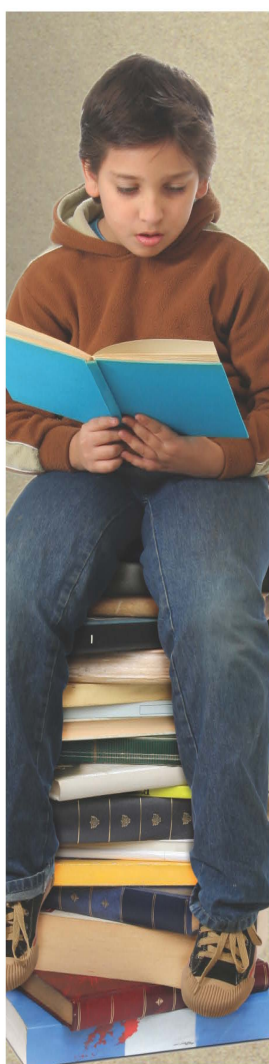


DIRECTORATE-GENERAL FOR INTERNAL POLICIES

POLICY DEPARTMENT
STRUCTURAL AND COHESION POLICIES **B**



Agriculture and Rural Development



Culture and Education



Fisheries



Regional Development



Transport and Tourism



**USE OF STRUCTURAL
FUNDS FOR CULTURAL
PROJECTS**

STUDY



DIRECTORATE GENERAL FOR INTERNAL POLICIES
POLICY DEPARTMENT B: STRUCTURAL AND COHESION POLICIES

CULTURE AND EDUCATION

USE OF STRUCTURAL FUNDS FOR CULTURAL PROJECTS

STUDY

This document was requested by the European Parliament's Committee on Culture and Education

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POLICY DEPARTMENT B: STRUCTURAL AND COHESION POLICIES

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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 report 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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CONTENTS

LIST OF ABBREVIATIONS	5
LIST OF TABLES	7
1. INTRODUCTION	15
2. EU POLICIES: A NEW APPROACH TO CULTURE	17
2.1. A mind-shift in cultural, innovation and cohesion policies	18
2.2. An incomplete process	22
3. THE CONTRIBUTION OF CULTURE TO THE EU COHESION POLICY 2007-2013	25
3.1. A Cohesion Policy to achieve Lisbon Strategy goals: objectives and architecture	26
3.2. The place of culture under the 2007-2013 EU Cohesion Policy	28
3.3. Enforcing Cohesion Policy at national and regional level	30
3.4. Facilitators and barriers to access SFs for culture	38
3.5. Lessons learnt	42
4. TOWARDS THE 2014-2020 COHESION POLICY	43
4.1. A simplified, more focused and result-oriented Cohesion Policy	43
4.2. Opportunities for culture under the Cohesion Policy proposal 2014-2020	47
5. CONCLUSIONS AND RECOMMENDATIONS	75
5.1. The pervasiveness of cultural investment	75
5.2. Towards a comprehensive approach to culture in the new Cohesion Policy	78
5.3. Recommendations	80
REFERENCES	89
ANNEXE I - LIST OF STAKEHOLDERS CONSULTED	97
ANNEX II – FICHE 9 BEST PRACTICES	101
ANNEX III - METHODOLOGY	111

LIST OF ABBREVIATIONS

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

LIST OF TABLES

Table 1 General recommendations	12
Table 2 Recommendations at European level	12
Table 3 Recommendations Member State/regional/local level	14
Table 4 Architecture of Cohesion Policy 2007-2013	27
Table 5 Main documents of Cohesion Policy 2007-2013	27
Table 6 Culture in ERDF 2007-2013 investment priorities and actions	28
Table 7 Architecture of Cohesion Policy - comparative table 2007-2013/2014-2020	44
Table 8 Cohesion Policy 2014-2020 - Thematic priorities	45
Table 9 Main documents of Cohesion Policy 2014-2020	48
Table 10 Main components of the Elements for a CSF 2014-2020 (Annex)	49
Table 11 Thematic priorities, investment priorities and key actions of Cohesion Policy 2014-2020	50

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 culture¹. However, this is certainly an underestimation, as cultural interventions have been financed under headings other than culture, such as innovation or support to entrepreneurship.

¹ 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

Recommendations	In practice
Build on a broad approach to culture	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.
Widen the definition of innovation	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

Recommendations	In practice
Preserving and promoting culture as a new thematic priority	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.
Support creation, use and access to creative content (Thematic 2)	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.
Mainstream the role of culture in environmental-friendly societies (Thematic 6)	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.
Broaden support to cultural infrastructure (Thematic 6)	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.
Recognise the role of culture for employment, social innovation and inclusive growth and ensure adequate support (Thematic 8, 9 and 10)	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>
Reinforce institutional capacity of public stakeholders in the field of culture (Thematic 11)	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.
Support the role of culture in modernisation of public services (Thematic 11)	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.
Earmark a percentage of the 5% ERDF to be allocated to urban development for culture	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
Involve cultural stakeholders, at all levels	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.
Make sure qualitative impacts are taken into account	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.
Raise awareness about cultural investment's potential to make the most of Structural Funds	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 ² to communicate about the importance of SFs for culture.

² European Week of Cities and Regions - http://ec.europa.eu/regional_policy/conferences/od2012/index.cfm.

Table 3: Recommendations Member State/regional/local level

Recommendation	In practice
Strengthen the partnership principle and the involvement of cultural operators	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.
Earmark culture in operational programmes, at national and regional level	Include a priority axis or key investment actions in the field of culture in national and regional operational programmes.
Earmark CCI's in Smart Specialisation Strategies	MS and regions should include CCIs in RIS3 taking into account the Guide on Strategies for Smart Specialisation (2012) and, as also suggested by the Smart Specialisation Strategy Guide, map CCIs 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.
Set up innovative financial instruments for culture and creative sectors	Include among the operational programmes' actions promoting the setting up of innovative financial instrument for CCIs.
Allocate a percentage of the Structural Funds' budget to capacity building actions	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.
Include training on monitoring, evaluation and indicators in capacity building actions	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).

1. INTRODUCTION

Europe is a political project and not simply an economic market. Culture is ideally positioned on the cusp of the economic and the political spheres. Compared to other sectors of the economy, culture has an additional dimension – it not only creates wealth but it also contributes to 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 near collapse of the financial system and the sovereign debt crisis are testing the limits of Europe's solidarity and, as a consequence, the essence of the European project. The Union is now focusing on economic recovery, but the reflection should be wider. There cannot be economic convergence without a social convergence. Europe has to capture the imagination of citizens in the same way as the concept of nation state, rooted in a "common" culture and history, succeeded in doing in the 18th and 19th century. The revision of the EU funding programmes is an opportunity to call on Heads of States and Governments to work towards Europe's unity and reflect on how culture can keep the European utopia alive.

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, 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.

Culture is, however, a difficult concept to define. While it may be described as a set of attitudes, beliefs, customs, values and practices which are commonly shared by a group - where the "group" is defined in terms of politics, geography, religion, ethnicity or some other characteristics³ - culture also qualifies as a sector of activity: the cultural sector. The cultural sector, or the so called cultural and creative sector, includes the core art, the cultural industries (publishing, music, audiovisual, film and videogames) and the creative industries (design, advertising and architecture) (KEA 2006). According to Throsby (2001), cultural sector's activities share three main characteristics: they involve some form of creativity in their production; they are concerned with the generation and communication of symbolic means; their output potentially embodies at least some form of intellectual property.

EU policies have recently moved towards a comprehensive understanding of culture. The European Agenda for Culture first and Communications in the field of regional and innovation policy afterwards have recognised the complex nature of culture and its role in building the European project. Culture can have an instrumental role in urban regeneration, attractiveness, tourism, entrepreneurship, economic development, social integration and innovation, contributing to build a cohesive and competitive Europe.

The careful selection of case studies documented in the study serves to illustrate the pervasiveness of cultural investment and its contribution to territories' attractiveness. In cities like Nantes, Kortrijk, Tartu, Berlin, Arnhem, Dundee and Dublin a considerable amount of EU regional funds has been invested in art and culture. These in turn have nurtured new visions for local development and greatly contributed to urban regeneration, support to entrepreneurship, employment and innovation, access to finance, talents'

³ For example, culture will be used in the following expressions: the Irish culture, the Jewish culture, the youth culture, the enterprise culture. The characteristics which define the group may be substantiated in the form of signs, symbols, texts, languages, and artefacts, oral and written traditions as well as by other means.

creativity and territorial branding. Policies and related support measures have also been fostered by good practices exchange across Europe thanks to INTERREG and URBACT programmes.

Cities and regions across Europe have extensively interpreted the 2007-2013 Cohesion Policy. They have gone beyond the EU regional policy's prevalent vision linking cultural investment to heritage and tourism and successfully explored the potential of culture to boost innovation, the growth of the knowledge and green economy as well as social cohesion.

The package of proposals for the future Cohesion Policy 2014-2020 goes in a way beyond such a limited vision, as some documents refer to cultural and creative sectors in relation to SMEs' development, for instance. However, culture does not appear in the list of thematic or investment priorities contained in the regulations (legally binding) but only in the draft Common Strategic Framework (which translates regulations into practical actions to be put in place). It is not yet certain which legal form the latter is going to take and its final content is likely to be greatly reduced.

The observed mind-shift in EU and local policies is an opportunity that should not be missed in the 2014-2020 Cohesion Policy. This should build on culture as a resource for smart, sustainable and inclusive growth, the EU 2020's target that largely inspires the new Policy. The Communication on a "Regional Policy contributing to smart growth in Europe" (2010) points to the creativity and skills of people to help Europe recover from the crisis, and states that cultural and creative industries are in a "strategic position to link creativity and innovation". The Communication highlights their potential to boost local economies, stimulate new activities, create new and sustainable jobs, influence other industries (spillovers), and enhance the attractiveness of regions and cities. In addition, they may act as a catalyst for structural change in industrial zones and rural areas, thus rejuvenating their economies, strengthening social cohesion and contributing to a change of the image of territories.

The objective of this study is to analyse the use and access to Structural Funds - SFs (ERDF and ESF) in the current period with the aim of facilitating access to SFs for culture (in its broadest meaning) in the new financing period.

The study is structured in four sections: the first one analyses the mind-shift in European policies and the new place of culture in policy-making; the second one critically presents the structure of the Cohesion Policy 2007-2013, the place of culture in official texts and the barriers and facilitators to access Structural Funds for the sector; the third one makes a similar analysis of the new proposal, by presenting advantages and limits for the cultural sector. Finally, the study makes conclusions on the importance of cultural investment supported by the case studies presented throughout the report and makes a series of recommendations for EU institutions and Member States/regions to ease access to Structural Funds. The study also includes fiches in the Annex relating to the 9 best practices that illustrate in an exemplary way the contribution of cultural investment to local development.

Our research relies on an extensive bibliographical research and on interviews, surveys and case study visits for the analysis of the functioning of Cohesion Policy at national and local level and of the 9 best practices. A round table with Culture Action Europe has also been held to develop the analysis of the European Commission's proposal. 9 countries were targeted for the analysis of the functioning of Policy: Italy, Spain, France, Ireland, UK, Finland, Poland, Belgium and the Estonia. 23 case studies were initially selected and a few more chosen in a second phase of the research particularly to illustrate some specificities of cultural investment. A more detailed analysis has been done in relation to the 9 selected best practices.

2. EU POLICIES: A NEW APPROACH TO CULTURE

KEY FINDINGS

- Culture greatly contributes to social and economic development. Culture-based investments have produced positive impacts on attractiveness and regeneration of deprived areas, territorial and social integration, sustainability and social and economic innovation.
- The most recent European policies in the field of culture, innovation and cohesion acknowledge this contribution and show a paradigm shift where the links between the different dimensions of culture and their contribution to different aspects of 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).
- This paradigm shift is however incomplete, notably as regards the budget allocation to culture related investments. While European cultural policy relies on a budget of about € 1.18 billion (Culture and MEDIA Programmes), innovation and especially cohesion policies can count on greater resources (about € 84 billion and € 347 billion respectively).

The culture and creative sectors represent almost 3% of the EU GDP and 6 million jobs in Europe. The sector grew much faster than manufacturing industry between 1993 and 2002. Its total turnover is higher than that of the automobile industry (KEA 2006).

However, Europe is a political project and not simply an economic market. Culture is ideally positioned on the cusp of the economic and political spheres. Compared to other sectors of the economy, culture has an additional dimension – not only does it create wealth but it also contributes to social inclusion, better education, self-confidence and pride in belonging to an historic community.

In the transition to the knowledge and experience economy, the culture and creative sectors also act as a catalyst of economic and social innovation. Creativity stemming from art and cultural productions or activities fosters innovation. This culture-based creativity (KEA 2009) is linked to the ability of creative people, notably artists, to think imaginatively, to break conventions and to give inputs for new ideas, processes or products.

Culture and culture-based creativity particularly flourish at territorial level. European communities gather around common cultural elements which shape their identity and sense

of belonging. Culture in turn acts as an element of differentiation, having an impact on the territories' image, attractiveness, entrepreneurship, jobs and sustainable growth.

Regional and local authorities are in a key position to facilitate "cross-pollination" between culture and other sectors, thereby facilitating "creative spillovers" and culture-based innovation.

- Culture-led regeneration can help "brand" cities and regions to attract tourists, companies and investors, or to retain local talents.
- Culture can act as a lever for territorial and social integration by regenerating abandoned sites and by reintegrating the socially excluded.
- Culture-based creativity can be used in new forms of communication to raise awareness about environmental sustainability issues and challenge social habits.
- A flourishing cultural offer can contribute to attract and boost local companies.
- Cultural content stimulates the deployment of ICT as well as new investments in broadband infrastructures, digital technologies and consumer electronics.
- Creative inputs (e.g. design and advertising) contribute to shaping competitive products and services providing them with a new symbolic value.
- Culture and creative sectors also contribute to an environmental friendly economy and green jobs, as they mainly rely on new (low carbon) technologies.

Europe is increasingly aware of the potential of culture to foster socioeconomic development and to enhance integration among the mix of local identities that characterises the Union. As explained in the following paragraphs, a "mind-shift" is taking place in traditional cultural policies, leading to the recognition of culture's spillover effects and therefore to the mainstreaming of culture in different policy fields, especially in innovation and regional policies.

2.1. A mind-shift in cultural, innovation and cohesion policies

2.1.1. A cultural policy boosting culture as a catalyst of creativity

The protection of culture and promotion of cultural diversity are now recognised amongst the principles underpinning the European Union (EU) project.

Culture became a clear competence of the EU with the entry into force of the Treaty of Maastricht in 1993 which provides that "the Community shall contribute to the flowering of the cultures of the Member States, while respecting their national and regional diversity and at the same time bringing the common heritage to the fore" (Art. 128). Although culture is and will, therefore, primarily remain a responsibility of Member States, the Treaty gives the EU the important role to support and complement the actions of Member States, by stimulating exchanges, dialogue and mutual understanding.

The more recent Lisbon Treaty has confirmed and even strengthened Europe's cultural competence (Art. 167 Lisbon Treaty). It has added some more references to culture⁴ and changed the voting system⁵.

The "Communication on a "European Agenda for Culture in a Globalising World" (EC 2007a) adopted by the European Commission in 2007, for the first time clearly spells out the main European goals in this field:

- Foster intercultural dialogue to ensure that the EU's cultural diversity is understood, respected and promoted;
- Promote culture as a catalyst for creativity in the framework of the Lisbon Strategy for growth and jobs and its follow-up "EU 2020";
- Promote culture as a vital element in the Union's international relations.

The European Commission's Cultural Agenda goes beyond the value of culture in its own right. It acknowledges its instrumental value vis-à-vis Europe's broader development goals, thus paving the way for the mainstreaming of culture in other policy fields, from innovation to international trade.

The Agenda particularly stresses the role of culture and creative industries in enhancing the attractiveness of regions and points to Cohesion and rural development policy to restore cultural heritage and promote creative industries in this direction.

As a follow-up to the Agenda and to firmly harness the potential of culture as a catalyst of smart, sustainable and inclusive growth (Europe 2020's goal) across different sectors, the European Commission has issued a strategy document that aims at tapping into culture and the creative sectors' potential for development (Green Paper on "Unlocking the potential of cultural and creative industries" (EC 2010f)). The Green Paper provides that cultural and creative companies offer real potential to achieve the EU 2020 Strategy by "boosting local economies in decline, contributing to the emergence of new economic activities, creating new and sustainable jobs and enhancing the attractiveness of European regions and cities". It also invites Europe to pioneer new ways of value-added, of living together and enjoying diversity, building on our rich and diverse cultures.

⁴ - a new point added to the Preamble, specifies that the Treaty draws: *'inspiration from the cultural, religious and humanist inheritance of Europe, from which have developed the universal values of the inviolable and inalienable rights of the human person, freedom, democracy, equality and the rule of law'*

- the third article of the Treaty, at the third paragraph, now states that the European Union: *"shall respect its rich cultural and linguistic diversity, and shall ensure that Europe's cultural heritage is safeguarded and enhanced"*.

- in the section named *"Categories and areas of the Union's competence"*, Article 6, the Treaty lists various actions that the EU can take *'to support, coordinate or supplement the actions of the Member States'*. Here the Treaty reiterates that culture is one of these areas.

- finally, article 300, paragraph 2 on the Economic and Social Committee states that: *"The Committee shall consist of representatives of organisations of employers, of the employed, and of other parties representative of civil society, notably in socio-economic, civic, professional and cultural areas."* This is the first reference to cultural organisations as members of civil society.

⁵ The decision-making in the Council will now be treated under Qualified Majority Voting (QMV) as opposed to the current unanimous vote. This should facilitate the European decision-making process while weakening national vetos. However, as regulation in the cultural policy area cannot be harmonised due to the limited competences of the EU in this field, the QMV rule will principally apply to decisions concerning the format and scope of the funding programmes.

In the framework of the Lisbon Agenda's objectives, the European Parliament had promptly recognised the relation between culture and economic development and employment at regional and local level and invited the Commission and Member States "to reinforce the support of cultural industries in the projects of economic development of regions and cities, based on Structural Funds" (EP 2003). As a follow up, in 2008 the EP specifically called on the EU to better integrate this sector in an appropriate European strategy for culture and, in particular, invited the Commission and the Member States to set up their policies based not only on entrepreneurial innovation but also on the innovation of cultural actions and creative economies (EP 2008 – Bono Guy report). The EP also recognised the role of culture in the development of European regions (EP 2009) as well as in making Europe the world's number one tourist destination (EP 2011a) and stressed the significance of European culture at international level as a form of "soft" power to help spread European values such as human dignity, solidarity, tolerance, freedom of expression and respect for diversity (EP 2011b). The EP resolution on the Green Paper (EP 2011c) welcomed the EC initiative in the field and further invited Member States to create the most favourable conditions for culture and the creative sectors to develop, especially at local and regional level.

The Council backed these positions stressing that the full development of the potential for innovation and creativity built on European culture as well as intercultural dialogue are key factors for Europe's success in a globalised world (Council 2008). The Conclusions on Culture as a Catalyst for Creativity and Innovation (Council 2009) consider culture and creativity to be inextricably linked and to be at the core of the innovative capacity of citizens, organisations, businesses and societies. The Council, therefore, called on the EU and Member States to better foster synergies between the cultural sector and other sectors of the economy and to mainstream culture in local and regional development policies (Council 2009, Council 2010), thereby further contributing to "push" culture within the scope of regional and innovation policies. Also, the Council highlighted the importance of acquiring cultural and creative competences, both to allow diverse cultures in Europe to flourish and to boost all forms of innovation, mainly non-technological and social innovation (Council 2011a).

2.1.2. An innovation policy calling for a broader approach to innovation

Innovation policy has become an important pillar of EU policies. Today, competitiveness is played out on a global scale. Europe is called upon to find new and innovative ways to answer the globalisation challenge that has disrupted the traditional industry and economic order in the last decades.

As a follow-up to the Lisbon Strategy, the EU 2020 (EC 2010e) has given a new strategic framework to Europe to boost smart, sustainable and inclusive growth. Concretely, the Union has set targets to be reached by 2020 in areas such as innovation, but also education and social inclusion.

The Europe 2020 Strategy's flagship initiative "Innovation Union" (EC 2010d) asserts that the creativity and diversity of European citizens and the strength of European creative industries offer huge potential for innovation. It therefore proposes a broad concept of innovation encompassing new products and processes but also services, marketing, branding and design methods or new forms of collaborative arrangement. Europe is invited to develop its own distinctive approach to innovation focussing on "innovation in business models, design, branding and services that add value for users and where Europe has

unique talents". Such an approach to innovation is also echoed by the proposal for a new European research programme 2014-2020, Horizon 2020⁶ (EC 2011c).

The European Commission's Communication on "An integrated industrial policy for the globalisation era" (EC 2010b), another flagship initiative of the Europe 2020 Strategy, recognises cultural and creative industries as important drivers of economic and social innovation in other sectors. Furthermore, the annual European Competitiveness Report (EC 2010c) attached to the Communication highlights that cultural and creative industries are not only innovators themselves but have also been important drivers for innovation as they bring inputs into the development of other sectors. Indeed, it reports that the creative industries had a positive and significant effect on the growth rate of local GDP per capita in 2002-2007, according to recent findings.

DG Enterprise - the initiator of the Innovation Union policy initiative – has also for the first time set up a concrete and complementary action that should help explore the new meaning given to innovation. The European Creative Industry Alliance (ECIA7) is a platform gathering together policy makers and regional agencies specialised in culture, creativity and innovation. ECIA members will test pilot actions in the fields of clustering, access to finance and creative spillovers with the aim of delivering policy recommendations about policy measures through which CCIs can best contribute to the new economy.

2.1.3. A cohesion policy pointing to culture and creative sectors to foster regional growth

EU Cohesion Policy (CP) has a long history beginning in 1988 when a new reform strengthened the European Commission's role in regional development while maintaining a constant exchange of information with national and sub-national actors. The Treaty of Maastricht further emphasised the importance of CP which today remains one of the most important policies of the European Union, accounting for more than one-third of total EU expenditure (€ 347 billion for the period 2007-2013). The objective assigned to Cohesion Policy in the EU Treaties is "to promote overall harmonious development" and "reduce disparities between the levels of development of the various regions and the backwardness of the least favoured regions".

The European Commission has slowly but constantly increased the place of culture in its Cohesion Policy. Although there has always been a major focus on the link between culture and tourism, it is possible to identify a positive evolution towards a more complex understanding of culture. If, under the period 2000-2006, "tourism and culture" were together identified as a sector with important development potential for employment creation, under the current period, culture is much more diffusely mentioned in the Cohesion Policy's regulations. Culture is considered as an asset not only for tourism development but also to set up the right conditions for cities and regions to attract highly skilled people.

⁶ "Horizon 2020 takes a broad approach to innovation that is not limited to bringing new products to the market, but also covers processes, systems or other approaches, including by recognising European strengths in design, creativity, services and the importance of social innovation. Funding for these activities will be meshed with the support for research and technological development." (EC 2011c, p. 8)

⁷ www.howtogrow.eu/ecia/

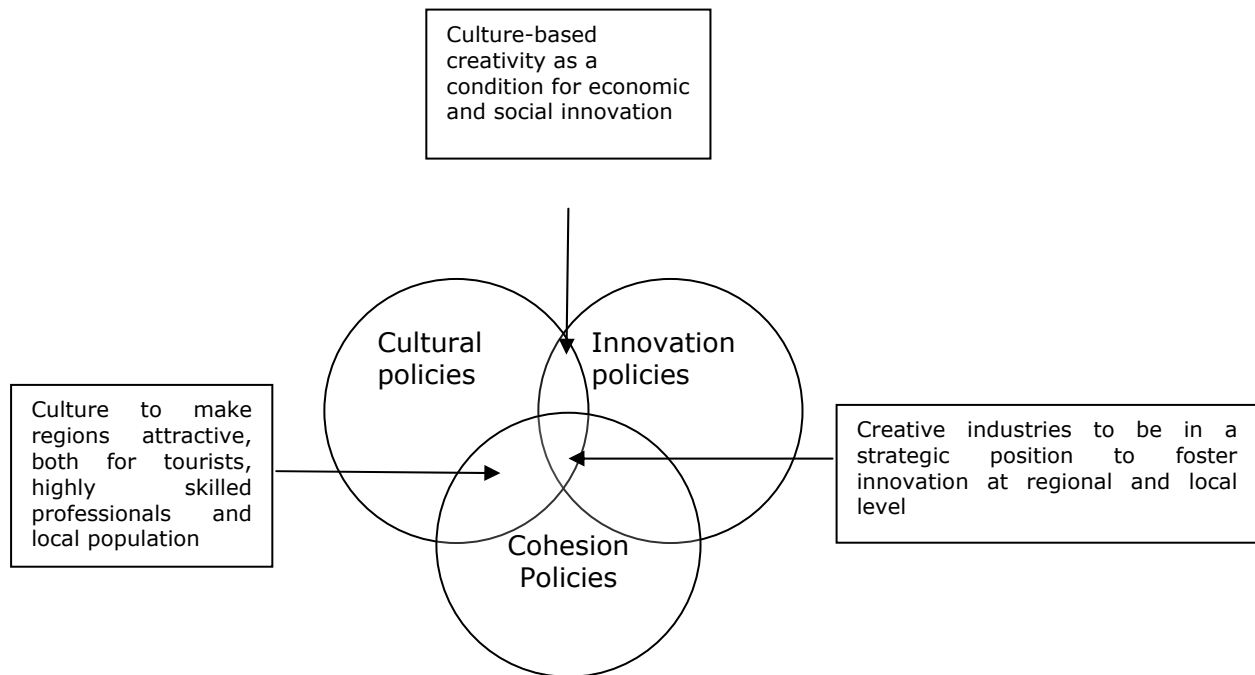
The Communication on "Regional Policy contributing to smart growth in Europe" (EC 2010d) announces a strategic shift: it clearly points to creativity and skills of people to help Europe recover from the crisis and states that cultural and creative industries are in a "strategic position to link creativity and innovation". The Communication highlights their potential to boost local economies, stimulate new activities, create new and sustainable jobs, influence other industries (spillovers), enhance the attractiveness of regions and cities as well as to act as a catalyst for structural change in industrial zones and rural areas, thus rejuvenating their economies, strengthening social cohesion and contributing to a change of the public image of regions. The presence of CCI and vibrant cultural communities – the text continues – act as a "soft" location factor that can attract tourists but also establish a favourable environment for innovation and the attraction of highly - skilled people as well as companies. The Communication clearly calls for an integration of culture and the creative sectors into regional development strategies in order to ensure an effective partnership between civil society, businesses and public authorities at regional, national and European levels.

In this context, the Commission has developed the policy rationale of "smart specialisation", a new concept for regional innovation policy. In a nutshell, smart specialisation is about placing greater emphasis on innovation and having an innovation-driven development strategy in place that focuses on each region's strengths and competitive advantage. The EC has developed a Guide to help regions set up such strategies (Platform on RIS3 2012). It includes a specific section inviting Member States and regions to place culture and the creative industries within such strategies in order to stimulate new forms of innovation and sustainable growth.

2.2. An incomplete process

European cultural policies are increasingly recognising the multidimensional role of culture in areas from innovation to regional development to international relations. The Agenda for culture calls on culture to ensure intercultural dialogue, to stimulate creativity (including at the local level to improve attractiveness of places) and to position Europe in the international realms vis-à-vis third countries. This is what we call a "mind-shift" towards a new understanding of culture that goes beyond its "own sake" and grasps its instrumental role in the construction of a cohesive and competitive Europe.

Such a "mind-shift" concerns not only the cultural field. In recent years, culture has been mainstreamed in innovation and cohesion policies to contribute to fulfilling their objectives. Innovation policies propose a broad concept of innovation based on cultural and creative inputs. Regional policies emphasise the role of culture to make regions attractive, both for tourists and highly skilled professionals and also consider cultural and creative industries to be in a strategic position to link creativity and innovation at regional and local level. Cultural, innovation and cohesion policies have, therefore, developed some points of convergence:



Source: KEA (2012)

An increasing understanding of the potential of cultural investment at local and regional level can also be identified. The Agenda for culture calls on Cohesion Policy to support regional development through culture. The European Competitiveness Report (EC 2010c) recalls the creative industries' significant impact on the growth rate of local GDP.

However, the mind-shift towards a new vision of culture remains incomplete. On the one hand, culture, innovation and cohesion policies rely on very different budgets - € 1.18 billion for cultural policy (CULTURE and Media Programmes), € 347 billion for Cohesion Policy, and about € 84 billion for Innovation Policy (FP7 and Competitiveness and Innovation Framework Programme). On the other hand, the funding programmes in innovation and regional fields only partially reflect the policy documents' approach to culture as a source of socioeconomic development through innovation. Innovation Policy's programmes mainly target science and ICT as the main fields where innovation happens. Cohesion Policy regulations – as we will see better in the following paragraphs - mainly link investment in culture to the preservation of cultural heritage and the development of cultural infrastructures. No reference is made to spillover effects of culture and the creative sectors on sectors other than tourism.

In order to make the most out of the EU funds available, especially in a time of crisis, cohesion and innovation policy programmes should feed into the limited cultural budget and support their mutual socioeconomic development and innovation objectives through culture and the creative industries.

3. THE CONTRIBUTION OF CULTURE TO THE EU COHESION POLICY 2007-2013

KEY FINDINGS

- The approach to culture of the current Cohesion Policy regulatory framework is mainly linked to tourism, the rehabilitation/building of cultural infrastructures, the supply of cultural services and the preservation and development of cultural assets/heritage. The potential of culture as a source of non-technological or social innovation, or its contribution to urban regeneration or the green economy is never mentioned.
- Nevertheless, local authorities have adopted a forward-looking vision. Cultural investment has been integrated in local policy-making to widely foster regional development and contribute to Cohesion Policy goals - namely attractiveness (Nantes), innovation (Kunstgreb) and jobs (Abertay University Prototype Fund). Structural Funds have importantly contributed to such investment.
- Unfortunately, however, the total amount of SFs invested in culture related projects cannot be calculated.
- Lack of reference to culture in the EU policy framework and in the OPs is a key barrier to encouraging culture investments. In addition other factors such as co-funding requirements, administrative procedures, advancement conditions or lack of transparency are perceived as obstacles that make more difficult the use of SFs for culture related interventions.

Over the period 2007-2013, € 347 billion will be distributed to EU Member States and regions to achieve Cohesion policy's goals, including € 70 billion for the Cohesion Fund⁸ and € 277 billion for the Structural Funds (ERDF and ESF).

The Study on the Contribution of Culture to Local and Regional Development – Evidence from the Structural Funds (CSES 2010) commissioned by the EC provides an overview of the impact of SFs on culture over the period 2000 to 2013. The study estimates that expenditure for culture under the SFs amounted to more than € 6 billion (out of € 347 billion). The share of culture based projects in the structural funds is markedly below its share in economic activity (almost 3% of the EU GDP and 6 million jobs, KEA 2006) and well below its potential contribution to achieving the objectives of cohesion policy. This amount represents 1.7% of the total budget. € 3 billion is allocated for the protection and preservation of cultural heritage, € 2.2 billion for the development of cultural infrastructure, and € 775 million to support cultural services (EC 2007b). However, CCIs' projects have been supported under "headings" other than culture such as innovation, information society or skills development. The 1.7% amount of SFs from which culture-related projects benefit is therefore certainly underestimated.

Some countries have tried to estimate the use of SFs for culture based investments beyond "cultural heritage", "cultural infrastructure" and "cultural services" and identified the

⁸ The Cohesion Fund is aimed at Member States whose Gross National Income (GNI) per inhabitant is less than 90% of the Community average. Its objective is to reduce their economic and social shortfall, as well as to stabilise their economy. It supports actions in the framework of the Convergence objective (Council 2006a).

amount allocated to other kinds of cultural projects. The results are remarkable. In Finland, around one-third of SF-funded projects (114) involved the creative economy and cultural entrepreneurship. Cultural tourism projects accounted for the second largest group (83) and general cultural projects for the third largest group (53). Cultural well-being projects amounted to 32 in all. The creative economy and cultural entrepreneurship is also the largest thematic group in terms of the funding allocated to it (€ 61.9 million) (OMC 2012). In Austria, the share of arts, culture and creative industries projects amounts to 5.71% of the total € 1.38 billion funds approved in all EU regional programmes in Austria from 2007 to 2010. Of these funds, a certain portion is allocated to projects with a peripheral relevance to culture and the creative industries; projects mainly focused on culture and the creative industries get 3.15% or € 43.5 million (Lungstraß A. et al. 2011). However, there is no data, at the moment, providing a complete overview of the amount of SFs spent on culture and creative industries at EU level.

The following paragraphs first describe the logic behind the current Cohesion Policy 2007-2013. They then critically illustrate the place of culture in Cohesion Policy's documents. Finally, they present how Structural Funds are accessed at national and regional level, building on the consultation with relevant stakeholders across Europe. The case studies presented throughout the text provide concrete evidence of how money has been invested and impacts produced, even beyond the European Commission's invitation to mainstream culture for tourism and attractiveness purposes.

3.1. A Cohesion Policy to achieve Lisbon Strategy goals: objectives and architecture

Cohesion Policy represents the second most important item of the European Union's budget, accounting for about one third of the total and being second only to the Common Agricultural Policy (CAP).

The overall goal of the Cohesion Policy is to contribute to the growth of regions across Europe while reducing discrepancies. This has to be attained by supporting actions contributing to the three objectives of the Policy for the period 2007-2013, namely convergence, regional competitiveness and employment, and European Territorial Cooperation aimed at facilitating exchange of experience and learning processes across borders (Council 2006c)⁹. Investments are to be funded through 3 out of the 5 Cohesion Policy financial instruments¹⁰, or the so called Structural Funds - the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF).

Under the current period, the scope of EU regional policy has been aligned with the Lisbon Agenda and its objectives to support sustainable economic growth, more and better jobs and greater social cohesion. Member States and regions have, therefore, been invited to target Structural Funds on three investment priorities: 1) improving attractiveness and competitiveness of Member States, regions and cities; 2) stimulating innovation, entrepreneurship and the growth of the knowledge economy; and 3) creating more and better jobs (Council 2006c).

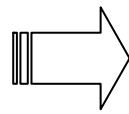
⁹ Article 3.

¹⁰ The Cohesion Fund, the European Agriculture and Rural Development Fund (EAFRD), the European Maritime Fund (EMF), the European Regional Development Fund (ERDF) and the European Social Fund (ESF).

The Cohesion Policy architecture can be summarised as follows:

Table 4: Architecture of Cohesion Policy 2007-2013

Objectives	Funds	Investment priorities
Convergence	ERDF, ESF, Cohesion Fund (CF)	Attractiveness
Competitiveness	ERDF, ESF	Innovation and the knowledge economy
Territorial Cooperation	ERDF	More and better jobs



Source: KEA (2012)

The implementation rules concerning the financial instruments and investment guidelines are exemplified in a number of documents, namely:

Table 5: Main documents of Cohesion Policy 2007-2013

General provisions ¹¹	ERDF ¹² and ESF ¹³ regulations	Common Strategic Guidelines ¹⁴
The regulation on the general provisions defines the main principles and the 3 objectives of the Cohesion Policy and the scope of the SFs.	The two SFs regulations define investment priorities and investment actions to be supported under the 3 main objectives of the Cohesion Policy (convergence, competitiveness, territorial cooperation).	The Communication on the CSG provides the 3 investment priorities of SFs with examples of actions to be supported under the 3 investment priorities.

Source: KEA (2012)

While the common provisions and SFs regulations are legally binding, the CSG are contained in a Communication that provides MS and regions with general indications on how SFs should be spent.

¹¹ European Commission. (2006) Commission regulations of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund.

¹² European Commission. (2006b) Regulation No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999.

¹³ European Commission. (2006a). Regulation No 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund and repealing Regulation (EC) No 1784/1999. Official Journal of the European Union. Brussels.

¹⁴ European Commission, (2006). COMMUNICATION Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007-2013.

3.2. The place of culture under the 2007-2013 EU Cohesion Policy

Under the current Cohesion Policy, cultural investment has mainly been supported by two of the Structural Funds – ERDF and ESF under the three priorities mentioned above.

Both SFs regulations and the CSG guidelines mainstream culture, but with a different approach.

Culture under the Structural Funds regulations

Culture is mentioned several times in the ERDF regulation, with a focus on cultural heritage and tourism development for Convergence regions, promotion of cultural assets for socioeconomic development and tourism in Competitiveness regions, and development of entrepreneurship and joint use of cultural infrastructures for areas involved in the Territorial Cooperation objective.

More specifically, the ERDF regulation targets the following investment priorities and actions:

Table 6: Culture in ERDF 2007-2013 investment priorities and actions

Objectives	Investment priorities	Investment actions
Convergence	Investments in culture, including protection, promotion and preservation of cultural heritage; development of cultural infrastructure in support of socio-economic development, sustainable tourism and improved regional attractiveness; and aid to improve the supply of cultural services through new higher added-value services (Invest. Prior. 7)	
Competitiveness	Environment and risk prevention (Inv. Pr. 2)	protection and enhancement of the natural and cultural heritage in support of socio-economic development and the promotion of natural and cultural assets as potential for the development of sustainable tourism;
Territorial Cooperation	The development of cross-border economic, social and environmental activities through joint strategies for sustainable territorial development (Inv. Pr. 1)	encourage entrepreneurship , in particular the development of SMEs, tourism, culture , and cross-border trade; Encourage and improve the joint protection and management of natural and cultural resources ; develop collaboration, capacity and joint use of infrastructures , in particular in sectors such as health, culture , tourism and education.

Source: KEA (2012)

Although the regulation refers several times to culture as an investment priority or action, the scope of cultural investment remains quite limited to cultural heritage, infrastructure and services. Culture is mainly approached as an attractiveness factor, particularly in relation to tourism development.

However, there is an attempt to go beyond preservation of heritage and the "cultural tourism approach". The text invites Member States and regions to "improve the supply of cultural services through new higher added-value services" and encourages entrepreneurship within the cultural field. This priority has indeed made ERDF investment possible in ICT infrastructures to deliver cultural and creative contents through innovative high-value services. The Cinémathèque de Bretagne, for instance, a non-profit organisation collecting, preserving and disseminating films produced in Brittany (Convergence region) and/or by its people, has invested about € 351.000 (€ 175.000 of which coming from the ERDF) to create a new database for managing films and documents and providing services such as dissemination of cultural information on films and pictures sale, and to launch a website providing online access to digitised films.

The ESF regulation, instead, makes no specific reference to culture. The main problem with ESF is that in several Member States such as Finland, France and Belgium the fund is mainly managed at national level with a focus on integration and re-entry into employment and little attention to unemployment in the cultural sector or to how artists can contribute to building self-confidence and creative skills for new and better jobs, as explained by some of the stakeholders interviewed. However, where the link between culture and unemployment has been made clear, culture-based interventions have been supported. Several of the case studies presented throughout this study give proof of this (see the box on Kunstgreb (Denmark) - section 3.3 - as well as the corresponding fiche 7 in Annex II; see also box and corresponding fiche 5 on the Finnish "Development Programme for Creative Industries).

Culture under the Community Strategic Guidelines

The CSG translates the Union's general provisions on cohesion policy into investment guidelines (Council 2006b). The Community Strategic Guidelines represent a single framework which Member States and regions are invited to use when developing national, regional, and local programmes, in particular with a view to assessing their contribution to the objectives of the Union in terms of cohesion, growth and jobs (Council 2006b).

The CSG mainstreams culture under 2 of the 3 investment priorities. In order to make Europe and its regions more attractive places to invest and work in (Priority 1), Member States and regions should ensure that attractive conditions exist for businesses and their highly-skilled staff. The regeneration of the physical environment including the development of natural and cultural assets is suggested as a possible action for creating such conditions. To support the creation of more and better jobs (Priority 2) the CSG proposes that Member States and regions invest in cultural infrastructures as part of the overall strategy to improve employment conditions and increase jobs.

More references to culture come under the provisions relating to the territorial dimension of Cohesion Policy. EU institutions make clear that a feature of Cohesion Policy is its capacity to adapt to the specific needs and conditions of different geographical areas in Europe. Member States and regions are invited to prevent uneven regional development, also taking into account the specific needs of urban and rural areas.

Cities are invited to attract and retain very highly skilled personnel through measures relating to, among others, the supply of cultural services. The preservation and development of historical and cultural heritage is considered a key element for tourism development but also for the creation of more attractive cities for people.

Similar guidelines are provided for rural regions where “actions should take advantage of, and seek to preserve and develop natural and cultural assets” to protect natural habitats and attract tourists. It is also suggested that rural areas adopt integrated development strategies which should aim at having a positive impact on the local economy and tourism, as well as the natural and cultural heritage.

In short, in the CSG for the period 2007-2013 culture is seen as:

- A “soft location” factor, having an attractiveness potential for regions and cities towards business, highly-skilled staff as well as potential local inhabitants, especially through the regeneration and development of cultural assets and the supply of cultural services;
- A tool to create more and better jobs, although the link between this priority and the investment in cultural infrastructure remains little explored in the text;
- A motor for tourism-led economic development (including in rural areas), especially through the preservation and development of cultural assets and the setting up of integrated development strategies including cultural heritage.

Consequently, the approach to culture investment embedded in the EC Cohesion Policy regulatory framework has remained mainly (but not exclusively) linked to the rehabilitation/building of cultural infrastructures, the supply of cultural services and the preservation and development of cultural assets/heritage. The CSG does not refer to the potential of culture as a source of non-technological or social innovation on its own, or to the contribution of culture to urban regeneration or to the impact of the cultural and creative sectors on the green economy.

Furthermore, while the link between culture and the attractiveness of regions and cities and between culture and the tourism economy is quite explicit, the potential of culture in terms of jobs developed remains unexplored.

3.3. Enforcing Cohesion Policy at national and regional level

Cohesion Policy is a shared competence of the Union and its Member States¹⁵. Member States enforce CP through the so-called National Strategic Frameworks, which outline the country’s main strengths and needs and include a list of Operational Programmes (OPs) containing investment priorities, actions and eligibility criteria to access funds, in line with Cohesion Policy’s overall principles and objectives. OPs can be prepared both at national and regional level.

In the current programming period, 455 OPs have been adopted. Although culture is mentioned in the regulations and the CSF, none of these 455 programmes is entirely dedicated to culture but rather this is integrated into different horizontal priorities¹⁶. However, it should be said that national and regional stakeholders have been able to get funding under priorities other than culture by showing how cultural investment impacts on jobs creation or attractiveness, on entrepreneurship, skills development or social innovation, to name but a few.

¹⁵ Article 2 (c) of the Treaty on the Functioning of the European Union (TFEU) provides that « *Shared competence between the Union and the Member States applies in (...) economic, social and territorial cohesion* ».

¹⁶ In the programming period 2000-2006, Greece, Italy and Portugal ran OPs dedicated to culture. Italy has an Interregional OP concerning the southern regions Sicily, Campania, Puglia and Calabria and entirely dedicated to “Cultural Attractors”.

Investment in culture under the Cohesion Policy cultural priorities

In national and regional Operational Programmes, ERDF and ESF budgets are allocated to culture through 3 main category codes which stem from the regulations' investment priorities and actions:

- Protection and preservation of cultural heritage
- Development of cultural infrastructure
- Other assistance to improve cultural services

Although on a much smaller scale, our consultation with Managing Authorities of the selected OPs¹⁷ confirmed the EC's findings, according to which most SFs are allocated to the protection and preservation of cultural heritage (€ 3 billion), followed by the development of cultural infrastructure (€ 2.2 billion) and support cultural services (€ 775 million). Such results are also in line with a recent study carried out in Austria, where cultural heritage proves to be the largest SFs investment area (Lungstraß A. et al. 2011). Furthermore, for many respondents, culture is mainly an asset for tourism development, in line with regulations and the CSG.

Successful examples of ERDF-supported cultural infrastructures include the creation of the Mannheim Music Park (Germany) - created to help new creative companies start up, the Guggenheim museum in Bilbao (Spain) or the numerous concert halls or libraries built on the occasion of the European Capitals of Culture initiative in Pilsen, Essen or Wrocław.

However, analysing cultural investment through the categories proposed by the EC does not really enable us to get the full picture of the kinds of investments carried out and only gives a partial understanding of the impacts of cultural investments. Several of the stakeholders consulted have indeed linked culture to urban regeneration and have actually financed cultural interventions through the urban development priority of their OPs. Our consultation also revealed that culture is mainly seen as an opportunity to make cities and regions more attractive and to create more and better jobs, even though the link between culture and jobs is completely missing in the CSG. This means that, in practice, cultural investment has gone beyond tourism and attractiveness objectives and the potential of culture has also been explored for urban regeneration purposes to boost the creative economy and social cohesion and to enhance the sense of belonging. Its impact can be shown through the example of Nantes Métropole and the history of its Quartier de la Création, or Berlin and its ability to regenerate the local economy and strengthen its international reputation through investment in culture.

Quartier de la Création - Nantes Métropole, France

CASE STUDY

How art and culture transform a city's geography and its economy

Nantes is an excellent example of culture being integrated into the urban project. The Quartier de la Création in Nantes is a former industrial area of 15 ha which has been entirely renovated thanks to culture. It is based on the understanding that culture could contribute to urban regeneration, local development, social cohesion and better attractiveness towards creative businesses, investors, tourism, students and local inhabitants. Quartier de la Création is the natural result of a new artistic vision nurtured by artistic experiments started in the 90s. Nantes Métropole has spent 18% of its ERDF budget (around € 54 million) on projects related to urban regeneration and attractiveness (2007-2013). Out of this, about € 9.2 million can be linked to culture investment in the city, mainly to build new cultural infrastructure on the Nantes island. Without the EU support, such a quarter would probably not exist.

¹⁷ See methodology in Annex III for more details.

This site is situated on an island surrounded by the water of the river la Loire and just opposite the city centre ("l'île de Nantes"). In recent years, the challenge of the city was to re-conquer a huge territory previously used as an industrial site. The place needed to develop a new sense of belonging for the inhabitants after the closure of the shipyard in 1980s. This process started with the Festival Des Allumés in 1990 and with the establishment of the theatre company, Theatre Royal de Luxe. The Avant Garde and contemporary art was given the mission to bring people onto the island. Othello was played in the hangars of the big French transport and energy conglomerate Alstom. Arts festivals (Folle Journée de Nantes in 1995, exhibitions, concerts, new exhibition places or performing arts halls like the Lieu Unique or Hangar à Bananes) were encouraged to « invade » this abandoned territory. The sense of belonging to the territory was developed through artistic intervention in the first place, too. The artists René Martin (La Folle Journée) or Jean Luc Courcoult (Royal de Luxe) in combination with the creative spirit of architects had a decisive influence on urban development. Architects were called upon to re-develop the waterfront (architects involved include Dominique Perrault, François Grether, Alexandre Chemetoff, Jean Nouvel, Smets and Azzi) to experiment and help define this new territory, understand its purpose and propose new visions. The Elephant produced by the international theatre company La Machine then became the icon of the city in the spirit of Jules Verne, the writer who was born in Nantes.

Artists gave the city's industrial past a new dimension by contributing to provide a new meaning to the place and to change the perception of the island. This in turn contributed to increasing the attractiveness of the city, to bring investment in but also to give a new image to the city as an open metropolis able to fight against intolerance (Nantes is the city of the Edit de Nantes which marked peace between Protestants and Catholics at the end of the 16th century).

These artistic interventions triggered new thinking at the political level. The city of Nantes and its political leaders (the Mayor Jean Marc Ayrault was mayor from 1989 until May this year, when he was appointed French Prime Minister) developed a strong belief in the power of art and culture to stimulate economic and social transformation. Support to culture is a policy and funding priority.

The ERDF-supported Quartier de la Création was thus created to contribute to this type of reinvention of the city and create connection and diversity in order to stimulate the city's economic and social development. The place should be a place of creation rather than of consumption and culture should be the driving force of this creative process.

Quartier de la Création has 4 objectives:

- Promote culture on the Island
- Build a centre for arts education (the architecture school opened in 2009 and the Art school, graphic art school will move into the area to reinvest in the industry of the 21st century)
- Set up an ecosystem for creative and cultural businesses (the building "Karting" gathers around 50 creative companies representing 100 jobs; "La Fabrique", a place dedicated to music, gathers associations involved in music production and festivals. It provides services to attract companies, to provide training and to support internationalisation.
- Promote the economic role of culture

All these initiatives are accompanied by a support policy developed over the years and have contributed to make the city attractive. Nantes has become a tourist destination. Its art and cultural festivals have radically transformed the image of the city and its creative potential.

There are now 5,600 jobs in CCIs in Nantes – an increase of 200% since 1982. Nantes has also become the seventh most attractive city among French destinations. Visitors increased from 140,000 in 2006 to 220,000 in 2011 (Broudic, Perreux, Communale 2012).

Zukunft - Berlin, Germany**CASE STUDY****Culture as an asset for regeneration and internationalisation strategies**

Berlin is another successful example of a city which has been able to integrate culture in a process of economic development and regeneration. The project Zukunft was launched by the Berlin Senate in 1997 at a time of deep economic and social crisis in the Land which had lost 300,000 jobs in industry after the fall of the Wall. The project focused on the involvement of all economic and social actors across disciplines with the objective of working on the strength of the region: its education and cultural resources.

Zukunft's focus on the cultural economy of the city triggered a new approach to cultural policy (wholly integrated in the overall economic and social policy) and implied:

- the networking of all cultural facilities (Berlin Museumportals) and the encouragement of public private partnerships between cultural institutions and ICT companies;
- the discovery of culture entrepreneurship and its specificities (75% are micro entrepreneurs – these represent 25,000 entrepreneurs with an average of 7 employees while the car industry can count 4,000 entrepreneurs with an average of 130 employees);
- the power of creative industries to brand Berlin (www.creative-city-berlin.de) and attract tourists,
- the ability of Berlin's authorities (Land of Berlin and Brandenburg) to include culture in the city's innovation strategy and develop clusters associating media, creative industries and ICT companies (IMK). The idea is now to encourage and exploit the spillover effects of culture-based creativity (Apps, games, music, images) on technology platforms;
- the internationalisation of the city (through the international music fare Popkomm, the UNESCO City of Design title, the Berlin International Film Festival).

Berlin is an example of a European capital making the most of its cultural resources to boost the region's attractiveness and its potential to innovate. It is remarkable as the strategy, compared to equivalent cities such as Amsterdam, Barcelona or London, has led to rapid and measurable impact in terms of attractiveness (including towards Hollywood stars) and economic development. The creative industry, media and ICT sector has seen its turnover increase from € 10 billion to € 22.4 billion in the space of 12 years, representing 16% of the city's GDP (culture and creative industry representing € 12 billion)¹⁸.

EU Structural Funds played a decisive role in enabling the city to engage in innovative policies. Berlin spends € 50 million on culture and creative industries out of a € 1.2 billion SFs' budget. The ERDF supports the Kreativ Coaching Centre (KCC), founded in 2009 to advise the young creative companies on business plans and bank loans, or to help companies which have grown rapidly with their marketing campaigns. Berlin is part of the INTERREG IVC project Creative Metropolises, focused on the exchange of experience on policies and successful instruments to support creative industries. Moreover, with a view to addressing this financing problem for CCIs', Berlin implemented a venture capital model specifically aimed at the culture and creative industry sector (see section 4.2.3 - box on VC Fonds Berlin).

¹⁸ All the data in the article come from the interview with

Culture-related projects of different kinds have also been financed under the European Territorial cooperation objective, through which ERDF supports cross-border, transnational and interregional cooperation. Programmes like INTERREG IVC, INTERREG IVB NWE and URBACT (which is jointly financed by ERDF funds at EU and national/regional/local level) have supported several culture-related projects, such as CREA.RE¹⁹, Organza²⁰, SEE²¹, Creative Growth²², Creative Metropoles²³, Boo Games²⁴ (INTERREG IVC), ECCE Innovation (INTERREG IVB NEW), Creative Clusters²⁵.

Local authorities have shown great interest in collaboration projects across Europe and have acknowledged the relevance of best practices and exchanges of experience to learn about urban and local development through culture²⁶.

The INTERREG IVB NEW REVIT (€ 2.7 million), for instance, helped Nantes to learn about brownfield regeneration instruments from partners such as Tilburg.

Interestingly, a “mind-shift” is emerging in Territorial cooperation projects, too. New projects increasingly target culture and creativity and their possible interactions with other fields, from city development (see box on Creative City Challenge) to innovation (Creative Spin, URBACT).

Creative SpIN (URBACT) – UK, The Netherlands, Belgium, Poland and Spain

CASE STUDY

Stimulating creative spillovers for innovation

Creative Spin (Creative Spillovers for Innovation) is a recently awarded URBACT project that aims to explore the potential impacts of the cultural and creative sectors on other sectors of the economy, from tourism to ICT to the manufacturing industry. Creative Spin starts from the assumption that the economic value of the sector and its contribution to GDP and employment is now widely recognised but that the potential contribution of CCIs to innovation is still underestimated.

The project – still in a development phase – gathers the cities of Birmingham (leader), Rotterdam, Mons and Wrocław (European Capitals of Culture 2015 and 2016 respectively) and Seville. They will have to carry out a series of learning workshops and case study visits in order to explore the meaning of creative spillovers and appropriate support measures to stimulate them in the field of access to finance, creative agents and education/training.

The approval of this project – as well as the great interest in joining the partnership confirms local and European stakeholders’ interest in exploring the potential of culture beyond conventional visions.

¹⁹ <http://www.crea-re.eu/>

²⁰ <http://www.organzanelnetwork.eu/>

²¹ <http://seeproject.org/index>

²² <http://www.creative-growth.eu/CreativeGrowth/tabid/537/Default.aspx>

²³ <http://www.creativemetropoles.eu/>

²⁴ <http://www.interreg4c.eu/showProject.html?ID=54936>

²⁵ <http://urbact.eu/en/projects/innovation-creativity/creative-clusters/homepage/>

²⁶ Interviews with Stéphane De Clerck, Mayor of Kortrijk and with the former Mayor of Nantes Jean-Marc Ayrault, recently elected French Prime Minister. For more details on the corresponding projects, policy goals and key results, see box on Nantes Métropole and the corresponding fiche in Annex I.

Cultural investment beyond Cohesion Policy cultural priorities

In addition, support for creative industries can be provided under other headings such as research and innovation, promotion of small and medium-sized enterprises, information society and human capital (the spending “headings” defined by the Cohesion Policy regulations). However, it is not possible to isolate investment in culture under these categories (either at the regional²⁷ or European level), so it remains difficult to have a clear overview of the SFs money spent on culture and creative industries.

In some countries Structural Funds investments reflect a broader concept of culture, more closely linked to the idea of culture-based creativity as a source of social and economic innovation.

²⁷ As confirmed by the interviews with the managing authorities.

Kunstgreb - Denmark

CASE STUDY

A plan to fight artists' unemployment and encourage non-technological innovation

Kunstgreb (or Artifice) is a Danish EU funded project focusing on artists' contribution to innovation. It provides artists with a training programme to enable creative skills reach the business sector and make it more innovative.

Kunstgreb has an interesting story. The origin of the project is the request by the regional employment bureau in Copenhagen to fight unemployment within the artistic branch. High levels of unemployment among artists triggered thinking on ways of using artists' skills and competences in non-artistic contexts. The then general director had seen his sister, a professional artist, launch a business activity on art therapy in children's hospitals. The Danish Artist Union (counting 1,500 members) was challenged by the employment office to devise a plan to counter unemployment. Kunstgreb was the response to such a request by the Union and Wishmann Innovation, a consultancy set up in 2000 by Niller Wishmann, a professional musician who occupied several positions in the arts sectors including in the Danish Ministry of Culture.

Kunstgreb was presented, with the support of the regional office for employment, to the Danish Ministry of Industry as a plan to expand the market for artists and enlarge employment opportunities, and to test new forms of innovation for businesses of public entities.

The project got support from the European Social Fund (managed by the Danish Ministry of Industry) at the end of 2008 for a 3-year period. The total budget amounted to € 2.5 million, half of which was funded by ESF.

Kunstgreb carried out 63 projects for 53 firms, each one of which more or less required 18 hours of work per week and 4/5 people to manage the project for about 3 months. The service was offered free to the companies, which included both public (Danish Railway or the ATP in charge of pensions) and private ones (like Nokia and the health care company Coloplast). Projects focused on product, process, marketing and organisational innovation. They started with a training session for artists over a period of 32 weeks. Artists were given an insight of the business world and had to decide, together with a selected company, the innovation project they were to carry out. The educational module covered management, communication, process and project management.

Kunstgreb received 250 applications from artists from all fields and selected 120 from among them. Artists needed to have at least 4 years of professional experience as artists. They contributed to unlocking people's potential for full expression and disrupting traditional ways of thinking through their creative skills, artistic intuition and ways of perceiving things.

The regional ministry of employment considers the project a great success and believes that it should continue as a commercial project. Large firms in Denmark have shown a lot of interest and see artists' involvement as a good way to trigger innovation. However, it is felt that progress is needed at policy level. Policy makers are not sufficiently aware of artists' potential as drivers of new forms of innovation.

Although culture is not considered among the ESF investment priorities and actions, in some European countries (especially in the north) this fund has been successfully used to improve and increase jobs in the cultural and creative sectors. In addition to the example of Kunstgreb described above, in Finland, an ESF Development Programme for the Cultural and Creative Industries has been set up at national level.

Development Programme for Cultural and Creative Industries - Finland

CASE STUDY

Supporting business skills and development in the Finnish creative sectors

The ESF Development Programme for Creative Industries (2007-2013) is aimed at supporting product development and innovation activities, business and entrepreneurial skills, producer and management skills and leadership. Coordinated by the Ministry of Education and Culture, the programme is implemented also with the support of the Ministry of Employment and the Economy. This is a unique national ESF-funded programme in Europe entirely dedicated to CCIs. It shows two distinctive elements in relation to SFs use: first, it builds on the awareness of the CCIs importance in terms of jobs and employment, trying to fill the "skills" gaps in the sector to improve its performance and growth; second, such awareness is led by the national government (while in most cases successful practices/support programmes are found at local level). The Ministry of Education and Culture has been successful in convincing the Ministry of Employment and Economy (in charge of ESF) to invest in CCIs through a dedicated initiative under the priority "Development of work organisations, the workforce and enterprises, and promoting entrepreneurship".

The programme is still ongoing so overall results are not available yet. However, until now participation has been high: 730 businesses and 580 other organisations (like NGOs) have benefited from the programme. 18 projects are currently being carried out²⁸.

The creation of such a programme builds on a highly developed political willingness to support the sector. The development of CCIs is part of the government programme of the former Prime Minister Matti Vanhanen's second cabinet. This has been supported by key publications from different Ministries including the "Development strategy for entrepreneurship in the creative industries sector for 2015" (Ministry of Trade and Industry 2007), the "Do Finnish cultural exports have staying power? Yes! Proposal for Finland's cultural exports promotion programme" (Ministry of Education 2007) and "Design 2005! Government Decision-in-Principle on Finnish Design Policy" (Ministry of Education 2000). The Finnish Ministry of Education and Culture in cooperation with the Ministry of Employment and the Economy and the Ministry for Foreign Affairs also manages the "Finland's Cultural Exports Promotion Programme" to advance international marketing and promotion of Finnish cultural business (the development programme has also contributed to its objectives).

28

1. Luova Suomi/Creative Finland – Coordination project
2. CREADA – Mentoring and business development for creative industries entrepreneurs
3. Film Location Finland – Marketing network (international) for audiovisual field
4. ART 360 – Producer and Management development for visual arts
5. YLÖS – Service development for theatre field
6. Finnish Music Express – Internationalization of Finnish music
7. VAKA – National music club development
8. Kultajyvä – Mentoring and business development for handicrafts and design entrepreneurs
9. Sillanrakentajat – Mentoring programme for agents and cultural export
10. Kulttuurin ketju – Product and quality development of cultural tourism
11. DiMeKe – Product development of digital media enterprises
12. ArtHub – Development of arts councils as a creative industries developers
13. Taivex – Cultural export mentoring programme for producers, managers and gallerists
14. Produforum – A networking model for producers
15. Voimaa taiteesta – Product and service development of culture and wellbeing sectors
16. JOHDE – management development of festivals
17. WDC2012 – World Design capital and design development
18. Location destination Finland – Film Commission development

Cultural investment beyond the Structural Funds

Funding opportunities have also been available under the Cohesion Policy's fund EAFRD (European Agriculture Fund for Rural Development) that targets support to cultural and leisure activities, the renovation and development of villages and the protection and conservation of the rural heritage. Under the priority "Quality of life" it also refers to the "encouragement of tourism activities" and "economic diversification".

The so-called LEADER approach, meaning the setting up of local development strategies gathering public and private actors from rural areas to promote innovative approaches and cooperation projects with inputs from different sectors, has also contributed to economic diversification and quality of life through culture. Member States and regions are invited to earmark a substantial share of the contribution of the EAFRD to LEADER initiatives. In Austria, about 145 culture-related projects have been financed by EAFRD (Lungstraß A. et al. 2011).

3.4. Facilitators and barriers to access SFs for culture

Although numerous culture-related initiatives have been supported by SFs and even by the EAFRD, the total SFs amount from which the cultural and creative sectors benefit is still very modest. It therefore makes sense to analyse which factors influence access to SFs for culture, both at European and national/regional level, which are the most problematic and how these could be addressed.

3.4.1. European Level

European Cohesion Policy determines the way EU Structural Funds are spent in at least two ways: by defining the investment priorities and issuing guidelines that MS are invited to follow and by setting out the eligibility criteria (Council 2006c)²⁹ and administrative rules (e.g. advancing payments).

Priorities

Clearly, the way culture is "framed" in Cohesion Policy has largely influenced MS and regions' spending on culture, mainly focused on cultural heritage, infrastructures and tourism development. Although the European Union and MS deal with Cohesion Policy on the basis of a shared competence and, for instance, it is up to the MS to deal with the selection of projects at national, regional and local level, the EU gives important indications on how the funds should be spent, some of which are legally binding (those provided in regulations).

Most of the stakeholders consulted agreed on having explicit mention of culture in Cohesion Policy documents as a way to facilitate access to SFs for the sector. Otherwise, regional authorities will always have to be inventive enough to justify cultural investment under other priorities. This has been possible, but it makes access more difficult in those countries or regions where culture is not a priority or where the potential of the CCIs has not yet been realised.

²⁹ Article 56.

Eligibility conditions and administrative rules

Minimum rules on eligibility conditions are set at European level and developed or completed at national/regional level (EC 2004). These may include type of expenditure, juridical nature of the beneficiary, co-funding requirements or administrative procedures.

Some of these conditions are often difficult to fulfil especially for the cultural sector, as it does not have the financial capacity to ensure the co-funding amount (especially in a time of crisis) or the administrative capacity to fulfil the necessary requirements. This may happen in many other sectors, but it is particularly relevant for the cultural sector as it is characterised by small and very small sized companies or public organisations relying on small public budgets.

Concerning specific administrative requirements, advancing payment is becoming more and more difficult due to the economic crisis. Cities and regions, especially, do not have enough liquidity to ensure the payment and have difficulties in getting a loan from banks. This point should be addressed at European level otherwise the risk is that SFs remain underutilised.

3.4.2. National and Regional Level

Consultation with stakeholders has revealed that access to Structural Funds at national and regional level depends on a series of factors, among which are:

- Priorities of the OP
- Information available

Priorities of the OP

Access to Structural Funds by cultural operators will be more or less difficult depending on the priorities set in the Operational Programmes at national or regional level. In principle, OPs offer various funding opportunities for culture, provided that they are linked to the overall objectives of the programme which normally include support to economic growth and sustainable development, in line with the Lisbon Agenda. Little mention, for instance, is made of culture in the Poland-Czech Republic OP which has, however, supported 28 projects in the field of culture under the priority "Support of development of business environment and tourism".

However, the consultation with Managing Authorities as well as with project managers suggests that having culture as an explicit priority in Operational Programmes is key to facilitate access to SFs for the cultural and creative sectors. According to our survey, a higher number of culture-related projects is supported in those countries/regions that mainstream culture among their OP programmes' priorities or sub-priorities.

Having a priority axis entirely focused on culture is the result of a complex and long negotiating process. Priorities result from the planning and design of Operational Programmes which start at least two years before the adoption of Cohesion Policy documents at EU level. For the current period, negotiations started around 2004 and were completed in 2006.

According to the communitarian “partnership principle”, Structural Funds are discussed, planned and negotiated by national authorities in consultation with regional and local authorities, economic and social partners and any other relevant competent bodies (Council 2006c)³⁰. However, there are no specific rules on whom to involve in negotiations or how to deliver the funds, although the Commission has recently published a draft European Code of Conduct (EC 2012c)³¹. This proposes minimum requirements to achieve a high quality partnership in the implementation of the funds while trying to maintain flexibility for Member States in the way they organise the participation of the different partners (amongst which cultural stakeholders are not mentioned). It also refers to the fact that Member States can establish multi-level governance arrangements through a Territorial Pact to be agreed between a country’s tiers of government (local, regional and national)³². However, it should be noted that until now the Ministry in charge of the overall negotiation with the European institutions has normally been the Ministry of Finance, Economy or Employment (especially for ESF) and, in the absence of specific rules on partnership, such leadership might limit the typology of partners involved in the negotiations.

The way partners are involved and the Programmes structured greatly vary across Member States and regions but can be ascribed to two main typologies:

- **Participative:** in most of the countries analysed, the design and drafting process is led by public authorities, with a different degree of involvement of the different stakeholders in each country/region. A very interesting participative process was put in place in Greater Poland. Back in 2004 about 1,200 economic partners and potential beneficiaries were informed (by post) of the start of the design and negotiation process and invited to share their opinions. At the same time, a regional System for Projects Registry - SPR was introduced on the Region’s Internet website. Potential beneficiaries sent over 3.000 propositions of projects for realisation in the frame of the Programme in the years 2007 – 2013. The data collected in the System (information on about 2.300 projects) provided precious information about beneficiaries’ needs. Presenting the projects in advance also motivated the potential beneficiaries to commit to projects presented. In August 2006 the last round of Programme consultations took place. In the first half of August, 6 sub regional meetings in the biggest towns of the regions with participation of the most important circles took place. The effect of the consultations was a systematic modification of individual paragraphs of the Programme.

³⁰ Article 11.

³¹ The draft European Code of Conduct on Partnership (ECCP) lays down the minimum requirements to involve relevant partners in the preparation, implementation, monitoring and evaluation of the programmes. Although the draft ECCP states that “specific attention will have to be paid to groups that might be affected by the programmes but find it difficult to influence them”, cultural stakeholders are not mentioned. The ECCP should be adopted by the Commission as a delegated acts, as soon as the Commission Provision Regulation enters into force (2014).

³² “Territorial Pacts for Europe 2020 are an initiative taken by the Committee of the Regions to give the Europe 2020 Strategy a territorial dimension and increase ownership at sub-national level. They are defined as an agreement between a country’s tiers of government (local, regional and national). Parties signing up to a Territorial Pact commit themselves to coordinate and synchronise their policy agendas in order to focus their activities and financial resources on the goals and targets of the Europe 2020 Strategy. Territorial Pacts should aim at: setting national, and possibly regional, targets, with recourse, when necessary, to indicators and targets other than GDP; implementing one or more flagship initiatives; and identifying obstacles to achievement of the targets at national level” (EC 2012c).

It might happen that, on the basis of the priorities established at national/regional/cross-border level, the drafting of the Operational Programme is commissioned to an external expert. This was the case in the Wallonia Region (Belgium) where an expert in regional development was contracted in order to prepare the different drafts which were then submitted each time to the opinion of socioeconomic stakeholders.

- **Informative:** in other cases, where a certain number of stakeholders were involved in the consultation process, the focus remained on the main priorities established at regional/national/cross-border level. For instance, in the case of the Botnia-Atlantica Programme³³, the process was supervised by a working group with representatives from the regions covered. Stakeholders were invited to send inputs. At the same time, they were informed that the funding opportunities were available in the fields of tourism, media, cultural heritage, and education and to establish cross-border institutions, provided that projects had a strong contribution to economic growth, sustainable development or territorial attractiveness.

Cultural operators are very rarely involved in such processes. Consulted partners mainly involve representatives from regions and cities (including their departments/ministries in charge of policy fields among which may be culture) and other bodies such as labour unions, chamber of commerce, universities and, in some cases, churches. Specific sectors are hardly ever represented according to the stakeholders consulted and preference is given to representative associations which represent the interest of one category (for instance workers, or the industry) rather than of a single sector. The possibility to have culture included among the priorities will, therefore, in most cases depend on the place of culture in national policies or on the strength the national/regional/local cultural ministry/department has in representing and negotiating for the sector.

In only two cases, among the 12 respondents to the consultation on OPs, have cultural organisations been involved in the negotiations, such as the Fondazione APULIA FILM COMMISSION (AFC) and the Consorzio TEATRO PUBBLICO PUGLIESE (TPP) in the Puglia region. These are also among the beneficiaries of the Puglia Operational Programme, thanks probably to the Region's willingness to involve them in the discussions, identify their needs and allocate funding to support their activities.

Nantes Métropole (France), too, has been able to effectively involve political leaders and policy-makers having an interest in placing culture at the core of their local policies and this has had a positive impact on the use of SFs for the sector. The metropolis estimates that € 9.2 million (2007-2013) can be linked to culture investment (e.g. to build facilities such as the Fine Arts School or the architectural complex La Fabrique in the Quartier de la Création).

Information and transparency

Information on SFs negotiations, procedures and opportunities is often dispersed across regional and local offices, some of which are in charge of ERDF and others of ESF. Rules greatly vary across regions in Europe, therefore in some of these regular calls will be published, in others, money can be assigned on the basis of single projects presented to

³³ This covers the following area: Ostrobothnia, Central Ostrobothnia and Satakunta in Finland, Västerbotten and Västernorrland as well as the municipality of Nordanstig in Sweden and the Nordland region in Norway. The regions Southern Ostrobothnia in Finland and Gävleborg (except Nordanstig) in Sweden participate as adjacent areas in the programme.

the authorities in charge of the funds. An interesting study (EC 2012) on the way projects are selected for support through the SFs illustrates some of the selection methods that can be adopted under the urban development priority. In the Netherlands, for instance, there is a permanent call, meaning that the money is allocated to different cities when the Operational Programme is drafted. Once the budget is allocated, cities can propose to the central government projects to be funded from the budget for the city. In Germany, once the money is allocated to a thematic objective like urban development, a series of calls are launched to assign money to the best submitted projects through the years.

INTERREG programmes are an exception as informative websites are normally available.

Being involved in the negotiation as soon as it starts is key to be informed about how money is allocated and eventually about future calls for proposals.

3.5. Lessons learnt

Under the current period, culture has proven to be a critical factor to make European cities and regions more attractive, to create more and better jobs and to attract tourists. From Nantes to Denmark, culture is clearly perceived by several cultural operators and policy officials in Europe as an asset to nurture creativity, entrepreneurship and new skills for emerging industries, beyond the traditional vision of culture as heritage and infrastructures.

Cohesion Policy 2007-2013 encourages applications for funding supporting cultural heritage and activities to regenerate regions as well as to attract highly skilled workers. However, culture is never cited as part of innovation or sustainability goals (unless in relation to sustainable tourism). Nevertheless, a mind-shift can be observed at EU and local level in the way culture is addressed. Culture is increasingly seen as having a wider scope that relates to innovation, attractiveness of the territory, entrepreneurship, economic development and the "experience economy".

However, each Member State and region has its own rules. Operational programmes greatly vary as well as partnerships on which OPs build.

Europe has an important role to play in suggesting how culture can be integrated in regional development policies and how SFs can be used for this aim. European policy makers, certainly inspired by local good practices, have often identified culture and creativity as potential sources of new forms of innovation, boosting competitiveness and employment. The EC Communication on "Regional Policy contributing to smart growth in Europe 2020" (October 2010) went beyond the current Cohesion Policy framework and encouraged regions to invest more in projects on CCIs to boost the innovation economy and sustainable jobs. The Green Paper on CCIs also very clearly states that culture will determine Europe's value-added in terms of economic innovation and social cohesion: "Europe must identify and invest in new sources of smart, sustainable and inclusive growth drivers to take up the baton. Much of our future prosperity will depend on how we use our resources, knowledge and creative talent to spur innovation. Building on our rich and diverse cultures, Europe must pioneer new ways of creating value-added, but also of living together, sharing resources and enjoying diversity".

The current policy framework as well as the best practices of culture investments should widely inspire the future Cohesion Policy for 2014-2020.

4. TOWARDS THE 2014-2020 COHESION POLICY

KEY FINDINGS

- Contrary to the recent trends in European policymaking, where culture is given a prominent role beyond the cultural realm, and notably in innovation and regional fields, the new package of proposals for the future Cohesion Policy 2014-2020 builds upon a limited approach to culture which only partially grasps the contribution of culture-based initiatives to regional development.
- Culture is not considered as a thematic priority. In addition, the ERDF regulation refers only to the protection and promotion of cultural heritage among its investment priorities. The ESF regulation never refers to the contribution of cultural competences and skills to inclusive growth and social innovation. Only certain elements of the draft Common Strategic Framework (CSF) seem to adopt a forward looking approach.
- The current wording of the proposals neglects the contribution of culture and culture-based creativity to smart, sustainable and inclusive growth. It does not build enough on the positive experience carried out throughout the whole of Europe – namely by cities such as Berlin, Nantes, Dublin, Kortrijk, Dundee, Arnhem or Tartu.
- A clear statement on the contribution of culture to the EU 2020 Strategy must appear both in the regulations and the CSF. This would help raise awareness about this area of unique competitive advantage for European regions, as correctly recognised by recent policy documents in the field of culture, innovation and cohesion.

4.1. A simplified, more focused and result-oriented Cohesion Policy

On 6 October 2011 the European Commission unveiled its proposals for regulations (EC 2011a; EC2011b; EC2011c) concerning the future Cohesion Policy for the period 2014-2020.

While confirming the Cohesion Policy's overall purpose to promote economic prosperity and improve social cohesion, the Commission has planned a new architecture - simplified, focused on key priorities and result-oriented.

CP funds will be concentrated on two main goals (investment in growth and jobs and European territorial cooperation). The investment in growth and jobs goals replaces the convergence and competitiveness objectives.

Funding will be delivered to three new categories of regions: more developed, transition and less developed regions. The new category of "transitional regions" has been welcomed by the European Parliament as it will allow convergence regions close to the competitiveness category to benefit from a "transitional" phase, particularly important in a time of crisis.

The main changes in the overall architecture can be visualised as follows:

Table 7: Architecture of Cohesion Policy - comparative table 2007-2013/2014-2020

Cohesion Policy architecture				
2007-2013		2014-2020		
Objectives	Funds	Goals	Categories of regions	Funds
Convergence	ERDF, ESF, Cohesion Fund	Investment in growth and jobs	Less developed regions	ERDF, ESF
Competitiveness and Employment	ERDF, ESF		Transition regions	
			More developed regions	Cohesion Fund
European Territorial Cooperation	ERDF	European Territorial Cooperation		ERDF

Source: DG REGIO (2011)

4.1.1. A new "rationale"

With an overall budget of € 376 billion, the EU Cohesion Policy proposal for the period 2014-2020 addresses a number of issues, among which are its insufficient coordination with other EU policies, its inadequate evaluation and the need to make more effective use of CSF funds, to name but a few (EC 2011e; EC 2011f).

The new proposal has been inspired by three main goals:

- Contribute to EU 2020's objectives for a smart, sustainable and inclusive growth;
- Focus on results and conditionalities;
- Maximise the impact of the Policy.

The EU Cohesion Policy's regulations will be enforced through Partnership Contracts³⁴, which will replace the current National Strategic Reference Frameworks. This is important, as Member States are expected to make a stronger commitment with the European Commission on the basis of a contract which ensures that the Member State fulfils specific conditions (see below).

The partnership and multi-level governance principle is expected to be strengthened under the new Policy in order to better represent stakeholders' needs and build on the experience and know-how of relevant actors, thereby ensuring a better performance of the Policy. The Commission also proposes being empowered to adopt a code of conduct as a delegated act³⁵ in order to ensure that all relevant partners are involved in the preparation,

³⁴ The Council of Ministers has recently published its compromise text on the Common Provisions Regulation whereby it proposes to replace the name "Partnership Contracts" with "Partnership Agreements" (Council 2012).

³⁵ Delegated Acts (Article 290 of the TFEU) "A legislative act may delegate to the Commission the power to adopt non-legislative acts of general application to supplement or amend certain non-essential elements of the legislative act". For each legislative act, the EP and the Council must define the objectives, content, scope and duration of the delegation of power to the Commission. Both institutions have the right to revoke the delegation. A delegated act may enter into force if no objection has been expressed by the EP or the Council

implementation, monitoring and evaluation of Partnership Contracts and operational programmes.

Contribute to smart, sustainable and inclusive growth

The EU Cohesion Policy's new thematic priorities are strongly aligned with the EU 2020 Strategy, the EU long-term development strategy setting investment targets for a smart, sustainable and inclusive growth in Europe.

The 3 Cohesion Policy's guidelines on improving attractiveness of cities and regions, innovation and employment have been replaced by 11 more specific thematic objectives, namely:

Table 8: Cohesion Policy 2014-2020 - Thematic priorities

EU 2020 Objectives	Cohesion Policy 2014-2020 - Thematic priorities
Smart Growth	1. strengthening research, technological development and innovation (R&I);
	2. enhancing access to and use and quality of information and communication technologies (ICT);
Sustainable Growth	3. enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and fisheries and aquaculture sector (for the EMFF) (SMEs);
	4. supporting the shift towards a low-carbon economy in all sectors (low-carbon economy);
	5. promoting climate change adaptation, risk prevention and management (climate change);
	6. protecting the environment and promoting resource efficiency (environment);
	7. promoting sustainable transport and removing bottlenecks in key network infrastructures (transport and infrastructures);
Inclusive Growth	8. promoting employment and supporting labour mobility (jobs);
	9. promoting social inclusion and combating poverty (social inclusion);
	10. investing in education, skills and lifelong learning (education);
	11. enhancing institutional capacity and an efficient public administration (public administration).

Source: KEA (2012)

The thematic concentration has been in general welcomed by Member States, although some of them are asking for more flexibility to choose the thematic priorities to invest in.

Focus on results

In order to better link the delivery of EU funds to results obtained, the European Commission has proposed a range of conditions that Member States will have to fulfil.

On the one hand, some conditions will need to be set before the funds are disbursed (ex ante) to ensure that adequate management, control and administrative capacity is in place to reach the foreseen targets. Ex ante conditionalities are proposed for all thematic objectives. The existence of Smart Specialisation Strategies (RIS3) is one of these. It enables access to funds for innovation under the thematic priorities 1 (R&I) and 2 (ICT). In its Guide on Strategies for Smart Specialisation (2012) the Commission suggests mainstreaming the cultural and creative sectors in RIS3, thereby making this conditionality

within the time limit set by the legislative act. The EP needs a majority of its component members; the Council a qualified majority.

particularly relevant for the CCI sector, at least under priority 1 (see box on Smart Specialisation Strategies).

On the other hand, conditions are set to release additional funds subject to performance (ex post conditionality). Member States are asked to set targets for outputs and results linked to the EU 2020 Strategy and to set aside 5% of the budget of the relevant funds that will be delivered subject to performance (that will be assessed twice, in 2017 and 2019). However, no attention is paid to qualitative results of supported actions.

Conditionalities are included in the Partnership Contract so as to ensure that these are predetermined in a dialogue between the Commission and the Member States.

A Member State will also have to fulfil more demanding macro-economic conditions as set out in the Stability and Growth Pact (Council 1997)³⁶ in order to benefit from EU regional funds. The new requests, however, have been widely criticised³⁷.

Maximise impact

In order to simplify and at the same time maximise the value of Structural Funds expenditure, the Commission has set specific investment priorities and quotas (ring-fencing) for ERDF and ESF.

ERDF will have to be spent mainly on projects and actions relating to R&I, SMEs and energy (EC 2011a³⁸). More developed and transitional regions will have to target at least 80% and less developed regions at least 50% of their ERDF budget on R&I – Thematic Priority 1, Competitiveness of SMEs – Thematic Priority 3, and Energy efficiency and renewable energy – Thematic Priority 3 (EC 2011a³⁹).

ESF will be mainly aimed at supporting investments in the last four thematic priorities. Due to the importance of reducing poverty and inequalities under the actual economic conditions, ESF will receive an increased budget (25% of the Cohesion Policy budget against 22% in current period), 20% of which will have to be spent on “promoting social inclusion and combating poverty” in each Member State (EC 2011b⁴⁰).

³⁶ http://ec.europa.eu/economy_finance/economic_governance/sgp/index_en.htm

³⁷ According to REGI, for instance, the new provisions would mean extending the rules currently applicable to the Cohesion Fund to all Cohesion Policy Funds (ERDF, ESF, CF, EAFRD, EMFF) so that all the countries would fall under these provisions and not only the poorest benefiting from the Cohesion Fund. Whereas in the current period macroeconomic conditionality is linked to excessive deficits, in the current proposal Member States would be asked to amend their Partnership Contracts and programmes to implement specific recommendations or broader guidelines concerning economic policies (EP 2012d).

³⁸ Art 4.

³⁹ Ibid.

⁴⁰ Art. 4.2.

4.2. Opportunities for culture under the Cohesion Policy proposal 2014-2020

One of the main objectives of the forthcoming EU regional policy is to align all the elements of the regional policy with "Europe 2020". Among the different options considered by the impact assessments carried out in preparation for the new Cohesion Policy (EC 2011e, 2011f), the Commission decided to come up with a menu of thematic priorities directly linked to the new European strategy, to define a list of investment priorities for each fund and to set up minimum shares of support for certain policy areas in order to guarantee concentration. The 11 thematic priorities contained in the Common Provisions, as well as the list of investment priorities listed in the specific funds regulations, thus represent a rational exercise aiming at describing how regional policy could better contribute to the three EU 2020 priorities: smart, sustainable and inclusive growth (EC 2011c).⁴¹

The Commission also proposed a series of changes in order to simplify the 2014-2020 Cohesion Policy, as requested by several stakeholders across Europe. These include the definition of common provisions governing all the 5 financial instruments of CP⁴².

Finally, in order to ensure an integrated use of the 5 funds, a Common Strategic Framework (CSF) has been planned and will replace the Community Strategic Guidelines. Its main purpose is to translate investment priorities into key actions⁴³ for the ERDF, the CF, the ESF, the EAFRD and the European Maritime and Fisheries Fund (EMFF) (now collectively referred to as the "CSF Funds") which will ensure their integrated use to deliver common objectives. The CSF will also define coordination mechanisms among the CSF Funds and with other relevant Union policies and instruments, including external instruments for cooperation.⁴⁴

⁴¹ The principle of thematic concentration will require Member States to focus on actions bringing the greatest added value in relation to the Union strategy, addressing the challenges identified in the country-specific recommendations and taking into account national and regional needs (Art. 16).

⁴² "These provisions concern the general principles of support such as partnership, multi-level governance, equality between men and women, sustainability and compliance with applicable EU and national law. (...) Common provisions concerning the implementation of CSF Funds are also set out with regard to eligibility rules, and special arrangements are defined for financial instruments and community led local development. Some management and control arrangements are also common for all CSF Funds" (EC 2011c, p.2-3).

⁴³ Art. 10 (EC 2011c).

⁴⁴ Art. 11 (EC 2011c). Vid also recital 15: "The CSF should establish the key areas of support, territorial challenges to be addressed, policy objectives, priority areas for cooperation activities, coordination mechanisms and mechanisms for coherence and consistency with the economic policies of Member States and the Union. "Common Strategic Framework" means the document translating the objectives and targets of the Union strategy for smart, sustainable and inclusive growth into key actions for the CSF Funds, establishing for each thematic objective the key actions to be supported by each CSF Fund; and the mechanisms for ensuring the coherence and consistency of the programming of the CSF Funds with the economic and employment policies of the Member States and of the Union."

The main documents of the new Cohesion Policy are therefore the following:

Table 9: Main documents of Cohesion Policy 2014-2020

Common Provisions ⁴⁵	ERDF ⁴⁶ and ESF ⁴⁷ regulations	Common Strategic Framework ^{48 49}
The regulation on Common Provisions defines the common set of basic rules covering the 5 funds, more specific provisions for the ERDF, ESF and CF and the 11 thematic priorities of CP.	The SFs regulation sets out the scope of intervention and investment priorities for each of the thematic priorities.	The CSF defines the key actions to be supported by each fund per thematic objective and coordination mechanisms among CSF funds and with other relevant EU policies and tools.

Source: KEA (2012)

The Commission has recently issued a staff working document titled "Elements for a Common Strategic Framework 2014 to 2020" (EC 2012b, 2012c) setting out the main elements of the CSF as a basis for discussion with the European Parliament and the Council. The document contains clear indications of what could be the content of the final document. The proposed Strategic Framework seems to go far beyond the Strategic Guidelines drafted for the current period. While the guidelines simply represented a framework which Member States and regions were invited to use when developing national and regional programmes (Council 2006b), the new strategic framework aims at defining the key actions to be supported. These actions should be taken into account by Member States when preparing their Partnership Contracts (EC 2011c⁵⁰). However, the document has been widely criticised, both for its content (which Member States consider too much detailed and directive) and its legal nature. As announced in the CP proposals, the Commission intends to adopt the Common Strategic Framework as a delegated act on which the European Parliament and Council could only exercise their veto⁵¹. In its draft report, the European Parliament proposes to adopt the Common Strategic Framework under the ordinary legislative procedure and to include it as a part of regulations in an annex (EP 2012b).

⁴⁵ European Commission. (2011c). Proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006. Brussels.

⁴⁶ European Commission. (2011a). Proposal for a Regulation of the European Parliament and of the Council on Specific provisions concerning the European Regional Development Fund and the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006. Brussels.

⁴⁷ European Commission. (2011b). Proposal for a Regulation of the European Parliament and of the Council on the European Social Fund and repealing Regulation (EC) No 1081/2006. Brussels.

⁴⁸ European Commission (2012b), Staff Working Document - Elements for a Common Strategic Framework 2014 to 2020 the European Regional Development Fund the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund, Part I, Brussels.

⁴⁹ European Commission (2012c), Staff Working Document - Elements for a Common Strategic Framework 2014 to 2020 the European Regional Development Fund the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund, Part II, Brussels.

⁵⁰ Recital 16.

⁵¹ This has been very much criticised and even considered inappropriate by the legal services of the European Parliament: "The CSF is to be considered an essential element of the legislative act, as it expresses political choices on the fundamental guidelines on cohesion policy. Therefore, the use of delegated acts for its adoption is inappropriate and should be adopted under the ordinary legislative procedure." (EP 2012c). For a definition of delegated act, vid. footnote 34.

The Annex to the staff working document defines the following:

Table 10: Main components of the Elements for a CSF 2014-2020 (Annex)

CP document	Common Provisions	Funds' regulations	Annex to the Elements for a CSF			
Main elements	Thematic priorities	Investment priorities	Key actions	Fund support to key actions	Implementation principles	Complementarity and coordination principle
Content	11 thematic priorities/objectives	A number of investment priorities for each thematic objective	A number of key actions under each investment priority per thematic objective	Relevant fund to be used (ERDF, ESF, Cohesion Fund, EAFRD or EMFF) to support the key actions identified	How to best use the funds available (concentration)	How to develop synergies and complementarity with other EU policies, programmes and funds

Source: KEA (2012)

In the new package of proposals the references to culture are very limited as far as regulations are concerned. However, culture is mentioned several times in the Annex to the draft CSF. In the next paragraphs we analyse the place of culture in the new Cohesion Policy, the approach proposed as well as its advantages and limitations in relation to the policy shift advanced at the beginning of this study.

4.2.1. A limited approach to culture

Culture is not included as a thematic priority in the new Cohesion Policy. Only the ERDF regulation 2014-2020 (drafted in much more general terms than in 2007-2013) makes explicit reference to a specific kind of culture-based intervention under the investment priority "protecting the environment and promoting resource efficiency". This should target the protection, promotion and development of cultural heritage.

However, more references to culture appear in the very much debated document on the "Elements for a Common Strategic Framework".

The last three columns of the following table give an overview of where culture appears in the new proposals:

Table 11: Thematic priorities, investment priorities and key actions of Cohesion Policy 2014-2020

EU 2020 priorities	Thematic priorities (Common Provisions)	Investment priorities (CSF Funds regulations)	Key actions (Common Strategic Framework)	Complementarity and coordination
Smart growth	1. strengthening research, technological development and innovation;		support clusters, cooperative partnership also in the field of creative hubs, cultural and creative industries	
	2. enhancing accessibility to and use and quality of information and communication technologies;			
Sustainable growth	3. enhancing the competitiveness of small and medium sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFE)		develop SMEs in emerging areas linked to European and regional challenges such as creative and cultural industries , new forms of tourism	
	4. supporting the shift towards a low-carbon economy in all sectors;			
	5. promoting climate change adaption and risk prevention and management			
	6. protecting the environment and promoting resource efficiency;	protecting, promoting and developing cultural heritage (ERDF regulation)	investment in the diversification of local economies by protecting and enhancing cultural heritage and landscapes (both in rural and urban contexts), and support for sustainable integrated urban development, including rehabilitation of cultural infrastructure	Reference to Creative Europe
	7. promoting sustainable transport and removing bottlenecks in key network and infrastructures;			
Inclusive growth	8. promoting employment and supporting labour mobility;			
	9. promoting social inclusion and combating poverty;		Promote intercultural activities	
	10. investing in education, skills and lifelong learning			
	11. enhancing institutional capacity and ensuring an efficient PA			

Source: KEA (2012)

The approach to culture in the ERDF regulation 2014-2020 is clearly much more limited than under the Cohesion Policy 2007-2013. Not only is the focus again on cultural heritage, but any reference to cultural infrastructure and services has even disappeared. The regulation fails to grasp the multidimensional nature of culture and its potential for social cohesion and experimentation in the new economy.

The draft CSG instead echoes some elements of the new generation of EU policies building on a wider concept of culture beyond attractiveness and tourism goals. Despite this, the role of culture remains underestimated.

The following sections critically explore the actual place of culture in the funds' regulations and draft Common Strategic Framework and outline further opportunities for cultural investment on the basis of its potential contribution to EU 2020 objectives. The analysis is made per group of thematic priorities relating to smart, sustainable and inclusive growth, with focus on priorities 1 (R&I), 2 (ICT), 3 (SMEs), 4 (low-carbon economy), 6 (environment), 7 (transport and infrastructures), 8 (jobs), 9 (social inclusion), 10 (education) and 11 (public administration).

4.2.2. Smart growth

Under the EU 2020 priority Smart growth, Europe aims at developing an economy based on knowledge and innovation inspired by three flagship initiatives: Innovation Union, Digital Agenda (EC 2010g) and Youth on the Move (EC 2010h). These list the key actions to unleash Europe's innovative capabilities, to improve educational outcomes and the quality and outputs of education institutions, and to exploit the economic and societal benefits of a digital society.

Under the Cohesion Policy proposals, two thematic priorities are particularly expected to contribute to smart growth: strengthening research, technological development and innovation (1) and enhancing accessibility to and use and quality of information and communication technologies (2).

Culture is given no specific attention either by the thematic or by the investment priorities defined in the funds' regulations. Only when listing the key actions to be supported does the Commission make a (quite discreet) reference to the potential contribution of cultural investments to smart growth.

Thematic 1: Strengthening research, technological development and innovation

Innovation in enterprises, capacity building for R&D excellence and technological change, and capacity building for the swift economic exploitation of new ideas stemming from R&I are the three key actions that should be supported by ERDF under thematic priority 1. However, both the first and the second key actions are fundamentally based on a science-based approach to technological innovation, and fail to capture a major potential source of competitive advantage for European regions: non-technological innovation. This is against the spirit of the Innovation Union flagship, the EC Communication on Regional policy contributing to smart growth in Europe 2020, the EU 2020 related flagship on An integrated industrial policy for the globalisation era⁵² and even the Smart Specialisation Strategy rationale.

⁵² The European Commission's Communication on An integrated industrial policy for the globalisation era, another flagship initiative of the Europe 2020 strategy, says that "the cultural and creative industries are important drivers of economic and social innovation in other sectors". Furthermore, the annual European Competitiveness Report (EC 2010) attached to the Communication highlights that cultural and creative industries "are not only innovators themselves but have also been an important driver for innovation as they account for increasing inputs in the development of other sectors" and adds that "recent findings at the regional level for ten EU

Towards a new conceptualisation of culture

The Cohesion Policy 2007-2013 as well as the new proposals for 2014-2020 overlook the role that culture-based innovation may play. This situation is mainly the consequence of a persistent gap in the conceptualisation of the role of culture in an advanced, knowledge-based economy such as the European one, and of an underestimation of the contribution of non-technological innovation to competitiveness and growth. Such a bias derives from the emergence of innovation policy in a context dominated by the STEM (Science, Technology, Engineering and Medicine) sector (Jaaniste 2009), and by a difficulty in integrating new, increasingly relevant forms of innovation such as innovation of meaning and design-driven innovation (Verganti, 2009), which heavily rely upon careful crafting of cultural and creative inputs into the familiar and by now traditional realm of product and process innovation.

The new economy of knowledge-intensive value generation processes allows for a new conceptualisation of culture and a full recognition of CCIs' role for a smart growth and inclusive society.

As explicitly acknowledged in the Innovation Union flagship:

"In a global environment, Europe must also develop its own distinctive approach to innovation which builds on its strengths and capitalises on its values by:

- Pursuing a broad concept of innovation, both research-driven innovation and innovation in business models, design, branding and services that add value for users and where Europe has unique talents. The creativity and diversity of our people and the strength of European creative industries offer huge potential for new growth and jobs through innovation, especially for SMEs.

The Innovation Union contains a full chapter on promoting openness and capitalising on Europe's creative potential.

The third key action - capacity building for the swift economic exploitation of new ideas stemming from R&I - clearly embraces the non-technological approach to innovation and, among the initiatives to be supported, directly refers to actions in the field of services, creative hubs, cultural and creative industries and social innovation. This action is expected to contribute to the creation of networking and collaborative spaces (hubs) as well as of creativity clusters stemming from the reconversion of old industrial infrastructures. It should also build on art, culture and creative industries as an attractive source of external knowledge, ideas and approaches for innovating firms. Content industries and cultural heritage, for instance, are main drivers of innovation in ICT and tourism sectors today. Design helps match people's needs with technology and makes products and services more sustainable, both in private firms and the public sector.

Artistic interventions also increasingly act as a source of new forms of innovation and knowledge (see boxes on Kunstgreb; Creative City Challenge and KIA). Art can inspire new business models and services based on shared passions and interests, such as online crowd sourcing for video, films or music production and collaborative production models. Shared Voices, for instance, a B2B service offered by the company Big Bang Lab⁵³, uses crowd sourcing video production for evaluation, fundraising, communication, marketing, and

countries show that the creative industries had a positive and significant effect on the growth rate of local GDP per capita in 2002-2007".

⁵³ <http://www.bigbang-lab.com>.

stakeholder engagement purposes. Sergio Lopez, Big Bang Lab's director, had this idea when he met Borderline, a multicultural classical music company aimed at using music as a tool for social inclusion, create new audiences and offer an opportunity for career development for young composers and musicians. Furthermore, artists and creative people are often called upon to "extract" the creative potential of the workforce, develop team spirit, encourage novel and creative thinking, train new leaders or set up creativity-enhancing workplaces (Müller et al. 2008). They can also contribute to the generation of individual and social well-being as they stimulate and facilitate interpersonal relationships.

KIA – Denmark, Norway, Sweden

CASE STUDY

KIA - Creative Interaction in the Workplace

The KIA project – Creative Interaction in the Workplace is an INTERREG IVA project which had the objective of introducing artistic creativity within daily working life during a three year period (2009-2011). The project was implemented in a Scandinavian area based on the experience already gained through similar activities by TILLT, a Swedish organisation specialised in delivering "artistic interventions", and which is partner in this project.

KIA built upon the conviction that creativity, health motivation and employer branding, and thereby workplace competitiveness, are greatly strengthened through cross-pollination with artistic creativity. While TILLT organised activities together with artists in workplaces (e.g. improvisation courses; body language courses; etc.) in order to help employers develop new skills (e.g. self-confidence, understanding of clients' body languages, etc.), the Aalborg University in Denmark, which led the project, measured the impacts of such activities on the competitiveness of the work place.

Internal surveys among the people who took part in the activities revealed that employers developed a new positive attitude towards the workplace. At the end of the project a higher percentage of people – compared to the beginning of the project – agreed on saying that artistic interventions could help the company/organisation improve its image and attractiveness to clients.

Thematic 2: Enhancing accessibility to and use and quality of information and communication technologies

The second thematic priority of the new proposals is directly linked to the objectives of the Digital Agenda Flagship to deliver smart, sustainable and inclusive economic growth through the realisation of the digital single market and the exploitation of the potential for innovation with fast and ultra-fast internet and interoperable services and applications (EC 2010g). Once again, neither the thematic nor the investment priorities pay particular attention to culture or content.

In the same way, the "Elements for a Strategic Framework" focus the key actions to be financed under Thematic 2 on infrastructures, eGovernment/ICT applications and ICT-based innovation addressing societal challenges. Much emphasis is put on infrastructures and software with no attention to content generation. Only when referring to the complementarity and coordination of the CP and other funds does it move slightly forward by mentioning the need to complement investments in ICT with those earmarked to

Europeana by the Connecting Europe Facility (EC2011g)⁵⁴. It should be remembered that one of the proposed areas of intervention of the Connecting Europe Facility is the “digitalization of large collections of European cultural resources and fostering their re-use by third parties” (EC 2011g).

Although infrastructure and software are undoubtedly of enormous relevance for a Digital Europe, content generation has to be put at the same level. In order to have a rich digital market and to make it attractive and sustainable, support to content creators and to the whole value chain has to be fostered.

As clearly stated by the **Communication on a Digital Agenda for Europe**:

“Attractive content and services need to be made available in an interoperable and borderless internet environment. This stimulates demand for higher speeds and capacity, which in turn creates the business case for investments in faster networks. The deployment and take-up of faster networks in turn opens the way for innovative services exploiting higher speeds”.

Furthermore, the Digital Agenda calls for competitive online platforms, for which innovative business models are needed in order to ensure broad and easy access to content.

During the current period, ERDF has successfully supported projects like the Prototype Fund in Dundee that supports the development of games prototypes by young talents and SMEs. Dundee wants to invest in content creation as it is convinced that video games have an enormous growth potential for economic and urban regeneration still to be explored.

Abertay University Prototype Fund, Dundee - Scotland

CASE STUDY

Investing in digital content as part of a “cultural renaissance”

Dundee is a small city of 145.000 people located on the east coast of Scotland. In the 80s the city experienced an extreme contraction of traditional industrial sectors and nearly 10.000 manufacturing jobs were lost due to the closure of the shipyards, the cessation of carpet manufacturing and the disappearance of the jute trade.

Since the 1990s, the city has started its transition from an industrial past to a “cultural and creative” future. Local policy makers have put arts and culture at the core of local development strategies in the last ten years with the aims of regenerating the city (a Cultural Quarter has been established), enhancing the image of the city, retaining local people and attracting inward investment.

⁵⁴ The Connecting Europe Facility is a new instrument proposed by the European Commission under the Cohesion Policy 2014-2020. It is aimed at financing projects filling the missing links in Europe's energy, transport and digital backbone.

Digital media have been strongly promoted and supported as a pillar of such a cultural and economic “renaissance”. Since 1997 Dundee has been the focus of investment in information technology, software and computer games approaching an estimated € 1.25 billion. The University of Abertay has been the first British university to offer undergraduate and postgraduate courses in computer games technology. The University has created the International Centre for Computer Games and Virtual Entertainment (IC-CAVE), UK's first applied academic research and development centre. The University is also the initiator of Dare to be Digital, a 10-week competition to develop new digital products, run in conjunction with Scottish Enterprise Tayside and Dundee City Council, and of the Abertay University Prototype Fund (2010-2013) which provides business support to SMEs at an early development stage and to interactive digital developers, particularly games developers. Grants of up to € 30.000 are assigned to support the creation of games prototypes or other forms of interactive digital content. The Fund is financed by ERDF (€ 2.5 million) thanks to which additional funding has been leveraged from the UK Government and the University, to reach a total budget of around € 6 million. To date, 24 new prototype games in companies have been supported.

Dundee is today responsible for 10% of Britain’s digital entertainment industry, with an annual turnover of € 125 million⁵⁵. Seventeen games companies are now based in Dundee employing more than 400 people. This is projected to grow by 10% to 20% over the next five years⁵⁶.

Also, ICT projects ensuring digitisation of cultural heritage deserve special attention in this chapter. An interesting example currently funded by the ERDF and that could inspire future projects is the Development of Virtual Electronic Heritage System in Lithuania.

Development of Virtual Electronic Heritage System, Lithuania

CASE STUDY

Development of Virtual Electronic Heritage System⁵⁷

The goal of the Virtual Electronic Heritage System is to ensure access to Lithuanian cultural heritage content. As a follow-up to the 2005–2008 project “Creation of the Integrated Virtual Library Information System”, this project wants to consolidate efforts of diverse institutions to achieve the common goal of better preserving Lithuanian cultural heritage, while easing access to it and improving its visibility for users in Lithuania and abroad.

The database of the established integrated virtual system (www.epaveldas.lt) now contains over 3 million pages of old books, newspapers, artworks, manuscripts and church registers. The objectives are now to increase the number of project partners; digitise new documents (including 2.295,506 pages of documents preserved in archives, libraries and museums, 17,500 images from the Lithuanian Art Museum and 11,000 musical works) and further develop electronic services.

It is also important to highlight that access to funding for actions under the thematic priorities 1 (R&I) and 2 (ICT) is subject to the existence of Smart Specialisation Strategies (RIS3). The guide developed by the European Commission to help regions develop RIS3 (Smart Specialisation Platform 2012) does mention CCIs and invites MS and regions to

⁵⁵ <http://www.idea.gov.uk/idk/core/page.do?pageId=11239298>

⁵⁶ Ibid.

⁵⁷ <http://www.lnb.lt/lnb/selectPage.do?docLocator=6E8C84E44CE511E19B8F746164617373&inlanguage=en>

target CCIs in their strategies for smart specialisation. CCIs are considered not only as a sector itself on which regional strategies could be focused but also as a driver and accelerator for the development of other sectors such as tourism. Such a broad approach to culture and creativity is missing both in the legislative package and the draft CSF.

Smart specialisation strategy – a condition to support Innovation and ICT investments

ERDF support to investments in Research and Development and ICT (thematic priorities 1 and 2) will be subject to the existence of a smart specialisation strategy (ex-ante conditionality).

Smart specialisation is a new concept for regional policies. It places emphasis on innovation-driven development strategies focusing on each region's strengths and competitive advantage. Specialisation requires European regions to have their own strategy based on evidence and strategic intelligence about a region's assets and the capability to learn which specialisation can be developed in relation to that of other regions (EC2011i).

As required by the Common Provisions proposal (Annexe IV), in order to access funds under the R&I target, a national or regional research and innovation strategy for smart specialisation will have to be in place that:

- is based on a SWOT analysis to concentrate resources on a limited set of research and innovation priorities;
- outlines measures to stimulate private research, technology and development (RTD) investment;
- contains a monitoring and review system;
- sees a Member State adopt a framework outlining available budgetary resources for research and innovation; and
- sees a Member State adopt a multi-annual plan for budgeting and prioritisation of investments linked to EU priorities (European Strategy Forum on Research Infrastructures – ESFRI).

For the ICT target, a chapter for digital growth must be included in the strategy for smart specialisation containing:

- budgeting and prioritisation of measures through a SWOT analysis carried out in alignment with the Scoreboard of the Digital Agenda for Europe;
- an analysis concerning the balancing of support for the demand and supply of information and communication technologies (ICT);
- measurable targets for the outcomes of action on digital literacy, skills, e-inclusion, e-accessibility, and e-health that are aligned with existing national or regional strategies in those fields; and
- an assessment of the needs for reinforced ICT capacity building.

In the Communication on Regional Policy contributing to smart growth (2010), the Commission identifies CCIs as a key element for smart specialisation strategies because of their contribution to the European economy and spillover effects on other industries.

As recalled by the Guide on RIS3 (Smart Specialisation Platform 2012):

"These industries have a multiple role to play in unlocking the creative and innovative potential of a region, as they:

- are vital for the emergence of new economic activities and the creation of new and sustainable job opportunities,

- have the potential to increase the quality of life in urban and rural areas and to make Europe and its regions more attractive places in which to invest and work,
- contribute to the social integration of marginalised groups of the population and have wide-ranging social impacts, in particular in terms of social regeneration or social cohesion,
- are catalysts for structural change and diversification in many industrial zones and rural areas with the potential to rejuvenate economies, stimulate innovation and contribute to growth,
- constitute a powerful magnet for tourism, generate a creative buzz, attract talent and contribute to changing the public image of regions and cities,
- have potential in generating social demand, engaging the public and addressing social concerns in rapidly growing markets, such as those relating to energy, recycling and biotechnology, ageing and health.

Moreover, culture and creativity also promote growth and qualified jobs as CCIs contribute to and have a strong and positive influence on ICT, research, education and can increase the attractiveness of regions in terms of human resources and investments.”

The Guide on RIS3 includes a set of recommendations referring to the inclusion of CCIs in regional smart specialisation strategies as a way to achieve the EU 2020 objectives. Regions should map CCIs regional assets, involve all cultural administrative and political actors in the decision making process, adopt a strategic and inclusive approach to investment and make better use of financial resources.

4.2.3. Sustainable growth

Sustainable growth is the second priority of the EU 2020 Strategy aimed at promoting a more resource efficient, greener and competitive economy. It will be implemented through the guidelines contained in two flagships: “An Integrated Industrial Policy for the Globalisation Era” (EC 2010b) and “A resource-efficient Europe” (EC2010j).

Four CP thematic priorities are directly linked to sustainable growth:

Thematic 3: Enhance competitiveness of SMEs

The key actions to be financed under ERDF to enhance competitiveness of SMEs are of very different nature. From actions addressed to encourage entrepreneurship (including better access to finance) and exploitation of new ideas and the creation of knowledge-intensive business to a list of support measures (business advisory services, web-tools) to the development of new business models.

In relation to access to finance, the CSF insists on the fact that MS should contribute to a significant shift from grant-based support to the provision of diverse financial instruments such as start-up capital or seed capital. In the Common Provisions the EC also calls for the setting up of innovative financial instruments (either at Commission, national or regional level) to support enterprises and projects expected to generate substantial financial returns. A similar logic is being pursued in the Creative Europe proposal 2014-2020 (the new umbrella programme that would merge the current Culture and MEDIA Programmes) where a new Guarantee Facility instrument has been introduced to ease access to loans for cultural and creative SMEs. However, while access to finance remains a major challenge for

the cultural and creative sector⁵⁸, the parallelism between the Cohesion Policy proposals 2014-2020 and Creative Europe on access to finance issues is not made apparent in the CSF or in the Common provisions. The Cohesion Policy should complement Creative Europe by encouraging the setting up of innovative financial instruments in emerging sectors like CCIs, on the basis of successful experiences in UK (Creative Advantage Fund in Birmingham) or Germany (VC Fonds in Berlin).

VC Fonds Berlin - Germany

CASE STUDY

An innovative financial instrument for creative businesses

The VC Fonds Kreativwirtschaft Berlin GmbH (VCFK) is a risk capital investment fund jointly established by the City of Berlin and the Bank of Investments (Investitionsbank) of Berlin with the aim of addressing one of the bottlenecks for the sector: access to finance (Berlin Brandenburg 2011). The fund's purpose is to provide capital to SMEs which are doing business in the cultural and creative sectors. With a budget of € 29 million - € 14.5 million of which are funded by ERDF, the VCFK has been in place since 2007 and will work until 2015.

The fund has invested in 25 CCI companies since its launch for a total of € 13 million invested so far. 19 companies are still active in Berlin in a wide range of sectors, from fashion, music, audiovisual to games and mobile applications. Beneficiaries are mostly start ups but these also include some well established players. VCFK estimates that the fund has attracted € 35 million of private investment in the CCI sector, that its activities have generated 250 jobs and that the companies benefiting from the investment have jointly generated a turnover of € 24 million.

For the future, VC Fonds plans to recover the capital invested in SMEs by selling the acquired shareholdings until 2020. The additional profits generated will be used to support other creative SMEs.

Culture and creative industries and innovative tourism solutions (which could include, for instance, the use of mobile devices to detect art works or sites of cultural interest in cities or the creation of new cultural routes across Europe) also deserve a specific mention in the last key action concerning the development of SMEs in emerging areas.

Encouraging the development of SMEs in CCIs is important as this sector characterised by a prevalent number of small and micro enterprises (about 90%) whose growth potential still remains to be explored. Encouraging the development of such SMEs means building on Europe's unique cultural resources and creative talents which in turn nurture Europe's creative economy. A recent study shows that the more there are creative people located in a geographic area, the higher the GDP (University of Valencia 2012). Furthermore, creative SMEs active, for instance, in music, fashion, design, architecture and video games not only contribute to GDP and employment but also stimulate important spillover effects on other sectors such as manufacturing, ICT, health, territorial branding, social cohesion or tourism.

⁵⁸ This challenge is currently being addressed by the European Creative Industries Alliance which has been recently launched by DG Enterprise. Access to finance is one of the 3 pillars of this new initiative. Two pilot

Under this thematic priority, the ERDF could continue to support very successful programmes like the one put in place in Tartu to help students and young people acquire the right skills and start their own creative business.

Tartu Centre for CIs - Estonia

CASE STUDY

A 4-year residence programme for cultural and creative industries

Tartu is a university town of 100,000 inhabitants of which 20,000 are students. More than 50% of the population is less than 30 years old.

Tartu has a strong cultural offer and a sound singing and folk music tradition and craftsmanship (in the St. Antoine area). Local CCIs are not strong but are growing rapidly: from 2003 to 2007, enterprises grew from 2,000 to 5,000, jobs from 20,000 to 28,000, turnover of the industry moved from € 600 million to € 1.1 billion, according to the 2003 mapping completed by the Estonian Institute of Economics. Tartu's objective is to expand its cultural production and create new products and services for the community and the world. The city wants to encourage creative people to take the risk of entrepreneurship and provide for assistance. It wants to empower artists and creative people to deliver their visions rather than projects.

The city is convinced that culture can contribute to transform societies, support youth and develop creativity in traditional industries and sectors, but it is aware that changing the traditional vision of a "subsidised culture" takes time.

Tartu launched its creative industry policy in 2004 mainly to offer a perspective to young talent, nurture and encourage creativity and local expression, and retain talent. Former civil servants from the city government in charge of culture and with experience in art and culture decided to develop a CCI strategy motivated by the idea that cultural resources should:

- Be preserved and better promoted to valorise local tradition including crafts
- Contribute to develop spillovers with technology industry
- Increase their influence in policy development

In 2008, the city decided to set up the Tartu Centre for Creative Industries led by a small management team (3) with strong culture credentials at its core (one is a former manager of a theatre company, another on worked in an art gallery). At least two factors contributed to the launch of the initiative: strong political support and EU funding. Access to Europe is key to reach new markets as the home market is very small. Since the beginning, the incubator aimed at connecting with incubation centres in Europe to encourage exchanges and collaboration.

EU regional funding has enabled the launch of a creative strategy and CCIs-related initiatives. ERDF funding for the Tartu centre totals about € 1.2 million for the last 3 years, with a mix of funding for activities, training and building, for a total budget of € 2 million. The centre is part of Creative Estonia (2009), one of the 7 State-supported key initiatives included in the national strategy for European structural funds 2007-2013.

The incubator supports CCIs through a 4-year in-residence programme for young entrepreneurs in the creative sectors: the first year is dedicated to project development, the second, young entrepreneurs should be able to make a living, the third one a "jack pot", and in the last year actions are carried out to support internationalisation and networking.

projects will be carried out with the aim of improving access to finance for creative industries firm (<https://www.howtogrow.eu/ecia/projectcategory/access-to-finance/>).

The development of cultural and creative SMEs has an impact not only on the local (creative) economy but also on the image and attractiveness of places. The presence of cultural and creative companies depends on the support offered for business development, but also on "location factors" that make a place attractive for companies and investors. The city of Arnhem, for instance, has successfully invested SFs to retain local fashion designers. A series of actions has been put in place going from the building of new infrastructures to the provision of a variety of business support measures for the fashion industry. Improving attractiveness of cities and regions is one of the main objectives of the Cohesion Policy 2007-2013, where the role of culture for territorial branding is clearly recognised. As cultural investment has largely contributed to attractiveness across Europe (as proven by the selected case studies) it is legitimate to ask why any reference to attractiveness has disappeared in the new proposals.

Arnhem fashion district - The Netherlands

CASE STUDY

Creating a breeding place for creativity and innovation

Arnhem is a small Dutch city located in the eastern part of the Netherlands, numbering about 150.000 inhabitants. Historically, the city has mainly hosted a quite strong production and service industry. However, as the Dutch city shifted towards the knowledge-based economy, Arnhem focused less on hard production in order to become a consumption centre. Arnhem decided to renew its image in order attract new people and become a place of work, living and leisure (Don 2011).

Arnhem invested in culture as a distinctive element to create a breeding place for creativity and innovation (Holtrust 2001). A specific role in the cultural development and the city promotion campaign has been assigned to fashion. Arnhem has built on its internationally renowned fashion department of the Arts Academy that has trained many successful designers from different parts of the world. However, students needed a reason to stay in the city after their graduation. The idea was to create the conditions for these designers to stay by revitalising urban quarters and their image, and to attract new people to buy unique fashion products. Fashion was expected to make Arnhem a leisure city – something different and exclusive for designers to stay and daily tourists to consume.

The city launched specific support measures throughout the fashion industry value chain, from education (fashion department), to creation/production (reasonable priced studios for artists, Stimulating Creative Media⁵⁹ and the Arnhem Fashion Factory⁶⁰) to promotion, distribution and selling (Fashion Biennale Arnhem). The city also facilitates clustering through the new Fashion quarter located in Klarendal, a deprived urban district which has been entirely refurbished thus contributing to a new city image and attractiveness.

⁵⁹ A 4-year ERDF funded programme (2003-2006) for entrepreneurs and companies in the creative industry who (mostly) had their offices in the building "het Hoofdkwartier". The programme contributed to the creation of a network in CCIs by organising meetings and workshops, bringing partners together, stimulating cluster development and developing projects.

⁶⁰ Located in Klarendal, the Arnhem Fashion Factory works in collaboration with the ArtEZ Institute of the Arts and Rijn IJssel which has initiated two key projects: Collectie-Arnhem 'Collectie-Arnhem' which takes place in the third academic year of the Fashion Design bachelor at ArtEZ Institute of the Arts and where the students work together to realise a collection (all aspects of the development of a collection are addressed during the project: design, sampling, styling, presentation, show, sales and production; the complete design cycle) and the shop Arnhem Coming Soon, which sells only Dutch design and where students have the possibility to sell their collections.

Numerous actors have taken part in the city's development plan and strategic positioning. The local government has put the economic role of culture high on its agenda with a special focus on the fashion industry. It has encouraged both production and consumption through subsidies and support to infrastructures. The fashion department at the ArtEZ Academy has nurtured talented designers, thus creating the opportunity for the fashion industry to flourish. 100% Mode (started off as Project Klarendal) is the revitalisation project of the Klarendal quarter. The area was completely renewed and the quality of life in Klarendal enhanced. The project was launched in 2006 and over 30 fashion organisations have located there. The Fashion Biennale Arnhem has also been an important player to put the city on the fashion map at national and international level. Created in 2005, the Biennale is a platform for both Dutch and international designers. It also hosts the graduation show of the fashion department and normally includes work of other students of the local school.

Other organisations like OPA and Arnhem aan Zee stimulate cultural cooperation and entrepreneurship among local artists, designers and creative companies. The Slak Foundation provides reasonable priced studios for artists from every different type. Today the foundation is able to rent out over 600 ateliers to different artists and creative professionals, including many fashion designers (especially young designers graduated from the fashion department).

More recent projects include the 3D Lab & 3D Atelier (March 2011-april 2013), a new ERDF funded incubator hosting 20 creative start-ups (more than € 2 million the overall budget).

Finally, it is important to note that the action under Thematic 3 (SMEs) concerning the support to business advisory services directly relates to the creative sector as it explicitly refers to services in the area of user-oriented and design-driven innovation, an area where the CCI sector and culture-based creativity are of particular relevance. Applying design-thinking requires knowing the socio-cultural profile of your customers (or even citizens in the case of a public administration), their functional needs and their "emotional desires". While technical engineers can create a practical object, creative professionals and designers can in addition embed experience and identity and make it more suitable and attractive to the market. Projects like DesignRegio, which could be financed under this key action, aims at introducing businesses and the public sector to the design culture.

DesignRegio Kortrijk - Belgium

CASE STUDY

Kortrijk's design strategy to drive innovation

DesignRegio Kortrijk is an initiative launched in 2005 to position the Kortrijk region as a region leveraging design use for business and public sector development. It is coordinated by a partnership between the Kortrijk Interieur Foundation, the city of Kortrijk, the local school Howest (that offers design courses), the intermunicipal partnership of thirteen cities and municipalities of the Kortrijk region Leiedal Voka, and the West Flanders region. DesignRegio wants to determine trend and operate in a network with other design cities and regions in Europe, both in Flanders and in the euro metropolitan area Lille-Kortrijk-Tournai.

DesignRegio Kortrijk pursues 5 strategic objectives:

1. Raise awareness of design and product development in the business world
2. Strengthen courses on product design
3. Give the local government an exemplary role in terms of design promotion
4. Sensitise the city and region in the field of product design and development
5. Position the Kortrijk region as an innovative region using design as the motor.

DesignRegio Kortrijk organises workshops with companies and design students, exhibitions and a call for the best design products every two years in order to give the best design products of the region greater visibility and access to markets.

Thanks to the activities of DesignRegio Kortrijk, the design culture is more widespread in the industrial fabric of the region, but also in local schools and the public sector. From 2012 until 2014, the DesignRegio Kortrijk's experience will be shared in the framework of a new INTERREG IVB NEW project (PROUD) which focuses on the employment of design as a driver for innovation, economic growth and sustainable development. In the framework of this project, DesignRegio Kortrijk will set up a business incubator for design companies which will be located at the arts and business centre Buda Fabric (see box on Buda Fabric).

Thematic 6: Protecting the environment and promoting resource efficiency

Concerning the remaining thematic priorities⁶¹ only the sixth one on "protecting the environment and promoting resource efficiency", is where the Commission makes a direct link with culture investments. Indeed, one of the investment objectives under this thematic priority (to be financed by the ERDF) is "protecting, promoting and developing cultural heritage". This investment objective is further translated in the Common Strategic Framework into two key actions:

- investment in the diversification of local economies by protecting and enhancing cultural heritage and landscapes (both in rural and urban contexts), and
- support for sustainable integrated urban development, including regeneration of cultural infrastructure.

Both actions recall the approach of the programming period 2007-2013 where culture was very much considered in terms of cultural heritage. However, they go a bit further, as they link the investment in cultural heritage to the diversification of local economies – importantly suggesting that such diversification can be broad and go beyond the tourism economy's prevailing view.

The approach is more restrictive than in the Cohesion Policy 2007-2013 when it comes to cultural infrastructure – for which investment is limited to *rehabilitation* purposes, while the current CP refers to the *development* of cultural infrastructures.

However, the role of new cultural infrastructures in socioeconomic development should not be neglected, as the creation of the Guggenheim Museum in Bilbao (GMB) clearly shows. The museum has given a new image to the city. The GBM attracts an average of 800,000 non-Basque visitors a year compared to less than 100,000 before GMB opened (Plaza

2007). Another interesting and more recent example is provided by the Buda Fabric case where cultural infrastructures have been supported in a context of urban regeneration, image improvement, social integration, economic innovation and sustainable development led by artistic creativity.

Kortrijk, Buda Fabric - Belgium

CASE STUDY

Art and culture leading to urban regeneration and the creative economy

Kortrijk is a small and rich city in the Flanders region (north of Belgium). It numbers about 150.000 inhabitants. Its economy is mainly industry and service-based. Although Kortrijk is undergoing an economic transformation towards the knowledge economy, the local textile industry is still strong. Its unemployment rate is very low (2-3%). The city is therefore in a very different situation from other towns that are obliged to rethink their economy and find solutions to create new jobs.

In parallel to the strong industrial sector, Kortrijk also developed a strong artistic tradition. Three arts organisations have been active since the 80s in the so called "Buda island" (the art centre Limelight, the dance studio Dans in Kortrijk and the visual culture festival Beeldenstorm). They have attracted dancers and artists for residency activities and also extensively collaborated with famous dance companies and schools such as P.A.R.T.S. – Anne Teresa de Kersmaeker's school in Brussels (the best contemporary choreographer in Belgium, very well known internationally).

In 2005 the art centre Limelight, the dance studio Dans in Kortrijk and the visual culture festival Beeldenstorm decided to maximise their potential and merged into the artcentre BUDA. Artcentre BUDA is a five-building workspace for artists, a festival organizer and an art cinema. The Buda Scoop for instance includes a movie theatre and three cinemas. BUDATOWER hosts 5 professional dance/theatre studios where companies can stay over two weeks. This is a unique place in Europe with professional facilities where dancers can stay for such a long time. Artcentre BUDA promotes collaboration between artists and companies in order to explore how they can mutually influence and innovate their practices. One interesting project, for instance, involved an artist and a spinoff of the Leuven University working on medical technologies. The artist asked for headphones able to capture the movements of the brain and transform them into music. The technology developed under the request of the artist enabled the company to discover a new tool that was then used for medical purposes. Buda's philosophy is that interactions should be stimulated while ensuring that the artists keep being good artists and that entrepreneurs keep being good entrepreneurs. It is important to maintain their specificities and qualities in their own fields to allow the best outcomes.

⁶¹ Supporting the shift towards a low-carbon economy in all sectors; promoting climate change adaption and risk prevention and management; protecting the environment and promoting resource efficiency; and promoting sustainable transport and removing bottlenecks in key network and infrastructures.

Similarly to the Quartier de la Création in Nantes, the new complex Buda Fabric (which will be completed in autumn 2012) builds on such a flourishing arts scene. It is the outcome of a long process of artistic interventions in Buda island (Kortrijk) since the 80s. Buda Fabric is located in an ex-industrial area that was dismantled in the 80s and 90s. It will gather artists and companies from different fields to allow them work together. It will consist of:

- A meeting and networking place for product developers, academics, designers, artists, schools, students and entrepreneurs;
- an exhibition room for art works;
- work spaces;
- a design incubator (to be financed in the framework of the INTERREG IVB NEW project PROUD).

Buda Fabric has got substantial support from the city and EU regional funding for a total amount of € 2,435,955, € 974,382 of which is funded by ERDF.

Over the years, policy makers have come to realise that arts and creativity can contribute to urban regeneration, economic innovation and support to young people. Today, creativity and innovation are fully integrated into the city's development and promotion strategy. The Mayor Stefaan De Clerck is a great supporter of art and culture as a tool to regenerate places, to give urban quarters a "soul", to improve cohesion among citizens, dialogue and communication. He is also aware of the fact that art is a key source of the new economy. The Mayor wants to support investments in artistic and creative inputs (including design) to allow companies to innovate and become more competitive.

Kortrijk has been little affected by the economic crisis, but it wants to be in advance of the times anyway. The Dutch city wants to be a pioneer among small cities in Europe and launch a new way of thinking and of connecting the arts, economy and social development for sustainable urban development.

Another key action that can be supported under thematic 6 is investment in green infrastructures to promote, among others, climate change mitigation or to increase water availability.

Cultural establishments and creative industries are environmental friendly. They rely on intellectual capital, versus non-renewable resources, as main inputs for production, thereby avoiding "business as usual" losses in ecosystem, livelihoods, and lives because of unsustainable/polluting activities and creating more "green products" as compared to traditional manufacturing. Creative professionals often promote a "Using and Recycling" culture to allow the transition from over-consumption to more ethical consumerism (e.g. eco-fashion) (UNCTAD 2010). Furthermore, artists and cultural organisations are usually more sensitive than others to environmental issues and take part in sustainability projects and campaigns - as the Ecovenue project shows (see the box below) - about the importance of a greener economy. As recognised by the Council of the European Union, culture is an environmental friendly sector that plays a key role in fostering greener mobility. Artists and the cultural sector as a whole are considered to play a crucial role in changing people's attitudes to the environment and in the use of cutting edge sustainable technologies, including digitisation and availability of cultural content online (Council 2011b).

Art and culture's role in fostering the green economy, however, might be ignored if not explicitly mentioned in Cohesion Policy documents. Thematic 6, as it is drafted now, overlooks culture's contribution to environmental protection, or the promotion of resource efficiency.

Ecovenue - UK**CASE STUDY****Green theatres to improve resource efficiency and promote sustainability**

Ecovenue is a theatre-specific environmental project run by the London-based organisation The Theatres Trust for a three-year period (2009-2012). Supported by ERDF (about € 565,000), Ecovenue aims at improving the environmental performance of forty-eight London theatres by providing free, and theatre-specific, advice on how to reduce carbon emissions and make theatres greener.

Ecovenue has been collecting data about what theatres actually use, why they use it, where it comes from, and where it goes to. Each participating theatre receives an Environmental Audit based on energy use, a Display Energy Certificate (DEC) and Advisory Report. Each venue receives a second DEC a year after their first to measure progress.

The project includes a "DEC Pool" of performing arts venues across the UK that have obtained DEC's. The DEC Pool helps evaluate the project, share best practice, establish meaningful benchmarks, and provide a better understanding of energy use of theatres. Any theatre can join the DEC Pool.

The Trust's Theatres Magazine provides quarterly reports on the results and progress of the project.⁶²

It is also under the thematic priority concerning environmental protection that the Commission insists on the coordination of the CSF Funds with the Creative Europe programme, the new EU programme dedicated to the cultural and creative sectors.

Complementing and coordinating Cohesion Policy with "Creative Europe"

The draft CSF recommends closely coordinating CSF Funds with "Creative Europe". The EC suggests using Cohesion Policy resources to maximise the contribution of culture as a tool for local and regional development, urban regeneration, rural development and employability. Importantly, it also proposes to invest in culture through a broad range of investments relating to research and innovation, SMEs and entrepreneurship (or Thematic priorities 1 and 2), thereby putting forward funding opportunities for the cultural and creative sectors under the Cohesion Policies' new thematic priorities.

It is difficult to understand why the Commission has decided to include this reference here and not in relation to thematic priorities 1 and 3 or even better as a general principle to be mainstreamed for all priorities. This reference contains a veiled allusion to the pervasiveness of culture and the multidimensional effects of culture investments. In order to make this message clearer and to enable European regions to take full advantage of the positive contribution of culture for cultural development, the European policy should rather add a new thematic on culture under the sustainable growth EU 2020 priority, as justified by the contribution of culture to sustainable development.

⁶²http://www.theatrestrust.org.uk/store/assets/0000/2254/2011_06_Introduction_to_Ecovenue_at_The_Theatres_Trust.pdf

Culture as a pillar of sustainable development

Culture is an integrated pattern of human knowledge, beliefs, values, social behaviours and symbolic meanings which shapes individual and collective identities. Making knowledge widely available contributes to the cultivation of the mind and of the intellect. The exchange and sharing of cultural goods creates the opportunity to appreciate the ideals and habits of others and to improve intercultural dialogue and social cohesion. Mutual understanding promotes cultural diversity, which stimulates imaginative thinking and further enriches communities' cultural heritage.

Culture is also an economic sector, as it provides products for consumption in the forms of books, films, sound recordings, performing arts, museums, etc. This economy represents 6 million jobs in the EU (3% of total EU employment) and is close to 3% of EU GDP (KEA 2006).

But cultural goods and services are not mere commodities or services. Diverse cultural production is a powerful source of innovation and creativity. Attractive and diverse "content" is a main driver for the take up, use and development of information technology (ICT). Artists can help companies' employees to be more self-confident and creative. Design can help companies rethink their production and launch new, tailor-made competitive products.

A sustainable society requires culture heritage to be protected and cultural production to be promoted. Culture ensures sustainable development as it shapes and communicates identities and values but also aids the "diversification of mono-cultural economies and facilitates a more competitive development platform" (Nurse, 2006).

Protecting and promoting cultural diversity is not (simply) about preserving threatened forms but rather about safeguarding the individual and collective capacity for innovation. Recognising and affirming culture as a resource for sustainable development means contributing to Europe's development while benefiting present and future generations.

4.2.4. Inclusive growth

Fostering a high-employment economy delivering social and territorial cohesion (or inclusive growth) is the third priority of the EU 2020 Strategy to be achieved through the actions defined in the two flagships: "An Agenda for new skills and jobs" and the "European platform against Poverty and Social Exclusion".

Although ERDF can also support actions under this goal, ESF takes a special role with regard to investments relating to inclusive growth (see box below). However, in the ESF regulation there is not a single reference to culture investments or to the role of culture in fostering social innovation⁶³ or inclusion. The new Cohesion Policy for 2014-2020 should build on the available studies and research showing the potential contribution of culture to social development and inclusiveness.

⁶³ According to the EU definition: "Social innovations are innovations that are social in both their ends and their means. Specifically, we define social innovations as new ideas (products, services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships or collaborations. They are innovations that are not only good for society but also enhance society's capacity to act." (EC 2011h).

Culture contributing to social innovation

According to article 9 of the ESF regulation proposal, the European Social Fund must promote social innovation in all its areas of competence (Art. 9). In addition, operational programmes with a priority axis on social innovation may be co-financed up to 100% (EC 2011c)⁶⁴.

As suggested by the study on the "Impact of culture on creativity", culture-based creativity plays a key role in the generation of social innovation. At the most basic level, a creative solution in this context may simply involve a novel approach taken by linking a culture-based intervention with a social policy objective, as is the case with public art in urban regeneration. Secondly, incorporating cultural or artistic elements in existing social interventions can help develop completely new approaches. Where individual behaviour is the target, cultural activities can lead to a change in self-perception and to the development of new skills which can help people to break with former ways of thinking or perceiving the world (KEA 2009).

A more recent study carried out by the University of Valencia (2012) on culture as a factor of social innovation concludes that "the effect of culture as an element of economic and social innovation is beyond doubt, both for supply and demand reasons. The cultural space is not only a source of innovation in the marketplace by generating new products or services or the use of new processes in the economic space and therefore improving the competitiveness of the economic system, but also in the cultural field it is a petitioner of innovation (as user or participant). The next link has to do with the porosity of the creative class as economic agents and as cultural actors in the social space. Individuals who work in cultural and creative sectors are also those who participate in the generation, provision and distribution of cultural activities and services of the social space and consequently they are also facilitators of the expansion of social innovation."

The Open Window project shows how, in practice, social innovation through culture could be supported to improve health care services and well-being:

Open Window⁶⁵ - Ireland

CASE STUDY

Art to "humanise" health care

Open Window is an interactive platform over the web, designed for care environments. It enables patients to remain connected with the outside world, through a combination of clinically evaluated art and relevant patient focused personal images and content.

The platform was developed by Vivartes, an organisation having the mission to improve the quality of life of patients in hospitals or clinics and rehabilitation care through the use of the arts and connected media. They were approached 5 years ago by the National Bone Marrow Transplant team in St. James Hospital (Dublin) in order to reduce anxiety and depression among patients caused by the lack of contacts with the outside world. Anxious patients cost 3 - 5 times more to treat.

Open Window appears as a "virtual window" on the wall of the patients room showing video art, art works and photography by national and international artists. Family members can add images of significant places or family events by mobile phone.

⁶⁴ Art. 11.

⁶⁵ <http://www.misa.ie/creative-life/open-window>

In terms of CP thematic priorities for the next programming period, the following ones are aligned to the inclusive growth goal:

- promoting employment and supporting labour mobility (8);
- promoting social inclusion and combating poverty (9);
- investing in education, skills and lifelong learning (10);
- enhancing institutional capacity and ensuring an efficient public administration (11).

Thematic 8: Promoting employment and supporting labour mobility

When listing the different actions to promoting employment and supporting labour mobility, a functional approach is adopted⁶⁶. Although a reference to sectors that are key for employment creation in the new economy is included in the proposals, the CCIs are not mentioned among them. Nevertheless, employment in the culture and creative sectors represents around 6 million jobs in Europe. For those SF-supported projects for which employment data is available, results are very positive. Nantes' CCIs employ 5,600 people, an increase of 200% since 1982 when the arts and culture sector started to grab the attention of local stakeholders and policy makers. From 2007 until now, the investment activities of the VC Fonds in Berlin have generated about 250 jobs. 35% of the artists involved in the Kunstgreb project obtained a job in the company they had worked with or with other ones not directly involved in the project⁶⁷. CCIs should be explicitly referred to as an important sector generating an important number of jobs in Europe led by the new economic imperatives, namely creativity and risk taking. Also the Council of the EU has proposed supporting employment friendly growth through the development of territorial strategies, including the enhancement of accessibility to and development of specific cultural resources as an investment priority under Thematic 8 (employment) (ERDF regulation, Art. 5) (Council 2012a).

Thematic 9: Promoting social inclusion and combating poverty

A numerous list of key actions is included under this thematic priority, ranging from actions aimed at active inclusion (employability measures or modernisation of social protection systems), and those concerning the inclusion of Roma, combating discrimination, enhancing access to affordable, sustainable and high quality services, the promotion of the social economy to those concerning investment in health and social infrastructures, including in rural areas.

⁶⁶ The common strategic framework lists the following key actions for the ESF:

- Access to employment for job-seekers and inactive people, including local employment initiatives and support for labour mobility
- Sustainable integration of young people not in employment, education or training (NEET) into the labour market
- Self-employment, entrepreneurship and business creation:
- Equality between men and women and reconciliation between work and private life:
- Adaptation of workers, enterprises and entrepreneurs to change
- Active and healthy ageing:
- Modernisation and strengthening of labour market institutions, including actions to enhance transnational labour mobility:

And this for the ERDF:

- development of business incubators and investment support for self-employment and business creation, in particular in areas offering new sources of growth, such as the green economy, sustainable tourism (including the silver economy) and health and social services;
- support infrastructure investments for the modernisation of public employment services.

⁶⁷ <http://www.kunstgreb.dk/sites/default/files/intrapdf/3%20aar%20med%20Kunstgreb.pdf>

Once again, the only reference to culture in the Elements for a CSF is very limited. The promotion of intercultural activities is included as a key action to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. However, as it has been supported by the literature, culture investments and in particular culture-led regeneration projects can lead to a greater understanding of different cultures and to a more efficient approach to social problems (KEA 2009).

Radio Regen - UK

CASE STUDY

Radio Regen fostering culture for social inclusion

Radio Regen is a Manchester based Community Media (European Parliament 2007⁶⁸) station initially launched with the help of ESF funding with the goal to foster media and communication skills as a way to promote social inclusion and regional regeneration. In essence, the initiative does so by enabling individuals from the Greater Manchester area who have no professional background in media production to create radio and television programmes that are then broadcast on local channels.

Since 1998 Radion Regen has enabled more than 5,000 residents of disadvantaged areas of Manchester, Salford and the North West to get on air and thereby achieved many of the above benefits. Radio Regen has been an influential advocate for the establishment of strong links with social policy objectives. With regards to learning and skills development, it has achieved the teaching of media literacy skills as part of the English National Curriculum. It has also implemented 6 partnerships with local schools to promote communication and IT skills through radio production and broadcasting sessions.

Thematic 10: Investing in education, skills and lifelong learning

The different actions proposed under this thematic priority go from areas such as reducing early school-leaving and promoting equal access to education to improving the quality of education, enhancing access to lifelong learning skills, and supporting education infrastructures.

The development of creative skills is mentioned in the Elements of a Common Strategic Framework as a key action for reducing early school-leaving and promoting equal access to good-quality early-childhood, primary and secondary education. Also, the key action "Improving the quality, efficiency and openness of tertiary and equivalent education with a view to increasing participation and attainment levels" refers to "support for enhancing the relevance of higher education programmes to labour market needs, including through fostering problem-solving, *creativity* and the development of entrepreneurial skills".

Recognising creativity as an important "asset" to reducing early school leaving and to answer the labour market demand is an important step towards a comprehensive understanding of culture and its potential for societal development. What is still missing is a

⁶⁸ "Community media" are non-profit, open to or accountable to the community that they serve and mainly staffed by volunteers. As such, they form a separate subgroup within the media sector ». <http://www.europarl.europa.eu/committees/en/cult/studiesdownload.html?languageDocument=EN&file=22408>

clear link between the contribution of cultural and creative competences⁶⁹ to new forms of innovation, as the Council did in its Conclusions (Council 2011a) on the topic (see below). Artistic interventions, which build on such competences, can contribute to better working environments, staff's creativity and new and better products closer to people's culture, preferences and needs.

Council conclusions on cultural and creative competences and their role in building intellectual capital of Europe

"The Council of the European Union ... agrees that cultural and creative competences are a basis for creativity and innovation, which in turn boosts smart, sustainable and inclusive growth. This is due to the fact that these competences can contribute to:

- building intellectual capital which is increasingly recognised as a new source of growth and competitiveness in Europe;
- all forms of innovation, mainly non-technological and social innovation¹³, through their impact on production and demand, and on the design, production and market success of innovative products and services;
- development - and maximisation of the spill-over effects - of cultural and creative industries as they are embodied in the competences of artists and creators as well as audiences and consumers;
- education, training and preparation for jobs including those requiring high qualifications and social skills, to employability at all the relevant stages of life and to effective functioning and development of companies;
- better overall educational achievement, reducing early school leaving and improving prospects for social inclusion as they have important motivating and socialising impacts and allow pupils to discover and develop their talents."

Among other issues the Council of the European Union "invites the Member States and the Commission to embrace the contribution of cultural and creative competences as a basis for sustainable jobs and social innovation in order to make full use of the possibilities offered by the "Innovation Union" flagship initiative and the European Social Fund."

Thematic 11: Enhancing institutional capacity and ensuring an efficient public administration

The last thematic priority is about institutional capacity and public administration efficiency. Having a good institutional capacity is indeed a condition to ensure the positive results of public actions. This final thematic priority, therefore, concerns all the previous ones and it is legitimate to ask why it has not been integrated as a transversal theme.

The actions supported under this thematic priority are reforms to ensure better synergies between policies and effective management of public policies, the enhancement of the capacity of stakeholders "such as social partners and non-governmental organisations, to help them deliver more effectively their contribution to employment, education and social policies", the development of territorial pacts in the field of employment, social inclusion, health and education, the strengthening of the institutional capacity and the efficiency of

⁶⁹ "cultural and creative competences include the key competence of cultural awareness and expression (appreciation of the importance of the creative expression of ideas, experiences and emotions in a range of media, including music, performing arts, literature, and the visual arts. The Recommendation 2006/962/EC on key competences for lifelong learning further specifies the essential knowledge, skills and attitudes related to this competence) and intercultural competences (the knowledge, skills and attitudes of particular relevance to intercultural competences are those relating to the following key competences: communication in foreign languages, social and civic competences, and cultural awareness and expression (Council conclusions of 22 May 2008 on Intercultural Competences)" (Council 2011a).

public administration and public services (including those related to the implementation of the ERDF and ESF), and the modernisation of public services in areas such as employment, education, health, social policies and customs.

Although the key actions refer to public policy stakeholders and services relating to different policy fields, cultural administrations/services are not mentioned. This is instead something to take into account if one considers the little access that the cultural sectors currently have to SFs (1.7%). This is due, among the others, to gaps in the institutional and administrative capacity of cultural administrations or other cultural organisations dependent on the public administration. Such gaps should be addressed to help them achieve more effectively cultural policies' objectives⁷⁰.

Culture also has a role to play in the modernisation of public services - but no reference is made to this potential contribution. Cities and regions increasingly call on creative inputs to improve the design and delivery of public services (Mulgan 2007). Such a focus can include new methods of funding (such as public-private partnerships), new ways of communicating with the public (political blogs) or innovation in wider areas such as democracy (e-voting or citizens' juries), health services or public transport.

UK Design Council

CASE STUDY

The role of design in public services

Design, if understood as a structured creative process, can play a key role in finding innovative and practical solutions for complex problems. In particular, design-led thinking can improve service delivery by developing more personalised services, managing risk by prototyping new ideas on a small scale first, identifying inefficiency thus improving value for money and by giving users more control (UK Design Council 2008).

The UK Design Council piloted a range of live public sector projects to test this approach. One of the projects was the "Move Me" project centre on a small school in Northumberland. The project looked at the school community's mobility needs and explored how they could be better served by combining existing services in smarter ways – for example, the planning of integrated journeys, vehicle sharing, or better use of community vehicles such as minibuses. Also, a toolkit was developed for transport providers who wish to improve access to their services. Ultimately, the project team designed a reliable and ecologically sustainable transport service that helped this particular rural community and also provides a model that would work elsewhere.

4.2.5. European Territorial Cooperation

In contrast to the 2007-2013 period, the proposed draft of the CSF 2014-2020 does not contain specific references to culture in European Territorial Cooperation provisions, even if the cultural sector has drawn priority attention in interregional, cross-border and transnational operational programmes. Culture not only reinforces the links among different European regions, but also allows a continuous exchange of good practices allowing mutual

⁷⁰ The recently-published report "Measuring economic impact of CCIs policies - How to justify investment in cultural and creative assets" (KEA 2012) includes a "benchmarking raster", a series of indicators to help public policy stakeholders assess the economic impact and effectiveness of CCIs policies.

learning. Furthermore, as also underlined by the EC proposed regulation concerning the Territorial Cooperation goal (EC 2011k), cooperation across territories can improve governance as a result of coordination of the sector policies and ensure more effective solutions due to economies of scale and the achievement of a critical mass.

Numerous interregional projects have focused on knowledge and good practice exchange to improve the mainstreaming of CCIs in local and regional development. A valid and original example is represented by the URBACT project Creative Clusters⁷¹ or by the INTERREG IVB Creative City Challenge.

Creative City Challenge – Germany, The Netherlands, Belgium, Denmark, UK, Sweden

CASE STUDY

Fostering creativity and innovation in cities' development

Creative City Challenge is an INTERREG IVB project lasting three years (2009-2012) and having the objective to foster creativity and innovation in each participant city (among which are Oldenburg, Intercommunale Leiedal, Hoje-Taastrup and Newcastle) to promote transnational activities and to exchange best practice on creativity and innovation.

Several seminars have been organised with the participation of artists, policy makers and business representatives. The aim was always to stimulate creativity and innovation, especially among local policy makers, by means of artistic interventions or innovative approaches to information exchange and peer-learning.

TILLT – one of the partners - has hosted a platform in Sweden aimed at organising cross-sector meetings and discussions: "Cities that Stand Out" (www.sssu.se). Its first objective is to create a new cross-sector, trans-municipal and trans-national communication infrastructure to enhance cooperation and communication for the following six sectors in society: City planners and architects; Politicians and municipal technicians; Trade & commerce developers; Private companies; Real estate owners; Creative artists; and Tourism. The second objective is to spread knowledge and know-how on how creative artists may bring new perspectives concerning city planning if involved from stage one of the process, rather than being used, as very often happens, in the final stage of city planning, mainly for "cosmetic" purposes.

In a seminar held in Falköping (Sweden), the Dutch Artist Thuur Caris gave a lecture to inspire new ways for policy makers to make their cities more attractive. He suggested having a look at the unique identity of cities and developing "facts" maps rather than functional maps that could help cities communicate their identity. He made the point that functional maps just reproduce a city of service without distinguishing its uniqueness compared to other cities. He held a discussion on how small talk and personal stories build the identity of a town or city and explained the concept of "psycho-geographical maps". He gave four tips to create these new local maps, filled with "small narratives of the local people": Tip 1 - Do not follow the ordinary routes; Tip 2 - Use conversation pieces; Tip 3 - Show personal interest; and Tip 4 - Disrupt public boredom with a playful gesture.

⁷¹ <http://urbact.eu/en/projects/innovation-creativity/creative-clusters/homepage/>

4.2.6. Urban development

The EC proposals pay particular attention to urban development, more than in the current 2007-2013 period. While the current CP generally invites MS and regions to earmark part of the CP funds to urban development (EC 2011c⁷²), the Common Provisions 2014-2020 ask Member States to assign at least 5% of the ERDF resources allocated at national level to integrated actions (EC 2011a⁷³) to sustainable urban development delegated to cities. Furthermore, at the initiative of the Commission, ERDF may support innovative actions in the field of sustainable urban development, subject to a ceiling of 0,2% of the total annual ERDF allocation. They will include studies and pilot projects to identify or test new solutions to issues relating to sustainable urban development which are of relevance at Union level.

Local cultural investment has been particularly important to support culture and creative sectors' specificities and exchange of practices across European cities. Interesting examples are provided by URBACT or INTERREG projects like Creative Metropolises or Creative City Challenge (co-financed with ERDF local resources).

Allocations to culture through the urban development priorities of national or regional operational programmes have proved to be of great importance for cities like Kortrijk. In Spain, sustainable urban development receives around 10% of the budget in each operational programme. In Nantes, budget invested in culture mainly came from the budget allocated by regions to urban development. In Dublin, the renewal of the Temple Bar Quarter has been supported through an Urban Pilot Scheme. Furthermore, cities like Kortrijk, Arnhem and Tartu show that culture can have positive impacts in all cities, regardless of size.

Temple Bar - Ireland

CASE STUDY

Culture for urban regeneration and creative "renaissance"

During the 90's, the Temple Bar quarter in Dublin underwent an interesting renovation which has had widespread and multiple impacts on the preservation of cultural heritage, urban regeneration, image and attractiveness, tourism and creative entrepreneurship.

Temple Bar is an ancient cultural quarter in Dublin that risked being completely dismantled in the 90's due to the setting up of new industries. The artistic and cultural associations in the area called on the national government to restore and preserve the cultural heritage of the quarter. Until 1995, the intervention was mainly focused on the preservation of the heritage, while in a second phase the focus moved to cultural activities aimed at further improving the attractiveness of the place for citizens, visitors and creative businesses.

⁷² Art 3.3 "The assistance shall, in an appropriate manner, support sustainable urban development particularly as part of regional development and the renewal of rural areas and of areas dependent on fisheries through economic diversification ».

⁷³ Article 99.1 of the ERDF proposal provides that " Where an urban development strategy or other territorial strategy or pact as defined in Article 12(1) of Regulation...[ESF] requires an integrated approach involving investments under more than one priority axis of one or more operational programmes, the action shall be carried out as an integrated territorial investment (an 'ITI').

The quarter now attracts 40,000 daily visitors in the peak season. Over 500,000 people attended cultural events in Temple Bar in 2011, including 17,000 who came to participate in a wide range of workshops, classes and talks given by the artists and makers at the centre of the cultural quarter. The number of cultural and creative companies in the area grew from 31 in 1993 to 80 in 2011, the total income from € 10 million to € 700 million (total turnover) and the number of people employed from 240 to about 700.

The different interventions were financed under the Urban Pilot Scheme from 1990 until 1999. A significant amount of € 255 million ERDF funding was invested in the quarter revitalisation. However, this represented only 10% of the total budget, meaning that ERDF funding also had an important leverage effect on additional public and private funds. Now the area is financially independent thus representing a successful example of a sustainable investment in urban regeneration through cultural heritage preservation and promotion.

4.2.7. Conclusions

The place of culture varies greatly in the different European Commission documents shaping the new Cohesion Policy 2014-2020. While culture and creative sectors are mentioned several times in the draft CSF, it is worrying that virtually no mention is made in the legally binding documents, namely the regulations concerning the Common Provisions and the CSF funds. Furthermore, the CSF is very likely to change significantly and become a more general document, giving Member States greater flexibility when choosing the key actions to invest in.

Beyond such legal issues, the approach to culture only partially gets to grips with the policy shift towards a comprehensive understanding of the multidimensional nature of culture. The ERDF regulation refers only to the protection and promotion of cultural heritage, thereby neglecting the role of culture and culture-based creativity for regional and urban development. The CSF goes much further than that, but still ignores the contribution of artistic interventions to innovation, to change attitudes and mindsets as well as to stimulate new skills for new jobs. Also, no reference is made to the contribution of culture to environmental sustainability.








As explained in the first sections of the study, the Cohesion Policy's priorities influence the way Structural Funds are accessed at national, regional and local level. Having culture as a priority would facilitate access to SF for the cultural sector. However, the current proposal seems to overlook the contribution of culture and culture-based creativity to smart, sustainable and inclusive growth and does not build enough on the positive experiences of either big or small cities such as Berlin, Nantes, Dublin, Kortrijk, Dundee or Arnhem. European Structural Funds have proved to be essential to launch creativity policies and projects.

A clear statement on the contribution of culture in the regulations and Common Strategic Framework would help to raise awareness of this area of unique competitive advantage for European regions, as correctly recognised by recent policy documents in the fields of culture, innovation and cohesion.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. The pervasiveness of cultural investment

Culture-related interventions widely contribute to economic development and social cohesion across European regions and cities. From Nantes, to Kortrijk, Arnhem, Tartu, Berlin, Dundee or Dublin, investment in arts, culture and creativity has a pervasive impact ranging from:

Employment		by increasing the number of jobs in the cultural and creative industries but also in related sectors (such as hotel, restaurants or other local businesses)
Companies' turnover		by innovating jobs, making people more creative and self-confident by increasing the demand for cultural and creative content, products or services
Local and regional GDP		by increasing the incidence of the cultural and creative sectors /creative communities to the local and regional wealth
Product, service and process innovation		by providing the public and companies with new ideas and approaches to creation
Social integration		by creating new places and occasions for people to meet and speak with each other
Image of a city or a region		changing it into a place of destination (tourism), of art and culture (artists), of creativity and innovation (companies and creative professionals)
Sense of belonging and local pride		by making people feel part of a common project that will position the city/region as a creative and innovative-minded place

Source: KEA (2012)

Culture's contribution to Cohesion Policy's objectives (attractiveness, jobs and innovation) clearly goes beyond the role EC documents had foreseen for culture, thanks to multiple SF-supported interventions relating to:

- Urban regeneration:** Kortrijk, Arnhem, Dublin and Nantes are excellent examples of culture being integrated in urban regeneration projects. The local fashion industry has been the driver behind the Klarendal quarter's "renaissance" that today attracts and retains fashion designers who have graduated from the local design school as well as consumers to buy unique design products (Arnhem). The flourishing cultural production at Buda Island has been fully integrated into the renewal of the industrial area, thus transforming it into a place of experimentation and cross-border interactions (Kortrijk). Temple Bar's cultural history has been the pretext for transforming the quarter into a place of creation, innovation and tourism (Dublin). Nantes has found in contemporary art the way to make an abandoned industrial

area (Île de Nantes) an attractive place for local citizens, tourists and creative companies.

- **Renewal of abandoned industrial sites:** Nantes refurbished the Alstom establishment (where theatre plays have been hosted and where creative companies can settle down) in the same way as Dublin did with several buildings located in Temple Bar where now creative companies are located, and Kortrijk with BUDA Fabric in Belgium, an ex-industrial site that is aimed at encouraging multi-disciplinary interactions.
- **Fighting unemployment in the cultural and creative sector:** Kunstgreb and the Development Programme in Finland provide artists and creative professionals with new skills to employ their creativity in new contexts. The Prototype Fund in Dundee also contributes to employment in CCIs, as video games companies are asked to develop new prototypes together with recent graduates or undergraduates.
- **Supporting entrepreneurship:** entrepreneurship has been supported through specific residence programmes (Tartu Centre for CIs), training courses for artists to help them work with companies (Kunstgreb) or by providing spaces in which to start up a new business (Nantes), by offering a combination of support measures through the industry value chain, from design to production to sales (Arnhem), or by encouraging creation and prototyping (Dundee).
- **Supporting innovation:** Kunstgreb is the most original example in this sense. The project succeeded in introducing artists' skills in enterprises. Interesting cases can also be found in Dundee Prototype Fund, which supports the creation of innovative digital content, as well as in BUDA Fabric which will encourage interactions between art, science and business to stimulate new forms of innovation.
- **Improving access to finance for SMEs in the creative sector:** the VC Fonds in Berlin has provided access to investment capital to cultural and creative SMEs which in turn has had a significant impact on enterprises' turnover and employment.
- **Including performing arts and contemporary art in policy making:** Nantes and Kortrijk are the protagonists of an "organic growth" of urban policies led by artistic vision. Art has been brought into policy making to renew the city's geography as well as its image.
- **Encouraging talents' creativity:** this is the main objective in Tartu and Arnhem, which have offered graduates the opportunity to stay in the city and nurture their creative skills through specific support services and infrastructures. Nantes, too, has considerably encouraged local artistic productions, theatres and festivals and made the performing arts company "La Machine" an icon of the city.
- **Branding cities:** culture contributes to the distinctiveness of a city and helps differentiate its image/brand from others. Nantes is now the seventh most attractive city in France. Berlin has dramatically changed its image in the world as a creative city, attracting Hollywood stars. The experiences in Tartu, Arnhem and Kortrijk show that size is not of paramount importance to develop new approaches to make a territory attractive. Tartu is now on the map of creative cities in Europe. Its Centre for CCIs has been able to support about 22 start-ups and 40 jobs. Arnhem has become a fashion city attracting students from different parts of the world. 30 designers have settled in the revitalised Klarendal quarter. Kortrijk has positioned itself as a pioneer centre in the new economy, "discreet but ambitious" according to the Mayor. The city attracts about 150 artists in residence every year and 300 international design companies at its Biennale Interieur.

- **Exchanging good practices for mutual learning across Europe:** the role played by the INTERREG and URBACT programmes in supporting exchanges between those regions and cities undertaking a new growth path is remarkable. Nantes (REVIT, ECCE, ECCE Innovation), Tartu (Urban Creative Poles), Dundee (Creative City Challenge, InCompass), Berlin (Creative Metropolises), Kortrijk (PROUD, Creative City Challenge), Arnhem (Organza) and Dublin (CURE, ECCE Innovation) have all been involved in at least one European project and are willing to increase collaboration with other cities and regions in Europe.

The narrow approach of culture investment, limited to building cultural infrastructure or maintaining artistic heritage, belongs to the past. Culture investment has a much wider policy remit, touching on urban planning, innovation, entrepreneurship and talents.

Local authorities interviewed as part of this project have highlighted the contribution of art and culture to shaping a policy vision. "Art will make the difference in the economy and give a new soul to the city", according to the words of Kortrijk's Mayor Stephan De Clerk. It relates to policy makers that wish to grasp the future economy, encourage risk-taking and test new forms of collaborative activities in a world characterised by social networking, sharing and the free economy. Arts and culture nurture policy development thanks to their ability to stimulate new perceptions, to allow risk-taking and to link people and social communities.

Culture is a resource that should carefully be "mined" by local authorities to extract its potential. "L'art vous permet de regarder ce que vous vous contentez de voir"⁷⁴, the former Mayor of Nantes Jean-Marc Ayrault, recently elected French Prime Minister, said. Art is an essential tool to go beyond a traditional perception of the reality. It helps authorities to look into things and grasp the elements of distinctiveness of local cultures, thus giving an identity to places, enhancing quality of life and improving their image and attractiveness.

The approach to culture investment embedded in the EC Cohesion Policy regulatory framework 2007-2013 is mainly linked to the renovation/building of cultural infrastructures, the supply of cultural services and the preservation and development of cultural assets/heritage. There is no reference to the potential of culture as a source of non-technological or social innovation on its own, or to the contribution of culture to urban regeneration or to the impact of culture and the creative sectors on the green economy.

Despite such a narrow approach and the limited funding explicitly devoted to culture-related projects (estimated at € 6 billion out of € 347 billion, but this is probably an underestimate), experience across Europe shows that EU Structural Funds have played an important role not only in supporting cultural investment but also in developing innovative policies. There would not be 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 significant amounts, especially if compared with the € 400 million total budget of the European Culture Programme.

⁷⁴ Art lets you really look into things you usually glance at.

5.2. Towards a comprehensive approach to culture in the new Cohesion Policy

The 2014-2020 Cohesion policy proposals have yet to recognise the full potential of culture to support economic development and social inclusion. The policy-shift towards a comprehensive understanding of culture that can be observed in several EU documents relating to cultural, cohesion and innovation policies (Green Paper on CCIs, Innovation Union, Regional Policy contributing to Smart Growth, etc.) therefore remains neglected. Exactly like the environment, culture is a resource and, as such, it deserves to be included as a thematic priority or at least in the list of investment priorities of the Structural Funds. Furthermore, Cohesion Policy (which relies on a greater budget compared to cultural policy) should complement cultural policy, because of culture's potential contribution to regional development and increased cohesion.

The approach of the EC proposals for a new CP 2014-2020 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 Elements for a Common Strategic Framework there is an important attempt to create a link between culture and innovation, competitiveness, sustainability and education. However, apart from the fact that it is not yet sure which legal form this document is going to take and that its final content is likely to be much more reduced, the draft CSF ignores some elements that should instead be integrated both in the final CSF and in some of the regulations, namely:

- An approach to innovation that captures a major potential source of competitive advantage for European regions: non-technological innovation.
- Support to content generation and digitisation of cultural heritage as an "added-value" to ICT infrastructure and software development.
- Measures supporting entrepreneurship (such as access to finance tools) to emerging sectors, explicitly including cultural and creative SMEs.
- Investment in cultural infrastructure beyond renovation purposes, from urban regeneration, to image improvement, attractiveness and social integration.
- Culture's contribution to sustainable development, by changing people's attitudes to the environment or through its extensive use of human capital and environmental-friendly digital technologies.
- Culture's role in increasing or creating new jobs.
- The power of culture to increase social inclusion and stimulate social innovation.
- The contribution of creative competences and skills to non-technological and social innovation, through their impact on production and demand, and on the design, production and market success of innovative products and services.
- The need to strengthen the institutional capacity and the efficiency of public administration and public services in the field of culture.
- The role of culture in the modernisation of public services.

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

Cohesion policy has to support local decision makers who, over the last 10 years, have been showing the way to integrate art and culture in policy decisions while contributing to the objectives of the EU 2020 Strategy:

- Smart growth - nurtured by culture's contribution to innovative jobs, products, services and processes, both in the public and private sector;
- Sustainable growth - facilitated by culture's low impact on the environment, but also by its ability to shape a common memory for present and future generations and to act as a source of new ideas nurturing the new economy in the long run;
- Inclusive growth - stemming from art and culture's tendency to bring people together, either to create or to "consume" art and culture.

This study shows that there are numerous obstacles to cultural investment in the implementation of the cohesion policy framework; these obstacles concern:

- Priorities of the Cohesion Policy and of Operational Programmes
- Eligibility conditions
- Information available
- Administrative requirements

In order to make the most of cultural investment opportunities, we recommend that the following be addressed as a matter of priority:

- Include a broader approach to culture and innovation in the new legislative package and accompanying documents as well as in the implementation documents to be approved at the national and regional level (Partnership Contracts and Operational Programmes).
- Introduce a new thematic priority on culture in the forthcoming Cohesion Policy regulations under the "sustainable growth" pillar, and mainstream culture under the investment priorities and key actions in relation to non-technological development, social innovation, inclusion, skills and competences, green growth and capacity building.
- Raise awareness among national, regional and local authorities about investment opportunities within SFs to boost a culture-based model of socioeconomic development which is genuinely European and built on the cultural distinctiveness of European countries, regions and cities.

These three general recommendations are translated into concrete actions in the following section.

5.3. Recommendations

5.3.1. General recommendations

→ Build on a broad approach to culture

Rationale: the EU Cohesion Policy does not provide for a definition of culture. However, it is clear that culture is taken into account within the boundaries of cultural heritage and tourism. Exactly like the environment, culture is a (re)source of sustainable development in socioeconomic terms. Territories are a major source of culture, understood as an integrated pattern of human knowledge, beliefs, values, social behaviours and symbolic meanings which shape collective identities. They are also in a key position to stimulate cultural diversity and fuel creative processes which will, in turn, impact on the city/region's cultural production, image, attractiveness, innovation, entrepreneurship and jobs. A sustainable society requires cultural heritage to be protected and cultural production to be promoted. Culture ensures sustainable development as it shapes and communicates identities and values but also aids the "diversification of mono-cultural economies and facilitates a more competitive development platform" (Nurse, 2006).

In practice: 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 and justify key actions in the field of culture.

→ Widen the definition of innovation

Rationale: several EU 2020 Strategy-related documents adopt a broad concept of innovation and call for better investment in design and creative industries (Innovation Union, Horizon 2020, Guide on RIS3). Cohesion Policy should build on such an approach in order to widen the scope of the key actions proposed in the field of innovation. Cohesion Policy should support non-technological innovation (to which culture and culture-based creativity can importantly contribute) as a source of competitive advantage for European regions and Member States.

In practice: 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 and justify key actions in the field of non-technological innovation under thematic priorities 1 (R&I), 8 (jobs), 9 (social inclusion) and 10 (education).

5.3.2. Recommendations at European level concerning the new programming period

Thematic, investment priorities and key actions

→ Preserving and promoting culture as a new thematic priority

Rationale: Culture is a pillar of sustainable growth. However, there is no “cultural thematic priority” in the Cohesion Policy proposals for 2014-2020. As explained above, culture, like the environment, is a key resource for building a sustainable Europe based on a genuine and unique competitive advantage. The competitiveness of European regions will depend on their ability to nurture their culture and creative sectors and to make the most of the pervasiveness of cultural investments. The richness of our culture and creative sectors, which includes world famous talents and brands in the field of arts, cinema, music, fashion and design, must be preserved and promoted to develop what could be a unique model of economic and social development.

In practice: 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.

→ Support creation, use and access to creative content (Thematic 2)

Rationale: generation, use and access to content should be supported together with infrastructure and software development (the main focus of thematic 2 on ICT). Support to content creators from musicians to videogame developers is key to developing a rich, attractive and sustainable European digital market and to maintaining Europe’s worldwide leading position in the provision of cultural content. As the Digital Agenda clearly states, investment in infrastructures and availability and easy access to content are strongly interrelated: “attractive content and services (...) stimulates demand for higher speeds and capacity, which in turn creates the business case for investments in faster networks. The deployment and take-up of faster networks in turn opens the way for innovative services exploiting higher speeds”.

In practice: insert an explicit reference to support to 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.

→ Mainstream the role of culture in environmental-friendly societies (Thematic 6)

Rationale: thematic 6 (environment) mainly supports investment in actions such as waste or water management. It does not recognise the role of culture in raising awareness about environmental issues, or highlight CCIs as a low-carbon sector. The contribution of culture to environmental growth should be recognised as suggested by the Council of the European

Union: CCIs foster greener mobility and the use of cutting edge sustainable technologies, including digitisation which assures the online availability of cultural content. Artists and the cultural sector are also usually the more sensitive to environmental issues and play a crucial role in changing people's attitudes to the environment through awareness campaigns, projects, art works or products (e.g. eco-fashion).

In practice: support to 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.

➔ **Broaden support to cultural infrastructure (Thematic 6)**

Rationale: support to cultural infrastructure has a broad role in the current Cohesion Policy, while in the new set of proposals this has been limited to renovation purposes. Not only renovation but also the construction of new cultural infrastructures has an important impact on urban regeneration, social cohesion or image improvement. Cultural infrastructures also make places more attractive for tourists, companies, investors, talents as well as local inhabitants.

In practice: include support to 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.

➔ **Recognise the role of culture for employment, social innovation and inclusion and ensure adequate support (Thematic priorities 8, 9 and 10)**

Rationale: The thematic priorities relating to employment, social innovation and inclusion only partially recognise the broad impact of culture-based creativity on society. Artistic interventions (and therefore creative competences and skills) contribute to non-technological and social innovation, by influencing employees' self-confidence, creativity and jobs' quality or innovative products, services and processes, closer to consumers' profiles and needs. Art and culture also impact on social inclusion by creating linkages between individuals and communities through, for instance, the creation of new cultural infrastructures reflecting the culture of the place or the gathering of people together to work on common issues.

In practice: include a reference to support to social innovation through culture-based initiatives in the ESF regulation proposal (in a recital and in Article 9 on Social innovation).

In practice: introduce support to 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.

In practice: mainstream support to 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.

In practice: 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.

→ **Reinforce institutional capacity of public stakeholders in the field of culture (Thematic 11)**

Rationale: The new proposals correctly recognise the need to improve the institutional and administrative capacity of public stakeholders to make the most out of public investment. However, there is no specific mention of cultural stakeholders. Cultural administrations and cultural organisations dependent upon the public administration often find it difficult to access SFs, either due to a lack of information or a lack of capacity to deal with financial and administrative requirements. As the percentage of SFs accessed by cultural stakeholders remains quite low (1.7% out of the total Cohesion Policy budget 2007-2013), improving the institutional capacity of these actors is key to ensure a better and more effective use of SFs for culture.

In practice: 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.

→ **Support the role of culture in modernisation of public services (Thematic 11)**

Rationale: The current proposals limit the support to the modernisation of public services to the delivery of equipment and infrastructures in the field of employment, education, health, social policies and customs. Nevertheless, public administrations in different fields increasingly call on artists, designers and creative professionals to improve the quality of public services and their delivery. Design, in particular, has been increasingly included in projects to improve public spaces, artists have been called upon to improve the quality of stay of patients in hospitals and care institutes, and video games developers have been employed to improve the delivery of public services through games application.

In practice: include support to modernisation of public services through culture and creativity in all policy fields among the key actions of thematic 11 (public administration) in the CSF.

→ **Earmark a percentage of the 5% ERDF to be allocated to urban development for culture**

Rationale: In contrast to the Cohesion Policy 2007-2013, the new proposals for 2014-2020 require Member States to target 5% of the ERDF funding assigned at national level to urban development (while in the current period there is no a formal obligation). A percentage of this 5% should be allocated to culture as this has proved to be a key asset for urban development. Cities rely on cultural heritage to strengthen their tourism policies, but also to attract companies, talent and investors. Urban areas are now entering into a new stage of development and increasingly test culture and culture-based creativity as a tool to stimulate new forms of innovation and policy-making. Culture is increasingly being integrated into a wide range of policy fields (from urban planning, to education, to ICT, to innovation) in order to answer the social and economic challenges of the 21st century.

In practice: 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.

Partnership principle

→ **Involve cultural stakeholders, at all levels**

Rationale: cultural investment widely contributes to Cohesion Policy's objectives. However, only 1.7% of the Structural Funds' budget for the period 2007-2013 has been allocated to culture. The cultural potential for economic development and social cohesion remains underexploited. Access to SFs for culture will improve if the cultural sector is represented at an early stage of the negotiations on SFs and if it is fully involved in the preparation and implementation of the OPs. Cultural stakeholders from cities and regions should in particular be involved. They are the ones who best know about their cultural heritage's potential; they can fuel creative processes and initiate clustering processes allowing knowledge exchange and creative spillover effects from CCIs to other sectors such as health, manufacturing, tourism or ICT. The Commission has for the first time proposed a draft European Code of Conduct on Partnership (ECCP) that advises Member States on who to involve in the negotiations and use of SFs. However, there is no reference to cultural stakeholders.

In practice: in the 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.

Monitoring and evaluation

→ **Make sure qualitative impacts are taken into account**

Rationale: the new Cohesion Policy is due to become more performance-focused and result-oriented. Operational Programmes will have to include indicators on financial allocation (input), supported actions (outputs) and results in relation to the thematic priorities to which the actions refer (outcomes). However, no reference is made to potential qualitative impacts of the supported actions on aspects like social cohesion, attractiveness or image.

In practice: 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.

Awareness rising

→ **Raise awareness about cultural investment to make the most of Structural Funds**

Rationale: the careful selection of case studies present in this study clearly shows culture's widely contribution to local development. Culture has changed cities and regions' image and made them more attractive, stimulated new forms of entrepreneurship and innovation, created jobs opportunities, and contributed to citizens' pride and social cohesion. However, while several cities and regions in Europe have been good at tapping into culture's potential

to foster development and nurture new policy visions - including through SF's - many others have not. The local, regional and national authorities as well as the cultural and creative communities should be sensitised about CCI's role in regional and local development.

In practice: 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 Days⁷⁵ to communicate about the importance of SFs for culture.

5.3.3. Recommendations at national/regional/local level

Partnership principle and multi-level governance

- ➔ **Strengthen the partnership principle and the involvement of cultural operators**

Rationale: the partnership principle (according to which Cohesion Policy is the result of a shared and consultative decisional process) is fully integrated in the EU Cohesion Policy. This is considered as a precondition for setting and implementing the European Union’s objectives effectively and efficiently. However, only general guidelines are provided in the 2014-2020 proposals on the kind of partners to involve and no suggestions are made on how these partners should participate in the planning, monitoring and evaluation of operational programmes. The sense of ownership of the actors involved in the negotiations should be strengthened by introducing detailed provisions in a territorial pact, a tool that has been proposed at EU level to facilitate discussions between Member States and regional and local governments. This would ensure more result-oriented planning, monitoring and implementation of the programmes.

In practice: introduce detailed provisions in a territorial pact which should provide that cultural stakeholders are included in the preparation, implementation, monitoring and evaluation of the operational programmes.

Operational Programmes: investment priorities and actions

- ➔ **Earmark culture in operational programmes, at national and regional level**

Rationale: culture is closely bound up with education, social inclusion, innovation and, by extension, the Europe 2020 Strategy. The varied contribution that culture makes to education and learning through the development of competences and know-how, to economic development through the cultural and creative industries, and to social cohesion

⁷⁵ European Week of Cities and Regions - http://ec.europa.eu/regional_policy/conferences/od2012/index.cfm.

by building identities, fostering intercultural dialogue and therefore countering the marginalisation of communities, justifies mainstreaming culture in all Operational Programmes. Furthermore, having culture mentioned within an investment priority is an important condition to influence (and eventually facilitate) access to SFs for the sector.

In practice: include a priority axis or key investment actions in the field of culture in national and regional operational programmes.

Smart specialisation strategies

→ Earmark CCIs in Smart Specialisation Strategies

Rationale: the existence of Smart Specialisation Strategies is proposed as a condition to access SFs under the thematic priorities 1 (R&I) and 2 (ICT). The European Commission Guide on Strategies for Smart Specialisation (2012) suggests including CCIs in Smart Specialisation Strategies (RIS3) as a sector contributing to development and innovation in many sectors, from tourism to ICT to manufacturing. Including CCIs in RIS3 represents a concrete opportunity for the sector to access SFs for (new forms of) innovation.

In practice: MS and regions should include CCIs in RIS3 taking into account the Guide on Strategies for Smart Specialisation (2012) and, as also suggested by the Smart Specialisation Strategy Guide, map CCIs' 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.

Innovative financial instruments

→ Set up innovative financial instruments for culture and creative sectors

Rationale: the Cohesion Policy proposals invite Member States and regions to further support the setting up of innovative financial instruments with the help of SFs. By encouraging this, the European Commission would like to introduce new financing schemes that would reduce beneficiaries' dependence on grants. A similar logic is being pursued in the "Creative Europe" proposal (the new umbrella programme gathering together the Culture and MEDIA Programmes) that has introduced a new Guarantee Facility instrument for cultural and creative SMEs. Cohesion Policy funding should be considered by Member States and regions as an opportunity to set up new instruments for CCIs and promote an entrepreneurial approach to culture and creativity. The VC Fonds in Berlin (supported by the ERDF) is a successful example of an investment fund for CCIs. Also, and differently from other sectors, investing in CCIs does not only have impacts on employment or GDP, but also side-effects on the image and attractiveness of places or social cohesion.

In practice: include among the operational programmes' actions the setting up of innovative financial instruments for CCIs.

Capacity building

- ➔ **Allocate a percentage of the Structural Funds' budget for capacity building actions**

Rationale: cultural operators often lack the necessary financial and administrative capacities to apply for EU Structural Funds. This is mainly due to their small size as well as lack of knowledge about EU funding requirements (also due to the difficulties of finding information and knowing about funding opportunities for all those actors who were not involved in the negotiation and design process). Cultural policy officials as well as regional/local managing authorities are also sometimes unfamiliar with SFs' opportunities for culture.

In practice: 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.

Monitoring and evaluation

- ➔ **Include training on monitoring, evaluation and indicators in capacity building actions**

Rationale: since the forthcoming Cohesion Policy is due to be more performance-focused and result-oriented, collection and assessment of data will be of utmost importance, and at all levels. Impact assessments and evaluation ensure good use of public funds and help better justify the worth of public spending, especially in a time of crisis. However, both cultural operators and policy officials often lack a "culture of evaluation" and have little experience with impact assessment and policy evaluation amongst others, due to the lack of statistics in the sector and the difficulty of assessing qualitative impacts, particularly important in the field of culture. Operators and policy officials dealing with culture should be trained in the importance of assessing cultural investment as well as in practical methods to collect the right data to fulfil the EC requirements on time.

In practice: 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).

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- <http://seeproject.org/index>
- <http://urbact.eu/en/projects/innovation-creativity/creative-clusters/homepage/>

ANNEXE I - LIST OF STAKEHOLDERS CONSULTED

During the whole assignment more than 40 representatives of different stakeholders have actively contributed to the research, either by participating in the survey and/or interviews.

Operational Programmes (OP) - Managing Authorities

Belgium: OP Wallonie ERDF/ESF

- Jean Janss – General inspector, Public Service of Wallonia, Belgium

Finland: OP Botnia - Atlantica

- Jenny Bergkvist - Programme Director, Finland

France/Italy: OP Alpine Space

- Maria Cristina Palamini – DG Territorial and transnational cooperation Italian Contact Point, Lombardia Region, Italy

Italy: OP Sicily

- Felice Bonanno – Programming department, Sicily Region, Italy

Italy: OP Calabria

- Luigi Giuseppe Zinno – Director for the transnational and national coordination department, Calabria Region, Italy
- Tommaso Calabrò – Director for the regional programming department, Calabria Region, Italy

Italy: OP Puglia

- Francesco Palumbo – Director for the Promotion of the Territory, Knowledge and Talent, Puglia Region, Italy.

Poland: OP 'Greater Poland'

- Marek Woźniak - Board of the Wielkopolska Region Marshal's Office of the Wielkopolska Region, Poland

Poland: OP 'Podlaskie'

- Jarosław Zygmunt Dworzański - Council of the Podlaskie Voivodeship Marshal's Office of the Podlaskie Voivodeship, Poland

Poland: OP 'Świętokrzyskie'

- Adam Jarubas - Council of the Świętokrzyskie Voivodeship Marshal's Office of the Świętokrzyskie Voivodeship, Poland

Poland: OP 'Poland - Czech Republic'

- Jiří Horáček - Ministry for Regional Development Department of Cross-border Cooperation, Czech Republic

Poland: OP 'Lithuania - Poland'

- Martyna Grevas – Ministry of Interior, Poland

- Oksana Ščerbickienė - Senior Project Manager", Lithuania

Spain: OP Spain

- Jorge Orozco Peral - Executive Advisor DG for the Structural Funds at the Ministry of Enterprise and Public Administration, Spain

UK: OP UK – Gibraltar

- Charles H. COLLINSON - EU Programmes Manager, European Union Programmes Secretariat – EU & International Department, Gibraltar

Case studies

Belgium - Kortrijk, Buda Fabric

- Dries Baeckelandt - City Development - City of Kortrijk
- Franky Devos - Coordinator Budafabriek
- Fanny Galle - Project Manager PROUD - Designregio Kortrijk
- Frans Van Den Bossche - Director Strategic Department - City of Kortrijk

Denmark – Copenhagen, Kustgreb

- Niller Wischmann - Kunstgreb Projectcoordinator

Estonia – Tartu, Tartu Centre for Creative Industries

- Ave Anniste - Project Manager, Tartu Centre for Creative Industries, Estonia
- Georg Poslawski - Coordinator creative entrepreneurship development programme, Enterprise Estonia, Estonia
- Juta Kuhlberg - Business consultant to the Tartu Centre for Creative Industries, Estonia
- Jorma Sarv - Minister of Culture, Estonia
- Kulli Hansen - Development Manager, Tartu Centre for Creative Industries, Estonia
- Raul Oreškin - Project Manager, the Tartu Centre for Creative Industries Tartu Centre for CCIs
- Urmas Kruus - Mayor of Tartu, Estonia

Finland – Creative Industries Development Programme

- Kirsi Kaunisharju - Ministry of Education and Culture Division for Art Policy Helsinki, Finland

Germany – Berlin

- Reiner SCHMOCK-BATHE - European Cultural Affairs, EU-Funding, Structural Funds, Creative Industries, Germany

France – Nantes, Quartier de la Création

- Claire Newman - International development at Quartier de la Création, France
- Jean Luc Charles – Project Director, Quartier de la Création and SAMOA (Société d'Aménagement du territoire), France

- Martine Augé - Nantes Agglomération, France
- Patrick Rimbert - First Deputy to the Mayor of Nantes, France

Ireland – Dublin, Temple Bar

- Gráinne Millar - Head of Cultural Development Temple Bar, Ireland

The Netherlands – Arnhem

- Esther Ruiten – Senior Advisor, Creative Industries in Arnhem, The Netherlands

United Kingdom - Dundee, Abertay University Prototype fund

- Paul Durrant - Business Development Director at Abertay University Dundee, UK

Experts and policy officers in the Cultural and Regional policies field

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- Anatolio Alonso Pardo – Administrative General Subdirector for the management of ERDF, Spain.
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- Claudio Bocci – FederCulture, Italy.
- Ewa Majczak, Policy Officer at Culture Action Europe, Belgium.
- Julie Hervé – Policy Officer, Eurocities, Belgium.
- Katrin Tobies - Creative Berlin, Senate Department for Economics, Technology and Women's Issues, Germany.
- Michele D’Ercole – Italian Permanent Representative in Brussels for Regional Policy and Structural Funds, Territorial Cooperation, Belgium.
- Pierre Godin - Policy Advisor, DG Regional Policy, European Commission, Belgium.
- Rafael Carozo – Open Method of Coordination group at Council of the EU, Belgium.
- Raffaele Barbato – URBACT, Belgium.
- Stan Ure - Head of Economic Development at Dundee City Council, UK.
- CREA.RE (INTERREG) partners – Austria, Finland, Germany, Italy, Poland, Romania, Slovenia, Sweden, Spain, Belgium.

ANNEX II – FICHE 9 BEST PRACTICES

Table 1: Arnhem, Gelderland region, The Netherlands - Het Hoofdkwartier, Arnhem Fashion factory, 3D Lab & 3D Atelier

Project area	Support to entrepreneurship in culture and creative industries (CCI)
Description of the project	<p>Arnhem has shown a clear political willingness to revitalise its local economy through the CCIs by funding several projects in the sector in the two last programming periods (2000-2006/2007-2013). The three projects described below give some hints about the key aspects of its local policy.</p> <p>Project 1: Het Hoofdkwartier: Stimulating Creative Media. The main aim of the project was to stimulate the development of the media sector in Arnhem. The project mainly consisted of organising meetings and workshops on CCIs, bringing partners together, stimulating cluster development and developing projects. The project ran from 2003 until 2006.</p> <p>Project 2: Poort naar Klarendal (Arnhem Fashion factory). The objective of the project was to strengthen the neighbourhood, Klarendal, by stimulating entrepreneurship and regenerating the area. A central location in the fashion quarter of the city which now hosts a meeting space, a restaurant and a company for small scale production for fashion designers was built there. The project lasted from 2005 until 2008.</p> <p>Project 3: 3D Lab & 3D Atelier. The aim of both projects is to foster the growth of the design sector in an innovative and sustainable way. The funds will encourage better business cooperation of designers to help them set up their own company and brand. For this purpose a workshop to learn how to start a business (Ik Start smart) has been organised. Two prominent buildings for the creative sector will be built to host the creations of the designers. The project started in 2011 and will last until 2013.</p>
Budget	<p>Project 1: ERDF Operational Programme Urban Areas (2000-2006) Total budget: € 703,277; co-financing from city: € 330,000. ERDF: € 320,754.</p> <p>Project 2: ERDF Operational Programme Urban Areas (2000-2006). Total budget: € 3,802,130; co-funding from city: € 629,410.</p> <p>Project 3: ERDF Operational Programme East Netherlands (2007-2013). Total budget € 2,012,370. ERDF € 450,000; Co-financing from National Government € 450,000, from Province of Gelderland € 300,000, from Portaal Housing Association € 812,370.</p>
Stakeholders	<p>Project 1: Foundation Het Hoofdkwartier, Department of Economic Development City of Arnhem.</p> <p>Project 2: Foundation Volkshuisvesting Arnhem (social housing corporation), Department of Economic Development City of Arnhem.</p> <p>Project 3: ArteZ (artschool, HAN (higher education on business building), O-P-A (designers platform Arnhem), Portaal Housing Association, National Government, Province of Gelderland.</p>

Target groups	Project 1: creative industries- Media Project 2: creative industries - Fashion and design Project 3: creative industries - Fashion
Results & sustainability	Project 1: There was no continuity of project activities after the ERDF funding period. Project 2: The Arnhem Fashion Factory is very vibrant. New partnerships have been created between the educational institutions and a design company producing fashion and design products with the help of students of Rijn IJssel and selling them at a local shop with only Dutch products. The restaurant of the central building has become the meeting place for all kind of people visiting the fashion district. Project 3: the project is not finished yet. Expected results are 20 start-ups from small creative business; 20 supported small businesses; 64 new employees; 1 new collaboration between the business, research and innovation sectors.
Contribution to cohesion policy objectives	The first two projects were adopted under the Operational Programme for Urban areas in Netherlands (2000-2006) ⁷⁶ . The first one under the second OP priority: stimulating the economic activity through business services and training. The second one under the first OP priority: urban economic environment. Both of them follow the strategic priorities of the period 2000-2006 on promoting urban and rural development. Arnhem has contributed to Cohesion Policy objectives by transforming the city in an area of creativity and innovation and by making the fashion and design sector one of the distinctive features of the city. The third project has been approved under the first priority of the Operational Programme Eastern Netherlands, on Knowledge Economy, Entrepreneurship and Innovation. This priority aims to strengthen and increase the innovative capacity and competitiveness of businesses perfectly in line with the European guideline encouraging innovation, entrepreneurship and the growth of knowledge economy.

Source: KEA (2012)

Table 2: Berlin, Germany – VC Fonds Kreativwirtschaft Berlin GmbH (VCFK) - http://www.ibb-bet.de/vc_fonds_kreativ.0.html

Project area	Support through risk capital investment to SMEs in the creative sectors
Description of the project	The VC Fonds Kreativwirtschaft Berlin GmbH (VCFK) consists of a new funding concept: a risk capital investment fund jointly established by the City of Berlin and the Bank of Investments (Investitionsbank) of Berlin. The fund's purpose is to provide capital to SMEs which are doing business in the creative sectors. In particular, the scheme is intended to afford them easier access to private equity capital ⁷⁷ and outside capital ⁷⁸ . Financing is provided through equity financing ⁷⁹ , silent participations ⁸⁰ and shareholder loans. Private investors (mostly venture capital funds and business angels) must cover at least 50% of the financing round. The VCFK was established in 2007. It will last until 2015.

⁷⁶ The guidelines regarding the programming period 2000-2006 are structured on the basis of three strategic priorities: first, regional competitiveness, secondly, social cohesion and employment and, thirdly, the development of urban and rural areas (including specific actions for fisheries areas).

⁷⁷ The private equity financing is a kind of venture capital for companies without access to the stock market.

⁷⁸ Investments outside Germany.

⁷⁹ Venture capital.

⁸⁰ Term-based instruments with compulsory repayment.

Budget	The total budget of the project is € 29 million, € 14.5 million of which are funded by ERDF resources from the City of Berlin.
Stakeholders	The VCFK has been established by the City of Berlin and the Investitionsbank Berlin and it is managed by IBB Beteiligungs gesellschaft, a subsidiary of Investitionbank Berlin. The policy department involved is Senatsverwaltung für Wirtschaft, Technologie und Frauen. The fund cooperates with private venture capital funds and business angels ⁸¹ .
Target groups	SMEs covering the entire range of the creative industries
Results & sustainability	The fund has invested in 25 CCI companies since its launch with € 13 million invested so far. 19 companies are still active in Berlin in a wide range of sectors, from fashion, music, audiovisual to games and mobile applications. Beneficiaries are mostly start ups but there are some well established players. Since its launch the fund has attracted € 35 million additional private investment in the CCI sector in relation to the ERDF amount. The VCFK fund estimates that its activities have generated 250 jobs and up to the end of 2011 the companies benefiting from the investment have jointly generated a turnover of € 24 million. For the future it is planned to at least recover the capital invested in SMEs by selling the acquired shareholdings until 2020. The additional profits generated can then be used to support other creative SMEs.
Contribution to cohesion policy objectives	The project has been approved under the Operational Programme "Berlin ERDF 2007-2013" and the priority "Innovation and knowledge-based economy". According to article 5 of the ERDF regulation, the ERDF shall focus its assistance in the context of sustainable development strategies, while promoting employment, following the priority of innovation and the knowledge economy. This priority takes into account the sector's needs, such as the creation of financial engineering instruments suited to the research and technological development capacity of SMEs and greatly encourages entrepreneurship and the formation of new businesses, especially knowledge-intensive SMEs (EC 1080/2006). In general the fund has actively contributed to the Cohesion policy priority "creating more and better jobs" and has intensified the promotion of small and medium enterprise in the creative industry sector.

Source: KEA (2012)

Table 3: Dublin, Ireland - Temple Bar - <http://templebar.ie/>

Project area	Support to urban regeneration
Description of the project	The "Temple Bar" project concerns the urban renewal of the Temple Bar quarter in Dublin. The main objective was to develop a cultural quarter, building on existing infrastructures as well as to create a residential and small business district with the aim of attracting visitors in significant numbers. Temple Bar was a quarter suffering from urban decay, with many derelict buildings in the 20 th century. An Urban Renewal Plan for Temple Bar based on a cultural approach was adopted to renovate the quarter. The length of the project through ERDF was for 10 years (1991-2001). Temple Bar Cultural Trust (TBCT) owns 80 properties in the Temple Bar area which are provided, at affordable rates, to a wide range of cultural

⁸¹ An angel investor or angel (also known as a business angel or informal investor) is an affluent individual who provides capital for a business start-up.

	<p>and creative enterprises to support the development of existing companies or the incubation and generation of new ones. All of TBCT's tenants are SMEs, including a carefully selected, mixed portfolio of specialist retail, start-up commercial enterprises, and a broad range of artistic and cultural organisations. The strategic business development approach adopted by TBCT when selecting its tenants is geared towards encouraging start-up businesses to set up in Temple Bar, the city's most dynamic, creative business district.</p> <p>TBCT uses all of its income in Temple Bar, supporting over 50 cultural enterprises in Temple Bar by providing them with significantly subsidised premises in the heart of Dublin's Cultural Quarter, and through organising a year-round programme of cultural events including the ever-popular food, design and book markets, and larger civic/national events like Culture Night and the Handel festival.</p>
Budget	<p>The project comes from the Urban Pilot programme⁸². The total budget for the project was € 255 million; the ERDF funding represented the 10% of total budget. The national government funding represented 10% of total budget, too. EU and national government also provided loans covering a further of 30% of the budget.</p>
Stakeholders	<p>Temple Bar Cultural Trust is an independent private limited company set up by the Irish Government to regenerate the Temple Bar area.</p> <p>The other stakeholders involved were Dublin City Council; the government of Ireland through the department of the Taoiseach, Prime Minister, and the departments of environment and local government, finance, culture and arts. There were also business associations, including DCBA, BID. Temple Bar Properties also set up TASCQ in 2003, a representative organisation of traders, local businesses and civil society organisations in support of the cultural quarter. The Temple Bar creative network and the wider cultural and creative industry sector were involved in the negotiation process too.</p>
Target groups	<p>Local retail SMEs, domestic markets, artists, residents.</p>
Results & sustainability	<p>Over a period of 20 years, Temple Bar has seen the area develop, flourish and exceed the initial capacities envisaged for it in 1991. The area was completely regenerated through cultural and creative incubator, shops, and festivals to become the Dublin's cultural quarter.</p> <p>Temple Bar attracts 40,000 daily visitors (peak season), and a recent survey of just 16 of 80 cultural and creative enterprises in Temple Bar showed that over 500,000 people attended cultural events in Temple Bar in 2011, including 17,000 who came to participate in a wide range of workshops, classes and talks given by the artists and makers at the centre of the cultural quarter.</p>
Contribution to cohesion policy objective	<p>The project was approved under the European Urban Pilot Programme. Its aim was to support innovation in urban regeneration. According to article 10 of the ERDF regulation these funds have been used to fund the projects of Temple Bar that pilot innovative ways of tackling problems of this urban disadvantaged and unemployment area. This project has truly contributed to the improvement of the quarter at an economic level, making significant returns. The project has contributed to giving another aspect to the quarter to attract many tourists. From an entrepreneurial perspective Temple Bar has increased the employment rate, creating more and better jobs for the population.</p>

Source: KEA (2012)

⁸² The Urban Pilot Programme was introduced in the Article 10 of the ERDF for the programming period 1989-1993/1993-1999.

Table 4: Dundee, Scotland, UK - Abertay University Prototype Fund -
<http://prototypefund.abertay.ac.uk/>

Project area	Support to entrepreneurship in videogame industries
Description of the project	The Abertay University Prototype fund was launched in 2010 and will last until 2013. It is a grant funding programme for SMEs at an early development stage, aimed at supporting the creation of games prototypes. The amount of the grant is up to € 30,000 for small companies (based anywhere in the UK) that are developing their own games or other forms of interactive digital content. The ultimate purpose is to foster economic growth, facilitate job creation and improve skills development in the sector.
Budget	Financed by ERDF (€ 2.5 million), the UK Government and the University, for a total amount of around € 6 million.
Stakeholders	Scottish Enterprise, Dundee City Council, Abertay University, UK Government.
Target groups	Recent graduates and/or undergraduates, video game SMEs
Results & sustainability	24 new prototype games in companies have been supported that would not otherwise have been developed. The next plan is to fund 76 companies across the UK of which 36 will have been supported by Structural Funds.
Contribution to cohesion policy objectives	The project has been approved under the second priority of the Operational Programme Lowlands & Uplands Scotland 2007-2013, Enterprise and growth aiming at improving enterprise formation and enterprise support. The project is not yet finished, but until now it has contributed to improve enterprise formation and growth rates. The project has a direct link with the European Union strategic guidelines for the programming period 2007-2013, as it supports innovation, entrepreneurship and the growth of knowledge economy.

Source: KEA (2012)

Table 5: Finland, Ministry of Education and Culture - Creative Industries Development Programme (ESF) –
<http://www.creativeindustries.fi/page/1117>

Project area	Support to development of CCI
Description of the project	Entirely financed by the ESF, the objective of this programme is to support the development of the creative sector through different kinds of measures, mainly targeting business skills and product and service development. The measures concern the building of clusters and networks, the promotion of cultural cooperation and the creation of a competitive legislative framework for cultural exports. Concretely, the development programme is financing 18 cultural projects related to the film industry, service development for theatre organisation, design development, digital media enterprise. The programme is supported by the Ministry of Economy and the Ministry of Culture. This is a key factor in the success of the programme as well as to ensure its budget. The project duration is 2007-2013.
Budget	The overall funding for the Creative Industries Development Programme is € 14,000,000, partly funded by the ESF.
Stakeholders	The programme is supported and managed by the national Ministry of Employment and Economy and the Ministry of Culture and Education.

Target groups	Enterprises, especially SMEs. Cultural operators as NGOs can also be beneficiaries of the programme.
Results & sustainability	The programme is still ongoing so overall results are not available yet. Intermediate data is indeed very positive: 730 businesses and 580 other organisations (like NGOs) benefited from the programme. 18 projects are still ongoing. Main achievements concern the improvement of the business skills of entrepreneurs, and the development of new partnerships. The programme is contributing to improve employment rates. By the beginning of February 2011 2,100 people and 497 enterprises had started in the projects of which 24 were new enterprises.
Contribution to cohesion policy objectives	The ESF programme for Mainland Finland aims to promote competitiveness and to reduce high levels of structural unemployment. Its first priority focuses on developing work organisations, encouraging entrepreneurship and managing technological changes in a globalised world - in line with Art. 3 of the ESF regulation (actions to increase the adaptability of workers and enterprise improving the adaptability to change). As indicated by the high participation rate, the Creative Industries Development Programme is expected to increase employment in the sector, in line with the 2007-2013 Strategic guidelines and the Lisbon strategy.

Source: KEA (2012)

Table 6: Kortrijk, Belgium – Buda Fabric

Project area	Development of cultural innovation platform
Description of the project	Buda Fabric is a former textile firm situated in 3 000 m ² area along the Leie river ⁸³ which has been completely renovated and that now hosts an exchange platform for artists and companies. The project has been approved under the Operational Programme Flanders. The renovation started in 2008. Buda Fabric, will gather product developers, researchers, students, designers, research institutes, companies and artists to come together and share knowledge about products, new materials and innovative applications development. Buda Fabric will also host a design innovation hub called PROUD developed under the INTERREG IVB NEW Programme 2007-2013. PROUD will employ design as a driver for innovation, economic growth and sustainable development. The project duration is 1 April 2010 until 31 August 2014.
Budget	Buda Fabric Total amount: € 2,435,955 ERDF 2007-2013: € 974,382 Co - Financing from Minister of Economy: € 365,393 PROUD project INTERREG IVB NWE Total amount: € 4,983,398.51 ERDF: € 2,491,699.26
Stakeholders	The main stakeholders are the City of Kortrijk and the Flemish Ministry of Economy. Buda Fabric has been developed as a project, in which the Municipality of Kortrijk, the Autonomous Municipal Cooperation (AGB Buda, a consortium of all the cultural institutions on the Buda Island), the Design region of Kortrijk, Howest (University College West Flanders) and the intercommunal organisation Leiedal take part. The internal statute on which this management structure is based is flexible, so that new participants can join it in the future.

⁸³ <http://www.scribd.com/abresco/d/51706007/1-Buda-Factory-Buda-Island-Buda-Fabric>

Target groups	All CCI sectors. PROUD is targeted to designers.
Results & sustainability	No results available yet, as activities at Buda Fabric including PROUD will only start in October 2012. However, Buda Fabric already contributed to the renovation of an industrial site as well as to the urban renewal of the Buda Island. The site is also expected to attract companies and artists and impact on innovation on both sides (spillover effects) on the basis of previous activities already launched in preparation for the launch of Buda Fabric. Buda Libri, for instance, are informal meetings organised to gather companies and artists from different fields. A Flemish piano builder Chris Maene created a new design of piano thanks to a chance meeting with an artist during a Buda Libri meeting.
Contribution to cohesion policy objective	<p>The Buda Fabric project has been approved in the framework of the Operational Programme for Flanders, under the second priority aimed to stimulate entrepreneurship and to develop an environment to facilitate the creation and growth of companies.</p> <p>The PROUD project runs under the INTERREG IVB North West Europe Programme, first priority on capitalising on innovation. Buda Fabric has played an important role in revitalising an industrial area of the city.</p> <p>In the next few years, the project is expected to contribute to the Cohesion Policy's goals of innovation, economic development and attractiveness. It is also expected to contribute to experience exchange across borders as it is part of the INTERREG projects Creative City Challenge and PROUD.</p>

Source: KEA (2012)

Table 7: Copenhagen, Denmark – Kunstgreb - <http://www.kunstgreb.dk/>

Project area	Support to culture based-innovation through artistic intervention
Description of the project	<p>The Kunstgreb project offers Danish companies that wish to work with innovation projects the opportunity to attend a training programme for professional artists.</p> <p>Kunstgreb's vision is to raise a "positive tsunami" in the business sector. Kunstgreb aims at optimising the artists' work processes and skills in Danish business life. It provides new ways of education course for artists and helps companies to understand and embrace creative thinking and innovation to enable them develop and grow. The training course is open to artists with more than 4 years experience. Artists are given an insight into the business world and have to carry out an innovation project in a designated enterprise. The training covers business management, communication, process and project management.</p> <p>Artists should be able to reveal resources that exist in the company and which have been untapped thus preventing people's potential's full expression. Artists are expected to introduce disruption in traditional working processes through their creative skills, artistic intuition and ways of perceiving things.</p> <p>The project started in 2009. It will last until 2012.</p>
Budget	The total budget of the project was almost € 2.5 million for a 3 year period half of which was EU funded. European Social Fund amount is around € 1.2 million.

Stakeholders	Kunstgreb is a project developed by Wischmann Innovation, a consultancy aimed to assist companies on artistic innovation, and the Danish Artist Union. The project got European Social Fund support through the authorities of the Copenhagen region at the end of 2008. Copenhagen business school is associated to carry out research on impact.
Target groups	Artists and creative professionals
Results & sustainability	Kunstgreb has carried out/implemented 63 projects for 53 firms throughout Denmark, including private as well as public companies, such as the Danish Railway, the tax office, ATP Group responsible for the operation and development pension in Denmark. Large private companies included Nokia and Coloplast (health care company). Kunstgreb received applications from 250 artists from all art fields and selected 120 of them on the basis of their individual profile. The project enabled artists to reach a wider audience. Kunstgreb works on the development of an innovation model and creative strategies (the KU Model) and expects to have more impact on employees and managers and on product and process development.
Contribution to cohesion policy objectives	With the title 'More and better jobs', Denmark's operational programme for ESF funds is developing more and better-qualified workers to help Danish enterprises meet the challenges of globalisation and ageing. It has two specific aims: to improve the qualifications of the Danish workforce and to bring more people into work, for example by building on basic skills. As a consequence, the main objective of the project is to give artists the opportunities to develop new skills to find new jobs opportunities. At the end it is expected to have a considerable impact on employment because an individual's skills will become more advanced and can be developed in other sectors of the labour market (encourage job mobility).

Source: KEA (2012)

Table 8: Nantes Métropole, France – Quartier de la Création –
<http://www.iledenantes.com/en/>.

Project area	Support to urban regeneration through culture and creative industries (CCI) and innovation
Description of the project	The objective of Quartier de la Création is to recapture a huge territory previously used as an industrial site situated on an island surrounded by the water of the river Loire. The Quartier de la Création has reinvented the city to create connections and diversity in the former industrial area. The project includes building a contemporary city on the entire island while respecting the originality of the landscape and its port and industrial heritage; contributing to economic development; creating an alternative to urban sprawl; reconnecting the city with the river; refocusing the public space and promoting the economic role of culture. Investment in cultural projects has been conceived as a key and necessary step for building up an ecosystem to promote the emergence of SMEs in media and culture. The development of the whole area will last until 2015.
Budget	Nantes Métropole has benefited from EU regional funding through a number of projects and programmes: REVIT – on renovation of industrial sites: € 2.7 million (INTERREG III, 2004-2007)

	<p>ECCE Innovation – on jobs creation in CCIs: € 3.7 million (INTERREG IVB NWE 2009-2011)</p> <p>Nantes Métropole estimates that € 9.2 million (2007-2013) of ERDF funding can be linked to culture investment in the city (essentially invested in new cultural facilities including Ecole des Beaux Arts or La Fabrique in Quartier de la Création).</p>
Stakeholders	<p>Nantes Métropole and the City of Nantes, the local authorities that initiated the project and provided the majority of the funding.</p> <p>SAMOA (Société d'Aménagement de la Métropole Ouest Atlantique) [Western Atlantic Metropolitan Redevelopment Company], a public-private company created by the Nantes Urban Community in 2003 and converted into a public local redevelopment company in late 2008. The role of this agency is to contract owner for the Ile de Nantes project under a 20-year public redevelopment agreement with Nantes Métropole.</p> <p>Other stakeholders are the County Council of Loire Atlantique, the Regional Council of Pays de la Loire and the French Government.</p>
Target groups	<p>Artists to help them become entrepreneurs.</p>
Results & sustainability	<p>There are now 5,600 jobs in CCI in Nantes – an increase of 200% since 1982.</p> <p>Cultural investment in Nantes Métropole has had a wide ranging impact on attractiveness; Nantes has become an important tourist destination. The city has become attractive not only for tourism but also for investment. Data shows that 300,000 sq. m of commercial and office space for 15,000 new jobs have been created, plus 150.000 sq. m of local and community infrastructure, 160 hectares of public space created or regenerated, 2 new public transportation lines running in dedicated lanes, 12 km of pathways along the Loire.</p> <p>An ecosystem has been developed to encourage creative disciplines and businesses.</p> <p>A good example is “La Fabrique” a place dedicated to music, gathering associations involved in music production and festivals. The structure does not provide subsidies but services to attract companies, to develop education offer, to mediate between culture and science and to support internationalization.</p>
Contribution to cohesion policy objectives	<p>The project was approved under the priority of the Operational Programme Pays de la Loire aimed at improving the attractiveness of the region through urban development policies. Nantes has become a tourist destination and its art and cultural festivals have transformed the image of the city and its potential.</p>

Source: KEA (2012)

Table 9: Tartu, Estonia – Tartu Centre for Creative Industries -
<http://www.lmk.ee/eng>

Project area	Support to cultural entrepreneurship and infrastructure
Description of the project	The Tartu Centre for Creative Industries - founded in 2009 by the Tartu City Council - is an umbrella organisation that provides creative industries information and training, legal and economic consulting, as well as business incubation (and pre-incubation) services. Tartu Centre for Creative Industries operates in a complex of three buildings (two already operating and a third one yet to be completed) housing a business incubator, office spaces, a seminar room, a multi-functional hall, arts and design galleries, a shop as well as a cafeteria. Behind the complex of three buildings there is large open-air area that will be developed into a park/picnic area with a concert stage.
Budget	The total budget is € 577, 920 (part of which is financed by the ERDF). The co-funding from the city is € 47,977.
Stakeholders	The Ministry of Economy is responsible for the funds. Cultural issues are decided in collaboration with the Ministry of Culture. Estonia Enterprise is in charge of the implementation of the programmes. It is a national institution which promotes business and regional development in Estonia. Other partners involved are: Tartu City, Tartu Science Park, Tartu Science Centre AHHA, Tartu Art College, Tartu University, Tallinn University, Tallinn University Baltic Film and Media Schools.
Target groups	Artists and creative professionals
Results & sustainability	22 start-ups (almost 40 new jobs) have been created in the Tartu Centre. In addition the Centre participates in international projects that support the development of CCIs (Urban Creative Poles, Local Artists for Regional Development), organises and participates in international and local fairs with their start-ups, thus helping them acquire greater visibility and access to markets.
Contribution to cohesion policy objective	The Tartu Centre for Creative Industries has contributed to several Cohesion policy objectives. The Estonia-Latvian Operational Programme aims to promote the sustainable development and economic competitiveness of the area. The Baltic Sea region Interreg Programme has a specific priority on making regions and cities more attractive. Following these priorities, Tartu has used culture as a contributor to transform the city, to support youth and to develop creativity in other industries and sectors to make them more competitive. In this sense the most remarkable result concerns the opening of 22 creative start-ups, thus encouraging the growth of the knowledge economy and the creation of new jobs.

Source: KEA (2012)

ANNEX III - METHODOLOGY

The overall objective of the study is to examine how the European structural funds are used for cultural activities and projects by considering the role of culture during the 2007-2013 SFs programming period and assessing the contribution of culture investment to the cohesion policy. The ultimate purpose is to stimulate the debate on the new generation of programmes and on the implementation of the EU 2020 Strategy.

To this end, an in-depth research of existing literature, legal and policy references as well as programme and projects documentation has been carried out. Particular attention has been paid to the package of proposals for the programming period 2014-2020. Desk research has been completed with two extensive surveys targeted at public authorities in charge of managing operational programmes and project managers of culture related projects as well as a set of interviews in which nearly 50 experts and stakeholders at the European, regional and local level have been involved.

Although the study covers the whole of Europe, a selection of operational programmes having culture as a priority – in Estonia, Poland, Spain, Italy, France, Finland, Belgium and UK - plus one operational programme without culture as a priority – Ireland - have been examined in more detail⁸⁴. Out of 40 managing authorities contacted, 13 actively contributed to the research.

In order to better illustrate the outcome, impact and sustainability of cultural investments, 9 best practices in 9 European countries have been selected: Abertay University Prototype (UK), Arnhem Fashion District (Netherlands), Quartier de la Création, Nantes (France), Tartu Centre for CCIs (Estonia), Temple Bar, Dublin (Ireland), Creative Berlin (Germany), Development Programme (of business skills for creative entrepreneurs), Ministry of Education (Finland), Buda Fabric, Kortrijk (Belgium) and Kunstgreb, Denmark⁸⁵. These projects represent a wide range of cultural projects supporting different objectives (from urban regeneration and social cohesion to cultural skills, to creative entrepreneurship and innovation) and give a good understanding of the different funds and programmes available for culture (ERDF, ESF and INTERREG), each one providing an opportunity of supporting culture from different angles (ESF from a social one, ERDF from a more economic one, INTERREG and URBACT from both angles but requiring territorial cooperation). Reference to these successful stories supporting cohesion policies' objectives is made throughout the whole study. In addition a detailed fiche for each practice has been included in Annex II.

⁸⁴ The selection of operational programmes is based on the information available through the Info Regio online database where the priority on culture is always associated with tourism ("culture and tourism" priority). When the analysis of operational programmes was carried out, it emerged that in some operational programmes the focus was more on tourism with very little references to culture.

⁸⁵ This selection was done from a more extensive list of 19 case studies comprising: AUSTRIA - Meisterstrasse Salzkammergut (Revitalising Traditional Craft Culture); FINLAND - Creative Industries Development programme; POLAND - Bialystok city in tune with opera and orchestra; SPAIN - Rehabilitation of the Hospital de Sant Pau; IRELAND Temple Bar; GERMANY Zollverein World Heritage Site; FRANCE Quartier de la Création, Nantes; ITALY BASILICATA coast to coast; PORTUGAL Óbidos Criativa; SLOVAKIA; HUNGARY Production and exchange of theatrical performances in Košice and Miskolc - Slovakia Hungary; FINLAND WORKpop; ESTONIA Tartu Centre for CCIs; UK The Creative Industries Development Programme for Belfast; UK Computer games Cluster, Dundee - Abertay University : THE NETHERLANDS Arnhem Fashion Quarter; GERMANY - Creative Berlin ; DENMARK Kunstgreb; SCANDINAVIA KIA and BELGIUM Buda Fabric.

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