



Study on the Contribution of Culture to Local and Regional Development - Evidence from the Structural Funds

Final Report

September 2010



Centre for
**Strategy & Evaluation
Services**



P O Box 159
Sevenoaks
Kent TN14 5WT
United Kingdom
www.cses.co.uk

'..... the role of culture in development is multi-dimensional. Firstly, it is a value in itself, secondly, it is a foundation for the establishment of the knowledge society and finally, along with the culture industries, it is one of the most dynamically developing sectors of the economy.'

Monika Smolén

Under-Secretary of State at the Polish Ministry of Culture & National Heritage

EXECUTIVE SUMMARY

As the European economy strives to make its way out the financial crisis and resume a steady path of sustainable progress, it cannot afford to neglect significant sources of growth and dynamism and the potential to be found in its rich inheritance of cultural treasure and creative talent. The vision for Europe 2020, based on smart, sustainable and inclusive growth, and its related initiatives project a confident Europe making effective use of its strengths and resources and employing creativity and enterprise in the development of a knowledge economy which is globally competitive.

The European cultural and creative sector is a major source of dynamism for the European economy as a sector that has been growing faster than most and that has the potential to generate creativity, innovation and enterprise across a wide range of activities.

There are, however, many, particularly at national and European levels, that have yet to appreciate the actual achievements and the further potential of the cultural and creative sector. Others remain unconvinced by the arguments. This study has aimed to assist in this area, by contributing to the evidence base and seeking to draw conclusions from specific practice at a local and regional level.

The Specific Aims of the Study

*The overall aim of this study has been to provide **a comprehensive account of the rich variety of impacts arising from culture-based interventions in regional development processes**. More specifically, it has examined evidence in particular cases of the ways that culture-based programmes and projects, supported by the European Union's Structural Funds, have contributed to economic and social development at a regional and local level during the course of two programming periods: 2000–2006 and 2007–2013.*

*Throughout the project, there has been an important **contribution from people engaged in managing and implementing Structural Fund projects**. A particular occasion for these contributions was the Seminar on 'Culture in Local & Regional Development' that was held on 11th November 2009. Around 100 participants examined emerging results and debated some of the central issues addressed by the study.*

The Policy Context

The Commission's recent Green Paper on 'Unlocking the potential of cultural and creative industries' has built on a series of developments that have assisted the gathering pace of culture-based development in a number of ways.

*2009 was the European Year of Creativity and Innovation and its initial announcement coincided with the publication of the Communication on the "European agenda for culture in a globalizing world"¹¹. This document highlighted the promotion of **culture 'as a catalyst for creativity and***

¹¹ COM/2007/0242 final

EXECUTIVE SUMMARY

innovation in the context of the Lisbon Strategy for jobs and growth'. It argued that creative entrepreneurs and a vibrant cultural industry are a unique source of innovation for the future and that this potential must be recognised even more and be fully tapped.

*A series of initiatives have really taken off in the last five years. The **Culture Programme for 2007-13** has built on previous programmes and contributes to a sharing of European cultural experiences and values by promoting co-operation between artists, cultural operators and cultural institutions.*

*The **European Capital of Culture** initiative has achieved widespread recognition. The designation is now the object of intense competition, as cities and their regions see that the benefits extend beyond a major boost to cultural activities. They include a significant stimulus to the creative sector and the broader local economy and bring significant social advantages as well.*

*Beyond cultural policy as such, longstanding support for the cultural applications of information and communications technology under the research Framework Programmes and the i2010 strategy for the digital economy, has provided the basis for further efforts in the digitisation of cultural material, digital preservation and the development of on-line access to cultural content, notably under the **Digital Libraries** initiative. More recently, the Commission's Communication on '**A Digital Agenda for Europe**'² addresses a number of the practical problems relating to creative content that are hindering the realisation of European ambitions in this area.*

The biggest investment at a European level in culture-based development, however, has been under the Structural Funds.

Culture and the Structural Funds

The Structural Funds represent the most important tool of the European Union in financing economic and social development. After the Common Agriculture policy, they are the EU's largest single block of finance. In the period 2007-2013, the amount dedicated to the Structural Funds is €347 billion. In the same period, planned expenditure for culture under Cohesion policy amounts to more than €6 billion.

*Judgements about the effectiveness and impact of expenditure under the Structural Funds have to start with **an examination of what the policy has been trying to achieve**. This is not exactly a straightforward matter because of the multiple layers at which the Structural Funds operate – European, national, regional and local, but the overall guidelines are the best starting point.*

*In the guidelines for the programming period 2000-2006 at a European level³, **the contribution of culture to tourism** was still the predominant way of thinking about its potential contribution to the economy and society more generally. However, we already see the beginnings of a*

² COM(2010) 245

³ The Commission Communication of 1 July 1999 concerning the Structural Funds

EXECUTIVE SUMMARY

*broader conception of the role of culture, especially in the references to its importance in promoting the attractiveness of region and encouraging inward investment and the stimulation it provides for the development of information technology. For the 2007-2013 programming period, changes were introduced, making **the integrated guidelines for growth and jobs** in the renewed Lisbon agenda the central point of focus.*

*The guidelines for the current period⁴ indicate that programmes supported should seek to target resources on the following **three priorities** :*

- improving the attractiveness of Member States, regions and cities*
- encouraging innovation, entrepreneurship and the growth of the knowledge economy*
- creating more and better jobs*

The scope for culture within these guidelines over the 2007-13 programming period, may be summarised as follows :

- Culture has a critical role in making Europe and its regions more attractive places in which to invest and work;*
- Cultural activities and facilities have an important place in the development of the physical environment of town and cities and, in particular, the rehabilitation of old industrial cities;*
- Culture is seen to be important in the attraction and retention of people with high skill levels;*
- There is some recognition given to the significance of natural and cultural assets and their interaction; cultural heritage is seen as significant in the development of rural areas, especially through its contribution to rural tourism;*
- In general, tourism is still regarded as important, as is culture's contribution to its development, but there is greater emphasis on the role of culture in contributing to the delivery of sustainable, high-quality tourism that is well integrated into other activities.*

Significantly, there is no reference to culture under the heading 'Improving knowledge and innovation for growth' and the guidelines for the European Social Fund also make no reference to culture-based provision.

*In general, **the expectations of culture in the Structural Fund guidelines are rather modest.** There is no mention at all of its possible contribution to the promotion of creativity and innovation nor of its close relationship with the development of the knowledge economy, let alone its potential distinctive contributions across broad areas of social policy. Certainly there*

⁴ Council Decision of 6 October 2006 on Community strategic guidelines on cohesion

EXECUTIVE SUMMARY

appears to be no overall vision for a coherent and systematic contribution from the sector to the resolution of the issues addressed by Cohesion policy.

The subsequent analysis, however, examined the actual contributions of culture-based interventions against the whole range of Structural Fund objectives and revealed a different story.

Culture & the Economy

*Estimating the contribution of culture to the economy across Europe is fraught with more than the usual statistical problems. The study relies on the **definition of cultural and creative industries** used in the study on the 'Economy of Culture in Europe' undertaken for the European Commission in 2006, which distinguishes between:*

- *Core arts areas - performing arts, visual arts, cultural and architectural heritage and literature.*
- *Cultural industries - film, DVD and video, television and radio, video games, new media, music, books and press.*
- *Creative industries - those industries which use culture as an input but whose outputs are mainly functional, including architecture, advertising, design and fashion.*

The current study is concerned with all three elements and the interaction between them in the contribution they make to local and regional development.

Culture contributes directly to the economy, not least in the number of people employed in the cultural sector. The official estimates of its direct contribution are likely to be under-estimates.

*In some of the more dynamic regions of Europe, the shares of the creative sector in output and employment are considerably greater and increase consistently at a faster rate than the average for the European economy as a whole. **Creative sector employment is an indicator of dynamism.***

*The most significant shift in the perception of the role of culture within modern society has been through an improved understanding of **the place for culture in the 'knowledge economy'**. In particular, the specific role of creativity and innovation in a modern economy has led economists to turn their attention towards studying the role of creativity as a key competitiveness driver. "Creativity" has become an important differentiator and driver of competitiveness and growth.*

*However, there are existing and growing disparities in the active use of cultural contributions to the economy. This in itself could well develop into **a significant issue for European cohesion**, if pronounced differences emerge in the spatial distribution of developments in the creative sector.*

EXECUTIVE SUMMARY

Analysis of Structural Fund Interventions

*Between 2007 and 2013, **EU expenditure for culture under Cohesion policy** is planned to be more than € 6 billion, representing 1.7% of the total Structural Fund budget. Additional programmes and projects directed to other objectives can have cultural elements to differing degrees, so this figure may represent only about half of the total amount that culture-related projects are receiving in the current period.*

*The **analysis of particular cases** in the study was primarily intended to throw light on the nature, extent and results of culture-based interventions and **the extent to which culture-based interventions are achieving the objectives of the Structural Funds**. The study, therefore, initially analyses evidence relating to the more prominent themes in the current Structural Fund guidelines, covering the following issues :*

- *Infrastructure Investment: large scale investment in infrastructure, illustrated by the Operational Programmes dedicated to Culture in Greece and Portugal in the 2000-06 period (together accounting for € 1.25 billion) The use of a dedicated Operational Programme for culture has not been repeated in the current programming period, though there are examples of consistent culture-based approaches, for example in Poland. (case II.A1)*
- *Making Europe and its Regions More Attractive Places in which to Invest and Work: some of the diverse ways a cultural focal point can help change attitudes and perceptions, inspire confidence, trigger associated activities and initiate agglomeration effects, illustrated by Zollverein in the Ruhr district and Musikpark Mannheim. These examples have both combined cultural action with the provision of various forms of business support, a consistent theme in successful interventions. (cases II.A2 & II.A3)*
- *Developing a Culture-based Strategy and Promoting Territorial Cohesion: projects showing the emergence of a strategic approach to culture-based local and regional development, illustrated by the Culture & Urban Regeneration project, co-ordinated by Lille Métropole under the URBACT Programme and the Creative Clusters in Smaller Urban Environments project supported under URBACT II and co-ordinated by the town of Óbidos in Portugal. Issues here include the question of whether culture-led development can extend beyond urban centres to Europe's regions and rural areas. (cases II.A4 & II.A5)*

The case of Objective 1 investment in Cornwall and the isles of Scilly in the UK in the 2000 – 06 period, not only shows a consistent approach to the development of a 'creative region', it also provides clear and impressive evidence of the impact of culture-based development on employment, business creation, productivity, profitability and a real growth in prosperity. (case II.A6)

- *Knowledge and Innovation for Growth: many of the projects considered illustrate the capacity of the cultural sector to contribute to creativity and growth, in particular when taking advantage of the open nature of modern innovation processes. Three particular*

EXECUTIVE SUMMARY

projects - 'Meisterstrasse' in rural Austria and Digital Culture projects in Latvia and Luxembourg - show how culture can be a powerful tool of marketing in ways characteristic of the knowledge economy and how the use of cultural content can promote digital cohesion and provide cross-cultural resources for the wider creative economy. (cases II.A7 & II.A8)

- *More and Better Jobs: culture-based projects ('Kunstwerk(t)' in the Netherlands and 'Equal Opportunity in the Media' in Hungary) can make a distinctive contribution to skills development, providing access to the labour market and the social inclusion of disadvantaged and difficult-to-reach social groups. (cases II.A9 & II.A10)*

*The evidence from the interventions presented is supported by reference to the wider group of programmes and projects, which together point to **the tremendous variety and flexibility of culture-based actions**, a feature that adds significantly to their potential as an instrument of Cohesion policy.*

Summary of the Evidence

*While material available from evaluation studies was relatively restricted during the time of the main investigations for the study, it has been possible to identify **particular impacts**, ranging from increases in visitor numbers and the take-up of facilities (dedicated business park or incubator facilities are oversubscribed in cases that are cited), through the number of businesses and employment created, increases in value-added, productivity and profitability to an estimate in one case of local multiplier effects. Social impacts include direct increases in employment, training, improvements in skills and competencies and the promotion of social inclusion and social capital.*

Overall, the evidence presented in the study may be summarised as follows :

- *Culture makes a substantial direct contribution to the economy and society in terms of income generated and people employed. It also makes a major contribution to social well-being and to the development and maintenance of social capital.*
- *Culture is the dynamo of the broader creative economy, but its contribution is under-valued both in a technical and a more general sense.*
- *Earlier analysis⁵ had established that:*
 - *the cultural and creative sectors accounted for 2.6% of EU GDP in 2003*
 - *the sector was growing 12% more rapidly than the general economy.*

These figures are significant, but they can understate the dynamic contribution that the sector makes to the European economy.

⁵ Study on the 'Economy of Culture in Europe' conducted in 2006

EXECUTIVE SUMMARY

- *In some of the more advanced and prosperous areas of Europe the share of the creative sector in the local economy is approaching 10%.*

*In relation to the **contribution of culture-based interventions to Cohesion policy**, the following emerges from the study :*

- *Culture-based contributions to Cohesion policy in the current programming period certainly extend beyond the 1.7% cited in DG REGIO figures, which does not include cultural contributions to projects classified under other objectives.*
- *Nonetheless, it would appear that the share of culture-based projects in the Structural Funds is probably markedly below its share in economic activity and almost certainly well below its potential contribution to achieving the objectives of Cohesion policy*
- *Culture-based initiatives are already achieving a wide range of the economic and social objectives of Cohesion policy, and on a significant scale. This contribution is more extensive than was anticipated when the Guidelines for the Structural Funds were formulated and includes major contributions to innovation processes, entrepreneurship and the growth of the knowledge economy and also to creating more and better jobs*
- *Culture-based development has relevance for regions in all stages of development - in the 'convergence' regions, where support for infrastructural development may continue to be needed, but also in both convergence and 'competitiveness' regions where the infrastructure and other local resources can be exploited to enhance the comparative advantages of the local economy and to stimulate creativity and enterprise.*

*Given the overall contribution of the cultural and creative sector to the economy, its higher than average growth rate and its role in particularly dynamic cities and regions, the question arises of **why it continues to be necessary to make the case** for the cultural and creative sector, especially at a national or European level. It is worth noting that a **better understanding of the significance of the creative sector and the role of culture within this often exists in city and regional administrations.***

*Part of the explanation is **a failure in communication and advocacy**. Effort needs to be made to improve communication between the culture community and those responsible for economic and social development at all levels.*

Failure to appreciate the full significance of the cultural and creative sector could represent a major missed opportunity for Europe.

The Potential Contribution of Culture - The Lisbon Strategy and Europe 2020

*The potential contributions of culture-based development to **the larger objectives of European policy** are particularly to be noted in this context.*

EXECUTIVE SUMMARY

The Lisbon objectives and particularly those of promoting innovation and enterprise, are already embedded in the objectives of Cohesion policy and have informed the implementation of that policy through the Structural Funds at every level. To this extent, culture-based initiatives have addressed Lisbon objectives in a variety of ways and often with some creativity.

There is, however, the potential to contribute significantly more, if the strengths of the creative sector are recognised and utilised – strengths and features that are very much in tune with the developing knowledge economy. These strengths are the basis for important potential contributions to the ‘smart’, ‘inclusive’ and ‘sustainable’ growth that is the core element in the developing vision for Europe 2020.

Implications for the Practice of Culture-Based Development

Following on from the analysis, the study proposes, first a Typology of Culture-Based Development Activities, and, second, an Integrated Model for Culture-based Local and Regional Development.

*The **Typology of Culture-Based Development Activities** starts with the elements of ‘Classic Investment in Culture’ such as the rehabilitation of urban heritage sites and tourism promotion and moves on through the promotion of entrepreneurship, the exploitation of cultural resources, intellectual assets and property to aspects of value creation through image creation and advertising and the development of human capital.*

*For the **Integrated Model for Culture-based Local and Regional Development**, it is recognized that there is no single way of developing a culture-based strategy, but equally, it is possible to point to certain common elements that have been identified as success factors.*

- *Policy leadership : it is important that a clear commitment to a cultural element in local and regional development be established by the relevant authorities and that advocacy for this approach is effective and based on a clear strategy*
- *Creating the foundation : establishing the right physical infrastructure and ensuring that the right skills and capacities are available is critical for generating the initial momentum and creating a sense of direction and excitement*
- *Sound development : sustaining an initial impact is key for long term success. It is achieved by identifying and building on both original and emerging strengths and ensuring that capabilities keep pace with needs. These processes have to be supported by proper monitoring and evaluation*
- *Exploiting culture-specific advantages : the culture-specific contributions to the strategy need to be kept under review and strengthened as the opportunities present themselves, Spill-over effects need to be encouraged*

EXECUTIVE SUMMARY

- *Proper support : effective business support In the form of advice and facilities and capacity building through training provision are critical to the success of many projects.*
- *Flying high : success has to be managed, review processes are necessary, adaptations have to be made and new opportunities seized*

It is also emphasised that a culture-based strategy should not stand in isolation. It should support and draw strength from other aspects of an integrated development strategy adopted by localities and regional authorities.

Conclusions

The conclusions draw together the themes that have been explored in greater detail in the course of the study:

- ***Cultural activity is at the heart of the creative economy*** : Not only do cultural activities have direct economic impacts through the income generated and the number of people employed in the arts and at heritage sites, they provide multiple inputs into a wider range of creative industries, in the form of content, inspiration, skills and disciplines, intellectual capital and trained staff. Increasingly, cultural activities also provide a point of focus for creative networking and cluster development
- ***The economic significance of the cultural and creative sectors : these sectors are significant and are growing more rapidly than the economy as a whole.*** Some of the more dynamic cities and regions in Europe already have creative sectors that account for around 10% of their local economies. There is a danger that certain areas are being left behind.
- ***Generally, and with some important exceptions, consciousness of the significance of the creative sector is much more evident in cities and regions than at a national or European level.***
- ***An Approach for All Regions*** : although much creative sector activity is concentrated in urban areas, culture-based interventions are not restricted to urban centres and can have wide applications across Europe's regions .
- ***Although the Guidelines suggest that culture-based contributions were mainly anticipated in relation to the first objective of the Structural Funds ('making Europe and its regions more attractive places in which to invest and work'), in fact, the study shows important contributions to the other two objectives as well ('knowledge and innovation for growth' and 'more and better jobs'). Culture-based projects are capable of not only improving the structural conditions of lagging regions, but also of contributing directly to competitiveness and employment creation.***

EXECUTIVE SUMMARY

- *Culture-based Development Strategies* : Valuable lessons are being learned from the diverse experience of culture-based projects, especially through the promotion of **best practice exchange** in the URBACT and the INTERREG programmes.
- The study proposes **a focused, flexible and integrated culture-based development strategy**, with the potential for widespread application.
- *Sufficient Support* : DG Regio figures suggest that 1.7% of the Structural Funds will be devoted to culture in the current programming period. Even after taking account of projects that use a culture-based approach to achieve other objectives, this is still a relatively small proportion. **Current investment in culture-based development under the Structural Funds is not really commensurate either with the current importance of the creative sector in the European economy or with its potential.**
- *The Danger of a Missed Opportunity* : Some tentative explanations are offered of the lack of appreciation of the significance of the sector. The main problem appears to be one of basic communication and uneven capacity

Whatever the reason, **there is a danger that Europe will fail to seize the opportunity presented by the potential for culture-based development**, unless it is given greater attention at a national and at a European level.

This last consideration becomes more pressing as the strategy develops for moving out of the current economic crisis and building the future of Europe over the next decade. The strategic vision set out in Europe 2020 is based on policies to create smart, sustainable and inclusive growth and the promotion of economic, social and territorial cohesion. **The evidence of the study would appear to show that culture-based interventions are capable of making significant contributions** in almost all of the main areas for development, including the seven 'flagship initiatives' that are proposed as the focus for action.

Culture's role as **an instrument of communication** is an area that could be of increasing significance. Culture is already of great significance as a provider of digital content and as a stimulus for creative applications in the IT sector. As European society faces major challenges in the coming years, the ability of cultural forms to stimulate debate, to develop different perspectives, to assist understanding and build bridges and to express our basic values could become of increasing significance.

Recommendations

In view of the danger that the opportunity will be missed to exploit the major competitive advantage for Europe that the creative sector represents, it is important that the economic and social contribution of the cultural and creative sector have a higher profile in strategy development at national and European levels.

EXECUTIVE SUMMARY

1. *Specifically, the potential contribution of the creative sector to the main elements in the emerging strategy for Europe 2020 needs to be better articulated and its impacts across the full range of Structural Fund objectives acknowledged and promoted further.*
2. *Resources available for culture-based interventions under the Structural Funds should be more commensurate with the size and growth potential of the creative sector.*
3. *There should continue to be encouragement of a longer-term and more strategic approach to culture-based development at a local and regional level.*
4. *To be successful, it is necessary for culture-based development to be mainstreamed into integrated development strategies, at a local or regional level, built on partnerships between public authorities, cultural organisations, the relevant business interests and representatives of civil society.*
5. *This should be supported by further analysis of the rich and dynamic contribution that culture-based interventions are making to :*
 - the knowledge economy and innovation*
 - employment creation and social cohesion*
6. *Similarly, the potential role of culture in promoting creativity, motivating entrepreneurship and improving communication on major issues faced by European society needs to be explored further.*
7. *In particular the identification and exchange of best practice at a European level needs to be strengthened and include innovative actions.*
8. *A special effort is needed to improve communication between the culture community and those involved in economic development, especially at local and regional levels. The experience of those who have successfully operated on both sides should be exploited and disseminated.*
9. *The capacity of the cultural sector to engage effectively in local and regional development needs to be strengthened and a greater professionalism in this area encouraged.*
10. *Practical considerations should be addressed, such as the user-friendliness of proposal and reporting procedures and the particular difficulties of cultural organisations over the timing and arrangements for funding.*
11. *Attention needs to be paid to the development of better evaluation techniques and methodologies and their more extensive application, again making use of existing good practice.*

INTRODUCTION

1

This document presents the results of the study on the contribution of culture to local and regional development on the basis of evidence from the European Union's Structural Funds conducted by the Centre for Strategy & Evaluation Services LLP ("CSES") and the ERICarts Institute for the European Commission's DG Education and Culture. Information about the research methodology may be found in Annex B.

1.1 Study Aims

There has been a growing awareness among policy makers in the last decade that, as well as being a policy in its own right, the promotion of culture can have broader economic and social effects. An appreciation of the position of **culture at the heart of the creative sector** and hence its relationship with the developing knowledge economy has been central to this new perception of the significance of culture from an economic and social point of view.

Some of the most dynamic areas of Europe are witnessing strong growth in the cultural and creative sectors and already have in place detailed strategies for their further promotion. These developments raise some interesting questions for European Cohesion policy. Are culture-based interventions really making a substantial contribution to the economic development of European regions and localities and how is this being achieved? What is the nature of this contribution and how extensive is it? Can the success of the cultural and creative sectors in large cities and metropolitan areas be replicated elsewhere? And, how should culture feature in the next phase of Cohesion policy after 2013?

By way of making a contribution to this debate, this study has examined the contribution of culture to economic and social development from a particular perspective. First of all, it has focused on the contribution of culture specifically to local and regional development and, secondly, it has approached this issue by examining the evidence that is available from programmes and projects supported by the European Union's Structural Funds in the programming period 2000-2006 and so far in the current period - 2007-2013.

In this way, the aim of the study is to contribute to debates about the place of culture within Cohesion Policy for the next programming period and specifically to assist discussion on the new guidelines for the Structural Funds over that period.

It should be said at the outset that this is inevitably a partial study. Little attention has been directed to the intrinsic aesthetic and moral value of developments with a strong cultural dimension, nor have the contributions made to the diversity of cultural expression been considered. To a large extent these benefits from an extended range of cultural

INTRODUCTION

1

activity have simply been assumed. A broader analysis would certainly take them into account. However, certain pragmatic decisions had to be made about the scope of the current exercise and the focus of the study is primarily on the effects expected from Structural Fund interventions.

The perceptions of the economic and social role of culture have changed remarkably over the period considered by the study. In 2000, culture's role in the economy was still largely seen in terms of its potential contribution to tourism. By 2005, the work of Richard Florida⁶ had had some impact and there were a number of well publicised examples of cultural interventions changing the external perception of cities and their ambitions. The Guggenheim Museum in Bilbao, for instance, had been a common point of reference. A wider appreciation, however, of the potential of culture to contribute to creative developments at the heart of a modern, knowledge-based economy was still relatively rare and, as we shall see was not a feature of Cohesion policy as expressed in policy documents at that time. This broader view of the often complex and intangible processes by which cultural activity can stimulate economic and social developments is still relatively new and indeed there are many who remain unconvinced or who are simply unaware of the potential and significance of this sector.

It is hoped that the evidence provided in this study will prompt more of those involved in the development and application of Cohesion policy to look again at the role of culture in local and regional development, especially since **failure to appreciate and promote the cultural and creative sector could represent a missed opportunity** of some significance for the future of Europe.

As a new strategic vision for 2020 follows on from the Lisbon strategy laying the foundations of a competitive, inclusive and sustainable Europe, it is also important that some of the mechanisms through which culture-based developments impact on the economy and society are better understood. It should not be thought that these mechanisms are the same everywhere or apply uniformly. On the contrary, many of the positive effects arising from the development of the creative economy derive from its diversity, flexibility and reliance on distinctive local characteristics and circumstances. There is no single model to be applied. Nonetheless, it is possible to comment on frequently observed processes and mechanisms and to generalise about some of the common features that are apparent in otherwise diverse practices.

⁶ Notably after the publication of 'The Rise of the Creative Class' in 2002.

INTRODUCTION

1

Overview of the methodology adopted

The approach taken by this study has been to build from the bottom up, adding continuous detail to a picture of the way that culture-based interventions have real impacts on local and regional development by examining the range and variety of programmes and projects supported by the Structural Funds in the current and previous programming periods.⁷

An overview of this approach is provided in this section. Further detail may be found in Annex I.B.

The study began with an extensive trawl through the many thousands of projects supported, in order to identify representative examples of culture-based interventions. In this, it was not intended to assemble a completely comprehensive set of projects. Simply the numbers of projects involved would prohibit this. Rather the attempt was to identify a representative range of culture-based interventions, across the different forms of cultural heritage and the arts, featuring the different forms of support available under the Structural Funds and covering a variety of objectives and targets.⁸ Above all, **the aim was to identify programmes and projects where there was clear evidence of a diverse range of impacts and effects.**

The input from the associates of the ERICarts Institute on the ground in all the Member States was an important advantage in this exercise, but there was also a wider process of gathering information through contacts with public officials responsible for administering the Structural Funds, regional and local authorities and cultural and representative organisations. Open invitations were issued through relevant web sites to anyone active in this area to submit information on projects or programmes with which they were familiar.

The focus of much of this activity was a Seminar in Brussels that took place on 11th November 2009. The Seminar with around 100 participants was attended by people involved in actual projects, officials from the Commission and representatives of cultural organisations and all levels of the public authorities. A series of illustrative projects from both programming periods were presented, the nature of the interventions analysed and suggestions made on other evidence to be taken into account.

⁷ See further detail in sections 3.2.1 and 3.2.2.

⁸ See breakdown by thematic type in Annex I.B

INTRODUCTION

1

The subsequent analysis is presented in this study. Over 50 cases have been selected from a wider field of over 100, to illustrate the nature and variety of culture-based interventions supported by the Structural Funds.

Detail on the selected cases is presented in Annex II.B. Furthermore, reference to many of them is made in the course of the analysis in the body of the study. A smaller set of the selected cases ('core cases'), which are especially interesting in illustrating particular intervention features, are described in greater detail in the body of the study. The core cases are presented in a separate Annex II.A.

The main results of this study are presented in chapter 3, where the conclusions of our analysis of the whole range of programmes and projects are set out. It will be seen that the effects of culture-based interventions are many and varied and that there is a corresponding variation in the nature of the evidence of the 'effectiveness' of these interventions. In fact, an important theme of the whole study is the creativeness with which programmes and projects have been designed and implemented and the extent to which culture-based projects have performed well beyond the role initially envisaged for them in the guidelines for the Structural Funds. It is clear that culture-based projects have contributed to a much wider range of objectives than was originally anticipated.

There are cases where direct effects have been analysed and quantified in the form of estimations of the impacts of projects on the number of businesses created, on business turnover and employment created. Unfortunately clear examples of this kind are relatively scarce. Evidence of professional evaluation is patchy and there is definitely scope for the development of a more pervasive evaluation culture within the sector, but there are also many intrinsic difficulties in assessing the full range of the results and longer term outcomes of culture-based interventions, as projects generate externalities and spill-over effects. It is particularly important to consider the dynamic and on-going effects that arise from well-planned interventions and the impacts on social and other factors that are often difficult to quantify but nonetheless have pervasive effects, since it is argued that a major advantage of culture-based interventions is that they help to develop a momentum and generate a virtuous cycle in which success builds on success.

The aim has therefore been to provide a comprehensive account that addresses the rich variety of impacts that arise from the diverse interventions and that establishes and illustrates the following :

- An overview of the extent and variety of the evidence available on the impacts of culture-based interventions on local and regional development

INTRODUCTION

1

- The specific nature and range of the impacts observed
- The way that common elements are discernable in the emerging strategies for a dynamic and sustainable creative dimension to local and regional development.
- Their relevance to Cohesion policy more generally and to the Lisbon strategy and the developing subsequent strategic vision for the future of Europe, its economy and its social and cultural interaction.

Prior to setting out the core conclusions, it will be necessary to provide **some context**, principally in a review of the overall situation of the cultural and creative sectors across Europe and in an analysis of the framework established for culture-based activities under the Structural Funds in the two periods under consideration. The context, of course has been evolving and there have been a number of significant developments during the course of 2010. In particular, the Green Paper on ‘Unlocking the potential of cultural and creative industries’⁹ was published in April 2010, as the study was being completed. Generally these developments have confirmed the orientation taken by the study and also confirmed the impression of a growing momentum in the cultural and creative sectors.

After the core analysis, this study will try to assist further developments in a practical way by presenting a **model for culture-based local and regional development** drawing on common elements identified in a variety of apparently successful development strategies.

Finally, there will be a **set of recommendations**, largely relating to practical issues that have been encountered in the course of the study.

This study is supported by a **practical information tool or training aid** that attempts to set out in clear terms the main elements to be taken into account by both cultural managers and officials responsible for local development in designing successful culture-based programmes or projects. In this way, it is hoped, cultural stakeholders will be helped by being better informed about the objectives of the Structural Funds and will be able to take them more fully into account in developing their projects and partnerships.

It is hoped that all this material will feed into forthcoming discussions on the shape and form of the EU’s future Cohesion policy.

⁹ Green Paper on ‘Unlocking the potential of cultural and creative industries’ COM(2010) 183 of 27 April 2010

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

In this section we review the background to the study on the contribution of culture to the creative economy across Europe in general and the promotion of this contribution through the Structural Funds in particular.

EU policy relating to culture in general is considered first (Section 2.1), before linkages between culture and the economy are explored (Section 2.2). An outline is then given of the operation of the Structural Funds in the two programming periods under consideration (Section 2.3). Finally, the definitions of some key terms are set out.

2.1 EU Policy Context

2009 was the European Year of Creativity and Innovation, reflecting a theme that is central to a wide area of European policy and to the revised Lisbon agenda in particular.

The initial announcement of the European Year of Creativity and Innovation coincided with the publication of a critical document: the Communication on the "European agenda for culture in a globalizing world"¹⁰. This document was published in 2007 after an extensive consultation process. **The Agenda for Culture highlighted the promotion of culture 'as a catalyst for creativity and innovation in the context of the Lisbon Strategy for jobs and growth'** as one of its three main objectives. It went on to acknowledge that creative entrepreneurs and a vibrant cultural industry are a unique source of innovation for the future and that this potential must be recognised even more and fully tapped. The Lisbon Strategy for Growth and Jobs did not originally include the contribution of the creative sector within its framework for action, but ideas have been developing rapidly in the last few years and the Communication and its objectives has served as a reference point for a theme that will be developed further in the current study, namely that culture is indeed a dynamic force capable of playing its part at the heart of a Strategy for addressing the central issues faced by Europe as a whole.

Explanation of this proposition requires some of the policy context to be established, especially relating to the way in which culture and the creative sector figure in policy priorities and how they have been supported by specific programmes. The detail of the orientations of Cohesion policy will, of course, be particularly important.

2.1.1 Culture in European policy

Reference to culture was included for the first time in the EC Treaty in 1992. Since then, Community competence in this area has evolved in a number of ways. Article 151(1) of the Amsterdam Treaty (1997) stated that

¹⁰ COM/2007/0242 final

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

'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 cultural heritage to the fore'.

This Article stressed the need to comply with two fundamental concepts: on the one hand, cultural diversity, respecting the principle of subsidiarity and, on the other, promoting the development of a common European cultural heritage and co-operation between Member States. As with education and training, Community action has therefore primarily been directed to encouraging cultural co-operation between Member States and, where necessary, supporting and supplementing their actions. Any harmonisation of the legal and regulatory provisions of the Member States was specifically excluded from the scope of Article 151.

The Lisbon Treaty has strengthened the position of culture at a European level. The 3rd paragraph of the Second article, 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.”

At a procedural level, the Treaty¹¹ has made culture an area for Qualified Majority Voting rather than a unanimous vote. Since there is no possibility of harmonisation or regulation in the cultural area, the main implication of this change is for the format and scope of the funding programmes.

In light of the extension of Community competence over a number of years, the Commission has supported various culturally-oriented programmes including Kaléidoscope (1996-99) which sought to encourage artistic and cultural co-operation at European level, Ariane (1997-99) which provided support for literature and for reading and Raphaël (1997-2000), which sought to preserve cultural heritage of European importance.

The Culture 2000 Programme (2000-06) sought to promote a common cultural area characterised by cultural diversity and shared cultural heritage and it provided grants to cultural co-operation projects across all artistic and cultural fields (performing arts, visual arts, literature, heritage, cultural history, etc.). The Culture Programme for 2007-13 has built on the previous programme and there will be a continuing emphasis on contributing to processes of dialogue and the sharing of European cultural experiences and values on

¹¹ The provisions of Article 151 are now stated in Article 167 of the Lisbon Treaty

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

the basis of cultural co-operation between artists, cultural operators and cultural institutions.

These developments are of significance for the current study, since strengthening the cultural bedrock, and especially its international dimensions, strengthens the capacity of the cultural sector to contribute to economic and social development and thus to the economy of culture in broader and more diverse ways.

Developments more directly concerned with the economic and social contribution of culture and the creative sector were evident in the European Commission's Communication in May 2007 on a 'European agenda for culture in a globalizing world'¹². Together with the Resolution of the Council on a European Agenda for Culture¹³ in November 2007 and the Council Conclusions on the Work Plan for Culture of the following June¹⁴, this development created **the first ever general policy framework for culture at European level**. Three strategic objectives were set :

- i) the promotion of cultural diversity and intercultural dialogue;
- ii) the promotion of culture as a catalyst for creativity in the framework of the Lisbon Strategy for growth, employment, innovation and competitiveness;
- iii) the promotion of culture as a vital element in the Union's international relations.

The explicit recognition of culture's role within the context of the Lisbon Strategy was an important part of this comprehensive approach, especially with the focus created by the designation as a priority of the aim of 'maximising the potential of cultural and creative industries, in particular that of SMEs'. The Agenda and the Work Plan also identified mechanisms for achieving the objectives set, ranging from a form of best practice exchange in the application of the open method of co-ordination suitably adapted for the cultural field through to improvements in the gathering of statistics and the conduct of targeted studies (including the current study).

¹² Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on a European agenda for culture in a globalizing world COM/2007/0242 final

¹³ Resolution of the Council of 16 November 2007 on a European Agenda for Culture. OJ 2007/C287/01.

¹⁴ Conclusions of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, on the Work Plan for Culture 2008-2010. OJ 2008/C 143/06

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

These developments therefore represented a significant movement in the position of culture in policy at a European level. Cultural policy became both more focused and also more pervasive as the basis was established for mainstreaming a cultural dimension in other policy areas. Above all though, for the first time, culture is clearly seen to be making a distinctive contribution to the achievement of the core objectives of the Lisbon Strategy.

The perspective of the European Agenda for Culture has been an important influence on the way that the study has been conducted. However, there have been some major developments in policy at a European level while the study has been under way, notably the publication by the Commission at the end of April 2010 of the **Green Paper on 'Unlocking the potential of cultural and creative industries'**.

The analysis in the Green Paper builds on the second objective of the European Agenda for Culture, which invited the EU to harness the potential of culture as a catalyst of creativity and innovation in the context of the Lisbon Strategy for growth and jobs. The Green Paper aims to spark a debate on the requirements for a truly stimulating creative environment for the cultural and creative sector. It considers multiple perspectives, from that of the business environment, capacity building and skills development to promoting interaction at a European level and the place of European creators on the world stage.

Cultural diversity, the digital shift and globalisation are identified as the main drivers for the further development of the sector, while clear recognition is given to the significance of development at the local and regional level and the exploitation of local specificities as part of integrated regional strategies. Furthermore strengths at the local and regional level, such as flexible creative clusters, are seen as a springboard for a stronger global presence, developed through strengthened interaction, increased exchange and mobility.

Among the striking themes of the Green Paper, the emphasis on the untapped potential in the cultural and creative industries to create growth and jobs is encouraging. It highlights the capacity of the sector to respond to the challenge of creating the right conditions for creativity and innovation to flourish in a new entrepreneurial culture, in particular by contributing to the Europe 2020 strategy and to some of its flagship initiatives such as the Innovation Union, the Digital Agenda, tackling climate change, the Agenda for new skills and new jobs or an industrial policy for the era of globalisation.

The aim of the Green Paper is to stimulate debate on the priorities for action at a European level. It poses a series of questions, on for instance, how to create more space and better support for experimentation, innovation and entrepreneurship in the cultural and creative industries. The current study hopes to provide a rich source of inspiration for possible responses to the questions posed.

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

Before leaving a consideration of the general context of culture policy at a European level, it is important to mention the **European Capitals of Culture** initiative that has had a considerable impact on the economic and social development of a number of cities and regions over a number of years. This initiative, launched in 1985, is supported by DG Education and Culture in the European Commission.

The Capitals of Culture showcase the cultural assets of designated European cities during the year when they become the focus of attention. The initiative has gone from strength to strength and the prestigious title is now very much sought after. It has played a critical part in the reorientation and reinvention of many of the cities designated and helped them re-launch themselves as vibrant, resourceful places, with a promising future. Increasingly, it has provided a major boost for the creative sectors of the cities concerned.

European Capitals of Culture

Up to and including 2010, 43 European cities or metropolitan areas have enjoyed the status of 'European Capital of Culture'

Introduced initially to ensure that European integration had a significant cultural dimension, the designation of cities as European Capitals of Culture has frequently had a galvanising effect across the whole local community. In many cases, it provides a clear illustration of how culture-based urban development can work extremely well.

Cities awarded the ECOC title develop a vision for their communities that frequently involves putting new life into local assets and traditions, giving direction and coherence to disparate activities and often rediscovering a sense of pride. Most see the year as providing the impetus for subsequent development and plan for systematic follow-up action.

Usually the scale of cultural investment is impressive. In the last decade, roughly half of expenditure went into the central cultural programme:

'ECOC cultural programmes are unique due to their scale, duration, scope and the range of stakeholders and partners. No other large-scale cultural events are directly comparable to ECOC, and hosting the event was an unprecedented experience for most cities.'¹⁵

Other expenditure is on infrastructure and supporting activity and although not formally part of Cohesion policy, many of the Capitals of Culture have made use of the

¹⁵ Palmer-Rae Associates 'European Cities and Capitals of Culture' 2004

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

Structural Funds for these purposes.

In particular, the Structural Funds have been used for :

- Building or restoring cultural infrastructure (theatres, museums etc.), increasing their visibility and use by the community and contributing to a sense of development and change (Examples: Glasgow, Oporto, Genoa, Lille, Liverpool)
- Building basic infrastructure (roads, public transport systems, waterfronts) providing access, improving use of space, and shaping the visual character of the city (examples: Pecs - highway; Essen for the Ruhr: integrated public transport; Liverpool, Tallinn – waterfront developments)
- Providing training in skills required by the cultural sector and more generally (cultural activities, tourism, guides, taxi/bus drivers, volunteers etc.). (Examples: Lille, Liverpool)

The evidence for the effectiveness of Capitals of Culture has been growing, in terms both of their impact on cultural life and on the economic and social development of the host communities. The work by Palmer-Rae Associates referred to above, reviewing the period 1995-2004, brought together an impressive array of evidence, while also highlighting the room for further improvement in data collection. More recently, the Impacts 08 team at Liverpool University has studied the effects of Liverpool's year as Capital of Culture in 2008 on the city and its region¹⁶. These included an additional spend by visitors of £753.8 million and a growth of 8% in the number of creative industry enterprises since 2004.

There will be further reference subsequently to specific cases where designation as a Capital of Culture has been an important as part of an integrated strategy for economic and social development that has also included mobilising significant support from the Structural Funds. This linkage with an overall concept of local development helps to create synergies and strengthen both the cultural and the economic and social effects.

2.1.2 Other EU Programmes with a culture dimension

Other EU programmes also potentially have a significant positive impact on culture and on inter-cultural understanding either through support for specific cultural projects, the use

¹⁶ Beatriz Garcia et al, Impacts 08 'Creating an impact: Liverpool's Experience as European Capital of Culture'

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

of foreign languages, the close link between learning and culture or the personal cultural experiences they stimulate.

In the **education** field, an important development has been the adoption of a Recommendation by the Council on December 2006 of a European Key Competences Reference Framework. "Cultural awareness and expression", along with "entrepreneurship" are highlighted as core parameters for the promotion of key competences for lifelong learning.¹⁷

Beyond the education area, a study addressing the themes of economic and social development must clearly take account of the rapid development in **Information and Communication Technologies (ICTs)**. ICTs can help improve access to culture for more people and potentially serve as a catalyst for creativity, stimulating innovation in all fields of art and social relations, in leisure activities, tourism and economic development.

The European Commission has given tremendous support to the development of ICT technology for the cultural and related sectors over many years, going back to the 4th Framework Research Programme and beyond. Under the current 7th Framework Programme, the ICT Work Programme is divided into seven 'Challenges' of strategic interest to European society, one of which is 'Digital libraries and content'.

In fact, it can be seen that the emphasis in the support for culture under the various Framework Programmes has shifted over time. Initially there tended to be a concentration on software applications and especially the networking and interchange of data. In more recent times this has been balanced by a concern for the development of content and an appreciation that Europe is particularly well-endowed in this area.

This balance is reflected in some of the recent major policy statements in the area. Digital developments have a high profile in the Green Paper on 'Unlocking the potential of cultural and creative industries', where the significance of content as well as the role of cultural and creative activities in promoting technological development is highlighted. Promoting cultural diversity and creative content is also a theme in the Commission's Communication, issued in May 2010, on '**A Digital Agenda for Europe**'¹⁸. This document is a major restatement of European ambitions for ICT and an action plan to address the various issues that are hindering the realisation of these ambitions and the development of a vibrant digital single market. There is therefore a focus on practical issues such as the

¹⁷ The *Key Competences for Lifelong Learning – A European Framework* is an annex of a Recommendation of the European Parliament and of the Council of 18 December 2006 on key competences for lifelong learning (2006/962/EC)

¹⁸ COM(2010) 245

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

challenges of the online distribution of audiovisual works and other creative content, resolving problems such as collective rights management and orphan works and the technical and commercial issues restricting the development of digital cinema. Nonetheless, the document also refers to access to content as a driver of developments and points to some of the on-going initiatives to improve this access.

Among these, the Digital Libraries initiative is part of the Commission's i2010 strategy for the digital economy. It aims to make Europe's diverse cultural and scientific heritage easier to access and more interesting to use online. It is creating electronic versions of the material in Europe's libraries, archives and museums, making them available online and preserving them for future generations. A further key element in this initiative is 'Europeana' a project that is setting up a single access point to the distributed repositories for the digital material.

At a policy level, the Commission's 'Recommendation on the digitisation and online accessibility of cultural material and digital preservation'¹⁹ calls on EU Member States to assist the process of getting Europe's cultural and scientific heritage online, not least by setting up large-scale digitisation facilities.

The exploitation of the extraordinary resources being made available by the Digital Libraries and similar initiatives presents great opportunities for individuals and enterprises all over Europe, but also a number of challenges that are the subject of active consideration at a European level²⁰. These include the management of intellectual property rights and the development of new business models.

In spite of these challenges, the more recent orientations of the research programmes, and programmes such as eContentplus, together with the Culture programmes and the Structural Funds have increasingly interacted and are all being used for actions promoting digitisation, digital preservation and accessibility of cultural content. This interplay and its implicit recognition of the significance of culture for the development of activities critical for the modern economy has provided both an important context for the study and a series of specific pointers for the gathering of relevant case material.

¹⁹ Commission Recommendation on the digitisation and online accessibility of cultural material and digital preservation of 25 August 2006

²⁰ See for instance the Final Report of the High Level Expert Group on Digital Libraries 'Digital Libraries: Recommendations and Challenges for the Future' December 2009 and the 'Final Report on the Content Online Platform', May 2009

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

2.2 The Economic Contribution of European Culture

Estimating the contribution of culture to the economy across Europe is fraught with **more than the usual statistical problems**. The first problem is that there is still not general agreement on how to delineate the cultural sector, neither in the narrower sense of those engaged in traditional 'cultural' activities nor in the broader sense of those whose activities draw on inspiration and creativity – the creative industries. The terms used and their definitions differ from one country to the other. One finds reference to the 'cultural and creative sectors', 'cultural industries' and 'creative industries' or simply the 'creative sector'. There are then other related terms such as those that refer to the 'experience economy'. The second problem is in aligning statistical categories with the various theoretical constructs. As a consequence, statistics must be used with great care.

A fundamental issue in all this is **the relationship between cultural activities and a broader set of creative activities** that build on the skills and assets of the cultural sector. In this study, artistic activity and the heritage sector is seen as being a dynamic force inspiring and shaping the broader set of activities, even when these are purely commercial in their objectives. Consideration of the 'creative sector' is thus understood to include cultural activities in a narrow sense, although in some contexts the phrase 'cultural and creative sectors' is used when it is useful to refer explicitly to both aspects.

This conception also carries over to discussions of strategy. The term 'culture-based strategy'²¹ is used to refer to development strategies that are driven from the cultural base, but that will also include a broader range of creative and other developments that can build on this base. Indeed, culture-based approaches will increasingly be integrated as a key element in a more general development strategy, as the cultural dimension is recognised as a critical theme in any comprehensive development strategy.

Nonetheless it is worthwhile examining the elements that make up the overall conception and here the approach taken is that established in the study on 'The Economy of Culture in Europe' undertaken by KEA European Affairs for the European Commission and completed in October 2006. This study distinguishes between:

- Core arts areas
- Cultural industries
- Creative industries

²¹ It was felt that using 'cultural strategy' would be inappropriate, since this could be confused with a strategy purely focused on cultural objectives with no reference to the development context.

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

Core arts areas include performing arts, visual arts, cultural and architectural heritage and literature.

"Cultural industries" include film, DVD and video, television and radio, video games, new media, music, books and press.

"Creative industries" are those industries which use culture as an input but whose outputs are mainly functional. For the purposes of this study, they include architecture, advertising, design and fashion.

The following diagram, taken from the study, summarises the situation :

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

Delineation of the cultural & creative sector

CIRCLES	SECTORS	SUB-SECTORS	CHARACTERISTICS
CORE ARTS FIELD	Visual arts	Crafts Paintings – Sculpture – Photography	<ul style="list-style-type: none"> • Non industrial activities. • Output are prototypes and “potentially copyrighted works” (i.e. these works have a high density of creation that would be eligible to copyright but they are however not systematically copyrighted, as it is the case for most craft works, some performing arts productions and visual arts, etc).
	Performing arts	Theatre - Dance – Circus - Festivals.	
	Heritage	Museums – Libraries - Archaeological sites - Archives.	
CIRCLE 1: CULTURAL INDUSTRIES	Film and Video		<ul style="list-style-type: none"> • Industrial activities aimed at massive reproduction. • Outputs are based on copyright.
	Television and radio		
	Video games		
	Music	Recorded music market – Live music performances – revenues of collecting societies in the music sector	
	Books and press	Book publishing - Magazine and press publishing	
CIRCLE 2: CREATIVE INDUSTRIES AND ACTIVITIES	Design	Fashion design, graphic design, interior design, product design	<ul style="list-style-type: none"> • Activities are not necessarily industrial, and may be prototypes. • Although outputs are based on copyright, they may include other intellectual property inputs (trademark for instance). • The use of creativity (creative skills and creative people originating in the arts field and in the field of cultural industries) is essential to the performances of these non cultural sectors.
	Architecture		
	Advertising		
CIRCLE 3: RELATED INDUSTRIES	PC manufacturers, MP3 player manufacturers, mobile industry, etc...		<ul style="list-style-type: none"> • This category is loose and impossible to circumscribe on the basis of clear criteria. It involves many other economic sectors that are dependent on the previous “circles”, such as the ICT sector.

: “the cultural sector”
 : “the creative sector”

The definitions used by this study correspond quite closely to those developed by the UK government’s Department for Culture, Media and Sport (DCMS) in a mapping of the creative sector in 1998 and the subsequent modified definition of creative industries in

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

2001.²² This DCMS definition has been used in other contexts beyond the UK, so the definitions that are being currently used are probably the closest that it is currently possible to get to a consensus definition.

The DCMS definition includes the following useful general statement of the scope of the creative sector. It encompasses:

“those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.”

Using its own definitions the study on **the ‘Economy of Culture in Europe’** estimated that :

- the cultural and creative sectors had a turnover of more than € 654 billion in 2003
- they accounted for 2.6% of EU GDP in 2003
- the overall growth of the sector's value added was 19,7% in 1999-2003
- the sector's growth in 1999-2003 was 12.3% higher than the growth of the general economy.
- in 2004, at least 5.8 million people worked in the sector (including cultural tourism), equivalent to 3.1% of the total employed population in Europe
- whereas total employment in the EU decreased in the period 2002- 2004, employment in the creative sector increased.

The sector is also reported to have a higher than usual skills level (46.8% of workers have at least a university degree against 25.7% in total employment²³). It has more flexible employment patterns and a high number of self-employed.

In 2007, Eurostat published a ‘Pocketbook’ on cultural statistics. This publication also notes ‘the lack of a robust definition of culture’. It opts for a relatively narrow focus, based on a framework that was established in 2000. This includes artistic and monumental heritage, archives, libraries, books and press, visual arts, architecture, performing arts and audiovisual/multimedia in the definition, but excludes design, advertising and software, computer games and electronic publishing. Work is currently

²² ‘Creative Industries Mapping Document 2001’ (2 ed.),DCMS 2001

²³ Economy of Culture in Europe

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

ongoing under the auspices of Eurostat to update this framework and provide a new definition of the scope of the cultural and creative sector.

On the basis of this narrower definition, Eurostat estimates that in 2005 cultural employment was 4.9 million people in EU-27- 2.4% of total employment. The publication again shows that persons working in the cultural field are generally better educated than those employed in the economy as a whole: nearly 48% of cultural workers have completed tertiary-level education, compared with 26% for the workforce in general. It also shows details the numbers employed across a range of cultural occupations.

Below the aggregate level a more varied picture emerges. In some of the more dynamic regions of Europe, the shares of the sector in output and employment are considerably greater and these shares have often increased at a faster rate than the average for the economy as a whole, though in some cases this has been with a pronounced degree of volatility.

London already had nearly 15% of its workforce working in the creative sector by 2002²⁴. Creative employment there is greater than that in financial services and forms part, it is claimed, of the largest creative cluster in the world. In Amsterdam the creative sector employed 7.4% of the workforce, in 2009²⁵, while in Berlin, it had reached around 10% of the workforce by 2006²⁶. Figures from a study on Italy and Spain²⁷ suggest that Milan, Rome and Madrid also had just short of 10% of local employment in the sector nearly a decade ago.

The **levels of creative sector activity in capital cities and large urban areas** contrast with levels elsewhere as is illustrated by the work of the European Cluster Observatory, which produced the following map of creative industries in 2009.

²⁴ GLA London ; London's Creative Sector: 2004 Update

²⁵ Gemeente Amsterdam Research and Statistics Service 'Monitor creatieve industrie 2008'

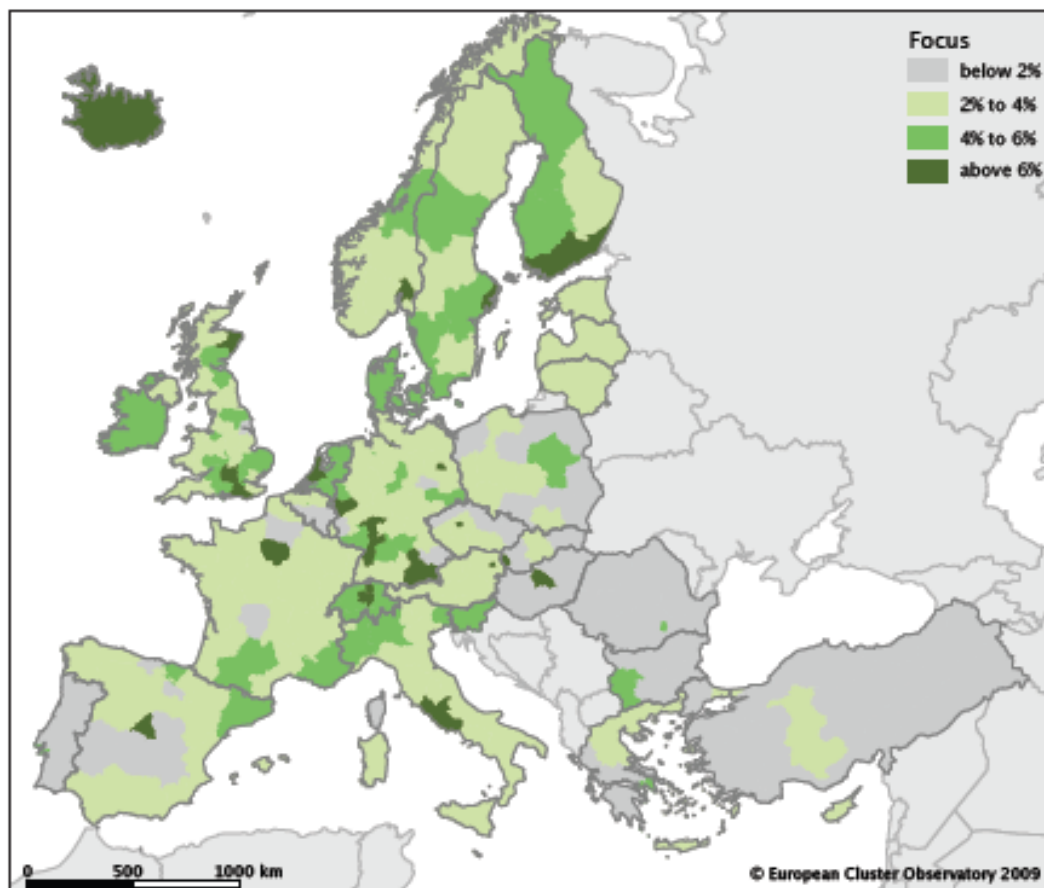
²⁶ Berlin Senate Department for Economics, Technology and Women's Issues 'Creative Industries in Berlin, Development and Potential 2008'

²⁷ L. Lazeretti, R. Boix & F. Capone 'Do creative industries cluster? Mapping Creative Local Production Systems in Italy and Spain' 2008

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

Creative industries clusters in Europe with a large employment share



There is a fair degree of dispersion in creative activity, but also hot spots in areas that are often already relatively prosperous, which together with relatively fast growth rates suggests **the possibility of a growing disparity**. This in itself could well develop into a significant issue for European cohesion, if pronounced differences emerge in the spatial distribution of developments in the creative sector.

This emerging problem may be more severe than is generally appreciated, largely because it is being masked by a failure to appreciate the significance of the sector. **Cultural and creative industries still have less of a profile than many of the traditional industries that they outperform**. Ironically this may be because they generate a high proportion of value-added locally. Because the main inputs are often intellectual or intangible rather than physical, they are provided directly rather than bought in. In other words, a high proportion of the value-added is directly generated, but this is not noticed by those who concentrate on the total value of output or turnover as an indication of the significance of

19

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

an industry. This, in spite of the worries of many involved in economic development about the implications of outsourcing to areas beyond the European Union.

The definitional difficulties and problems with accessing and comparing data make an overall assessment of the relative significance of the creative sector and its components particularly difficult to arrive at. Nonetheless, it is **clearly a growing sector with a potential for further growth**, moving towards and beyond 10% of employment in some of Europe's more dynamic areas.

2.2.1 Reaffirming the 'Public Value' of Culture

The problem of underestimating the significance of the cultural and creative sectors may be further exacerbated if it is correct that their contribution to the economy has itself been traditionally undervalued. There do appear to be grounds for such a case, for it would seem that a more substantial contribution is being made to the European economy by the cultural sector - both directly and indirectly - than the conventional statistics present.

Better appreciation of **the real direct contribution of the cultural sector** has been emerging in recent years and better techniques for estimating values have been developed, notably based on the concept of 'Public Value'. But there has also been a growing awareness emerging of the indirect and the dynamic effects of cultural activity on a modern economy and society and there has been increasing consideration given to Europe's cultural endowment as a strategic resource. An appreciation of the contribution of culture to creativity is a central part of this new understanding.

A study by Trine Bille Hansen²⁸ on the Royal Theatre in Copenhagen in 1995 was an early example of the use of a contingent valuation exercise to estimate the Danish population's real valuation of the Royal Theatre. It showed that the public's 'willingness-to-pay' was much higher than had been previously supposed and certainly exceeded the amount that the theatre received in public subsidies. Different representative population surveys carried out by the Centre for Cultural Research in Germany²⁹, during the past 35 years, showed a great appreciation of the large infrastructure and output of music theatres (opera etc.) in that country, including widespread support for its public funding. In the UK, the British Library³⁰ and the BBC³¹ have both conducted Public Value exercises that have

²⁸ Trine Bille Hansen 'The Willingness-to-Pay for the Royal Theatre in Copenhagen as a Public Good', available at : <http://www.springerlink.com/content/ku161438116706lm/>

²⁹ cf. www.kulturforschung.de/en/default.html

³⁰ British Library 'Measuring Our Value' : <http://www.bl.uk/pdf/measuring.pdf>

³¹ BBC 'Building public value' : <http://www.bbc.co.uk/info/policies/bpv.shtml>

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

attempted to account for the full extent of their impact on the UK economy and in the case of the BBC, public value estimation has become the basis for its current framework for public accountability.

Developments of this kind are welcome in terms of providing better and more quantitatively explicit assessments of the economic and social impacts of important cultural initiatives. They can play an important part in making the public policy case for investment in the cultural sector. They are also important, especially in the current context, in that they have promoted the development of methodologies that provide important conceptual tools in the economic and social analysis - tools that are increasingly being applied to provide a better understanding of the wider effects of cultural activity.

2.2.2 Culture in the Knowledge Economy

However, the most fundamental shift in the perception of the role of culture within modern society has been through an improved understanding of **the place for culture in the 'knowledge economy'**. Modern developed economies are distinguished by the fact that more people are now making a living out of expressing, shaping and using ideas than by making things. It is true that there have always been people who have lived off ideas and their ability to express them, but now there are a lot more of them and they are doing it in many more ways. There are designers and consultants of all kinds, software engineers, media people and new kinds of entertainers. Ultimately, this is because the public will pay for those who stimulate and entertain them and appeal to their aesthetic sense, while companies will pay for those who help shape the way they think and who provide inspiration and focus for their activities.

Within this world of ideas, the communication of culture has a dynamic role to play, providing direct creative input through its power to inspire and to facilitate new ideas and new approaches. It helps to structure this creative effort and promote quality, through the exercise of traditional disciplines, the deployment of specialised skills and the respect for authenticity that is a feature of much cultural effort. And the great repositories of culture in educational institutions, libraries, museums and archives constitute an immense resource that can be exploited in numerous ways. As the 18th Century British painter, Sir Joshua Reynolds, remarked: 'Genius begins with imitation'

The study on 'The Impact of Culture on Creativity', conducted for the European Commission by KEA Europe Affairs and completed in June 2009 brings together the case for culture having a major role in the knowledge economy. The report illustrates how **culture can drive technological and non-technological innovation, stimulate research and optimise the application of human resources in the development of new products**

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

and services. Among the other contributions it points to culture's role in branding and the communication of values.

'Culture-based creativity is an essential feature of a post-industrial economy. A firm needs more than an efficient manufacturing process, cost-control and a good technological base to remain competitive. It also requires a strong brand, motivated staff and a management that respects creativity and understands its process. It needs the development of products and services that meet citizens' expectations or that create these expectations. Culture-based creativity can be very helpful in this respect. In this new paradigm, marketing and services are as important as production..... as productivity gains at manufacturing level are no longer sufficient to establish a competitive advantage.'

Associated with the growing appreciation of the sources and significance of creativity, there has been some very important shifts in the understanding of innovation and how it drives competitiveness in recent years.

The literature on this subject is vast, but a useful statement of some of these new perspectives that is particularly relevant to the current study is the Commission Staff Working Document entitled 'Challenges for EU support to innovation in services'³² published in September 2009.

The document generally argues for a fresh look at **innovation** in services and how this is promoted. Service companies, generally, do not innovate less than manufacturing companies but do so differently, but policy on innovation promotion is still largely orientated towards a technology push model. Technology can be important for some types of service innovation. However, there are other aspects that can be of equal significance, particularly business process, marketing and organisational innovation. It is of interest that the stimulus to these forms of innovation can come from interaction with users and from employees as much as formal research and development. In this respect they exemplify the much more open forms of innovation, initially described by Chesbrough³³ in 2003. We shall see that the contribution of culture to these processes that are central to the functioning, especially of the dynamic parts of a modern economy, is a major reason for advocating the use of culture-based interventions within the Structural Funds.

³² Commission Staff Working Document entitled 'Challenges for EU support to innovation in services' SEC (2009) 1195 of 09.09.2009

³³ H. Chesbrough, 'Open Innovation: The New Imperative for Creating and Profiting from Technolog' (2003)

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

Digital culture is an area where there are an increasing number of interactions between culture and the economy in its widest sense. The potential of both individuals and institutions to participate in cultural activity and make use of cultural resources has clearly been greatly multiplied by ICT applications and this effect is being further amplified as Web 2.0 developments, with their emphasis on interactivity and engagement, are becoming more commonplace. ICT developments have not only introduced new forms of cultural expression, they have greatly assisted cultural institutions to manage their activities and to provide hugely wider access to their material in a variety of new forms.

Web technology, above all, has had a massive impact, not only vastly extending the audience but allowing content to be packaged in a variety of forms that make it suitable and more easily located for educational purposes and for specialised audiences, including those often previously excluded from participation. Web technology promises even more, particularly as it is applied more widely in mobile devices and combined with Web 2.0 developments. In recent times sites like You Tube, MySpace, Flickr and their subsequent variations have not only allowed (usually young) individuals to explore new forms of self-expression, but have also provided meeting places for encounters with more traditional culture as cultural institutions are placing their own material there as a way of attracting attention to their more conventional provision.

ICT, together with a series of social and educational developments characteristic of the knowledge economy is noticeably breaking down the barriers between conventional, so-called 'high', culture and everyday life, including commercial activity. Some people have dismissed this process as an example of 'dumbing down'. Experience suggests that there is reason to be much more optimistic. The coming together of culture and the work environment has clearly led to an enhancement of the quality of life for the individuals concerned and had commercial benefits for their organisations. The analysis of specific culture-based projects will provide further evidence to support this optimism.

Behind these developments, capacity for culture-based interventions has been building over many years. Interaction between cultural institutions and education has increased in recent years with support being provided in a variety of ways in order to make learning more direct and stimulating. 'Creative partnerships' in which cultural organisations, engage with education institutions and also research establishments, businesses and public administrations are being tested with a view to promoting creativity and innovation and better matching skills and jobs more closely. Similarly, cultural groups have increased their engagement with disadvantaged sections of society, including prisoners or people with a migrant background, usually supported by public funds from authorities who are keen to address issues of building and maintaining 'social capital' - the structures that promote cohesion in society both within social groups and between them.

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

Market economies need well-functioning social structures as well as a sound legal and administrative framework, if they are to function properly and, in fact, it appears to be the case that modern economies depend increasingly on relatively fragile social networks that are vulnerable to disruption, if proper attention is not paid to the need for social cohesiveness and common purpose. For these reasons, as well as being desirable in themselves, **social cohesion** and a sense of inclusiveness are important from an economic point of view. Culture-based projects have important contributions to make at this level.

2.3 Culture and the Structural Funds

The Structural Funds represent the most important tool of the European Union in financing economic and social development. After the Common Agriculture policy (CAP), the Structural Funds are the largest single block of finance.

2.3.1 The Structural Funds - 2000-2006

In the programming period 2000-2006 the Structural Funds had a budget of €195 billion (representing close to 30% of the total EU budget).

In this period the Structural Funds were divided into four specific funds:

- European Regional Development Fund (ERDF);
- European Social Fund (ESF);
- Financial Instruments for Fisheries Guidance (FIFG);
- European Agriculture Guidance and Guarantee Fund (EAGGF).

There was also the Cohesion Fund directed primarily towards transport and environment related infrastructure projects.

There were three priority objectives :

- Objective 1 areas were peripheral and underdeveloped regions;
- Objective 2 focused on those areas undergoing structural change (including former rural areas previously classified as Objective 5b until 2000);
- Objective 3 (funded by the ESF) focused on training of the unemployed.

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

Operational Programmes (OPs), managed at national or regional level, represented the main form of implementation, covering 94% of the total.

Community Initiatives (the INTERREG III, LEADER, EQUAL and URBAN Programmes), which accounted for 5.35% of the total Structural Funds, were managed directly by the Commission and were open to tender from local and regional authorities.

Innovative Actions funded through Article 22 of the ERDF accounted for a small proportion of the budget - no more than 0.5% of the total, and supported experimental schemes run by local or regional authorities to investigate and to develop innovative methods in economic and social development.

In parallel with the Structural Funds, there were aid programmes for candidate countries (PHARE, IPSA and SAPARD) with a total allocation of 21.8 billion euro, supporting projects and schemes to rejuvenate local economies in preparation for membership. In 2007, they were replaced by the Instrument of Pre-Accession (IPA).

All Structural Funds Operational Programmes have to be evaluated ex-ante, at the mid-term point and ex-post. The ex-post evaluations of the Operational Programmes are conducted by the Commission. At this time most of the ex-post evaluations for the 2000-2006 Structural Funds have not been published. The ex-ante and mid-term evaluations, undertaken by the Member States themselves, are in many cases available and provide information on the level of funding allocated to general priorities and more specific actions as well as on the actual level of expenditure for the 2000-06 period.

2.3.2 Culture within the Priorities of the Structural Funds 2000 - 06

An analysis of culture-based interventions with a large element of evaluation ought to start with the nature of the objectives set under the Structural Funds. Even identification of the objectives, however, is no easy matter, because of the multiple layers in the operation of the Structural Funds, at which the overall objectives set at a European level are interpreted and modified to address, first national and then local circumstances. Examination of the guidelines provided at the European level does though provide some insight into the nature of thinking of policy makers at the time that the Structural Fund frameworks were agreed. The priorities listed for the two programming periods in Decisions and Regulations of the Council and Parliament and in Communications from the Commission provide an indication of **the scope for culture-based activity under the Structural Funds** and how this has changed over the two periods.

In the 2000-06 period, taking account of the three priority objectives and of the guidelines set out at an EU level, Member State authorities developed Community Support

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

Frameworks (CSFs) that adjusted Community frameworks in the light of national circumstances and priorities and gave rise to the Operational Programmes (OPs)³⁴, that were managed at a national or regional level. OPs represented 94% of the total budget.

An important consideration for the current project is the scope for supporting cultural activities within this framework.

The Commission Communication on 'Cohesion Policy and Culture, A Contribution to Employment' of 1996 had identified a number of culture-related projects supported by the Structural Funds in an earlier period that had generated wealth and employment creation and contributed to the objectives of the EU regional policies.

The Council Regulation³⁵ of 21 June 1999 laying down general provisions on the Structural Funds for the 2000-06 programming period set the three general objectives referred to above. Guidance in addressing these objectives at national and regional levels was then set out in the Commission Communication³⁶ that followed up the Regulation, but it is worth noting that the preamble to the Regulation refers to the consideration that 'the qualitative and cultural dimension of life and the development of tourism' along with 'the quality of the natural and the man-made environment' contributes to making regions 'economically and socially more attractive' and encourages the creation of sustainable employment.

The Communication set three priorities to be taken into account by the Member States in developing support frameworks and Operational Programmes :

- increasing the competitiveness of regional economies, in order to create sustainable jobs;
- increasing employment and social cohesion, chiefly through the upgrading of human resources;
- urban and rural development in the context of a balanced European territory.

³⁴ CSFs and OPs were sometimes combined as Single Programming Documents.

³⁵ Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds

³⁶ Commission Communication of 1 July 1999 concerning the Structural Funds and their coordination with the Cohesion Fund: Guidelines for programmes in the period 2000-2006

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

Under the regional competitiveness priority and a sub-heading 'Competitive enterprises for employment creation', there was emphasis on the importance of employment in the service sector and among the 'areas with particular potential' 'tourism and culture' was identified.

The Communication goes on to explain the significance of this sector. Tourism is said to be one of the leading growth industries in Europe and worldwide, in terms of both output and employment creation. Tourism thus represents an important economic asset for a large number of regions, rural communities and cities in the Union and support for a balanced and sustainable development of tourism should be provided, in particular through:

- the modernisation of tourism-related infrastructures and the improvement of their efficiency,
- upgrading skills and professional profiles in order to respond better to the expectations of tourists and the needs of the industry,
- encouraging business-to-business partnerships, public-private cooperation and networking in order to improve the integration of the different services involved in the tourism chain.

Culture is said to be closely linked to tourism, since the cultural heritage of a region not only contributes to the development of a local or regional identity but also attracts tourists and helps in the development of sustainable, high-quality tourism. It thus offers opportunities for additional employment - of major importance to disadvantaged regions where there is a high concentration of cultural potential. The Communication concludes therefore that the cultural dimension needs to be integrated into tourism development strategies and, to this extent, it promotes the traditional view of culture's role within the economy, namely as one closely associated with tourism.

However, the Communication also provides the beginnings of a broader perspective on culture's role. It refers to culture as an 'economic growth point' and comments that 'the cultural potential of a region will render it more attractive to outside investors in general', that 'culture is also an increasingly important part of the private economy in its own right and that it has considerable potential for growth and job creation'. It therefore encourages Member States to 'make more use of the employment potential of innovative and creative cultural products, for example in the areas of culture-related online services, media and the information society or design ...' and it points out that flexible training linked to culture-related professions is not only needed by the cultural sectors

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

themselves, but also contributes to 'the preservation or modernisation of traditional activities and the establishment of entirely new skills, linked for example to the information society'. Other brief references to culture see it as contributing to the development of urban and rural areas through utilisation of their respective heritage.

Overall, therefore, at this stage (1999) and at this most general level in EU policy, the contribution of culture to tourism was still the predominant way of thinking about its potential contribution to the economy and society more generally. However, we already see **the beginnings of a broader conception of the role of culture** with reference to its importance in promoting the attractiveness of regions, encouraging inward investment, its links to developing information technology and an appreciation of its contribution to skills development.

2.3.3 The Structural Funds - 2007-2013

For the 2007-2013 period, funding of €347 billion (at current prices) was allocated.

A number of changes were introduced in the orientation and operation of the Structural Funds for the new programming period. In terms of objectives, the integrated guidelines for growth and jobs in the renewed Lisbon agenda are a central point of focus and in terms of their scope, the Structural Funds were restricted to the European Regional Development Fund, the European Social Fund and the Cohesion Fund. Together the rationale for the application of these Funds was developed as 'Cohesion policy' and three new broad objectives were established. The new objectives were :

- Convergence (81% of the funds) for the least developed regions (mainly former Objective 1) with GDP per capita at below 75% of EU average or those with above 75%, but only as a result of the statistical effect of enlargement;
- Regional competitiveness and employment (15.95%) for the regions (mainly former Objective 2) not covered by the Convergence Objective and those that benefit from transitional support due to the enlargement statistical effect;
- Territorial co-operation (or INTERREG IV) (2.52%) for regions (NUTS 3 level) situated along internal land borders, certain external land borders and certain regions situated along maritime borders separated by a maximum of 150 km. (For networks of cooperation all regions are eligible).

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

The orientations of 'Cohesion policy' were provided in the Strategic Guidelines set out in the Council Decision³⁷ of 6 October 2006. These guidelines indicated that the programmes supported should seek to target resources on the following three priorities :

- improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving the environment
- encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communication technologies
- creating more and better jobs by attracting more people into employment or entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital.

2.3.4 Culture within the Priorities of the Structural Funds 2007 - 13

References to culture in the guidelines are more integrated and hence more diffuse than in the previous period. A broad conception of the possible contribution of culture, hinted at in the guidelines for the previous programming period, now has a more central place and there is a correspondingly reduced reference to tourism as such. So, under the guideline relating to 'making Europe and its regions more attractive places in which to invest and work', there is reference to developing attractive conditions for businesses and for highly skilled staff and this can include the rehabilitation of the physical environment and 'the development of natural and cultural assets'. Under the guideline on 'more and better jobs', which is co-ordinated with the European Employment Guidelines, there is reference to investments to create improvements in social, health and cultural infrastructures as part of the overall orientation.

The most evident position for culture, however, comes under the provisions for the Territorial Dimension to Cohesion Policy. Here, first of all, culture is seen as an integral part of urban development, supporting the contribution of cities to growth and jobs and even being part a new conception of 'territorial cohesion' in this context, 'linked to each Member State's history, culture or institutional situation.' The role of culture in attracting and retaining very highly skilled personnel is equally recognized, together with its place in the rehabilitation of the physical environment and the redevelopment of brownfield sites through the preservation and development of historical and cultural heritage.

³⁷ Council Decision of 6 October 2006 on Community strategic guidelines on cohesion

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

Culture is also seen to be significant in ‘the economic diversification of rural areas, fisheries areas and areas with natural handicaps’. Here there is again a specific link with tourism, but it is a conception of a high quality and integrated form of tourism, delivering a wide range of benefits.

The position of culture then in local and regional development over the 2007-13 programming period, as expressed in the Guidelines for the Structural Funds at the most general level in 2006, may be summarised as follows :

Position of Culture in the SF Guidelines for the 2007-13 Programming Period
<ul style="list-style-type: none"> • Culture is seen to have a critical role in making Europe and its regions more attractive places in which to invest and work; • Cultural activities and facilities have an important place in the development of the physical environment of town and cities and, in particular, the rehabilitation of old industrial cities; • Culture is seen to be important in the attraction and retention of people with high skill levels; • Some recognition is given to culture making a direct contribution to the creation of more and better jobs and to the significance of natural and cultural assets and their interaction, but these concepts remain underdeveloped; • Cultural heritage is seen as being significant in the development of rural areas, especially through its contribution to rural tourism; • In general, tourism is still regarded as important, as is culture’s contribution to its development, but there is greater emphasis on the role of culture in contributing to the delivery of sustainable, high-quality tourism that is well integrated into other activities.

Interestingly however, in view of more recent developments, **there was no reference to the encouragement of creativity and innovation through culture** and in fact no reference to culture at all under the heading ‘Improving knowledge and innovation for growth’.

Furthermore, in both programming periods, explicit reference in the guidelines to cultural activities, while indicative of policy thinking at the time, is only part of the story. The capacity of culture-based projects to address other aspects of the guidelines is an important strength.

30

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

It has been seen that the initial examination of the intervention logic of the Structural Funds at their most general level does throw some interesting light on the expected role of culture in the two programming periods. Even though this expected role is stated in broad terms, a development can be observed from a concentration on culture's contribution to tourism in the earlier period to a broader conception of culture's role and, where tourism is mentioned, a greater emphasis on culture's contribution to high quality and sustainability. Already in the second period there is greater reference to making European regions more attractive places in which to invest and work, and to a series of other factors : the role of culture in the attraction and retention of people with high skill levels and the interaction between natural and cultural assets, especially in the delivery of sustainable, well integrated and high-quality tourism.

The objectives stated in the regulations do not in general reveal an understanding of the potential of culture to contribute, arguably in the most interesting way, to meeting other Structural Fund objectives and do not provide scope for the complexities of a more integrated approach that might have been expected especially in the second period. However, reference to the full range of objectives allows some of the other possibilities to be seen and also the relative presence of culture as a theme in the different parts of the overall structure. Furthermore, examining the intervention logic has a number of advantages. At the most general level, it allows an appreciation of the progress of ideas in the area. **There is a clear difference between the first statements made in 1999 and those made in 2006 and it is already possible to see how the debate had moved on since the beginning of the current period.** It is also important to see what were the initial objectives and expectations and contrast them with the actual outcomes. However, it is also necessary to follow the broad guidelines of Structural Fund policy at the top level down through the frameworks of the separate funds, in Community Initiatives and, at national and regional levels, in Support Frameworks and Operational Programmes to the point where they are being implemented in specific programmes. Clearly it is not possible to review all projects, nor even all OPs across all the relevant regions of the European Union. A more selective approach is being employed. Nonetheless it will be seen in the next section that it is possible to say something about the application of the general framework at the national and local level.

2.3.5 Culture-based Objectives within the Separate Structural Funds, 2000-2006 and 2007-2013

References in the general Structural Fund guidelines to culture and related activities became more specific at the level of particular funds and especially in the second programming period.

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

The ERDF Regulation³⁸ for the **2000-06 period** mentions among a list of 7 applications : 'the development of tourism and cultural investment, including the protection of cultural and natural heritage', stipulating 'provided that they are creating sustainable jobs'. ESF and FIFG make no specific mention of culture or related activities and EAGGF refers only to 'Renovation and development of villages & protection and conservation of the rural heritage' plus the 'Encouragement for tourist and craft activities' under 'Promoting the adaptation and development of rural areas'.

At a Community Initiative level, however, there is more detail. INTERREG talks of transnational co-operation in the 'sound management of cultural heritage' and mentions tourism and culture among 'Other more general topics' where there may be support. Leader+ mentions 'experimenting with new ways of: enhancing natural and cultural heritage' among the main list of its objectives, while URBAN II has several references, including 'Protection and restoration of buildings and public spaces, reclamation of derelict sites and contaminated land' and 'Preservation and enhancement of historic, cultural and environmental heritage'.

In the 2007-13 period, the provisions for culture-based activities in the separate funds are much more developed. With ERDF, there are provisions under each of the main priorities.

Priority 1 (Convergence) talks of '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 mentions aid to improve the supply of cultural services through new higher added-value services.

With Priority 2 (Regional competitiveness and employment) there is reference to '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'.

Under Priority 3 (European territorial cooperation) there are a number of references :

- encouraging entrepreneurship, in particular the development of SMEs, tourism, culture, and cross-border trade

³⁸ Regulation (EC) No 1783/1999 of the European Parliament and of the Council of 12 July 1999 on the European Regional Development Fund

CULTURE, THE CREATIVE ECONOMY & THE STRUCTURAL FUNDS

2

- encouraging and improving the joint protection and management of natural and cultural resources and prevention of natural and technological risks
- supporting links between urban and rural areas
- reducing isolation through improved access to transport, information and communication networks and services, and cross-border water, waste and energy systems and facilities
- developing collaboration, capacity and joint use of infrastructures, in particular in sectors such as health, culture, tourism and education.

ESF again makes no specific mention of culture-based provision, but does talk, for instance, of ‘reinforcing the social inclusion of disadvantaged people, in particular by promoting pathways to integration and re-entry into employment for disadvantaged people’.

Under Axis 3 (Wider rural development), EAFRD talks of supporting cultural and leisure activities, the renovation and development of villages and protection and conservation of the rural heritage and under a heading ‘Quality of life’ refers to ‘encouragement of tourism activities’ and ‘economic diversification’

EFF, this time talks of ‘promoting eco-tourism and regenerating and developing coastal hamlets and villages with fisheries activities and protecting and enhancing the natural and architectural heritage.

There are a series of references throughout the Structural Fund guidance at various levels to the role of culture within Cohesion policy. However, there is perhaps a less than full appreciation of the potential of the creative sector and its close relationship with the development of the knowledge economy. Certainly there appears to be **no overall vision for a coherent and systematic contribution from the sector to the resolution of the issues addressed by Cohesion policy**. It is of interest that when it comes to national and regional programmes, there are quite important differences that are beginning to emerge in the current period as between those Member States that see the creative sector as a possible area of competitive advantage and those Member States that still see culture in isolated terms or mainly as part of tourism development.³⁹

³⁹ Unfortunately, it has not been possible to follow up this theme systematically in examining the detail of Operational Programmes across the EU, but these differences in perception are something that is often apparent in the orientations of projects and instances of this will be referred to in the following chapter.

ANALYSIS OF THE EVIDENCE

3

This chapter sets out an examination of the evidence on culture-based programmes and projects supported by the Structural Funds. The aim is to give an account of the lessons to be drawn from a series of cases that illustrate various aspects of culture-based approaches to local and regional development.

3.1 Introduction

The interventions supporting local and regional development under the Structural Funds in the current and previous programming periods have taken place against a background situation which has been rapidly evolving. Especially in the last year or so, assumptions about general levels of activity – output and employment, about consumer behaviour and the nature of some of the drivers in the contemporary economy have all been called into question. There have also been some dramatic changes over the period since 2000 in the situation of the creative sector. Perhaps it would be useful, at the beginning of this examination of how culture-based activities have contributed to local and regional development, to summarise a number of considerations that now influence how we look back on developments over the decade.

Over this period a series of important characteristics in the creative sector have emerged :

Emerging Characteristics of the Creative Sector
<ul style="list-style-type: none"> • In many regions the creative sector is rapidly growing, outperforming other more established sectors in terms of growth in new businesses, turnover and employment; in many instances the absolute size of the sector now exceeds that of a range of traditional industries • Many cities and regions and some Member States have some form of creative sector strategy; the focus and detail of this strategy, however, vary considerably; in the most developed regions the promotion of the creative sector is part and parcel of a strategy for knowledge-based industries • Culture in its many forms is the dynamo of the creative economy; it provides the disciplines and inspiration, the infrastructure, the trained personnel, the motivation and the means of communication for so much of the broader creative sector. It is the source of the greater part of the creativity that gives the sector its name. • The contribution of the creative sector to the Lisbon objectives has increasingly been recognised and especially its dynamic qualities of creativity and innovation • The sector is diverse and variable, has relatively low entry barriers but good

ANALYSIS OF THE EVIDENCE

3

growth potential, makes productive use of ICT infrastructure and technology and tends to have flexible employment arrangements.

- The creative sector is able to exploit an extensive resource, developed over many years, in the form of the broadly based provision across Europe for education and training in the arts and humanities and in creative aspects of other disciplines.
- As well as its inherent dynamism and growth potential, the creative sector has a number of other attractive qualities from a local development perspective; it makes use of a range of skills at a series of different levels, it tends to be socially responsible and inclusive and it usually involves 'clean', environmentally friendly processes;
- In more technical terms, creative activities often generate positive externalities in the areas where they are located, their openness and interaction with other activities give rise to agglomeration and cluster effects and they tend to generate a high proportion of total value added locally.

Many of these characteristics were not widely perceived at the beginning of the period under consideration and we have seen that at that stage culture was still seen as a rather distinct and separate sphere of activity, only having economic impact through its role in tourism. Some of the wider social potential of cultural activities was hardly perceived at all. In particular, we have seen that the European Social Fund made no explicit provision for culture-based activity in its overall planning and guidelines.

It should be said that **the role of culture in the tourism sector** and as a direct earner of income and generator of employment should not be disregarded. It is of considerable importance in itself, especially for some regional and national economies. Nonetheless, this is now widely perceived to be only part of the picture.

Furthermore, although the general framework of policy at a national and a European level failed to take account of the wider possibilities in the creative sector at the beginning of the decade, there were exceptions to this in, for instance, the UK government's initiatives in this area and there were also many on the ground who saw wider possibilities. This is apparent in some of the case evidence that is to be considered.

3.2 The Extent of Culture-based Projects within the Structural Funds

First however, it is necessary to begin the account with an outline of the general expenditure on culture-based activities allocated in the two programming periods. We have seen that the Guidelines for the Structural Funds allowed for some expenditure on culture-related activities in both of the programming periods under consideration. These

ANALYSIS OF THE EVIDENCE

3

guidelines, of course, were supplemented by national and regional determination of priorities that meant that they were implemented in different ways in specific Operational Programmes and at project level. As was to be expected a rather variable picture emerges across the Member States in the extent to which culture-based activity has been supported.

3.2.1 Culture and the Structural Funds 2000-2006

A review of the DG REGIO database for the 2000-2006 programming period shows that cultural projects in the different Members States were financed through:

- Separate nation-wide Operational Programmes dedicated to culture;
- The inclusion of projects with a distinctive cultural aspect in Operational Programmes devoted to specific industries or areas of life (e.g. Operational Programmes concerning the development of the Information Society, tourism, urban renewal/development, environment or transport);
- Through the inclusion of activities with explicit or implicit culture elements in programmes concerning individual regions (the bulk of the Operational Programmes);
- Initiatives undertaken at Community level (i.e. INTERREG, Urban, Equal etc...)

An analysis in 2002 of the **Operational Programmes** of the 15 Member States of the European Union at the time for the European Forum for Arts and Heritage revealed significant differences among the countries in relation to the inclusion of culture as a priority. Table 1 below summarises some of the results along with figures showing the total funding allocated to each Member State for the period 2000-2006.

It can be noted from the table that southern EU countries and France showed a higher interest in funding cultural measures through the Structural Funds than northern EU countries. One may also identify important variations in the types of activity supported.

ANALYSIS OF THE EVIDENCE

3

Operational Programmes with culture-specific activities (2000-2006 Structural Funds)⁴⁰

Country	Total SF for the period 2000-2006 ⁴¹ (million Euros)	Total number of Operational Programmes	Dedicated national programmes	Regional programmes with culture priorities	Thematic /sectoral programmes with culture priorities	Participation in Community Initiative Programmes*
Austria	839	9		3		8
Belgium	1829	8		1		7
Denmark	745	1				3
Finland	1836	5		1		6
France	14620	27		11		19
Germany	28156	18		1		26
Greece	20961	19	1	5	2	5
Ireland	3088	6				4
Italy	28484	26		6		17
Luxembourg	78	1				3
Netherlands	2635	5		2		6
Portugal	19029	15	1	1		7
Spain	43087	23		6		16
Sweden	1908	6		1		5
UK	15635	20		4		7

Source: DG REGIO⁴²

* Primarily INTEREG and URBAN programmes. Cultural elements in EQUAL projects were not identified.

In Greece and Portugal, dedicated national Operational Programmes for culture were created along with specific priorities and actions relating to culture that were included in the regional and other thematic programmes. These dedicated “Culture” Operational Programmes focused primarily on heritage and museums and the modernisation of existing infrastructure and facilities (museum buildings, sites etc), with some provision for contemporary culture. In Greece there were also explicit culture-related priorities in the programme for ICT – promoting ICT use in the culture sector - as well in a programme supporting the tourism sector. These programmes will be considered in more detail below.

In France a very large number of regional programmes also had a culture-specific priority but in this case as well as heritage and tourism related activities there was substantial support for contemporary arts. A significant culture specific content was present in most

⁴⁰ European forum for the arts and heritage(EFAH), Structural funds, enlargement and the culture sector, A discussion paper written for EFAH, Pyrrhus Mercouris,2002

⁴¹ Excluding Community initiatives

⁴² General provisions on the Structural Funds – Allocation of funds,
<http://europa.eu/scadplus/leg/en/lvb/l60014.htm>

ANALYSIS OF THE EVIDENCE

3

Objective 1 regional programmes in Italy, where around € 2.7 billion were dedicated to the priority axis culture, and also in most of the Objective 1 regions of Spain.

The UK also integrated culture into most of the Operational Programmes but in this case there was a particular emphasis put on the support of cultural/creative industries (media, music, art and design) along with heritage and museums projects. Finally, some northern countries had no or a limited visible cultural dimension in their operational programmes. This is most particularly evident in Ireland, Luxembourg, and Denmark.

Among the 10 accession countries, Operational Programmes ran for the period 2004-2006. In these cases one can also find actions and programmes directly related to culture. Mostly, these were linked to the preservation of cultural heritage and cultural infrastructure – mainly in the programmes related to regional development⁴³.

Besides the Operational Programmes, culture-related projects have also been funded through the **Community Initiatives**. Projects supported from INTERREG focused on cross-border cooperation for cultural exchange and activities, heritage conservation, managing cultural heritage for tourism purposes and supporting SMEs involved in arts and crafts. According to the EFAH report⁴⁴ in 2002 there were 16 INTERREG IIIA transnational co-operation projects that included one or more culture supporting activities out of a total of 53. Culture activities were also supported under the INTERREG IIIB programme. The figures in the table above indicate the presence of cultural elements in a number of INTERREG and URBAN projects, which was to be expected. Note that the table may give the wrong impression about the extent of this activity, given that specific INTERREG projects would have participation from several Member States.

The cultural element in URBAN projects concerned the improvement of cultural infrastructures and artistic venues, art projects supporting social cohesion and programmes supporting SMEs involved in arts and crafts. The Leader + programme had as one of its priorities the development of natural and cultural resources in particular in areas of the Community defined under the NATURA 2000 initiative. It led to project proposals and actions that linked natural and cultural heritage with industry, developed archaeological sites and supported SMEs in arts and crafts. The EQUAL Programme did not have an explicit reference to the support of cultural activities.

For the enlargement countries, until 2007, PHARE, SAPARD and IPSA were the main EU financial support instruments, accessible in the period before joining the European Union. Overall, the level of support for culture related activities and projects was limited. In the

⁴³ In Poland, only 5% of a total of € 321 million that funded 217 projects were directed to non-capital related activities. <http://www.culturalpolicies.net/web/pprintm.php> (Compendium)

⁴⁴ European forum for the arts and heritage(EFAH), Structural funds, enlargement and the culture sector, A discussion paper written for EFAH, Pyrrhus Mercouris,2002

ANALYSIS OF THE EVIDENCE

3

previous 1995-1999 period, PHARE had supported the Bulgarian Cultural Programme with € 2 million supporting activities and events, professional training in the area of arts/heritage and a culture and book centre. Some support for culture also came from the SAPARD programme that focused on agriculture. Projects intended to preserve rural heritage in order to support rural development and enhance tourism were eligible for funding. ISPA focused on financing large environment and transport related project and did not provide opportunities for culture related activities.

3.2.2 Culture and the Structural Funds 2007-2013

In the 2007-2013 programming period, the three new broad objectives were allocated €347 billion (at current prices) :

The three objectives - Convergence, Regional competitiveness and employment and Territorial co-operation - are financed by the European Regional Development Fund, the European Social Fund and the Cohesion Fund and supersede the former Objectives 1,2,3 and the Community Initiatives.

At a national or regional level, the National Strategic Reference Framework document serves as the point of reference for the development of regional or national or thematic Operational Programmes. The Commission approves the Operational Programmes after assessing their contribution to the objectives and priorities of the national strategic reference programmes as well as the Commission Strategic Guidelines on Cohesion.

Figures provided on the DG REGIO website⁴⁵ summarise the current position. Between 2007 and 2013, planned **EU expenditure for culture under Cohesion policy** is said to amount to more than € 6 billion representing 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.

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.

⁴⁵ http://ec.europa.eu/regional_policy/themes/culture/index_en.htm

ANALYSIS OF THE EVIDENCE

3

Further information from the 27 national reference frameworks provided on the DG REGIO website⁴⁶ reveals that the share of ERDF allocated to culture again varies significantly during the course of the current programming period. There is however a much less clear division than before in the distribution of activity. In Denmark, for instance, where culture had a very minor role in the previous period there is substantial amount allocated. In contrast, according to the information provided by Inforegio, Ireland did not earmark any funding to culture.

The DG REGIO database⁴⁷ provides information on a number of **Operational Programmes** with culture-related priorities. It appears that most programmes with a cultural content fall under the convergence objective and include actions related both to the preservation of cultural heritage and also – in some countries or regions- the promotion and strengthening of creative industries as a sector with the potential to contribute to economic development.

In the national Operational Programmes of Bulgaria, Romania, Malta and the Czech Republic there are actions that primarily relate to cultural heritage and are strongly linked with tourism. At the regional scale, programmes in most countries also include priorities with actions relating to culture or cultural heritage. Under the competitiveness and employment objective, however, there are only a handful of programmes with a cultural element.

Allocation of 2007-2013 Structural Funds by Member State and presence of culture priorities in Operational Programmes

Country	Total SFs allocated (million Euros) ⁴⁸	% of ERDF dedicated to culture	Regional programmes with culture priorities	Thematic /sectoral programmes with culture/tourism priorities	Participation in Cross-border, transnational and interregional co-operation
Austria	1461	1.8	3		2
Belgium	2258	3.1			3
Bulgaria	6853	2.0		1	
Czech Republic	26692	2.3	5	1	5
Cyprus	640	6.5			
Denmark	613	4.8			4
Estonia	3456	2.3		1	
Finland	1716	3.2			2

⁴⁶ DG Regional policy, Cohesion policy 2007-2013

http://ec.europa.eu/regional_policy/atlas2007/index_en.htm

⁴⁷ DG Regional policy, Development programmes,

http://ec.europa.eu/regional_policy/country/prordn/index_en.cfm

⁴⁸ Includes all 3 objectives

ANALYSIS OF THE EVIDENCE

3

Country	Total SFs allocated (million Euros) ⁴⁸	% of ERDF dedicated to culture	Regional programmes with culture priorities	Thematic /sectoral programmes with culture/tourism priorities	Participation in Cross-border, transnational and interregional co-operation
France	14319	1.7	3		8
Germany	26340	1.6	4		10
Greece	20420	3.1	3		
Hungary	25307	2.0			1
Ireland	901	-			2
Italy	28812	2.9	4		2
Latvia	6885	1.1		1	1
Lithuania	4620	3.2			2
Luxembourg	65	-			1
Malta	855	9.5		1	
Netherlands	1907	3.1			1
Poland	67284	1.8	11	1	7
Portugal	21511	2.2	2		2
Romania	19668	1.3		1	
Slovakia	11588	2.3			2
Slovenia	4205	2.5		1	2
Spain	35217	1.3	1		2
Sweden	1891	2.4			3
UK	10613	0.7	1		3

Source: DG REGIO⁴⁹

Cross-border, transnational and interregional cooperation operation programmes (INTERREG IVC) have priorities mainly focusing on cultural heritage and the development of the cultural identity of cross-border regions.

In addition to the INTERREG projects with a cultural element in the current period, there should also be mention of URBACT II, which operates at a Community level. All Member States can participate and some 255 cities are involved in a range of projects, organised across 9 themes. The themes 'Cultural heritage and city development' and 'Innovation and creativity' are the most relevant, but cultural elements can appear under the other themes too. The Regions For Economic Change initiative promotes networking activities and a more systematic approach to the exchange of best practice. It is being delivered through the INTERREG IVC and URBACT II programmes, which have adopted the initiative's priorities in their own calls for projects.

⁴⁹ Cohesion Policy 2007-2013: Indicative financial Allocations, http://ec.europa.eu/regional_policy/policy/fonds/pdf/annexe-recto.pdf

ANALYSIS OF THE EVIDENCE

3

More generally, another breakdown provided by DG REGIO⁵⁰, sets out the detail of the **allocation by country and by implementation code**. It shows that not only is there an appreciable difference between Member States in relation to the proportion of Structural Funds devoted to culture, but there are also substantial differences in the distribution of these funds across the 3 implementation codes :

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

While Cyprus is devoting 100% of its allocation to the development of cultural infrastructure, the UK 84.5% and France 63.2%, Finland is allocating only 24.8% and Italy only 19.5% to this category and Romania is devoting 100% to protection and preservation of the cultural heritage

Overall, however, **the summary figures provided by DG REGIO show that only 1.7% of the Community funds available in the current period are being allocated to culture** (nearly € 6 billion). This figure is certainly an understatement, since it excludes all those projects that use cultural approaches to address other objectives. It is unfortunate that the real extent of culture-based projects, including those directed towards other objectives cannot be known. In the main, it will only be possible to point to the extent of this activity by showing what some individual projects have achieved. Some indications do exist however. In its study of arts and culture projects in the UK⁵¹ in the period 2000-2006, EUCLID, the UK Cultural Contact Point, identified over 1,200 arts and cultural projects being supported by EU Structural Funds with a total of over €400 million being allocated (around 2.6% of the total budget for the UK). Some of these projects were relatively large, but many were quite small, with a few receiving less than £ 2,000. The EUCLID study is also of interest in that it indicates which other objectives in broad terms, culture-based projects are addressing. Projects can be seen to involve a broad range of activities :

- Community development
- Economic & Competitiveness Development
- Environmental Development
- Innovations/Knowledge Economy Development

⁵⁰ http://ec.europa.eu/regional_policy/themes/index_en.htm

⁵¹ EUCLID, UK Cultural Contact Point 'Culture Delivers' June 2007

ANALYSIS OF THE EVIDENCE

3

- People Development (education, learning, training, skills)
- Rural Development
- SME Development
- Social Development/Integration
- Spatial/Urban Regeneration
- Tourism Development(Distinctiveness)

It will be seen in some of the subsequent detail that the contributions of culture to local and regional development are indeed many and varied and more pervasive than the overall headline figures suggest. It will also be seen that the interventions are often subtly framed and interrelated in ways that are characteristic of modern economic and social processes. The impacts are correspondingly varied and interrelated. In fact, it could be said that in pursuing the objectives of cohesion policy, the sector has applied to the shaping of particular projects some of the creativity and innovation that its main activities exhibit.

The information so far provided looks down, as it were, on the system as a whole. After this overview, for further insight into what is happening, we need to focus on activity at a programme and project level and examine particular cases that illustrate various aspects of the contribution of culture to local and regional development. This is, in fact, the core of the whole study and its original contribution.

The rest of this Chapter will therefore, point to **specific evidence of how culture-based projects are effectively addressing the objectives of Cohesion policy** – in more ways than was anticipated - and will illustrate the ingenuity and creativity that has gone into their planning and implementation. The account of this contribution will proceed through a series of themes highlighting different aspects and reference will be made to specific projects or programmes that provide the corresponding evidence. This approach has the advantage of providing clear illustration of the points that are being highlighted. It does have the disadvantage, however, that the rich experience of many of the projects illustrate more than one aspect of the unfolding argument. There will, therefore, be both a certain amount of cross reference and further analysis in the concluding chapter that brings together a number of these cross cutting themes.

3.3 The General Objectives of Cohesion Policy

At the most general level, the broad objectives of Cohesion policy and of the Structural Funds have remained largely the same over the two programming periods under consideration.

ANALYSIS OF THE EVIDENCE

3

A large part of the Funds have been directed in both periods to promoting the convergence of the economic performance of the EU's poorest regions on that of the more prosperous areas. Again in both periods, there have also been the objectives of promoting competitiveness and employment creation and the social cohesion of communities, especially in pockets of disadvantage in otherwise relatively prosperous areas. However, although to a certain extent it was more a question of emphasis than a new departure, the second period has been characterised by a relative stress on the themes of pursuing **a more integrated approach**, building interrelationships between regions and the centrality of the promotion of competitiveness and employment creation.

This greater focus in Cohesion policy was promoted further by the decision in 2006 to align the EU's policy instruments more closely with the objectives of the relaunched strategy for growth and jobs – the Lisbon Strategy. It was agreed that 60% of the Structural Fund expenditure of Member States under the Convergence objective and 75% of the expenditure under the Competitiveness and Employment would target the priorities established by the Strategy.

In convergence regions, it was recognised that interventions needed to address the modernisation and diversification of economic structures and the safeguarding or creation of sustainable jobs, but all areas supported by the Funds had to face the challenges of the knowledge-based economy, building competitiveness, by strengthening regional capacities for research and innovation, promoting entrepreneurship and engaging communities in developing skills and competences.

It has been seen that culture-based interventions in both periods were primarily intended, under the Structural Fund guidelines, to address structural issues, albeit in a broad sense. They were seen as being important as a way of putting facilities in place for tourism and later for other developments, regenerating tired or derelict areas in a dramatic way and improving the attractiveness of urban centres.

It has to be said that many localities, especially in Objective 1 or Convergence regions did need, and in some cases continue to need, investment in infrastructure. Most culture-based developments rely on physical facilities or points of reference as the basis for their activities and if these are not present they have to be created.

Furthermore, many convergence regions in Europe have a relatively rich heritage in terms of buildings, institutions, traditions and other intangibles that constitute important assets and potential sources of competitive advantage. Refurbishment and revitalisation of these assets make a lot of sense.

In addition, developments in the creative economy are most successful, if there is a sense of momentum and are embedded within a broader strategic approach. Relatively large-

ANALYSIS OF THE EVIDENCE

3

scale investment in physical infrastructure has a direct initial impact on employment in the construction sector and often in specialised restoration work. It is usually also visible to a wider community, it provides clear evidence that things are changing and helps to generate a new sense of expectation and optimism.

It will be seen in the specific cases to be examined in the following sections that **culture-based interventions have indeed addressed the specific needs of convergence regions** and have helped to create or revitalise the necessary infrastructure. Major sums have been invested in both periods for these purposes. However, it will also be seen that, as in other approaches, continuing development requires a broader range of issues to be addressed. Essentially, for sustainable development, the question of continuing competitiveness has to be resolved and to this extent the convergence and other objectives overlap.

There will be a return later to this question of how culture-based development addresses the different Structural Fund objectives at their most general level. In order to do this in any detail, however, it is necessary, first of all, to examine how interventions supported by the Structural Funds have met the more operational objectives established in the Structural Fund guidelines.

3.4 Investment in Infrastructure

Changing perceptions of how culture-based interventions can impact on local and regional development have resulted to an important extent from the experience of **development as a cumulative process**. The most successful interventions are those where a certain momentum is achieved and a creative process unleashed that utilises and refashions the achievements of earlier phases. And yet in this process, **it can be difficult to take short cuts**. If the right preconditions are not there, later stage developments are hindered or do not take place at all.

This is an important consideration for Cohesion Policy as a whole. If the creative sector is emerging as a major driving forces shaping the form of advanced economies, there is a danger that new regional disparities will emerge, as some areas are found to lack the basic assets and capabilities to deliver.

Some of the earlier interventions under the Structural Funds need to be seen in this light.

Two particular interventions in the 2000 – 06 period stand out. Greece and Portugal both had Operational Programmes specifically dedicated to Culture, together accounting for € 1.25 billion.

ANALYSIS OF THE EVIDENCE

3

A case study on these Operational Programmes is presented in Annex A. In summary their main features were as follows :

Case A1 Operational Programmes for Culture : Greece and Portugal

All of Greece and all but the Lisbon area and the Tagus Valley were designated Objective 1 areas in the programming period 2000 – 06. Lisbon and the Tagus Valley was a transitional area.

- Both Greece and Portugal have significant tourism sectors.
- € 647.8 million were spent under the Culture OP in Greece with a further € 393 million under regional OPs and Community Initiatives and € 95.5 million under the culture section of the Information Society OP.
- The budget for the Portuguese Culture OP was € 628.4 million.
- A large part of the expenditure in both cases was on new and restored infrastructure – museums, archaeological sites and monuments and facilities for contemporary culture.

In the case of Greece, the intention was to up-grade major cultural assets and create a more balanced range of facilities across the regions, while also supporting the development of digital content and access, as part of the promotion of the Information Society. In Portugal, the aims were possibly more ambitious in that investment in culture was seen as a significant element in a strategy for the development of the knowledge economy and there was a clear element in the Programme that was concerned with developing access and participation.

- Both countries achieved substantial concrete gains in the form of a revitalised cultural infrastructure and impacts on direct employment in the cultural sector.
- Evidence of the use of the infrastructure to generate further developments in the creative economy is relatively scarce in both countries. In the case of Portugal, evaluations report capacity problems and a failure to engage the private sector. The implementing organisations were largely in the public sector and the necessary creative and entrepreneurial skills were not stimulated.

For further details see Case 1 in Annex A.

In both OPs there was substantial investment in the construction and refurbishment of museums and facilities for archaeological sites and monuments. In Greece in particular there was also considerable investment in facilities for contemporary arts.

ANALYSIS OF THE EVIDENCE

3

There is no doubt that the Programmes delivered for both countries a **marked improvement of the cultural infrastructure**. There were many new and refurbished buildings providing attractive facilities and externally defining a new perspective on many public places. New jobs were provided directly in the construction and fitting out of the facilities (though apparently less than the number anticipated) and the tourism industry received a powerful injection of public investment, helping it to re-orientate itself towards more modern and sustainable forms. In many respects, though this heavy emphasis on infrastructure could be considered to be out of tune with more recent conceptions of a balanced contribution of culture-based projects to economic and social development. From a current perspective, the programmes' features paid too little attention to the measures necessary to promote competitiveness.

However, as well as pointing out that the Culture Operational Programmes reflected the Structural Fund guidelines of the time, it can be argued that the programmes of the two countries correctly addressed particular national circumstances, including the relative importance of tourism to their national economies. It is of interest that the slightly more ambitious programme that was implemented in Portugal ran ahead of itself in some significant respects and encountered problems in the capacity of the creative sector to deliver on a more ambitious scale.

The creation of attractive spaces has an important symbolic significance and ensuring that these facilities are provided in a balanced way across the regions, rather than being concentrated in the main metropolitan areas, is a major part of encouraging a balanced development of the creative sector and contributed to the achievement of convergence objectives across a wide area. The physical environment and cultural facilities, especially if, as in the case of Greece, these are specifically designed so that they can intelligently serve multiple purposes, are important components in an integrated development strategy. They are not sufficient for the creation of a thriving creative sector, but they are necessary.

The difficulties encountered in **going beyond the infrastructure investment** to generate a more dynamic basis for a knowledge-based economy are also illuminating. In the case of Greece, elements of this transition were evident in the links made between the culture sector and the initiatives under the Operational Programme targeted at the promotion of the Information Society, a development that has been followed up in the current programming period. Portugal envisaged a more generic process and also made provision for stimulating demand for creative outputs as well developing the supply side. However, with the chosen delivery mechanisms primarily focused on public sector agencies and organisations and a lack of capacity revealed in the private sector's ability to make productive use of the facilities and opportunities provided by the Programme, the Mid-term Evaluation Report paints a picture that highlights the need for a more measured and

ANALYSIS OF THE EVIDENCE

3

systematic approach to the exploitation of cultural investments, ensuring that all the necessary elements are in place at the appropriate time.⁵² The various elements in this more measured approach are examined in the following sections and it will be seen that in the current period there are interesting initiatives in Portugal that are building creative capacities in the country from the bottom up.

At this stage our conclusion must be that infrastructure investment in cultural facilities and public spaces is often a necessary foundation for the development of an active creative sector, but it is not sufficient. Investment in infrastructure needs to take place within a strategy that anticipates further developments that will effectively exploit the infrastructure that has been put in place and engage a wider community in both the public and private sectors.

The use of a dedicated Operational Programme for Culture has not been repeated in the current programming period. Arguably, until a more widespread consensus is developed on the key elements in a comprehensive strategy to develop the cultural and creative aspects of national economies, it is appropriate not to focus activity in a dedicated Operational Programme, especially in view of the regional variations in the overall mix of the necessary elements. There are numerous cases, however, as can be seen in section 3.2, of cultural elements playing a part in regional or thematic Operational Programmes, sometimes within a consistent national approach.

The case of Poland is interesting. Poland is the largest of the new Member States and also the most active in claiming an important position for culture in the application of European funding. For the three-year interim plan after accession in 2004, opportunities for culture were guaranteed in four of the six Operational Programmes – although none was specifically geared to culture.

In each of these programmes various projects with a cultural scope were possible, including maintenance and protection of cultural heritage, development of cultural tourism, the building and expansion of the cultural infrastructure, artistic education at all levels, development of the Information Society infrastructure and support for the culture sector.

52

Augusto Mateus & Associados and Geoldeia 'Update on the Mid-Term Evaluation of the Operational Programme for Culture' October 2005

. Augusto Mateus & Associados and Geoldeia 'Update on the Mid-Term Evaluation of the Operational Programme for Culture' October 2005

ANALYSIS OF THE EVIDENCE

3

At a national level an Integrated Operational Programme was established which resulted in about 150 cultural-related projects, absorbing € 250 million out of a total budget of € 4,084 million.

The initial assessment of these cultural investments in the 2004-2006 period, was positive, and in 10 out of the 16 Regional Operational Programmes for 2007-2013, there is an explicit acknowledgment of culture as an agent of development. In addition, one of the Priorities of the national Infrastructure and Environment Operational Programme is called 'Culture and Cultural Heritage'.

This systematic and integrated approach is further promoted by an instrument developed by the Polish Ministry of Culture and National Heritage : a special programme called the 'Promise of the Minister of Culture' (Promesa Ministra Kultury). This programme offers financial support to cultural projects that are awarded European funding. In other words, it provides at least part of the co-finance for Structural Fund projects.

Behind this is a relatively sophisticated appreciation of the various ways that culture can contribute to the development of modern societies. Culture's direct generation of economic activity and employment and its provision of inputs into the business processes of the creative sector is, of course, realised. But it is also appreciated that culture can help to transform the perspectives of less dynamic areas, promote greater social cohesion and improve the integration of disadvantaged groups.

It remains to be seen how projects financed in the current period perform, but **the positive attitude of the Polish authorities contrasts with that in other new Member States**, where cultural ministries and programme managers have been more reluctant to give culture a prominent and explicit place in the Structural Fund programmes.

Much would therefore appear to depend on how far national authorities perceive the potential contribution of culture to the balanced development of their economies. It will be seen subsequently that often it is the local and regional authorities who have the most positive and interesting perspective. At whatever level, however, the lessons of the Greek and Portuguese Operational Programmes would appear to be that, although infrastructure investment has its place, it needs to be part of a strategy in which there is complementary investment in developing capacity to make use of and build on the facilities created by the core investment.

The following sections will provide further elements that constitute the building blocks of a strategy for culture-based development.

ANALYSIS OF THE EVIDENCE

3

3.5 Making Europe and its Regions More Attractive Places in which to Invest and Work

The power of culture-based investment to transform formerly derelict areas and to inject new life into tired or conventional urban districts has been well established. The Guggenheim in Bilbao and the Imperial War Museum in Manchester provide well recognized examples. Through the symbolic power of iconic buildings and the redefinition of urban spaces through the sheer physical presence of new cultural facilities, attitudes are changed, new confidence and ambition are injected and talent and further investment are attracted. By creating more attractive places in this way, cultural institutions have economic effects and improve the general quality of life, including helping to establish a better work-life balance.

Proof of the economic significance of the externalities generated by such initiatives is provided by the willingness of property developers to part-fund projects of this kind, because of the spill-over effects on the value of land and property in the surrounding area, but, of course, the effects are much wider than this. And they are not necessarily associated with striking new buildings that are inevitably few and far between. It is possible to make a substantial difference to urban centres and surrounding areas through intervention that they do not necessarily attract widespread attention. As well as the beneficial effects arising with changed attitudes and perceptions, new confidence can trigger, and then act as a focus for, associated activities and networking and thus help to initiate the development of agglomeration effects.

Our survey of interventions supported by the Structural Funds revealed the diversity of the ways that these processes have developed around a cultural focal point. In the broader set of illustrative cases that accompany the study there are, first of all, examples of redevelopment projects that have had specific effects. In the case of the Augarten urban park in Vienna (case II.B31) or the restoration of the former Leopolda railway station in Pisa in Italy (case II.B24), the developments were central to the regeneration of a particular area. With the restoration of the castle of Snežnik in Slovenia (case II.B34), it was more a matter of providing a focal point for tourism and creative sector developments. With other projects, however, involving investment in infrastructure in both programming periods, there are examples where the physical investment has been much more clearly complemented by 'soft' investment that develops a capacity to make use of, and build on, the physical facilities.

The case of Cartagena in Spain (case II.B14) illustrates an integrated approach across the city, involving investment in infrastructure and regeneration of certain areas, but also investment in transport and information and research centres, plus an effective marketing campaign. The National Dance Centre project in Newcastle-upon-Tyne in England (case II.B41) created new facilities, but also deliberately set out to act as a focus for a cluster for

ANALYSIS OF THE EVIDENCE

3

local creative SMEs, while Medint – a network project supported by URBACT (case II.B23) – brought together a group of Mediterranean cities precisely to analyse and share the lessons to be derived from integrated approaches to urban development.

Further detail on these projects is available in the accompanying case studies (see Annex II.B). For the moment, however, our consideration of culture-based contributions will concentrate on two other cases. They are both from Germany, as it happens, but in their distinctively different approaches, they illustrate how **investment in cultural facilities can have a variety of forms and still generate significant and dynamic effects** across and beyond their respective regions.

In the case of the Zollverein project in the German Ruhr district, the industrial heritage of the area has been transformed from a liability into a major asset.

CASE A2 Industrial Heritage in the Ruhrgebiet

The industrial past of the Ruhr area – ‘Ruhrgebiet’ has left a distinctive legacy in terms of the physical landscape, the economic structure and the social make-up of the area.

The rescue and rehabilitation of the Zollverein mining complex in the heart of the Ruhr has been an imaginative enterprise, with many actors and contributors, that has been on-going for over a decade. In 2001 it was nominated a UNESCO World Heritage Site.

- From an early stage multiple uses were envisaged for the facilities of the Zollverein site. As well as a modern mining and industrial museum, visitor and exhibition facilities, spectacular stage performances, international festivals and other events, the parallel encouragement of business activity has been a notable feature of the site’s development, especially in design and architecture, where it was possible to draw on the Bauhaus architectural heritage of the site.
- There has also been a larger vision for the site as a focal point for a broader transformation of the conurbation in the creation of a Ruhr Metropolis.
- The North Rhine-Westphalia (NRW) Objective 2 Programme for 2000 – 06 made critical contributions to the development of the Zollverein complex. The Programme provided € 61 million, of which € 30.6 million was in European support. Other sources of funding included regional and local funds.
- A judicious mixture of support for physical and organisational infrastructure saw projects that led to :
 - the strengthening of the site as a visitor attraction, with the Ruhr Museum

ANALYSIS OF THE EVIDENCE

3

- the creation of a training academy for Management and Design;
- the establishment of a quinquennial World Design Forum;
- a Business Park, with incubation facilities, again focusing on design.
- 170 enterprises have been created with approximately 1000 new jobs. Around 70% of Zollverein companies belong to the creative sector
- In the region as a whole, the growth in the number of creative companies since 2006 is 14 % - twice as high as any other industry

For further details see case 2 in Annex II.A.

The Ruhr area is the third largest conurbation in Europe after the Greater London and Paris regions and clearly faced multiple problems when its heavy industry ceased to be viable in the 1980's and 90's. The Zollverein site is a large former coal mine and coking plant and its transformation is a classic example of how an industrial heritage can be used as a vehicle for the development of sustainable contemporary cultural activity and as a stimulus for design, architecture and a broader range of creative sector activities, including advertising, media, film, publishing and software.

The Structural Fund intervention supported significant elements within a much larger development, which together helped to create a broadly based momentum, generating a dynamic range of new activities and putting Zollverein in a position to become a pivotal part of the transformation of the Ruhr Metropolis. This strategic position of Zollverein as much as the creation of 1,000 new jobs and 170 enterprises (70 % of which are in the creative sector) is an important part of the continuing impact of the site on the whole conurbation, reflecting the new sense of confidence and purpose generated. It also actively promotes new conceptions of what is possible in the interactions between cultural activity and the economy including the stimulation of new perceptions on the nature of culture itself. It is appropriate in this context that Zollverein is the location for the launch this year of Essen for the Ruhr, European Capital of Culture, and will play an important part in a programme of activities that, has the creative industry as one of its main themes⁵³.

The **integrated nature of the development** is apparent. Planning at an early stage did not simply aim to rehabilitate the former industrial site, but also to identify and exploit its commercial strengths, building for instance on the Bauhaus heritage to promote design and architectural services. This in turn has been consolidated with training facilities, the

⁵³ Linz in 2009 also had a programme focusing on creative industries – primarily new media and digital art.

ANALYSIS OF THE EVIDENCE

3

specialised business park and the hosting of the Design Forum. This systematic approach is clearly a factor in the strong growth in the number of creative companies in the region

Equally, just as Zollverein shows that a stimulus from a cultural development can help relaunch an area, without necessarily involving investment in a classic high profile cultural institution, other examples show that a heritage-based development, although clearly a viable route, is not the only way that cultural action can making areas more attractive places in which to live work and invest.

The Musikpark Mannheim is essentially a **specialised business incubator** with a focus on music and dance. Its creation was also a strategic investment in a depressed area of an otherwise buoyant regional economy. However, the intervention turned out to have wider significance than might have been initially supposed.

CASE A3 Musikpark Mannheim - Music Transforming an Area

Musikpark Mannheim was the first business incubator in Germany devoted to the music industry.

It was created as part of a response from 2004 onwards to the problems of a former manufacturing (Objective 2) area of Mannheim and has played a significant role in transforming the district, as well as adding to the economic, cultural and social life of the city and broader region.

The combination of cultural and business facilities allow the incubator to address both the creative and business needs of its enterprises :

- Musikpark provides a full range of technical facilities : sound studios, a TV studio, a performance room and a workshop, plus stylish meeting rooms for business negotiations and planning.
- It also provides a range of business support services, including an internet portal, accounting and administrative support, access to other business support agencies and other professional services.
- Individuals and groups directly involved in music and dance are assisted but equally businesses in areas such as music production and distribution, publishers, agents, graphic design, photography, ticketing, management consultancy, IT and web publishing
- Advice is provided for start-ups and enterprises about business formalities and processes, accessing a special seed-fund package and business administration

ANALYSIS OF THE EVIDENCE

3

more generally, but also about the music sector, business strategy and the importance of networking.

- The Musikpark has become a competence centre for the creative sector, providing training directly and facilitating co-operation with higher education institutions.
- From the beginning of the project the incubator space was fully rented out; 60 music-orientated enterprises have been created and 240 jobs; the annual turnover of the enterprises in the Musikpark is around € 20 Million.
- The facility was expanded in 2008.

For further details see case 3 in Annex II.A.

The Musikpark provides an example of effective local and regional development, directly addressing the objectives of the regional Operational Programme, and drawing its strength from a clear focus on music and dance. The particular area of specialisation chosen offered clear commercial potential, while also providing the basis for engagement with the local community.

The effectiveness of the project is indicated in the number of new businesses, jobs created and sales achieved, but there are clearly additional positive externalities arising. Its role in changing the fortunes of a depressed area of Mannheim shows that even relatively modest physical developments can have an impact in changing the image and direction of an area. The development of an innovative business incubator, combining support for the art form with business facilities and advice, has stimulated both the enterprises that rent premises and the wider business community and, in this respect, the case also provides a good example of the significance of well-organised artistic and business support. In addition, the contribution of the Musikpark to social and cultural development and to the quality of life in Mannheim and its region should not be neglected. In this respect it is helping to modernise the wider regional economy, introducing new business models and new ways of working and promoting the broader development of the knowledge economy across the region, not least through its networking with the region's institutes of higher education.

It is significant that as well as acting as points of reference in their respective areas and delivering some of the advantages of cultural infrastructure anticipated from the investment associated with the Greek and Portuguese Operational Programmes, both Zollverein and the Musikpark Mannheim combined cultural action with the provision of various forms of business support, a theme that will be picked up in subsequent sections.

ANALYSIS OF THE EVIDENCE

3

The Musikpark example shows that investment in cultural infrastructure can indeed be an effective way of transforming an area. It also shows that this type of investment is not restricted to high profile public architecture, valuable though that can be. In fact, it can take a variety of forms and mirror the diversity of cultural expression. It is thus a very flexible instrument for any strategy of redevelopment and can be variously reproduced in many different circumstances.

3.6 Developing a Culture-based Strategy and Promoting Territorial Cohesion

It has been seen that investment in cultural infrastructure can play an important part in establishing a basis for a sustainable process of local and regional development, by communicating a change of direction, encouraging new attitudes and providing new facilities that redefine public space, often at the heart of a community. To that extent, cultural interventions are making an important contribution to the objective of making Europe and its regions more attractive places in which to invest and work. It has also been seen that some significant interventions go well beyond the delivery of infrastructure, by using the initial investment as a platform for a range of additional activities. The nature of these activities and their co-ordination will be explored further in this and subsequent sections.

It is worth pausing, however, before going on to examine other elements forming part of a successful strategy for culture-based local and regional development. While it has been seen that investment in facilities and infrastructure can be a significant part of culture-based development, the examples of Zollverein and the Musikpark Mannheim have already shown that this investment has to be supplemented by support for artistic and business processes. These other elements have to be examined further, but first a few additional remarks on the limitations of an approach that simply concentrates on investment in infrastructure, since a degree of caution needs to be exercised with investments of this kind.

A fundamental problem is that often **it can be difficult to ensure that new cultural facilities are self-sustaining**. They might contribute in an important way to the cultural life of a city or region, and be justified for that reason. However, if this is their sole purpose they will require public subsidy and there are always other claims on the public purse. In some circumstances, economic justification may be provided by the support that cultural infrastructure gives to the tourism industry, but the extent to which this rationale applies varies considerably from one location to another and certainly cannot be relevant in every situation.

Furthermore, the emphasis on the improvement of physical infrastructure and of public spaces that characterises the investment that has been referred to seems to have an

ANALYSIS OF THE EVIDENCE

3

inherently urban bias, speaking of an instrument that is adapted to addressing problems of urban dereliction and promoting vitality in urban centres, but saying little of the problems of wider regions, not to mention those of rural areas. The analysis so far would therefore appear to be somewhat partial, in the sense both of failing to give a complete account of the elements necessary for sustained development and also of seeming to say little that was relevant to the main part of the land mass covered by Cohesion policy.

The significance of these apparent failings is further heightened by developments in the debates leading up to the formulation of the guidelines for Cohesion policy in the 2007 – 13 programming period. Particularly in the context of the Lisbon Strategy, the use of infrastructure investment as an instrument of development had generally been criticised, when such investment failed to improve the competitiveness of the assisted area and in particular was not helping enterprises to be more competitive.

At the same time, reflection on the territorial dimension of development policy placed increasing emphasis on **the linkages that are important in modern economies**, so that it can no longer be sufficient to concentrate on particular areas or sectors. Successful city centres are now often seen as hubs in systems of transport, communication and social networks that extend across large areas (albeit with varying intensity and effectiveness). Similarly, it is increasingly common to see business processes as flexible interactions that cut across sectoral definitions and attention has been directed to clusters of enterprises grouped around particular types of activity, but not necessarily all in the same industrial sector. In policy terms, the call has been for integrated approaches to multi-faceted problems.

It will be seen that in fact, successful culture based interventions already meet these potential criticisms. Infrastructure does have its place, as has been said, but the best experience appears to show that this type of investment is only really sustainable, if it is part of a more comprehensive strategy that also addresses subsequent development and has a clear place in the region's overall development strategy. Examples of this more sophisticated approach will be set out in the following sections, beginning with cases that illustrate the development of a consistent strategy. At this stage, it will be noted that the case to be considered provided evidence on the effectiveness of an integrated culture-based intervention at the beginning of the current programming period. Unfortunately it was not sufficient to influence the thinking that created the framework for the current programming period. So it was that although the Structural Fund guidelines for the 2007-13 programming period identify a number of areas where culture-based initiatives could in fact make significant contributions, there was little direct encouragement of the cultural or creative sector or of its distinctive approach to contemporary economic and social issues. It even appears that in some Member States cultural organisations have

ANALYSIS OF THE EVIDENCE

3

been actively discouraged from applying for funds for projects that were clearly culture-based.

In the following sections, it will be shown that culture-based interventions can indeed address the problems that have been outlined and that their potential application is not restricted to urban centres. It will be further demonstrated that **investment can become self-sustaining** and generate significant returns and that the interventions are not restricted to making improvements in the infrastructure, but can contribute to developments at the heart of a modern knowledge-based economy. In fact they can make a useful contribution to meeting a wide range of Structural Fund objectives beyond those anticipated in the guidelines.

On the ground, these discussions about policy direction do not have the same resonance. People address immediate problems more directly and generalise from experience. And so, it is now apparent that many of the issues that appear in the formulation of the objectives and guidelines for Cohesion policy were in fact being addressed by the cultural sector, often by insightful and dedicated individuals. Developments were taking place in the thinking about a more structured, systematic and strategic approach to culture-based intervention in local and regional development.

Already in the 2000 – 06 programming period, an interesting strategic initiative was under way, co-ordinated by Lille Métropole – the Culture & Urban Regeneration project :

Case A4 Development of Strategy – Culture & Urban Regeneration – URBACT
<p>The URBACT Programme was launched under the URBAN Community Initiative in 2002.</p> <p>The Culture & Urban Regeneration project was a pan-European URBACT network co-ordinated by Lille Métropole that involved 16 European cities of differing sizes.</p> <p>Perception of the potential of culture-based urban development seems to be better established at a city and regional level than at a national and European level.</p> <p>The project examined some 80 cases of good practice and also commissioned studies from well-known experts covering the physical, economic and social dimensions of city development. There was also a separate study on taking an integrated approach to culture-based urban development.</p> <p>Lille Métropole brought its own experience to the project. It is a city that has had adjustment problems in moving on from its industrial past. This process has been helped by a rediscovery of its heritage, together with a growing appreciation of its place</p>

ANALYSIS OF THE EVIDENCE

3

within a more extensive transborder region. Its year as European Capital of Culture in 2004 played a critical part in relation to both aspects of the city's new identity.

Other major cities in Europe (including partners in the project) have understood the significance of their cultural assets and the creative sector is a major factor in their current development.

- London had over half a million people working in creative industries, at the time of the study, and in output terms the sector was second only to business services in importance (greater than the financial sector).
- 7% of jobs in Amsterdam and 9% of the business turnover in Helsinki were from the creative sector, which was also one of the fastest growing sectors in these cities.

The studies set out the detail of the case for culture-based development. The cultural dimension was seen as crucial to the effectiveness of urban regeneration initiatives and the competitiveness of cities. It makes a direct contribution to wealth and the creation of high quality jobs, but also drives innovation in the broader economy.

A series of recommendations were made. The adoption of an integrated approach was central to many of them.

For further details see case 4 in Annex II.A.

The Culture & Urban Regeneration project is of particular interest because of the quality of its best practice analysis and the studies that it commissioned. The studies on the physical, economic and social dimensions of urban development and the separate study emphasising the integration of all these dimensions provide a clear statement of the basic case for culture-based local development. Among the wealth of detail, these studies point to the dynamic role that the creative sector is playing in major cities like London, Amsterdam and Helsinki. It is emphasised that it is not possible to have a model that applies in all circumstances, but a co-ordinated attention to the critical elements of the culture-based approach, led by the local authorities, can deliver highly successful urban development. This, in spite of apparent indifference to these processes at a national and European level.

Lille itself is shown to have an active and multi-dimensional creative strategy that has helped the city rediscover itself and find new directions.

The Culture & Urban Regeneration project was important in providing the basis for further work under the current URBACT II programme where a series of projects are being

ANALYSIS OF THE EVIDENCE

3

undertaken, with headings such as ‘Cultural Heritage & City Development’ and ‘Innovation & Creativity’. Projects being undertaken include the HerO – ‘Heritage as Opportunity’ project which focuses on the integration of cultural heritage in sustainable urban development (summarised as case II.B8). The ‘Creative Clusters in Low Density Urban Areas’ project represents **an interesting development in the urban/rural dynamic** and provides a contrast to the situation just considered in the Culture & Urban Regeneration project.

Case A5 Creative Clusters in Low Density Urban Areas - URBACT II

Under the coordination of the Municipality of Óbidos (Portugal), this URBACT II partnership is developing ‘creative cities’ in Finland, Hungary, Italy, Romania, Spain and the UK.

Its central theme is that creativity can act as a driving force for the economic development of small urban centres as well as big cities.

Implicit in the approach is a challenge to some of the conventional thinking on such issues as the urban-rural divide, the attractive power of major conurbations and the operational rules for promoting creative clusters. In particular, the basis for establishing creative clusters in smaller urban or ‘intermediate regions’ is being elaborated.

The assumption that creative clusters are an urban phenomenon tends to neglect the power of modern communication methods, the factors facilitating networking in less congested areas and the flexibility of creative individuals and businesses.

This is not to say that the development of creative clusters can happen anywhere. A critical mass is required and accessibility to wider networks and markets is another significant requirement.

‘The accessible-remote duality is more relevant than the urban-rural one’ within a broader concept of polycentric spatial development.

The project is analysing the different strands of policy for the effective promotion of creative clusters in smaller urban environments :

- creating opportunities for young people
- the organisation of events and cultural activities and their role as catalysts for a broader range of creative activities
- the physical dimension : the range of facilities and infrastructures required for

ANALYSIS OF THE EVIDENCE

3

promoting the creative city and the land-use planning strategy to be adopted

- the financial and advice support measures necessary for attracting and retaining talented people and creative entrepreneurs and the packaging of these measures.
- Education and training : creative approaches to developing provision that is suitable for the creative sector

The town of Óbidos in Portugal, with a population of 10,000, is highlighted as an example of a small town with an active 'bottom-up' creative strategy.

Strategic deliberations have moved on from identifying the key elements in a generalised culture-based strategy to the more operational requirements of adapting such a strategy to particular circumstances.

For further details see case 5 in Annex II.A.

Essentially, 'Creative Clusters in Low Density Urban Areas' is one of those projects that is currently challenging the assumption that culture-based development is inherently an urban centre phenomenon. It is developing the case for a territorially more extensive perspective in our understanding of cluster processes, arguing that, as in relation to other issues, an urban-rural dichotomy is not relevant to the way that the creative sector actually works. A close physical proximity of human, economic and institutional resources is not necessary, when modern communication methods, the factors facilitating networking in less congested areas and the flexibility of creative individuals and businesses mean that they can operate effectively, and sometimes more effectively in small urban or intermediate environments, as long as they have the transport and communication channels that connect them to centres of activity and markets.

The project is also of interest in that it is analysing a series of operational dimensions in the development of creative clusters in intermediate regions. The range of facilities and infrastructures required for promoting a creative city and the appropriate land-use planning strategy are being examined, together with details of the organisation of events and cultural activities and their role as catalysts for a broader range of creative activities. In parallel, there is consideration of the financial and advice support measures needed, education and training provision and how opportunities can be created for young people.

The town of Óbidos in Portugal is presented in the annexed case study as exemplifying the bottom-up approach that is building the sort of capacity to exploit creative potential that was seen to be missing at the time of the implementation of the Portuguese Operational Programme for Culture. The mayor and the local authority are providing a clear lead in a

ANALYSIS OF THE EVIDENCE

3

‘Óbidos Creative Town’ strategy that involves a vibrant cultural agenda and investment in tourism facilities, but also active promotion of innovation and creativity through a Technology Park dedicated to Creative Industries, an incubator extension and a support centre for creativity, together with special education provision and links with an Art and Design School. Elsewhere a lead of this kind appears to be a critical element in generating the momentum and excitement that characterises the successful development of a creative strategy.

Overall, in terms of the present discussion, the ‘Creative Clusters in Low Density Urban Areas’ project has particular significance in that it demonstrates that culture-based developments are addressing the issues that have shaped the form of the Structural Funds in the current programming period. The project confirms **the relevance of the creative sector model in areas that extend well beyond urban centres.**

Other projects support this conclusion and show that it is not based on a unique experience. Notable amongst these is the series of culture-based projects that achieved a considerable impact in the 2000 – 06 period in the Objective 1 area of Cornwall and the isles of Scilly in the UK.

Cornwall and the isles of Scilly is an area with no large urban centres. It has managed, however, to bring together previously disparate cultural and creative activities into a coherent creative sector. Also of interest is the fact that this process was the subject of a detailed evaluation published in 2006.

Case A6 The impact of culture-based projects Cornwall (an Objective 1 region)

The county of Cornwall in the UK has a population of half a million, but it has no large urban centres. In the period 2000 – 06, the sub-region was successful in turning disparate creative activities into a coherent ‘creative region’.

Clear evidence of the impact of the culture-based projects is presented in the ‘Counting on Creativity’ report :

- Almost £43m (€ 65m) was invested in the Creative Industries in Cornwall in the 2000-06 period, £33m in capital projects and £9.88m in business and skills support programmes.
- The investment of £9.88m EU funds in business and skills support generated an estimated £104m extra income.
- Between 2000 and 2004 approximately 560 jobs were created in the sector; employment grew by approximately 19% (compared with a national growth rate

ANALYSIS OF THE EVIDENCE

3

of 3% for the sector for the same period).

- There are now an estimated 10,200 people employed in the sector in Cornwall. The cost of creating a job through the Objective One funding was £23,864 (in line with cost per job programme targets in the 2005 Programme Complement).
- Turnover in the sector grew from £326m to £421m between 2000 and 2004 – 29% growth, while Gross Value Added increased by 34%, compared with 7% nationally.
- The increase in GVA by 34%, significantly more than the increase in employment (19%) or the increase in the number of businesses (23%), indicates that there was a growth in real prosperity and productivity and significant increases in profitability.

Analysis of the factors behind this success show :

- the successful co-ordination of the relevant stakeholders across a largely rural and small town sub-region, leading to the establishment of a 'Creative Region' – a coherent creative sector - out of previously disparate and isolated initiatives
- the development of an effective communication channel that helped creative sector organisations to align their objectives with those of the Structural Funds and to find their way through the administrative requirements
- A focus on business support, including marketing and finance, and the development of a strategy that included investment in exhibition space and in education and training facilities

For further details see case 8 in Annex II.A.

Evaluations of Structural Fund interventions in the UK have been successful in identifying **clear impacts on local economies**. The results of one of these evaluations are set out in the 'Counting on Creativity' report⁵⁴.

It has been seen that other projects referred to have been successful in promoting the creation of new enterprises and jobs. The study on Cornwall provides extra detail at a number of points.

The study shows that interventions had promoted employment growth of 19%, compared with a national growth rate of 3% for the sector for the same period, and increases of

⁵⁴ Julia Twomlow & Kevin Brownridge , 'Counting on Creativity' Perfect Moment, June 2007

ANALYSIS OF THE EVIDENCE

3

turnover of 29%. But there was also an increase in Gross Value Added (GVA) of 34%, compared with 7% at a national level.

To a certain extent, the increases in GVA represented a process of catching up with national levels. Nonetheless the fact that GVA increased considerably more than either employment or turnover suggests a real increase in productivity in the sector and a significant contribution both to the sector's competitiveness and to the prosperity of the region.

The figures confirm that the creative sector is a suitable target for job creation and the promotion of competitiveness, especially when enterprises are effectively supported. It would also appear from what has already been seen that it is an effective vector for the promotion of entrepreneurship, though this issue will be considered again in the following sections.

In the first two cases considered in this section (the Culture & Urban Regeneration and the Creative Clusters in Low Density Urban Areas projects), it is apparent that the development of culture-based strategies has been able to draw on the experience of other cities and smaller urban centres cases through structured exchanges of experience and best practice analysis. This is a particular strength of the Community initiatives under the Structural Funds and the INTERREG and URBACT programmes that have continued in the current programming period. The broader set of case studies accompanying this study provide details of a number of projects promoting exchange of experience and new thinking. The Medint project, for instance, (case B23) was an early example of an exchange of practice with the intention of developing integrated approaches to urban development with a view to making them sustainable. On the other hand, STRATCULT (case B32) provided local administrations with a targeted training programme and supporting policy documents, following this through into the elaboration of local strategy.

This trend continued in the current period. The URBACT project, HerO, is examining the balance to be struck between the preservation of cultural heritage as an element of local identity and its contribution to urban development. The INTERREG project SOSTENUTO (B21) is examining experience, across areas dominated by the traditional industries of the Mediterranean, in using culture as a vector of economic and social innovation and as a stimulus to diversification and competitiveness in the knowledge economy.

All in all, EU networking programmes do appear to be a significant facilitator of the exchange of practice among cities with creative strategies, although it also seems that supporting the creative sector is currently a matter of sailing with the wind and taking advantage of the sector's above average growth rates. More than that, it is a process that builds on itself. Success breeds further success, both because of the demonstration effect and also because the outputs of some parts of the sector become the inputs of other

ANALYSIS OF THE EVIDENCE

3

parts. To an important extent, therefore, promoting the creative sector establishes a virtuous cycle in which developments support each other and promote further developments. This is somewhat in contrast to many other situations faced in local and regional development, where so often it is a matter of arresting cycles of decline.

It is already apparent that taking advantage of this virtuous circle in a conscious overall strategy for the creative sector, is a matter of balancing a number of factors and establishing a steady and systematic progression. In a full elaboration of such a strategy it will be necessary to take into account a number of other issues that are to be considered in the following sections. First of all though, a re-cap may be useful :

An Integrated Development Strategy - Core Elements Already Identified

From the cases already considered, there are a number of elements of an integrated development strategy that are apparent :

- Sufficient infrastructure is needed to create an environment in which cultural and creative activities can interplay
- Generate confidence and momentum
- Attract or develop skills and resources that provide the capacity for the developments to become self-sustaining
- Ensure good strategic leadership, at least at a local level
- Good support, both for cultural activities and business processes
- Support takes the form of buildings and facilities, the provision of professional and business advice, access to finance and investment in education and training.
- As in other sectors, the provision of dedicated incubator or business park facilities and the encouragement of networking and cluster development can be particularly effective.
- Exchange information and experience with others in a similar position and identify best practice
- Establishing good communication channels between the main actors can be very effective, especially in helping creative sector organisations to orientate themselves in the often unfamiliar environment of economic development and the Structural Funds regime.

ANALYSIS OF THE EVIDENCE

3

3.7 Knowledge and Innovation for Growth

Knowledge and innovation are seen as key to the future competitiveness of Europe in the Lisbon Strategy. Their central role was re-emphasised in the relaunch of the Growth and Jobs Strategy in 2005 and they have again recently been given a central place in the Commission's vision for a strategic agenda for Europe up to 2020.

We have already seen that a new emphasis on **the promotion of competitiveness** is one of the features contrasting current Cohesion policy from its earlier expressions. Furthermore, the critical role of knowledge generation and innovation in maintaining and enhancing competitiveness has only been further underlined as our understanding of the processes involved in knowledge and innovation have developed in recent years. Increasingly the social generation of knowledge has been affirmed, together with the open nature of modern innovation processes. In fact, there is widespread discussion of the 'new paradigm' of '**Open Innovation**'.⁵⁵ In addition, there has been the increasing assertion that process innovation can be as important as product innovation, including innovation in business processes.

These perceptions partially explain the interest in regional policy in clusters of businesses, since it is often the interaction within clusters that gives rise to new products and services and also to new ways of doing business.

It has been seen that **successful culture-based projects frequently combine investment in infrastructure with the development of a range of support initiatives both for cultural activities and for business aspects**. There have been instances of an adaptation of the technology park concept for creative businesses or of incubator facilities and services for creative start-ups. (e.g. Zollverein and Musikpark Mannheim) There have been other forms of support mentioned including business advice and planning, promotion and the development or adaptation of training and education provision. In some instances there have been special arrangements for accessing funding.

In other words, there have already been several instances cited where culture-based projects have been meeting the objectives of the Structural Funds with regard to the provision of support for enterprises and the promotion of creativity and innovation.

However, in order to focus on specific contributions to innovation and the creation of knowledge, two particular cases are presented that have some especially interesting features.

⁵⁵ H. Chesbrough, 'Open Innovation: The New Imperative for Creating and Profiting from Technology' (2003)

ANALYSIS OF THE EVIDENCE

3

The first case concerns a series of successful implementations of Leader+ projects in rural areas, again illustrating the broad territorial applicability of culture-based models. It also illustrates a broad conception of culture, in that it is a case that relates to traditional craft forms that help to define regional cultures in a more sociological sense. However, the reason for presenting it in this context is that it represents an example of how culture can redefine familiar processes and actually create value by changing consumers' perceptions. It shows that **culture can be a powerful tool of marketing** in new ways characteristic of the knowledge economy and, acting as a focal point for common interests, it provides the basis for innovation in business processes.

It should be stressed that this process does not devalue the cultural elements from an aesthetic point of view. On the contrary, the example cited has been at pains to build on traditional practices to improve quality all round, including the aesthetic quality of the products.

Case A7 Revitalising Traditional Craft Culture

Using local traditions and culture as the basis for marketing craft industries at a regional or sub-regional level, the Meisterstrasse project in Austria has developed a considerable momentum with the following elements :

- The project is based on networks of master craftsmen, who have been brought together not as members engaged in the same trade, but as people characterised by the traditional nature of their skills and products, their commitment to high standards based on the traditions of their individual crafts and their common contribution to regional identity and culture in a specific region or sub-region.
- Craft traditions have been used to define the required characteristics of high quality products
- This concern for quality is formalised in a set of rigorous criteria that have to be met by members of the network
- Effectively, a re-branding exercise has been undertaken, supported by real improvements in quality. This has then been used as the basis for an extensive marketing campaign, which includes promotion of a tourism route linking members of the network as part of the promotion of regional tourism
- Attractive logos and marketing material have been created for the network presenting strong symbols of the network's distinctive products of quality
- These symbols are used in a broader promotional campaign, involving media

ANALYSIS OF THE EVIDENCE

3

coverage, participation in international fairs and web marketing

Network members, have used the strengths of local traditions embodied in the craft sector to enable them to overcome the disadvantages characteristic of craft production and achieve significant economies of distribution through common promotion. This process has, in effect, brought innovation to the business models of the networks' members and allowed their craft businesses to be put on a more sustainable basis.

The project was supported by Leader+ at critical stages of its development beginning in 2002. It has now been extended to other regions of Austria and is largely supported by the subscriptions of network members.

For further details see case 7 in Annex II.A.

The power of culture to communicate in a pragmatic way is evident in this example. In the design of the marketing material the quality of the goods and their traditional aura are largely left to speak for themselves. A distinct logo has been created and is used with minor changes by each of the regional networks. This has established a new brand and its associated trade mark has been registered; the cultural perspective has thus helped to create real intellectual property. The success of the project has been very much recognized by the participants, who pay a subscription fee for their membership, and the initial pilot schemes have now been replicated across Austria.

The second example concerns the **interaction of culture and ICT**. Appreciation of **the value of culture as digital content** and the importance of digitising and making available knowledge resources has long been recognised outside of the Structural Funds in the provisions for culture in the Information Society Technologies component of the EU's Research Framework Programmes. The Digital Libraries Initiative is now the focus of much of the effort to digitise Europe's cultural and scientific knowledge assets and to address related issues. These include resolving major questions relating to copyright and associated IPR and issues concerning the appropriate form and practices of digital preservation. Many of the matters being addressed by these initiatives are of course fairly technical. There are, however, important questions that are more of an economic, social and aesthetic nature. These principally concern how digital culture is to be used and exploited.

Culture's interaction with digital technology, however, is not just about digitising assets. Cultural institutions have played a significant part in developing aspects of web technology and practices, database functionality and the protocols for managing, searching and transferring data. They and the creative sector more generally have also been highly innovative in developing presentation technology, making information available in efficient and stimulating ways, and they have substantial links with the

ANALYSIS OF THE EVIDENCE

3

development of educational provision. In short, the digital arena has been and continues to be an area wide open to creative enterprise.

Some evidence on the extent to which the Structural Funds are encouraging the interaction between the creative and ICT sectors is presented in case A8:

Case A8 The Digital Creative Economy
<p>This case presents two contrasting projects :</p> <ul style="list-style-type: none"> - the creation of a national digital resource in Latvia, through an ERDF project that began in 2005, leading to the creation of a unified library information system, and - the Plurio project, in the current period, co-ordinated by the Luxembourg Agency for Cultural Action, which has developed a tri-lingual cultural information portal for the greater region encompassing parts of, Belgium, France and Germany as well as Luxembourg. The portal is now in the process of increasing its exploitation.⁵⁶ <p>The Latvian project has the following characteristics :</p> <ul style="list-style-type: none"> • State and municipal public libraries were provided with 1500 computers with basic software, 200 local networks and 190 internet connections. • 600 librarians were instructed in basic computer literacy. • 25 local libraries were provided with the software of the library information system. • 871 municipal and academic libraries benefited from the project • Number of visits to public libraries increased by 30% in 2009 <p>The project made a significant contribution to bridging a territorial digital divide between the capital and outlying regions.</p> <p>The current phase of the Plurio project (from 2009) is building on the web portal established in an earlier INTERREG project to provide and promote high quality access to information on all the cultural activity in the Greater Region of Lorraine, Luxemburg, Saarland, Rhineland-Palatinate and Wallonia and beyond. It aims to promote this</p>

⁵⁶ <http://www.plurio.org/param/90/start,0/outputlang,en/aktuell.html> (English version)

ANALYSIS OF THE EVIDENCE

3

activity but also to facilitate interaction between the cultural actors and the creative sector more generally and provide a quality source of data for the media, publications and other users of digital material.

The current development of the Plurio on-line facilities is part of a series of projects funded under the 'Grande Région' INTERREG IV A programme that are promoting cultural exchanges and integration across the Greater Region. They are building on the achievements of the Luxembourg-Greater Region European Capital of Culture in 2005.

For further details see case 8 in Annex II.A

In this case there is a contrast between the situation in Latvia and that of the Plurio network. The State Unified Library Information System developed in Latvia from 2005 with ERDF support, aimed to address the digital divide by providing access, through some 871 municipal and academic libraries across the whole country, to on-line resources, including a unified library catalogue. It sought to promote territorial cohesion by reducing the disparity in advantage in the terms of access to information, between people in the capital and those in more remote areas. The project also included an extensive training programme. To this extent, it contributed to the educational and technical infrastructure of the country and created a knowledge resource, an important first step, especially given that there has also been a parallel national museum catalogue developed in Latvia.

The Plurio project in contrast is able to make use of existing facilities to provide services, through a tri-lingual web portal, to a crossborder arts community of the Greater Region of Lorraine, Luxemburg, Saarland, Rhineland-Palatinate and Wallonia. It aims to be a unique source of information on all the cultural activities of the Grand Region and thus to facilitate interaction between them. Resources of this kind and the access to digital resources that the site provides are likely to become more important to creative networks as they come to depend more and more on digital information – not least through mobile phones. At a policy level, it will be increasingly important to understand how resources are being exploited and how value is generated in the process.

The output of cultural institutions and artists has been used for many years as inputs for the wider range of creative industries. Images, music and film have been used in advertising and marketing and make considerable contributions to new films, television and publications of various kinds. Content developers make use of cultural content in services for web sites and increasingly for mobile phones and in new forms of marketing, while web 2.0 technology will increasingly make the process more open and interactive.

The real significance of these developments is difficult to judge in any definitive way. Nonetheless a common view is that these matters are becoming more important and this

ANALYSIS OF THE EVIDENCE

3

perception is beginning to be supported by research. The study on Culture and Creativity⁵⁷ undertaken for the European Commission in 2009 explains many of the processes by which creative inputs lead to enhanced business success. It also points to some of the evidence, citing, for instance, a study by the UK Design Council⁵⁸ which shows that companies where design is integral to the business process are twice as likely as businesses overall to develop new products and services, and to open new markets. In some interesting work on the role of the creative industries in stimulating and supporting innovation, NESTA, a UK research Institute that is focusing on the nature of innovation, conducted some input-output analysis of the linkages between artistic and creative activities and the wider economy. The results indicated that **supply chain linkages to the creative industries are positively related to innovation** elsewhere in the economy⁵⁹ suggesting that the creative industries may play a more important role in the ecology of innovation than has generally been recognised.

There are enough indications in the digital area to suggest that the creative industries are likely to be of significant importance to emerging applications of ICT, for serious consideration to be given to supporting activities of this kind, under the Structural Funds, when there is a clear link to local and regional development. The role that the culture base can play in feeding inputs into the markets that will develop on the basis of technology that already exists is of particular interest and it would seem that there is scope for greater support under the Structural Funds for ICT projects going beyond those considered in this section. However, the most important lesson to learn from the projects just considered is that culture-based interventions are making direct contributions to innovation and growth in more ways than is generally appreciated. These contributions are sometimes surprisingly technical, in the development of specialised software, for instance, but there are also contributions to innovations in the configuration of products and services and in business processes and in marketing and presentation.

Additional cases provide a wealth of material in this area.

The direct stimulation of creativity in businesses, for instance, is illustrated by the Kunstgreb project from Denmark, which aims to explore the creative potential in partnerships between businesses and professional artists who have been trained to build bridges between their unique creative competences and new forms of organisational thinking (case II.B7). The Expander project in Sweden (case II.B38), led by the Swedish Industrial Design Foundation, helps companies to integrate design into their activities, as a critical issue determining business processes and decision-making. UNIC (the Urban

⁵⁷ KEA European Affairs 'The Impact of Culture on Creativity', 2009

⁵⁸ Design Council 'Design in Britain 2005-06', 2007.

⁵⁹ Hasan Bakhshi, Eric McVittie and James Simmie 'How linked are the UK's creative industries to the wider economy' NESTA 2008

ANALYSIS OF THE EVIDENCE

3

Network for Innovation in Ceramics (case II.B22) promotes innovation by drawing on the diverse ceramics heritage of the members of the network, while there are several projects that are developing support services for SMEs that are adapted to the cultural sector and usually with the aim of promoting business development. These include the ECCE network, co-ordinated by Nantes (case II.B18) in France, Source (case II.B13) a network supporting the creative sector in rural areas and the specialised Arthub facility in Finland (case II.B37). Vis A Vis (case II.B3), also in France helps musicians to adopt a more professional approach and Transdigital (case II.B2) operates in a cross-border region with Belgium, strengthening a cross-border cluster, by bringing together a multi-disciplinary network and promoting cooperation between the arts sector, academia and industry.

Other projects promote the demand for creative services. Cultuur & Ruimte in the Netherlands (case II.B28), gives vouchers to authorities and other organisations to allow them to purchase creative services. Vinqual (case II.B16) in Spain promotes interest in wine production in four separate regions and the project in the Strandja/Yildiz Mountain Area of Bulgaria (case II.B5) is developing eco-tourism.

In diverse ways, therefore, culture-based interventions have supported the growth of knowledge and innovation, especially in the broader senses of the term and probably to a much greater extent than may have been anticipated.

3.8 More and Better Jobs

Earlier sections of this chapter have mostly highlighted the economic impacts of creative sector interventions supported by the Structural Funds, although in most cases broader social effects are readily apparent. In fact, one of the advantages of culture-based approaches to local and regional development is precisely the externalities generating social gains, largely through the ability of this type of project to engage a broad range of social groups. In general, **the arts and culture understood in a broad sense contribute substantially to the social capital of modern societies** facilitating the interaction between different groups, expressing common values and providing the cement that holds society together.

This particular section now turns to evidence of direct effects from culture-based interventions on the social cohesion of society at a local and regional level, since in spite of a less than encouraging framework, **culture-based activity has proven to be an effective way of meeting the social objectives of Cohesion policy.**

We have seen that the creative sector has not figured explicitly in the guidelines for areas supported by the European Social Fund in either of the two programming periods under consideration. Broadly these areas can be described as concerning 'more and better jobs' but this also includes a whole series of related issues, such as training, matching skills to

ANALYSIS OF THE EVIDENCE

3

needs, the social inclusion of disadvantaged groups and maintaining a healthy labour force.

With the creative sector growing faster than other sectors, it is clearly an important source of new jobs and, although the skills level in the sector is generally higher than average, there is still a tremendous variety of activities undertaken. It is therefore a source of employment for people with a variety of backgrounds in terms of educational attainment and formal qualifications. Furthermore, given the nature of many of the activities in the sector, these are often jobs that people enjoy doing, even if sometimes they are not very well paid. In this sense, the development of the sector provides better jobs in a direct and obvious way and adds to the quality of life.

In addition, the nature of creative processes means that in the right circumstances they can make a major contribution to the generation of self-employment and entrepreneurship. **Entrepreneurship** requires capability in terms of business management, but it also needs the spark of an idea, enthusiasm and a degree of creative flair. In providing support for entrepreneurs, it is important to address the business management side, but to reap the benefits of this type of investment it is also necessary to address the motivational side. The classic conception of an entrepreneur is of a somewhat isolated individual who is psychologically driven in a search for business success - a person who provides his own motivation. In fact, and especially in a modern economy, an entrepreneurial culture is exactly as it says. It is a culture, involving the interaction between people in an environment that values and encourages this particular form of creativity. The creative sector makes many of these processes evident and communicates the positive attitudes, the excitement and the vision that provide the motivation for entrepreneurs. We have seen examples in previous sections of the creative sector fulfilling this function, especially, as in the Zollverein and Musikpark Mannheim cases, in areas that had previously been dominated by large scale manufacturing.

The **motivational characteristics of creative sector activities** are also behind the contribution of the sector to achieving a number of the other objectives of social policy, along with a further characteristic – their ability to communicate in an effective way.

In addressing issues, such as the adaptation of workers' skills to the new requirements of the labour market, promoting equality of opportunity and combating exclusion and even helping to maintain a healthy labour force, major difficulties often arise in communicating with the target groups and motivating them, especially those who have not previously had a positive experience of formal education and training systems. Cultural activities are centrally concerned with communication and about eliciting a response and they can be undertaken in a way that has a wide appeal – in fact, an appeal that can be much more engaging and effective than conventional forms of communication. The power of this

ANALYSIS OF THE EVIDENCE

3

approach is illustrated, for instance, by the Kunstwerk(t) project in the Netherlands, supported under the EQUAL Community Initiative :

Case A9 'Kunstwerk(t)' – Art Work(s)

The Kunstwerk(t) project was launched in the Netherlands in 2002 under the EQUAL Community Initiative. The Dutch part of the project consisted of a partnership of 11 organisations, co-ordinated by Kunstenaars & Co.

Artists worked with 4 target groups - prisoners, illiterate migrant women, youth at risk, people with disabilities - with different methods (theatre performance, choir presentations, etc.) to develop skills and competencies and promote the social integration of these groups.

- 18 artists were involved

An integral part of the project was the research undertaken by the SCO-Kohnstamm Institute of the University of Amsterdam, which focused on the effects on the participants of the learning environment that the artists provided.

The researchers analysed which competencies and skills are important for the various target groups, what effects participation in the pilots had on them and whether the methodology for studying the projects was satisfactory.

As a result of the project, the research found, all four target groups improved general competencies such as self-esteem, perseverance, social skills, presenting and collaboration. For every particular pilot, additional specific competencies were improved, relating to the circumstances of the target groups.

A methodology was developed for measuring the effects of the artistic methods utilised.

A further interesting result was that the methods appear to apply equally well to men and to women. A difference had been expected in the extent to which women benefitted from the approach in contrast to men. No such difference was supported by the results of the research.

For further details see case 9 in Annex II.A.

The Kunstwerk(t) project is interesting in a number of ways. It used different art forms to engage with its target groups and it worked with quite different targets - prisoners, illiterate migrant women, youth at risk, people with disabilities – groups that all face exclusion and are often difficult to reach, but otherwise have quite different backgrounds,

ANALYSIS OF THE EVIDENCE

3

skills and capabilities. It is also interesting because its effectiveness, in an area where progress is sometimes difficult to measure, was gauged by a parallel research programme, independently conducted by the University of Amsterdam. Clear **progress was made in terms of building the confidence and competencies of project participants**. It was shown that art does work as the title of the project suggests and interestingly again, and contrary to the expectations of the project, it was shown that it apparently works as well with men as it does with women.

A project of the Minority and Human Rights Foundation in Budapest shows a different approach:

Case A10 Equal Opportunity in the Media
<p>The project co-ordinated by the Minority and Human Rights Foundation and launched under the EQUAL Community Initiative in 2005, aimed to bring Roma and handicapped people into the labour market by involving them in creative sector training and employment.</p> <p>The project involved the establishment of a film studio and 40 unemployed Roma and handicapped people in Budapest.</p> <p>Candidates had to have graduated from secondary school and have good communication and speech skills. For handicapped people to be eligible (half of the group), they had to have a loss in work capability of at least 50%.</p> <p>By the end of the project (December 31, 2007) 35 people involved had received an accredited qualification and had a full year professional experience, working in the film and audio studio created by the project.</p> <p>Today, the majority of the people trained work in the media (13 of them at the Foundation) some of them abroad.</p> <p>The studio still operates and generates approximately € 250,000 income annually. They work successfully with the biggest radio stations and TV channels (Klub Radio, TV2, Duna TV, M1) producing commercials on antidiscrimination and programmes on social issues.</p> <p>Evidence presented by KEJA, the project leader, showed that:</p> <ul style="list-style-type: none"> • In the three years (2005-2007) almost 350.000,000 HUF (€ 1.3m) was invested in Creative Industries in Budapest via this project. Besides the project leader KEJA, there were 3 other partner organisations benefitting directly from the support

ANALYSIS OF THE EVIDENCE

3

programme.

- The investment of € 1.3 million from EU funds in business, skills and human resources development generates approximately € 0.25m annual income for the studio. The original small studio has become a well known, middle-size high quality studio led by Roma and disadvantaged people.
- Turnover: taxes (including Value Added Tax) and social contributions paid by the studio amount to € 70,000 annually.
- 40 jobs were created by the project between 2005 and 2007 (in the training and experience period). The majority of the trained people still work in the media. 13 of them stayed at the Foundation for more than 2 years afterwards; some of the others work abroad.
- 35 people got specific vocational qualifications in film and video manufacturing (including editing and cutting) registered at the level of an accredited Adult Education Course (OKJ), and widely accepted in the market.

The studio was created on the basis of non-discrimination; it still works against discrimination through the commercials and programmes it produces. The studio has survived commercially, proving its sustainability.

For further details see case 10 in Annex II.A.

This project again illustrates how the **creative industries provide a fertile ground for engaging with people previously excluded from the labour market by discrimination and physical handicap**. It also shows that it was possible to maintain that engagement through training and periods of work experience and subsequently to provide full time employment. In addition, the investment by the project in a film and audio studio proved to be the basis for a longer term gain. The studio still operates and generates approximately € 250,000 income annually. It also continues to make a valuable input into the fight against exclusion by producing commercials and programmes on antidiscrimination.

Other cases illustrate various aspects of the potential social contribution of culture-based projects.

Some help to build **social capital**, strengthening the social processes that bind society together. The Poortgebouw (Gatehouse) (case II.B29) project at the Peace Palace in the Hague is a small museum dedicated to promoting an understanding of the processes that support Peace and Justice and International Law. The Artslink (case II.B11) project

ANALYSIS OF THE EVIDENCE

3

promotes cross-border exchanges and peace building in Ireland, using innovative arts projects to develop communication between young people from the two communities. Others aim to improve skills and integration into the labour market. Among those providing innovative forms of training are Musikfabrik (case II.B9) that offers professional training for musicians in Berlin's schools. The promotion of professionalism in the cultural sector is the aim of the Human Resources and Heritage project in Spain (case II.B15) and the Twenty – First Century Museum Competence and Skills project in Lithuania (case II.B26). Broader creative sector skill capacities have been developed in the Polish project integrating cultural organisations from the rural areas of Silesia (case II.B33) and the training of migrants to obtain prestigious jobs in the media in the Creative Ghetto (case II.B6) project in Copenhagen.

There are additional cases concerned with inter-cultural dialogue and social inclusion. .

The MAXIM project (case II.B36), co-ordinated in Slovakia, promotes inter-cultural dialogue and provides training for Roma communities, stimulating entrepreneurship in less developed areas of the European Union. In Bulgaria, there has been a project (case II.B4), providing a professional qualification in intercultural education for education administrators and teachers, while in Slovenia, a street theatre project entitled 'A Suitcase of Daylight and the Nostalgic Tune of the Barrel-Organ' (case II.B35) promotes the employability of vulnerable groups by starting in the streets, where these groups are encountered and developing a more professional approach to street performance.

A common feature of culture-based projects in these areas is the **powerful communication and motivational elements that are used to tackle difficult problems**. Issues of discrimination are addressed in imaginative ways and the adaptation of the skills and competences of those excluded from labour markets is brought about sympathetically in a manner that enables the target groups to find gainful employment in the modern economy on terms that also bring great personal satisfaction and enjoyment. The success of these approaches and the extra dimensions they bring to the human interaction that is central to the resolution of many social problems justify a more systematic involvement of the creative sector in the social aspects of Cohesion policy.

The evidence presented illustrates that, although there was little expectation of any significant contribution, judging from the absence of any reference to the role of culture in the guidelines for this area, in fact, culture-based projects have brought imaginative and effective approaches to addressing a broad range of social issues. It would appear that the contribution that the creative sector makes to the realisation of social policy objectives is as strong as it is in the other areas.

ANALYSIS OF THE EVIDENCE

3

3.9 The Variety of Culture-based Contributions

Most of the detailed analysis in this chapter has made reference to particular cases where interventions have clearly addressed one or more objectives set out in the Structural Funds Guidelines. The intention has been to provide a clear and direct illustration of the impact under consideration in each particular section. The cases highlighted in this way, however, were selected from a broader group of interventions that have been examined during the course of the study. The additional cases are presented in Annex II.B.

Taken together, these cases illustrate a further aspect of culture-based interventions that should be considered before completing the review of the evidence. When seen side by side, the complete set of cases analysed for this study present an impressive picture of **the variety and adaptability of culture-based interventions** in local and regional development.

Examination of the detail shows different cultural and creative activities having differing impacts and addressing different Structural Fund objectives. They have been supported by different financial instruments and have been implemented over differing time periods. Above all, though, they show considerable variation in the developments they are promoting and the approaches that they adopt and often illustrate creative thinking in their design and execution.

The following provides a brief summary of the main focus of in the cases that are presented in more detail in the accompanying case document :

Key Development Themes in Culture-Based Interventions Supported by the Structural Funds

The following list draws from the set of cases in Annex II.B. They are organised according to the main focus of their activity.

The allocation to a particular issue is sometimes arbitrary in the sense that frequently more than one element is evident in any particular case.

Exchanging Best Practice and Formulating Strategy

STRATCULT (II.B32)

SOSTENUTO (II.B21)

HerO (II.B8)

Medint - Integrated Approach In Mediterranean Urban Development (II.B23)

Increasing the attractiveness of cities and regions - infrastructure

ANALYSIS OF THE EVIDENCE

3

Kultur.Park.Augarten (II.B31)

Cartagena Port of Cultures (II.B14)

Recovery and restoration of the former Leopolda Railway Station (II.B24)

Snežnik Castle and Outbuilding (II.B34)

National Wool Museum (II.B42)

Revitalising specific sectors

Art' en Réel (II.B17)

Urban Network for Innovation in Ceramics (II.B22)

Working with handicrafts (II.B10)

Revival of Handicraft Heritage at Cserehát (II.B27)

Creative Industries Development in Nantes – ECCE Network (II.B18)

Direct input into the film industry

EU XXL Film Forum(II.B30)

East London Film Initiative (II.B40)

Tourism

Sustainable Development in the Strandja/Yildiz Mountain Area (II.B5)

VinQual (II.B16)

Nasium archaeological site (II.B19)

Stimulation of demand for creative services

Cultuur & Ruimte vouchers (II.B28)

Business support to the creative sector

Vis-à-vis (II.B3)

Art Hub (II.B37)

Creative cluster development

NEXT (II.B1)

ANALYSIS OF THE EVIDENCE

3

Transdigital (II.B2)

PACTS: Les Articulteurs (II.B20)

AVANTCRAFT (II.B12)

Creative Industries in Traditional Intercultural Spaces (CITIES) (II.B25)

KRUT (II.B39)

National Dance Centre (II.B41)

Innovation promotion

Kunstgreb (II.B7)

Source – Developing Rural Creativity (II.B13)

Expandera (II.B38)

Skills and training

Creative Ghetto (II.B6)

Musikfabrik (II.B9)

Human Resources and Heritage (II.B15)

Twenty-First Century Museum Competence and Skills (II.B26)

Integration of the cultural organisations from rural areas of Silesia (II.B33)

Inter-cultural dialogue and social inclusion

MAXIM (II.B36)

Professional qualification in intercultural education (II.B4)

The Suitcase of Daylight and the Nostalgic Tune of the Barrel-Organ (II.B35)

Building social capital

Artslink (II.B11)

Het Poortgebouw (II.B29)

For further details see the information provided for each case in Annex II.B.

The list above provides an indication of where the different projects make their most obvious contribution, but this categorisation is essentially rather arbitrary and many projects have features that would qualify them for other designations.

79

ANALYSIS OF THE EVIDENCE

3

The broader set of cases summarised in Annex II.B supports and reinforces the analysis derived from the more detailed examination of the core set of cases. In general terms they support the conclusion that, first of all, basic investment in infrastructure may be an important starting point for many areas at the beginning of the implementation of a culture-based development strategy and even at critical turning points subsequently. They then show that culture-based interventions can also provide a viable path for further, more pervasive development, building competitive capacity, promoting innovation in the sector and beyond and helping to improve local skills capacity.

The variety of artistic and cultural backgrounds evident is quite surprising. Heritage based projects are, of course, relatively common, but there is even a fair variety among these, from classical heritage and the buildings of previous centuries, to industrial and military heritage. Music, drama and performance arts also feature fairly prominently, but literary activities less so. Classical 'high' culture is evident, but so is much popular culture and contemporary arts based on performance and film and video. Local traditions are also prominent. Some projects developed religious themes.

The lesson seems to be that there is indeed a rich variety of cultural forms to draw on in promoting local and regional development. Which particular form is utilised depends on local circumstances, the assets available and the choices made by particular communities. There is, however, a need to draw upon this experience in a coherent, systematic and integrated way. This is the main theme of the next chapter.

THE COMMON THEMES

4

This section draws together some of the themes that have been referred to in the characteristics of individual projects. It then goes on to propose an outline model for culture-based local and regional development.

4.1 Culture's Contribution to Local and Regional Development: the Nature of the Evidence

A key objective of this study has been to make a contribution to the evidence base concerning culture's contribution to the economic and social development of Europe's regions and localities. The evidence considered in the previous chapter, including that relating to the projects that it was only possible to refer to briefly in the main text, has pointed to a variety of direct and indirect impacts arising from culture-based interventions. The implications of this evidence for the place of culture in the more strategic aspects of local and regional development policy will need to be considered further in subsequent sections of this chapter. However, it will be useful first to review the nature of the concrete impacts that are more immediately apparent in the cases that have been considered.

Generally, the amount of material available from evaluation studies was relatively restricted during the time of the main investigations for the study. Much more material is anticipated over the next few years. It was possible, however, in almost every case to point to some impacts. Comments will be made subsequently about the need for a more systematic and on-going evaluation of culture-based interventions. At this point, it cannot be claimed that there is comprehensive evidence that has been consistently collected. Having said that, the study has been able to point to a variety of evidence on the basis of which it has been possible to construct a relatively rich assessment of the nature and extent of cultural contributions to local and regional development.

The first case considered related to the considerable sums that were devoted to dedicated Operational Programmes in Greece and Portugal. Both programmes were characterised by a relatively heavy emphasis on infrastructure investment in cultural heritage and contemporary arts. It was possible to comment on the management of the Programmes and the successful absorption of the funds available, but there was only limited evidence available on the utilisation of the infrastructure and this suggested an initially disappointing response from those who were expected to make use of the new facilities, most explicitly in the case of Portugal. It should be said that especially with this type of investment the returns can only be expected to become finally evident over decades or in some cases even over hundreds of years. The true impacts in these cases are therefore very difficult to estimate and it will only really be possible to evaluate the effectiveness of the type of investment that is central to them after a relatively long time period. Any initial judgement may turn out to be premature.

THE COMMON THEMES

4

In contrast, there was **very clear evidence** presented on the economic impacts from other forms of investment that were evident in the study of Objective 1 interventions in Cornwall and the Isles of Scilly in the UK in the 2000 – 06 period (case II.A6).

Impacts of 'Soft' Investment in Cornwall 2000-06

An investment of £9.88m (around €14m at the time) in business and skills support generated an estimated £104m (€148m) of extra income.

- 560 jobs were created in the creative sector;
- Employment grew by approximately 19% (compared with a national growth rate of 3% for the sector for the same period)
- With an estimated 10,200 people employed in the sector, the cost of creating a job through ERDF funding was £23,864
- Turnover in the sector grew from £326m to £421m between 2000 and 2004 – 29% growth
- Gross Value Added increased by 34%, compared with 7% nationally.
- The increase in GVA by 34%, significantly more than the increase in employment (19%) or the increase in the number of businesses (23%), indicates that there was a growth in real prosperity and productivity.

Elsewhere, there was not such concentrated evidence of impacts, but business and employment creation were frequently mentioned, often associated with the development of support infrastructure. What is striking overall, however, is **the range of impacts** reported, often in the form of initial outputs, but also with reference to mid-term results and some longer term outcomes. The following presents examples of impacts with an economic character :

The Range of Economic Impacts from Culture-based Interventions

The following are some of the economic impacts mentioned in both core cases and others listed in Annex IIB :

Visitor numbers : among those mentioning an increase in visitor numbers, Cartagena Port of Cultures (case II.B14) saw the number of visitors increase from 35,000 in 2003 to 280,000 in 2008.

Take-up of facilities : Newcastle's National Dance Centre (case II.B41) has 1,500 weekly

THE COMMON THEMES

4

users, with over 80 performances organised annually. The creation of a national digital resource in Latvia (case II.A 8) led to an increase in visits to public libraries by 30% in 2009, after 871 municipal and academic libraries had benefited from the project

Utilisation of facilities : both Zollverein (case II.A 2) and Musikpark Mannheim (case II.A 3) report that their business incubation facilities have been fully and continuously subscribed.

Increase in turnover : Newcastle's National Dance Centre (case II.B41) reports an increase in turnover from £ 500,000 to £2 million. The annual turnover of the enterprises in the Musikpark Mannheim (case II.A 3) is around € 20 million.

Multiplier effects : in addition to the direct increase in turnover, Newcastle's National Dance Centre (case II.B41) reports a multiplier effect of a further £1 million.

Businesses created directly : Zollverein (case II.A 3) claims 170 enterprises created, 70% of which are in the creative sector, Musikpark Mannheim (case II.A 3) established 60 music-orientated enterprises and the 'Source' project (case II.B13) in Ireland completed 3 regional workspaces and launched 25 new creative businesses.

Property values : Kultur.Park Augarten (case II.B31) refers to beneficial effects on property values

Some indications of economic impact were more general in character and more difficult to ascribe to the initiative in question. Nonetheless a number of them are an important part of the overall picture. The studies conducted for the Culture & Urban Regeneration project (case II.A 4) point to the growth and significance of the creative sector in a number of Europe's major cities and the theme that the creative sector is out-performing other sectors across a range of indicators (growth in output, employment, productivity etc) occurs in several other cases (e.g. Cornwall, Zollverein, Musikpark).

Other indicators of impact are less direct, but nonetheless significant. The success of the Meisterstrasse project (case II.A7), for example, is indicated by the growth in the number of regional networks and the way that the model has been replicated across Austria. The fact that the initiative is financed to a large extent by subscriptions from its members is also testimony to its viability.

Of course, there were also a number of impacts identified that were more of a social character, though the distinction between 'economic' and 'social' is sometimes rather arbitrary. However, it is worth bringing together some of the main impacts identified in the employment and social area, since the study has observed that there were not any significant expectations of culture-based contributions in this area at the beginning of the programming period.

THE COMMON THEMES

4

The Range of Social Impacts from Culture-based Interventions

The following are some of the ‘social’ impacts mentioned in both core cases and others listed in Annex IIB :

Employment : many cases mentioned employment generated by initiatives, both during the project and subsequently. To mention a few : the infrastructure development of the Greek and Portuguese Operational Programmes (case II.A1) created many temporary jobs in the construction sector and further permanent jobs in cultural institutions and heritage sites. Zollverein (case II.A 3) created around 1000 permanent jobs mainly in the creative sector, Musikpark Mannheim (case II.A 3) 240 jobs, Avantcraft (case II.B12) 83 jobs and the VinQual project (case II.B16) involves 508 workers (257 women and 251 men).

Training : many of the initiatives also involved training. Some training was directly for employment in the cultural sector, such as the 395 people who received job training in the Human Resources and Heritage project in Spain (case II.B15) or the Twenty – First Century Museum Competence and Skills project in Lithuania (case II.B26), which provided training in 106 museums. Others, such as the Musikfabrik (case II.B9) prepared young people to work in the creative sector. Sometimes special assistance was given to artists and performers, such as the 80 temporary entertainment workers and artists involved in the PACTS: Les Articulteurs (case II.B20).

Skills and competencies : Other projects used the special characteristics of cultural activities to provide training that engages with hard-to-reach groups. By using forms of communication that are different from those used in conventional training provision, culture-based approaches are often effective in improving basic language, communication and organisational skills where other approaches have failed. The Kunstwerk(t) project (case II.A9) is a classic case, involving 60 people from vulnerable groups (migrants, people with mental and learning disabilities, prisoners and youth at risk). It was unusual in that it was shadowed by a research project that attempted to gauge the extent of social skills acquisition.

Social inclusion : a number of projects used training or other methods to combat social exclusion, but their nature sometimes makes it difficult to assess impacts. That is not always the case, however. The ‘Equal Opportunity in the Media’ project (Case II.A10) provides a clear case of integration with 40 unemployed Roma and handicapped people gaining qualifications and direct employment in the case of 13 of them. The project now produces commercials on programmes antidiscrimination and social issues.

Building social capital : social capital is an intangible phenomenon, whose significance

THE COMMON THEMES

4

is mainly apparent when is absent and social disruption ensues. The creation of social capital is therefore rather difficult to assess. Nonetheless projects have been identified that are clearly making a contribution in this area. The Artslink (case II.B11) in Ireland promotes mutual understanding and the reconciliation of two communities with a history of conflict and the Poortgebouw (case II.B29) project promotes an understanding of the processes that support Peace and Justice and International Law.

We should also remember that some of the reported short-term outputs are also of considerable significance in the general picture. It has been seen that effective support infrastructures are an important element in a number of regions. Zollverein (case II.A 3) and Musikpark Mannheim (case II.A 3) both involved the creation and launch of dedicated business park or incubator facilities. The town of Óbidos, leading the Creative Clusters in Low Density Urban Areas project (case II.A5), has a series of supporting developments that it is useful to note. These include a vibrant cultural agenda and investment in tourism facilities, a Technology Park dedicated to Creative Industries, an incubator extension, a support centre for creativity and special education provision including links with an Art and Design School. As well as being the means by which further economic and social results and eventually longer term outcomes are achieved, these 'outputs' from Structural Fund interventions help to transform the locations, where they arise and are 'consumed' in their own right .

Finally, it is worth commenting that, although evaluation of many culture-based interventions undoubtedly needs to be improved, some encouragement should be taken from the cases where **special research has been commissioned** to assess the impact of particular actions. There has already been reference to the research project that shadowed the Kunstwerk(t) project (case II.A9) and the ex-post study of interventions supported by the Structural Funds in Cornwall (case II.A6). A further interesting example is the evaluation of the use of creative artists to stimulate innovative thinking in businesses in the Kunstgreb project (case II.B7), which is being conducted by the research institute of the Centre for Art and Leadership, Copenhagen Business School. In each of these cases the research is able to throw valuable light on impacts that are otherwise difficult to assess and has made a clear contribution to the evidence base on the effectiveness of culture-based interventions.

4.2 Culture's Contribution to Local & Regional Development : Some Important Issues

As well as summarising the nature of the impacts that have been observed in the initiatives that have been under consideration, it is worthwhile reviewing briefly some of the issues of a more strategic nature that have been evident, especially in the previous chapter.

THE COMMON THEMES

4

The case for the dynamic potential of culture in the development of modern economies has been well established in some areas and already lies behind the creative economy strategies that have been adopted by some Member States and many regional and local authorities. Examples of the application of such strategies have been referred to and the broad elements of the implied model will be set out in a subsequent section of this chapter. There is however, still considerable scope for a more general application of culture-based elements in development strategies and it is as well to make a brief reference to how the lessons drawn from the cases considered can be used to address some of the possible obstacles to this more general application.

Urban Bias ?

Among the criticisms of creative strategies that are possible in the context of local and regional development, there is the argument that these **strategies have an inherently urban bias** and therefore do not apply to sub-urban and rural areas.

It is true that there has been a concentration of creative sector activity in large urban centres. Furthermore, the arguments about the ability of culture-led developments to transform urban landscapes and prospects could be taken to imply that a creative strategy will only work in city centres. However, an important conclusion from several of the examples presented in the previous section is that the model really does have much broader applicability. It is as relevant across rural regions as in urban city centres. This conclusion was evident in the case of Cornwall, which is an area without any large conurbations, but it was also the specific issue addressed in the Creative Clusters in Low Density Urban Areas project (case II.A5), where the necessary adjustments to urban centred models are being considered, precisely to see how they apply over more extensive areas.

The Focus of Development

Similarly, attention to the high profile construction of iconic buildings as a kick start to the redevelopment of depressed areas could be taken to imply a restricted scope for a culture-based strategy. There are limited funds for major investments of this kind and diminishing returns in their ability to attract attention.

However, **although iconic buildings are nice, they are not absolutely necessary.** Examples including Zollverein, the Musikpark Mannheim and Óbidos have shown that the necessary focal point can be created in multiple ways. It is important to establish a point of reference that means something to a local area and that can serve to concentrate attention and ambition. But, it has been seen that this can take a variety of forms, drawing on heritage or contemporary culture, and the creative sector is actually quite ingenious in finding new ways to generate this effect.

THE COMMON THEMES

4

'Hard' versus 'Soft' Investment

Cohesion policy generally has moved from a situation where infrastructure investment played a major role to one where there has been more attention paid to 'soft' investment, for example, in business support and training facilities. Among the factors motivating this shift in emphasis, there has been a greater concentration on developing competitiveness.

While culture-based development was primarily conceived to be concerned with the transformation of urban environments through dramatic infrastructure developments, those advocating such an approach could be seen to be out of step with thinking on cohesion policy more generally. In fact, it has been seen that **a more balanced approach** has actually been adopted on the ground, with some investment in basic cultural infrastructure, where this is necessary, but also development of a much more extensive range of 'soft' investments. These have included the provision of support facilities, in the form of specialised business parks and incubators, making specialised business advice available, together with access to finance and forms of relevant training, including the building of business competences. It is clear that achieving the right balance between hard and soft investment is an important part of any effective development strategy.

An Elitist Focus on Scarce Talent

On other occasions, versions of the strategy, stemming from the work of Richard Florida, have been criticised in that they appear to put too much emphasis on the need to create an attractive environment and life style in order to **attract the best available talent**. These strategies can appear to promote an elitist process of gentrification, in which less favoured areas start with a disadvantage that then becomes accentuated, as the less qualified and 'talented' are squeezed out of areas that have been taken over by incomers.

In response to these criticisms, first it should be said that the Florida thesis also stresses the importance of openness and tolerance, but more fundamentally, it is wrong to assume that we are talking about a zero-sum game. The raw material for creative talent is not in short supply and capabilities and skills can be developed and home grown. The creative sector is particularly good at doing this and several examples have been cited where the process of growing talent has been evident.

There are, it has to be said, new dangers of an uneven development arising, as successful creative districts take off, but these dangers stem precisely from not generalising the strategy but allowing it to be restricted to areas of the economy that are already successful.

THE COMMON THEMES

4

Social Development

The contribution of culture-based projects to social development appears to have been overlooked in the determination of the objectives for the European Social Fund. And yet, we have seen that not only are culture-based projects making contributions to the social objectives of Cohesion policy in appreciable numbers, but they are doing so in particularly innovative and effective ways. There is clearly scope for further development of this type of intervention.

4.3 The Overall Picture

It has been seen that culture makes a substantial direct contribution to the economy and society in terms of income generated and people employed. It also makes a major contribution to social well-being and to the development and maintenance of social capital.

The indications are that the real economic value of this contribution could be considerably greater than estimates in the official statistics, if national accounting methods valued it using public value methodology, indicating its value to the public, rather than the costs of its provision, the basis used currently.

It turns out that this **under-valuation** has been a persistent theme.

In terms of the broader creative economy for which culture provides a base and with which strictly cultural activities interact at many levels, it was estimated in the study on the 'Economy of Culture in Europe' conducted in 2006, that :

- the cultural and creative sectors accounted for 2.6% of EU GDP in 2003
- the sector was growing 12% more rapidly than the general economy.

This impressive contribution of the sector to overall growth has been noted in several of the case studies presented. In some of the more dynamic and prosperous areas of Europe the share of the creative sector in the local economy is approaching 10%.

The share of culture-based projects in the funding available under Cohesion policy in the current programming period is estimated to be 1.7%, according to DG REGIO figures. This is almost certainly an underestimate, since it does not include culture-based contributions to projects classified under other objectives and we have seen that the creative sector is highly inventive and pervasive in the contributions that it makes.

Clearly no mechanical equivalence is to be expected. Nonetheless, it would appear that the share of culture-based projects in the Structural Funds is probably markedly below its share in economic activity and almost certainly well below its potential for effective

THE COMMON THEMES

4

contribution to achieving the objectives of Cohesion policy. Our conclusion is that the extent of **support to culture-based development is not commensurate with its current significance for the European economy.**

4.4 The Case for Culture-based Development : Advocacy and Communication

Before going on to consider the implications from all the evidence that has been presented for the formulation of policy, it is worth asking **why it continues to be necessary to make the case for promoting the development of the creative sector.**

Throughout the course of this study, the extent and strength of the evidence for effective culture-based development strategies has been quite apparent. Why does it not speak for itself? It is not necessary in the same way to highlight the case for other growing sectors, such as ICT and biotechnology or even business services.

Strategies for the creative sector would appear to be relatively well developed for many cities and metropolitan areas. There are quite elaborate strategies for cities like London, Amsterdam, Helsinki, Barcelona, and Berlin. Cases presented in the study have shown that smaller cities like Mannheim, Lille and Nantes have active creative sector strategies too.

It would appear that **there is often a better understanding of the significance of the creative sector, and the role of culture within this, in city and regional administrations than at a national or European level.**

One explanation of this is that those who determine policy at a city or regional level are closer to the realities of culture-based projects. They know the details of specific projects and how these relate to the needs and dynamics of local communities. They are in a better position to know how the interventions will play out in practice and are able to track subsequent developments and see the longer term impacts. At a national and even more at a European level, it is a lot more difficult to see how culture-based projects operate in practice. The arguments for them appear to be more abstract, based on extrapolations from only partially understood experience of the knowledge economy and sometimes perhaps based on developments that appear to be too good to be true.

At the same time, it has to be acknowledged that the lack of appreciation of the significance of the sector is based to an important extent on **a failure in communication and advocacy.** The arts and the heritage communities do not speak with one voice and both have a significant body of opinion within them that is ambivalent about emphasising the material contribution to modern society that they can make. The cultural sector itself can reinforce the perception that it is not really part of a productive economy.

THE COMMON THEMES

4

More fundamentally, however, this is not just a matter of attitudes. There appears to be **a basic problem of communication**. People from the cultural sector and those involved in economic development do not naturally speak the same language. In bringing the two worlds together, there is scope for a lot of mutual misunderstanding, including a misinterpretation of intentions. The processes that ensure fair and transparent bidding and contractual arrangements can appear to be bureaucratic burdens, as can reporting and accountability requirements. Similarly, the procedures and disciplines involved in developing project proposals and following through with sound project management can present such formidable obstacles to those that are not familiar with them that they stifle new initiatives at an early stage.

Conscious effort is needed from both sides in order to address this problem. The user-friendliness of proposal and reporting procedures needs to be re-examined, together with associated problems such as the timing of funding payments. An effort also needs to be made to explain the broader picture of economic and social development and the contributions to it that cultural organisations might be expected to make, particularly if they are to receive support.

From the side of the cultural organisations, management processes and procedures will often need to be strengthened if effective dialogue is to take place with economic developers or those addressing social problems. In some cases it will be necessary to convince the people concerned with the cultural dimension of an intervention that questions about business and economic impacts are legitimate and need to be addressed. Above all, the procedures and practices of evaluation need to be developed further.

Further clarity about the nature and direction of culture-based developments will certainly help the communication effort. Increasingly too, the nature of the relationship with other aspects of development strategy has to be taken into account and the basis for an integrated approach established.

4.5 Culture, the Lisbon Strategy and Europe 2020 Strategy

At this stage, it is important to consider what the evidence has said about contributions to the larger objectives of European policy.

The Lisbon objectives and particularly those of promoting innovation and enterprise, are already embedded in the objectives of Cohesion policy and have informed the implementation of that policy through the Structural Funds at every level. To this extent, we have already seen culture-based initiatives addressing Lisbon objectives in a variety of ways and often with some creativity. As the formulation progresses of a new strategy for developments up to 2020, this consideration will continue to be of relevance.

THE COMMON THEMES

4

It has been seen that there are important contributions being made to the **support for enterprise and entrepreneurship** in many of the most successful projects, including the Zollverein and Musikpark Mannheim projects and the developments in Óbidos. These frequently combine support for artistic or creative activity with support for business management, usually with corresponding effect.

We have also seen that the creative sector is playing a role in the development of ICT, both as a content provider and in direct contributions to the development of the technology. This function is also being supported under the research framework programmes, though the natural tendency of these to concentrate on the technology leaves scope for a greater emphasis on commercial and social applications under the Structural Funds and for a greater integration of ICT and development objectives in the concrete applications that culture-based projects can provide.

The recent Communication from the Commission on **Europe 2020**⁶⁰ proposes a strategy for smart, sustainable and inclusive growth, as a way of emerging successfully from the current economic difficulties and meeting the challenges that can be expected over the next decade.

The evidence assembled in this study suggests that the creative sector can make a very important contribution in many of the areas where significant developments are required.

A clear contribution can be expected from the creative sector to **'smart growth'** - an economy based on knowledge and innovation, especially if innovation is understood in an open, interactive way that is characteristic of the knowledge economy. Important lessons have been learned in initiatives supporting the creative sector about establishing the right framework conditions for culture-based development, including the provision of appropriate access to business support and finance. Application of these lessons, giving free reign to the stimulus that culture can provide for digital developments and initiatives such as those making use of the sector's special role in engaging with young people and facilitating their entry to the labour market, could all form part of initiatives to maximise the sector's contribution and help innovative ideas be turned into services and products that create growth and jobs.

A special role can also be anticipated for the sector in promoting **'inclusive growth'**, through its above-average contribution to employment creation and the distinctive approaches that it can bring to developing skills, empowering people and affirming a sense of confidence and dignity, increasing labour market participation and promoting social inclusion.

⁶⁰ Communication from the Commission 'Europe 2020' COM(2010) 2020

THE COMMON THEMES

4

The contribution of the sector to the promotion of **'sustainable growth'** is less immediately evident, but nonetheless still significant. There are some considerations that suggest that cultural production is relatively green in contrast to other activities. It has been remarked that many cultural activities generate a high proportion of total value added directly and that this is of importance for their role in the local economy. The relative significance of the human and renewable inputs that are part of this phenomenon could also mean that the sector is a relatively light user of resources. This is a matter for further empirical investigation, but it could well be that the diversification of the economy resulting from a growing creative sector could lead to less intensive resource utilisation.

However, there is also the possibility of more strategic contributions to 'sustainable growth' and also to 'smart' and 'inclusive' growth - the other key areas targeted by the 2020 strategy. The capacity of the cultural sector to act as a vehicle for communication and awareness raising among the general public been observed across the projects that have been examined. The need for understanding and public debate will grow as the imperatives of smart, inclusive and sustainable growth become more pressing. The ability of the cultural sector to sensitise the public to the issues and to explore their different dimensions is an important consideration in a modern democratic society.

The cultural sector is also playing a part in the more fundamental processes that are transforming the contemporary economy and society. There has been a lot of interest in the last few years in the way creativity relates to **innovation** and on the extent to which the cultural and creative sector can stimulate creativity throughout the economy. Part of this function arises from the role that the creative sector has in determining value both through its marketing branch and more generally. In a modern economy, economic value is often a matter of taste and fashion. The creative sector can have a major influence on the judgements being made in this respect, from perceptions of the value of property to the determination of the value of clothes or other items with a particular brand label. **A confident society that projects its values also supports the value of its products.** In many instances it is the creative sector that shapes the judgement about what is fashionable and what should be the focus of consumer interest. It frequently creates the value in the first place and then helps to maintain what, at the best of times, is a fragile intangible asset. The Meisterstrasse project demonstrates this process in action.

But this is just one aspect of the way that **the creative sector can stimulate creativity.** The conclusions of the study on 'The Impact of Culture on Creativity' have been referred to and there was a brief discussion in the previous chapter of the role of motivation in promoting **entrepreneurship.** The suggestion was that there is a need to supplement the support that helps the business organisation side with processes that promote

THE COMMON THEMES

4

action, through inspiring ideas, excitement and enthusiasm. The success of creative districts, clusters and dedicated business incubators owes much to this process.

There was also reason to comment on **the power of communication** that is an intrinsic part of artistic and cultural activity. This was in the context of communicating with excluded groups. However, culture's communicative role has many other facets. For a long time culture has played an important part in advertising and promotion, because of its communicative power. In the last twenty years it has contributed significantly to the 're-branding' of many cities and regions, sending out new messages about the identity, confidence and ambition of the cities and regions concerned. Culture has also been used to help communicate and motivate action in relation to major political and social issues, from opposition to racism, to world poverty and the plight of political prisoners or disadvantaged groups. Given the nature, scale and complexity of some of the issues facing Europe and the global community and at the same time, the need to engage the population at large in debate about resolving them, the power of cultural forms to heighten awareness of issues, stimulate debate, pose questions and explore other dimensions is of considerable significance.

It is of relevance that the political guidelines for the next Commission⁶¹ addressed to the European Parliament by José Manuel Barroso, the President of the European Commission, speak of Europe taking a lead in the world, not least by confidently stating and projecting its values. The expression of values in pluralistic debate and in forms that promote engagement and participation is an activity that comes naturally to the cultural sector, but it may also be one that we need to prize more highly.

4.6 Culture Delivering the Strategic Objectives of Cohesion Policy

A basic objective of Cohesion policy is promoting the convergence of regions that are lagging in terms of development. It has been seen that culture-based development of infrastructure that has increased the attractiveness of localities to investment and talent has been important in **convergence regions** and has also provided the basis for developing home-grown talent and promoting endogenous business development. On occasions, notably in the case of the major investment under the Greek national Operational Programme, in the 2000 – 06 programming period, this type of intervention has also established a more balanced regional distribution of resources and the corresponding potential for development. It was concluded that there are valid reasons for this form of assistance under the Structural Funds, especially in the initial stages of a culture-led development strategy.

⁶¹ José Manuel Barroso 'Political guidelines for the next Commission' 3 September 2009

THE COMMON THEMES

4

However, after also considering other forms of intervention supported by the Structural Funds, it is now clear that, even in the convergence regions, support for infrastructural development must be complemented by 'soft' investment that metaphorically builds on and exploits the physical development that has taken place. In part, this additional investment is a matter of putting into place both cultural and business support structures, assisting new enterprises to be launched and providing the means for established enterprises to innovate and grow. It is also a matter of promoting networking and cluster development, preferably on the basis of clear competitive advantage, of raising the profile of area, promoting effective marketing and stimulating demand. In short, **the promotion of competitiveness and innovation** is not just a matter for competitiveness regions. It applies as well to convergence regions, although in each specific case, it is a matter of taking the steps that are appropriate to the stage of development actually reached. The authorities should be careful not to try to run before they can walk.

Parallel to this, especially in convergence regions and areas with acute employment and/or social problems, the particular strengths of culture-based approaches in developing the skills of marginalised groups and engaging with people who are not easily catered for by normal training processes, as well as the more general ability of culture-based projects to inspire enthusiasm and dedication, can make economic development much more of an inclusive process for the whole community than alternative processes.

The conclusion is that **culture-based interventions provide a highly flexible form of development support**. They can be adapted to meet the particular needs of cities and regions in convergence areas, but they can also be usefully deployed in highly dynamic and prosperous areas. In general, however, the merits of an integrated approach have again been confirmed. Development problems are multi-faceted and need balanced and comprehensive responses. The range and variety of potential initiatives in culture-based development is one of its strengths, along with the way that they can be combined in a progressive and strategic approach.

The former **Community Initiatives** for the period 2000-2006 and the successor programmes in the current period (now primarily INTERREG IVC and URBACT II) have had a special place in the progress of culture-based development strategies. First of all, the scope for culture-based projects in the co-operation area of the Structural Fund guidelines was relatively large. Then a number of INTERREG and URBACT co-operation projects with a cultural component were in fact launched. As a result, there has been a considerable amount of experience exchanged and good practice identified. Two particular projects were considered as examples in the previous chapter - the Culture &

THE COMMON THEMES

4

Urban Regeneration project (case II.A4) and the Creative Clusters in Low Density Urban Areas project (case II.A5).

Many of these culture-based co-operation projects have aimed to influence policy and in a number of them strategic models have been developed. The lessons for the direction and detail of policy and especially the models that have been elaborated have very valuable elements, particularly since they draw from experience from across many different regions and situations. The 'Culture & Urban Regeneration' project and the 'Creative Clusters in Smaller Urban Environments' project again illustrate this point.

4.7 A Typology of Culture-Based Development Activities

In order to delineate the key elements of culture's distinctive contribution to local and regional development, it is first necessary to generalise from the experience of the particular initiatives considered in chapter 3 and provide **a schematic overview in of culture-based activities in the form of a typology.**

A certain amount of adjustment is necessary in moving from the practical concerns of actual projects to the necessarily more abstract nature of a typology. Key features have to be identified and sifted from other less significant aspects. It has also been necessary to fill in certain gaps in evidence. For these reasons there is not a direct mapping from projects to categories in the typology. Furthermore, it has to be admitted, there are potentially many ways to categorise the range of activities through which culture has an impact on a modern creative economy. Any presentation in summary form is bound to be arbitrary to some extent. However, the categories used have proved useful during the course of the study as a way of thinking about the nature of the interventions that have been under review.

The typology begins with the classic elements of culture-based interventions that have been well recognised for some time. It then describes areas where culture-based interventions can have a wider impact on the creative economy, stimulating entrepreneurship and innovation. Next there is reference to areas where culture can provide important resources in other parts of the creative sector and elsewhere. This is then followed by areas where culture-based action can actively create new sources of value. Finally, there is reference to the major actual and potential contributions highlighted in this study that culture-based action can make in the area of human resources and social inclusion.

Classic Investment in Culture: these activities are some of the 'classic' interventions in development with a cultural character, including promoting change through developing the built environment, but also the development of other facilities and the creation of direct employment in heritage and the arts or though association with tourism.

THE COMMON THEMES

4

Classic Investment in Culture

- Rehabilitation and protection of the physical environment
- Urban Regeneration
- Preservation/Development of Cultural Heritage (sites, monuments etc)
- Cultural Infrastructure (i.e. museums, festivals, Houses of Culture)
- Tourism
- Direct employment in cultural activity

Entrepreneurship: the extension of culture in a strict sense to the creative economy, where culture provides inspiration and motivation for a wider range of activities that are still characterised by creativity. When support for these activities is organised it can set a dynamic in train which generates further new activities. Effective business support and support for cultural activities can give rise to creative clusters, especially if further opportunities for networking are organised. The common theme though is the exploitation of creative ideas and skills.

Entrepreneurship

- Motivation
- Cultural Industries and articulation with the knowledge economy
- Clustering of businesses
- Technology development & transfer (technology centres, incubators)
- Networks, SMEs and supply relationships with other businesses
- Measures to Stimulate creativity/research/innovation/entrepreneurship in SMEs
- Creative partnerships between education and business

Cultural Resources – Intellectual Assets & Property : the significance of the use of the output of creative activity as inputs into other activity is only beginning to be appreciated, but advertising and promotion have always used cultural outputs, as have publishing and printing and the digital availability of cultural material is markedly

96

THE COMMON THEMES

4

increasing its use, not least in education. In fact, the interaction between culture and ICT is highly dynamic and will be increasingly important for both sides. The formalisation of many forms of this output as intellectual property should change the perception of its value.

Cultural Resources – Intellectual Assets & Property
<ul style="list-style-type: none"> • Education • Entertainment • Publishing & printing • Marketing • Digital technology and applications • Creative Online Content

Value Creation: it has been appreciated that promoting the image of a city or region can have long term effects on its economic viability and on property and other asset values. However, the strategic significance of the cultural and creative sector in creating value by influencing perceptions and stimulating demand has not been fully understood. The knowledge economy needs new ways of thinking about what is important.

Value Creation
<ul style="list-style-type: none"> • Public value • Image creation/creating demand • Intangible assets • Property development/appreciation • Advertising & promotion

Improving Human Capital: culture-based actions can contribute in a variety of ways to education and training, engaging those benefitting more effectively. In promoting the development of commercial creative activity they can help get greater returns out of the already substantial investment in education and training on cultural matters, by providing pathways to commercial exploitation of latent skills; the disciplines of the

THE COMMON THEMES

4

cultural sector are often directly applied in the creative industries. It also has an important function in building social capital.

Improving Human Capital
<ul style="list-style-type: none"> • Improve labour market relevance of education • Improve training delivery • Development of specialised skills • Update skills of training personnel with a view to innovation and knowledge based economy • Improved networks/exchange between universities, research centres and businesses • Lifelong learning • Building social capital • Improving social Inclusion/Integration (migrants/gender) in education and labour markets • Improving social conditions for marginalised groups (old people, minorities, disabilities, ex-offenders)

The items in these lists will inevitably get longer over time, as the interaction between culture and other sectors multiplies, but the list already suggests that the impacts of culture-based developments is considerably wider than those associated with classic investments in culture .

4.8 An Integrated Model for Culture-based Local and Regional Development

Clarity about the areas where culture-based action can impact on modern economies is a necessary pre-condition for developing effective policy. However, the typology in the previous section mainly sets out the target areas for policy rather than commenting on the mechanisms whereby such activities can be initiated and promoted. It is necessary therefore to consider the implications of the evidence presented for the nature and shape of development policy and, in particular, to set out **the elements of a culture-based strategy**.

THE COMMON THEMES

4

Many of the elements that are of interest have so far been considered in isolation or in association with only a limited number of other actions. It was seen though in Chapter 3, and also above in section 4.4, that there have been a number of projects supported by the Structural Funds that have attempted to articulate culture-based strategies of a more general nature. This has often been done on the basis of a comparison of good practice in a number of different locations across Europe. The Culture & Urban Regeneration project (case II.A.4) from the 2000-06 period was presented as a case illustrating a systematic analysis of the physical, social and economic dimensions of culture-based development and their integration into a coherent overall approach. In the current programming period, the Creative Clusters in Low Density Urban Areas project (case II.A.5) is highlighting elements in creative cluster development that can be applied across wide geographical areas. Slightly different perspectives can be seen in the STRATCULT (case II.B32), SOSTENUTO (case II.B21), HerO (case II.B8) and the Medint (case II.B23) projects, depending on their particular focus. In addition, aspects of the other projects examined in Chapter 3 also provide lessons for the development of an effective strategy.

It is clearly not possible on the basis of cases examined to propose a definitive model for culture-based development that would apply to all situations. The range of culture-based interventions, the inventiveness of the approaches that have been adopted and the flexibility with which the strengths of the cultural sector have been deployed would all seem to suggest that **there is no one way to deliver successful development**.

Nonetheless there have been certain themes that have emerged across a number of the cases that we have examined and it is also true that omission of certain elements in a development strategy can undermine the effectiveness of actions or even lead to their failure. Furthermore, **the most successful culture-based development is cumulative and sequential**; it feeds on itself and it is possible to trace the course of such development over time. We have also seen that if certain elements, such as the necessary facilities and appropriate skills capacities, are not in place early on, this can inhibit subsequent developments.

In addition, it is increasingly becoming apparent that **culture-based strategies cannot stand in isolation**. There are occasions, when it is appropriate to highlight the cultural elements of a strategy or even to focus purely on cultural developments to the exclusion of other considerations. Smaller authorities, for instance, may not have the resources to develop more wide ranging strategies. Or, they may wish to develop local competitive advantage, by playing to particular local strengths of a cultural kind. Generally, however, authorities cannot afford to focus exclusively on one approach or put all their eggs into one basket. Neither can they convincingly afford to have numerous disparate elements in their development policy. **Having multiple strategies is no strategy**. The

THE COMMON THEMES

4

disparate elements need co-ordination and culture-based approaches need to be integrated into an overall development strategy.

Furthermore, important parts of a culture-based strategy often need **parallel developments in other policy areas**. The creative sector, for instance, requires relatively high levels of educational attainment and its on-going development needs co-ordination with educational provision. Equally, developments in the cultural and creative sector can provide a basis for other developments. The arguments about the power of a strong cultural presence to attract high level skills across a range of sectors have been well rehearsed.

The following model, therefore, should be regarded as being a contribution of a cultural and creative dimension to a more general strategy. Various non-cultural elements have to be incorporated, depending on the specific circumstances faced by the relevant authorities.

The model presents in a fairly schematic form a summary of **six core components** derived from the different examples examined. It draws on the projects that were referred to in the section 3.6 on 'Developing a Culture-based Strategy and Promoting Territorial Cohesion', but also makes use of lessons from initiatives covered in other sections.

Policy leadership

Many of the cases reviewed owed their success to the enthusiasm and dedication of specific individuals or small groups of people involved in key interventions. Sometimes these individuals were in positions of political leadership, but on other occasions they were officials or project leaders who found themselves able to have a determining influence on the development process. However, although the achievements of such individuals should be saluted and their personal contributions welcomed, it is hardly possible to rely on such individual contributions as the basis for a strategy. A more systematic approach is required that puts in place the necessary policy orientations and institutional arrangements.

In addition, it can be observed that although culture-based development does happen organically without a conscious direction, it is likely to be more successful if it takes place within **a clear policy framework that is well communicated and supported by all the main stakeholders**. The foundation, therefore, for a culture-based dimension in a development strategy, has to be a systematic approach to establishing the policy and administrative arrangements that can deliver a coherent programme, that can count on the necessary political support and the engagement of the relevant public and private stakeholders.

THE COMMON THEMES

4

The following appears to be the main elements involved in developing successful policy leadership in this way :

Policy leadership

The political will to develop a clear strategy

Corresponding organisational structure

Commitment to inclusiveness and the engagement of all stakeholders

Communication, advocacy and confidence building among all involved parties

- Establishing the necessary planning mechanisms
- Articulating the relationship between the cultural dimension and other objectives of development strategy
- Establishing base for evaluation and impact assessment
- Review & adaptation

It can be seen that this approach requires an analysis of existing cultural assets, clear planning and the identification of appropriate resources. The involvement of the relevant stakeholders is also an important element, including those who are responsible for other policy areas covered by the overall development strategy applied at a local or regional level. Sometimes this requires effective advocacy, marshalling the arguments and the evidence and presenting them convincingly. With this element in mind, it is as well if arrangements are made at an early stage to put in place sound procedures for systematic data collection and the establishment of a baseline for impact assessment and evaluation over the medium and longer term.

Creating the foundation

Once there is policy commitment, successful culture-based development is often sequential and requires a momentum to be established. It can be initiated by attention drawing events and developments, but needs a solid base to build on. For cities and regions that are starting from a relatively narrow base with limited cultural and creative activity, it may be necessary to invest in the creation of facilities and/or the development of a focal point to assist in generating a sense of revitalisation and momentum. Initially this may involve significant changes in attitudes and perspectives and the development of self-confidence. A new iconic building is one way of achieving this, but, as has been seen, it is not the only way. It may be more a matter of utilising

THE COMMON THEMES

4

existing facilities, but then extending the way that they are used and possibly relaunching them and establishing a new context for their activity.

In any event, while this initial activity is being planned and implemented it is already important to pay attention to the organisational and applied skills that are going to be needed, once developments start to take place. If the required skills and capacities are not there, it is necessary to create them.

Creating the foundation

Continuing to build confidence

Planning

- Review of existing assets (physical and intangible)
- Establishing a flexible framework of objectives
- Identification of policy priorities
- Identification and commitment of resources
- (Land use) planning clearance
- Developing links with other elements in the regional development strategy

Infrastructure investment

- Focal points & iconic buildings
- Other infrastructure – premises etc

Skills development and capacity building

- Organisational
- Applied

The foundation stage is obviously critical to any culture-based development strategy. It is important to make an initial impact and to ensure that this is of a scale and character that will allow the initiatives to become an effective platform for subsequent development. The danger, however, is that the initial impulse will fizzle out and that continuous, sustainable development will not take place.

Sound development

For those that are building on pre-existing cultural assets or those who have successfully completed the foundation stage, **sound subsequent development is really the**

THE COMMON THEMES

4

difference between a successful overall strategy and failure. The following up of initial developments needs to be systematic and to build on the advantages developed in the earlier phases.

Often, however, it is difficult to see how a development strategy is progressing at this stage. After the initial impulse, initiatives may mushroom and apparent success may be perceived, even when underlying weaknesses mean that the developments are not sustainable. It is therefore particularly important at this stage that the strategy develop systematically, that key strengths and advantages be identified and further developed and that critical opportunities are seized, while distractions are avoided. The strategic authorities will not be able to control everything and this is not desirable in any event. But they can encourage developments that play to strengths, build on earlier successes and develop synergies and they can use their position to address bottlenecks, improve facilities and also promote strategic developments, such as making an input into establishing clear priorities for development funding, including that arising under the Structural Funds.

Sound and sustainable development

Identification of opportunities from 'foundation' developments

Identifying and strengthening synergies across sectors and with other aspects of the overall development strategy

Promotion of competitive advantages

Further Development of infrastructure

Focusing resources including :

- Clear input into the setting of SF funding and support objectives
- Hands-on management of projects to ensure alignment with objectives

Establishing evaluation metrics and data collection for assessing impacts

The strategic direction at this stage will benefit from being supported by a good evidence base. Establishing the appropriate metrics and collecting the data to assess impacts will make for sound policy development.

Exploiting creative advantages

The range of possible culture-induced impacts on the economy and on social development appears to be expanding, driven by changes both in technology and in user tastes. Development authorities often have the advantage of being able to observe

THE COMMON THEMES

4

these developments as they are taking place. They are close to developments on the ground and are able to see and understand local variations in national and international themes. Similarly cultural organisations and creative enterprises can see the local opportunities. **An active policy of promoting and exploiting further opportunities** as they arise from actual and potential advantages is the way to generate a real dynamic, especially if this is supported by confidence creating measures and informed by an understanding of the relationships and mechanisms of the knowledge economy and the role of creativeness and innovation within it. The particular strengths of the creative sector in marketing and communication and their role in modern innovation processes is a theme that can be beneficially explored.

Identification of the main anticipated results and outcomes from these processes, while not necessarily capturing all the effects that will arise, is nonetheless an important way of having a disciplined approach to this often speculative side of development strategy.

Exploiting creative advantages

Promoting creativeness & innovation, both within the creative sector and beyond

Encouraging flexibility

Exploring links with the knowledge economy

Building intangible assets

Marketing & communication

Developing new consumer demands

Strengthening social capital

Proper Support

While developing the local applications of generic elements in a culture-based strategy requires a certain amount of imagination and foresight, these processes also need to be able to rely on basic support structures and mechanisms. **Proper support for enterprises, during projects and when the initial funding runs out, is critical** and can make a big difference when turning projects into businesses. This support has to be at an individual level, available to specific businesses and also at the more strategic level, promoting networking and cluster development. **It should cover both creative and business needs.**

THE COMMON THEMES

4

Proper support

Provide or establish links with support for creative activity :

- Where appropriate, arrange festivals and events
- Provide industry briefings
- Facilitate contacts with others active in industry, education and other stakeholders

Provide or establish links with critical business support mechanisms :

- Enterprise support
- Innovation support
- Intellectual property management
- Access to finance
- Education & training
- Policy feedback mechanisms

Create opportunities by :

- Encouraging networking and cluster development
- Assisting the move from local to global
- Facilitating information exchange
- Highlighting success

Achieving the right mix of support service provision is a fine matter of judgement. This can be assisted by constantly checking that it is serving the needs of the creative sector and ensuring that there is good feedback on the effectiveness of the support in place.

Flying high

Once a take-off has been achieved, it is important to keep the situation under review, especially by conducting formal evaluations, and to **head off any tendency for the successful development to lose its dynamism**. Continuing to involve the key stakeholders is important.

Flying high

Review of impacts and evaluation results

Identification of success factors

THE COMMON THEMES

4

Identification of threats

Peer learning , exchange of good practice

Continuing buy-in

- At policy level
- Among stakeholders
- Ensuring a cultural dividend

These elements are also set out in summary in Annex I.A

4.9 Evaluation

Throughout the course of this study, the force of the case for culture-based local and regional development has depended on the strength of the evidence that it has been possible to produce. The study has aimed to contribute to the evidence base that is increasingly the foundation of many areas of policy. However, it is often not easy to assess the effects of culture-based interventions, especially over the medium to long term. The effects that work through motivation and inspiration are particularly difficult to trace. Nonetheless, **difficulties in capturing the whole range of effects do not mean that evaluation should not be attempted.** Many effects can be identified and a lot can be achieved, especially if the need for good evaluation is appreciated right from the beginning of a project. Appropriate planning at an early stage, especially in relation to collecting the necessary data, makes the process easier and more productive.

On occasions special provision for assessing impacts is appropriate. We saw with the Kunstwerk(t) (case II.A9), that the aim was to effect changes in capabilities and attitudes and have other impacts that are exceptionally difficult to measure. The project was assisted in this by an independent team of researchers from the University of Amsterdam.⁶² This type of evaluation is particularly valuable when novel approaches are being developed, but obviously it cannot be undertaken in every case. There are less intensive ways of conducting evaluations that can be undertaken or facilitated by those managing projects and part of the communication effort that is required should be directed towards encouraging those involved to take the practical steps necessary to improve the assessments of culture-based interventions. Ultimately a clear perspective on the effectiveness of this type of intervention is of benefit to all concerned.

The final theme, therefore, identified in the evidence that has been considered is the **need for a greater use of evaluation techniques** along with the development of culture-based strategies.

⁶² Wil Oud and Ron Oostdam 'ArtWork(s) in the Tertiary sector; Evaluation research into experiential learning with theatrical working form' Amsterdam: SCO-Kohnstamm Institute of the Faculty of Social and Behavioral Sciences, University of Amsterdam SCO-report no. 774 – project number 40081

CONCLUSIONS & RECOMMENDATIONS

5

In this concluding chapter, the study builds on the analysis in chapter 4, brings together the common themes of the study and makes a series of recommendations.

5.1 Conclusions

This study has concentrated on the economic and social impacts on local and regional communities of culture-based programmes and projects supported by the Structural Funds. To this extent, it is a partial account; little attention has been paid either to the intrinsic aesthetic and moral value of developments with a strong cultural dimension or to the contributions to the diversity of cultural expression that these interventions make. Nonetheless a significant story has been revealed.

The Impact of Culture-based Activity

Cultural activity is at the heart of the creative economy. Not only do cultural activities have direct economic impacts through the income generated and the number of people employed in the arts and at heritage sites, they provide multiple inputs into a wider range of creative industries, in the form of content, inspiration, skills and disciplines, intellectual capital and trained staff. Increasingly, cultural activities also provide a point of focus for creative networking and cluster development.

There are more than the usual difficulties in assembling relevant data on the cultural and creative sectors and there is still not a universally agreed definition of the economic activities that these sectors cover. However, using a common definition, the study on the 'Economy of Culture in Europe' conducted in 2006, estimated that:

- the cultural and creative sectors accounted for 2.6% of EU GDP in 2003
- the sector was growing 12% more rapidly than the general economy.

The theme that the creative sector is growing more rapidly than the economy as a whole is an important one. It both shows the potential of the sector and serves as a warning that certain areas are being left behind.

Some of the more dynamic cities and regions in Europe already have creative sectors that account for around 10% of their local economies. A study is cited that shows that in London the creative sector employed nearly 15% of the working population by 2001 and that this exceeded employment in the financial sector. Other studies show that the picture is similar in Amsterdam, Barcelona, Berlin, Madrid, Milan and Rome. Furthermore there is evidence at this level of strong though variable growth in the sector.

Generally, and with some important exceptions, consciousness of the significance of the creative sector is much more evident in cities and regions than at a national or European level.

CONCLUSIONS & RECOMMENDATIONS

5

An Approach for All Regions

The fact, supported by analysis from the European Cluster Observatory, that much creative sector activity is concentrated in urban regions is a challenge for Cohesion policy, especially since these regions are also some of Europe's more economically dynamic areas. **New disparities may be emerging as developments in the creative sector gather pace.**

The bulk of Structural Fund resources in both of the periods under consideration have supported regions with per capita GDP at less than 75 % of the Community average. The main aim of Cohesion policy in the current period is to promote the convergence of these regions with the performance of those that are more prosperous. Different elements of a culture-based strategy are seen to apply at different stages of development.

By examining a series of cases in detail, the study has shown that **an apparent urban bias is not an inevitable feature of culture-based interventions.** Although culture-based projects can indeed play an important part in regenerating central urban areas, by helping to give a new sense of direction to cities and creating a development momentum, suitable adaptations of culture-based development strategies mean that they are applicable over much more extensive areas and even in quite rural communities.

In fact, a further important conclusion from the examination of culture-based projects supported by the Structural Funds is that they are much more broadly based than was initially anticipated. Culture-based projects are effectively promoting competitiveness and job creation and are helping to facilitate communication and interaction between different locations.

On a broad basis, the Structural Fund Guidelines for the current period proposed action in three areas :

- Making Europe and its regions more attractive places in which to invest and work
- Knowledge and innovation for growth
- More and better jobs

The detail of the Guidelines suggests that culture-based contributions to meeting these objectives were mainly anticipated in the first area. In fact, the study shows important contributions have been made in all three areas. As well as interventions promoting physical regeneration and a shift in attitudes, there have been numerous inventive projects contributing to employment and social inclusion, making use of the special capabilities of the cultural sector to engage and communicate with people and especially with groups that are otherwise difficult to get through to.

There have also been some very interesting culture-based contributions to the development of enterprise and innovation stemming from the culture sector's close relationship to processes at

CONCLUSIONS & RECOMMENDATIONS

5

the heart of a modern knowledge economy. As it becomes increasingly apparent that innovation, especially in the services sector, has moved away from technology push towards processes that are more interactive and open and, as process innovation becomes as important as innovation in products, the contribution of culture and related activities is increasingly appreciated. Culture makes direct contributions to innovation in a conventional way, for instance, in providing an important mass of content and also technological developments that are significant for the ICT sector, but it is also more and more part of a creative dynamic. Creative incubators and business parks are seen in the study to be effective development vehicles and, with effective planning and management, cultural centres and events can generate a variety of business spin-offs, while a cultural focus or skills derived from the cultural sector can stimulate creativity, drive improvements in quality and have significant impacts on product definition and business processes. There is evidence from NESTA in the UK that linkages to the creative sector are directly associated with innovation elsewhere in the economy.⁶³

In this way, **culture-based projects are capable of not only improving the structural conditions of lagging regions, but also of contributing directly to competitiveness and employment creation.** Evidence is cited in the study of culture-based interventions that have made substantial contributions to the sustainable creation of businesses and jobs. In the case of Cornwall, where detailed evaluation has been undertaken there was clear evidence of growth in the turnover and value-added of the creative sector in an Objective 1 region that compares very favourably with national growth rates. This project shows that not only can employment be increased but profitability and productivity as well, making the conditions for longer-term sustainability more favourable.

A Clear and Flexible Culture-based Development Strategy

Valuable lessons are being learned from the diverse experience of culture-based projects, especially through the promotion of best practice exchange in the URBACT and the INTERREG programmes. Reflection on the processes that are evident across all the interventions that are considered in the study led to the formulation of the various components of a focused, flexible and integrated culture-based development strategy.

It is not possible to identify an approach that applies in all situations, but there are common themes that are apparent in a number of diverse situations. The process envisaged is one in which there is consistent progress, as the relevant agencies capitalise on any initial investment in improved infrastructure, identify and exploit competitive strengths and put in place the necessary cultural and business support mechanisms, while at the same time, ensuring on-going engagement and support for the developments within the relevant community. Distinct stages are envisaged, in which interventions build on earlier achievements.

⁶³ See page 68 above

CONCLUSIONS & RECOMMENDATIONS

5

Is There Sufficient Support ?

The picture that emerges, therefore, is of a sector that is dynamic and full of potential in both economic and social terms. This is to be set against relatively restricted support from the Structural Funds.

DG Regio figures suggest that 1.7% of the Structural Funds will be devoted to culture in the current programming period. This figure only includes projects that explicitly mention cultural developments as an objective of the intervention and therefore does not take account of projects that use a culture-based approach to achieve other objectives. Evidence collected in the UK on a broad range of projects that have a culture dimension gives a very rough indication that the actual support for culture-based projects could be twice the proportion given by DG Regio.⁶⁴

Nonetheless this is still a relatively small proportion. Clearly, it is not legitimate to argue that there can be any exact equivalence, but **it does appear that the current investment in culture-based development under the Structural Funds is not commensurate either with the current importance of the creative sector in the European economy or with its potential.**

The Danger of a Missed Opportunity

Some tentative explanations are offered of the lack of appreciation of the significance of the sector. **The main problem appears to be one of basic communication and uneven capacity.** People from the cultural sector and those involved in economic development do not naturally speak the same language. The procedures and disciplines of major project management, for instance, present a formidable obstacle to those that are not familiar with them. Conscious effort is needed from both sides in order to address this problem.

This consideration becomes more pressing as the strategy develops for moving out of the current economic crisis and building the future of Europe over the next decade. It is important that the significance of the creative sector be understood at a strategic level. The vision for this strategy set out in the Europe 2020 document is based on policies to create smart, sustainable and inclusive growth and the promotion of economic, social and territorial cohesion. The evidence of the study would appear to show that culture-based interventions are capable of making significant contributions in almost all of the main areas for development, including the seven 'flagship initiatives' that are proposed as the focus for action.

New Areas for Consideration

In this context, however, the dynamic nature of culture-driven developments in the creative sector should be recalled. The potential of the sector has only partially been realised and there are new elements continuously emerging in the way that culture interacts with local and regional communities. There has been a lot of interest in the last few years in culture's

⁶⁴ See page 41 above

CONCLUSIONS & RECOMMENDATIONS

5

relationship with **creative processes and their implications for innovation**. The study has also remarked on the **creative sector's role in creating value and stimulating demand** and the potential contribution of culture-based approaches to motivating **entrepreneurial activity** – an area where Europe lags behind international competitors. Culture's role as an effective **means of communication** was another area that could be of increasing significance. Culture is already of great significance as a provider of digital content and as a stimulus for creative applications in the IT sector. This position needs to be reinforced, especially in this context, through more support to ICT-based interventions through the Structural Funds. At the same time, these digital developments provide opportunities for new forms of communication. As European society faces major challenges in the environmental area, in relations between the generations and with people of different cultural and religious backgrounds, the ability of cultural forms to stimulate debate, to develop different perspectives, to assist understanding and build bridges and to express our basic values could become of increasing significance. These matters need further exploration.

The Commission's Green Paper on 'Unlocking the potential of cultural and creative industries' will provide a framework for these and related issues to be debated.

5.2 Recommendations

Arising from the analysis, there are a series of recommendations :

There is a danger that the opportunity will be missed to exploit the major competitive advantage for Europe that the creative sector represents. It is important that the economic and social contribution of the cultural and creative sector have a higher profile in strategy development at national and European levels.

- 1. Specifically, the potential contribution of the creative sector to the main elements in the emerging strategy for Europe 2020 needs to be better articulated and its impacts across the full range of Structural Fund objectives acknowledged and promoted further.*
- 2. Resources available for culture-based interventions under the Structural Funds should be more commensurate with the size and growth potential of the creative sector.*
- 3. There should continue to be encouragement of a longer-term and more strategic approach to culture-based development at a local and regional level.*
- 4. To be successful, it is necessary for culture-based development to be mainstreamed into integrated development strategies, at a local or regional level, built on partnerships between public authorities, cultural organisations, the relevant business interests and representatives of civil society.*
- 5. This should be supported by further analysis of the rich and dynamic contribution that culture-based interventions are making to :*

CONCLUSIONS & RECOMMENDATIONS

5

the knowledge economy and innovation

employment creation and social cohesion

6. *Similarly, the potential role of culture in promoting creativity, motivating entrepreneurship and improving communication on major issues faced by European society needs to be explored further.*
7. *In particular the identification and exchange of best practice at a European level needs to be strengthened and include innovative actions.*
8. *A special effort is needed to improve communication between the culture community and those involved in economic development, especially at local and regional levels. The experience of those who have successfully operated on both sides should be exploited and disseminated.*
9. *The capacity of the cultural sector to engage effectively in local and regional development needs to be strengthened and a greater professionalism in this area encouraged.*
10. *Practical considerations should be addressed, such as the user-friendliness of proposal and reporting procedures and the particular difficulties of cultural organisations over the timing and arrangements for funding.*
11. *Attention needs to be paid to the development of better evaluation techniques and methodologies and their more extensive application, again making use of existing good practice.*

A Model for Culture-based Local & Regional Development

I.A

<i>Policy leadership</i>	
<p>The political will to develop a clear strategy</p> <p>Corresponding organisational structure</p> <p>Commitment to inclusiveness and the engagement of all stakeholders</p> <p>Communication, advocacy and confidence building among all involved parties</p> <ul style="list-style-type: none"> - Establishing the necessary planning mechanisms - Articulating the relationship between the cultural dimension and other objectives of development strategy - Establishing base for evaluation and impact assessment <p>Review & adaptation</p>	<p>Culture-based development can happen organically, but is likely to be more successful if it takes place within a clear policy framework that is well communicated and supported by all the main stakeholders</p>
<i>Creating the foundation</i>	
<p>Continuing to build confidence</p> <p>Planning</p> <ul style="list-style-type: none"> - Review of existing assets (physical and intangible) - Establishing a flexible framework of objectives - Identification of policy priorities - Identification and commitment of resources - (Land use) planning clearance - Developing links with other elements in the regional development strategy <p>Infrastructure investment</p> <ul style="list-style-type: none"> - Focal points & iconic buildings - Other infrastructure – premises etc <p>Skills development and capacity building</p> <ul style="list-style-type: none"> - Organisational - Applied 	<p>Successful culture-based development is often sequential and works better if a momentum is perceived. It can be initiated by attention drawing events and developments, but needs a solid base if it is to be built on</p>

A Model for Culture-based Local & Regional Development

I.A

<i>Sound development</i>	
<p>Identification of opportunities from 'foundation' developments</p> <p>Identifying and strengthening synergies across sectors and with other aspects of the overall development strategy</p> <p>Promotion of competitive advantages</p> <p>Further Development of infrastructure</p> <p>Focusing resources including :</p> <ul style="list-style-type: none"> - Clear input into the setting of SF funding and support objectives - Hands-on management of projects to ensure alignment with objectives <p>Establishing evaluation metrics and data collection for assessing impacts</p>	<p>The following up of initial developments needs to be systematic and to build on the advantages developed in the earlier phases.</p>
<i>Exploiting creative advantages</i>	
<p>Promoting creativeness & innovation, both within the creative sector and beyond</p> <p>Encouraging flexibility</p> <p>Exploring links with the knowledge economy</p> <p>Building intangible assets</p> <p>Marketing & communication</p> <p>Developing new consumer demands</p> <p>Strengthening social capital</p>	<p>The range of possible culture-induced impacts appears to be expanding, given the significance of creative developments in modern economies. Identification of the main anticipated results and outcomes, while not necessarily capturing all the effects, is nonetheless an important element of a development strategy.</p>
<i>Proper support</i>	
<p>Provide or establish links with support for creative activity :</p> <ul style="list-style-type: none"> - Where appropriate, arrange festivals and events - Provide industry briefings - Facilitate contacts with others active in industry, education and other stakeholders <p>Provide or establish links with critical business support mechanisms :</p>	<p>Proper support for enterprises during projects, and when the initial funding runs out, is critical and can make a big difference when turning projects into businesses. This support has to be at an individual level and also at the more strategic level. It should cover both creative and business needs.</p>

A Model for Culture-based Local & Regional Development

I.A

<ul style="list-style-type: none"> - Enterprise support - Innovation support - Intellectual property management - Access to finance - Education & training - Policy feedback mechanisms <p>Create opportunities by :</p> <ul style="list-style-type: none"> - Encouraging networking and cluster development - Assisting the move from local to global - Facilitating information exchange - Highlighting success 	
<i>Flying high</i>	
<p>Review of impacts and evaluation results</p> <p>Identification of success factors</p> <p>Identification of threats</p> <p>Peer learning , exchange of good practice</p> <p>Continuing buy-in</p> <ul style="list-style-type: none"> - At policy level - Among stakeholders - Ensuring a cultural dividend 	<p>Once a take-off has been achieved, it is important to keep the situation under review, especially by conducting formal evaluations, and to head off any tendency for the successful development to lose its dynamism. Continuing to involve the key stakeholders is important.</p>

Study Methodology

I.B

The 'Study on the Contribution of Culture to Local and Regional Development - Evidence from the Structural Funds' was conducted by CSES and its partners ERICarts over a period from June 2009 to March 2010.

The aims of the study were to:

- Provide an overview of how and to what extent, within the context of the European Cohesion policy, culture has been integrated into regional development strategy since 2000;
- Identify and analyse a series of good culture projects supported under the Structural Funds during the previous programming period, 2000-2006;
- Analyse the key features and mechanisms of the integration of a cultural dimension into the regional development strategies for the current period, 2007-2013;
- Highlight the value of investing in the culture sector at all levels, notably in the form of an information tool;
- Set out how this investment is linked to broader regional development objectives and the EU's sustainable growth strategy, articulated as the Lisbon Agenda.

The main approach adopted was to build from the bottom up, starting with the identification of interventions (both programmes and projects) with a significant cultural element that had been supported by the Structural Funds in either the programming period of 2000-06 or in the current 2007-13 period. The nature of these interventions was then analysed and conclusions drawn about their contributions to local and regional development.

During the course of this process of identifying interventions that could be of interest, particular attention was paid to searching for cases where clear evidence of economic and social impacts on the locality or region was apparent. In this way, the approach adopted was one where the intention was to make a significant contribution to the accumulating evidence base on the effectiveness of culture-based development.

A further important orientation of the study was that the analysis of interventions was guided by reference to the main statements of Cohesion policy objectives. Although the study was not intended to be a formal evaluation, the practice of comparing the outcomes of interventions against the stated objectives of the Structural Funds was felt

Study Methodology

I.B

to be a useful discipline. This perspective allowed useful yardsticks to be established for judging the nature and extent of contributions to local and regional development.

The work was conducted over several phases that can be broadly described as follows :

- Initial gathering of evidence on culture-based interventions
- Inputs from interested parties, largely through a Seminar in November 2009
- Further analysis and selection of specific cases
- General analysis and drawing of conclusions
- Presentation of results

Initial gathering of evidence

The study began with an extensive trawl through the many thousands of projects supported, in order to identify representative examples of culture-based interventions. In this, it was not intended to assemble a completely comprehensive set of projects. Simply the numbers of projects involved would prohibit this. Rather the attempt was to identify a representative range of culture-based interventions, across the different forms of cultural heritage and the arts, featuring the different forms of support available under the Structural Funds and covering a variety of objectives and targets. Above all, the aim was to identify programmes and projects where there was clear evidence of a diverse range of impacts and effects.

The initial mechanism for this process was a search on the ground in all Member States conducted by associates of the ERICarts Institute. The search was conducted after an agreement on the nature of the information to be collected. Members of the network were encouraged to identify the initiatives with the highest profile in their countries and others that had interesting or unusual features. A template was drawn up for presenting this information and validated in four different parts of Europe. Targets for number of cases to be collected were set for each Member State, taking into account their relative Structural Fund budgets.

Inputs from other interested parties and Seminar (November 2009)

Parallel to the work being carried out by the ERICarts network, the opportunity was given to other interested parties to participate in the study, particularly by drawing attention to particular interventions and expressing an interest in attending a Seminar in Brussels to discuss the nature and the detail of the material that was being revealed.

In the course of all these activities, nearly 1,300 emails were sent out to managing authorities, regional and cultural organisations and the recipients were asked to pass on the message to contacts in individual projects and, where appropriate, through newsletters and other publications. We estimate that several thousand people were contacted about the study and the Seminar.

Study Methodology

I.B

An on-line tool was made available in August 2009, so that those interested in the project could contribute details of particular projects or programmes. All those invited to participate in the Seminar were also encouraged to make use of this tool or to provide information on specific projects by other means. An on-line questionnaire and briefing material were made available.

In addition, information on initiatives was derived from other sources. An extensive literature review and search of web-based information was conducted. The information on projects in the DG REGIO on-line database was examined in detail, together with similar information provided by DG EMPL. Interviews with Commission officials and cultural organisations were also useful in pointing to specific projects, as were references to best practice in publications such as DG Regio's 'Panorama' magazine.

All these sources enabled the team members to draw together information on interventions in a set of working documents. Overall, some 150 interventions were identified, after the elimination of duplications. Quality checks reduced the number further when sufficient information was not available. A set of 114 interventions eventually formed the core material that the team had to work with.

This material related to programmes and projects in both programming periods (61% for the 2000-06 period and 39% for the current period), from all Member States and with a variety of themes. The following gives an indication of the thematic breakdown; many interventions are included more than once, because more than one theme was evident in their particular case.

Table 1: Project fiches by thematic type

<i>Theme</i>	<i>Incidence</i>	<i>%</i>
Cultural heritage	70	28.7
Support for performing arts (events and performances)	16	6.6
Support for other creative activities (visual, literary)	10	4.1
Support for creative applications (creative content, advertising etc.)	8	3.3
Support for development of creative industry firms/SMEs	29	11.9
Socio-cultural work/cultural networking	26	10.7
Cultural education	29	11.9

Study Methodology

I.B

Intercultural dialogue	16	6.6
Cultural tourism	35	14.3
Other	5	2.0
Total	244	100.0

The Seminar provided an opportunity to identify further interventions and deepen understanding of the nature of culture-based local and regional development. It was held on 11th November 2009, in the Centre Borschette in Brussels. It was attended by 99 participants, from 25 of the Member States, Commission officials and representatives of Brussels-based organisations.

The aim of the Seminar was to contribute in two areas:

- the nature and extent of the contribution of culture-based projects to local and regional development;
- how the conception of culture's contribution to local and regional development is currently evolving and of the main drivers of this evolution.

Emphasis in the Seminar was placed on the active participation of those attending. After a relatively short introduction, a large part of the day was devoted to workshop sessions where specific initiatives could be presented and discussed. The results of the workshops were reported back to a concluding plenary session, during which participants again had an opportunity to make an active contribution to the formulation of conclusions. A panel with a wide and impressive range of experience, including the Polish Under-secretary of State in the Ministry of Culture and National Heritage, were able to comment on the conclusions reached.

Further analysis and selection of specific cases

The Seminar was able to contribute directly to the analysis of the raw material collected, not only by comments on the series of interventions that were presented, but also in a discussion of emerging conclusions, including an initial typology of interventions. The seminar also confirmed the usefulness of comparing the objectives of the Structural Funds with actual practice. It was evident from the material presented that culture-based interventions were addressing a much wider range of Cohesion objectives

It had been agreed with the study's Steering Committee, at an early stage that the analysis should aim to concentrate on some 8 – 10 interventions that had relatively clear evidence of impact and represented different facets of culture-based development. A further set of cases, making a total of around 45, would aim to illustrate diversity in the

Study Methodology

I.B

nature and scale of intervention. Discussion of the selection process had led to an initial set of criteria, which included :

- Different types of cultural intervention (from infrastructure projects, through support for the creative sector to training and social inclusion projects)
- Establishing a balance between elements illustrating a development in strategic thinking and operational detail
- Ensuring a representative sample in terms of geographic coverage across the Member States and different regions.
- A representative balance between different types of Structural Funds interventions and different Priority Objectives
- The inclusion of projects funded through the Community Initiative Programmes
- Cases with clear indications of performance.

Further discussion with the Steering Group, leading up to and then after the Seminar, led to the establishment of a short list of core projects and an additional list, making up around 50 cases in total. The core cases in particular were characterised by their range.

The following table lists the number of cases cited from different Member States:

Origin of cases cited in the study

<i>Country</i>	<i>Completed</i>		<i>Country</i>	<i>Completed</i>
Austria	4		Latvia	1
Belgium	3		Lithuania	2
Bulgaria	1		Luxembourg	1
Cyprus	-		Malta	-
Czech Republic	-		Netherlands	3
Denmark	2		Poland	2
Estonia	1		Portugal	2
Finland	1		Romania	-
France	8		Slovakia	1
Germany	4		Slovenia	2
Greece	1		Spain	3

Study Methodology

I.B

Hungary	2		Sweden	2
Ireland	2		United Kingdom	4
Italy	2			
Grand Total	50			

Several cases involved a number of different countries. These have been allocated to the country of the main co-ordinators.

The variety of the projects was apparent in the type of intervention and the range of the impacts that they had and correspondingly, in the different types of evidence associated with them. However, following on from the themes of the Seminar, an important consideration in the selection of the final core set was the way that, between them, they illustrated that culture-based interventions are capable of addressing almost all of the major objectives of Cohesion policy. It was felt that an appropriate way to make this point was to present information broadly relating to the three priorities established for Cohesion policy by the Strategic Guidelines set out in the Council Decision of 6 October 2006 :

- improving the attractiveness of Member States, regions and cities
- encouraging innovation, entrepreneurship and the growth of the knowledge economy
- creating more and better jobs

In addition, it was clearly necessary illustrate themes such as the dynamic of culture-based developments and the evolution of thinking on culture-based strategies.

A programme of work was then undertaken to gather further information especially on the targeted core cases, in order to fill out what was already known and write up the case studies. This involved further informal interviews, an exchange of information, further web-based research and a fair amount of translation from documents in the original language of the cases.

Study Methodology

I.B

General analysis and drawing of conclusions

While detailed work was being conducted on specific cases, there was also reflection on the more general themes to be presented in the study. This was assisted by separate considerations of the evolution in the conception of the role of culture in the Cohesion policy guidelines and a broader review of how culture featured in other areas of policy at an EU level, such as in support for ICT developments.

The drawing of general conclusions was assisted by various inputs. Among these the most significant were comments made during the Seminar and discussion with the Steering Committee.

Presentation of results

The presentation of all the material gathered has been the basic analysis is presented in the present document that forms the core part of the study. The main descriptions of the cases considered are presented separately. The 10 core cases referred to in the main study are presented as Annex II.A. A further 42 cases are presented with slightly less detail as Annex II.B.

In addition to this, an aim from the beginning of the study had been to make use of the material gathered and the analysis to assist people who are closely involved in developing culture-based interventions. These would include both cultural organisations that are considering developing initiatives that could be supported by the Structural Funds and people involved in local and regional development or the management of Structural Fund programmes. The intention was to develop an information tool that could be made available through the DG EAC web site. This required presenting the material in a more schematic and hopefully easily digestible form.

References

I.C

- Baltic Project Consulting, *Evaluation of culture's central role in the Latvian economy and the role of EU Structural funds (in Latvian – summary in English)*, 2006
- Balsas, Carlos JL , *City centre regeneration in the context of the 2001 European Capital of Culture in Porto, Portugal*. In *Local Economy*, 2004
- Bakhshi, Hasan; McVittie, Eric and Simmie, James (NESTA), *How linked are the UK's creative industries to the wider economy?*, 2008
- Barroso, José Manuel *Political guidelines for the next Commission*, 2010
- BBC, *Building Public Value*, 2004
- Berlin Senate Department for Economics, Technology and Women's Issues *Creative Industries in Berlin, Development and Potential*, 2008'
- Bianchini, Franco and Parkinson, Michael, *Cultural policy and urban regeneration*, 1993
- Bin Lee, Chang, *Cultural Policy as Regeneration Approach in Western Cities: A Case Study of Liverpool's RopeWalks*, 2009
- Binns, Luke, *Capitalising on culture: an evaluation of culture-led urban regeneration policy*, 2005
- Birmingham City Council, *Birmingham's Renaissance -how European Funding has Revitalised the City*, 2008
- Bowitz, Einar and Ibenholt, Karin, *Economic impacts of cultural heritage – Research and perspectives*, 2009
- British Library, *Measuring Our Value*, 2004
- Chesbrough H, *Open Innovation: The New Imperative for Creating and Profiting from Technology*, 2003
- Creative City Network of Canada, *Developing and Revitalizing Rural Communities Through Arts and Creativity: An International Literature Review and Inventory of Resources*, 2009
- DCMS, *Creative Industries Mapping Document 2001 (2nd ed.)*, 2001
- Design Council *Design in Britain 2005-06*, 2007.

References

I.C

Ecotec Research and Consulting, *The economic impact of funding heritage. Case studies for 2007, 2007*

ERICarts, *All Talents Count: A Pilot Study on National Cultural Policies and Measures Supporting Cultural Diversity*, 2001

ERICarts, Creative Artists, *Market Developments and State Policies Background paper for "Conditions for Creative Artists in Europe"* Montgomery, Jonn, *Cultural Quarters as Mechanisms for Urban Regeneration*, 2003

ERICarts (Danielle Cliche, Ritva Mitchell, Andreas Wiesand in co-operation with Ilkka Heiskanen and Luca Dal Pozzolo), *Creative Europe: On the Governance and Management of Artistic Creativity in Europe*, 2002

ERICarts (Danielle Cliche, Ritva Mitchell, Andreas Wiesand), *Making the Information Society Work for Culture: National Cultural Policy Objectives and Measures in 8 Countries*, 2001

ERICarts (Suzanne Capiiau and Andreas Wiesand), *Status of Artists in Europe*, 2006

ERICarts and the Council of Europe, *Compendium of Cultural Policies and Trends in Europe (2002-2007)*, 2007

ESF, *ESF project database (2000-2006 and 2007-2013 projects)*

EUCLID, *Culture Delivers*, 2009

EUCLID, *UK Cultural Contact Point 'Culture Delivers'*, 2006

Europe INNOVA and Pro INNO Europe, *The concept of clusters and cluster policies and their role for competitiveness and innovation*, 2008

European Commission, *Cohesion Policy and Culture, A Contribution to Employment* Communication from the Commission, 1996

European Commission - DG Regio and managing authorities, *Ex-ante evaluation of 2007-2013 and mid-term evaluation for 2000-2006*, 2008

European Commission Staff Working Document, *Challenges for EU support to innovation in services – Fostering new markets and jobs through innovation*, 2009

European Commission Green Paper *Unlocking the potential of cultural and creative industries*, 2010

References

I.C

- European Commission, [A Digital Agenda for Europe](#), Communication from the Commission, 2010
- European Parliament, *Report on Cultural Industries*, 2003
- Eurostat, *Pocketbook on Cultural Statistics*, 2007
- Florida R *The Rise of the Creative Class*, 2002
- Florida, R., Tinagli, I, Demos, *Europe in the creative age*, 2004
- Garcia, Beatriz et al, *Impacts 08 Creating an impact: Liverpool's Experience as European Capital of Culture*, 2010
- Gemeente Amsterdam Research and Statistics Service *Monitor creatieve industrie 2008*
- GLA economics, *Creativity: London's Core Business*, 2002
- GLA London, *London's Creative Sector: 2004 Update*, 2004
- High Level Expert Group on Digital Libraries, Final Report : *Digital Libraries: Recommendations and Challenges for the Future*, 2009
- KMU Forschung Austria (KMFA) et al., *First report on creative industries in Austria*, 2003
- Hackett, Keith; Ramsden, Peter; Sattar, Danyal and Guene' Christophe, *Banking on culture - New financial instruments for expanding the cultural sector in Europe*, 2000
- Hansen, Trine Bille, *The Willingness-to-Pay for the Royal Theatre in Copenhagen as a Public Good*, 1997
- Higgs, Peter; Cunningham, Stuart and Bakhshi, Hasan (NESTA), *Beyond the creative industries: Mapping the creative economy in the United Kingdom*, 2008
- Hollanders, Hugo; Tarantola, Stefano and Loschky Alexander, *Regional Innovation Scoreboard (RIS) 2009*, 2009
- Jayne, Mark, *Creative industries: the regional dimension?*, 2005
- Kay, Alan, *Art and Community Development: The Role the Arts have in Regenerating Communities*, 2000
- KEA European Affairs, *The impact of Culture on Creativity*, 2009

References

I.C

KEA European Affairs, *The Economy of Culture in Europe*, 2006

KNOT network, *KNOT - Culture, Nature and Tourism network*, 2006

Laasch, Jana, Kerstin Greiling , Christoph Plenkoss, *European Route of Brick Gothic: Activating cultural heritage for local and regional development*, 2007

Latvian ministry of culture, *Latvia Structural Funds 2004-2006*, 2006

Lazzeretti, L, Boix R & Capone F. *Do creative industries cluster? Mapping Creative Local Production Systems in Italy and Spain*, 2008

Ludtke, Sirka, *How to make cultural heritage work as an engine for the development of a region – Experience from Interreg IIIC project CULTUREDPower*, Dominic and Allen Scott, *The Cultural Industries and the Production of Culture*, 2004

Mateus, Augusto & Associados and Geoldeia *Update on the Mid-Term Evaluation of the Operational Programme for Culture*, 2005

McCarthy, John, *Encouraging culture-led regeneration*, 2002

Maughan, Christopher and Bianchini, Franco, *Festivals and the creative region: the economic and social impact of cultural festivals in the East Midlands*, 2004

Mercouris, Pyrrhus for European Forum for the Arts and Heritage, *Structural funds, enlargement and the culture sector*, 2002

Miles, Steven, *'Our Tyne': iconic regeneration and the revitalisation of identity in NewcastleGateshead*. 2005

MLA London, *London's Culture Equation*, 2006

Montgomery, Jonn, *Cultural quarters as mechanisms for urban regeneration. Part 2: a review of four cultural quarters in the UK, Ireland and Australia*, 2004

Mooney, Gerry, *Cultural policy as urban transformation?: Critical reflections on Glasgow, European City of Culture 1990*, 2004

OECD, *Culture and Local Development*, 2005

Palmer/Rae Associates, *Study on the European Cities and Capitals of Culture and the European Cultural Months (1995-2004)*, 2004

References

I.C

- Plaza, Beatriz, *The return on investment of the Guggenheim Museum Bilbao* 2006
- Pratt, Dr Andy, London School of Economics, *DCMS Evidence Toolkit – DET*, 2004
- Projektzukunft, *Creative Industries in Berlin*, 2009
- Rafamatanantso, Elisa, *Material cultural heritage and regional economic development*, 2001
- Reeves, Michelle, *Measuring the economic and social impact of the arts: a review*, 2002
- Ridge, Michael; O’ Flaherty, Damien; Caldwell; Amy;- Richard, Nichols Bradley and Howell, Catherine Frontier Economics, *A framework for evaluating cultural policy investment*, 2007
- Riganti, Patrizia and Nijkamp, Peter, *Valuing cultural heritage benefits to urban and regional development*, 2004
- SEUPB, *List of structural funds approved projects in Northern Ireland*
- Shaw, Phyllida , *What's art got to do with it? Briefing paper on the role of the arts in neighbourhood renewal*, 2003
- Stratcult, *Stratcult project report*, 2006
- Technopolis Group 7 *Case studies of European funded culture related projects – (ERDF)*, 2004
- Twomlow Julia and Brownridge, Kevin, *Counting on Creativity*, 2007
- Tylus, Karolina, *Culture as a factor for social and economic development - The Polish experience with structural funds in the culture sector as well as the future of EU regional policy in the context of the culture sector*, 2006
- URBACT programme, *Cultural activities & creative industries - a driving force for urban regeneration*, 2006
- URBACT programme, *The role of cultural activities & creative industries in the regeneration of European cities – summary of case studies*, 2006
- URBACT programme, *Urban regeneration case studies*, 2009
- Wiesand, Andreas, *The Culture Industries in Europe*, 2002
- Wiesand, Andreas (European Culture foundation), *The “ creative sector” – an engine for diversity, growth and jobs in europe - an overview of research findings and debates*, 2005

References

I.C

The Work Foundation, *Staying ahead: the economic performance of the UK's creative industries*, 2007