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**POLICY DEPARTMENT B: STRUCTURAL AND COHESION POLICIES**

CULTURE AND EDUCATION

# **Use of Structural Funds for Cultural Projects**

STUDY

## **Abstract**

EU policies are moving towards a comprehensive understanding of culture as a tool contributing to urban regeneration, attractiveness, entrepreneurship, innovation, jobs and sustainability. Cities and regions are going through the same path. Unfortunately, the new Cohesion Policy proposal for 2014-2020 only partially captures the pervasiveness of cultural investment. This study analyses the use of Structural Funds (SFs) in the period 2007-2013 and provides advice on how to facilitate access to SFs for culture under the new Policy.

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## LIST OF ABBREVIATIONS

<b>AFC</b>	Apulia Film Commission
<b>CAP</b>	Common Agricultural Policy
<b>CCIs</b>	Culture and Creative Industries
<b>CF</b>	Cohesion Fund
<b>CP</b>	Cohesion Policy
<b>CSF</b>	Common Strategic Framework
<b>CSG</b>	Common Strategic Guidelines
<b>DEC</b>	Display Energy Certificate
<b>EAFRD</b>	European Agricultural and Rural Development Fund
<b>EC</b>	European Commission
<b>ECIA</b>	European Creative Industries Alliance
<b>EMF</b>	European Maritime Fund
<b>EMFF</b>	European Maritime and Fisheries Fund
<b>EP</b>	European Parliament
<b>ERDF</b>	European Regional Development Fund
<b>ESF</b>	European Social Fund
<b>ESFRI</b>	European Strategy Forum on Research Infrastructures
<b>EU</b>	European Union
<b>ICT</b>	Information and Communication Technologies
<b>MS</b>	Member States
<b>OP</b>	Operational Programme
<b>RIS3</b>	Research and Innovation Strategies for Smart Specialisation

**RTD** Research Technology

**SFs** Structural Funds

**SMEs** Small and Medium Enterprises

**STEM** Science, Technology, Engineering and Medicine

**TPP** Teatro Pubblico Pugliese

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## EXECUTIVE SUMMARY

Culture is ideally positioned on the cusp of the economic and political spheres of the European project. It creates wealth as in all economic sectors but, in addition, it contributes to creativity, social inclusion and better education. Culture is also a powerful tool to communicate values and to promote objectives of public interest that are broader than wealth creation.

The economic crisis is testing the limits of Europe's solidarity and as a consequence the essence of the European project. Europe needs to revitalise its economy. However, economic convergence cannot be achieved without social cohesion. Europe has to make citizens feel part of a "common" culture and history. The revision of the EU programmes and budget is an opportunity to call on Member States to work towards Europe's unity and reflect on how culture can keep the European utopia alive.

Culture is, however, a difficult concept to define. While it may be described as a set of attitudes, beliefs, customs, values and practices, it also qualifies as a sector of activity. The cultural sector, or the so-called cultural and creative sector, includes the core arts, the cultural industries (publishing, music, audiovisual, film and videogames) and the creative industries (design, advertising and architecture) (KEA 2006).

EU policies have recently moved towards a comprehensive understanding of culture. The most recent European policies in the field of culture, innovation and cohesion acknowledge this contribution and show a paradigm shift where the interlinkages among the different dimensions of culture and their contribution to different aspects of economic and social life are increasingly recognised:

- Culture is considered as a tool to foster intercultural dialogue, creativity and international relations (Agenda for Culture 2007);
- A broader approach to innovation is proposed, including investment in design and the creative industries (Innovation Union 2010);
- Culture is identified as a factor of attractiveness in cities and regions and creative industries are considered the best to make the link between creativity and innovation (Regions contributing to Smart Growth 2010).

Regions and cities – which hold the remit of important competences in the field of culture – have fully integrated (if not even inspired) such a policy "mind-shift".

This shift is however incomplete, notably as regards the budget allocation for culture-related investments. While the European cultural policy relies on a budget of about € 1.18 billion (Culture and MEDIA Programmes), innovation and cohesion policies count on greater resources (about € 84 billion and € 347 billion respectively). Cultural policies should be compensated by investment through other complementary programmes and funds, due to their potential contribution to Europe's development.

Over the period 2007-2013, € 347 billion will be distributed to EU Member States and regions to achieve Cohesion Policy's goals, € 6 billion of which will benefit culture<sup>1</sup>. However, this is certainly an underestimation, as cultural interventions have been financed under headings other than culture, such as innovation or support to entrepreneurship.

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<sup>1</sup> Infoview - DG REGIO database.

Culture is not (simply) a sector but a resource like the environment. As such, it can be carefully “mined” to attain different policy objectives:

- improve social cohesion;
- increase knowledge;
- protect and promote heritage;
- develop the local economy.

This study shows that culture is at the heart of local, regional and national policies. The careful selection of case studies documented in the study illustrates the pervasiveness of cultural investment, its contribution to territories’ attractiveness and therefore the extent to which culture has been mainstreamed in public policies with a view to:

- develop creative entrepreneurship and talents (Tartu Centre for CIs, the video games Prototype Fund in Dundee, VC Fund in Berlin, Nantes and its performing arts scene);
- incubate innovation and new business models (CIs Development Programme in Finland);
- encourage spill over effects between culture-based creativity and other sectors (ICT, manufacturing, tourism, etc.) (the Kunstgreb project on artistic interventions in Denmark, BUDA Fabric in Kortrijk);
- revitalise cities’ quarters and image (Quartier de la Création Nantes, Klarendal quarter in Arnhem, Temple Bar in Dublin).

Artistic and creative interventions lie at the core of culture’s power to influence new ideas. Artists and creative professionals embed different approaches to and understanding of reality that can trigger change, new perceptions, differentiation and, as a result, innovation. Artistic interventions also have a remarkable impact on policy visions, as proved by political leaders’ innovative approach to art and culture in Nantes or Kortrijk.

European Structural Funds (SFs) have proved to be essential to launch creativity policies and projects. There would not have been a Creative Estonia policy programme, a Quartier de la Création (Nantes), a revitalised Temple Bar quarter (Dublin) or a Prototype Fund for video games (Dundee) without EU regional funding. Nantes Métropole has spent 18% of its ERDF budget (around € 54 million) on projects related to urban renovation and attractiveness, including the creation of cultural facilities. Even Berlin has devoted € 50 million to culture and CIs. These are important amounts, especially if compared with the € 400 million total budget of the European Culture Programme. Furthermore, it is thanks to programmes like URBACT and INTERREG, from which all the cities analysed have benefited, that exchange of experience and learning was made possible.

Cities and regions across Europe have extensively interpreted Cohesion Policy’s approach to culture. The 2007-2013 Cohesion Policy regulatory framework mainly (but not exclusively) links culture to tourism, the renovation/building of cultural infrastructures, the supply of cultural services and the preservation and development of cultural assets/heritage. It does not refer to the potential of culture as a source of non-technological or social innovation in its own right, or to the contribution of culture to urban regeneration or to the impact of the cultural and creative sectors on the green economy.

Lack of references to culture in the EU Cohesion Policy framework or in the subsequent OPs is a key barrier to fostering cultural investments. In addition, other factors such as co-funding requirements, administrative procedures, advancement conditions or lack of transparency are perceived as obstacles to accessing SFs for culture-related projects.

The 2014-2020 Cohesion Policy proposals have yet to recognise the full potential of culture and its role in supporting economic development and social inclusion. The approach of the EC draft regulations provides a unique reference to protecting, promoting and developing cultural heritage under the thematic 6 “protecting the environment and promoting resource efficiency” (ERDF regulation). In the accompanying document, Elements for a Common Strategic Framework (CSF), however, there is an important attempt to create a link between culture and innovation, competitiveness, sustainability and education. EU institutions should not undermine such a link, which should appear both in the CSF and especially in legally binding regulations.

The forthcoming Policy’s vision on culture only partially reflects the policy shift that has taken place in the last few years in cultural, innovation and cohesion policies, where a broader approach to culture has been advanced with the aim of improving the links between cultural investment and economic, social and innovation goals.

Europe has important challenges to face. It needs to develop new forms of competitive advantage in order to benefit from the shift to the knowledge economy and be able to face new competitors in the global arena. Europe should develop its competitive potential whilst maintaining the promise of a cohesive Europe, where values like equality and social integration are shared and promoted.

Europe has enormous cultural and creative assets: a strong education system, creative enterprises, a dynamic and culturally rich society, a good level of digital technology literacy, strong public institutions and democratic systems of government, a wealth of ideas, artists and creative talents. European brands are among the best in the world in technology, fashion, tourism, media publishing, television, music, design and architecture. At the heart of this culture-based creativity is the capacity of artists and creative professionals to cross boundaries, to think laterally, to take risks and exercise their entrepreneurial spirit. Whether Europe will make the most of all these assets, remains an open challenge.

Cohesion policy should support local decision makers who, in the last 10 years, have been showing the way to achieve the EU 2020 strategy’s objective through culture. Culture has contributed to innovative jobs, products, services and processes (Smart Growth). It has acted as a source of creative ideas nurturing the new economy while having a low impact on the environment (Sustainable Growth). Art and culture have created the conditions for people to get together to share feelings and exchange ideas (Inclusive Growth).

In order to make the most of culture for regional and local development, the following recommendations, developed in detail in the main text of the study, are suggested to the EU and to the European Member States, regions and cities.

**Table 1: General recommendations**

<b>Recommendations</b>	<b>In practice</b>
<b>Build on a broad approach to culture</b>	Acknowledge the importance of culture as a source of sustainable development and its contribution to the EU 2020 priorities in national and regional development strategies/programmes as well as in a recital of the Common Provisions, ERDF and ESF regulations. A reference should also be introduced in the CSF in order to set the ground rules and justify key actions in the field of culture.
<b>Widen the definition of innovation</b>	Include an explicit reference to non-technological innovation in national and regional development strategies/programmes as well as in a recital of the Common Provisions, ERDF and ESF regulations. A reference should also be introduced in the CSF in order to set the ground rules and justify key actions in the field of non-technological innovation under priorities 1 (R&I), 8 (jobs) 9 (social inclusion) and 10 (education).

**Table 2: Recommendations at European level**

<b>Recommendations</b>	<b>In practice</b>
<b>Preserving and promoting culture as a new thematic priority</b>	Introduce a new thematic priority on preserving and promoting cultural resources, including heritage, arts and culture and the creative sectors/professionals for a sustainable economy and the corresponding investment priorities (support to: cultural skills, education, training and craft; cultural heritage and infrastructures; urban regeneration and social cohesion through culture; artistic projects and activities; cultural entrepreneurship; culture-based innovation) in the Common Provisions, SFs and EAFRD regulations as well as in the CSF.
<b>Support creation, use and access to creative content (Thematic 2)</b>	Insert an explicit reference to support for creation, use and access to content as an investment priority under thematic 2 on ICT, both in the Common Provisions and ERDF regulations and in the CSF.
<b>Mainstream the role of culture in environmental-friendly societies (Thematic 6)</b>	Support for culture-based artistic projects and initiatives promoting or contributing to a greener society should be included among the key actions of thematic 6 in the CSF.
<b>Broaden support to cultural infrastructure (Thematic 6)</b>	Include support for the creation, renovation and promotion of cultural infrastructures as a key investment priority under thematic 6 (environment) in the ERDF regulation and in the CSF.
<b>Recognise the role of culture for employment, social innovation and inclusive growth and ensure adequate support (Thematic 8, 9 and 10)</b>	Introduce support for artistic interventions among the key investment priorities of thematic 8 (jobs) under the ESF regulation and in the CSF. Key actions in the CSF should include support to employment in the cultural, artistic and creative sectors and the use of cultural and creative skills in non-creative sectors to facilitate the adaptation of workers and enterprises to change.

	<p>Mainstream support for social inclusion through culture-based initiatives among the investment priorities of thematic 9 (social inclusion) in the ESF regulation as well as in the CSF. Key actions in the CSF should include support to cultural and artistic projects facilitating access to culture, intercultural dialogue and social integration.</p> <p>Include support to cultural competences and skills contributing to non-technological and social innovation among the investment actions under thematic 10 (education) on education in the CSF.</p>
<b>Reinforce institutional capacity of public stakeholders in the field of culture (Thematic 11)</b>	Add a reference to cultural stakeholders among those whose capacity should be enhanced (capacity-building). Such reference should appear in the key actions of thematic 11 in the CSF.
<b>Support the role of culture in modernisation of public services (Thematic 11)</b>	Include support for the modernisation of public services through culture and creativity in all policy fields among the key actions of thematic 11 (public administration) in the CSF.
<b>Earmark a percentage of the 5% ERDF to be allocated to urban development for culture</b>	In the ERDF regulation, require MS to earmark a percentage of the 5% of the ERDF to be targeted to urban development for culture-related interventions
<b>Involve cultural stakeholders, at all levels</b>	In the European Code of Conduct on Partnership (ECCP), include an explicit reference to cultural stakeholders (including at regional and local level) among those to be involved in the negotiation and implementation of SFs and OPs.
<b>Make sure qualitative impacts are taken into account</b>	The Common Provisions, the Common Strategic Framework and the SFs regulations should refer to the importance of qualitative impacts and set up indicators or other tools to measure such impacts.
<b>Raise awareness about cultural investment's potential to make the most of Structural Funds</b>	Concrete initiatives should be undertaken at EU level to make sure that EU institutions, MS and regions understand the importance of culture of local development and that culture is mentioned in CP documents – such as the creation of social platform on SFs and culture in collaboration with European networks such as ECIA, Eurocities or Culture Action Europe and the Committee of Regions; the appointment of an ambassador in each European country in charge of promoting action on SFs and culture; the launch an “ad-hoc” European mid-term initiative (such as a communication campaign or an event) gathering local and regional political leaders supporting cultural investment; targeted events at the Open Days <sup>2</sup> to communicate about the importance of SFs for culture.

<sup>2</sup> European Week of Cities and Regions - [http://ec.europa.eu/regional\\_policy/conferences/od2012/index.cfm](http://ec.europa.eu/regional_policy/conferences/od2012/index.cfm).

**Table 3: Recommendations Member State/regional/local level**

<b>Recommendation</b>	<b>In practice</b>
<b>Strengthen the partnership principle and the involvement of cultural operators</b>	Introduce detailed provisions in a territorial pact which should provide for cultural stakeholders to be included in the preparation, implementation, monitoring and evaluation of the operational programmes.
<b>Earmark culture in operational programmes, at national and regional level</b>	Include a priority axis or key investment actions in the field of culture in national and regional operational programmes.
<b>Earmark CCI's in Smart Specialisation Strategies</b>	MS and regions should include CCI's in RIS3 taking into account the Guide on Strategies for Smart Specialisation (2012) and, as also suggested by the Smart Specialisation Strategy Guide, map CCI's regional assets, involve all cultural administrative and political actors in the decision making process and adopt a strategic and inclusive approach to investment and the use of financial resources for this sector.
<b>Set up innovative financial instruments for culture and creative sectors</b>	Include among the operational programmes' actions promoting the setting up of innovative financial instrument for CCI's.
<b>Allocate a percentage of the Structural Funds' budget to capacity building actions</b>	Allocate a part of the Partnership Contracts' and operational programmes' budget to set up specific training and support actions for the cultural sector in order to facilitate access to SFs. Capacity building actions should also be organised for cultural policy's officials and managing authorities in each region.
<b>Include training on monitoring, evaluation and indicators in capacity building actions</b>	Assign a budget to specific training sessions addressing monitoring and evaluation issues in the cultural field (e.g. heritage, arts and culture and creative industries/professionals).