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INFORMATION NOTE

From: General Secretariat of the Council
To: Council

Subject: The necessity of raising the maximum value of small-scale cultural infrastructure implemented within the European Regional Development Fund 2014-2020
- Information from the Polish delegation

Delegations will find attached an information note from the Polish delegation on the above subject, which has been put on the agenda under "Any Other Business" for the next Education, Youth, Culture and Sport Council meeting on 18-19 May 2015.

**The necessity of raising the maximum value of small-scale cultural
infrastructure implemented within the
European Regional Development Fund 2014-2020**

Lack of clear definition of “small-scale” infrastructure

Regulation 1301/2013 on the European Regional Development Fund allows for the investments related to the cultural heritage. At the same time, Regulation says that support will be aimed at the so called small infrastructure of culture. It shall be highlighted that during the negotiations of the legislation pack on cohesion policy 2014-2020, the DG Regio did not precise how the “small infrastructure of culture” was defined and did not consult this concept with Member States. **It must be underlined here that the Regulation itself was adopted by the Council and the European Parliament – both of them did not discuss the definition of small-scale projects leaving it for further implementation by Member States** (the Chair of the of Committee on Culture and Education in the European Parliament, Ms. Sylvia Costa, underlined that the limit for culture is too low and that it should be based on eligible cost, not on total costs).

Too low maximum limit for cultural projects

It was only when the negotiations of the operational programmes in particular countries started, that the DG Regio unexpectedly imposed its own interpretation of the size of projects possible to be implemented in the culture sector on the basis of the maximum value of 5 million euro of total costs (10 million for UNESCO sites). The maximum value is applicable in all Member States for all regional and national programmes. **In our opinion, such low limit of the maximum project cost may result in the ineffective expenditures and lower impact on socio-economic development.**

Moreover, the DG Regio maintains that it is very generous giving the possibility to realize cultural projects up to 5 million euro, because more traditional definitions of small scale allow only for projects with budget not exceeding 250,000 euro (e.g. Creative Europe Programme). In our opinion such explanation is inappropriate – Creative Europe’s projects are focused on cultural activities, not on cultural infrastructure so these limits should not be compared.

Lack of legal basis for cultural projects limits

In consequence of the meeting of the Cultural Affairs Committee on 6 of February 2015, the DG Regio has presented the written explanation note on the basis for the cultural projects limits. The DG Regio’s information points out that the 5 million euro for a single project results from the Closure Guidelines for 2007-13. The same position the DG Regio has presented during the meeting of the Expert Group on European Structural and Investment Funds (EGESIF) on 25 February 2015. **It must be underlined that cases pointed out in the Guidelines (“requests for phasing major projects over two periods”) do not apply to the culture sector, hence such use of 2007-2013 experiences for justification of the limits for culture support in 2014-2020 seems inappropriate.**

Necessity to differentiate investments in cultural infrastructure from the works on historical buildings

It must be also underlined that the cultural infrastructure and projects concerning cultural heritage should be treated separately. Firstly, the regulation 1301/2013 on the European Regional Development Fund allows for the investments related to the cultural heritage. At the same time, Regulation says that support will be aimed at the investments in small infrastructure of culture. It should be highlighted that according to the article 3 and article 5 point 6 c) there is no justification for applying such approach to the cultural heritage projects. While the article 3 describes possible types of activities (one of them is support for small-scale cultural infrastructure), the article 5 determines the Investment Priorities (i.a. protection and preservation of cultural heritage) which are broader than types of activities. It means that cultural infrastructure is only a part of the cultural heritage IP.

Secondly, in the article 53 of Commission Regulation declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (GBER) the support for cultural infrastructure (cultural institutions as a place of presentation and protection of intangible heritage) has been treated separately from tangible cultural heritage resources, including movable heritage (historical buildings). Thereby, it is necessary to differentiate investments in cultural infrastructure (i.e. premises and activities of cultural institutions) from the works on historical buildings.

The maximum level of the projects based on total costs limits the right of the Member States to provide higher own contribution to the projects

Additionally, the idea of determining the maximum value on the basis of the project total costs seems very surprising – it will furthermore reduce the support for cultural heritage from the EU (the final sum devoted to conservation works may be significantly low, after deduction of the documentation and management costs as well as all the ineligible project costs, e.g. VAT). The maximum level of the projects based on total costs limits in effect the right of the Member States to provide higher own contribution to the projects.

What is more, during the negotiations of operational programmes, **the DG Regio proposed the same solutions for various countries, without any reflection on countries' needs.** Finally, the same scope of intervention is in smaller and bigger countries, even if their cultural needs is totally different. What is more, the DG Regio proposed solutions for cultural projects which are not understandable (e.g. the possibility of implementation of integrated actions combining several small-scale infrastructure and activities; or lack of possibility of splitting up single infrastructural project - e.g. building of museum or theatre - into several components) – there is a need for precise definitions of these statements.

Our opinion on DG Regio acting is shared by many EU countries as well as DG Education and Culture and the European Parliament (the letter of Ms. Silvia Costa – Chair of Committee on Culture and Education). During the discussion in February 2015 on the CAC meeting seven Member States supported our position and during the discussion on the EGESIF meeting - twelve Member States’.

Summing up:

The solutions proposed by DG Regio are inconsistent with the regulation 1301/2013 on the ERDF and not correspond with the countries’ diverse needs. **The maximum project value based on 5 million euro of total costs (10 million euro for UNESCO sites) proposed by the DG Regio is significantly underestimated and in our opinion the DG Regio should revise the decision and raise the limit up to minimum 10 million euro of eligible cost.** This approach presented by the DG Regio, remarkably diminishing the support for culture, stays in contradiction to many DG Regio documents and Council Conclusions underlining the role of culture and cultural heritage for the EU development.

- **We consider this issue to be of high importance for cultural heritage and cultural infrastructure in Europe. We would be grateful if the Ministers of Culture express their opinion in this matter.**
- **We also request the DG Regio to raise the limit for cultural projects as well as to change approach to the method of calculating the subsidies provided for cultural projects from the total cost to the qualified costs of the project.**