

Providing evidence and guidance to cities and regions on ways to maximize the economic and social impact of culture and support the creative economy

CULTURE, CREATIVE SECTORS AND LOCAL DEVELOPMENT

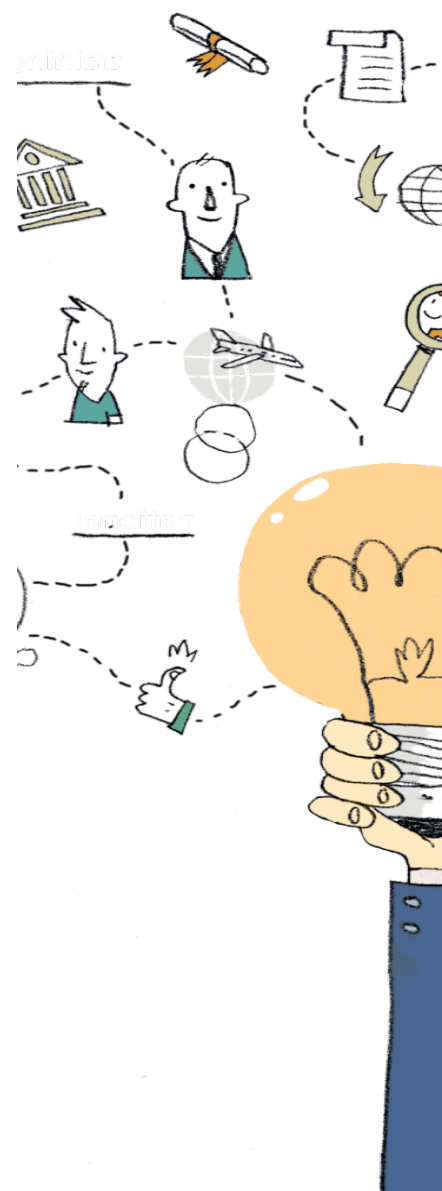
Policy webinar series

16 December

More than just money: public and private funding for cultural and creative sectors

On-line

Agenda



Co-funded by the
Creative Europe Programme
of the European Union



■ The OECD-EC project on Culture, Creative Sectors, and Local Development

The project, part of the [European Framework for Action on Cultural Heritage](#), aims to provide evidence and guidance on ways to maximize the economic and social value of cultural heritage and support the emergence of the creative economy. By joining the project participants benefit from:

- **Rapid assessment** by the OECD of the CCS performance in their region/city
- **Knowledge building and peer learning** through participation in four thematic policy seminars to learn from the latest academic and policy research
- **Sharing their experience** with an international audience
- **International visibility** of their efforts to support the creative economy

For more information on the project and to join: [check the project web-site](#).

■ Policy Seminar Timeline (on-line events)

2020

- **1 December:** SPOTLIGHT: Covid-19 and Festivals
- **2-3 December:** Cultural participation and local resilience: Strategies for the recovery, co-hosted by the city of Venice and the M9 Museum

2021

- **27 January:** SPOTLIGHT: Music and the Night-Time Economy
- **27-28 January:** Culture & Jobs: rescue, support and unleash, co-hosted by Glasgow City Region
- **25 February:** SPOTLIGHT: Book Publishing, in cooperation with Flanders Literature
- **25-26 February:** Back in business: SME support ecosystems for cultural and creative sectors, co-hosted by Flanders, Belgium
- **16 December:** More than just money: public and private funding for cultural and creative sectors.

■ Background

Culture is playing an increasingly important role on the political agendas of cities and regions, both on its own and as a strategy for economic growth and the well-being of residents. Cultural and creative sectors (CCS) constitute a vibrant economic activity and source of jobs, enterprise turnover and tax revenues. However, the role of culture for local development is more than these direct outputs.

Culture and creativity transform local economies in various ways. They increase the attractiveness of places as destinations to live, visit and invest in. Smartly managed culture-led urban regeneration can breathe new life into decaying neighbourhoods. CCS also contribute to increasing levels of regional innovation and productivity, through new product design, new production techniques, new business models, innovative ways of reaching audiences and consumers, and emerging forms of co-production. Cross-sectoral “contamination” can spread innovation into the wider economy.

Moreover, there is growing evidence that increased levels of cultural participation have positive effects on well-being and health as well as encourage social cohesion by supporting the integration and inclusion of marginalised groups.

Therefore, to unleash local development potential of CCS, policy makers need better data on the performance of these sectors, knowledge on how CCS can help generate jobs and growth, and evidence on the effectiveness of policies. Robust data and evidence on these new sectors contribute to this recognition, not just by relevant policymakers, but also citizens, other firms in the value chain, education and training providers, and investors.

Cultural and creative sectors (CCS) are all sectors whose activities are based on cultural values and/or artistic and other creative expressions, whether those activities are market- or non-market-oriented, whatever the type of structure that carries them out, and irrespective of how that structure is financed. Those activities include the development, the creation, the production, the dissemination and the preservation of goods and services which embody cultural, artistic or other creative expressions, as well as related functions such as education or management. CCS include inter alia architecture, archives, libraries and museums, artistic crafts, audiovisual (including film, television, video games and multimedia), tangible and intangible cultural heritage, design, festivals, music, literature, performing arts, publishing, radio and visual arts”. [EU Regulation No 1295/2013 of the European Parliament and of the Council](#).



■ More than just money: public and private funding for cultural and creative sectors

Public support for cultural and creative sectors (CCS) is important due to the direct and indirect benefits they generate for the economy and the society. This sector produces creative output, creates employment and generates tax revenue. It is effective in revitalising rural areas and inner cities. Arts and culture also have the power to eradicate marginalisation and promote inclusivity in the society. By utilising them as tools of education and skill generation, arts and culture enable the creation of a quality workforce with strong cognitive and socio-emotional capabilities. They also prove to be effective in improving the well-being and health of cultural participants as well as consumers. Owing to the several advantages that CCS bring to the forefront, public support is important so that these benefits are effectively utilised to steer growth and development.

Public support is also important to facilitate fair access to cultural resources. This includes access to cultural resources for all (intra-generational equity) and at the same time the preservation of cultural resources for future generations. Public support can also reduce barriers to entry in the cultural market and barriers to public participation and consumption.

Traditionally, cultural policies and public expenditure in culture has promoted culture as a 'merit good', similarly to education and healthcare. The recognition of the economic impact of CCS broadened the scope of investments beyond cultural policy to a wide range of more industrial policy approaches. With a growing understanding of CCS role in economic development, a more diversified approach to funding CCS has emerged, with a greater emphasis placed on economic returns to government expenditure and a more prominent role for private investors. Consequently, a more complex ecosystem of financial support for CCS has developed, encompassing public, private and philanthropy funding and investment.

This webinar will discuss the significant trends in cultural finance over the previous few decades, including traditional public expenditure models, private and philanthropy funding as well as new forms of support for cultural and creative for-profit and non-for-profit organisations.

■ Target audience

Policy makers and practitioners active in the promotion and support of the cultural and creative sectors at city, regional or national level, representatives of cultural and creative sectors, researchers and all those interested in the social and economic impact of culture on local development.

■ **Working language:** all sessions will be conducted in English.

■ **Contact:** Francesca Bonalda:
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■ Organisers and Partners

The mission of the **Organisation for Economic Co-operation and Development (OECD)** is to promote better policies for better lives through the facilitation of dialogue among governments by comparing policy experiences, seeking answers to common problems, identifying good practices, and working to co-ordinate domestic and international policies. The OECD work on culture and creative sectors provides cities and regions with evidence and guidance on ways to maximise the social and economic impact of culture and support the creative economy. Within the OECD Centre for Entrepreneurship, SMEs, Regions, and Cities, this work is overseen by the OECD LEED Directing Committee, a cross-cutting body bringing together ministries of employment and labour, economy and economic development from both OECD member and non-member countries.

www.oecd.org/cfe/leed

The **European Commission Directorate-General for Education, Youth, Sport and Culture** is the executive branch of the European Union responsible for education, culture, youth, languages, and sport policy. DG EAC promotes EU level action in the field of culture, covering cultural and creative sectors including [cultural heritage](#), develops policies based on [gathered data and evidence](#) and manages the EU programme for culture - the [Creative Europe programme](#).

Partners

The **European Creative Business Network (ECBN)** is a unique not-for-profit foundation initiated by the European Capital of Culture RUHR.2010 and established in 2011 as a Dutch Stichting in Rotterdam. Its founding members were the Creative Factory Rotterdam, Creative England, Creative Industry Košice and the European Centre for Creative Economy. Given the diversity of cultural expressions as well as of cultural and creative markets across Europe, ECBN works – on purposes indirectly and decentralized – by supporting leading agencies, funders and intermediaries on local, regional and/or national level. ECBN is “supporting the supporters” of creative business with the following actions: i) policy initiatives and advocacy; ii) research on spill-over effects of cultural creative sectors; iii) know-how exchange; iv) member exchange & collaboration; v) funding support; and vi) business opportunities in cross-innovation. At the Summer Academy, ECBN will focus on know-how transfer of best practice policies and on spill-over effects of CCI into the wider economy and society. <http://ecbnetwork.eu>

The **World Cities Culture Forum** is a collaborative network of local governments and cultural and creative sector leaders from 38 world cities that share a belief in the importance of culture for creating thriving cities. It aims to provide a way for policy makers to share research and intelligence, and explore the vital role of culture in their future prosperity. www.worldcitiescultureforum.com

The **International Council of Museums (ICOM)** The International Council of Museums (ICOM) is an international non-governmental organisation which brings together museums and museum professionals from all over the world. As part of its public service mission, ICOM is committed to the preservation, continuation and communication of the world's natural and cultural heritage, present and future, tangible and intangible. Through its network, made up from nearly 50.000 members representing 142 countries and territories, ICOM is a leading force in the establishment of professional and ethical standards for museum activities, the publication of recommendations on issues related to cultural heritage, the training of future leaders in the field, and the promotion of the social role of museums. <https://icom.museum>

10.00-12.00

THE ROLE OF PUBLIC FINANCE: FROM IMMEDIATE SUPPORT TO LONG TERM INVESTMENT

Cultural and Creative Sectors (CCS) are very diverse including non-for-profit and for-profit organisations with diverse financing needs. Libraries and cultural centres, film production companies, circus, socio-cultural associations, museums, theatre companies, orchestras, visual artists, design and architectural companies, all belong to CCS, but their business models, cost structures and financing needs are very diverse.

The role of public finance is shifting from direct support to intermediation and strategically channelling private investment. Public support to CCS could be in the form of direct support through grants, indirect funding through tax reliefs, leveraging private finance, for instance through public loan guarantees, or matching funds to promote a correlation between public subsidies and private investments. Governments are more and more transforming their participation in the financial ecosystem of CCS from direct supporters to intermediaries, leveraging private investment and promoting transversal resources for companies in particular stages, for instance incubators or accelerators at the beginning of their life

Partnerships and alliances are at the core of the emergence of new financial ecosystems for culture. Public-private, public-public and public-civic partnerships are increasingly found in many cultural interventions. Since creative and cultural ecosystems exhibit a multiplicity of stakeholders, partnerships between local governments, creatives, and other key contributors are key for enabling a thriving creative ecosystem aligning mutual interests and priorities.

- **Welcome and opening:** *Karen Maguire*, Head, Local Employment, Skills and Social Innovation Division, OECD
- **CCS finance: overview of trends and issues** by *Ekaterina Travkina*, Coordinator, Culture, Creative Sectors and Local Development, OECD

Questions for discussion

- **Public sector:** How have public sector approaches to CCS finance evolved and diversified over time and beyond cultural policies? The public support to the sectors has been unprecedented over the past months including through recovery funds in many countries, what are the prospects for the future in the context of reduced public budgets, especially at the local level? What are the lessons learnt from the current crisis and how to balance the immediate supports to the sector with long term investment to build its resilience? What is needed for national and local authorities to strategically 'orchestrate' private and philanthropy investment?
- **Sector perspectives:** what are the emerging trends and balance of funding sources for cultural organisations, non-for-profits and more market-oriented sectors? How has the current crisis changed the dynamics and the availability of finance to support the sector through the crisis while also addressing its long term needs? What is needed for a more resilient sector in the future?
- **The role of philanthropy:** What are the lessons learnt from the current crisis in terms of ability of philanthropy organisations to support cultural production and projects? Are the

conditions in place for more strategic partnerships and alliances to address the needs of the sector and increase its economic and social impacts?

Panel discussion

- *André Wilkens*, Director, European Cultural Foundation
- *Paolo Petrocelli*, Director of the Stauffer Center for Strings, Italy
- *Peter Keller*, Director General, International Council of Museums
- *Tom Campbell*, World Cities Culture Forum
- *Anu-Maaja Pallok*, Advisor, Strategic Planning and Innovation, Ministry of Culture, Estonia

Moderated Q&A with the audience

- **Conclusions** by *Montserrat Pareja-Eastaway*, Director of the Cultural Management Master, University of Barcelona, Spain

12.00-14.30

Lunch break

14.30-16.15

NEW FORMS OF INVESTMENT IN CREATIVE SECTORS

CCS firms do not necessarily underperform in terms of profit or financial soundness when compared to other sectors. Yet there remains a gap between private finance suppliers and financial access for CCS companies given their particularities, with which many potential lenders or investors are unfamiliar. There are many characteristics of CCS that financial market corporations remain wary of. Firstly, CCS are characterised by a high incidence of small and micro businesses, alongside a strong presence of individual entrepreneurs and freelance workers. Consequently, many of the problems in access finance encountered by SMEs, such as difficulties in obtaining guarantees/collateral to be solvent, are particularly acute in CCS. Secondly, CCS produce goods which are inherently creative or symbolic in nature. As such, assessments of value are often subjective and face high levels of uncertainty. Consequently, the high levels of uncertainty and perceived risks of investment in CCS are key barriers for private investors seeking quick or low-risk returns on investment.

CCS companies are often characterised by having few or even no tangible assets, relying exclusively on the value of their intellectual property and creative skills. This incapacity to provide (tangible) collateral to guarantee the risk of loans, has important implications for CCS firms' ability to successfully apply for finance through formal channels. Understanding and valuing these assets can help a company to negotiate access to credit or other forms of financing and help negotiate better terms for that financing.

The new forms of cultural production (e.g. co-creation with audiences) are reflected in the forms of financial support. In parallel to the emergence of innovative approaches to cultural production, new forms of financial sustainability have developed in recent years. For instance, since some new practices of cultural production consist of a myriad, often networked bottom-up initiatives, grassroots communities have been providing not only new ideas and contents but also various forms of material and financial support and funding.

Moreover, there is a growing trend in social impact investing and venture philanthropy in CCS which explicitly seek investments which generate a high social return, alongside a financial one. The main objective of impact investing is to secure returns on investment while also having a positive impact on society by using traditional investing models to financially support businesses with social goals. Whereas government grants and private philanthropy typically focus on the short-term financing of specific projects, social impact

investing and venture philanthropy generally focus more on long-term objectives and supporting the development of capabilities at the organisational level.

Moderator: *Pier Luigi Sacco*, Senior Advisor to OECD on Culture and Local Development

Welcome by *Barbara Stacher*, Senior Expert, Cultural Policy Unit, Directorate-General for Education, Youth, Sport and Culture, European Commission

Questions for discussion

- **What are the lessons learnt from the crisis and how has the current crisis changed the financial landscape and the availability of funding for market-oriented creative sectors?**
- **Sector perspectives:** what are the emerging trends and balance of funding sources for market-oriented sectors? How has the current crisis changed the dynamics and the availability of finance to support the sector through the crisis while also addressing its long term needs? What is needed for a more resilient sector in the future?
- **The role of venture capital and crowdfunding:** how has crowdfunding and community based financing of creative entrepreneurs evolved over the past two years? Are lending institutions increasingly using crowdfunding results as collateral for CCS businesses? How can national and local governments further support crowdfunding as a funding source for CCS? Where do you see the most interesting investment potential for venture capital investments and what are the barriers as well requirements and capacities creative firms need to have to attract funding and investment?
- **Social impact investing:** what are the recent trends and issues in social impact investing in CCS?

A conversation with:

- *Bernd Fesel*, Director, European Creative Business Network
- *Olivier Schulbaum*, Cofounder, President and Head of R&D of Platoniq, and Vice Chair of the European Crowdfunding Network
- *Vincent Favrat*, entrepreneur and business angel, founder of ScaleUp Factory
- *Josephine Hage*, Deputy Director, Creative Saxony, Germany
- *Fabio Viola*, game designer and producer, Italy

Moderated Q&A with the audience

Conclusions by the moderator

16.15

Close