partnerships and collaboration that promote the growth and development of the creative sector;
- To mobilise the financial, human and material resources necessary to foster the development of the creative economy;
- To formulate and promote policies aimed at spurring the growth of the creative economy;
- To mobilize international community and financial resources in favour of creative economy;

Objective 3: To carry our research and analysis on the creative economy

The ICCI will coordinate an international network of researchers and experts in order to conduct policy oriented research and analysis on the development of the creative economy and coordinate the dissemination and exchange of information about the creative economy;

- To improve market transparency by collecting reliable data, economic indicators and information on policy measures applicable in domestic regulation and trade in creative products and services. It will also compile a check-list of best practices;
- To generate research on specific issues and industries within the creative cluster; to facilitate the sharing of data and research on national and international aspects of the 11 creative economy;
- To promote and organise discussions and exchanges among national, regional and international actors in the global creative economy;
- To support the establishment of research clusters in the creative economy;
- To develop information resources through publications and specialized websites and to facilitate information flows amongst the various components of the creative economy;
- To convene meetings and discussions on various issues concerning the development of creative economy.

Objective 4: Capacity- Building

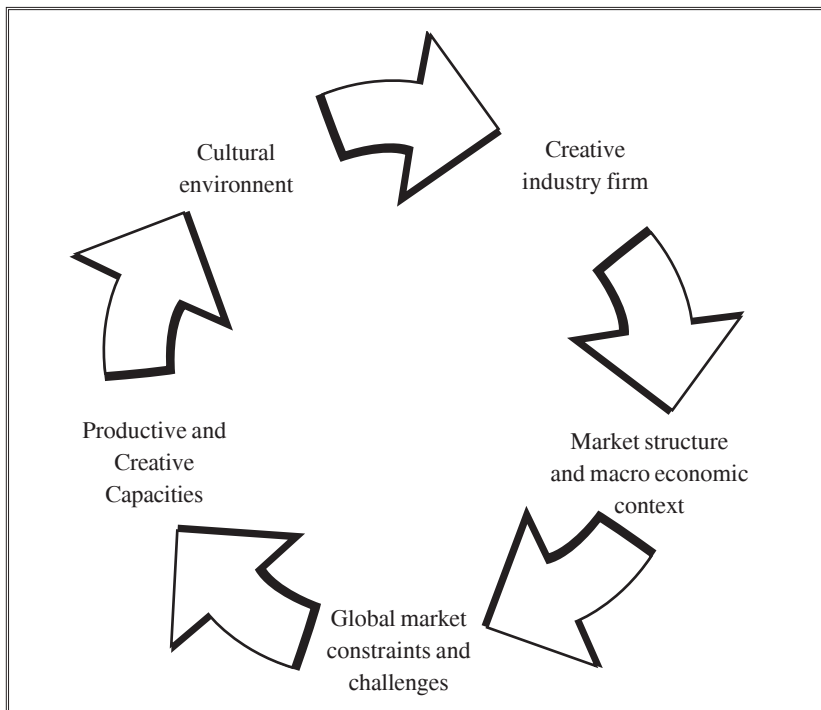
- To support the development of cultural entrepreneurship
- To support the growth and development of the creative enterprise sector;
- To support investment in creative industries;
- To identify new sources of finance for creative enterprises;
- To promote public-private sector partnerships, (PPPs), in the creative economy;
- To link the creative community with the business and investment community;

Objective 5: To assist in the building of strong local cultural markets by supporting local cultural resources and promoting links to the global economy

- To assist in the development of a cultural infrastructure that would facilitate the flourishing of arts and culture and contribute to cultural diversity
- To create new global markets for local creative economy clusters
- To promote exchanges and learning opportunities with the global economy;

Objective 6: Advocacy at national and international levels

- To consider the interaction between the international and national dimensions that shape the development agenda of the creative economy;
- To represent and advocate for the creative economy at all levels, from local to global
- To nurture and develop the required public support infrastructure for culture-based creative economy organisations;
- To elaborate and call for an integrated sectoral approach to policy making in regard to development of the creative economy.
- To represent the interest of all the stakeholders of the creative economy (s) in global forums;
- To elaborate common positions for developing countries in international forums on various issues directly impacting the development of their creative economies;



Principal Lines of Activity of the Centre

36. The ICCI will work as a networking and coordinating organization. It will have a small, multidisciplinary, international secretariat which will promote and coordinate programmes and projects in training and capacity building, business support services, policy formulation and advice, to be implemented by the partner organizations on the thematic areas described above. The centre will design, promote and when appropriate carry out policy oriented research. It will develop a data bank and reference system on best practice cases. It will operate as a knowledge bank and clearinghouse for programmes and activities on creative industries, thereby serving as an intermediary institution between the market and the creative industry participants and as a specialized economic development centre for national policy makers and creative economy stakeholders.
37. In line with these objectives the following lines of activities will be promoted and pursued:

Capacity Building in Creative Industries

38. Promotion of capacity building and training in the areas of: entrepreneurship, marketing, financing, intellectual property and technological innovation. Training would be aimed at the following tasks:

CAPACITY BUILDING TASKS

- Strengthening the links between creativity and technological skills on one side, and business and commercial capacities on the other.
- Strengthening linkages between the individual creator and the market by offering financing, business planning, advice and marketing skills.
- Improving the links between the local producer and the global market by mapping distribution alternatives, bridging content and language divides and targeting demand potential.
- Disseminating information on financial and distribution options, as well as opportunities for development
- Studying the existing and available systems of IPR's and reviewing alternative possibilities for earnings
- Creating a programming network whereby artists and entrepreneurs living abroad can connect with and assist aspiring artists and entrepreneurs in their country or regions of origin.

Policy Support Initiatives and Advocacy

39. The Centre is a policy-oriented organization. In addition to programmes in training and capacity building it will:
- Promote a development agenda favouring a competitive and sustainable creative economy in developing countries

- Work towards increasing the awareness of the importance and benefits of the creative economy, helping to bridge the divide between government agencies, sectors and constituencies.
- Strongly support the inclusion of the creative economy in the global debate regarding rules and regulations of global public goods.

Creative Economy Research Programme

40. Creative industries are a relatively new phenomenon, particularly in developing countries. Policies sustaining the creative economy are still evolving. There is a great need to improve our knowledge of the creative economy. A research programme geared towards the development of benchmarking information, to assist policy formulation as well as experimentation is a fundamental activity for the Centre.
41. **The Creative Economy Research Programme** aims at developing a methodological and analytical framework for the study of the creative economy, which takes into account the interdisciplinary nature and the public goods implications of creative productions.

PRIORITY RESEARCH TASKS

- To develop an analytical and methodological framework for assessing the dynamics of the creative economy establishing indicators of best practices, and modelling of creative industries on an internationally comparable basis.
- To evaluate existing policy models for support and financing for creative industries, in particular the role of: subsidies, incentives, special tax exemptions, budgetary endowments, export promotion schemes and micro credit.
- Evaluation of existing regulatory systems of IPR's, their scope, economic benefits, market impact, contribution to innovation and development of creative industries as well as research on alternative systems and modalities to current property regulations.
- A blueprint of creative industry sectors, their industry support system, and identification of emerging new technological trends with impact on the creative economy, including the emerging multi-media sub-sectors.
- Identification and evaluation of trade opportunities for creative industries of developing countries and analysis of the impact of existing trade policies on competitiveness.

Institutional Design: Choosing an Appropriate Institutional Format

42. The Centre proposes to fulfil a task which is singular in the international context and unique in its objectives. Its institutional design should be consonant with its tasks.
43. Possible institutional designs must take into account: the networking character of the work to be undertaken, the need to cater to and benefit from very different

stakeholders, ranging from governments to NGO's, and the importance of maximizing available international assets both human and financial. Several alternative institutional designs can be contemplated, but given the nature of the activities of the Centre, a good fit may require innovating on traditional alternatives as a good design represents not only a good relationship between functions and institutional form but also a political opportunity. The paragraphs review several institutional modalities which could guide the design of the future Centre.

MODEL 1

A Thematic Organization

44. The simplest institutional format is that of a thematic organization attached to an already existing institution. Such a model precludes the need for new or additional governing structures and institutional regulations and benefits from the pool of human resources and financial endowment of the parent organization. The UNDP thematic organizations on poverty and governance are a case in point.

The UNDP Thematic Trust Fund on Poverty Reduction

The UNDP Poverty Reduction Thematic Trust Fund was designed as part of the UNDP Global

Cooperation Framework 2001-2003 which aligns global programmes with country level initiatives. It complements existing poverty reduction work and targets the areas of: benchmarking and monitoring poverty, piloting innovations and participatory process.

The UNDP Regional Bureaux make the policy recommendations and the decisions of allocation of funds are taken by the trustees: The Standing Committee on the Poverty Trust Fund.

The first disbursement of the Fund mobilized US 10.6 million for 73 projects of which 82% at country level, 18% at the regional and global level. 48% of the disbursements are in the Least Developed Countries.

The indicated targets for the fund are of US 60,000,000

45. A thematic organization is usually an evolving specialization of an organization already devoted to the issue. The Creative Economy is a new area for international cooperation; it is neither a circumscribed problem nor an industrial sector. It cannot be compared with the task of poverty alleviation - a long standing tradition in development cooperation, nor can it be subsumed under the banner of cultural heritage or the larger field of preservation of cultural diversity. Given the absence of accumulated expertise, existing resources earmarked for cooperation in this area and the need for an interdisciplinary approach, a thematic perspective more than

an organizational model should be a guiding principle of collaboration between existing International and United Nations organizations working in this area.

MODEL 2

An Intergovernmental Organization

46. The more complex and structured design of an Intergovernmental Organization - be it with a selective core membership or a regional profile - could in many respects fulfil the substantive and institutional prerequisites for the Centre. Intergovernmental Organizations are wide in scope, membership and can be designed to fit a multiplicity of tasks. They have no predestined institutional format and can range from a Finance Facility such as the Global Fund for Aids, to a more encompassing design as the Global Environmental Fund.

THE GLOBAL FUND FOR HIV/AIDS — MODALITIES OF OPERATION

The Board

The Global Fund's international Board includes 19 voting members made up of representatives of donor and recipient governments, nongovernmental organizations from both the north and the south, the private sector (including businesses and foundations) and representatives of communities living with disease. In addition, key international development partners also participate as non-voting members, including the World Health Organization (WHO), the Joint United Nations Program on HIV/AIDS (UNAIDS) and the World Bank. The chairmanship of the Board rotates between a developed and a developing country member every two years.

The Secretariat

The secretariat of the Global Fund comprises only 118 (as of December 2004) staff (full time equivalents) for a program disbursement budget in excess of US\$ 860 million. All employees are on fixed-term, two-year contracts and there are no field offices or other employees. These numbers are supplemented through contractual arrangements to Local Fund Agents (LFAs) and by a 26-member Technical Review Panel (TRP) that reviews and judges all proposals on the basis of their technical and development merits.

Replenishing the Global Fund: An Independent Assessment

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47. While valuable from a technical standpoint, the intergovernmental model does require political opportunity and momentum. Intergovernmental organizations that are not limited to finance facilities tend to be built over long periods of time;

they require the commitment of important financial resources from the very start, depend on regular voluntary contributions and/or specially created budgetary allocations. They have membership requirements and modalities of governance which reflect the complexities of membership. While such a design would contribute to the Centre's international visibility as well as stability, it would no doubt require long and protracted negotiations and a level of resources difficult to prospect in the present international scenario of development cooperation. Furthermore, while the intergovernmental model does not preclude diversity in membership it does require intricate legal provisions which more often than not make direct linkages with civil society difficult. In view of the fact that the Centre is foremost a multi stakeholder endeavour, its institutional modalities should be such as to encourage multiple partnerships.

MODEL 3

An International Non-Governmental Organization

48. The international NGO model fulfils many substantive and technical requirements of the tasks at hand. While incorporating flexibility and commitment, it avoids the protracted legal and political negotiations required for the establishment of an Intergovernmental Organization. The design has a series of qualities and advantages absent in the preceding examples. It has an independent as well as an international status and flexible membership requirements. It is a partners' organization more than a political institution and as such requires a leaner institutional legal framework.
49. The open design also begets flexibility in the organization of activities. Ngo's are particularly amenable to networking and their modalities of governance are dictated more by the tasks at hand and the objectives of their membership than by formal political prerequisites.
50. Ngo's can often have large portfolios while maintaining a light bureaucratic structure. Still, successful Ngo's also have prerequisites; they operate within clearly confined areas and work on clear cut issues as opposed to wide ranging and multidisciplinary fields as the creative economy. They depend on a highly committed membership and dedicated staff. While working extremely well as networking organizations, NGO's are usually composed of homogenous units in terms of organizational formats and platform of activities. NGO's are to some extent less stable and more prone to downturns than organizations which can rely on official governmental support. They depend on a virtuous circle of cause, accountability and civil commitment, which is easier to summon on a «common cause» type of organization. The ICCI deals with a multifaceted theme, it combines research with policy making and capacity building, all of which require human and financial prerequisites that are complex and require coordination between different partners and essentially heterogeneous organizations.

International Ocean Institute

The International Ocean Institute (IOI) is an International Non Governmental Organization, headquartered in Malta.

The IOI has a Governing Board composed on eminent public individuals nominated by the founder with a special seat for the Government of Malta and a Committee of Directors which oversees the substantive aspects of the IOI programme and manages a network of 24 Institutes of operational research.

The institutes are linked to the IOI through a memorandum of understanding which guarantees a working framework. The institutes are located either in government agencies or universities. The Network of Institutes is self sustainable and provides matching funds to the contributions of the IOI. A small Secretariat located in Malta oversees the operations of the IOI.

The Trust Fund guaranteeing the financing the operations of the IOI is located in Switzerland with its own independent audit.

MODEL 4

International Multistakeholder Institution

51. The objectives and range of activities contemplated by the Centre would be better served by an institutional design more in line with a multistakeholder format. More than an institutional model, multistakeholder institutions reflect a choice of approach and a growing organizational tendency in development cooperation programmes.
52. At its heart lies the intention of widening available formats of representation and guaranteeing expediency in the implementation of programmes and institutional decisions. Multistakeholder organizations put a premium on coordination and multi purpose partnerships. With the widening of representation comes a greater degree of access to funds, human resources and information. Likewise «matchmaking» between the various stakeholders diminishes the need for centralized execution of tasks and allows for a greater range of activities to be promoted.
53. Mixed membership is a novelty in UN organizations and represents an attempt to strengthen relationships with civil society by granting it greater voice on issues of relevance to contemporary development, in particular the governance of global public goods.
54. This was also the spirit of the recommendations of the Cardoso Report to the Secretary- General on strengthening the relationship between the United Nations and Civil Society. According to the report, constructively engaging with civil society is a necessity for the UN, not an option. This engagement is essential to enable the organization to identify global priorities and to mobilize all resources to deal with the task at hand. A plurality of constituencies and actors is not

a threat to governments but a powerful way to reinvigorate the intergovernmental process itself.¹⁴

55. Current examples of institutions open to mixed memberships are: the UN Information and Communication Task Force, created to strengthen the role of the UN on information and communication technologies and the Global fund for HIV/AIDS. In both cases governments of developed and developing countries act side by side with entrepreneurs in the case of the ICT Task Force and stakeholders and activists from the affected communities in the case of the Global Fund. In both cases the principles guiding the mixed membership are experience and involvement in the cause as well as expediency in developing programmes.

United Nations Information and Communication Technologies Task Force

Established by ECOSOC in March 2001 to enhance the UN role in the promotion of development strategies on information and communication technologies.

Its task is to forge partnerships between the UN system, private industry and financing trusts and foundations, donors, programme countries and other relevant stakeholders.

It is the first body created by an intergovernmental decision in which members representing governments, civil society, private sectors, academia and foundations have equal decision making power

The Task Force works by collaborative links between its members and matchmaking. It is serviced by a small Secretariat within ECOSOC.

It has a High level Panel of Advisors composed of 29 eminent individuals with background in ICT.

A Plan of Action guiding the work has been adopted including the establishment of 6 thematic working groups as well as regional nodes. It is supported by core funding of \$5,000,000 for the

first three years. This will cover funding for such activities as network building at the global and regional levels, travel related expenses for the meetings of the ICT Task Force and its regional nodes, as well as for the core secretariat.

The ICT Task Force works with partner stakeholders, funds and donors to enhance the mobilization of resources to a maximum of \$ 50,000,000(both as financial and in kind contributions) around specific programmes and initiatives of the Plan of Action.

The Task Force itself is not directly involved in implementing programmes, but will work through existing institutions and mechanisms as well as help facilitate the creation of new partnerships.

14. Panel of Eminent Persons on Strengthening the UN System GA document A/58/817.

ELEMENTS FOR A DESIGN: MEMBERSHIP AND GOVERNING BOARD

56. The ICCI should consider the benefits of an institutional design capable of incorporating in its Governing Board, governments from developed and developing countries with experience and commitment to the development of creative industries, a core group of UN organizations active in different sectors of the creative economy, most particularly, UNCTAD, UNESCO, UNDP, ILO, WIPO and ITC, jointly with specialized organizations from civil society active in the field.
57. Diversity of membership should be explored as an asset and a guarantee of vision and expediency. Voice and membership should be organized around principles of partnership and commitment to the operations of the ICCI. They should also take into account financing and programming requirements, and the most expedient manner to carry out the vision of the Centre.

Activities of the Board

58. The Board would be responsible for overseeing the operations of the ICCI, determining future activities and lines of cooperation and guiding the resource mobilization efforts. **A Plan of Action** with the objectives, priorities and activities should set the basic consensus for the operations of the Centre and be the instrument through which the Board can oversee the activities of the ICCI and provide guidance. In addition to the **Plan of Action**, the Board requires specific instruments to oversee the financial and programming activities of the Centre.
59. **A Programming Framework for the Creative Economy** needs to be developed to serve as an operational guideline for activities as well as an instrument for the allocation of resources, choice of programming tools, and basis for partnership with civil society and external institutions devoted to creative industries.
60. The regional dimension in developing productive capacities in creative industries and opening up opportunities for wider distribution of creative goods and services is a major cornerstone of the ICCI. In this context the Regional Development Banks have a fundamental contribution to make to the activities of the ICCI and should have special role in the institutional development of the organization.
61. **An Advisory Committee** composed of experts, academics, artists and eminent practitioners in the creative economy can provide additional support and counsel to the Board, suggesting lines of activities and assisting in the mobilization of resources. Members of the Advisory Committee should be chosen on the basis of their additional import of expertise to what is already a multi stakeholder board. They should represent successful creators committed to cultural diversity, experts on the advancing technological frontiers of creative industries or experts on development economics. The Committee has an advisory nature and is not responsible for setting the programming activities of the ICCI.

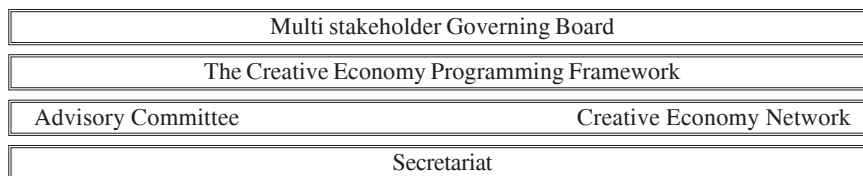
Creative Economy Network

62. In addition to its **Advisory Committee**, the Centre could organize a network of entrepreneurs and representatives of civil society devoted to creative industries: **The Creative Economy Network** will be active in the main areas of concern of the Centre. It will contribute to the activities of the Centre by exposing national and regional stakeholders to a larger global environment, providing information on the operations of the local creative networks including best practice enterprise scenarios, providing critical elements for the evaluation and promotion of policies in support of creative industries and bridging the gap between public and governmental structures and entrepreneurs. The network should be the basis of a programme on **Creative Diasporas**, a means through which artists and creators from developing countries, living abroad, can advise, connect with and assist aspiring creators and entrepreneurs in their countries or regions of origin.
63. **The Creative Economy Network** is a source of information for programmes in capacity building and indicators of best practice, a means to gather additional resources and extend the operations of the ICCI and an instrument of advocacy. Given this multiplicity of functions, the network should also have a representation on the Board.

The graph below depicts one possible organization for the ICCI

International Centre for Creative Industries

ICCI



The ICCI Secretariat

64. The ICCI should aim towards a small, multidisciplinary, and highly skilled international secretariat which would be charged with the promotion and coordination of programmes and projects in the areas of responsibility of the Centre.
65. The ICCI will propose and coordinate programmes implemented by its partner organizations. In addition to these tasks it will guide, support and participate in the Creative Economy Research Programme and in policy support and advocacy activities. It will organize and participate in the Creative Economy Network and service the Governing Board and the Advisory Committee
66. The guiding principles of the secretariat should be: leanness, flexibility in operations, access to information and maximization of resources.

The Creative Economy Programming Framework

67. The programming activities promoted by the Centre should be carried out in accordance with an agreed **Programming Framework**, which could also be used to establish the counterpart organizations and focal points for programming amongst the partner organizations. Harnessing human resources by establishing clearly defined counterparts in the specialized partner organizations and developing flexible work methodologies based on networking is without a doubt the most efficient method upon which to base the operations of the Centre. The **Programming Framework** should strive towards models for joint activities which explore the possibilities of multiple uses for single projects and which put a premium on matching resources on a global scale for projects at a national level. Programming methodologies should also take into account the global nature of the creative economy and the «public goods» aspects of many creative industries.
68. A programme of **Visiting Experts**, which would advise and participate in the activities of the Centre for a short but relevant period of time, should be an additional way of contributing to its expertise. The formula has been successfully adopted in research institutions and is also being proposed by the UNDP Poverty Alleviation Centre.
69. One of the important regional components in creative industries is the diminished cultural divide across to cultural and linguistic zones. Programmes which enhance the possibilities of regional distribution of creative goods and services should be an important objective of the Centre. The regional dimension is also fundamental in developing the **Creative Economy Network**. In this regard, the Centre should organize **Regional Nodes** to assist in carrying out regional initiatives and projects and in identifying the membership for the creative economy network. This method has been successfully championed by the UN ICT Task Force in the development of strategies for the information society.

Financial Resources

70. The Programme of activities of the Centre can be financed through a multiplicity of sources: existing budgets of governments and UN organizations earmarked for joint programming, additional funds from Multilateral Development Banks, Regional Development Banks, Intergovernmental Organizations outside of the UN System active in Creative Industries, relevant Non Governmental organizations, and matching funds from national counterpart institutions. In order to support initiatives at the regional and international level, a special programme line with Regional Banks should be promoted.
71. The objectives and programmes of the Centre differ from traditional programmes of development cooperation. The ICCI has a special constituency represented by entrepreneurs, artists, small and medium enterprises and policy makers. Because it incorporates multiple stakeholder who are not usually connected with development assistance projects, its capacity for resource mobilization is also wider

- than traditional development assistance programmes. Multiple constituencies can result in multiple modalities of resource mobilization, but also require a special effort of divulging the vision and objectives of the ICCI.
72. Governments differ in the sources of funds used in support of creative industries, some governments promote creative industries through cultural budgets, others through trade incentives and the resources allocated for development and cultural cooperation. The sources of funds are on the whole more encompassing than the traditional budgets for the support of cultural activities. In developing its joint programming activities, the ICCI would be requesting partner governments and organizations to include an element of cooperation in national funds earmarked for creative industries and to commit these funds to a common programming cause. Additional and complementary resources would also be obtained from multilateral and regional banks as well as matching funds from national counterpart institutions
 73. In this context, the **Creative Economy Programming Framework** would set the working methods for the partner organizations by devising procedures for programmes and disbursement of funds including determining the most appropriate modalities of joint project financing. The Programming Framework would need to take into account the particular «geography» of creative industries, the importance of the regional dimension and possibility of acting simultaneously at the local and global level.
 74. The resource requirements of the ICCI will not be satisfactorily met without the development of a **Trust Fund** capable of harnessing corporate contributions and other funds. A group of concerned activists in the field of creative industries could assist in the work of mobilising resources for the Fund. These resources would be additional to the funds already being committed to creative industries and future funds which could be allocated by partner governments and organizations. The Trust Fund would benefit from public and private partnerships and link the Centre with the expanding financial markets of the creative economy. The Trust Fund would have its own board of trustees responsible for overseeing financial operations under its responsibility. Since creative industries are one of the most dynamic growth sectors of the global economy, exploring the possibilities arising for financing development projects in this field is an important aspect of the work of the Centre. A good institutional design should contemplate various modalities in which the Centre can profit from this expanding market for its development objectives.

THE WAY AHEAD

75. The Bahia Conference on «Shaping the International Centre for Creative Industries» should trace the next steps in the process of launching the Centre and will provide the occasion to concur on a series of initiatives pertaining to this objective.

76. In this regard, **A Plan of Action** setting forth the objectives, activities and modalities of operation for the ICCI is one of the initiatives which could be agreed upon in Bahia. The Plan of Action should be the main instrument to divulge the vision for the Centre and establish a platform of action to be agreed upon by the potential partners of the Centre. It should set forth the singular characteristics of the global creative economy and its relationship to the development agenda and outline the basic conceptual framework for development cooperation in this new field.
77. The meeting will also be an opportunity for Governments and other funding organizations to decide on the most appropriate modalities to organize the **Programming Framework** for the activities of the ICCI. The framework should be consonant with the basic vision and objectives of the ICCI, cover the modalities of cooperation between partners, the ground rules for the promotion and coordination of programmes and joint activities as well as the principles governing external collaboration and matchmaking with international organizations dealing with creative industries.
78. In this regard a special task force should be created to map out the possibilities and modalities of allocation of funds for joint programming and financial collaboration between governments, UN Institutions and relevant civil society institutions. Activities regarding resource mobilization could also be initiated at the Bahia meeting in particular, a resource mobilization committee could be organized during the Conference to initiate the task of sensitizing the creative community for resource requirements and develop a target plan for resource mobilization. UN organizations interested in participating in the initiative could seize the opportunity of the Conference to discuss future modalities of cooperation in programming activities.
79. A series of decisions need to be taken regarding the special status of the International Secretariat. These are complex questions which range from legal agreements regarding the international status for the staff to the design of the most appropriate profile and qualification for the members of the Secretariat. All of these decisions will doubtlessly require concerted consultations between the potential partners of the Centre and the host government. Many of the initiatives projected for the ICCI have a regional dimension; the Conference in Bahia should be an opportunity to launch a set of activities and initiatives which could set the framework for regional programmes in creative industries. Special attention should be given to projects and initiatives which can begin to define the scope, range and particularities of the creative economy in the region and set the targets for regional programming in the sector
80. The meeting in Bahia should agree on a road map as well as an institutional forum for the follow up activities required for the launching of the operations of the ICCI. It is important not to lose the momentum of discussions and to move ahead in the direction of the implementation of the various agreements to be reached in Bahia.

81. In this regard it should be kept in mind that the ICCI is an opportunity for creativity and not a bureaucratic and financial burden, it aims to increase cooperation amongst creative industries practitioners and enhance the position of creative industries of developing countries in the global scenario. The task of building the Centre should harness the creative energy which it hopes to foster in its programming activities.

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