



SECURING A SUSTAINABLE FUTURE FOR THE EUROPEAN NON-PROFIT CULTURAL SECTOR

Culture Action Europe is a network uniting cultural organisations across Europe from diverse sectors. **On behalf of our membership, we call on your support for non-profit organisations active on local, regional, national and European level that wish to work in a European context and contribute to building a stronger European Union.**

KEY MESSAGES

- **Non-profit cultural organisations should be considered important stakeholders at the EU level**, to be included in consultations and involved in strategic processes as they are active players and have specific expertise.
- **The new application of financial assessment rules actively prevents organisations in the cultural and creative sectors from accessing EU funding** – particularly in specific EU countries where national regulations do not permit non-profit organisations to keep the reserves needed to be rated financially “strong” by the EU – endangering a sizable percentage of cooperation projects and European networks.
- **Due to their non-market oriented and mission-driven engagement, vital for creating and fostering the non-economic value of culture, non-profit cultural organisations require public support above all.** However, their access to financial support provided by the next generation of funding programmes is at risk.

The importance of cultural non-profit NGOs

The European cultural sector is primarily made up of non-profit micro-organisations (95% of the cultural and creative sectors’ organisations employ less than 10 people¹). They reach and represent large parts of the European population and range from local cultural centres and performing arts venues, regional and national associations representing individual artists and cultural professionals to transnational networks reaching out to millions of EU citizens.

The non-profit cultural sector has a significant impact on European societies and contributes greatly to their social and economic development. As stated in the European Agenda for Culture, “*culture promotes active citizenship, common values, inclusion and intercultural dialogue within Europe and across the globe*”. The recognition of culture’s intrinsic value is the first principle outlined in the European Council Conclusions on the Work Plan for Culture 2019-2022. **The non-profit cultural sector is a powerful and committed contributor to each priority of the EU Strategic Agenda 2019-2024: from building a greener, fairer and more inclusive future to promoting European values within and beyond the EU borders.**

¹ European Commission study “Boosting the competitiveness of cultural and creative industries for growth and jobs”, 2016

- Non-profit cultural organisations have the potential to build communities and foster citizen engagement by actively involving people in activities and cultural practices and thus empowering them to participate in society. This contributes to the **well-being** of individuals as well as society as a whole, and promotes social engagement and inclusion.
- The know-how and expertise that exists in the non-profit cultural sector, as well as its ability to foster and combine formal, non-formal and informal educational experiences has vital value for **education, capacity building and training at all ages, in the cultural sector and beyond**. Nevertheless, cultural organisations are struggling to offer more stable work conditions that are not supported by the actual structure of funding schemes.
- Despite challenges, the EU remains a community based on values such as democracy, fairness, equal opportunities and diversity. The non-profit cultural sector has **the power to convey these abstract values**. Culture opens minds by showing alternative perspectives and at the same time empowers individuals and communities by strengthening their democratic skills. Grassroots cultural activities, civil society engagement and socio-cultural operations are key in this respect. Culture is therefore capable of preparing EU citizens to support and shape the future of Europe.

Action is needed to ensure future participation of cultural NGOs in the EU funding programmes

In 2018, the framework for analysis of the financial capacity of cultural organisations applying for EU funding was changed and a new matrix was introduced. As a result, 27 organisations selected for small and large Creative Europe cooperation projects starting in 2019 were assessed as “financially weak” and informed that they would not receive an advance payment for their projects unless they could produce a bank or third-party guarantee. Several of these organisations had a positive track record of coordinating and participating in numerous EU-funded projects in the past, and even more had demonstrated that they have sufficient financial capacity to design and implement innovative and impactful projects in other contexts.

The assessment of the financial capacity of applicants includes the analysis of their capital/financial reserves. In many EU countries, however, non-profit associations receiving public funding, are not allowed or able to have reserves. This is the reason why the legal basis for the Erasmus+ programme 2014-2020 includes that, in addition to public bodies and higher education institutions, “organisations in the fields of education, training, youth and sport that have received over 50% of their annual revenue from public sources over the last two years shall be considered as having the necessary financial, professional and administrative capacity to carry out activities under the Programme.” (Regulation no 1288/2013 establishing Erasmus+, Article 19.3)

Such a clause needs to be included in the legal framework of all programmes 2021 - 2027 in which organisations active in the fields of culture, education, innovation, youth and sport are eligible to apply for funding (Creative Europe, Erasmus+, Rights and Values, Horizon Europe, etc.), which would also ensure workable synergies across the Multiannual Financial Framework (MFF).

In addition, the matrix for the assessment of the financial capacity of applicants must be reviewed to make sure that programmes are accessible to the full diversity of cultural operators in Europe, which are overwhelmingly represented by micro-entities.

Should this not be the case, the danger is that many organisations, including a number of European organisations currently receiving network funding, will automatically be considered as “financially weak”, resulting in the need to provide bank guarantees or provide substantial amounts of pre-financing, which are not possibilities for a large number of cultural organisations. as they often have no possibilities of getting bank

guarantees and they are not able to pre-finance high amounts over several years. Therefore, they would no longer be able to apply for the Creative Europe funding and continue their important work in connecting thousands of citizens across borders, and developing and fostering cultural projects with European added value.

We must remember that the development of non-profit cultural organisations is a key contributor to sustainable development, essential to achieving a diverse and inclusive European society.

ABOUT CULTURE ACTION EUROPE

Culture Action Europe (CAE) is the major European network of cultural networks, organisations, artists, activists, academics and policymakers. CAE is the first port of call for informed opinion and debate about arts and cultural policy in the EU. As the only intersectoral network, it brings together all practices in culture, from the performing arts to literature, the visual arts, design and cross-arts initiatives, to community centres and activist groups.

CAE believes in the value and values of culture and its contribution to the development of sustainable and inclusive societies.

www.cultureactioneurope.org