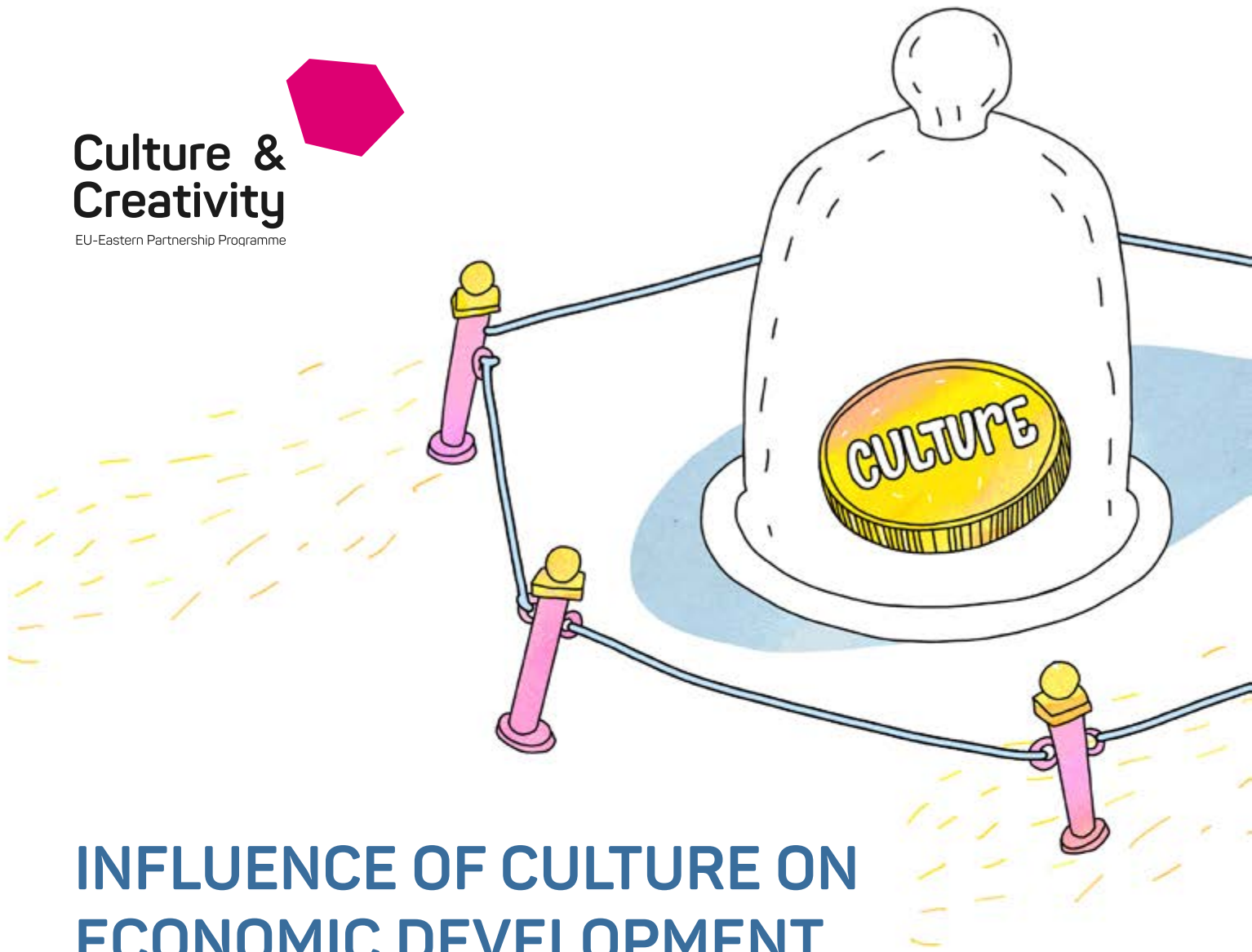


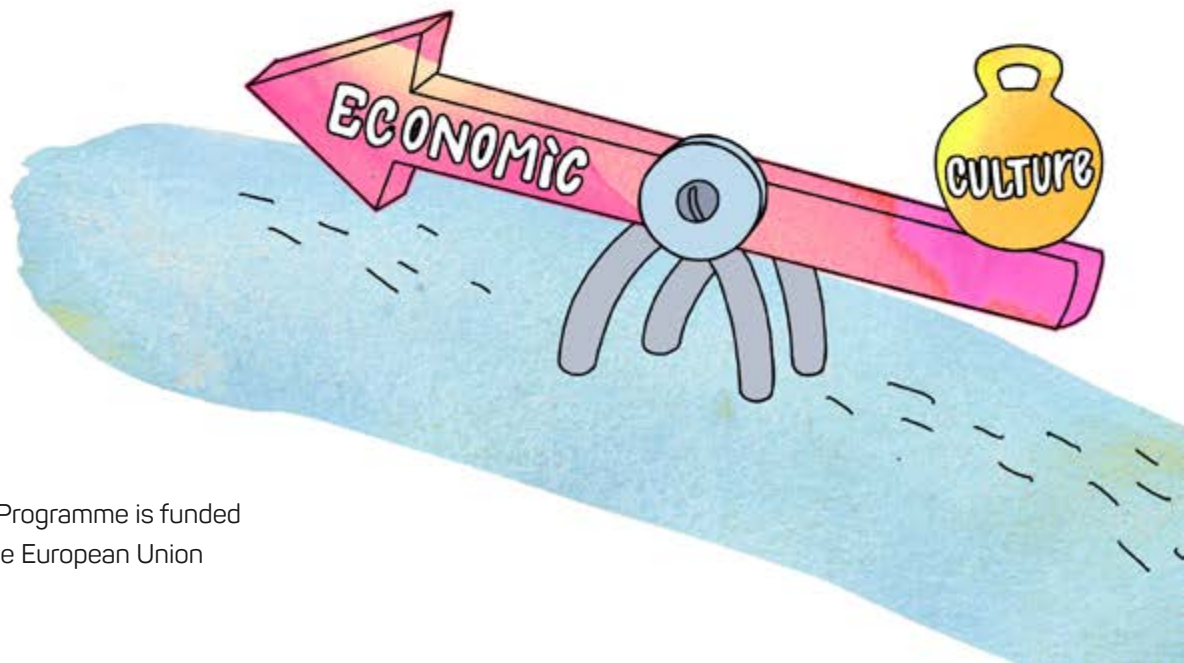
# Culture & Creativity

EU-Eastern Partnership Programme



## INFLUENCE OF CULTURE ON ECONOMIC DEVELOPMENT

*Creation of the legal conditions for development of cultural industries and creative economy*



This Programme is funded by the European Union

# Introduction

The impact of culture and creative (CCI)<sup>1</sup> industries on economic development has been recognized by policymakers worldwide. The latest UNESCO report 'Cultural Times: The first global map of cultural and creative industries' stressed that CCI in 2013 globally generated revenues of US\$ 2,250 bn and in the same time gave employment to 29.5 mln people world wide. Europe is the world's second-largest CCI market with revenues of US\$ 709 bn (32% of the global total) and 7.7 million jobs (26% of all CCI jobs). In the UK alone, GVA (Gross Value Added) of the Creative Industries was US\$ 111.6 bn in 2014 and accounted for 5.2% of the UK economy. The UK's impressive results in terms of CCI development is not a coincidence. The UK is one of Europe's leaders in CCIs areas with 7.58 per cent share of workforce employment, versus 5.21 per cent in Europe as a whole (2011-2013)<sup>2</sup>. This results could not be achieved without an over 60-year history of successful public investment in the arts that has laid a solid foundation for development in wider creative industries.

***British designers, musicians and filmmakers have put the UK on the world map with their creative talent. They have also played a big part in driving our economic recovery. UK creative industries generate US\$ 94.2 bn (2012) in revenue each year and support 1.71m jobs – that's equivalent to four times a city the size of Manchester. We want this sector to continue to thrive so it's important that government and industry keep working together to foster the right environment for creative industries to succeed and inspire young people to follow in the footsteps of the many creative heavyweights that Britain has produced.***

*– Vince Cable, Former UK Business Secretary*

Understanding of the role and specifics of CCI by policymakers, creating long term, evidence-based development strategies and strong governmental financial support are pivotal in terms of investing and supporting growth of CCI and the whole Creative Economy. Access to finance is a key challenge and remains a major difficulty for CCI representatives. This is due to the nature of CCI, determined by:

- A rapidly changing environment, characterized by new technologies, globalization, and intangible outcomes. This mixture of variables makes the business model hard to analyse by the banking sector,
- Business models that are often an effect of cross-sectoral collaboration. However, sector's policies are still organised in sectoral silos, limiting possible synergies and spillover effects,
- The vast majority of sector players are small and medium entrepreneurs, often with an innovative business model, however without financial assets.<sup>3</sup>

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**1** For the purpose of this case study I would like to refer to the definitions proposed by the UK Government's Department for Culture, Media and Sport (DCMS): CCI are 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." There are thirteen sub-sectors under the term 'creative industries' and these are: 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

**2** NESTA, *Creative Economy Employment in the EU and UK. A Comparative Analysis*.

**3** PWC, *Creative industries Analysis of industry-specific framework conditions relevant for the development of world-class clusters*

Another challenge is related to data collection and therefore lack of clear evidence of CCIs actual impact on the economy, which further limits the ability of financial backers to recognise the full potential of CCI. As it was underlined in KEA's latest report 'Feasibility study on data collection and analysis in the cultural and creative sectors in the EU', CCI remains largely underestimated because their final outcome is often embedded in manufactured products (design), in digital services (mobile apps, platforms making available creative content like music, films or games), creative individuals or small entrepreneurs that are often overlooked by official statistics because of their project-based nature and cross-sectoral type collaborations. Moreover, international classification codes are not designed to capture the nature of CCI and their intangible contribution to innovation, developing social capital and the immaterial economy<sup>4</sup>.

Despite the fact that there is a need for better measurement tools, there still is an understanding among the policymakers that supporting CCI, and therefore developing a creative economy, is a path to be followed in order to compete in global markets. It is worth noticing that support for CCI development can also be found on the regional level. In the frame of the EU - Creative Europe Programme (2014-2020) and in the context of limited access to finance for CCIs, the European Commission has proposed a CCI Guarantee Facility, and earmarked €121 million to a financial mechanism acting as insurance to financial intermediaries (e.g. banks) offering financing to cultural and creative sector initiatives. The programme is expected to create €600 million in loans and other financial products through a catalyst effect. In addition, financial intermediaries will be provided training to better understand the needs of cultural and creative sector projects, with a view to increasing their engagement with the sectors<sup>5</sup>.

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4 KEA, *Feasibility study on data collection and analysis in the cultural and creative sectors in the EU*, [http://www.keanet.eu/wp-content/uploads/CCS-Stats-Study\\_final-30092015.pdf?4f4eb7](http://www.keanet.eu/wp-content/uploads/CCS-Stats-Study_final-30092015.pdf?4f4eb7)

5 [https://ec.europa.eu/programmes/creative-europe/cross-sector/guarantee-facility\\_en](https://ec.europa.eu/programmes/creative-europe/cross-sector/guarantee-facility_en)

# CASE 1

## *Creative Australia - National Strategy for CCI Support and Development*

### *Context*

The first formally developed Australian cultural policy - Creative Nation - was introduced in 1994. The report emphasised culture's importance to national identity, and defined culture more broadly than earlier conceptions, by including film, radio, libraries, and more. It also stressed the economic potential of cultural activity and the arts, stating that:

*"This cultural policy is also an economic policy. Culture creates wealth. Broadly defined, our cultural industries generate 13 billion dollars a year. Culture employs. Around 336,000 Australians are employed in culture-related industries. Culture adds value, it makes an essential contribution to innovation, marketing and design. It is a badge of our industry. The level of our creativity substantially determines our ability to adapt to new economic imperatives. It is a valuable export in itself and an essential accompaniment to the export of other commodities. It attracts tourists and students. It is essential to our economic success"<sup>6</sup>*

Almost 20 years later, in 2013, another federal strategic document titled 'Creative Australia' was introduced to the public. Refreshed CCI strategy follows the path set by the previous policy and at the same time fully recognizes the impact that Creative Nation has had on Australia's CCI development.

***In endorsing Creative Australia, I express my great confidence in the men and women who constitute our nation's creative sector. Their sense of daring and imagination, their pursuit of excellence, their creative spirit and their willingness to share their gifts have profoundly shaped and uplifted Australian society. I sincerely hope that this policy will sustain their good work and ensure that Australia's remarkable creative output – now so comprehensive and mature – continues to be a source of inspiration to our nation and to the world.***

*– Julia Gillard, Former Prime Minister of Australia*

### *Facts and Figures*

- Since 2006, the creative workforce in Australia has increased by 70,000 jobs, reaching 531,000 in 2011, which stands at 5.3 per cent of total employment.
- Between 2008-09, CCI contributed around \$90.19 billion to the national economy. It adds almost \$45.89 billion in GDP and helps generate exports of \$3.2 billion dollars annually.
- In 2011 there were 123,000 businesses operating in CCI area.
- Creative Australia's strategy strongly relies on partnerships across agencies, with state and territory and local governments, commercial and non-profit enterprises, educational institutions, and with artists, philanthropists, teachers and community groups.

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6 *Creative Nation Strategy*  
<http://pandora.nla.gov.au/pan/21336/20031011-0000/www.nla.gov.au/creative.nation/contents.html>

## The Challenge

The Creative Australia Policy has set five equally important and linked goals:

- Strengthen the capacity of the cultural sector to contribute to national life, community wellbeing, and the economy.
- Ensure Australian creativity thrives in the digitally enabled 21st century, by supporting innovation, the development of new creative content, knowledge and creative industries.
- Recognise, respect, and celebrate the centrality of Aboriginal and Torres Strait Islander cultures to the uniqueness of Australian identity.
- Ensure that government support reflects the diversity of Australia and that all citizens, wherever they live, whatever their background or circumstances, have a right to shape our cultural identity and its expression.
- Support excellence and the special role of artists and their creative collaborators as the source of original work and ideas, including telling Australian stories<sup>7</sup>.

It's remarkable that the Creative Australia policy has been designed with a broad understanding for various dependencies, connections, and correlations between different players. It was the government who created the preconditions for the change and has supported the challenge. It is also worth noticing that creation of a new policy was executed in a form of an extensive consultation process among the Australian community.

## Results and Impacts

Creating cross-sectoral partnerships has become the foundation of a strategic framework for fulfilling the Creative Australia policy. Collaboration at all levels: between artists and cultural organisations, between training organisations and the industry, between other industries, and between donors, business and arts organisations. Pursuing a common goal and mutual understanding of the vision was one of the first intangible results which allowed more direct action to take place:

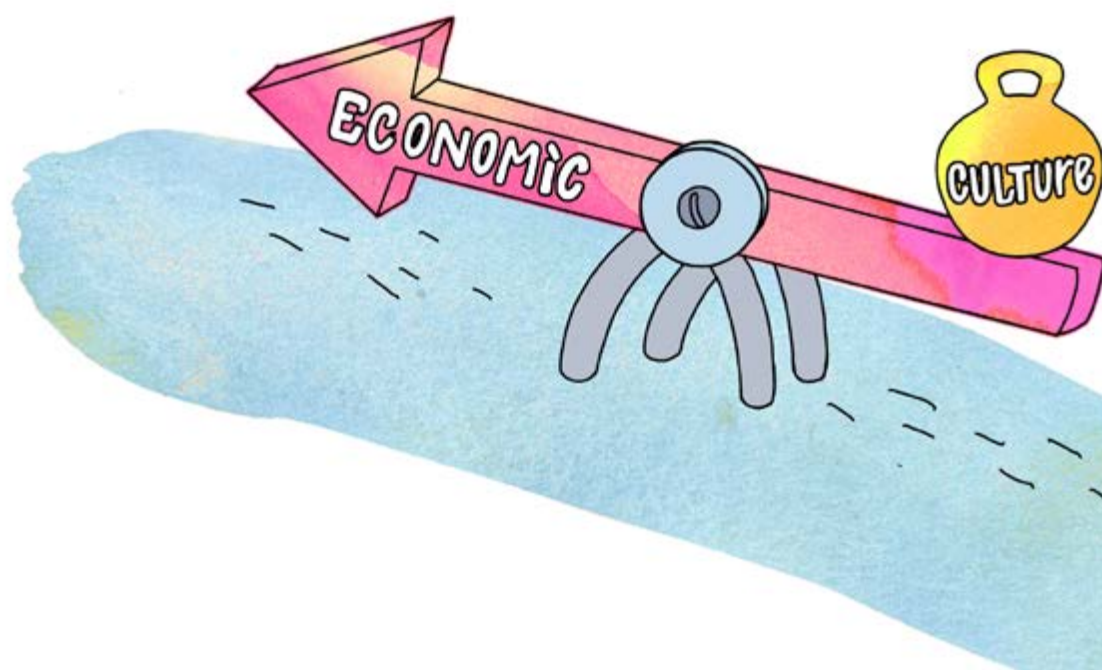
- Modernise funding and support. A new mandate for the governance structure, the Australia Council, with an investment of \$75.3 million in new funding for artists and art organization, and bigger flexibility in distributing those funds.
- Support for the Creative Industries Innovation Centre, the largest ever Australian government investment in creative industries development. The Creative Industries Innovation Centre delivered tailored business services to more than 1,500 creative businesses from 2009 to 2015 and provided industry intelligence and advice for public policy and peak sectoral activity.
- Comprehensive support for Screening Australia, a federal government agency responsible for Australian screen and games development, production, and promotion by a \$10 million investment for screen production for digital platforms,

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<sup>7</sup> Creative Australia Report,  
<http://creativeaustralia.arts.gov.au/assets/Creative-Australia-PDF-20130417.pdf>

including television, and \$20 million for a new Australian Interactive Games Fund, which will support independent games studios to create innovative digital content.

- Creative Partnership Australia, a new governance structure with the goal to foster a culture of private sector support for the arts, by investing in the professional and business development of the arts sector to maximise partnership potential and long-term growth, working with businesses and philanthropists to facilitate and champion arts partnerships and investment, and through matched funding, micro loans, and crowd sourcing programs for artists and arts organisations.
- Establishing the National Arts and Culture Accord, an agreement between the Australian Government, state and territory governments, and the Australian Local Government Association representing local governments, to work together to support arts and culture and sets out principles for ongoing cooperation.
- Enabling a framework action, through the new funding of \$20.8 million, to assist individuals with their careers in the arts and creative industries. Funding provides elite training organisations and programmes, such as ArtStart, with \$9.7 million for graduating practitioners to hone their business; ArtsReady with \$3.4 million to support job seekers, school leavers, and at-risk students to find arts careers through on-the-job training; the Creative Young Stars Program with \$8.1 million to encourage, support, and celebrate creative academic and community achievement.
- Reviewing of copyright issues through the Australian Law Reform Commission, to ensure they are appropriate in the digital environment.



# CASE 2

## SEE Platform - Policy Innovation Design

### Context

The Sharing Experience Europe Platform (See Platform) is an initiative that was started in 2005 as a SEEdesign project (2005-2007) and until 2015 was operating under the umbrella of the European Commission as a part of the European Design Innovation Initiative (2012-2015). Through the European Design Innovation Initiative, the European Commission seeks to embed design for user-centred innovation in government policies and company strategies across the European Union. At the moment, the SEE Platform is a network of 11 design organisations sharing knowledge and experience in order to develop new thinking, disseminate good practices and design, and innovation in local, regional, and national policies. The partners represent the UK, Belgium, Denmark, Estonia, Finland, France, Ireland, Italy, Poland, Slovenia and Spain<sup>8</sup>.

### Facts and Figures

- There are approx. 410,000 professionally-trained designers in Europe, generating an annual turnover of €36 billion.
- Design increases turnover: For every £1 invested in design, businesses can expect over £20 in increased revenues.
- Design is linked to profit: For every £1 invested in design, businesses can expect over £4 increase in net operating profit.
- Design boosts exports: For every £1 invested in design, businesses can expect a return of over £5 in increased exports<sup>9</sup>.
- In 2015, in the UK alone, employment in the design sector grew by 17.7% (or 27,000 jobs) in two years and the gross value added of the designs sector increased by 23.8% over three years, compared with 4.2% for the UK economy as a whole.
- In 2015, the value of design services the UK exported was £190 mln (an increase of £59 mln since 2011).
- Private companies using design strategically: Austria 9%, Denmark 23%, Estonia 7%, France 15%, Ireland 15%, & Sweden 22%.
- In 2014, over 20,000 students attended the 38 top design schools in the EU - member states included: 9 in Italy, 5 in France, 4 in the Netherlands, 3 each in Denmark, Portugal, Sweden & the UK, 2 each in Germany & Spain, and 1 each in Belgium, Czech Republic, Finland & Slovenia.

<sup>8</sup> SEE Platform <http://www.seeplatform.eu/aboutsee>

<sup>9</sup> Design Council, *Design Deliver for Business*  
<http://www.designcouncil.org.uk/sites/default/files/asset/document/DesignDelivers%20for%20Business%20briefing.pdf>

## The Challenge

Design is not just about the way things look, it is also about the way they work. Design creates value and contributes to competitiveness, prosperity, and well-being in Europe<sup>10</sup>. The SEE Platform's goal is to accelerate the integration of design into innovation policies and programmes across Europe by exchanging best practice between design and innovation actors. There are two key objectives:

- to engage with public authorities across Europe, to support them in developing, implementing, and monitoring design policies and programmes.
- convincing a wider audience of the potential for design to foster innovation in small companies, and deliver innovative solutions for products, services, society, and the public sector.

***By 2020, design is a full acknowledged, well known, well-recognised element of innovation policy across Europe.***

*– Peter Dröll, the European Commission's Research and Innovation Department*

## Results and Impacts

The consortium has already engaged over 800 public officials in thematic workshops on the themes of Design Policy, Design Support, Service Design, Social Design, and Design Management. As a result of policy-makers participating in SEE workshops, engagement by SEE partners and drawing on SEE research, design now features in at national level policies in Denmark, Estonia, Finland and Greece, as well as at the regional level in Wales (UK), South Bohemia (Czech Republic), Greater Copenhagen (Denmark), Central Finland, Central Macedonia (Greece), the Ljubljana Urban Region (Slovenia), and the Malopolskie and Silesia (Poland) regions. In addition to influencing 17 policies, SEE has resulted in the implementation of 40 new design-related programmes. This amounts to over €6.2 million of new investment in design programmes.

- 80 workshops delivered to innovation policy-makers and programme managers across Europe, on themes such as design policy, business support, service innovation, social innovation, and academia-industry collaboration.
- 5 policy booklets with policy recommendations on the themes of design policy, business support, service innovation, social innovation, and academia-industry collaboration.
- 3 'Design Policy Monitors' (annual) to examine current and emerging trends in design policies and programmes across Europe.
- 60 presentations at innovation network meetings to enhance the understanding of design among innovation audiences.
- 44 case studies related to design and innovation policies and programmes to encourage the exchange of best practices between regions.
- 6 bulletins containing research, case studies, policy updates, and resources from around the world<sup>11</sup>.

<sup>10</sup> Action Plan for Design-driven Innovation in Europe

<sup>11</sup> Design Policy Monitor 2015, SEE Platform



## Summary

Creative Australia is a good example of a holistic approach to designing a CCI strategy policy by creating a common vision that can be understood and followed by the key players representing different sectors. The Australian Government has laid the foundations for the launch of Creative Australia through a combination of major sector and education reforms, and an ongoing program of investment in arts and cultural infrastructure. Critical investment was made in line with the strategic goals of Creative Australia, which were developed during the consultation period. Designing such a complex and coherent process was as important as the implementation phase - in addition to which Australian officials clearly stated that culture is not created by government, but enabled by it. Culture is created by community. The designing and delivering the Creative Australia policy by the Australian Government is also a perfect example of using design-driven approaches in policy making. In this context, activities delivered by the SEE Platform can be better understood. The SEE Platform's mission is not only advocacy for product design, but also a process design which was recognised by the European Commission in their 2013 strategic document, 'The Action Plan for Design-Driven Innovation', which states that:

***"A more systematic use of design as a tool for user-centred and market-driven innovation in all sectors of the economy, complementary to R&D, would improve European competitiveness."***

*– EC The Action Plan for Design-Driven Innovation*

## Recommendations

- Developing policies for CCIs requires strong support from the policymakers in terms of long term vision, and infrastructural and financial support.
- CCI based strategies require a holistic approach and understanding of different correlations and cross-sectoral dependencies.
- Most CCIs are innovation driven initiatives. Their activities often manifesting on the cross-edge of different sectors, so effects are often intangible. These specifics need to be understood and recognized by policymakers.
- An evidence based approach; therefore up-to-date measurement tools are pivotal to capture the impact of CCI on economic development.
- Making an effort to the policy-designing process is as much important as the implementation phase.

# Additional Resources

**PWC, Creative industries Analysis of industry-specific framework conditions relevant for the development of world-class clusters**

[http://www.emergingindustries.eu/Upload/CMS/Docs/Creative\\_industries\\_FCs.pdf](http://www.emergingindustries.eu/Upload/CMS/Docs/Creative_industries_FCs.pdf)

**KEA, Feasibility study on data collection and analysis in the cultural and creative sectors in the EU**

[http://www.keanet.eu/wp-content/uploads/CCS-Stats-Study\\_final-30092015.pdf?4f4eb7](http://www.keanet.eu/wp-content/uploads/CCS-Stats-Study_final-30092015.pdf?4f4eb7)

**Australians Creative Nation Strategy Report**

<http://pandora.nla.gov.au/pan/21336/20031011-0000/www.nla.gov.au/creative.nation/contents.html>

**Creative Australia Report**

<http://creativeaustralia.arts.gov.au/assets/Creative-Australia-PDF-20130417.pdf>

**SEE Platform**

<http://www.seeplatform.eu/aboutsee>

**Design Council, Design delivers for business is a summary of evidence from our Design Leadership Programme for businesses**

<http://www.designcouncil.org.uk/sites/default/files/asset/document/DesignDelivers%20for%20Business%20briefing.pdf>

**Design Policy Monitor 2015**

<http://www.seeplatform.eu/docs/SEE%20DPM%202015%20Jan.pdf>

**Action Plan for Design-driven Innovation in Europe**

<http://ec.europa.eu/DocsRoom/documents/13203/attachments/1/translations>