

An Analytic Review on the Development Path of China National Arts Fund

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ABSTRACT

The China National Arts Fund (CNAF) was founded in 2013 and aims to support arts development, promote personnel training in the sectors of art and literature, and advertise the excellent art works to the public. Although nearly 10 years (including preparation stage) has passed and thousands of art works, institutions and artists have been supported by the CNAF, there is no previous study on systematic analysis of the CNAF development. This paper gives an analytic review on the development path of CNAF, including analysis of funding objective, identification of development stages and critical success factors. There were four stages identified for CNAF development path, including preparation and initiation stage, exploration stage, fast-growing stage and post-Covid-19 era. Based on comprehensive literature review and events analysis, five critical success factors for CNAF development had been identified, which are: (1) carefully investigation, solid feasibility study and business plan; (2) well-designed institutional management measures; (3) organizing training sessions to advertising CNAF and promoting applications; (4) well-managed activities according to the Covid-19 prevention policies; and (5) developing online system to manage the whole process of funding application, utilizing and post-evaluation. Also, each critical success factor is analyzed in detail and several recommendations had been extracted and helpful to achieving sustainable development of CNAF in the future.

Keywords: Development Path, CNAF, Critical Success Factor.

1. INTRODUCTION

As one of the important public policies in the field of culture and art, the national art funding and support system plays a significant role in promoting the creation of culture and art and the prosperity of entertainment industry. The National Endowment for the Arts (NEA) is one of the first art endowments or foundations supported by the governments in the world, which was created by the U.S. Congress in the National Foundation on the Arts and the Humanities Act of 1965, and nowadays considered as a basic policy to support the development of the U.S. culture and art [1]–[3].

Since NEA's establishment in 1965, it has made a great contribution to the promotion of American arts development because of the NEA's "pursuit of excellence in the arts" mission. However, in the 1980s and 1990s, an unprecedented culture war broke out due to a series of controversial art works founded by NEA. It was the first time that the NEA was dragged into the controversial discussions among different political

forces, interest groups and the public media [4]. As a result, the compromises on budget cut, laying off staff, strengthening critical review, changing the funding criteria, etc. had ultimately lead NEA away from "the pursuit of excellence" and towards to "the public availability of art" [1], [5].

China National Art Fund (CNAF) was established in December 2013 as a national endowment under the guidance of the Ministry of Culture, and its establishment is the requirements of promoting the reform of cultural administrative system in China. The economy development had growth rapidly in the past 40 years since the "reform and open" policy issued in the late 1970s, that brought rich wealth accumulation. However, at the same time, several serious social problems are increasingly exposed such as moral hazard, lack of integrity, etc., which should be attached importance and carefully managed. Therefore, in order to strengthen the publicity of social core value and goodness, provide fund to the art talents, develop the fine arts, and also to

promote the public availability of art, the central government of China set up the CNAF [6]–[8].

Although there are nearly 10 years passed since CNAF setting up, and many art works, institutions and artists have been supported by the CNAF, there is no previous study on systematically analysis of the CNAF development. This paper will give an analytic review on the development path of CNAF, including analysis of funding objective, identification of development stages and critical success factors. And, the lessons learnt and several recommendations would be extracted to help with achieving sustainable development of CNAF in the future.

2. LITERATURE REVIEW

Most previous studies focus on the purpose of establishment of foundation for culture and arts, operation mode, culture and arts funding system, and the funding criteria, etc. The art funding system has different characteristics in United States, Europe and China. Instead of establishing a federal ministry of culture in charge of cultural and art affairs which is rely on huge fiscal allocation, the market mechanism in promoting culture and art development is always emphasized in United States. As a result, it shows a very different development path from the culture and art funding system in the European welfare nations, such as the France and Germany [3], [9], [10].

Based on survey and interviews with the foundations in United States, Liang [11] introduced the sources of funds for the American cultural and art industry, including government funding, other public sector funding, corporate and personal donations, and cultural and art institutions' self finance. Taking the NEA as a typical example of a government background arts funding, which is established under the National Endowment for the Arts and Humanities Act of 1965. As an independent federal government agency, it is the largest single arts grant agency in the United States, and the vast majority of the revenue is from government taxes that is the annual congressional financial allocation [12]–[14].

Ling [9] gave a detailed introduction to the NEA, analyzed the background of NEA's establishment, operating mechanism and detailed funding procedures. Considering the funding resources, the establishment of NEA embodies the government's intervention in literature and art industrial. And at the same time, through the proper design of institutional mechanisms, the NEA could effectively prevent the possible government's totally control in literature and art development. Liang [11] pointed out that the culture and art development in American relies on a complex and diverse funding system, and there's no single dominant organization or funding institution in literature and art industrial in

United States. Therefore, the NEA, like many other organizations, cannot determine the direction of culture and art development [11], [15]–[17].

The government which is the main body in public administration should play an important role in protect public interests and seeking public welfare in the sectors of culture and arts [18], [19]. The CNAF was jointly initiated by the Ministry of Culture and the Ministry of Finance in 2013, approved by the State Council, and officially launched the first application for project funding in June, 2014. One of the key characteristics of CNAF is the leading function in the field of culture and arts. The purpose of establishing CNAF by the Ministry of Culture and the Ministry of Finance is to promote the prosperity of culture and art, and give full play to the role of culture and arts in leading fashion, educating the people, serving society, etc. [7].

The operating mechanism of CNAF reflects the current cultural policy, which is a government's transformation from supervising culture and arts industry to managing the culture and arts development. The CNAF's establishment reflects the increasing support for culture and arts development, which has promoted the standardization and scientificity of culture and arts funding system in China [10].

In addition, Wang [20] had studied the development path of the NEA and divided it into four stages including: (1) the rapid growth stage from 1967 to 1980, (2) the stable development period from 1980 to 1990, (3) the turbulent and fluctuation period from 1990s to 2000, and (4) the recovery period from 2000s to the present. The properties of funding criteria, evaluation procedure, cooperation with local governments and the leadership, etc. are quite different in each stage, and the study on the path analysis would be helpful with fully understanding of the development of the foundation, and could provide useful management suggestions in the future. Therefore, the research on development path analysis of CNAF is urgently needed, and nearly no mentioned in previous studies.

3. RESEARCH OBJECTIVE AND BACKGROUND OF CNAF

3.1. Research objective and data collection

The research objective of this paper is going to give an analytic review on the development path of CNAF, including identification of funding objective, development stages, and critical success factors, each critical success factor will be analyzed in detail and several recommendations could be extracted and helpful to CNAF to achieve a sustainable development.

The following sources of evidences and data were used in this study for conducting the analytic review on the development path of CNAF: (1) administrative

documents, such as the CNAF's annual report, official news, proposals, progress reports, publically released information on the CNAF's website; (2) formal studies, including literatures, evaluation and audit reports, etc.; (3) newspaper and other articles appeared in mass media communications. The data from official administrative documents has the highest priority if the data and information from different sources is contradictory, and the formal studies have the secondary priority.

3.2. Background of setting up CNAF

Along with the continuous transformation of government functions into severing-mode government in mainland China, the voice of establishing a national culture and art foundation was gradually increasing. The central government has issued the "Outline of the National Cultural Reform and Development Plan for the "Twelfth Five-Year" Period" in 2012, and planned to strengthen the guidance in cultural and arts product production, improve the evaluation system and incentive mechanism in cultural and arts industry. In 2012, the Ministry of Culture issued the "Twelfth Five-Year Plan for the Cultural Reform and Development" and suggested that a nationwide culture and arts foundation is needed to attract private donations, improve the efficiency of budget expenditure, and guarantee the open, transparent, and standardized of culture and arts funding.

The CNAF was established on December 30th, 2013 by the Ministry of Culture, and firstly financed by the central government. CNAF is a public welfare foundation, that is not only financed by the central government but also could accept the donations from individuals, legal corporations or other institutions and organizations in accordance with the law. The Minister of Culture was appointed as the first chairman of the CNAF, which reflects the CNAF is totally guided and supervised by the central government.

The CNAF is aimed at flourishing artistic creation, building and promoting fine works, cultivating artistic talents, and promoting the sustainable development of the national culture and arts industry.

4. DEVELOPMENT PATH ANALYSIS

Based on the literature review and data analysis, the development path of CNAF could be divided into four

stages, which are: (1) preparation and initiation stage; (2) exploration stage; (3) fast-growing stage; and (4) Post-Covid-19 era.

4.1. Preparation and initiation stage

Many preparation works and studies had been done before the establishment of CNAF as shown in Figure 1. In 2010, the Ministry of Culture and Ministry of Finance had started the investigation and feasibility study for setting up nationwide culture and arts foundation, including the studies on the objective, preparation, funding mechanism and organization of the foundation in vary countries.

In 2012 February, the central government issued the *Guidance of the 12th Five-Year National Plan for Cultural Reform and Development*, and suggested to strengthen the guidance in creating and producing cultural and arts products, improve the evaluation system and incentive mechanism in cultural and arts industry, and set up professional foundation to accelerate the culture and arts development in next few years.

Under the *Guidance of the 12th Five-Year National Plan for Cultural Reform and Development*, the Ministry of Culture had issued the *Twelfth Five-Year Plan for the Cultural Reform and Development*" in May 2012. In which, it is suggested that a national culture and arts foundation is urgently needed to expand the fundraising sources, improve the efficiency in fund usage, and make the culture and arts funding open, transparent, and effective.

In October 2012, the proposal and business plan for the establishment of CNAF was submitted to the State Council by the Ministry of Culture, together with the Ministry of Finance. The proposal and business plan which described the objective, fundraising, culture and arts funding mechanism, and management rules of CNAF, etc., was approved by the central government in November 2012.

In March 2013, the working group was set up by the Ministry of Culture and Ministry of Finance to take the initiation and preparation works for CNAF establishment, including the design of funding mechanism, culture and art works evaluation criteria, regulations and management measures of the foundation, etc. In December 2013, the CNAF is officially established.

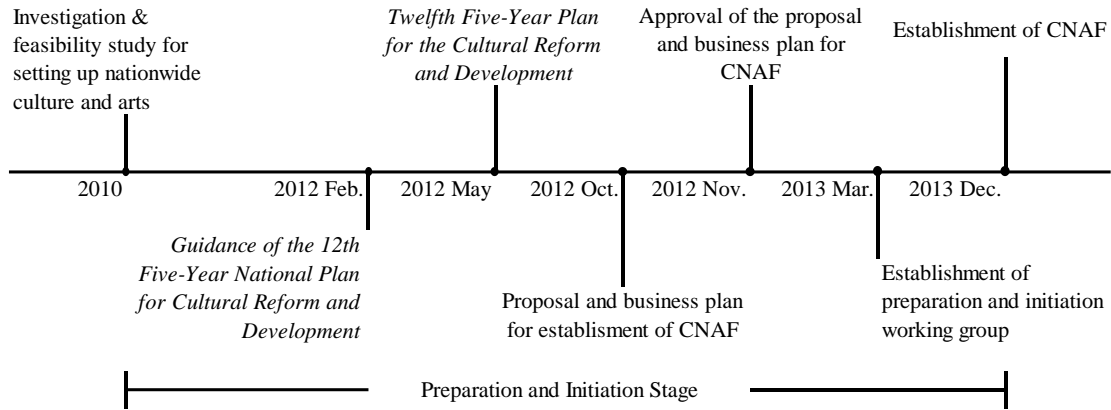


Figure 1 Key preparing works and studies in preparation and initiation stage

4.2. Exploration stage

Each year, the institutions and individual artists could submit the online proposals to the CNAF and after the preliminary check, the qualified proposals would be formally submitted to the experts evaluation committee. As shown in Figure 2, the there were 6,502 proposals of culture and arts works in total submitted online in 2014, and some of them were not fully satisfying the submission requirements, such as improper filling the form, unmatched subject, or lack of necessary information about the applicants, etc. As a result, there were only 4,124 qualified proposals.

In the first two years since CNAF establishment, the quantity of online submission and qualified proposals are both not fast growing, which reflects that most institution and individual applicants were still investigating and studying the submission procedure and regulations of CNAF, and due to the lack of publicity and advertisement, many potential applicants might take a wait-and-see position to the new culture and arts funding system. However, despite there were no fast growing in funding applications, many basic regulations and management measures were studied and established in the exploration stage, which is quite significant to the CNAF’s sustainable development, and that will be discussed later in this paper.

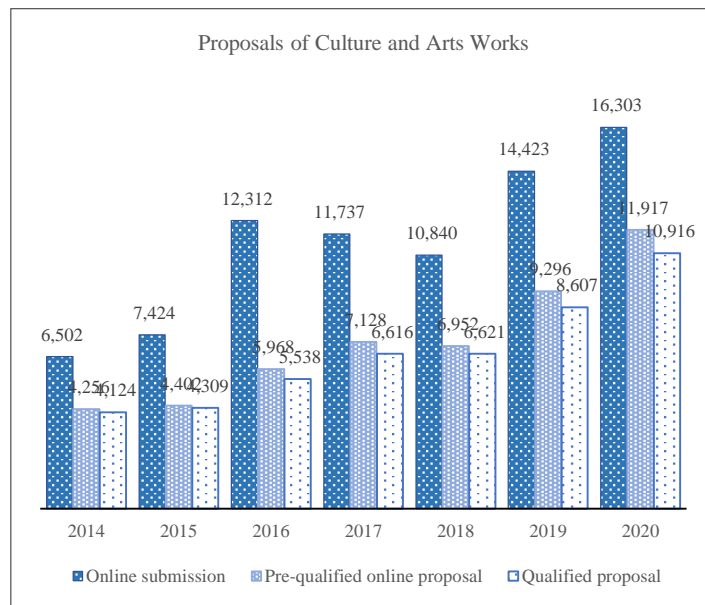


Figure 2 Proposals of culture and arts works to CNAF

4.3. Fast-growing stage

In 2015, the CNAF issued the user’s manual for the culture and art works online submission and evaluation system. Several training sessions had been organized by the CNAF in 2015 in the cities of Beijing, Nanchang and Chengdu, to introduce the aims and objectives of setting

up CNAF, and also, the submission procedure and funding evaluation mechanism were explained in detail in order to encourage the institutions and individual artists to apply for the funding. More than 1,500 institution and individual potential applicants had attended the training sessions.

As a result, the online submission in 2016 was increased sharply by 65.8% more than that in 2015, which reflected a widely acceptance and positive attitude taken by the artists and institutions. From 2016 to 2020, the number of online submission is above 10,000 in each year and the yearly compound growth rate of qualified applications is 18.49% in the those 5 years, which shows a fast-growing stage of CNAF development.

4.4. Post-Covid-19 era

Since the outbreak of Covid-19 in the early 2020, many performing and arts activities were cancelled or suspended due to the Covid-19 prevention and control policies all over the county, and there were even lockdowns in many cities. Several notices had been issued by CNAF to the institutions and artists in March, June, August and October, 2021, which required that the epidemic prevention and control is the most important issue and all the performing and arts activities should be carefully managed and supervised according to the Covid-19 prevention policies. Therefore, the passion and initiative of application for funding would be much

negatively affected due to the responsibilities of epidemic prevention and control.

In order to achieve the sustainable development of CNAF under the Covid-19 prevention and control policies, many online training sessions for funding application had been hold in various provinces, such as Gansu, Sichuan, Guangdong, Shanxi, Guangxi, Hebei, and Yunnan, etc. in 2021. Also, the supervision and management system started to provide services online since March, 2021, as a result, the whole procedure of funding application, proposal assessment by experts, project supervising and post evaluation could be conducted online, which will be very helpful to the sustainable development of CNAF in post-Covid-19 era.

5. CRITICAL SUCCESS FACTORS FOR CNAF DEVELOPMENT

There were various preparation works, advertising activities and management measures designed and implemented to promoting the CNAF’s sustainable development, and several critical success factors in each stage were identified as shown in Figure 3.

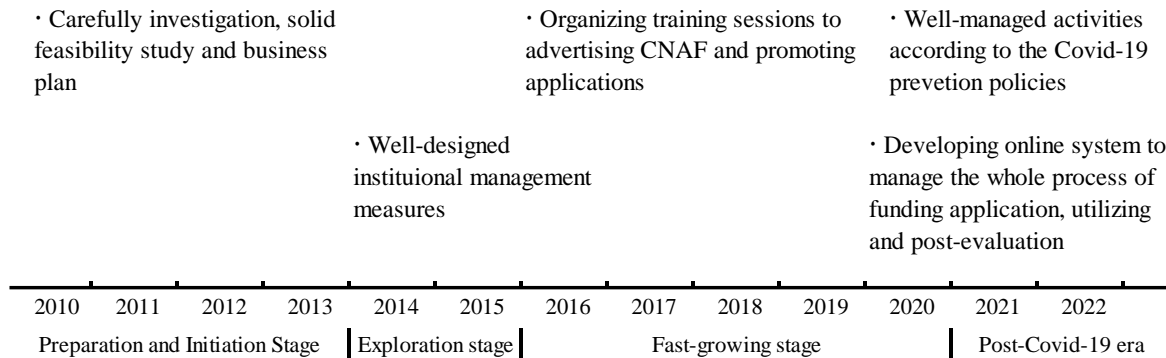


Figure 3 Critical success factors in each stage

5.1. Carefully investigation, solid feasibility study and business plan

During the preparation and initiation stage, the carefully investigation, solid feasibility study and business plan for CNAF were conducted by the working group, including study on funding mechanism and organization of the foundation in vary countries, completely discussions on the funding objective, management system, etc. of the CNAF. The comprehensive preparation works were quite helpful to the successful establishment of CNAF, and designing management measures against the forecasted issues.

5.2. Well-designed institutional management measures

The well-designed institutional management measures are significant to the successful operation of an

organization, and are widely considered as one of the critical success factors to the sustainable development of an institution. In CNAF, a series of management measures were well designed to run the funding, including the CNAF constitution, regulations and management measures on the aspects of financial management, funding project management, supervision, project delay and termination, etc.

Several key management measures issued by the CNAF is given in Table 1, and it is shown that most basic regulations and management measures were set up in the year 2014 and 2015, which is the exploration stage. As mentioned above, although the number of applications was not fast growing in the first two years since the CNAF set up, the well-designed management system was implemented in this stage and had an outstanding positive impact on the later stages. Also, the management system was improved year by year along with the CNAF development, especially after the Covid-19 happened,

and some regulations and notices were issued to require a carefully epidemic prevention and control in culture and art activities in the post-Covid-19 era.

Table 1 Key management measures issued by the CNAF

No.	Issue Date	Name
1	Apr. 30 th , 2014	CNAF Constituion
2	Apr. 30 th , 2014	Management measures for the administration of project funding
3	Apr. 30 th , 2014	Guidelines for CNAF fungding application
4	Aug. 1 st , 2014	CNAF financial management measures
5	Feb. 26 th , 2015	CNAF disciplines of supervision
6	Mar. 25 th , 2015	Management measures for the use of CNAF visual identity
7	Jul. 6 th , 2017	Guidelines for funding project supervision
8	Feb. 26 th , 2021	Management measures for the administration of project delay and termination
9	Aug. 3 rd , 2021	Notice of strengthening epidemic prevention and supervising project delay

5.3. Well-managed activities according to the Covid-19 prevetion policies

Since the outbreak of Covid-19 in early 2020, most performing, culture and art activities were delayed or cancelled due to the epidemic prevention and control policies. Along with the Covid-19 spreading and regular epidemic preveion policies issued, many performing, culture and activities should be organized and managed under the Covid-19 situation. Besides, it is widely accepeted that the Covid-19 situation might not be clearly finished in short term, therefore, the well-managed activities accoding to Covid-19 prevetion policies would have great influence on the CNAF development in post-Covid-19 era.

The CNAF had issued several notices to give guidelines of epidemic prevetion in performing, culture and art activities, including Covid-19 test, vaccination requirements, and healthy passing certification application, etc. Also, many online training and evaluation conferences had been well organized and managed in 2021.

5.4. Developing online system to manage the whole process of funding application, utilizing and post-evaluation

The online funding application system was developed and came into service in 2014, and since then, the online system was improving year by year to provide the functions of managing the whole process of funding application, utilizing, and post-evaluation. The online system is quite helpful to improve the efficiency and effectiveness of CNAF management, and also, is contributing to the transparency and fairness in the

process of funding application, assessment and supervising.

Since the outbreak of Covid-19 in 2020, the online management system was much more significant than ever before, not only the funding application, assessment and supervising was conducted online, but also many training sessions, expert discussion meetings, and post-evaluation tasks were implemented online under the assistance of online management system. It is easy to find out that the well-developed management system is one of the critical success factors for the CNAF development, especially in the post-Covid-19 era.

6. CONCLUSION

The CNAF was founed in 2013 and aims to support arts development, promote personnel training in the sectors of art and literature, and adverstize the excellent art works to the public. An analytic review on the development path of CNAF had been conducted in this study. Based on the data analysis of funding applications and management events investigation, there were four stages identified in CNAF development in past nearly ten years, including preparation and initiation stage, exploration stage, fast-growing stage and post-Covid-19 era. The main management works and growing trend of funding application has different properties in different stages.

Based on comprehensive literature review and events analysis, five critical success factors for CNAF development had been identified, which are: (1) carefully investigation, solid feasibility study and business plan; (2) well-designed institutional management measures; (3) organizing training sessions to advertising CNAF and promoting applications; (4) well-managed activities

according to the Covid-19 prevention policies; (5) developing online system to manage the whole process of funding application, utilizing and post-evaluation. Each factor was discussed in detail in this study to illustrate its significance to the CNAF development.

Several recommendations could be extracted and summarized based on this study. First, it is obvious that the carefully preparation and feasibility study, well-designed management measures will be the foundation of the CNAF's sustainable development. Second, the nationwide organized advertising and training sessions would be quite helpful to the local institutions and artists to know about the CNAF funding objective and mechanism, and would be useful to increase the number of applications. Third, the well-designed management measures according to the epidemic prevention and control policies are very important, so that the performing, culture and art activities could be organized properly in post-Covid-19 era. Finally, the information technology (IT) application would be to helpful with improving the efficiency and effectiveness of CNAF management, and also, be contributing to the transparency and fairness in the process of funding application, assessment and supervising.

In the future study, more critical success factors will be identified based on literature review and expert interviews, then the significance of each critical success factor will be investigated through questionnaire survey. The comparative study of different art foundations from different countries is going to be conducted, and the lessons learnt from the management experiences of similar foundations in other countries will be extracted and summarized as well.

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