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TO THE COUNCIL, THE EUROPEAN PARLIAMENT,
THE ECONOMIC AND SOCIAL COMMITTEE
AND THE COMMITTEE OF THE REGIONS

COHESION POLICY AND CULTURE
A contribution to employment

I. INTRODUCTION

The diversity of cultural heritage in Europe is one of its most valuable assets. It forms a major part of the continent's identity. As yet, however, the full potential of this asset remains underexploited, as do opportunities for further innovation. The Commission's White Paper on "Growth, Competitiveness and Employment" identified Culture as one sector of future employment. In its Communication on "Community Structural Assistance and Employment"¹ the Commission has offered a frame of reference for job intensive investment assisted by the Structural Funds.

The growing importance of culture is closely linked to recent economic development trends. Firstly, the expansion of culture is related to the evolution of societies away from traditional industries towards the service sector. Secondly, changes in lifestyle (e.g. increased personal mobility) and growing leisure time create more demand for leisure activities, including culture. Both trends tend to encourage the economically viable aspects of culture.

The cultural sector is characterised by growing close and varied interrelations between cultural life (public cultural and socio-cultural institutions: theatres, museums, arts centres, historical urban/rural sites, arts and music schools etc.) and the cultural economy (music, arts, literature and books, film television and video-production; photography, design, visual and entertainment arts, architecture, crafts and trade, protection of historical monuments, tourism).

In this context culture can contribute significantly to employment. Cultural products and industries offer opportunities for job creation, adding significantly to the effects of more "classical" measures such as the preservation or development of cultural heritage. Culture is not merely a public occupation creating extra costs but also an increasingly important part of the private economy with considerable growth potential, fostering creative, innovative and productive effects for regional and local economies. For example, culture contributes significantly to content and applications development which is one of the key elements of competitiveness in the Information Society.

Art. 130a of the Treaty on European Union provides that the Community shall promote actions strengthening economic and social cohesion. Given the conditions defined below, cultural actions can fall under the scope of this provision. Moreover, Art. 128 of the Treaty states that the Community shall take cultural aspects into account in its other policies.

¹ COM (96) 109 final of 20 March 1996

A comprehensive definition of culture in its whole variety is very difficult. Art. 128(2) of the Treaty provides for a Community role (coordination, support or complementing of Member States' actions) in the areas of improvement of knowledge and dissemination of the culture and history of European peoples, conservation and safeguarding of cultural heritage of European significance, non-commercial cultural exchange, as well as artistic and literary creation (including the audio-visual sector).

The Structural Funds Regulations do not specifically mention culture but offer some scope for assistance to cultural measures in the context of

- a) productive investment to permit the creation or maintenance of permanent jobs (Art. 1a ERDF regulation)
- b) investment in infrastructure (Art. 1b ERDF regulation)
- c) the development of endogenous potential in the regions by measures which encourage and support local development initiatives (Art. 1c ERDF regulation)
- d) training and employment schemes in the growing tourism and leisure sector, as well as in the arts sector (Art. 1 ESF regulation)
- e) the encouragement of tourist and crafts investment (including improvement of agricultural property); in Objective 1 also village renovation and protection of rural heritage if not covered by the ERDF (Art. 5 EAGGF regulation)

In addition, there is further scope for innovative pilot projects especially enabling co-operation and exchange of experience between regions or local entities (Art. 10 ERDF, Art. 6 ESF, Art. 8 EAGGF, Art. 4 FIFG).

This Communication deals with culture only to the extent that it is linked to social and economic cohesion and regional development as assisted by the Structural Funds. The document should be seen in the context of the Commission's general aim of identifying those areas with still under-utilised employment potential within Structural Funds operations. The aim is to provide a basis for discussion of the scope for assistance to culture by the Structural Funds within the present regulatory framework.

II. CULTURE AND REGIONAL DEVELOPMENT

Culture is linked to regional development and the notion of economic and social cohesion. Indeed, culture in its complexity expresses regional or local identity and the region's endogenous potential. Cultural activities are in particular an important characteristic of European cities. It is, therefore, essential to integrate the assistance to culture by the Structural Funds into the Community's developing urban policy. At the same time regional or local culture is constantly influenced and modified by interregional or international influences. The Commission's new call for proposals for interregional cultural co-operation by regional and local authorities (1995-99)² has explicitly acknowledged that link.

Under the present regulations, cultural activities are only eligible for funding by the Structural Funds if they are linked to regional or local development; this means that they should contribute to sustainable employment and form an integral part of local or regional development strategies.

Culture is of threefold importance for regional development. Firstly, culture is a major source of employment; activities related to the cultural heritage as well as cultural products and industries create jobs directly and indirectly. Secondly, culture is an increasingly important location factor for further investment as it contributes to the image and attractiveness of a region. Culture can be an important factor in regenerating deprived urban or rural areas. Thirdly, culture can play a positive role in promoting social integration and thus contribute to social cohesion.

1. The employment potential of culture

There is still a lack of knowledge about the link between culture and regional employment creation. European-wide studies or figures are not available yet. Firstly, the cultural sector is not homogenous and contained within different categories of existing statistics. Secondly, variations of definitions and statistical classifications of culture between the Member States are enormous.

² (C(95)253/11), OJ C 253 of 29.9.95.

Despite the lack of statistical information available, some general trends are discernible. The importance of culture for economic development and job creation has already been mentioned in the Commission's document on Local Development and Employment Initiatives³. Cultural projects are often directly or indirectly linked to the promotion of tourism. However, apart from tourism, the cultural sector contributes in various other ways, directly or indirectly, to employment and regional development.

A central factor for increasing the effectiveness of cultural action on employment is appropriate investment in the marketing of the location and of the cultural projects assisted as well as the improvement of related tourist services. Tourism and culture are of mutual benefit to each other and can, if supported accordingly, increase the employment effect of Structural Funds assistance. In addition, relevant accommodation can be an important factor.

Development of culture and tourism in rural areas

In Västra Sverige (Sweden) the Objective 5b programme for the period 1995 to 1999 allocates 20% of the Structural Funds contribution to a specific priority "tourism and culture". Amongst other aspects the priority aims at the preparation of a market analysis, the development of an inventory of the area's cultural resources as well as investment in tourist facilities such as visitors centres, accomodation, museums and other cultural institutions. It is estimated that the measure will directly and indirectly create approximately 100 new jobs.

a) Direct employment effects

Culture contributes directly to employment by the creation of new enterprises, in particular SMEs. Moreover, training and education in the area of culture enhance the employment potential in the region. The creation of new skills and professions related to culture adds further new job opportunities. Co-operatives, associations and foundations which often work with socially excluded or unemployed people play a major role in this. In particular, the expansion of cultural products and industries linked to the changing way of life is creating an increasingly important employment potential, for example in those sectors related to multi-media and the information society

³SEC(95)564 of March 1995

Support for cultural and media industries

Several Objective 2 programmes in the United Kingdom for the period 1994 to 1996 provide for a specific measure assisting cultural industries. The designation under programme priorities varies according to the regional characteristics ("Cultural and producer services", "Tourism, cultural industries and image enhancement" etc.). In some of the larger areas (Greater Manchester, Lancashire, Cheshire, North East, London, Yorkshire and Humberside) the priorities linked to culture account for 11-17 per cent of total Structural Fund allocation.

For example, the Single Programming Document for North West England (Greater Manchester, Lancashire, Cheshire) provides under the priority "Tourism and Cultural Industries and Image Enhancement" for "Support for cultural and media industries".

The objectives of the measure are

- the encouragement of long-term growth and employment by a coordinated strategy for cultural industries (in particular SMEs)*
- the exploitation of growth and employment potential of media-related industries (including the information society)*
- improving networking and collaboration within the cultural industries*

It is estimated that about 700 businesses will be assisted creating or safeguarding around 2000 jobs.

Estimates suggest that approximately 400 MECU under the Structural Funds programmes 1989-1993 went directly to the cultural sector. However, due to the programme approach any figures have to be handled with caution. As cultural action is often hidden under various other measures, there are no precise figures available. Moreover, the seemingly low quantitative contribution to culture by the Structural Funds has to be seen in relation to its qualitative impact. Being quantitatively significantly less costly than investment required by infrastructure, support for culture can contribute as significantly as the latter to the improvement of local or regional attractiveness.

Conservation of historic buildings

Between 1986 and 1992 the Integrated Mediterranean Programme (IMP) for Crete supported with the participation of the ERDF the renovation of the historic centres of Chania and Rethimnon (Greece). The Community contributed 4.9 MECU to the total cost of 7 MECU. The measures include the securing and refurbishment of historic buildings and monuments as well as improving their environment and access. The scheme is an example for the combination of preservation of architectural heritage with environmental improvement resulting in a considerable increase in the attractiveness of the locations for tourists.

Within the Community Support Framework for Italy 1989 to 1993 the ERDF contributed to the restoration of the Castle of Lagopesole in Avigliano (region of Basilicata in Italy). The project is a good example of the combination of preserving cultural heritage with commercial use, cultural research as well as environmental protection. Firstly, the refurbished castle will accommodate the Frederician Institute of the National Council for Research, charged with the restoration and re-utilisation of historic monuments in the Mezzogiorno as well as environmental monitoring. Secondly, the building will house the national centre for the safeguarding of forests. Thirdly, the co-operative of the castle based in the renovated building organises guided tours, conferences, exhibitions, music and theatre events. A restaurant for visitors is managed by the same co-operative.

b) Indirect employment effects and the image factor of culture - improving the quality of locations

The borderline between direct and indirect employment effects is not fixed: in the long run, direct effects are often complemented by additional indirect effects. A good example in this context is start-up assistance to theatre or concert halls, as well as museums.

The effects of cultural attractions go far beyond simply attracting additional tourists. Amongst other aspects, the creation or maintenance of SMEs related to the cultural sector (support and assistance services, suppliers, construction firms, training centres, booking services) offers increasingly important potential for the creation of employment.

The importance of the indirect effects of culture and the role of culture in improving the image and attractiveness of a region or location are still underestimated. Cultural life is increasingly part of the environment which attracts investment, especially in modern and innovative sectors. In an increasingly mobile world, decision makers (i.e. on locations for investment) take account of location assets such as the cultural or natural environment when deciding between competing locations (decisions related to the choice of working and living places are very often closely linked).

2. Culture, local development initiatives and sustainable development

Cultural measures are most effective where they form part of a strategic concept for sustainable development. Economic development, social cohesion, environmental protection and cultural action are interrelated and not necessarily opposed to each other.

Culture, sustainable development and industrial conversion

x *An exemplary project for the integration of culture into a strategy of sustainable development is the "Zechebahn Ruhrgebiet" (Germany). Within the framework of RECHAR II (1994-1997) the Structural Funds will assist the renovation of a disused network of railways linking coalmines and steelworks. An important part of the project is the renovation of old stations and buildings along the network, reflecting the regional heritage of industrial architecture. The integration of the preservation of industrial heritage into a major scheme of tourism and urban development (including simultaneous recycling of disused industrial sites) while improving the regional image, attracting visitors and creating employment, illustrates how culture can be included in local development strategies.*

This is most evident at the local level where often very specific conditions are important for the success of any development strategies (i.e. "local software": local innovation and business culture, community organisation, technical skills, specific architecture); local development initiatives are therefore a central tool for the "capitalisation" of cultural assets. Culture can, for example, be a valuable part of urban development concepts as its infrastructural aspects improve physical attractiveness and local quality of life as well as the location image while productive investment in cultural business creates long-term employment.

Cultural training and urban regeneration

Another remarkable example for the inclusion of culture into an urban redevelopment project is the revitalisation of the historic centre of Marseille by the "Cité de la Musique" in the city's Belsunce district. The project (total cost 10 MECU) has received 4 MECU from the ERDF as an Urban Pilot Project under Article 10 of the ERDF regulation. The focus of the project is on musical training aimed at students, pupils, business people, workers and residents. It is based on a cultural policy concept concerned with multi-cultural music, creativity, visual presentation and concerts offering the most deprived inhabitants of the quarter - young unemployed immigrants- a sense of direction. This should enable them to create an identity and to draw up plans for their future as well as to develop communication between the inhabitants of the quarter and those living elsewhere in the city and thus fostering greater openness, cultural and social inclusion.

Moreover, cultural activities often encourage people, whether insufficiently trained or disabled and threatened with exclusion from the labour market, to make an effort for being economically and socially reintegrated.

Culture, social integration, training and tourism

In Kolding (Denmark) a group of young people excluded from the labour market transformed an old Russian submarine into a tourist attraction. The project was supported by the municipal authorities with assistance (40%) from the ESF (Objective 3) and combined practical and theoretical experience. After a basic course (history, languages, working as tourist guide) the participants could choose from a number of training courses (electronics, marketing, metal working) and practical work (publishing, communications, setting up a submarine museum etc.). During the first three years 110 people participated and 69 of them have found work or are attending training courses.

In rural areas, products and activities are often closely linked to the cultural origins of the region. Specific manifestations of this type of cultural heritage are for example wine festivals linked to the grape harvest, traditions of local bread making as well as special forms of the transhumance economy in Alpine regions. While offering the potential for regional development and tourism, they reinforce the identification of the population with their location. In the framework of the LEADER-initiative, for example, numerous projects at local level are related to cultural aspects. They contribute to the promotion of regional identity, the valorisation of cultural heritage, the creation of permanent cultural infrastructure (eco-museums, culture centres) as well as the organisation of specific cultural activities (festivals, travelling cinemas).

Cultural activities are most effective when they profit from the region's endogenous potential. Conversely, assistance to cultural products and industries contributes to the strengthening of regional endogenous potential. Culture related businesses generally depend to a large extent on local or regional supplier- and customer-networks and, therefore, are attached more closely to regions or locations than other forms of productive investment. Moreover, most cultural industries are relatively labour intensive and thus contribute significantly to employment. Cultural investment (cultural industries as well as cultural infrastructure including cultural heritage) improves the region's competitive situation against other rival locations and constitutes a particularly valuable investment in regional or local performance.

Cultural industries and heritage as an integral part of a local development initiative

An outstanding example for the revitalisation of a derelict inner-city district through the development of facilities which provide support for the growth of SMEs in the cultural sector is the Temple Bar project in Dublin. The project is exemplary for the integration of culture into a comprehensive local development strategy consisting of various aspects such as residential property, environment, retail, restaurants and hotels as well as marketing.

The long-term project has involved the creation of various cultural centres (the Irish Film Centre, artists' studios, art galleries, exhibition spaces, a Viking museum, a jewellery design centre, a children's theatre etc.). Frequent festivals are held in the area. Over the four years period to December 1995, 120 MECU of public money (EU and national) has reinforced 70 MECU of private investment, 1200 jobs have been created in the cultural and services sectors, 72 new businesses have located in Temple Bar, and 150 people have been trained in the cultural and environmental fields. Temple Bar is now considered to be the third most popular destination for tourists in Dublin.

A cautious inclusion of culture in the formulation of tourist or economic development strategies rather than the building of "new attractions" encompasses a sustainable approach towards local or regional development.

Combined with conventional types of mass-tourism (i.e. along the coastlines or in skiing resorts) culture can contribute to alternative, more dispersed and thus more sustainable forms of tourism. In addition culture may even out seasonal peaks or troughs and thus contribute to additional employment.

Conservation of archaeological sites and non-seasonal tourism

In the north-western part of Sicily the ERDF contributed under the multifund regional programme for Sicily to the excavation of the city of Segesta. The assistance of 3 MECU by the ERDF financed considerable parts of the whole scheme, including the uncovering of the Agora, the old city wall, as well as remains of an old Arabic city and a later Norman settlement. The complex attracts many tourists at all seasons and gives an example of the Structural Funds' contribution towards strengthening non-seasonal tourism and permanent culture related employment. Moreover, in spring and summer various cultural events (theatre, concerts) in the old Greek theatre enhance local attractiveness.

3. Interregional/international exchange of culture - a special role for the Community

While the integration of cultural projects into local or regional development backgrounds is vital, the exchange of experience between locations of different cultural situations can be very valuable for innovation. The transfer of knowledge can be an important tool to enable local or regional communities to make best use of their cultural assets (e.g. marketing) rather than delegating this task to consultants outside the region.

The Commission plays a special role in this context to enable the necessary contacts. Various projects of cross border cultural activities have in the past been funded by the Structural Funds programmes. The Commission's call for proposals for interregional co-operation in the field of culture under Article 10 ERDF regulation, in particular, addresses this issue and provides until 1999 for co-operation in the areas of

- historical and architectural heritage
- industrial and technological heritage
- crafts heritage

The scheme is designed to

- foster an integrated approach to development by mobilising regional and local actors in the fields of politics and administration, in the public and private sector and non-profit making associations;
- promote exchanges of experience and know-how in the cultural sphere between regional and local authorities with a view to contributing to Community cohesion;
- promote the use of new information and communication technologies.

Out of 228 projects eligible, the Commission has chosen 33 projects which put emphasis on the dimensions of interregional cooperation and local development. The projects are in particular aimed at innovative approaches in the above areas.

Linking interregional cooperation with culture and modern technology

*Under the leadership of Antwerp the regions and cities of Uusimaa (FIN), Palermo (IT), Tuscany (IT), Porto (POR), and Newcastle (UK) will create a **virtual European museum on historical heritage via Internet**, aimed amongst others at fostering tourism development. The ERDF will contribute ECU 600.000 to the project's total cost of 1.165 million ECU.*

In the context of local initiatives in rural areas, cultural aspects are an integral part of Community wide interregional networking under the LEADER Community Initiative. The network enables contacts between local action groups and discussion amongst them on subjects such as regional identity or marketing of specific regional products. Also, the development of transnational projects such as the *Celtic Route*, resulting from cooperation between LEADER groups in France in the United Kingdom, are supported.

III. LIMITATIONS AND REMAINING POTENTIAL: PERSPECTIVES FOR THE FUTURE

Compared with other explicit assistance to culture by the Community, the Structural Funds are already the largest financial contributor to projects directly and indirectly linked to culture. Unused potential remains for assistance to cultural actions even within the limitations of the current regulations.

As the least favoured regions of the Community present a high concentration of cultural potential, assistance to culture-related projects in these regions by the Structural Funds offers additional ways to strengthen their underperforming economies. The integration of a cultural dimension in tourism development strategies offers further opportunities for alternative and more dispersed sustainable forms of tourism, and hence contributes to additional employment.

As cultural life is increasingly recognised as an important factor for the image and attractiveness of a region for potential investors, the cultural sector offers new opportunities to cope with industrial decline. Cultural industries and products carry a considerable growth potential and thus contribute to long-term employment. Integrated into urban development concepts, culture related business can add creative and innovative aspects to urban regeneration. The exploitation of industrial and technological heritage in these areas can also contribute to alternative employment creation.

In rural areas the exploitation of cultural heritage along with cultural products and industries offers new opportunities to cope with problems of depopulation and abandoned villages, and adds further perspectives for the attraction of complementary economic activities. The integration of culture in rural development strategies is vital to exploit traditional activities as assets for regional development and tourism while adding significantly to the identification of the rural population with their locality

1. Assistance to cultural activities on the initiative of the Member States

The quality of assistance to culture under the Community Support Frameworks and Community Initiatives relies on the strategies and ideas of the Member States and thus the regions and local communities concerned. A "bottom-up" approach in the design of cultural activities corresponds with the close link between culture and the endogenous potential of the region. As regards the interregional exchange of experience in the area of culture, the emphasis of any action should be put on innovation rather than imitation while being based on the endogenous potential of the regions.

Intensified assistance to culture in this context should be appreciated with respect to its potential for employment creation, its link to regional development, and its integration into regional and local development initiatives. Culture, apart from being part of the regional or national heritage, is also an economic asset. Future action should make more use of the increasing employment potential of innovative and creative culture products and industries, for example those linked to multi-media and the information society. The Commission invites the Member States to propose innovative and commercial measures going well beyond the "classical" assistance to the cultural heritage or being linked to tourism.

In application of Articles 130A and 128 of the Treaty as well as of the subsidiarity principle, further reflection could enhance the link between the Structural Funds and cultural action. In future, the question of clearer eligibility criteria for development projects with a cultural basis will have to be addressed in a flexible manner to take account of regional differences in circumstances and needs. Eligibility criteria - and, if necessary, the specification of evaluation methods - could help to clarify the contribution of the Structural Funds to Culture.

Furthermore, research towards improving knowledge about the link between cultural action, image and regional development, especially jobs (i.e. inputs and outputs of "image") should be intensified and an explicit evaluation be carried out of its potential to create new employment, which should emphasise cost-effectiveness.

2. *Pilot projects under Article 10 of the ERDF regulation*

Article 10 of the ERDF regulation will continue to give the Commission the opportunity to assist those projects which need special guidance or co-ordination at a European level. The experience gathered through projects of interregional cultural co-operation, up until 1999 should, after a period of experimentation, offer further guidance for their application and dissemination within the Community Support Frameworks and Community Initiatives.

Moreover, Article 10 of the ERDF regulation should continue to be used as a tool for experimental measures going beyond the scope of the Community Support Frameworks and Community Initiatives, such as exchange of experience or innovation in the field of culture.

In this regard, and in the years to come, synergy will be sought between these actions for regional development and cooperation and those undertaken in the framework of the Community's cultural programmes. It will, in particular, be necessary to strengthen common cultural heritage and the latter's role in providing a sense of Union citizenship.

IV. CONCLUSION

The increasing importance of culture for regional development has to be seen in the context of the restructuring of the economy as well as a result of changed ways of life. In this perspective, the cultural sector should be further exploited to enhance and diversify the local and regional development potential of both the least favoured regions and those suffering from structural change.

As culture is often treated in a manner isolated from other factors of development or image, it will be important to address culture as a more integral part of regional and local development strategies towards new employment. Moreover, to maximise innovation and employment effect, there is scope for further synergy between support to culture by the Structural Funds and other related Community programmes (e.g. R&D programmes such as multimedia support networks under ESPRIT, Media II, Info 2000)

Assistance to culture by the Structural Funds not only enables the preservation and development of cultural assets (i.e. the cultural heritage), but also productive investment in cultural industries and products. As a rapidly expanding sector of the private economy, cultural industries and products provide for a considerable growth potential, for example in the sectors linked to media.

The potential role of the Structural Funds in this context is yet not fully exploited. In view of the programme approach as well as the importance of development concepts based on endogenous potential, the Member States and regions concerned play a central role in giving more effective weight to cultural action under the Structural Funds.

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