

## **"United in Diversity" vs. "too Different" to Integrate? Cleavage Structures of European Cultural Project Funding**

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To what extent do structural imbalances between European countries occur in the context of the EU's cultural project funding programs? The Commission is repeatedly confronted with the allegation that participation in the EU's funding programs overproportionately benefits actors from already established member states whereas applicants from new Eastern European member states have relatively harder times in adjusting to the specific requirements and successfully obtaining funds. However, neither the edges nor the extent of structural cleavage lines is based on solid empirical evidence. Asymmetries in acquiring funds occur both in single projects conducted in only one country as well as cooperation projects between actors from more than only one country. In order to fill this research gap, data on all cultural and media projects since the early 2000s is compiled and systematically analysed with statistical methods. The data structure allows to "kill two birds with only one stone": As both single and cooperation projects are analysed simultaneously, the information of well-known in-country parameters like administrative capacities and the availability of co-financing can be used for explaining both (1) the aggregate performance of actors originating from a specific country on their own as well as (2) the cooperation behaviour among them and their success in setting up collaborative projects. Particularly new member states appear to be too different in their preconditions to be fully integrated in such competitive and European-wide project funding structures. The far-reaching disparities among the European countries "united in diversity" comprise fundamental challenges to the next step of European Integration, namely a cultural one.

### **1 Introduction**

Since its very beginning, European Integration has developed in waves: Subsequent to the economic and political waves, the third one is described as a cultural one. This third wave goes a long way with further extension and the integration of new member states from Eastern Europe, which imposes additional challenges in this process of aiming at additional legitimacy through this step of cultural integration (Karlsson 2010; Lähdesmäki 2012; Akaliyski 2019). However, the far-reaching differences among the member states in several regards comprise one of the core challenges the Union has to overcome in the integration process (Gerhards 2014). For instance, the heritage of Communist and to a lesser extent Yugoslavian regimes has remained present in Eastern European countries until today (Fuchs-Schündeln and Schündeln 2020) and has political as well as economic implications.

In order to reach the goal of cultural integration, the Union has continuously relied on project funding mechanisms since the very beginning of its cultural policy in the 1990s. These projects are conducted by private operators – either single persons or institutions - from various cultural sectors covering a wide range of topics of the cultural and audio-visual industries (Cliche et al. 2002; Innocenti 2016). The overarching goals of the Union with distributing funds are manifested in the Treaty of Maastricht and the framework programs of the specific funding period (Council & Commission of the European Communities 1992; Vos 2019). These goals are by far not uniform over time and develop from more unifying elements to a more diversity-oriented approach with increasing number of member states (Mitter I forthcoming).

The Union's goals represent one side of the coin – but with which reality is the Union confronted in its engagement to reach these goals? In fact, it is confronted with multiple realities as each country represents an individual case where culture and ideational convictions shall be fostered in a certain direction. There is a broad variance across the member states with regard to their economic capacities, their cultural development and last, but definitely not least, their political will to support the Union's engagement. This becomes particularly apparent when having a closer look at the Creative Europe desks, which represent the national offices intended to implement and support the European Union in its engagement. They have to be financed by the national government and are therefore dependent from its support. Even within comparable countries, the staff of such desks ranges from a single 25%-employee for all tasks up to whole teams of multiple full-time members and highly specialized personnel (Mitter II forthcoming).

It goes without saying that the country-wise differences are not limited to the national desks. According to the scientific literature on funding, the most relevant structural factors are the administrative capacities and the availability of co-financing. Administrative capacities refer to the well-functioning of the administrative structures which includes for instance the clarity of processes, the required efforts to fulfil formal procedures and the time frame within this is possible. Actors who are already well-experienced from their national level structures tend to be more successful when applying for funds at the European level (see for example Incaltarau et al. 2020). The availability of co-financing refers to the chances to obtain additional funds supplementing the ones from the Union, which is a general requirement to any application. If there are hardly any other sources of money to reach, every applicant will face hard times when applying for EU funds regardless of the quality of the project (Gherman 2014).

In consideration of the cultural diversity and the rather heterogenous preconditions, it is worth investigating what the overall outcome is like. Research is still lacking a comprehensive assessment of funding in the cultural sector (as most of the research done so far is focused in the regional and structural funds). In the long run, such an aggregate assessment is an indispensable basis for evaluating the success of the Unions engagement. Therefore, the first main research question of this paper is *to what extent structural imbalances between European countries occur in the context of the EU's cultural project funding programs*. These imbalances can occur in multiple ways: (1) Some countries have less funded projects than others. (2) The projects of some countries are less often marked as official success-stories (which is an official distinction for highly successful projects). (3) The cooperation between countries is skewed. It is questionable to what extent cooperation projects are set up if the partners are too different in their preconditions. With cooperation projects, it becomes apparent whether the project funding world of the Union is actually “united in (all) its diversities” or whether some countries are potentially “too different to integrate”. The socialization of (potentially disadvantaged) new member states is rather cost intensive and to some extent irrational for the stronger partner of the collaboration (Schimmelfennig 2000).

Because of the add-up of cultural differences, less weight could be assigned to the two most prominent explanatory factors mentioned above. Potentially, such hard factors loose in their strength as soon as the discrepancies go even beyond them. For this reason, as second research question of this paper is *to what extent the established explanatory factors of administrative capacities and the availability of co-financing can explain the outcomes in cultural project funding*. Testing these factors on the case of culture represents a hard case whether they remain strong determinants of the outcomes.

Subsequent to this introduction, a short literature review assesses the allocation funds in the European Union and its two most prominent explanatory factors. The research design points out the quantitative analysis including a logistic regression analysis and semi-structured interviews with the Creative Europe desks. The conclusion completes this draft with first remarks on the implications of the findings.

## 2 Theory

Both with regard to administrative capacities and the matter of co-financing, literature on other funding fields have to serve as the basis for analysing cultural project funding as hardly any literature on this specific field exists. Most of the relevant literature is engaged with the European Union's structural and regional development funds. Naturally, these funds tackle the development of disadvantaged countries and regions – this mainly refers to economically weaker regions or remote areas with insufficient regional added-value. In the cultural sector, the funding mechanisms do not have such an explicit regional character – but implicitly.

Cultural projects are very often linked to their regional roots or certain traditions typical for their country. At the same time, existing cross-border collaborations in geographically close areas provide an excellent basis for setting up a European cooperation project based on already existing transnational links. Finally, regional dimensions of engagement can be observed particularly in bigger countries. Whereas the Italian South is still developing with regard to acquiring cultural funds, the North is highly successful. In Finland, a sectoral regionalization can be observed: The remote area of Lapland serves as an example of a flourishing gaming industry successfully obtaining EU funds, although the area is not so strong in other fields. In this sense, cultural project funding is not too distant from the regional approaches of the literature on structural funds.

Both administrative capacities and the availability of co-financing are closely related in the context of absorption capacity (Marinescu 2013). As a research paper on Estonian municipalities shows, low administrative capacities and little co-financing tools are two different phenomena which are likely to occur together and jointly affect the ability to acquire, manage and spend funds (Lorvi 2013). Although there are contradictory studies (e.g. Tosun 2014), particularly small municipalities and remote regions of Eastern Europe are likely candidates in this regard (Marinescu 2013, Lorvi 2013, Zaman and Cristea 2011, Incaltarau et al. 2020). Applying for EU funds therefore requires rather high level of administrative capacities as the administration of applying for and conducting a project is extensive (van Hooland 2010, p. 102). This even leads to expertisation and exclusionary effects as anyone who is not familiar with the processes is too overwhelmed in the case of lacking professional support.

However, exclusionary effects are diametric to the goals of the Union (Büttner and Leopold 2016). With high administrative capacities, countries and operators are capable of dealing with this challenge (Bachtler et al 2014). The national governments are therefore in the position to have an impact on how well European funds are retrieved and spent. With increasing amount of available EU funds, the necessity for sufficient co-financing arises and imposes additional budgetary efforts to countries – and not all countries are capable of providing these additional resources (Gherman 2014). This in turn leads to the mechanism that already established groups gain perpetually capacities and obtain more and more funds, whereas disadvantaged groups are hardly capable of exiting their fate without external support (see for example on a similar mechanism with interest groups: Crepaz and Hanegraaff 2020).

## 3 Research Design

The research design of the analysis is rather straightforward: Comprehensive data on the funded projects of the cultural and audio-visual sectors since 2000 is compiled. This covers 42 countries in total: The current 27 EU countries, the United Kingdom as a former member, and 13 third countries participating in the Creative Europe framework program. This data is used for descriptive analyses and subsequently serves as the basis for a logistic regression model testing for the explanatory power of the two main arguments.

The model includes data on the countries' expenditures in the cultural sector (directly capturing the general efforts to develop a strong creative sector in the country as well as governmental co-financing availabilities). Strong governmental support generally also stimulates non-governmental investments in

a specific sector. Therefore, the national expenditures serve as a proxy measure for co-financing in general. For measuring variance in the administrative capacities, it is intended to use the government effectiveness index elaborated by the World Bank Group (Worldbank 2023). The index covers a broad range of variables composing an overall perspective on the countries of interest. It covers both the administrative structures of the countries on several political levels and how facile administrative processes are. This serves as an indicator for how familiar people from these countries are with administration and how their daily experiences are. Both indicators – the national expenditures for cultural issues and the government effectiveness index are available for the whole period of analysis.

In addition to this purely quantitative analysis, semi-structures interviews of about 30 minutes with Creative Europe desks are held. The interviews cover as many countries as possible. The desks offer the chance not only to obtain expert information on the countries' particularities and their challenges, but also to gain knowledge on their capacities and engagement in support of the processes related to European funding.

## **4 First Empirical Results**

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The empirical chapter is currently in progress. Project data is analysed only for the last framework program ranging from 2014 to 2020 (4528 projects). Project data since the early 2000s is already obtained, but not ready for analysis yet. The logistic regression is also still in progress and therefore not included in this draft. Nine semi-structured interviews have already been held and add further knowledge to the empirical part.

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### **4.1 Descriptive Univariate Analysis**

In the program period from 2014 to 2020, 4528 projects were conducted. 3178 projects were held by the audio-visual sector, which accounts for more than 70%. More than 88% of these media projects were held in form of so-called single projects, which are projects conducted within a single country. In turn, not even 12% of all media projects were based on a cooperation across two or more states. This is a mayor difference to the cultural sector: Of 1350 cultural projects, almost 50% were cooperation projects.

With regard to individual countries, France was the most active country with 954 project participations. Other countries with high activity were Germany (699), Italy (551) and Belgium (502). France and Germany represent special cases as there are more cultural project participations than audio-visual ones although the media sector incorporates much more projects overall. The founding countries of the EU are also the most active ones in cooperation projects: Every third cooperation project participation in 1035 overall cooperation projects is coming from one of the founding states. When taking all Western European countries into account, almost every second participation in a collaborative project is done by a state originating from this region.

Every collaborative project has on average 4,45 participants and it is therefore highly unlikely that a collaborative project takes place without at least one participant from Western Europe – and this is in almost any case the coordinating country. Application and project management have to be done by the project coordinator/leader, which means that this operator has carrying the major efforts of the project, but in turn incorporates a rather powerful position. Eastern European countries and third country participants are only rarely in this position of power.

### **4.2 Getting Explanatory: Logistic Regression Analysis**

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### **4.3 Tracing Causality: Evidence from Expert Interviews**

From the perspective of the Creative Europe desks, three major issues become apparent. First of all, their unanimously support the thesis that the distribution of projects is skewed. However, the cleavage

line is hard to draw: In general, more projects are conducted in or at least in collaboration with partners from Western European countries. The Western European desks have much more resources than Eastern European ones. However, there are exceptions to this rule like the Czech Republic for example which has a rather strong set-up at the Creative Europe desk. There are certain “high-performer-countries” like Germany or France with high quantity of projects and with correspondingly good general knowledge about the application process and how to successfully conduct projects. Setting up cooperation projects with such a „high-performer-country” serves as a common way to push the performance of originally weaker countries. To look for such a cooperation is also rather often recommended by the desks to operators who intend to apply for European funding for the first time.

Such recommendations also indicate the essential role of the desks as they have the chance to directly affect the number of applications and their success. The general interest in applying for EU funds can be pushed through active engagement and advertisement of the national desks. At the same time, they partly present themselves as “gate-keepers”: Some desks actively discourage people to apply for EU funds if the proposed project has only little chances to be selected. Through this informal advice prior to the formal application, these countries have rather high success rates compared to other countries. Other desks conduct special workshops and peer-networking events to push the own country’s performance. However, if the desk does not have the resources for personal advice or extensive training, the rate of successful applications remains rather low.

Finally, administrative capacities and the availability of co-financing are not solely problematic in countries with low capacities and little availabilities. With regard to administration, the Finnish desk mentioned that the Finnish administration is rather well-developed, but EU administration is much more complicated than the national one, which represents a major challenge to Finnish applicants. The Danish desk mentioned something similar with regard to co-financing: The costs of living and manpower are so high in Denmark that the operators still have troubles in acquiring enough funds even though the general funding structures are quite strong. Because of that, it can be assumed that the challenges are not linear, but more U-shaped with the highest challenges at the edges of the distribution.

## **5 First Conclusions**

Two main first conclusions can already be drawn. First, there are major cleavages across the European funding sphere. We can observe a broad variance with regard to the projects conducted and the collaborations developed. However, the cleavage line is not as clear as expected: Some Eastern European countries perform rather well, whereas other Western European member states still struggle with their establishment. Preliminarily, the conclusion can be drawn that countries are not necessarily “too different to integrate”. However, their integration is hugely dependent from the national governments’ willingness to invest into the European dimension – not only directly with the Creative Europe desks, but also with applicable co-financing mechanisms.

Second, the two explanatory factors might not be related with funded projects in a linear way. The interviews indicate that this has more of a U-shape with both edges being particularly challenged with managing the administration and finding enough co-financing sources – not only in disadvantaged countries, but also in highly developed ones.

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