



Interoffice Memorandum

To: Mr. Douglas Broderick
UN Resident Coordinator
Cambodia
Date: 21 April 2008

From:
Officer-in-Charge - Partnerships Bureau
UNDP-New York
Extension: 6005

Subject: Subject: MDGF-1838-Creative Industries Support Programme
File: MDGF -1838

I. Approval Status

On behalf of the MDG-F Steering Committee I am pleased to inform you that your Joint Programme Creative Industries Support Programme is approved with an allocation of USD\$3,300,000 million over three years. This figure includes 7% for indirect costs incurred by UN Participating Organizations. Please note the 1% AA fee will be reimbursed directly to the MDTF Office and need not be included in your allocation.

II. JP design comments

No substantive changes are required **to the design** of your Joint Programme and you may proceed with signature of the Joint Programme document. In addition to the Government, the UN Resident Coordinator and Participating UN Organizations should each sign the Joint Programme document. We would encourage you to ensure some visibility for this event and for the launch of activities. For our records we would highly appreciate receiving a copy of the signed minutes of the National Steering Committee meetings.

We note the Joint Programme aims at valorizing Cambodia's intangible heritage targeting the entire value chain including policies, preservation, support to production, quality improvement, entrepreneurships and marketing, and access to markets in order to provide efficient and effective support to creative industries and thus contribute to the economic and social development of Cambodia

The comments of our technical reviewer on the Joint programme document are attached for reference. The review is very positive and includes some useful recommendations you may wish to consider in the finalization of the document or during the course of the programme's implementation. Please note that the changes recommended by the reviewer are not required by the Fund, unless specified under section III below. The Secretariat supports this assessment and would like to post the Programme Document in the website as an example of good design of Joint Programme once the recommended minor revisions are incorporated in the document.

While the proposed Monitoring framework is clear, additional effort should be undertaken to develop indicators to capture progress at the level of the MDGs, outcome, UN reform and Paris Declaration. In addition, the Secretariat plans to work with all approved programmes during 2008 to address their M&E frameworks and to develop a small number of common indicators relating to the MDGs, thematic windows, UN reform and the Paris Declaration.



III. JP re-design requirements and/or recommendations

The following minor changes are required to the Joint Programme document before finalization:

- An explicit analysis and expected impact of the Joint Programme on the selected **Millennium Development Goals**.
- The **budget** allocated to the establishment and running of the Programme Management Committee which is expected to meet on an average four times a year appears to be excessive. We suggest any support provided to the coordination of activities identifies appropriate budget lines to change some miscellaneous expenses.
- The strengthening of the quality of the **Monitoring and Evaluation framework** in the lines indicated above.

IV. Management arrangements and delegation of authority

On receipt of a copy of the signed document, the Fund Secretariat will transfer the full three-year allocation to the custody of the Multi Donor Trust Fund (MDTF) Office pending further instructions from you.

Please note the MDTF Office will pass-through funds to Participating Organizations on instruction from you as Resident Coordinator and Co-Chair of the National MDG-F Steering Committee.

As reflected in the Fund's Framework Document (Section 9 'Formulation Process & Release of Funds) and the global MoU with Participating Organizations (Article I, 2-c) the MDTF Office will release resources on an annual, advance basis. For the first advance, these funds will be transferred on the basis of receipt of the first year Annual Workplan and the signed Joint Programme document. Subsequent annual advances will be released on instructions from you and on the basis of a) receipt of the next annual work-plan approved by the National Steering Committee; b) evidence that a formal review of the programme's progress has been undertaken not more than three months earlier, either in the form of an annual progress report (if the timing coincides) or through the minutes of a National Steering Committee where this has been discussed; and c) only when combined commitments against the existing advance have exceeded 70%. Please review the initial year budget requests carefully with participating organizations in order to ensure realistic delivery targets in this regard. The annual agency apportionment projected in the final budget attached to the signed Joint Programme document should also be reviewed and can be revised up to the time of your first funds-advance request. This is important for the reasons outlined below.

In order to allow the implementation team some flexibility to adapt the strategy to unexpected challenges and opportunities (most particularly delivery issues), and to empower Resident Coordinators in their oversight responsibilities, this memorandum also provides you with the authority over the three year duration of the programme in consultation with Participating Organizations and with the agreement of your National Steering Committee to (a) transfer up to \$1,000,000 or 20% of the total value of the project budget – whichever is lowest – *between Participating Organizations* identified in the original Joint Programme budget and/or (b) re-phase up to \$1,000,000 or 20% of the total value of the project budget – whichever is lowest - *between years*. The base-line against which these ceilings will be measured is the



annual budget projection (by year and by participating organization) confirmed at the time of your first funds-advance request. The MDTF Office must be informed of any revisions of this kind, decided locally and is responsible for tracking these delegation ceilings for each programme. Any changes that fall outside these parameters will have to be referred back to the (Global) MDG-F Steering Committee for approval.

As you will appreciate, one of the MDG-F's express goals is to strengthen the role of Resident Coordinators as leaders of Country Teams. The success of the MDG-F activities will depend on your ongoing leadership and engagement. We count on you to exercise this leadership and to ensure this Joint Programme remains an ongoing, integrated effort by the UN system in support of national priorities. Please also use the National Steering Committee mechanism to help ensure national ownership by the Government in particular and involve it in important financial and programmatic oversight decisions.

The signed Joint Programme document and the completed Fund Release Form should be sent to the MDG-F Secretariat and MDTF Office within 30 days of the receipt of this memorandum. If this deadline is not possible, please inform the secretariat accordingly.

The Executive Coordinator of the MDTF Office, Bisrat Aklilu, will be in contact with any specific documentation requirements to ensure the programme meets compliance requirements for the Fund's pass-through arrangements.

With best wishes.

cc.

Bisrat Aklilu, Executive Coordinator, Multi-Donor Trust Fund Office
Hafiz Pasha, Assistant Administrator and Director Bureau for Asia and Pacific, UNDP New York
H.E. Mr. D. Juan Antonio Yáñez-Barnuevo, Permanent Representative of Spain to the United Nations
H.E. Mr. Kosal Sea, Permanent Representative of the Kingdom of Cambodia to the United Nations
Ms. Milagros Hernando, Director-General for Planning & Evaluation, MFA Madrid
Ms. Sally Fegan-Wyles, Director, Development Group Office
MDG-F Secretariat

Joint Programme: (OPAS # and title) : **MDG-F 1838 Cambodia
Creative Industries Support Programme**

Date: March 11, 2008

1. Overall comments

The JP has been conceived and elaborated by four UN agencies: UNESCO, ILO, UNDP and FAO, in consultation with national institutions, such as the Ministry of Culture and Fine Arts, the Ministry of Commerce, the Ministry of Industry, Mines and Energy as well as the Ministry of Agriculture, Forestry and Fisheries.

The project aims at valorizing Cambodia's intangible heritage, namely within the field of performing arts, handicrafts and related know-how, targeting the entire creative chain: policies, preservation, support to production, quality improvement, trade, entrepreneurship and marketing - domestic and international, in such a way as to provide efficient and effective support to creative industries and to fully exploit their economic and social potential.

The strong points of the JP are:

- 1.1. The JP is based on existing projects and expertise in the areas of cultural heritage preservation, trade, entrepreneurship and marketing, namely through projects already developed by UN agencies. In that sense it has a strong community-based approach and can capitalize previous experiences. This aspect is also beneficial in terms of the effective implication of existing structures, artisans' associations and civil society organizations.
- 1.2. The JP demonstrates a strong dimension of consideration and respect to indigenous cultural expressions and their specific features, which confer to its implementation a sustainable social and economic inclusion basis towards those populations.
- 1.3. The JP is building upon knowledge and consideration of regional achievements in similar fields, as well as of equivalent actions in neighboring countries. It contains therefore *de facto* a regional and international dimension that can be very beneficial as per the expected commercial outlets for cultural crafts products and the overall project sustainability.
- 1.4. An additional strong point of this JP is that it integrates the notion of creativity as a strategic asset for the country, capable of offering a comparative advantage in a globalizing economy, whilst maintaining and promoting Cambodian cultural identity.

2. Elaboration of the Concept Note

The full JP draft seems to have taken into consideration the Convener's comments and recommendations, namely in terms of elaborating a clear monitoring and evaluation strategy as well as of streamlining the budget. These adjustments have been reflected on the

management arrangements, as well as on the clear articulation of both the Summary of Results Framework and the Programme Monitoring Framework.

3. Relevance and external coherence

Global agenda

The JP replies to UNDAF Outcomes 2 and 3:

UNDAF Outcome 2: Increased and equitable access to and utilization of land, natural resources, markets, and related services to enhance livelihoods

UNDAF Outcome 3: The rural poor and vulnerable using their enhanced skills, abilities and rights to increase productivity.

The JP contributes to the following Cambodian Millennium Development Goals:

N° 1: Poverty reduction

N° 3: Women's Empowerment

N° 8: Developing Global Partnerships for Development

The Joint Programme Outcomes are:

1. Improved capacity of national institutions to preserve and develop Cambodia's tangible and intangible cultural heritage and living art and promote its social and economic potential.
2. Improved employment opportunities and income generation in the creative industries through enhanced cultural entrepreneurial skills, improved business development services and market access.
3. Improved commercialization of local cultural products and services in domestic and international markets.

The JP Outcomes, Outputs and related Indicative Activities seem to adopt an integrated approach and adequately up scaling method, allowing the achievement of the abovementioned objectives and ensuring the sustainability of the JP results.

Additionally, the project is meant to be aligned and to contribute to the ratified UNESCO Conventions on World Heritage (1972), Safeguarding of the Intangible Cultural Heritage (2003) and Protection and Promotion of the Diversity of Cultural Expressions (2005). These standard-setting instruments can indeed enhance and facilitate the regulatory framework improvement sought by the JP, in terms namely of the protection and promotion of diversity, of the cultural products and of the producers' rights.

National policy and Institutional context

The project is in harmony with Cambodia's policies and strategic choices in the concerned field. More specifically, it takes into account the Royal Government of Cambodia's acknowledgement of the important role played by Culture in order to shape and preserve national identity, strengthen social cohesion and contribute to the economic growth and development of the country.

The JP will be aligned and contribute to the following national agenda items:

- a. The Royal Government of Cambodia's Rectangular Strategy, related to economic growth, employment, equity and efficiency
- b. The Small and Medium Enterprise Development Framework, aiming to promoting SME development
- c. The Cambodian Trade Integration Strategy, which provides a unique platform for trade and private sector development.

Last but not least, one of the major activities, the establishment of a Seal of Excellence for certain categories of cultural products and services will be directly linked to the Royal Court, through an "Appointment to His Majesty the King" Seal of Excellence. This promotion instrument, with the direct support of the supreme country's authority, can be extremely positive as per the visibility of the project's results both on domestic and international levels.

UN reform

The JP has been elaborated taking into consideration the comparative advantages and expertise of involved UN agencies as well as the capitalization of previous actions' results and experiences. The indicative activities and the overall Results Framework witness of a rational and coherent tasks, roles and resources breakdown.

4. Internal coherence

Programme design and delivery

1. The JP uses an inclusive approach as per targeted beneficiaries: policy-makers, creative industries workers, artisans and artists as well as artist-entrepreneurs are among the target groups, whilst specific activities have been tailored according to their respective features and identified needs.
2. The JP is addressing the rich intangible cultural heritage of Cambodia, a domain that has not been addressed as much as its tangible heritage. It associates in a very convincing fashion the know-how and cultural expressions to employment creation or maintenance, to economic growth and to trade capacity.
3. The current situation analysis is very well structured and witnesses of a profound knowledge of regional, national and local situations and needs.
4. The lack of beneficial impact of mass tourism in Cambodia on the producers, craftspeople and arts entrepreneurs' income opportunities and overall situation has been clearly identified and addressed.
5. The country's needs and constraints have been clearly studied and identified, especially in what concerns gaps in international trade access, insufficient technical and managerial skills.
6. Legal protection of creative ideas has been identified as a problem and a challenge in terms of enhancing human resources and preserving the cultural capital and specificities of creative industries.
7. The fair share received by producers out of the commercialization of their own cultural products has been identified and addressed within the overall JP strategy and certain activities acting as corrective measures.
8. The JP addresses quite well the issue of indigenous population target groups, in terms namely of their remote location and handicaps that this location entails, *inter*

alia constraints in access to technology and skills upgrading, which would allow them to compete better in provincial and national markets.

9. The selected geographical areas for the JP implementation are quite promising as per its potentially successful results and replication opportunities in other regions of the country. Additionally, the proposed models for the Creative Industry Hubs are meant to be tailored according to the specific features and identified needs of each target group, especially the indigenous ones, as the JP admits that there is no “one size fits all”.
10. Stakeholders and direct beneficiaries have been associated to the JP conception and design, a point that is extremely important in implementation, ownership and sustainability.

Management arrangements and risks assessment

The JP design includes a well-planned management scheme and foresees an efficient methodology in that regards. The inception, implementation and consolidation periods are well defined and correctly up scaled.

Risks, inherent mainly to the target groups and to the weak institutional framework, seem to have been addressed through the principle of actively “involving national and local stakeholders in the process of identification, prioritizing, planning and execution”. The UN in-country expertise is also presented as an adequate risks mitigation parameter.

5. Overall recommendations to the UNCT for modifications to the JP design

Output 3.3: Infrastructure created to promote cultural products/ services through certification and quality control

Indicative activities :

3.3.1 Identify cultural products/ services and develop Seal of Excellence criteria (work with the Royal Palace to approve a ‘By Appointment to His Majesty the King’ Seal of Excellence), based on UNESCO Seal of Excellence for these products/ services (UNESCO)

3.3.2 Register and promote Seal of Excellence system with the appropriate Ministries and the Royal Palace.

Identify technical needs for quality improvement and incorporate it into mentoring program (UNESCO)

3.3.3 Further improve marketing of Seal of Excellence system UNESCO)

Recommendation:

The existence of a regulatory framework for the protection of creative craft activity serves three main objectives:

- to stimulate creativity and thereby contribute to its development;
- to protect the investment necessary for production and distribution; and
- to develop the industries connected with craft products with the resultant beneficial effect on the creation of wealth and jobs.

The existence of specific regulatory frameworks for the protection of craft activity, while serving to stimulate creativity, makes it possible for creators:

- to earn pecuniary remuneration;
- to win respect for their products; and
- to gain recognition for their status as craftsmen.

At the same time, these frameworks will be useful to entrepreneurs, guaranteeing their investment and thereby ensuring the progress of craft industries and in turn the wide dissemination of their products for the benefit of the community. These points are more than relevant in what concerns the JP goals and expected Outcomes.

Additionally, the value of the craft product is closely connected with the concepts of “originality” and “exclusiveness”. Obviously, that value will be lessened by the extent to which third parties are given access to it. This can be prevented by the use of existing instruments.

The UNESCO Seal of Excellence is such an instrument that can allow, if criteria and standards properly implemented, to achieve most of abovementioned goals and enhance promotion/marketing mechanisms on national, local and international level. The fact that the JP proposes a Seal of Excellence based on the UNESCO model, can be very positive if certain its criteria are adopted (and eventually adapted) and if certain conditions, namely training, are met.

For this purpose, it is important to include a specific plan of training for craftspeople and crafts organisations managers, all along the JP implementation phase, associating those craftspeople directly to the criteria selection and to the understanding of its attribution mechanism. It seems pertinent to quote, within the JP design, the UNESCO Seal of Excellence¹ six criteria (excellence, authenticity, innovation, eco-friendliness, marketability and social responsibility) and mainly bear in mind that:

- The Seal is not an awards competition given for the most outstanding piece, but a “stamp of approval” that guarantees that a handicraft product or product line meet the highest standards of quality and have been produced with careful regard to cultural authenticity and environmental conservation
- The Seal serves as a quality control mechanism and marketing device that guarantees excellent quality of hand-made traditional and/or innovative craft products from Asia-Pacific.

In that regards, it would be useful to link progressively the proposed Cambodia Royal Seal of Excellence to the UNESCO South-East Asia Seal of Excellence mechanism and therefore benefit from the related promotion and visibility opportunities, especially targeted on European and International markets.

¹ http://portal.unesco.org/culture/en/ev.php-URL_ID=31842&URL_DO=DO_TOPIC&URL_SECTION=201.html