

EUROPEAN FUNDING OF THE ARTS AND CULTURE

This paper provides details on the levels of funding provided for the arts and culture in various European countries. The paper highlights individual countries approaches to funding and the mechanisms they use to contribute to the arts and culture.

FINANCING THE ARTS AND CULTURE IN THE EU¹

Data Collection of EU public expenditure on the arts

Data collected on public expenditure for culture from secondary sources suffer from the following limitations²;

1. A lack of coherent definitions of culture on national and local levels; and
2. Differences in research methodologies often lead to reporting inconsistencies; gaps in information are frequent and sometimes extensive, especially at the lower levels of government.

The report entitled 'Financing the Arts and Culture in the EU' refers to administrative changes that have occurred in some countries and have impacted greatly on the way information is collected. In most cases, "state spending on culture" refers only to figures of the Ministries of Culture and ignores data from other ministries. The Report states that information is, more often than not, presented out of context, omitting constituents that would aid in the understanding of how culture and the arts are financed³.

Studies have indicated that governments tend to spend more on culture when the national income grows. However, according to figures based on Eurostat's definition of culture (Eurostat in 2001 suggest that culture includes creative arts, museums and archives, the performing arts, libraries, and film and video, without broadcasting and

¹ European Parliament Study: Financing the arts and Culture in the European Union 2006, http://www.helgatruepel.de/fileadmin/user_upload/PDF-Datein/Financing_the_arts_and_culture_in_the_European_Union.pdf

² European Parliament Study: Financing the arts and Culture in the European Union 2006, http://www.helgatruepel.de/fileadmin/user_upload/PDF-Datein/Financing_the_arts_and_culture_in_the_European_Union.pdf

³ European Parliament Study: Financing the arts and Culture in the European Union 2006, http://www.helgatruepel.de/fileadmin/user_upload/PDF-Datein/Financing_the_arts_and_culture_in_the_European_Union.pdf

art education)⁴, the EU 27 countries' average national spending on culture, as a percentage of GDP, for the period 2000 to 2005 varies from 0.3% to 1.2%⁵.

EU country examples of public expenditure rates

The Organisation for Economic Cooperation and Development (OECD 2006) considers a broader concept of culture and recreation, and suggests that the variation is between 0.4% and 2.0% or more, with Luxembourg and Denmark at the high end and Greece at the low end. The report concludes that public spending on culture and recreation has grown in Greece, Belgium, Luxembourg and Portugal and has declined in Germany and Sweden. This data is primarily based on Ministry of Culture reports and budgets.

If the support from other ministries were included, the shares of central and regional governments might change. In countries like Austria, Belgium, Denmark, the Netherlands, Sweden, Portugal, Italy and the United Kingdom, local government expenditure remains higher than central. This is not the case for the Central and Eastern European countries, where the central government budget is the greatest financial source to culture; its share varies between 65-70%.

Malta (up to 90%) and Cyprus are the most financially dependent on state support. A considerable rise in state spending on culture is seen in Malta (up to 2 times) and Cyprus (up to 2.3 times), where the level of development investment in culture has been high in recent years. The growth in central government expenditure on culture is between 20-70% in most Eastern European countries; in Latvia, it is by 1.1 times.

Public support allocated to different cultural sectors

The allocations of public spending on culture show different preferences among the countries.

Expenditures for **cultural heritage and museums** are highly prioritised in the following countries⁶;

- Greece;
- Italy;
- Malta;
- Cyprus;
- Germany;
- Hungary;
- Latvia;
- Lithuania;
- Poland;
- The Netherlands;
- Portugal;
- Spain;

⁴ Eurostat in 2001 suggest that culture includes creative arts, museums and archives, the performing arts, libraries, and film and video, without broadcasting and art education

⁵ European Parliament Study: Financing the arts and Culture in the European Union 2006, http://www.helgatruepel.de/fileadmin/user_upload/PDF-Datein/Financing_the_arts_and_culture_in_the_European_Union.pdf

⁶ European Parliament Study: Financing the arts and Culture in the European Union 2006, http://www.helgatruepel.de/fileadmin/user_upload/PDF-Datein/Financing_the_arts_and_culture_in_the_European_Union.pdf

- Sweden and;
- The United Kingdom

The **performing arts** (including music, theatre and dance) are primarily subsidised in the following European countries⁷;

- Austria;
- Germany (music and orchestras);
- Bulgaria (theatre);
- Estonia;
- Finland;
- Denmark;
- Hungary;
- Malta;
- The Netherlands;
- Poland and;
- Sweden

Libraries are heavily subsidised by government in Finland, Denmark (especially at the local level) and Lithuania.

High financial support is given to **literature**, especially library development in the following countries⁸;

- Estonia;
- Portugal; and
- Germany.

Sports receive a high percentage of support from Local governments in Belgium (up to 12% in the Flemish Community); in Denmark (up to 36%); and in Portugal (up to 48%).

National **broadcasting services** are highly funded from state cultural budgets in the French and German Speaking Communities in Belgium (up to 35%), Bulgaria (up to 44%), Estonia (up to 20%) and the Netherlands (up to 29%). Public cultural budget includes expenditure for arts education in Austria (up to 22% of total expenditure for culture), the French Speaking Community in Belgium (up to 22% of the total expenditure for culture), Denmark (at the state level, up to 13%, in total public expenditure for culture up to 6%), Sweden (in the total expenditure for culture up to 17%), and Estonia⁹.

⁷ European Parliament Study: Financing the arts and Culture in the European Union 2006, http://www.helgatruepel.de/fileadmin/user_upload/PDF-Datein/Financing_the_arts_and_culture_in_the_European_Union.pdf

⁸ European Parliament Study: Financing the arts and Culture in the European Union 2006, http://www.helgatruepel.de/fileadmin/user_upload/PDF-Datein/Financing_the_arts_and_culture_in_the_European_Union.pdf

⁹ European Parliament Study: Financing the arts and Culture in the European Union 2006, http://www.helgatruepel.de/fileadmin/user_upload/PDF-Datein/Financing_the_arts_and_culture_in_the_European_Union.pdf

FINANCING CULTURE WITH LOTTERY FUNDS

Lottery funds provide additional sources of financial support to culture. The EU Report states that the stability of lottery funds for culture is not ensured by any measures. However, exceptions to this are the Netherlands, Sweden and Slovakia. The Finnish model could possibly provide a solution to this as the Finnish government compensated for lottery shortcomings. Only Italy distributes a fixed amount for heritage annually. The lack of impact or evaluation studies on lottery funds for culture allows only for general observations to be made¹⁰.

Breakdown by type of expenditure and sectors

In accordance with the decision-making priorities of the distributing agent, lottery funds can be grouped into projects funds, capital funds and operational costs.

Percentages of lottery funds to culture by type of funding (2000)¹¹

	Project-based Funding	Ongoing Operational Costs	Funding for Capital Projects
Estonia	80	0	20
Finland	0	80	0
Italy	0	0	100
Slovakia	0	50	50
United Kingdom	16	0	84

The above table shows the type and range of lottery support funding across European countries. Highlighting the form of support from the lottery takes in individual countries.

Lottery Sector Spend

In the **United Kingdom** (2004-2005), 33.4% of the total lottery revenues are devoted to arts and heritage. These funds are distributed by regional arts councils, the UK Film Council, the Heritage Lottery Fund and the Millennium Commission.

The **Estonia** national lottery revenues dedicated to culture are distributed through the Estonian Cultural Endowment and Gambling Tax Council, and predominantly support cultural projects.

In **Poland** (2004), lottery money was given to cultural enterprises and cultural investments, representing 46% and 19% of the total lottery fund respectively.

¹⁰ European Parliament Study: Financing the arts and Culture in the European Union 2006, http://www.helgatruepel.de/fileadmin/user_upload/PDF-Datein/Financing_the_arts_and_culture_in_the_European_Union.pdf

¹¹ European Parliament Study: Financing the arts and Culture in the European Union 2006, http://www.helgatruepel.de/fileadmin/user_upload/PDF-Datein/Financing_the_arts_and_culture_in_the_European_Union.pdf

Dutch private lotteries support culture, allocating their revenues to foundations, for example the European Cultural Foundation, the Prince Bernhard Culture Fund, Stichting DOEN, East-Europe Foundation. Contributions are made primarily to cultural heritage and multicultural projects.

In **Belgium** (the Flanders Community), lottery funds to arts and culture primarily support the performing arts (72%), followed by social cultural work (12.5%), and museums (9%).

German priorities (on the regional level) are the visual arts (50.6%) and music (22%). The **Slovakian** lottery funding is divided among the performing arts (32%), museums (24%), interdisciplinary activities (15%), and libraries (10%). **Swedish** lottery funds are directed to interdisciplinary projects.

Recent trends in support from foundations to arts and culture

Art and culture are supported by private foundation support in the following EU countries¹²; Belgium, Germany, The Netherlands, Portugal, Italy and Spain. The European Foundation Centre (EFC) defines a foundation or trust as the following¹³,

“an independent, separately constituted, no-profit body with its own governing board and with its own source of income, whether or not exclusively from an endowment”

The Report ‘Financing the arts and culture in the European Union’ states that in the **United Kingdom**, arts and culture are supported by **grant-making trusts**; represents 9% of their total budget in 2002. From 2001-2004, funding increased by an average of 30%, and then decreased by almost 15% in 2004-2005 in the UK. London based art organisations received the largest share (up to 78%) of this funding.

Cultural activities are widely supported by private foundations in **Germany**, especially those operating at local levels. Support to art and culture represents an average of 11% of the total of foundations’ expenditures.

Cultural activities in **Portugal** are traditionally supported by private foundations, such as the Calouste Gulbenkian Foundation; up to 45% of its budget is spent on culture. In 2000, its contributions represented about 40% of the total national spending on culture. Other important private contributions are the Orient Foundation, the Serralves Foundation, and the Culturgest.

In **Belgium**, support from foundations amounted to €15-16 million in 2000, representing 13% of the total budget of private foundations.

In the **Netherlands**, private associations and foundations support to culture can represent as much as 2% of total cultural expenditure.

¹² European Parliament Study: Financing the arts and Culture in the European Union 2006, http://www.helgatruepel.de/fileadmin/user_upload/PDF-Datein/Financing_the_arts_and_culture_in_the_European_Union.pdf

¹³ European Parliament Study: Financing the arts and Culture in the European Union 2006, http://www.helgatruepel.de/fileadmin/user_upload/PDF-Datein/Financing_the_arts_and_culture_in_the_European_Union.pdf

In **France**, 4% of the total expenditures of foundations is spent on arts and culture. In **Austria**, there are some 1,679 private organisations which support art and culture. This funding stream is primarily targeted towards audiovisual media, theatres and museums. In **Finland**, private foundations contributed an estimated €16-17 million to culture in 2002; the private Finnish Cultural Foundation provided nearly half of this amount (€8 million)¹⁴.

THE ECONOMY OF CULTURE IN EUROPE¹⁵

Economic and Social Dimensions of Culture

The following provides an overview of selected European national studies on the economy of culture¹⁶. These countries highlight the variety of methodologies that are employed by individual countries to assess the culture sector in economic terms.

1. Denmark

Source	Danish Ministry of culture
Approach	Culture and experience economy
Definition	Fashion, virtual arts, music books, theatre, radio/TV, printed media, architecture, design, film/video, advertising, edutainment, content production, events, cultural institutions, tourism, toys/amusement, and sport industries
Date	2000-2001
Turnover	€23.4 billion
Value added to national GDP	5.3% of national GDP
Workforce (private sector)	12% of the total fulltime workforce (170,000 full-time employees)
Exports	16% of total exports (€9.11 billion)

2. The Netherlands

Source	Ministry for Economics, Affairs and Ministry for Enterprise, Culture and Science
Approach	Creative economy
Definition	Arts, media and entertainment and creative business services
Date	2004
Turnover	€8.4 billion
Workforce	3.2% of total workforce (240,000)
Exports	0.14% of total

¹⁴ European Parliament Study: Financing the arts and Culture in the European Union 2006, http://www.helgatruepel.de/fileadmin/user_upload/PDF-Datein/Financing_the_arts_and_culture_in_the_European_Union.pdf

¹⁵ The Economy of Culture in Europe, http://ec.europa.eu/culture/key-documents/doc873_en.htm

¹⁶ The Economy of Culture in Europe, http://ec.europa.eu/culture/key-documents/doc873_en.htm

3. The United Kingdom

Source	Department of Culture, Media and Sport
Approach	Creative economy
Definition	Advertising, architecture, the art and antiques market, crafts, design, designer fashion, film and video, interactive leisure software, music, the performing arts, publishing, software and computer games, television and radio
Date	2001
Turnover	€165.43 billion (£112.5 billion)
Value added to national GDP	6.8% of national GDP (€85 billion)
Workforce (private sector)	4.3% of total workforce (1.3 million people)
Exports	4.7% of total exports (approx. €15.1 billion/£10.3 billion)

4. Finland

Source	Ministry of Culture
Date	2004-2005
Turnover	€12.6 billion
Value added to national GDP	3.8% of national GDP (€4.3 billion 2002)
Workforce	3.2% of total workforce (85854 persons 2003)
Number of enterprises	14517 enterprises
Exports	1.06% of total exports (€0.59 billion)

5. Latvia

Source	The economic contributions of copyright-based industries in Latvia
Approach	Copyright industries
Definition	Definition approved by the World Culture Conference
Date	2004
Turnover	€0.83 billion
Value added to national GDP	4% of national GDP (€0.3 billion)
Workforce	4.4% of total workforce (41225 employees)

6. Sweden

Source	Ministry of Culture
Approach	Culture and experience economy
Date	2000-2001
Value added to national GDP	9% of national GDP (€17.1 billion)
Workforce	10% of total workforce (400,000)

7. Lithuania

Source	Academic article
Approach	Creative industries
Definition	Advertising, architecture, the art and antiques market, crafts, design, designer fashion, film and video, interactive leisure software, music, the performing arts, publishing, software and computer games, television and radio
Date	2002
Turnover	€0.60 billion
Value added to national GDP	0.2% of national GDP (€0.04 billion)
Workforce	4% of total workforce (57,000 people)

8. Poland

Source	The national strategy for the development of Culture in 2004-2013
Date	2002
Turnover	€8.7 billion
Value added to national GDP	5.2% of national GDP (€17.3 billion)

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