Culture and Tourism

Final Report
Work Package 9

Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and the Cohesion Fund (CF)

Contract: 2014CE16BAT034

December 2015
Authors: IRS, Csil, Ciset, BOP Consulting
Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and the Cohesion Fund (CF)

Work Package 9: Culture and Tourism

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Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and the Cohesion Fund (CF)

Work Package 9: Culture and Tourism

This report is part of a study carried out by a Team selected by the Evaluation Unit, DG Regional and Urban Policy, European Commission, through a call for tenders by open procedure 2014CE16BAT034.

The consortium selected comprises IRS – Istituto per la Ricerca Sociale (lead partner, Italy), CSIL - Centre for Industrial Studies (IT), CISET - International Centre for Studies on Tourism Economics (IT) and BOP Consulting (UK).

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A network of Country Experts provides the geographical coverage for the Case Studies.

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Date: 10th December 2015
# Table of Contents

1. **EVALUATION AIMS AND METHODOLOGY** .......................................................... 13  
   1.1 Purpose and scope of the evaluation ................................................................ 13  
   1.2 Methodological approach .............................................................................. 16  
   1.3 Structure of the report .................................................................................. 18  

2. **THE IMPORTANCE AND EVOLUTION OF CULTURE AND TOURISM IN THE EU** ........................................................................................................... 21  
   2.1 Main features of the culture and tourism sectors in 2007-2013 ...................... 21  
   2.2 Main recent developments .......................................................................... 23  
   2.3 Culture and tourism in EU policy ................................................................. 24  

3. **WHY INVEST IN CULTURE AND TOURISM? RATIONALES FOR PUBLIC INTERVENTION AND MAIN PUBLIC INVESTMENT STRATEGIES** ........ 29  
   3.1 Rationales for ERDF investments in culture and tourism ................................. 29  
   3.2 ERDF strategies .......................................................................................... 33  
      3.2.1 Strategic approaches for investment in culture and tourism ....................... 33  
      3.2.2 Integration with wider territorial development strategies ......................... 34  
      3.2.3 ERDF strategies: evidence from fieldwork .............................................. 36  

4. **SPECIFIC OBJECTIVES AND EXPECTED RESULTS** .................................... 43  
   4.1 From strategies to specific objectives ......................................................... 43  
   4.2 Intended results and indicators ................................................................. 47  

5. **MAIN FEATURES OF ERDF INTERVENTIONS IN CULTURE AND TOURISM** 51  
   5.1 Nature and distribution of ERDF investments in culture and tourism .......... 51  
   5.2 Types of ERDF interventions ...................................................................... 54  
      5.2.1 Types on intervention in Culture .............................................................. 57  
      5.2.2 Types of intervention in Tourism ............................................................. 59  
   5.3 Beneficiaries of culture and tourism interventions ....................................... 62  

6. **MANAGEMENT AND IMPLEMENTATION** .................................................... 65  
   6.1 Governance models ..................................................................................... 65  
   6.2 Selection procedures and criteria ............................................................... 67  
   6.3 Forms of financial support .......................................................................... 71  
   6.4 Implementation rates .................................................................................. 73  

7. **MONITORING AND EVALUATION SYSTEMS** ........................................... 77  
   7.1 The monitoring system at the EU level ....................................................... 77  
   7.2 Monitoring systems at the national and regional level .................................. 79  
   7.3 Achievements according to available evidence .......................................... 82  
   7.4 Evaluations of ERDF interventions in culture and tourism ......................... 85
8. EFFECTIVENESS, EU VALUE ADDED AND SUSTAINABILITY OF ERDF INTERVENTIONS: QUALITATIVE EVIDENCE FROM THE CASE STUDIES ... 87
8.1 Effectiveness of ERDF interventions.................................................................87
8.2 Stakeholders’ evidence on the EU value added of ERDF interventions ...............89
8.3 Sustainability of interventions ...........................................................................91
8.4 Main drivers and obstacles to the success of the strategies and interventions ........93
9. CONCLUSIONS AND POLICY IMPLICATIONS.................................................... 95
9.1 ERDF rationales, intervention strategies and expected results ..........................95
9.2 Key features of ERDF interventions .................................................................98
9.3 Governance and implementation systems ......................................................100
9.4 Monitoring, evaluation and achievements to date..........................................101
9.5 ERDF effectiveness, value added and sustainability ........................................104
REFERENCES........................................................................................................... 107
List of Boxes

Box 3.1. Rationales for ERDF interventions in the case studies: some examples ..................... 33
Box 3.2. Integration and complementarity of ERDF strategies in culture and tourism: some examples .......................................................................................................................... 35
Box 3.3. Examples of predominant strategies in the case studies ........................................ 41
Box 4.1. Examples of Operational programmes addressing culture and tourism within a broader Priority Axis, or indirectly ...................................................................................... 46
Box 5.1. Integration of hard and soft culture and tourism interventions: two examples .......... 57
Box 5.2. Examples of large ERDF interventions in the Culture sector .................................. 57
Box 5.3. Examples of large ERDF interventions in the Tourism sector ................................. 60
Box 5.4. Evidence of a high administrative burden of ERDF grants ...................................... 64
Box 6.1. Examples of different governance approaches in some of the case studies ............. 66
Box 6.2. Procedures adopted for the allocation of ERDF grants in culture and tourism in selected case studies ........................................................................................................... 68
Box 6.3. An innovative form of financial support: Venture capital to support culture projects in the Operational Programme-Berlin .......................................................... 73
Box 6.4. Examples of implementation problems in the regional case studies ....................... 75
Box 6.5. Improvements in the managing system to reduce implementation delays: the Malta case ..................................................................................................................... 76
Box 7.1. Some examples of regional monitoring systems ..................................................... 81
Box 7.2. Thematic evaluations in Podlaskie and Malta .......................................................... 86
Box 8.1. Effectiveness of culture and tourism interventions: evidence from the case studies ... 88
Box 8.2. EU Value added of ERDF interventions in culture and tourism: evidence from the regional case studies .......................................................... 90
Box 8.3. Evidence from the regional case studies on financial sustainability .................... 92

List of Figures

Figure 1.1. Cohesion Policy: The Logic of Intervention ......................................................... 14
Figure 3.1. Common and specific features of culture and tourism ........................................ 30
Figure 4.1. Specific objectives for Culture sector policy interventions (% of respondents) .... 43
Figure 4.2. Specific objectives for Tourism sector policy interventions ............................... 44
Figure 4.3. How tourism and culture are addressed in the Operational Programmes (number of responses) .................................................................................................................. 46
Figure 5.1. ERDF allocations to culture and tourism as a proportion of the total amount of ERDF allocations, by country in 2007-2013 (%) .......................................................... 52
Figure 5.2. ERDF allocations to culture as a percentage of total Operational Programme allocations, by NUTS2 regions, 2007-2013 ................................................................. 53
Figure 5.3. ERDF allocations to Tourism as a percentage of total Operational Programme allocations, by NUTS2 regions, 2007-2013 ................................................................. 54
Figure 5.4. Types of activities financed in the (a) culture and (b) tourism sectors; % of total
Operational Programmes responding.................................................................55

Figure 5.5. Paid amounts of ERDF contributions to the Culture sector at 2014 by category (% distribution) ........................................................................................................58

Figure 5.6. Average paid contribution by type of Culture project, 2014 (EUR) ..................59

Figure 5.7. Paid amounts of ERDF contribution by category for the culture sector: overview by geographical areas (% of responses) .....................................................................................59

Figure 5.8. Paid amounts of ERDF contributions to the Tourism sector at 2014 by category (% distribution) .................................................................................................61

Figure 5.9. Average paid contribution by type of Tourism project, 2014 (EUR) ..................61

Figure 5.10. Paid amounts of ERDF contribution by category of activity in 2014: overview by geographical areas (% of responses) ......................................................................62

Figure 5.11. Beneficiaries by type of intervention ................................................................63

Figure 6.1. Selection procedures adopted by Operational Programmes, by type of beneficiary .67

Figure 6.2. Main selection criteria adopted by Managing Authorities responding to the survey .69

Figure 6.3. Percentage of Culture projects completed by 2014, by type of intervention ........74

Figure 6.4. Percentage of projects completed in The tourism sector, by category .................74

List of Tables

Table 1.1. Evaluation questions and activities ................................................................15

Table 3.1. Rationales for ERDF intervention in culture and tourism, as identified by Managing Authorities ................................................................................................................32

Table 3.2. Overview of the Culture sector strategies identified by Managing Authority respondents ..........................................................................................................................39

Table 3.3. Overview of the Tourism sector strategies identified by Managing Authority respondents ..........................................................................................................................40

Table 4.1. Examples of specific objectives, expected changes and output and results indicators adopted in the case studies ......................................................................................48

Table 5.1. Nature of ERDF support for culture and tourism in the case studies .................56

Table 6.1. Main selection criteria adopted in the case studies ..............................................71

Table 7.1. Measures of achievement at 2014 in culture and tourism in the selected case study Operational Programmes .................................................................................................84
### List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIR</td>
<td>Annual Implementation Report</td>
</tr>
<tr>
<td>CCI</td>
<td>Cultural and Creative Industries</td>
</tr>
<tr>
<td>CB</td>
<td>Cross-border</td>
</tr>
<tr>
<td>C&amp;T</td>
<td>Culture and Tourism</td>
</tr>
<tr>
<td>CF</td>
<td>Cohesion Fund</td>
</tr>
<tr>
<td>CP</td>
<td>Cohesion Policy</td>
</tr>
<tr>
<td>DG REGIO</td>
<td>Directorate General for Regional and Urban Policy</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>e-PPS</td>
<td>Electronic public procurement system</td>
</tr>
<tr>
<td>EQ</td>
<td>Evaluation questions</td>
</tr>
<tr>
<td>ERDF</td>
<td>European Regional Development Fund</td>
</tr>
<tr>
<td>ESF</td>
<td>European Social Fund</td>
</tr>
<tr>
<td>ESIF</td>
<td>European Structural and Investment Funds</td>
</tr>
<tr>
<td>ESSNET</td>
<td>European Statistical System Network</td>
</tr>
<tr>
<td>ETC</td>
<td>European Territorial Cooperation</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GVA</td>
<td>Gross Value Added</td>
</tr>
<tr>
<td>H&amp;R</td>
<td>Hotels and Restaurants</td>
</tr>
<tr>
<td>IB</td>
<td>Intermediate Body</td>
</tr>
<tr>
<td>IBB</td>
<td>Berliner Investment Bank</td>
</tr>
<tr>
<td>ICTs</td>
<td>Information and Communication Technologies</td>
</tr>
<tr>
<td>IPR</td>
<td>Intellectual Property Rights</td>
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<tr>
<td>LAU</td>
<td>Local Administrative Units</td>
</tr>
<tr>
<td>LTSs</td>
<td>Local Tourism Systems</td>
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<tr>
<td>MA</td>
<td>Managing Authority</td>
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<tr>
<td>MC</td>
<td>Monitoring Committee</td>
</tr>
<tr>
<td>MEAIM</td>
<td>Ministry for European Affairs</td>
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<tr>
<td>MS</td>
<td>Member State</td>
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<tr>
<td>NUTS</td>
<td>Nomenclature of Territorial Units for Statistics</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>OP</td>
<td>Operational Programme</td>
</tr>
<tr>
<td>OTA</td>
<td>Organic Trade Associations</td>
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<tr>
<td>PPCD</td>
<td>Planning and Priorities Coordination Division</td>
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<tr>
<td>RCE</td>
<td>Regional Competitiveness and Employment Objective 2007-2013</td>
</tr>
<tr>
<td>RTA</td>
<td>Regional Tourism Agency</td>
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<tr>
<td>ROP</td>
<td>Regional Operation Programme</td>
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<tr>
<td>SFD</td>
<td>Structural Funds Database</td>
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<tr>
<td>SFs</td>
<td>Structural Funds</td>
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<td>SFC</td>
<td>Structural Funds Common database</td>
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<tr>
<td>SME</td>
<td>Small and Medium Sized Enterprise</td>
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<td>TO</td>
<td>Thematic Objective</td>
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<tr>
<td>TPs</td>
<td>Touristic Promotion Agencies</td>
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<tr>
<td>TSA</td>
<td>Tourism Satellite Account</td>
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<tr>
<td>WP0</td>
<td>Work package 0 of DG REGIO's Ex Post Evaluation 2007-2013 on 'Data collection and quality assessment'</td>
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<td>WP9</td>
<td>Work package 9 of DG REGIO's Ex Post Evaluation 2007-2013 on 'Culture and Tourism'</td>
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<tr>
<td>WP13</td>
<td>Work package 13 of DG REGIO's Ex Post Evaluation 2007-2013 on &quot;Geography of expenditures&quot;</td>
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List of abbreviations of EU countries

<table>
<thead>
<tr>
<th>Abbreviation</th>
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<tr>
<td>EU12</td>
<td>European Union (12 countries)</td>
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<td>EU15</td>
<td>European Union (15 countries)</td>
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<td>EU28</td>
<td>European Union (28 countries)</td>
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<td>EU27</td>
<td>European Union (27 countries)</td>
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<td>Belgium</td>
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<td>Spain</td>
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<td>FR</td>
<td>France</td>
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<td>FX</td>
<td>France (metropolitan)</td>
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1. Evaluation aims and methodology

1.1 Purpose and scope of the evaluation

This report summarises the main findings, conclusions and lessons learned from an ex post evaluation conducted within the framework of work package nine (WP9): ‘culture and tourism’, on the use of ERDF funds invested in the sectors of culture and tourism (C&T) in the 2007-2013 Operational PCroprogrammes.

Given the pre-existing scattered and rather scant evidence available on the economic effectiveness of ERDF investments in culture and tourism, the main objective of the evaluation was to provide factual and concrete evidence on the intervention logic underpinning ERDF interventions in culture and tourism in the 2007-2013 period, the nature and distribution of the interventions, together with their achievements and expected effects for territorial development.

A first challenge encountered in the evaluation was how to define the scope of the evaluation, as there is no universally accepted definition of the culture sector. Moreover, while accepted definitions of the tourism sector do exist, tourism activities tend to cut across, and are located within, many different industrial sectors (e.g. transport, information and communication technologies, environment, culture etc).

Following an in-depth examination of alternative possible definitions, the following definitions for culture and tourism were adopted:

- for the tourism sector: hotels and restaurants, activities of travel agencies and tour operators, tourist assistance activities, together with certain recreational, cultural and sporting activities developed to attract visitors;
- for the culture sector: the cultural and creative industries as adopted by the ESSNET-culture definition, which includes in this sector ten cultural domains.

For the analysis of ERDF interventions, on the basis of the tender specifications we adopted the categorization codes used within the DG Regio data base for those ERDF priority themes directly linked to culture and tourism, namely:

Tourism categorization codes:

- 55 Promotion of natural assets.
- 56 Protection and development of natural heritage.
- 57 Other assistance to improve tourist services.

---

1 Hereafter we will consider only ERDF programmes given the marginal role of the CF in the culture and tourism sectors.
2 See the Interim Report (Part I-Chapter 1).
3 The ten cultural domains are: Heritage, Archives, Libraries, Book & Press, Visual Arts (including Design), Performing Arts, Audiovisual & Multimedia, Architecture, Advertising, Arts & Crafts. A more detailed discussion is provided in the Interim Report (Part I-Chapter 1)
Culture categorization codes:

- 58 Protection and preservation of the cultural heritage.
- 59 Development of cultural infrastructure.
- 60 Other assistance to improve cultural services.

In addition, within the ‘economic’ dimension of the categorization system we have included ‘categorization code 14: Hotels and restaurants’ within the tourism group of codes.

These categorization codes are likely to cover the bulk of the ERDF interventions in culture and tourism. It is, however, possible that some interventions aimed at enhancing culture and tourism may have been classified under other ERDF categories depending on their specific nature (e.g. transport infrastructure interventions designed to indirectly support tourism).

The ERDF logic of intervention and the evaluation questions

The study addresses a wide range of evaluation questions focussed on assessing whether and to what extent ERDF interventions in culture and tourism in 2007-2013 reflected a sound logic of intervention. The ERDF has a well developed logic of intervention for its programmes results\(^4\). This is summarized in Figure 1.1 below.

**Figure 1.1. Cohesion Policy: The Logic of Intervention**


---

As can be seen, a good programme strategy is one based on a clear recognition and analysis of needs, and with clear linkages between individual specific objectives and intended results. By carefully setting out an initial set of allocated inputs (including ERDF funding) and pre-specified target outputs, once the programme gets under way it is then possible to systematically monitor actual inputs brought to bear (which may well be different from those initially allocated) and actual outputs and outcomes achieved.

The study’s evaluation questions (EQs) address the main steps of the Cohesion Policy logic of intervention set out above, with a focus on:

- The intervention rationales and strategies and how they have been defined (EQ1);
- How and to what extent ERDF interventions reflect the identified strategies in terms of distributions of allocations (EQ2), and of the types of intervention and beneficiaries (EQ3);
- How the programmes have been implemented (EQ4), and
- The main achievements and expected value added of ERDF interventions in the culture and tourism sectors (EQ5).

Table 1.1 lists the evaluation questions in greater detail, and identifies the main evaluation activities undertaken by the team in order to answer them.

**Table 1.1. Evaluation questions and activities**

<table>
<thead>
<tr>
<th>Evaluation questions</th>
<th>Evaluation activities</th>
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<tbody>
<tr>
<td>Q1 1.1 What are the socio-economic rationales that justify public financial support (distinguishing between public owned initiatives and support to private initiatives)?</td>
<td>Literature and documents review</td>
</tr>
<tr>
<td>Q1 1.2 What are the main types of public investment strategies pursued in culture and tourism? These include, where relevant, natural heritage, creative industries, sports and other recreational activities.</td>
<td>Inputs from thematic experts and Steering Committee</td>
</tr>
<tr>
<td>Q1 1.3 Is there evidence of the effects of public financial support, either in general or in terms of the different type of investments?</td>
<td>On-line survey of Managing Authorities</td>
</tr>
<tr>
<td>Q1 1.4 On which socio-economic objectives do the interventions focus on and what is the logic underpinning these interventions? To what extent do interventions address identified market failures?</td>
<td>Case studies</td>
</tr>
<tr>
<td>Q1 1.5 What are the regional strategies underpinning ERDF support and how do they identify priority investments in the culture and tourism sectors? How has future demand been analysed?</td>
<td>Statistical analysis of DG Regio’s ERDF Raw Data (project selection)</td>
</tr>
<tr>
<td>Q2 2.1 What are the main differences in the relative distribution of investments in culture and tourism across ERDF programmes?</td>
<td>WP0 and WP13 results.</td>
</tr>
<tr>
<td>Q2 2.2 What are the economic sectors (distinguishing between public and private) benefiting most from investments associated with culture and tourism?</td>
<td></td>
</tr>
<tr>
<td>Q2 2.3 What are the ‘geographical’ and ‘territorial’ distributions across ERDF investments?</td>
<td></td>
</tr>
<tr>
<td>Q3 3.1 What is the nature of the activities and who are the main beneficiaries of the financial support (e.g. services vs. infrastructure, public vs. private, etc)?</td>
<td>On-line survey</td>
</tr>
<tr>
<td>Q3 3.2 What is the nature of the financial support (e.g. grants vs. financial engineering instruments)?</td>
<td>Case studies</td>
</tr>
<tr>
<td>Q3 3.3 In the case of business support to private companies (e.g. hotels and restaurants) were the support measures targeted exclusively to tourism enterprises or do these enterprises compete on the same criteria applied to enterprises in other sectors?</td>
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## Table 1.1. continued

<table>
<thead>
<tr>
<th>Evaluation questions</th>
<th>Evaluation activities</th>
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<tr>
<td>Q4 Implementation issues</td>
<td></td>
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<tr>
<td>4.1 What is the nature of the selection processes? Do selection processes, selection criteria and the choice of indicators address the assessment of the financial sustainability of projects?</td>
<td>DG Regio’s regional database</td>
</tr>
<tr>
<td>4.2 What are the most commonly used measures of achievements (i.e. core indicators as well as programme-specific indicators such as the capacity of hotels, number of visitors and occupancy rate of facilities)?</td>
<td>WP0 and WP13 results</td>
</tr>
<tr>
<td>4.3 How reliable is the reporting of relevant core indicators across the programmes?</td>
<td>On-line survey</td>
</tr>
<tr>
<td>4.4 Are clear changes (i.e. specific objectives) being targeted and quantified and how are they being monitored?</td>
<td>Case studies</td>
</tr>
<tr>
<td>4.5 What programme-specific indicators are used and what are their reported achievements?</td>
<td>Stakeholders’ seminar</td>
</tr>
<tr>
<td>Q5 Results, outcomes and achievements</td>
<td></td>
</tr>
<tr>
<td>5.1 What are the main changes (objectives) that programmes are attempting to achieve and what results have been achieved (or are likely to be achieved) via the support to specific projects?</td>
<td>On-line survey</td>
</tr>
<tr>
<td>5.2 Are the supported projects within the investigated cases financially sustainable? How do selection criteria and the choice of indicators contribute to assure the financial sustainability of projects in the selection process?</td>
<td>Case studies</td>
</tr>
<tr>
<td>5.3 To what extent do the projects supported represent a cost-effective means to foster economic growth for the Member State or region? Could such a support be better targeted to this end?</td>
<td>Stakeholders’ seminar</td>
</tr>
<tr>
<td>5.4 What are the main drivers of success and failure associated with the strategies and projects?</td>
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</table>

Source: Authors

### 1.2 Methodological approach

In order to answer the above mentioned questions the evaluation has adopted a policy learning perspective, gathering evidence in order to assess: i) whether a sound logic intervention was followed in ERDF interventions in culture and tourism; ii) the nature of interventions supported by the ERDF, and whether they were in line with the rationales and strategies; iii) the outputs and (expected) results in the culture and tourism sectors and their potential contribution to regional development.

A combination of quantitative and qualitative methods and sources of information have been used in the study:

- **Desk research and literature review** on public investment in the culture and tourism sectors (including the literature on creative industries and sport). This review was critical to support the establishment of the analytical framework for the evaluation. The review provided (a) a typology of investment strategies in the culture and tourism sectors; (b) an indication of the challenges and opportunities faced by the sectors at the regional level and their potential contribution to regional development; (c) the rationale used in the past for public intervention in these sectors and the factors to be considered in the analysis; and (d) initial indications of which projects are likely to be more successful. The literature which was reviewed was drawn from different sources: academic contributions, empirical research and studies, documents produced by the European institutions in the framework of the Structural Funds and of the European Cohesion Policies, and other previous evaluation studies.

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Statistical analysis was undertaken of the DG Regio Cohesion Policy database and the categorisation codes currently in use\(^6\), as well as of descriptive indicators drawn from the ‘General and regional statistics’ section of the EUROSTAT statistics database\(^7\). Analysis was also undertaken of data on indicators reported by DG Regio’s 2007-2013 Work Programme Zero (WP0 – Work package 0 of DG REGIO’s Ex Post Evaluation 2007-2013 on “Data collection and quality assessment”) and on activities and expenditures estimated and reported by Work Programme 13 (WP13 – Work package 13 of DG REGIO’s Ex Post Evaluation 2007-2013 on “Geography of expenditures”). Statistical analysis has assessed the importance and the main characteristics of the culture and tourism sectors in the EU’s national and regional economies and the incidence of ERDF financial support to these sectors. In addition, a Cluster Analysis was undertaken on culture and tourism context indicators available in the EUROSTAT statistics database mentioned above. Full details of the cluster analysis can be found in the Interim Report (Part II-Section 3.1)\(^8\). The Cluster Analysis was used to derive a mapping of EU regions in terms of their culture and tourism sectors, and was also used to highlight similarities and differences across and within European regions and member states.

Fieldwork was undertaken in the form of an on-line survey of Managing Authorities (MAs) and regional case study research:

- The on-line survey of Managing Authorities was focused on the strategies, typologies of activities and policy tools implemented in those ERDF programmes that allocated more than EUR 15 million to culture and tourism in the 2007-13 programming period. The survey response rate was good: 95 questionnaires were collected between December 2014 and February 2015, representing 58% of the full sample and accounting for 62% of the total ERDF allocations to culture and tourism during 2007-2013. As shown in detail in the Interim Report (Part II-Chapter 2) the distribution of responses by programme objective, geographical distribution and socio-economic conditions was broadly representative of the total sample, even though we cannot rule out completely the occurrence of a selection bias in the responses.

- Six in-depth Regional/Programme case studies were undertaken. These involved an in depth review of the available regional documentation as well as direct semi-structured interviews with regional programming authorities and local stakeholders. The interviews were undertaken by country experts and were designed to gain: (a) a deeper understanding of the culture and tourism activities supported by ERDF and their contribution to improve the performance of these sectors at the regional level; (b) views on the factors supporting or hindering success; (c) a detailed understanding of the complex interactions between ERDF supported measures and wider developments in the culture and tourism sectors, with particular attention being focused on context and implementation processes\(^9\). The case study were selected on the basis of the

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\(^6\) The DG REGIO Categorisation System reports data provided by Managing Authorities, or their delegated bodies, on the amount of the cumulative funds allocated to the operations selected under the Operational Programme, for each combination of codes.


\(^7\) http://ec.europa.eu/eurostat/data/database


\(^9\) See the Inception Report (Section 3.2.3) for details on the methodology followed to select and analyse the regional case studies

following selection criteria: geographical and topographical (urban, rural, mountain, coastal, etc) balance among the different EU areas; coverage of all the Priority Objectives (i.e. Cross-border, Competitiveness & Employment Objective regions, Convergence Objective regions); the importance of the culture and tourism sectors in the regional economy (as identified through the Cluster Analysis described earlier); different types of culture and tourism strategies adopted (and the underpinning rationale); the completion rates of projects in culture and tourism; and the availability of good information locally. The selected case studies were: Madrid (ES), Malta (MT), Podlaskie (PL), Puglia (IT), Rhône-Alpes (FR) and the Cross-border programme Italia-Austria (IT-AT). All have good levels of completion of the funded projects in both of the culture and tourism sectors and together the case studies provide a good coverage of both EU15 and EU12 member states. The case studies also encompass all of the identified clusters from the Cluster Analysis undertaken and all of the main strategies identified in the literature review for culture and tourism policy.

 ✓ Twelve ‘mini’ case studies of projects. These were selected from within the six regional programmes (see above) and were chosen to be as representative as possible of the different typologies of culture and tourism projects identified in the Interim Report as part of the literature review.

Table A.1 in Annex this report provides a summary of the main characteristics of the selected six regional case studies and the 12 ‘mini’ project case studies in terms of programme coverage and geographical distribution, the role of culture and tourism in the regional economy, and the main features of the ERDF interventions. As shown in the table the case studies provide a good representation of the wide variety of socio-economic conditions in EU regions, of the role of culture and tourism in the regional economy, and of the specific features of ERDF intervention in these sectors.

In addition to the quantitative and qualitative analyses undertaken, the study also took advantage of extensive discussions on the methodology and emerging results with external thematic experts and the Steering Committee, as well as a seminar held on September 9, 2015 with representatives of stakeholders and EU institutions.

1.3 Structure of the report

The remainder of the report is set out in line with the ERDF logic of intervention and the evaluation questions asked of the evaluation team:

- Chapter 2 briefly describes the main developments of culture and tourism in the EU over the period 2007-2013, together with the political framework for culture and tourism in Europe. This chapter is designed to provide the background context of culture and tourism in Europe. This context forms the backdrop to the subsequent assessment the role of ERDF in supporting culture and tourism in 2007-2013.

- Chapter 3 focusses on the rationales and strategies underpinning ERDF interventions in 2007-2013. The material in the chapter is drawn largely from the field work.

- Chapter 4 discusses the specific objectives and the expected results of ERDF interventions in culture and tourism. This too is drawn from the field work.
Chapter 5 presents the main evidence on the nature and distribution of ERDF interventions in culture and tourism in 2007-2013. This chapter draws on a combination of statistical analysis of the DG Regio’s ERDF Raw Data (project selection) and on the field work undertaken.

Chapter 6 discusses the main implementation issues, with particular attention on governance mechanisms and the selection procedures and criteria adopted by Managing Authorities. It also presents evidence on the different forms of support and on implementation rates. This chapter also draws on a combination of statistical analysis of DG Regio’s Annual Implementation Report database and on the field work undertaken.

Chapter 7 is focused on the monitoring and evaluation systems adopted at the EU, and programme levels. Reliability issues and main information gaps are identified as well as achievements reported by the collected output and result indicators. The chapter draws on a combination of statistical analysis of DG Regio’s Annual Implementation Report data and the case studies.

Chapter 8 presents the evidence emerging from the case studies on the effectiveness and sustainability of ERDF interventions in culture and tourism.

Finally, Chapter 9 draws out key conclusions, focusing on the lessons learned and policy implications.
2. The importance and evolution of culture and tourism in the EU

2.1 Main features of the culture and tourism sectors in 2007-2013

Culture and tourism are sectors that are unusually complex to define and measure properly.

**Culture** embraces a wide variety of activities, ranging from the preservation and restoration of natural, historical and cultural heritage assets, to museums and exhibitions, activities in the arts (e.g. music, theatre, etc.), entertainment, media and e-culture platforms. Its varied nature has led to widely differing definitions and categorizations in the literature. As a result of this, there is something of a lack of comprehensive and comparable data on the sector (e.g. in terms of visitor flows for culture-related activities or numbers of consumers of different activities and productions).

According to Eurostat’s *National Accounts*, cultural activities and the creative industries, in 2007-2013 together accounted for about 2.5% of total employment in EU28, corresponding to some 5.4 million jobs. In the same years, Gross Value Added (GVA) at current prices generated by cultural activities and the creative industries was about 2.5% of total GVA in the EU28, equal to about EUR 242 billion in 2013.

Trends over time during since 2007 reveal a strong and surprisingly resilient economic performance of Culture compared to the wider EU28 economy. Between 2007 and 2012 GVA generated by the Arts and entertainment and Publishing sectors recorded an average growth of +1.2% per year compared with +0.8% for the economy as a whole. Total employment in Culture remained roughly stable over the same period (growing at +0.3% per annum on average), while employment in the wider economy stagnated (-0.2%). The Arts and entertainment sector generally performed better than the other creative industries: GVA in the Arts and entertainment grew by +1.9% on average each year and employment by +1.0%, against +0,5% and -1.1% respectively in the other creative industries.

There is considerable variation among EU member states in the importance of Culture in the economy. In particular, Denmark, Malta, Finland, Sweden and the UK have higher than EU28 average employment and GVA in Culture. ‘Publishing, motion picture, production and associated activities’ are particularly important in northern EU countries such as Finland, Sweden and the UK, while the Arts and entertainment sector is particularly important for Malta’s economy, as well as in Latvia and Estonia.

Unlike Culture, **Tourism** has a rather clearer definition in the literature. According to the United Nations World Tourism Organisation (UNWTO, 2014a), Tourism is an economic activity that involves moving people rather than moving goods (the basis of most of the rest of world trade). It differentiates itself from other types of movements (e.g. commuting), because it takes place outside the places where people perform routine activities (e.g. work, shopping, study, etc.). Moreover, Tourism is an activity

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which is done for a limited amount of time and for specific purposes. Despite having a rather clearer definition than is the case for Culture, definitional problems do still exist. These arise because the Tourism industry covers a wide range of strongly-interrelated sub-sectors. Moreover, many of these overlap with other economic sectors such as transport, distribution, construction, agriculture, etc.

Tourism is the third largest socio-economic activity in the EU. According to Eurostat’s SBS Statistics, in 2010 industries with tourism-related activities accounted for 15.4% of total EU enterprises and 11.0% of total employment in the non-financial business economy (Eurostat, 2013). About 5.6% of the total employment is in food-related tourism industries, 1.8% in accommodation establishments, while 0.4% is in travel agencies and tour operators. The share of turnover and GVA generated by national tourism industries in the EU28 is lower than it is for employment, accounting respectively for 6% (turnover) and 9% (GVA) of the non-financial business economy.

These data reflects the relatively low productivity of tourism-related industries resulting from a high fragmentation in the sector, with a predominance of SMEs and micro-enterprises. There is also a higher than average incidence of seasonal and part-time employment and lower-skilled jobs.

As with the Culture sector, between 2007 and 2012 Tourism showed a better performance than the wider EU28 economy, with GVA in the Accommodation and food service sector growing by +0.8% on average each year, and by +2.0% in the Travel agency sector. Employment rose by +1.0% per annum over the same period in the Accommodation and food services sector, and remained stable in the Travel agency sector. This must be set against a backdrop of stagnation of total employment in EU28 following the financial crisis in 2008.

The EU28 is the most frequently visited tourist region at world level and in the 2007-2013 period recorded an average annual increase of +2.9% in arrivals of international tourists, almost in line with the general growth of tourist numbers at world level (+3.1%). However, the increase of expenditures made by tourists in the EU28 was somewhat lower than the world average (UNWTO, 2014b).12

The regional patterns of tourism within the EU28 show that many of the most important tourist regions are located in peripheral areas or in areas characterised by specific geographical features (e.g. islands, mountainous regions - ADE, 2012). In these regions tourism is often the most important or the sole driver of economic development and can play a compensatory role in offsetting the absence of other key industries such as manufacturing, or the presence of an impoverished or uncompetitive agricultural sector. These features apply especially to Europe’s island states and regions (e.g. Malta, Cyprus, Sardegna in Italy, and the Baleares Islands in Spain). Tourism also plays a key role in many coastal regions, particularly in southern Europe (e.g. Catalonia in Spain, Provence-Côte d’Azur in France), and in the whole of the Alpine region (e.g. Austrian Tyrol etc.).

The dynamic growth of the tourism sector in most of the new central and east European member states (e.g. Estonia and Lithuania) is also noteworthy, and has been a significant factor in helping their economies to catch up with those of the more long-standing member states. The differential importance of tourism in the different regions of the EU is mirrored by differences in the incidence of tourism employment

12 This appears to be due to a change in consumer behaviour, exhibiting a lower income demand elasticity for tourism in recent years (see, for example, Visser and Ferreira, 2013).
across the member states. For example, employment in Hotels and other tourism accommodation accounts for about 7% of total employment in Cyprus, more than 4% in Ireland and Austria and about 3% in Hungary, compared to a EU28 average of only 1.8% (Eurostat, 2013).

2.2 Main recent developments

The literature review undertaken as part of the Interim Report (Part I for more detail) identified three main trends shared by both culture and tourism:

**Development of new forms of culture and tourism consumption**

In **Culture**, the development of a wide range of new creative industries is a clear example of the emergence of new forms of Culture. Digital technologies have contributed to this phenomenon, but other forces too have been at work. In addition, yet another new phase seems to be emerging (called ‘Culture 3.0’ by Sacco, 2011) in the form of an innovation wave characterized by a strong expansion in the pool of producers, with consumers themselves producing and exchanging new products with traditional producers, so that it becomes increasingly difficult to distinguish between the two roles.

In **Tourism**, sustainability and environmental responsibility have become core issues in planning new development and marketing strategies. This means, among other things, a desire to reduce seasonal demand-peaking; preserving and valorizing the natural and cultural heritage; minimizing resource use and waste; addressing the negative impact of tourism transport needs; ensuring the prosperity and quality of life of local communities; and making tourism available for disadvantaged people (e.g. senior citizens and disabled people). This is a long list of challenges, but ones which the sector is having to face up to. Other forms of tourism consumption have also emerged as a consequence of the growth of new source markets (see below) or the need for destinations to increase their competitiveness in specific markets (e.g. focusing on high-spending niches such as, for example, luxury tourism, golf tourism, but also importantly for this study culture & creative industries-related tourism).

**Growth of global competitors and new source markets**

The second major trend is the growth of global competition, on the one side, and the rise of new emerging consumer markets on the other. These trends too have been supported by the diffusion of new innovation technologies (see below).

In **Culture**, while digitization has made EU cultural goods more accessible to a world market of potential users (e.g. Asian countries), globalization has simultaneously intensified competition in the cultural and creative industries. A linked trend concerns the consistent global increase in spending on cultural products. For example, in the second half of the 2000s there has been a steady growth in global consumer expenditure on screen-based entertainment and media, in particular in BRICS countries, supporting the rationale that these are now key markets for the sector (Price Waterhouse Cooper - PwC, 2012).

In **Tourism** a growing number of tourists travelling to the EU are from emerging economies like the BRICS, but also from Arab and other Asian countries. Even though EU traditional source markets still provide the biggest volume and share of tourists,
the new markets have been characterized by a double-digit growth in recent years. This evolution has stimulated a higher growth of some types of tourism than in others (e.g. cultural and art cities’ tourism for extra-EU visitors, beach tourism for Russian tourists etc). There has also been the emergence of new forms of tourism consumption (e.g. luxury tourism).

In both sectors, the growing demand coming from the new markets has led to increased competition between Europe and other world macro-areas as well as among the different EU member states.

**Digitalization of culture and tourism markets and industries**

As indicated above, developments in information and communication technologies have dramatically changed the production and consumption patterns in both culture and tourism sectors.

In **Culture**, and particularly in creative industries, information and communication technology innovations have significantly changed cultural production, distribution, and consumption. The traditional distinctions between media, publishing, telecommunications, computing and information services are becoming blurred, and new paradigms for the creation, dissemination and exploitation of knowledge are emerging. Industry data produced by the media and entertainment sectors indicates a growth rate in digital spending of around 15% per annum, compared to 0.8% for the traditional media (McKinsey & Company, 2014).

In **Tourism**, the rapid pace of the technological change has forced traditional enterprises and destinations to further innovate their business and to develop new information and distribution channels in order to meet the competition of virtual operators (on-line travel agencies etc.), and to reach the new ‘high-tech’ and ‘social media’ consumer. Although the Web gives SMEs and micro enterprises the opportunity to increase their visibility on the international market, they often do not have the skills to manage their on-line presence and bookings. This makes them more dependent on on-line travel agencies for distribution, pricing and communication. The growing power of these global on-line companies can generate economic imbalances at the local level requiring public intervention to manage market inefficiencies and develop policies to support SMEs’ innovation and competitiveness.

### 2.3 Culture and tourism in EU policy

According to Pratt (2014), four main factors have changed the policy focus with respect to the **Culture** sector: (a) the way in which it is financed (moving from state funding to Third Sector and private funding, most recently driven by ‘austerity’ measures now adopted in most of Europe); (b) the growing influence of culture on both social life and economic life (with culture now being acknowledged as an economic good by policymakers); (c) the increasing diversity of cultural expressions and their value for social cohesion; and (d) new ways of delivering culture as a consequence of the IT revolution.

These key changes have been reflected in the policy approaches adopted at the EU, local, regional and national levels. Culture was first recognized as a European competence by the Maastricht Treaty (1993), which states that “the Community shall

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14 For example, information and communication technology has changed the ways of dealing with the cultural heritage as new tools are being designed and used by archaeologists and other cultural heritage professionals. Information and communication technology is also being used in education and training and in the development of new tools for cultural understanding.
contribute to the flowering of the cultures of the Member States, while respecting their national and regional diversity and at the same time bringing the common heritage to the fore” (Art. 128). The Lisbon Treaty (2007) reinforced Europe’s competencies around culture (Art. 167), with the inclusion of more references to this issue.

Since then, the European Commission and the European Parliament have set out to recognize and reinforce the cultural sector’s value.\textsuperscript{15} Culture has now also been integrated much more closely into other parts of Commission activity, such as innovation policy.

As for regional policy, the EC Communication on ‘Regional Policy Contributing to Smart Growth in Europe’ (COM (2010) 553) highlights the role of culture and the creative industries as being in a “strategic position to link creativity and innovation”, and as “catalysts for structural change in many industrial zones and rural areas with the potential to rejuvenate their economies and contribute to a change of the public image of regions’ (COM (2010) 553: 8).

In particular, the Cohesion Policy framework for the period 2007-2013 identifies the potential of Culture to create high quality jobs and generate employment at the local level. This is supported by research such as Scott 2000; Kebir and Crevoisier 2006; and UNCTAD, 2013. In addition, Culture is seen as a means of enhancing the attractiveness of places and contributing to the strengthening of place branding (Throsby, 2001; Ashworth, G. and Kavaratzis, 2010). It can also attract tourists to specific regions, since culture is one of the most important motivations for travelling in Europe, particularly by more highly educated and higher spending tourists. As described in chapter 5.1 below, ERDF allocations specifically targeted at Culture for 2007-2013 were EUR 6.035 billion, some 2.3% of all ERDF allocations.

In the new programming period 2014-2020, Culture has not been included as a Thematic Objective for the European Structural and Investment Funds (ESIF) regulations, but it will continue to play a prominent role in planned ERDF investments with a focus on four main thematic strands: (a) RTD & innovation, through the support to clusters, partnerships, infrastructures and hubs for creative industries; (b) Competitiveness of SMEs in areas such as the creative industries; (c) Environment & resources, through the diversification of rural and urban economies by the protection and rehabilitation of the cultural heritage and cultural infrastructures; and (d) Social inclusion through cultural activities.

The 2007-2013 period has been an important one for the recognition at the European institutional level of the role of Tourism in the EU economy. In 2007 the EU created a specific section for tourism in the Treaty on the Functioning of the European Union (TEU), recognising the importance of encouraging the creation of a favourable environment for the development of the sector and of supporting co-operation between member states by favouring the exchange of good practice (EPRS, 2015).\textsuperscript{16}

Following the adoption of a new legal basis for the sector, in 2010 a specific Strategy for Tourism was adopted, with a Communication ‘Europe, The World Number 1 Tourist

\textsuperscript{15} See in this respect the EC Communication on a ‘European Agenda for Culture in a Globalising World’ (COM (2007)242), which sets out why the Commission should be involved in culture, and the Green Paper on “Unlocking the Potential of Cultural and Creative industries” (COM(2010)183), which re-emphasizes the economic potential of the sector.

\textsuperscript{16} The Treaty does not recognise tourism as a stand-alone policy nor foresees any harmonisation of laws and regulations of Member States. However, since it has strong relationships with other policy areas in which the EU has exclusive or shared competence with Member States (e.g. transport, agriculture, environment, consumer protection), the result was that EU legislates on issues that affect tourism directly or indirectly.

The envisaged strategy is aimed at strengthening Europe’s leading market position through four priority action lines: (a) stimulating the competitiveness of the EU’s tourism sector; (b) promoting sustainable growth and job creation through high quality tourism (Husting, 2013), and by stimulating off-peak seasonal travel and the development of niche products; (c) consolidating the image of Europe as collection of valuable destinations; and (d) maximizing the potential of EU financial policies and instruments for developing the sector.

In order to achieve these objectives, the EC also launched a number of projects and initiatives (i.e. grants, events, competitions, seminars, etc.) around key themes17. In 2007-2013 the EC also co-funded the development of cultural routes and of cycling routes, to support sustainable tourism and the distribution of visitor flows towards less developed areas. It has also taken various initiatives to promote Europe as a destination.

Legislative and non legislative initiatives taken in other European policy areas such as Education, Digital Agenda, Research and Innovation, Science, Enterprise and Industry, etc have also impacted upon culture and tourism18. These policy areas have developed programmes and allocated funding that affect tourism in areas such as natural and historical assets, tourism enterprises, tourism demand and tourists’ protection, and geographical areas where tourism is an important economic sector (e.g. coastal areas). Some policy areas mainly impact on tourism through legislative and non legislative initiatives (e.g. transport), others more directly through financial support (e.g. regional policy itself).

In this context, the 2007-2013 Cohesion Policy recognized Europe as the world’s leading tourist destination, and also identified more clearly the important role of tourism in the development of many European regions. In particular, it was sought to more fully mobilise tourism for regional development and job creation, whilst simultaneously also taking also into account the role that sustainable tourism can play in ensuring the preservation and enhancement of Europe’s cultural and natural heritage (EC, 2007). As indicated in chapter 5.1 below ERDF allocations to Tourism in 2007-2013 amounted to EUR 6.193 billion. In addition, a further EUR 2.151 billion was allocated to ‘Hotels and restaurants’. Together these comprised a share of some 3.1% of total ERDF allocations in 2007-2013.

Turning to the outlook for EU tourism policy, the EU is currently reviewing its future actions in support of tourism and preparing a new Communication, expected at the end of 2015. In the meanwhile, in 2013-2014 the EC ran a public consultation which identified eight key areas for the promotion of tourism in the EU. Some of these are a continuation of previous initiatives (e.g. reducing seasonality, promoting sustainable and responsible tourism). Others reflect new trends in society and technology (e.g. promoting the digitalization of tourism SMEs). In addition, a motion for a European Parliament Resolution on 'New Challenges and Concepts for the Promotion of Tourism in Europe”, based on a report prepared by the Committee on Transport and Tourism, was approved at the end of September 2015.

17 For example, the Calypso project (aimed at promoting tourism among disadvantaged groups of people) received financing of EUR 1.0-1.5 million per year between 2009 and 2011 and EUR 450,000 in 2012. For a Tourism for Seniors initiative, the EC allocated EUR 1.0 million in 2013. The funding of these projects came under the 2007-2013 financial framework from the Entrepreneurship and Innovation Programme (EIP).

The new 2014-2020 Cohesion Policy does not include Tourism as an explicit Thematic Objective (TO) in the European Structural and Investment Funds (ESIF) regulations.

However, it will continue to play a prominent role in planned ERDF investment interventions. The new programme will also be committed to related investments in the conservation, protection, promotion and development of the natural and cultural heritage, with about EUR 8 billion of planned ERDF allocations. Given the importance of SMEs and micro-enterprises in the Tourism sector, and given the key role that Tourism plays in many regional economies, actions within ERDF TOs\(^{19}\) will be generally aimed at promoting the growth of SMEs and to support their IT innovation, thus strengthening their sustainability and competitiveness and favouring at the same time the modernization and diversification of the regional tourism system. With this in mind, the EC has published a thematic guidance for ‘Smart’ investments in tourism.

This recommends that they: (a) are aligned with one or more of the TOs and investment priorities; (b) are coherent with the SWOT analysis of the relevant national/regional/transnational Operational Programmes; (c) focus on better valorizing local cultural and tourism assets; and (d) drive product, process and service innovation and diversification, as well as specialization in niche markets, in order to overcome dependency on low added value, temporary work and ensure economic activity and jobs outside the tourist season. In addition, it is urged that particular attention should be given to upgrading the capacity for excellence, innovation and internationalizing of SMEs. Clustering activities and support for entrepreneurship and new company creation are also stressed.

\(^{19}\textbf{Namely}: 1. Strengthening research, technological development and innovation; 2. Enhancing access to, use and quality of information and communication technologies; 3. Enhancing the competitiveness of SMEs; and 4. Supporting the shift towards a low-carbon economy.
3. Why invest in culture and tourism? Rationales for public intervention and main public investment strategies

This chapter presents the evidence obtained on the main rationales underlying ERDF interventions in culture and tourism in 2007-2013, together with the strategies adopted during the period. The evidence is drawn mainly from the Managing Authority survey and the case studies.

The main findings show a widespread lack of focus in the ex-ante strategy design for ERDF investments in culture and tourism in 2007-2013. This seems to be partly the result of the cross-sectoral nature of culture and tourism, together with the rapid pace of evolution observed in both sectors as described in the previous chapter. It did, however, prove possible to distill the predominant strategies implicit in individual regional programmes by examining the actions actually implemented as the programmes progressed. In many cases, the strategies were closely linked to the wider national and regional strategies already in place.

3.1 Rationales for ERDF investments in culture and tourism

As described in greater detail in the Interim Report, culture and tourism have specific characteristics that justify public intervention. Some are common to both sectors, while others are sector specific. Figure 3.1 sets out the key characteristics which underpin the rationales for public intervention. The first column shows those characteristics which are common to both culture and tourism, while columns two and three show the characteristics specific to each sector.

As can be seen from Figure 3.1, a key characteristic common to both culture and tourism is their strong place-based nature. Both sectors rely on the presence of natural, historical and cultural assets located in the region. Both sectors are also highly interconnected and are also strongly affected by investment strategies in other policy fields (e.g. transport services and infrastructure, environmental infrastructures, information and communication technologies, etc.). Investments in culture and tourism can therefore generate positive direct and indirect effects on other sectors and vice versa.

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Figure 3.1. Common and specific features of culture and tourism

Culture and Tourism are...
- strongly place based: heritage cultural and natural resources are crucial
- labour-intensive
- have high multiplier effect on the regional economy
- SMEs and microenterprises predominant
- high volatile demand
- complex network of public-private actors with problems of coordination
- impact on social cohesion and quality of life

Culture is...
- highly symbolical/ideological
- reliant on public subsidies
- cultural clusters are a form of agglomeration of firms
- creative industries are sensitive to Intellectual Property Rights (IPR) regimes to grow
- creativity and highly skilled jobs

Tourism is...
- producing positive and negative externalities
- information-intensive
- subject to seasonality and exposed to political, social and climate events
- risk of unfavourable working conditions
- inter-sectoral

Source: Authors own classification.

Given these characteristics and given their growing role in the EU (as shown in Chapter 2), culture and tourism have great potential for generating regional economic, social and environmental benefits. This is the first, and most important rationale for ERDF involvement. As Figure 3.1 shows, the sectors are also labour-intensive and hence their development can contribute to new employment, as well as supporting gender equality (new opportunities for women) and social and economic integration (employment of disadvantaged and low-skilled workers). However, the sectors (particularly Tourism) also suffer from a range of unfavourable characteristics regarding job quality (especially low wages, seasonal volatility and unprotected work conditions) and a low capacity for innovation. Finally, in the case of Culture the sector's specific characteristics show it can contribute to enhancing social cohesion by improving residents' quality of life, preserving cultural identity and local values, and reducing poverty and isolation (EC, 2006).

Figure 3.1 indicates that the two sectors can also produce costs. This is especially the case with the Tourism sector, which can exhibit high social and environmental externality costs. The potential contribution of the sectors can also be hampered by their highly fragmented nature, a high dependence on public subsidies and their often marginal role in regional strategic planning.

All these characteristics explain the important role of national and local administrations in protecting public resources and assets and in coordinating stakeholders, as well as the importance of public financial support in culture and tourism development and planning.

We have seen in the previous chapter that the performance of the two sectors in
supporting economic development varies greatly across the regions and member states. The risk of supporting projects which are financially unsustainable or with a poor developmental potential has been shown by past experience to be very high in these sectors. Interventions such as events promotion, cultural heritage preservation, cultural and tourist infrastructures can be prone to myopic strategic approaches and even the vested interests of local stakeholders.

The literature review and case studies have shown that the rationales for public sector involvement (including ERDF intervention) fall into two main groups:

- the first one is the high potential contribution to regional socio-economic development of culture and tourism. As noted earlier, this is due to the high growth rates in culture and tourism and their strongly integrated and place-based nature. As suggested in Figure 3.1, the two sectors also exhibit high demand side and supply side multiplier effects – their knock-on benefits on jobs and income are therefore significant;

- the other concerns the need to address market failures. In particular, the preservation and exploitation of public goods (i.e. heritage, cultural and natural resources, but also public infrastructure) requires an actor super partes to ensure their enjoyment for current and future generations. The main market failures arise from the high volatility over time of demand, the highly fragmented structure of both sectors (due to a prevalence of SMEs and micro-enterprises), low innovation capacity (especially in Tourism), heavy dependence on public funding (especially in Culture), the widespread existence of externalities, and the high seasonality of demand (especially in Tourism).

ERDF support can thus be justified when it contributes to the upgrading of the competitive capacity of culture and tourism, strengthens their multiplier effects, provides additional resources to support related infrastructure and services (e.g. spectacles, events, skills upgrading, territorial marketing, etc.), supports innovation and business start-ups and consolidation, or provides incentives for institution building, business clusters and networking (including cross-border activities).

As shown in Table 3.1 below, evidence collected from the survey of Managing Authorities and the regional case studies shows that ERDF support to culture and tourism does indeed align quite closely with the broad sets of rationales for public intervention set out above. Not all of the rationales linked to market failures are highlighted by the Managing Authorities surveyed. In particular, negative externalities, unstable markets, and asymmetry of information arguments only occasionally figure.

These are strongly identified in the literature for culture and tourism, but are only indirectly and weakly addressed by the Operational Programmes.
Table 3.1. Rationales for ERDF intervention in culture and tourism, as identified by Managing Authorities

<table>
<thead>
<tr>
<th>Culture</th>
<th>Tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>To support socio-economic development</strong></td>
<td><strong>To address market failures</strong></td>
</tr>
<tr>
<td>• Supporting tourism and economic diversification by enhancing place branding and identity</td>
<td>• Upgrading tourist infrastructures and marketing services</td>
</tr>
<tr>
<td>• improving the quality of life of local stakeholders by increasing the accessibility of cultural assets</td>
<td>• increasing employment opportunities generating both high and low skill jobs</td>
</tr>
<tr>
<td>• Supporting social and territorial cohesion, with culture seen as a driver for social interaction and dialogue between communities</td>
<td>• Developing new business models to strengthen the role of tourism and extend tourism destinations (e.g. ‘diffused hospitality’ or ‘agri-tourism’ in rural areas; tourism facilities and services accessible to the elderly or the disabled etc.).</td>
</tr>
<tr>
<td>• Increasing employment opportunities</td>
<td>• Promoting a more equal territorial distribution of tourism destinations and revitalising marginal urban and rural</td>
</tr>
<tr>
<td>• Supporting innovation</td>
<td>• Increasing the attractiveness of destinations and preserving natural and cultural assets (public goods)</td>
</tr>
</tbody>
</table>

Sources: Managing Authority survey and regional case studies.

ERDF investments in **Culture** are mainly motivated by a desire to better exploit cultural assets as a tourism attractor, together with the use of Culture as a place-branding tool. In addition, Culture is widely seen as a way of supporting social and territorial cohesion. By contrast, investments in **Tourism** are more likely in the Operational Programmes to be motivated by the need to improve the competitiveness of the sector and the attractiveness of destinations.

The case studies provided good examples of all of the main intervention rationales. For example, as shown in Box 3.1, in Puglia and the Italia-Austria Interreg Operational Programme, the main rationale for intervention lies in the positive effects of culture and tourism in terms of socio-economic development. By contrast, in the Madrid and Rhône-Alpes cases the main rationales lay in the positive effects that these sectors can generate on the residents’ quality of life and social cohesion.

An example of a situation where market failures were addressed is the Rhône-Alpes case, where ERDF culture and tourism interventions in the rural areas were justified by the paucity of private investment. Missing markets are also one of the rationales guiding ERDF intervention in Puglia, due to the small size and fragmentation of culture and tourism businesses and a national management of cultural goods mainly concerned with conservation rather than the development of new cultural assets.

Counteracting negative externalities is an important rationale for ERDF action in the Maltese case, where actions are also guided by the need to reduce tourism seasonality.
and minimise environmental pressure through the diversification of tourism products and services and support to investment in less touristic parts of the islands.

**Box 3.1. Rationales for ERDF interventions in the case studies: some examples**

**Culture and tourism as drivers for regional socio-economic development**

**Puglia:** The underlying rationale of the regional policy framework on tourism is related to the need of strengthen the attractiveness of the region in order to generate higher rates of economic growth. Two key challenges are at the basis of the intervention rationale. The first is the role of the extensive regional cultural heritage and excellent natural assets and ethno-anthropological traditions to stimulate tourism. The second is the fragmented and scattered nature of current interventions in these sectors.

**Interreg Italia-Austria:** The rationale of the cooperation strategy, started in 2000, consists in fostering cross-border integration, the valorization and management of tourism resources (natural and cultural) to allow for promoting common touristic destinations; contributing to shaping a unitary image of the cross-border area; and fostering cooperation in other sectors.

**Culture as driver for social cohesion**

**Madrid:** The main implicit rationale here lies in the positive effects that in particular Culture investments are expected to generate as drivers of social cohesion, improving the quality of life, preserving cultural identity and local values.

**Rhône-Alpes:** Among several stated intervention rationales is the need to enhance a common identity of people along the Rhône river.

**Addressing market failures: managing and preserving public goods and developing missing markets**

**Rhône –Alpes:** The tourist ‘offer’ along the Rhône river valley is highly fragmented and there has been little coordination amongst the different public and private entities involved in developing and promoting tourist sites and attractions. There is a need to ensure coherence and coordination among the different stakeholders involved in promoting tourists and leisure activities along the river.

**Podlaskie:** Podlaskie is a region with significant natural, cultural and heritage assets, an ethnically diverse population, and a border location. Podlaskie is however among the regions with the lowest levels of economic development in Poland. The main stated rationales for intervention in culture and tourism are: overcoming a lack of cultural, tourism infrastructures; the need to improve poorly developed local resources; and overcoming a lack of long-term funding for investment.

**Addressing market failures: reducing tourism seasonality**

**Malta:** Malta is taking measures to reduce the seasonality by diversifying tourism products and capitalizing on the environmental and socio-cultural resources of the Malta and Gozo; increasing the use of e-business services and ensuring a more sustainable development of tourism.

Source: case studies and mini case studies

### 3.2 ERDF strategies

#### 3.2.1 Strategic approaches for investment in culture and tourism

By ‘strategy’ we mean a plan of actions designed to achieve a long-term or overall aim or solution to a problem by producing a relevant change in public involvement.

The literature review (see Part I of the Interim Report) showed that there is no single consensus taxonomy of public intervention strategies for culture and tourism.

However, the main characteristics of the two sectors and the rationales for public intervention discussed earlier in this chapter suggest four potential broad strategic
approaches for investment in culture and tourism:

1. **Economic diversification.** This tends to be more prevalent in declining industrial and agricultural regions, or in regions where culture and tourism currently have a marginal role in the economy. Typical objectives are to create jobs and economic opportunities as well as to diversify the economy. Typical policies include improving accessibility, supporting territorial marketing activities, upgrading/developing accommodation and, more generally, enhancing the attractiveness of the regions (often through improving cultural and natural assets).

2. **Regeneration and social cohesion.** This type of strategy is often adopted in urban regeneration programmes. A typical objective is to improve both the residents’ well-being and social integration, for example by upgrading local cultural and natural assets, supporting sport and cultural infrastructures and promoting events.

3. **Enhancing innovation and competitiveness.** Here the main objective is usually the upgrading of culture and tourism services through product, process and/or organisational innovation. This is done, for example, through the introduction of new information and communication technologies, the development of new market niches, or the adoption of productive clusters’ strategies.

4. **Socio-economic and environmental sustainability.** This strategy is specific to Tourism and is generally developed in regions heavily dependent on the tourism sector. In this case the objective is to preserve natural and historical assets and manage negative (i.e. economic, social and environmental) externalities.

These are not mutually exclusive strategies. Each one can be applied alone or can be combined with others, and can be either financed using multiple funding sources (including the ERDF) or exclusively through the ERDF.

Even though all four of these strategic approaches have been identified in the implemented programmes, evidence from the fieldwork shows a general lack of focus in the ex-ante strategy design for culture and tourism. This appears to be partly the result of the cross-sectoral nature of culture and tourism and the close embeddedness of ERDF interventions within wider national and regional strategies.

### 3.2.2 Integration with wider territorial development strategies

An important finding of the study is that ERDF measures for culture and tourism are most often based on wider national and regional strategies, rather than on strategies specifically designed for the ERDF programme. This suggests a close integration between ERDF and national/regional policies for culture and tourism. As such, it can be seen as a positive feature of the ERDF Operational Programmes in 2007-2013. The Managing Authorities survey results show that some Operational Programmes do

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21 In Culture, roughly 40% of the respondents to the Managing Authority survey said that their programme had been inspired by priorities specifically set at the national or regional level. This share increases to 60% in the case of Tourism. The case studies also show that ERDF strategies are either part of a wider national or regional strategy (as in Puglia); or strongly complementary to wider national or regional strategies (as in Rhône-Alpes, Malta, and Interereg IT-AT); or coincident with the regional strategy (as in Madrid and Podlaskie).
not include a specific strategy of their own for culture or tourism, but rather include measures which are directly related to the national or regional strategies. In addition, interventions supporting culture and tourism have been included in other Structural Funds programmes, especially the European Agricultural Fund for Rural Development\(^{22}\) and the European Social Fund, as well as various national and regional funds.

This is, for example, the case with Operational Programme ES–Extremadura, where the Operational Programme actions are part of the national Strategic Plan for the Protection of Historical and Artistic Heritage. Another example is the Operational Programme ES-Castilla/La Mancha, where the ERDF Operational Programme was closely aligned with the objectives of the Archaeological Parks Network of the region. In Operational Programme–Romania the National Master Plan for Tourism 2007-2026 and the National Plan for Rural Development 2007-2013 have been used to underpin the logic of the Operational Programme strategy.

As shown in Box 3.2, in most of the analysed case study Operational Programmes Culture, and more especially Tourism, have been addressed within wider strategies (e.g. urban development, innovation and economic development; social infrastructure development; territorial development and sustainability). Furthermore, ERDF support to culture and tourism is often complementary to (as in the case of Rhône-Alpes; Malta and Interreg IT-AT) or is part of wider strategies and funding targeting these sectors (as in the Puglia case) or even coincides exactly with the regional tourism strategy (as in the Madrid and Podlaskie cases). This finding is mainly due to culture and tourism being so closely interlinked with other transversal (e.g. local development) or sectoral (e.g. transport, environmental, competitiveness of SMEs etc) policies.

**Box 3.2. Integration and complementarity of ERDF strategies in culture and tourism: some examples**

**Puglia:** The Operational Programme support to culture and tourism is embedded in the wider regional strategy defined by the Tourist Triennial Regional Programme, which is the reference document setting up the regional policy framework for Tourism to be supported with all the available financial resources (both at European and national level). Even though specifically focussed on Tourism, the Triennial Programme closely interlinks Tourism with Culture. It also seeks to integrate other policy fields that may support Puglia’s position in international tourism markets. The Buy Puglia project is an example of how tourism strategies in the region are part of wider frameworks. The project aims to enable international tour operators to learn about the different offers of leisure products available in Puglia. The project is an integral part of the region’s strategy to improve its reputation as a regional tourism destination, in particular in foreign markets.

**Rhône-Alpes:** The ERDF measures targeting the Tourism sector were aligned with the regional strategy for tourism development (SRDTLRA Schéma Régional de Développement du Tourisme et des Loisirs Rhône-Alpes) and set to target areas that were not receiving support from other EU-funded programs (e.g. POMA- Programme Operationnel Pluriregional Massif des Alpes, POMAC – Programme Operationnel Massif Central). All interventions implemented along the Rhône river area were anchored to the interregional Rhône river plan. In this context, the EU interventions provided the additional financing that could not be obtained from domestic public funds.

**Interreg IT-AT:** Here the culture and tourism strategies are complementary to the regional ones in terms of objectives promoted. The project ‘Ciclovía Alpe-Adria –Radweg’ represents a specific example of this complementarity. The project aims to support the development of a bike route itinerary from Salzburg to Grado. The objective of the project is coherent with

\(^{22}\) According to the respondent to the Managing Authority survey, the European Agricultural Fund for Rural Development has supported the protection and conservation of the rural cultural heritage (27% of respondents), the renovation and development of rural villages (24%) and the financing of SMEs operating in the culture and tourism sectors (22%).
Austrian and Italian regional strategies of incentivizing bike tourism and mobility. Furthermore, on the Italian side the Interreg financial support is integrated with resources being derived from European, regional and local funds. The added value of the Interreg strategy is obtained by supporting cross-border cooperation. Even though some projects would otherwise have been financed by other (national or regional) sources, Interreg is the only one fostering cooperation across national boundaries.

In the case of Madrid, the Operational Programme strategy for culture and tourism was inspired by the regional Tourism Plan of the Community of Madrid. In line with this plan, culture and tourism are not seen as self-standing priorities but as integral elements of the wider urban development and planning. ERDF interventions have been oriented to achieving improved economic and social conditions in the municipalities of the Community of Madrid from a sustainability perspective.

Source: case studies and mini case studies

3.2.3 ERDF strategies: evidence from fieldwork

As anticipated, evidence from our fieldwork found a number of cases where the ERDF role and strategy were not clearly defined ex-ante on the basis of an analysis of regional conditions and needs. Moreover, even when such analyses were carried out, the results have not always been used to define the strategy, and the correspondence between the strategy design, the specific objectives and expected results remains rather blurred. This may reflect the complex cross-sectoral nature of culture and tourism, together with the rapid pace of evolution observed in both sectors as described in the previous chapter.

Evidence collected through the Managing Authority survey and the case studies indicates that in many cases culture and tourism were addressed both as free-standing priorities as well as simultaneously being integrated in other priorities.

Typically, Tourism interventions were addressed under an SME Competitiveness Priority, while Culture interventions were subsumed in an Urban Regeneration Priority.

In these cases the demand analysis, when undertaken, was not always focused on culture and tourism. For example in the Madrid case, the choice of the strategy was not based on an analysis of the demand for culture and tourism services but rather on the wider urban development needs of the region with a focus on population dynamics, inter-relationships between and within cities, and the attractiveness and competitiveness of the more deprived areas. This is because culture and tourism were seen as integral elements of urban planning, and the strategy was defined in relation to two main priorities: improving the quality of life and enhancing assets and tourist services.

A further finding from the Managing Authority survey and case studies is that the choice of the ERDF strategy for culture and tourism was typically not systematically guided by a demand analysis or, when this was the case, it was not followed by a proper prioritization exercise. In many cases Managing Authorities preferred instead to keep their strategies open and flexible to allow for adjustment and fine tuning during the course of the programming period. This was seen as a way of better adapting to the needs emerging from the field as the programme was rolled out, using a bottom-up, demand-driven approach. This approach does, however, require the capacity to steer the process at a later stage when projects and initiatives are being proposed and have to adhere to some sort of consistent design. This was not always fully ensured.

In the case of the Interreg IT-AT, for example, even though a wide and flexible strategy was adopted at the programming phase in order to integrate all the needs expressed at the local level, overall coherence was tightened up during the project
selection and implementation phases with only those projects coherent with the local and regional culture and tourism strategies as well as with the objectives of the cross-border programme being selected. Several selection criteria were used to ensure an overall coherence with the strategy and with the regional policies in these fields. Regional coordination units were made fully responsible for the evaluation and selection of projects in terms of their contribution to regional/provincial policies and strategies as well as with the overall Interreg programme strategies jointly with the Cross-border Technical Secretariat.

In the Madrid case, the capacity to steer the process during the implementation phase was less effective. The ERDF strategy for culture and tourism was deliberately designed as a general and flexible framework for investment. The intention was to entrust the municipalities in the identification, design and implementation of those measures suiting their specific needs. However, the control applied by the regional authority concerned only a consistency check between programme and project objectives and the process did not profit from the positive effect that dialogue and consultations, both across municipalities and with the regional authority, would have generated in terms of clearly defining the vision of the regional strategy. In the Madrid case resources were simply distributed among municipalities on the basis of their relative populations. Consistency with the priority theme’s objective, technical feasibility and financial capacity were not assigned a specific weight in selection criteria. This resulted in a rather lose control of the overall coherence of the investments.

The case studies however reveal also examples of much more focused ex-ante strategies. This was the case in Rhône-Alpes, where the strategy was well defined and tightly structured in the programming documents, leaving little margin of maneuvers for subsequent adjustments. In the Malta case the ERDF strategy was also well identified from the very beginning, with ERDF aimed at supporting the diversification of the Tourism offer, while in the case of culture the focus was strongly on the upgrading of cultural assets.

Even though ex-ante strategies were often weakly focused, from the fieldwork it is possible to identify a predominant strategy characterizing the implemented programme, with other strategic approaches being harnessed as a support to the leading one. In Tables 3.2 and 3.3 we classify the Operational Programmes responding to the Managing Authorities survey according to the different types of strategies adopted. Culture and tourism are examined separately.

Based on Tables 3.2 and 3.3 we find the following:

- In both sectors the predominant focus is on economic diversification, usually in response to deindustrialization or economically declining rural areas. Hence this strategy appears to be particularly prevalent in declining industrial or agricultural regions, or in regions where culture and tourism currently have a marginal role in the economy. Typically the objectives are to increase jobs and economic opportunities.

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23 Selection criteria included coherence with the Interreg strategy objectives and contribution to the regional/provincial policies and strategies. See Chapter 6 for further details.

24 The Programme established seven Regional Coordination Units, represented by a specific department within the Regions participating to the programme, each charged with ensuring a link between the territories involved in the programme and the Managing Authorities.

25 This was a technical body supporting the Programme Managing Authority and Steering Committee in the programme implementation.
There are, however, some differences between culture and tourism strategies:

- In the case of **Culture**, the strategies most frequently focus on urban regeneration & social cohesion. A typical objective is to simultaneously improve residents’ well-being and social inclusion, for example by upgrading local cultural and natural assets, supporting sport and cultural infrastructures and promoting events.

- **Tourism** strategies are formulated usually in terms of socio-economic growth, particularly through innovation & competitiveness. They do this by creating new tourism products/packages and encouraging the development of entrepreneurship. In this case the main objective is usually the upgrading of tourism services through product, process and/or organisational innovation, for example by introducing the use of new information and communication technologies or by exploring new market niches.

Culture and tourism sector strategies are closely integrated one with another within the ERDF programmes. Tourism is usually regarded as a tool for ensuring the sustainable use of cultural resources and heritage, and Culture is seen as an integral part of the Tourism strategy. The strong interrelationship between culture and tourism appears to have influenced the strategic planning at the national and regional levels, especially in countries and regions where culture and tourism represent primary drivers of growth, such as in the southern and eastern parts of the European continent (e.g. the Mediterranean area, the Baltic countries).

As illustrated in Table 3.2, in the case of **Culture**, the largest share of Managing Authority respondents said the focus was on regeneration and social cohesion as the sole strategy, by supporting the construction, recovery or extension of the cultural infrastructure, the refurbishment or recovery of historical monuments and heritage as well as organization of cultural events.

There are also a significant number of Managing Authorities who said that the focus was on economic diversification alone, or combined with a social cohesion strategy. Operational Programmes such as UK North West, FR Bourgogne, and CB Italia-Austria provide examples of strategies focusing on supporting economic diversification alone, by promoting territorial marketing activities, or by enhancing cultural and natural assets.

Around 20 Operational Programmes out of the 95 respondents to the Managing Authority survey have adopted a combined strategy designed to support both economic diversification and social cohesion. The Operational Programme Cross-Border Poland-Germany provides an example of a combination economic development and social cohesion strategies. The focus here is on protecting cultural and heritage sites, developing a wider public cultural infrastructure, stimulating Polish-German cross-border cultural projects and supporting institutions with the aim of enhancing social and territorial cohesion amongst the two regions.

The Operational Programmes DE Mecklenburg and GR Digital Convergence are amongst the Operational Programmes which have focused primarily on **innovation** by introducing the use of information and communication technologies in the Culture sector.
### Table 3.2. Overview of the Culture sector strategies identified by Managing Authority respondents

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<tr>
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<tbody>
<tr>
<td><strong>1. Economic Diversification</strong></td>
<td>BE - Hainaut</td>
<td>BG - Regional Development</td>
<td>CB - Italia-Austria</td>
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<tr>
<td></td>
<td>CB – Italia- Austria</td>
<td>CB - Central Baltic</td>
<td>DE – Berlin</td>
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<td></td>
<td>DE – Brandenburg</td>
<td>CB - Poland–Germany</td>
<td>DE – Hessen</td>
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<td>EL - Greece (no Attiki)</td>
<td>CB - Central Baltic</td>
<td>IT – Veneto</td>
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<td>ES - Castilla y León</td>
<td>CZ - North-West</td>
<td>NL – West</td>
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<td>ES - Castilla la Mancha</td>
<td>ES – Andalucía</td>
<td>PL - Podlaskie</td>
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<td></td>
<td>FR - Bourgogne</td>
<td>ES Asturias</td>
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<td>PL – Infrastructure</td>
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<td>PL - Lubuskie</td>
<td>FI - North Finland</td>
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<td>PL - Opolskie</td>
<td>FR - Rhone-Alps</td>
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<td>PT – Madeira</td>
<td>IT - Campania</td>
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<td></td>
<td>UK – North West</td>
<td>IT – Sardinia</td>
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<td>CY - Sustainable Development and Competitiveness'</td>
<td>PL - Lesser Poland</td>
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<td><strong>2. Social Cohesion</strong></td>
<td>BE - Wallonia</td>
<td>ES - Cataluña</td>
<td>OP Malta</td>
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<td></td>
<td>CB - Italia-Slovenia</td>
<td>PT - Norte</td>
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<td>CB - Lithuania-Poland</td>
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<td>CZ- Moravia Silesia</td>
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<td>DE – Thüringen</td>
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<td>ES – Galicia</td>
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<td></td>
<td>GR - Crete and the Aegean Islands</td>
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<td>IT - Emilia Romagna</td>
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<td>LV - Infrastructure and Services</td>
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<td>PL - Warmińsko-Mazurskie</td>
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<td><strong>3. Innovation</strong></td>
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<td></td>
<td>GR - Digital Convergence</td>
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Source: Managing Authority survey.
Table 3.3. Overview of the Tourism sector strategies identified by Managing Authority respondents

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<tr>
<td>1 Economic Diversification</td>
<td>BE - Wallonia (not including Hainaut)</td>
<td>CB - Central Baltic</td>
<td>AT – Burgenland</td>
<td>BG - Regional Development</td>
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<td>DE – Hessen</td>
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<td>PL – Warmińsko-Mazurskie</td>
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<tr>
<td>2. Social Cohesion</td>
<td></td>
<td>CB - Poland-Germany</td>
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<td></td>
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<td>PT - Norte</td>
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<td>3. Innovation</td>
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<td>CB - Opolskie</td>
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<td>4. Sustainability</td>
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<td>CB - Italia-Slovenia</td>
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<td>IT - Campania</td>
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</table>

Source: Managing Authority survey.
Note that the sustainability strategy only refer to the Tourism sector according to the adopted classification.

Tourism differs from Culture in that a more diverse combination of strategies can be observed amongst the Operational Programmes. Innovation is the most cited strategy by responding Managing Authorities, in most cases combined with economic diversification. A smaller number of Operational Programmes have supported both the economic diversification and economic and environmental sustainability.

These are usually regions already having a strong Tourism economy. This is, for instance, the case in Malta, UK North West, IT POIN and the Cross-Border Italia-Austria programme. Social inclusion is the stated tourism strategy of the Cross-Border Italia-Slovenia programme. This seeks to target disadvantaged categories of society (e.g. language minorities) through specific interventions for the valorization of 'niche' tourism (e.g. focusing on the natural and environmental resources of the area).

However, there are also Operational Programmes (such as DE-Mecklenburg) which have focused solely on a strategy to support the economic diversification of the sector by mostly supporting private initiatives. Similarly, Operational Programmes such as RO-Romania, GR-Digital Convergence, PL-Lódzkie, PL-Lubuskie, SK-Western Slovakia, Central Slovakia and Eastern Slovakia have chosen to focus only on the promotion of innovation, by supporting, for instance, measures to reduce the digital divide within the sector.

The findings from the survey of Managing Authorities are supported by examples provided by the case studies. These suggest a broad consistency between the
predominant strategy adopted and the opportunities provided by existing territorial assets. This is revealed in Box 3.3 below. Where culture and tourism are the key drivers of socio-economic growth, as in Malta or Puglia, the adopted strategies are usually aimed at promoting the competitiveness and innovation of these sectors and reducing possible negative side effects. By contrast, in those regions where culture and tourism at present provide only a marginal contribution to socio-economic development, as for example the case of Rhône-Alpes, the predominant strategy is to support diversification, together with social cohesion.

**Box 3.3. Examples of predominant strategies in the case studies**

**Economic diversification**

This is the predominant strategy in the Rhône-Alpes case, where ERDF support to culture and tourism was considered instrumental for diversifying the regional economy. Culture and tourism were also deemed relevant for the sustainable development of the Rhône river and its side valleys.

**Innovation and competitiveness**

**Puglia:** Support to innovation and competitiveness is pursued by all of the priority themes with the objective of upgrading Cultural and Tourism services through product, process and organisational innovation (for example by implementing cluster strategies). This is the *trait d’union* of the whole regional strategy for the ‘Enhancement of natural and cultural resources for attraction and development’.

**Malta:** The revitalisation and valorization of the cultural heritage and sites goes hand in hand with the diversification of the tourist offer and the development of e-business services in the two sectors.

**Regeneration and social cohesion***26*

In all analyzed cases, this strategy is typically used in the Culture sector and aims to improve well-being and social integration, to ensure a more sustainable use of cultural goods by future generations and to create a shared identity in the targeted areas. This latter objective is mainly specific to the Interreg IT-AT programme and the Rhône-Alpes Operational Programme. In the Rhône-Alpes case, regeneration and social cohesion is not limited to the cultural strategy, but it is also pursued in the tourist sector through interventions aimed at the development of accessible tourism (for people with disabilities etc) and using tourism as a driver of economic growth in rural areas with a poorly diversified economic structure, ensuring a balanced economic and social development among the areas along the Rhône river.

**Madrid:** This strategic approach is common to all the relevant priority themes under Axis 4 and to all municipalities addressed by the Operational Programme (including the capital city itself). The upgrade of local cultural and natural assets to improve wellbeing and social integration is the *trait d’union* of the whole regional strategy for local and sustainable urban development. For instance, the ‘Centre of Arts of Alcobendas’ project, implemented within the Madrid strategy, consisted of the construction of a multi-purpose municipal art centre involving physical interventions to primarily preserve and improve the cultural heritage of the Municipality of Alcobendas combined with a secondary purpose of immigrants’ and disadvantaged citizens’ social inclusion.

**Economic and environmental sustainability**

This was the predominant tourism strategy in the Interreg IT-AT programme. In this case, even in the absence of a formal ex-ante strategy, most of the interventions financed (e.g. hiking trails, cycle paths, wellness tourism, etc) are consistent with the tourist attractions of the area, namely mountain tourism, and natural/cultural assets present in the area. ERDF interventions in the Tourism sector are mostly devoted to enhancing socio-economic and environmental sustainability through the promotion of a sustainable cross-border tourism model based on the protection and preservation of natural and cultural resources and on a sustainable local development model.

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*26 This type of strategy is most commonly found in either urban or rural areas. A typical objective is to simultaneously improve both well-being and social cohesion, for example by upgrading local cultural and natural assets, supporting sports and cultural infrastructures, and promoting events.*
4. Specific objectives and expected results

According to the ERDF logic of intervention, programme objectives and expected results should be related to the adopted strategy. In practice however, both the Managing Authority survey and the case studies show that the lack of strategic focus for ERDF interventions often results in Operational Programmes with excessive numbers of objectives. This in turn leads to a failure to clearly identify changes on which to define appropriate results indicators to be collected by the monitoring and evaluation systems. This is especially the case for Culture interventions aimed at enhancing social cohesion, where there is typically an unclear identification of the targeted deprived areas or social groups, and a weak understanding of the mechanisms expected to be triggered in order to achieve social inclusion.

4.1 From strategies to specific objectives

Evidence from the Managing Authority survey does not allow the detection of a clear-cut correspondence between the strategy design and the selected specific objectives. Most of the surveyed Operational Programmes target many different objectives, especially in the case of Tourism.

As shown in Figure 4.1, to ‘improve urban regeneration and social cohesion’ and to ‘diversify the cultural offer and support cultural services’ are the most commonly specified objectives in Operational Programmes for the Culture sector. ‘Supporting the development of cultural resources and activities’ is another frequently specified objective (by 41% of respondents to the Managing Authority survey).

**Figure 4.1 Specific objectives for Culture sector policy interventions (% of respondents)**

![Diagram showing specific objectives for Culture sector policy interventions](image)

Source: Managing Authority survey data.
Note: 81 out of 95 Operational Programmes respondents provided an answer to this question, representing 56% of total ERDF allocations to culture and tourism. It should be noted that more than one response was possible by each Operational Programme.

The Tourism-specific objectives seem more varied than is the case for Culture, reflecting the multifaceted and cross-cutting nature of this sector. Evidence from the survey of Managing Authorities shows that the largest number of Operational Programmes (44%) pursued a combination of objectives. As shown in Figure 4.2,
'Improving tourism attractiveness of the region' is the objective identified most frequently in the responses (with 71% of total responses). This is followed by ‘Diversifying the tourism offer and creating targeted tourism products/packages’, with some 62% of responses.

**Figure 4.2. Specific objectives for Tourism sector policy interventions**

Source: Managing Authority survey data.  
Note: 86 out of 95 Operational Programmes respondents provided an answer to this question, representing 55% of total ERDF allocations in culture and tourism. It should be noted that more than one response was possible by each Operational Programme.

Some important differences emerge across the EU Priority Objectives (i.e. Convergence, Competitiveness & Employment, and Territorial Cooperation). These often reflect differences in initial conditions\(^7\). In the case of Culture the Managing Authority survey findings show that:

- The objective of ‘Supporting the networking of cultural resources and activities’ is the most common objective embraced by Territorial Cooperation Operational Programmes.
- By contrast, Competitiveness & Employment Objective Operational Programmes mostly seek to diversify the overall economic structure of declining industrial zones and rural areas.
- The Convergence and Competitiveness & Employment Objectives Operational Programmes tend to more often than other objectives address urban and social cohesion objectives and the diversification of the cultural offer.

These differences are reflected in the EU15 and the EU12 countries’ Operational Programmes, given their different initial situation as regards cultural investments.

While EU15 priorities tend to focus on supporting the promotion of new culture services and diversifying the economic structure of declining industrial areas and zones, Operational Programme respondents from EU12 countries mostly said that support the Culture sector was undertaken as a means of improving urban regeneration and social cohesion.

\(^7\) A more detailed analysis of these differences is provided in the Interim Report (Part II-Chapter 2).  
Turning to **Tourism**, some differences emerged between Territorial Cooperation Operational Programmes and Convergence Operational Programmes, again reflecting the specific nature of the programmes and differences in initial conditions. Territorial Cooperation Objective Operational Programmes are more focused than other programmes on the ‘Promotion of sustainable economic tourism activities in natural heritage areas’, and on ‘Diversification of tourism offers’. By contrast, Convergence Objective Operational Programmes more often than the others cite ‘The upgrading of hotels and other accommodation facilities’, and ‘The promotion of entrepreneurship in the tourism sector’ as their most prominent objectives. Multiregional programmes concentrated more on supporting the development of territorial marketing.

The difficulties encountered in establishing clear cut objectives are partly related to the fact that ERDF interventions for culture and tourism are often embedded within other broader programme Priorities. Where this occurs it is inevitably difficult to establish clear objectives and expected results specifically for culture and tourism.

In most cases interventions in culture and tourism are not confined to a sector-specific Priority. The Managing Authority survey results presented in Figure 4.3 below show that show that half of the surveyed Operational Programmes had a dedicated Priority Axis, either for Culture alone (6 Operational Programmes), or for Tourism alone (18 Operational Programmes), or for culture and tourism together (29 Operational Programmes).

Culture and tourism interventions are however also frequently found to be embedded within a broader Priority Axis (52 Operational Programmes out of the 95 surveyed), or are addressed in Priorities focused primarily on urban regeneration, support for SMEs, or in sustainable transport and other territorial services. For example, in the Puglia and Rhône-Alpes cases, culture and tourism are both addressed with a specific Axis as well as being included in broader Axis supporting enterprises. The peculiarity of the Puglia case is that this Priority Axis includes both dedicated measures to support specifically culture and tourism businesses and general business support measures to which culture and tourism businesses could also apply.
Figure 4.3. How culture and tourism are addressed in the Operational Programmes (number of responses)

<table>
<thead>
<tr>
<th>Response Description</th>
<th>Number of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are specific measures for Tourism/Culture within a broader priority axis</td>
<td>52</td>
</tr>
<tr>
<td>Tourism/Culture are indirectly addressed in the framework of integrated projects for urban and regeneration</td>
<td>40</td>
</tr>
<tr>
<td>Tourism/Culture are indirectly addressed under other headings</td>
<td>33</td>
</tr>
<tr>
<td>Culture and tourism are addressed together in a specific priority axis</td>
<td>29</td>
</tr>
<tr>
<td>There is a specific priority axis for TOURISM</td>
<td>18</td>
</tr>
<tr>
<td>There is a specific priority axis for CULTURE</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Managing Authority survey data. Note: 95 Operational Programmes provided an answer to this question. More than one response was possible.

Examples of Operational Programmes addressing culture and tourism within the framework of broader Priority Axis or only indirectly through interventions in other policy fields (e.g. transport) are presented in Box 4.1 below.

**Box 4.1. Examples of Operational Programmes addressing culture and tourism within a broader Priority Axis, or indirectly**

**Examples of Operational Programmes exclusively addressing culture and tourism within the framework of a broader Priority Axis**

- Cross-border programme Italia-Slovenia: culture and tourism measures are included in Priority Axis II - Competitiveness and Society Based on Knowledge, and Priority Axis III – Social Integration.
- Cross-border programme Central Europe addresses culture and tourism within Priority Axis 4 - Enhancing Competitiveness and Attractiveness of Cities and Regions.
- The Greek Operational Programme Digital Convergence addresses culture and tourism under the Priority Axis on the Information Society.
- The Madrid Operational Programme includes culture and tourism objectives within a wider Axis on Urban Regeneration.
- The Interreg IT-AT cross-border programme integrates culture and tourism within Priority 1: Economic Relations, Competitiveness and Diversification, and Priority 2: Territory and Sustainability.

**Examples of Operational Programmes supporting culture and tourism objectives indirectly**

- Cross-border programme Poland-Germany financed cycle paths under the Transport Programme, with indirectly a positive impact on creating new tourist offers across the border.
- Operational Programme – Hessen (Germany) is converting the Melsungen railway station into a multifunctional tourism-oriented station, including a public music school.
- PT – Norte is supporting the regeneration and revitalization of Bridge Park in order to enhance the attractiveness of the city for residents and tourists alike.

Source: Managing Authority survey data.
4.2 Intended results and indicators

According to the programme logic of intervention, intended results, and the adopted result indicators, should be associated to the programme’s specific objectives.

Also in this respect, the evidence available from the case studies points to a lack of well identified set of expected changes related to the programme objectives. In some of the cases, even though the expected changes have been well identified, the result indicators proposed for monitoring are less focused.

Table 4.1 sets out key output and results indicators adopted in the case study Operational Programmes. As can be seen from the Table, the output and result indicators that have been selected tend to be very generic and, in the case of Tourism, often simply transpose the core indicators identified by the DG Regio monitoring system\(^{28}\): i.e. the number of financed projects and the number of jobs created.

Among the case study Operational Programmes, only Malta and, to a lesser extent Puglia, have developed a set of output and result indicators to monitor expected changes, while the other cases (i.e. Podlaskie, Rhone-Alps, Madrid, Interreg IT-AT) present a much more limited set of output and result indicators, even where the expected changes are clearly identified.

In the \textit{Malta} case an unusually clear strategy and set of expected changes were identified as early as the programme design phase. Appropriate output and result indicators to monitor expected results were also set out. However, as shown in Table 4.1 below, output and result indicators do not cover all of the expected changes. For instance, no result indicators were established for reductions in the seasonality of tourism flows. Moreover, while there is an indicator measuring results in terms of entrepreneurship increases, no indicator was developed for the finance of enterprises.

In the \textit{Puglia} case, specific objectives and expected changes are identified quite well. Moreover, a set of specific outputs and results indicators was also identified, even though not always associated directly with specific expected changes. As noted in Table 4.1 below, in Puglia of the eight expected results only five has an associated result indicator.

By contrast, in the case study regions of \textit{Rhône-Alpes} and \textit{Podlaskie}, the definition of specific objectives and expected changes is not accompanied by a robust set of output and result indicators. Moreover, the \textit{Madrid} and \textit{Interreg IT-AT} cases did not identify any specific Culture or Tourism result indicators, and those output indicators which were established in the Operational Programmes are rather vague and general.

In the \textit{Madrid} case specific objectives have been defined in relation to each Priority theme of the strategy, but with no identification of results and rather poorly defined outputs. The main reason for the lack of a clear set of output and results is that the areas of intervention and the nature of the projects to be implemented were not clearly specified.

In the \textit{Interreg IT-AT} case, only three output indicators were defined (see Table 4.1 below). However, it’s worth noting that the Interreg programme did define a complex set of both output and result indicators. These indicators, however, refer to the programme as a whole and not specifically to Culture or Tourism. Hence it was not possible to use them to measure changes just in Culture or Tourism as these two sectors are fully integrated in the programme and it is not possible to disentangle them from the other programme measures.

\(^{28}\) See Chapter 7 for a more detailed description of the 2007-2013 monitoring system.
### Table 4.1. Examples of specific objectives, expected changes and output and results indicators adopted in the case studies

<table>
<thead>
<tr>
<th>Operational Programme</th>
<th>Specific objectives</th>
<th>Expected change and result indicators Culture</th>
<th>Expected change and result indicators Tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td>ES - Madrid</td>
<td>Protect natural areas of the municipalities. Provide municipalities with infrastructure and resources needed to properly exploit their tourist potential. Preserve the cultural resources of the municipalities. Promote cultural development. Facilitate access to culture by inhabitants. Provide municipalities with the means necessary for the proper provision of artistic and cultural services.</td>
<td>Expected changes: improving the quality of life for all regional residents by improving cultural endowments and accessibility to natural areas at local level. Output Indicators: • Number of financed projects Results indicators: no indicators developed.</td>
<td>Expected changes: enhancing assets and tourist services in those municipalities of the Community holding tourism potential linked to historical and cultural heritage. Output Indicators: • Number of projects Results indicators: no indicators developed.</td>
</tr>
<tr>
<td>FR – Rhône-Alpes</td>
<td>Sustainable development of the territory of the region. Axis II - Diversification and promotion of economic activities through the development of tourism assets, innovation and sustainable development. Promoting the cultural heritage of the Rhône river. Axis V - Economic development and environmental protection of the river Rhône through the promotion of the cultural heritage and identity of the Rhône river and ensuring the development of high quality tourism along the river Rhône and its banks.</td>
<td>Expected changes: promoting regional identity, social or community inclusion or cohesion. Output Indicators: • Number of projects by geographical area for the interventions concerning the Rhone river. Result indicators: • Number of jobs created</td>
<td>Expected changes: diversifying the local economy; achieving a more balanced territorial growth; supporting innovation and competitiveness of the sector; providing a driver for development in economically declining areas. Output indicators: • Number of projects by geographical area for the interventions concerning the Rhone river. Result indicators: • Number of jobs created • Growth rate of visitors to the assisted tourist site.</td>
</tr>
<tr>
<td>PL - Podlaskie</td>
<td>Increasing the tourist attractiveness of the region. Increasing the tourism competitiveness of the region in relation to other Polish regions. Strengthening enterprises in the tourism sector and development of the hotel and catering industry in the region. Improvement of the quality of cultural infrastructure and increase in the investment attractiveness of the region. Conservation of the cultural and historical heritage of the region.</td>
<td>Expected changes: enlargement and diversification of the cultural offer; modernization and preservation of the cultural infrastructure. Output indicators: • Number of infrastructure projects in the field of culture and cultural heritage protection • Number of new or improved infrastructures • Number of enterprises supported by the programme Results indicators: • Number of jobs created</td>
<td>Expected changes: increasing the number of tourists; creation of new jobs; increasing and modernizing the accommodation and catering base; creation of new jobs; increasing the accommodation base; SME support; overcoming tourism seasonality. Output Indicators: • Number of projects in the field of sport and recreation infrastructures • Number of enterprises supported by the programme surviving the first two years from the founding of the business Result indicators: • Number of jobs created • Number of people using tourist attractions arising from the implementation of the programme • Number of new beds as a result of the programme</td>
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</table>
### Table 4.1. continued

<table>
<thead>
<tr>
<th>Operational Programme</th>
<th>Specific objectives</th>
<th>Expected changes and result indicators</th>
<th>Expected change and result indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>CB – Interreg Italia-Austria</td>
<td>Cross-border promotion of local tourism resources/assets and culture assets (e.g. local products, handicrafts and habitats, traditions, cultural lodes). Cross-border promotion of tourism all year long especially in wellness, sporting and other niche tourism. Enhancing cooperation and promoting integrated actions for the cross-border management and development of urban and rural areas, protected areas and natural and cultural resources. Safeguarding the cross-border culture and cultural heritage in the programme area to strengthen cross-border identity, improve the quality of life in the area and enhance cooperation. Increasing competitiveness and innovation of the cultural sector by promoting stronger links between culture and tourism.</td>
<td>Increased and stable cooperation in the sector, contributing to forging a common identity across the administrative borders through culture and creating stronger links between culture and other sectors (tourism, etc). Output indicators: • Number of projects • Number of projects creating research centres in health, culture and heritage</td>
<td>Establishing the basis of a unique tourist destination; integrated tourism promotion and management; increased and stable cooperation in the sector. Output indicators: • Number of projects strengthening tourism supply and services; • Number of projects ensuring planning and management of protected areas, landscape and biodiversity; (see Table A.4.1. in Case Study Interreg Italia-Austria) Result indicators: • No specific culture result indicators defined. From the various generic result indicators identified (see Table A.4.1 in the Case Study Interreg Italia-Austria), it is not possible to disentangle the culture ones, as culture is included in a broader axis (see Table A.4.1. in Case Study Interreg Italia-Austria).</td>
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<tr>
<td>MT - Malta - Investing in Competitiveness for a Better Quality of Life</td>
<td>Tourism: Increasing tourist numbers, focusing on emerging niche markets (including agri-tourism; music festivals; adventure tourism and sport). Further promoting historical heritage, notably by continuing restoration work within Valetta and the other historic sites. Opening up historical buildings for longer hours to tourists. Reducing seasonality, by developing the tourism offer during the winter and the shoulder months through the promotion of additional social, cultural and sporting opportunities.</td>
<td>Increasing physical accessibility and ensuring the conservation and preservation of cultural assets as potential attractions for increasing tourist flows. Output indicators: • Number of assisted tourism and cultural projects. • Number of projects implemented by enterprises • No. of marketing measures developed</td>
<td>Increasing physical accessibility and ensuring the conservation and preservation of cultural assets as potential attractions for increasing tourist flows. Output indicators: • Number of assisted tourism and cultural projects • Number of projects implemented by enterprises • Number of marketing measures developed</td>
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<td>Culture: Improving the competitiveness of culture and tourism operators. Supporting the development and networking of cultural resources and activities. Encouraging the development of entrepreneurship in the cultural sector (e.g. creative industries). Supporting the culture sector (including creative industries) to improve urban regeneration and social cohesion. Diversifying the cultural offer and supporting the production/promotion of new culture services.</td>
<td>Surface area of rampant elevation plan restored • % overall increase in the number of paying visitors at upgraded sites (target:14%) • % of total tourists visiting upgraded cultural sites (target:14%); • % average increase in tourist departures for the (established) niche segments • Number of enterprises adopting new products and processes</td>
<td>% increase in the number of paying visitors at upgraded sites (target 14%) • % of total tourists visiting upgraded cultural sites (target:14%) • % average increase in tourist departures for the (established) niche segments • Number of enterprises adoption new products and processes</td>
</tr>
</tbody>
</table>
### Table 4.1. continued

<table>
<thead>
<tr>
<th>Operational Programme</th>
<th>Specific objectives</th>
<th>Expected change and result indicators&lt;sup&gt;2&lt;/sup&gt;</th>
<th>Expected change and result indicators&lt;sup&gt;2&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT - Puglia</td>
<td>Tourism</td>
<td>Increase in the demand for cultural products and services. <strong>Result indicators:</strong> Increase in participation in theatre and music shows.</td>
<td>Increase in international and national tourist numbers. <strong>Result indicators:</strong> Increase in tourist numbers in the establishments or in the area covered by interventions; Increase in total nights spent per inhabitant (%)</td>
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<tr>
<td></td>
<td>Culture</td>
<td>Increase in the number of small theatres and of events. <strong>Result indicators:</strong> Index of cultural demand (average by institute): degree of participation in musical shows and theatre performances.</td>
<td>Reduced seasonality. <strong>Result indicators:</strong> Increase in numbers of tourists in non-summer months per inhabitant.</td>
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<tr>
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<td></td>
<td>Better territorial balancing of cultural activities. <strong>Result indicators:</strong> No indicators developed</td>
<td>Increase the receptiveness of the tourist establishments (hotels, etc.) and the quality of services offered. <strong>Result indicators:</strong> Innovation capacity; Export of products with a high/increasing degree of productivity in total exports</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase in the demand for cultural products and services. <strong>Result indicators:</strong></td>
<td>Increase in sector GVA. <strong>Result indicators:</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase in the value added attributed to the sector. <strong>Result indicators:</strong> No indicators developed</td>
<td>No indicators developed</td>
</tr>
</tbody>
</table>

<sup>1</sup> Expected changes are identified on the basis of the definitions included in the Operational Programmes and case study interviews.

<sup>2</sup> Result indicators refer to indicators included in the Operational Programme.

<sup>3</sup> The indicator does not specifically refer to Culture, but to the entire Axis III Culture and tourism development which targeted both culture and tourism.

Source: case studies.
5. Main features of ERDF interventions in culture and tourism

When we turn to the manner in which ERDF interventions have been actually undertaken in culture and tourism in 2007-2013 and in the nature of the beneficiaries, two main findings which have important policy implications stand out. The first is that ERDF interventions are still largely focused on infrastructure investments, especially in the case of Culture. The second is that beneficiaries are largely municipalities and other public bodies.

These findings underline two important issues that have to be addressed in future programmes: how to move from ‘hard’ physical investment interventions to softer types of interventions, and how to involve more private and Third Sector organisations in the co-financing and implementation of culture and tourism interventions.

5.1 Nature and distribution of ERDF investments in culture and tourism

DG Regio’s Annual Implementation Report data on ERDF allocations to selected projects provide an initial picture of the importance of ERDF allocations to culture and tourism and of the distribution of ERDF funding by priority theme, economic sector and territorial area.

The total amount of 2007-2013 ERDF funding allocated to culture and tourism is some EUR 14.4 billion. As already noted, this is likely to be an underestimate of the total ERDF amount allocated to culture and tourism, because SMEs operating in these sectors may have been supported indirectly under other ERDF categories too.

Another significant finding is that 80% of ERDF programmes (252 out of the 317 considered) have allocated ERDF financial resources in culture and tourism during the 2007-2013 programming period. Among these, 165 Operational Programmes have allocated more than EUR 15 million to culture and tourism.

The close integration between culture and tourism is reflected in the fact that 201 Operational Programmes out of 252 have allocations in the priority themes related to both culture and tourism, while only 37 Operational Programmes reported allocations exclusively in Tourism-related priority themes and 14 Operational Programmes exclusively in Culture-related priorities.

29 ERDF ‘allocations’ show the ERDF amounts allocated to projects that have been selected by the Managing Authority (or other delegated bodies) following a selection process. This may typically involve a grant decision (such as a grant offer letter, or other forms of confirmation of inclusion of a project in the Operational Programme, or allocation of EU funding from the Operational Programmes). National practices and terminology may differ and are not regulated by EU definitions, and some variation in practice is therefore to be expected. The ‘allocation’ amounts are included in the Annual Implementation Reports of DG Regio. It is important to underline that allocations to selected projects are not coincident with the planned financial resources. The allocations might be higher than planned because of the overbooking used by almost all the Managing Authorities to avoid losing ERDF resources (in case some projects are cancelled).

30 The categorisation system used for ERDF interventions captures the bulk of culture and tourism investments but not all of them, because different interpretations on how to classify interventions overlapping across the two sectors remain. This is especially the case for business support and transport measures aimed at supporting tourism that may be classified by Managing Authorities either according to their nature (i.e. transport modes) or to their strategic objective (i.e. tourism). This problem also explains why it is not possible to identify other interventions which may be relevant to Tourism (business support, transport measures) or Culture (creative industry support under innovation measures), but are classified in other categories. For more details on SME support, see Work Package 2 ‘SMEs, Innovation, Information and Communication Technology’ (http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1).
As shown in Figure 5.1, the average proportion of ERDF financial allocations to culture and tourism as a percentage of total ERDF funding for the EU27 is 5.4%.

There are very large differences in ERDF allocations to culture and tourism across EU countries and regions (see Figure 5.1 below), as well as between the different Priority Objectives, in part explained by the different initial conditions and strategies. The incidence of allocations to culture and tourism is much higher than average in Cross-border programmes, with 16.4% of the ERDF total, followed by Competitiveness & Employment programmes with 6% and Convergence programmes with 4.9% of total ERDF funding.

Figure 5.1. ERDF allocations to culture and tourism as a proportion of the total amount of ERDF allocations, by country in 2007-2013 (%)

![Figure 5.1](image)


If one examines the importance of culture and tourism interventions for different cluster categories of regions, the highest proportions of allocations to culture and tourism within overall ERDF allocations is registered in ‘Touristic small mountain regions’ (19.1% of all ERDF allocations, of which 9% has gone to ‘Hotels and restaurants’); ‘Mediterranean’ regions and ‘Tourist islands’ (respectively 11.4% and 8.7%).

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ERDF interventions are concentrated in urban areas, especially in the case of Culture (55% of all allocations for culture and 46% for tourism, compared to 41.9% overall). Within this broad pattern, rural areas absorb a relatively higher share of ERDF for Tourism (22.1% compared to 17.5% of total ERDF allocations).

ERDF allocations specifically targeted at Culture for 2007-2013 were EUR 6.035 billion, representing 2.3% of all ERDF allocations. The incidence of allocations to Culture is highest in the cross-border programmes (7.6% of the overall ERDF funding), as well as in Malta (9.8%), the Netherlands & Belgium (4.0%), and Denmark & Slovenia (3.5%).

Figure 5.2 shows ERDF allocations to Culture as a percentage of total Operational Programme allocations in EU regions. Convergence Objective programmes have absorbed 76% of total ERDF allocation to cultures, equivalent to 2.1% of total ERDF funding. The map clearly shows the wide variations exhibited at regional level.

Figure 5.2. ERDF allocations to culture as a percentage of total Operational Programme allocations, by NUTS2 regions, 2007-2013


ERDF allocations to Tourism in 2007-2013 amounted to EUR 6.193 billion. In addition, a further EUR 2.151 billion was allocated to ‘Hotels and restaurants’. Together these comprised a share of some 3.1% of total ERDF allocations in 2007-2013.

The share of total ERDF allocations to Tourism is higher than average in the cross-border programmes (8.8%) and in Hungary and Italy (3%). With regard to ‘Hotels and restaurants’ the relative shares of tourism allocations in total ERDF allocations are most significant in Austria (10.2%), Portugal (3.5%) and Italy (3.4%).

Convergence Objective regions absorbed 70% of the total allocations to Tourism (EUR 4.361 billion) and 81% of those for ‘Hotels and restaurants’ (EUR 1.731 billion). As Figure 5.3 shows, some regions in Portugal, Spain, Italy, France and Hungary exhibit

\[34\] For further details see Table II.3 in Annex II of the Interim report.
high proportions of allocations to Tourism (including ‘Hotels and restaurants’).

**Figure 5.3. ERDF allocations to Tourism as a percentage of total Operational Programme allocations, by NUTS2 regions, 2007-2013**

![Map showing ERDF allocations to Tourism by NUTS2 regions](http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1)


### 5.2 Types of ERDF interventions

The Managing Authority survey results and the regional case studies show that ERDF interventions are heavily orientated toward infrastructure investments. Investments in infrastructure are predominant in all programmes, except Cross-border ones, where only small infrastructure projects have been financed. Thus ERDF programmes remain strongly focused on a concept of ‘Culture’ as the protection of existing heritage assets, and of ‘Tourism’ as supporting tourism infrastructure, together with operators in ‘Hotels & restaurants’. Only in a few cases (e.g. Puglia) is there evidence of a shift from ‘hard’ infrastructure projects towards other ‘softer’ types of interventions and policies (e.g. advisory services to firms, innovation support, creation of cultural clusters).

Figure 5.4 utilises data from the Managing Authority survey to show the distribution of activities financed by ERDF in culture and tourism culture by type of activity in the Operational Programmes.

Figure 5.4. Types of activities financed in the (a) culture and (b) tourism sectors; % of total Operational Programmes responding

Source: Managing Authority survey data.

‘Hard’ infrastructure projects are mainly financed with ERDF in Southern and Eastern Europe, and motivated by the need to preserve natural and historical heritage in a context characterised by the lack of adequate public and private resources, especially in the aftermath of the financial crisis in 2008. The Malta case is a clear example in this respect. The ERDF has been used to support the refurbishment of important historical sites. This intervention would not have been possible without ERDF support and is considered crucial for the tourism-driven economy of the country.

By contrast, ‘soft’ interventions mainly relate to the promotion of the newer types of interventions such as the development of the creative industries (e.g. digital media, movies, music, arts, etc.), support to territorial marketing and cultural/tourism events, to the digitalization of these sectors, and to new forms of sustainable tourism. These types of intervention are an important complement to the harder infrastructure ones in order to enhance the competitiveness and attractivity of the areas in a context of rapidly changing external conditions.

Table 5.1 sets out the main types of ‘Hard’ and ‘Soft’ interventions found in culture and tourism policy in regional Operational Programmes. The ‘softer’ types of intervention are more likely in those regions where culture and tourism are not the only or the main drivers of territorial development, as in the cases of Puglia and Rhône-Alpes, or in Cross border projects, where financial resources are limited.

Examples of soft interventions are the Buy Puglia territorial tourism marketing project targeted at international buyers; and the Interreg IT-AT project Ciclovia Alpe Adria Radweg developing shared geo-referenced maps to be integrated with portable systems (smart phones, etc) as well as supporting the sharing of knowledge among the partners on the technical solutions adopted by operators on both sides of the border area.
Table 5.1. Nature of ERDF support for culture and tourism in the case studies

<table>
<thead>
<tr>
<th>Sector</th>
<th>Main types of intervention promoted in the analyzed cases</th>
<th>Hard</th>
<th>Soft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism</td>
<td>• Infrastructure and facilities to improve accessibility at tourism sites/ accommodation/ etc</td>
<td>• Infrastructure/repair and protection of historical monuments, buildings (e.g. theatres) or archaeological sites</td>
<td>• Marketing activities (e.g. promotional campaigns, educational tours, participation to fairs, etc)</td>
</tr>
<tr>
<td></td>
<td>• Development of hospitality structures and leisure facilities</td>
<td>• Construction/extension/recovery of infrastructure providing cultural services (e.g. museums)</td>
<td>• Cultural events, exhibitions and festivals</td>
</tr>
<tr>
<td></td>
<td>• Refurbishment of buildings for tourist accommodation</td>
<td>• Infrastructural interventions to improve accessibility to cultural sites</td>
<td>• Integrated communication for cultural events</td>
</tr>
<tr>
<td></td>
<td>• Bike, skiing and hiking trails</td>
<td>• Improvement of public spaces through infrastructural or other types of intervention</td>
<td>• Restoration and enhancement of the system of archives</td>
</tr>
<tr>
<td></td>
<td>• Investments to improve the safety and protection of the natural assets</td>
<td>• Restoration and upgrading of cultural heritage assets of minor importance</td>
<td>• Restoration and enhancement of the system of libraries</td>
</tr>
<tr>
<td></td>
<td>• Regeneration of public spaces</td>
<td></td>
<td>• Interventions for the support of the regional system of film production, multimedia and audiovisual activities and for SME’s in the sector</td>
</tr>
<tr>
<td></td>
<td>• Physical investments for the promotion and development of the tourism sector (tourist information centres, information and communication technologies for tourist services, etc)</td>
<td>• Use and diffusion of methodologies, tools and experiences</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Construction of sport facilities (e.g. swimming pools, stadiums, golf camps, etc)</td>
<td>• Business support (e.g. construction of tourism centres, facilities for training and tourism, etc)</td>
<td>• Studies, industrial analyses, strategic planning, etc</td>
</tr>
<tr>
<td></td>
<td>• Business support (e.g. construction of tourism centres, facilities for training and tourism, etc)</td>
<td>• Machinery, equipment and furnishings</td>
<td>• Awareness-raising campaigns</td>
</tr>
<tr>
<td>Culture</td>
<td>• Refurbishment/recovery and protection of historical monuments, buildings (e.g. theatres) or archaeological sites</td>
<td>• Marketing activities (e.g. promotional campaigns, educational tours, participation to fairs, etc)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Construction/extension/recovery of infrastructure providing cultural services (e.g. museums)</td>
<td>• Cultural events, exhibitions and festivals</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Infrastructural interventions to improve accessibility to cultural sites</td>
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<td>• Restoration and upgrading of cultural heritage assets of minor importance</td>
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<td></td>
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</tbody>
</table>

Source: case studies.

Based on case study evidence, we also looked at the size of ERDF projects across programmes and there appears to be no particular optimal size for ERDF projects in culture and tourism. ‘Soft’ interventions are usually smaller-scale projects diffused across the territory. This may be the result of a fragmentation of the available funding (as in the case of Rhône-Alpes), or, as in Puglia, an intended strategy aimed at supporting the participation of a plethora of local actors through the development of local products.

Evidence from the case studies also shows that the types of intervention funded and project sizes sometimes also reflect political pressures and the management capacity of regional authorities. In some cases (as in Podlaskie) large projects may be developed as a result of political reasons (i.e. electoral consensus among voters at the local level). In addition, a smaller number of large projects are sometimes considered easier to manage than a large number of smaller projects, the latter requiring good management capacity within regional authorities.

Interesting examples of projects integrating hard and soft measures in culture and tourism have emerged from the case studies. Details of two of these are presented in the Box 5.1 below. Integration is usually associated with a bottom-up participatory and place-based governance approach, typical of local development strategies as discussed later in Section 6.1.
Box 5.1. Integration of hard and soft culture and tourism interventions: two examples

**Interreg IT-AT programme:** The Interreg mini case study Alpe Adria Radweg concerns the promotion of a bike itinerary using a 410 kilometers bike trail (from Salzburg in Austria to Grado in Italy). The project integrates infrastructure interventions (the creation and renovation of the bike trail) with soft ones (i.e. territorial marketing consisting in the creation of a geo-referenced app and map of the trail; the creation and promotion of cross-border tourism packages along the trail, etc). The Interreg mini case study TransMuseum integrates interventions for the renovation of the museum infrastructure with soft interventions such as the creation of cross-border quality standards and tools, promotional guides of the museums, organization of educational activities, etc.

**Rhône-Alpes enabling project:** Création d’un espace de promotion/communication touristique sur l’Ain sur le site du Parc des Oiseaux. An innovative approach was developed under the enabling project. It consisted of: (a) establishing a permanent promotional facility within an already developed natural site visited by people that generally have a tourist profile that matches the tourist offer of the department (i.e. targeted marketing); (b) creating a promotional facility well integrated with the theme of the hosting site and that can be considered a stand-alone tourist attraction, so to add value to the hosting site and increase impact on visitors; (c) using technologies (e.g. creative scenic and audio-visual materials) that increase the sensorial experience of visitors; and (d) reconstructing around a number of purposely chosen themes the tourist image of the department.

Source: Managing Authority survey and case studies.

5.2.1 Types on intervention in Culture

Both DG Regio’s Annual Implementation Report data on ERDF allocations and our own field work show that ERDF interventions in Culture appear particularly biased toward physical infrastructure projects.

The Annual Implementation Report data on ERDF allocations categorized by priority theme show that within the Culture category as a whole, the priority theme ‘Protection and preservation of the cultural heritage’ absorbs more than half of the ERDF allocations to the sector (58.4%), while ‘Development of cultural infrastructure’ absorbs some 35% of ERDF allocations.

Box 5.2 below presents some examples of particularly large ERDF interventions in the Culture sector.

**Box 5.2. Examples of large ERDF interventions in the Culture sector**

**Malta:** Operational Programme MT-Investing in Competitiveness for a Better Quality of Life has financed the restoration of Historical Fortifications of Malta and Gozo for a total cost of EUR 34.4 million. Once restored, the area is expected to offer tourist paths and opportunities for hosting tourist-related activities. The project also includes investment to improve the accessibility of the sites (e.g. repairs to arterial roads, improvement to traffic flow and road safety etc.).

**Poland:** Operational Programme–Mazovia has supported the construction of an Aviation Cultural Park in Krakow, with the Polish Aviation Museum as the main beneficiary of the EUR 55.9 million in project funding. The new building was awarded a prize in the CEMEX Building competition 2011, and is expected to become an icon for the region.

**Portugal:** Operational Programme–Norte includes a programme of cultural events called Guimarães: European Capital of Culture 2012, receiving an ERDF contribution of EUR 20.4 million. The Programme consists of the financing of 58 projects under the following themes: i) Art - Programming Areas: Art and Architecture; Performative Art; Music; Cinema and Audiovisual; ii) Community; iii) City; iv) Thinking; v) Crossed Times; vi) Special Projects; vii) Production; and viii) Management and Evaluation.

Source: Managing Authority survey and case studies.

35 WP13 estimates for 2014 confirm the composition of cumulative allocations by priority themes (see Figure A.1 in the Annex): 58.8% of the allocations to Culture have been under the priority themes ‘Protection and preservation of cultural heritage’ (compared to 58.4% in 2013), 35.5% under ‘Development of cultural infrastructures’ (compared to 35% in 2013) and 5.6% under ‘Other assistance to improve cultural services’.
According to the Managing Authority survey results, as Figure 5.5 shows, only a few Operational Programmes supported private initiatives in the creative industries or cultural events and programmes, and the amount of money allocated to these activities is relatively low. Only 3% of public contributions spent at the time of the survey were allocated to ‘Private initiatives in creative industries’, and only 8% to finance the ‘Organisation of cultural events’, while 44% were targeted towards supporting the ‘Construction or recovery of cultural infrastructure’, and 38% towards ‘Refurbishment of historical monuments’. In addition, resources originally allocated to the organisation of cultural events or performing arts have actually decreased as the Operational Programmes have progressed (by -21%) in favour of physical investments.

Figure 5.5. Paid amounts of ERDF contributions to the Culture sector at 2014 by category (% distribution)

Source: Managing Authority survey data.
Note: Out of 95 Operational Programme respondents to the survey, 64 Operational Programmes provided information on paid amounts of public contribution as at 2014. Out of 95 the respondents to the survey, 68 Operational Programmes provided information on the total number of projects.

The importance of infrastructure interventions is reflected in the average paid contribution for Culture projects. As shown in figure 5.6 below, based on the Managing Authority survey, the average paid contribution to Culture projects amounted to EUR 414.4 thousand. As expected, the highest average amount (EUR 999.1 thousand) relates to infrastructure projects (‘Construction or recovery of cultural infrastructures’), while the lowest (EUR 100.3 thousand) is for ‘Support to private initiatives in the creative industries’.
Figure 5.6. Average paid contribution by type of Culture project, 2014 (EUR)

Source: Managing Authority survey.

Figure 5.7 shows differences in the composition of ERDF interventions by category across countries. Infrastructure interventions are more strongly supported by Operational Programmes in the EU12 countries compared to EU15 countries, which show a higher share of investments in the organisation of cultural events and performing arts. This pattern probably reflects the initial conditions of the Cultural assets in the two areas, as well as the amount of ERDF allocations.

Figure 5.7. Paid amounts of ERDF contribution by category for the culture sector: overview by geographical areas (% of responses)

Source: Managing Authority survey data.

Note: Out of 95 Operational Programme respondents to the survey, 64 Operational Programmes provided information on paid amounts of public contribution as at 2014. Out of the 64 Operational Programmes, 37 are from EU15 member states, 22 from EU12 and five are Cross-border Operational Programmes. Amongst the 64 Operational Programmes, 46 are regional Operational Programmes, nine are national Operational Programmes and four are multi-regional Operational Programmes. Focusing on the EU’s Priority Objectives, 39 out of the 64 Operational Programme respondents are covered by the Convergence Objective while 20 are covered by the Competitiveness & Employment objective.

5.2.2 Types of intervention in Tourism

Interventions in Tourism support a wider range of activities compared to Culture. These include territorial marketing services, sports and recreational activities and
Examples of large ERDF interventions for Tourism are described in Box 5.3 below.

**Box 5.3. Examples of large ERDF interventions in the Tourism sector**

**Poland:** The largest tourism project co-financed by Regional Operational Programme +Mazovia is the *Land of the Sleeping Volcano* located on the slopes of Mount Wdżar (Małopolska). It is an example of tourism diversification. It is a family ski station in winter (called 'Czorsztyn Ski') and a mountain and water sports centre. There is a six-place ski lift, a new ski slope with a snowmaking and lighting system, and an old quarries-based natural trail. The total cost of the project amounted to EUR 2.2 million.

**United Kingdom:** The North West Operational Programme has an example of a large territorial marketing intervention. The *Partners for Tourism Growth (PFG)* project is an integrated programme of destination marketing and events designed to improve and increase the profile of Liverpool with key visitor audiences. At a total project cost of around EUR 16.2 million, the project provides marketing support across Merseyside through developing and enhancing strategic events, marketing destinations, addressing strategic and local visitor economy issues and providing specific additional research.

**Cyprus:** The Operational Programme Sustainable Development and Competitiveness is an example of an *incentive scheme for the enrichment and upgrading of investments in the tourist product*. The scheme focuses on encouraging initiatives by enterprises that intend to upgrade and enrich infrastructure and services for the tourist product. These involve existing tourist accommodation (i.e. hotels with at least five years of operation). The total budget for the scheme amounts to EUR13.0 million.

**Cross-border:** The programme Interreg Italia-Austria is an example of a networked tourist infrastructure operation. The overall objective of the programme is to *strengthen tourism in Carinthia (AT) and Friuli Venezia Giulia (IT)* through an increase in tourists from neighboring Slovenia. Specific activities include close cooperation among companies in Carinthia and Friuli Venezia Giulia; use of the Slovene language to address guests from Slovenia; development of language competences; tourism quality assurance; and a comprehensive common marketing presence of the hotels in Slovenia through joint tourism packages and marketing activities.

Source: Managing Authority survey data.

DG Regio’s Annual Implementation Report data on allocations to Tourism show that more than half (55.4%) of ERDF allocations to the Tourism sector have been classified as *‘Other assistance to improve tourist services’*; 25% of all allocations go to *‘Hotels & restaurants’* (mainly under business support and innovation priority themes). By contrast, *‘Protection and development of natural heritage’* comprises only 9.0% of allocations and a further 9.8% has been for *‘Promotion of natural assets’*. The low incidence of physical investments is probably due to the classification problems already mentioned, as many tourism related infrastructural projects are likely to have been classified under other priority themes (e.g. transport).

The survey of Managing Authorities provided a more detailed picture on the types of projects undertaken. Figure 5.8 indicates that *‘Physical investments’* accounted for 21% of paid contributions to tourism in 2014, while a slightly higher share goes to the *‘Promotion of sports and recreational activities and events’* (24%), and *‘Support to private initiatives’* obtained another 21%. Roughly 40% of Operational Programme respondents to the survey said that they had supported the *‘Upgrading of hotels and other accommodation facilities’*. The survey also showed that with implementation

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36 Work Package WP13 estimates of cumulative allocations to the Tourism category as a whole show that the priority theme ‘Other assistance to improve tourist services’ absorbed in 2014 over 75% of the ERDF allocations to the sector (compared to 74.6% in 2013), while 13.6% of the allocations to Tourism in 2014 was under ‘Promotion of natural assets’ (compared to 13.2% in 2013), and 11.1% to ‘Protection and development of natural heritage’ (compared to 12.1% in 2013). A detailed analysis of Allocations by priority theme is presented in the Interim Report (Part II – Chapter 1).

there have been positive changes in funding in terms of more ‘softer’ types of help, especially for the ‘Promotion of sports and recreational activities and events’ category (up 44%, from around EUR 60 million in 2007 to EUR 86 million in 2014), followed, with smaller increases, by the ‘Territorial marketing’ activities’ and ‘Support for private initiatives’ categories (up 8% and 3% respectively). There were falls in both ‘Physical investments for the promotion and development of tourism sector’ (down 14%) and ‘Investments to improve safety and protection of assets’ (down 15%).

**Figure 5.8. Paid amounts of ERDF contributions to the Tourism sector at 2014 by category (% distribution)**

Source: Managing Authority survey data.

Note: Out of 95 Operational Programme respondents to the survey, 63 Operational Programmes provided information on the paid amount of public contribution as at 2014. Of the 95 Operational Programme respondents to the survey, 70 Operational Programmes provided information on the total number of projects.

As Figure 5.9 below shows, in the case of Tourism in 2014 the average paid amount of public contribution (EUR 316.8 thousand) is slightly lower than for Culture. This reflects the somewhat lower incidence of infrastructure interventions in Tourism. The category ‘Integrated tourism initiatives’ exhibits the largest average paid amount (EUR 937.7 thousand), while ‘Support to private initiatives in the tourism sector’ shows much lower paid amounts (at EUR 171.7 thousand).

**Figure 5.9. Average paid contribution by type of Tourism project, 2014 (EUR)**

Source: Managing Authority survey data.
As with Culture, in Tourism there are differences in the composition of ERDF paid contributions by category across EU member states. Figure 5.10 shows that ‘Territorial marketing activities’ in 2014 obtained a higher paid contribution within the Operational Programmes in both the EU12 and EU15 countries. Among the EU15 countries, the ‘Promotion of sports and recreational activities’ accounts for the highest share of paid public contribution (51%), followed by ‘Support to private initiatives’ (27%). By contrast, EU12 countries exhibit a higher share for ‘Physical investments for promotion and development of tourism’ (52%), followed by ‘Support to private initiatives’ (27%).

Regional Operational Programmes exhibit higher shares of paid contributions for ‘Promotion of sports and recreational activities’ (41%) and ‘Physical investments’ (29%), while National Operational Programmes exhibit a very high share for ‘Support to private initiatives’ (65%) and rather less for ‘Physical investments’.

**Figure 5.10. Paid amounts of ERDF contribution by category of activity in 2014: overview by geographical areas (% of responses)**

Source: Managing Authority survey Data.
Note: Out of 95 Operational Programme respondents to the survey, 64 Operational Programmes provided information on paid amounts of public contribution as at 2014. Out of the 64 Operational Programmes, 37 are from EU15 Member States, 22 from EU12 member states and five are Cross-border Operational Programmes. Amongst the 64 Operational Programmes, 46 are Regional Operational Programmes, nine are National and four are Multi-regional. Focusing on the EU Priority Objectives, 39 out of the 64 respondents are covered by the Convergence Objective and 20 by the Competitiveness & Employment objective.

### 5.3 Beneficiaries of culture and tourism interventions

Evidence from the Managing Authority survey and the case studies shows that public bodies, and in particular municipalities, are the main beneficiaries (i.e. entities directly receiving the funds) of ERDF interventions.

Figure 5.11 shows the beneficiaries of ERDF interventions in culture and tourism by type of intervention as revealed by the Managing Authority survey results. As shown in the Figure, only for interventions supporting the ‘Creative industries’ and ‘Private initiatives in the tourism sector’ do we find mostly individual SMEs as the principal beneficiaries (in the case of Tourism) and Third Sector organisations (in the case of Culture). These are, however, only relatively small categories of interventions. It should be noted, however, that SMEs and social actors are likely to represent a higher share of final beneficiaries even when the initial direct beneficiaries are public bodies (e.g. through subcontracting). We have, unfortunately, no way of estimating the size of this characteristic.
Public and private partnerships are infrequent in culture and tourism, even though they are often encouraged (e.g. in Puglia and Malta). This is probably a reflection of the small size of most private operators in the culture and tourism sectors, which do not generally have the human resources or skills to manage the administrative burden of public-private partnerships.

The predominance of public bodies is consistent with the role of public authorities both as public interest protector in the presence of public goods, but also indicates the difficulties experienced in involving the private sector, especially in many Culture
sector projects.

The case studies show that the high involvement of public bodies as main beneficiaries may well have had some negative effects. These take the form of a deliberate over-scaling of infrastructure projects, with the risk of hampering their sustainability, as in the case of municipalities undergoing cuts to public budgets (e.g. ES Madrid); or due to a strong political drive in favour of prestige culture and tourism interventions (as in the Polish case).

The case studies show that often public bodies were the only eligible or the most relevant beneficiaries eligible under the selection procedures. For example, in Rhône-Alpes all of the measures supporting culture and tourism had a strong focus on public bodies as they were designed specifically to provide additional funding to regional/local public investments and initiatives. In the case of Madrid Operational Programme the municipalities were the beneficiaries; in Puglia it was the municipalities and other local and regional bodies for some of the Measures foreseen by axis IV; in Podlaskie it was the municipalities in the case of key projects; and in Malta it was the government ministries, other public bodies or government agencies, except for Measures implementing business support. In Interreg IT-AT, the case study interviewees noted that public bodies represented more than half (55%) of the beneficiaries, as the administrative burden coupled with the co-funding requirements have discouraged a larger participation of SMEs.

It is therefore unsurprising that public sector beneficiaries dominated here.

Evidence from the case studies provided in Box 5.4 shows that the participation of small social and private beneficiaries has probably been discouraged by the difficulty in ensuring the requested co-funding and a high administrative burden associated to ERDF funding.

**Box 5.4. Evidence of a high administrative burden of ERDF grants**

**Interreg IT-AT.** Case study interviews show the high administrative burden for managing ERDF grants is one of the main problems facing the Operational Programme. Some interviewees emphasised that a beneficiary dedicates around 40-50% of his time to managing the ‘paperwork’ requested by the grant. This is confirmed in the 2014 programme evaluation, which shows that, on average, the management time for a project amounts to 374 hours, while the average financial administrative burden is EUR 9,341 per project. Case study interviewees emphasised that the high administrative costs and ERDF management competences are a disincentive to participation for private operators. This is a problem in the Tourism sector, especially in Austria where private actors can access other funds that are easier than ERDF to manage.

**Malta:** A key lesson of the case study is that more needs to be done to reduce administrative burden on assisted businesses. The case study reports that one business spent EUR 11,000 to undertake the direct burden of applying for funds and completing monitoring information, and to ensure that it was not spending money which was then going to be deemed ineligible. Several beneficiaries of the ‘Grant scheme for Sustainable Tourism projects by Enterprises’ were unsure whether they could manage the bureaucracy associated with applying for ERDF support again. Moreover, delays between costs incurred by the private sector firms and reimbursement could have caused businesses supported by the ‘Grant scheme for sustainable Tourism’ significant financial difficulty.

**Podlaskie:** One of the case study lessons was that procedures of ERDF grants are excessively regulated. The case study interviewees reported that the level of inspection is too high, especially in situations where an entrepreneur finances 50% from his own resources, which should constitute a guarantee of responsibility in itself.

Source: case studies.
6. Management and Implementation

As a result of the broad range of activities implemented (ranging from cultural heritage preservation to assistance to hotels and restaurants), management and implementation features are varied in culture and tourism policy interventions.

In this chapter the focus is on those features of the management and implementation systems that are particularly important in order to ensure the smooth implementation of the programme, and to ensure the consistency of interventions with the strategic objectives. The chapter begins with a presentation of the main findings concerning the predominant governance models applied in culture and tourism programmes in 2007-2013. This is followed firstly by an examination of selection procedures and criteria, and then different forms of financial support. The chapter ends with an analysis of implementation rates to date in the culture and tourism programmes.

6.1 Governance models

The study has revealed important differences between the various Operational Programmes in the manner in which strategies have been developed and then subsequently implemented. Governance approaches differ according to the strategy aims, the type of intervention and the institutional framework. The case studies indicate that two main types of governance models appear to have been used in 2007-2013. The two models differ in terms of the degree of participation of local stakeholders across all of the phases of the policy cycle. They present both strengths and weaknesses.

The first model is a bottom-up participatory approach, exemplified by the Puglia case, and based on the active participation of local stakeholders at all stages of the policy cycle (i.e. from the identification of needs and the definition of strategy/objectives, to implementation and monitoring). This approach is more common when the adopted strategy has a clear place-based focus and is based on the integration of Culture with Tourism interventions. These represent situations where the activation and participation of local actors is an essential pre-requisite for a successful strategy.

Given the small-size and fragmented nature of culture and tourism operators, an important strength of this approach is that it can stimulate the more active engagement of the operators. The bottom-up approach appears to be particularly appropriate when culture and tourism interventions are intended to foster regeneration and social cohesion. In these cases active engagement can enhance the sense of ownership of the programme by the local communities, and enhance the engagement of private and Third Sector institutions which, as the previous chapter has shown, have exhibited low participation rates in culture and tourism policy in 2007-2013.

The weaknesses of this approach typically relates to the difficulty of coordinating a large number of stakeholders (as in Puglia) and of ensuring a timely implementation of complex procedures when human or financial capacity is weak (as in Rhône-Alpes). Indeed, the successful adoption of a participative approach does seem critically to require adequate institutional capacity. This is necessary if prioritizing a demand-driven approach is to be achieved, as well as the successful coordination of the local stakeholders in order to avoid duplication of interventions and confusion. Specific capacity building measures are also needed to support local stakeholders and
beneficiaries with limited institutional and financial capacities. Programme continuity is yet another condition for the success of bottom-up participatory approaches (as in Puglia). It takes time to ensure stable engagement frameworks for local actors, as well as the continuity of programmes from one period to another from a territorial, thematic and governance point of view.

The other model identified within case studies refers to top-down centralized approaches. These approaches are more often adopted when large infrastructure projects are implemented, as in Podlaskie and in Malta. The strength of this approach lies in the relatively smoother management of large amounts of financial resources and a greater focus on national or regional priorities and on flagship projects (as in the Malta case). However this approach involves the risk of stronger political pressures being brought to bear and of the weak engagement of local stakeholders.

Box 6.1 summarises the key findings from the case studies. It shows that successful examples are found for both types of governance model, and that the governance model adopted depends most strongly on the objectives of (parts of) the strategy, the institutional context and the types of actors to be involved.

**Box 6.1. Examples of different governance approaches in some of the case studies**

**Interreg IT-AT**
A participatory approach was adopted in the Interreg Italia-Austria programme in order to activate local actors and regional authorities in the selection of projects responding to the specific needs expressed by the regions and relevant for the regional strategy. This approach was also thought to be necessary to strengthen cooperation between the diverse cross-border actors in the Tourism sector. It was also seen as a means of enhancing the sense of identity through Culture sector interventions. The resulting bottom-up approach has resulted in increased cooperation in the culture and tourism sectors, improved integration of the different resources being brought to bear, and creating innovative destinations for the global tourist and cultural market.

**Puglia**
In the case of Priority Axis IV, designed to implement what in 2007 was a new regional integrated strategy linking culture and tourism, a bottom-up participatory model of governance was activated to promote the integration of the many local culture and tourism assets, capabilities and resources (both financial and human). This was considered necessary in order to initiate innovative Tourism and Cultural projects. Specific territorial negotiation procedures were established with the aim of implementing the cultural and tourist strategies at local level. The effect of this was to essentially create a new process of sub-regional strategic planning. Interventions implemented within Axis IV have exhibited a good level of implementation to date, exceeding their original targets. In addition, according to the interviewees, the new bottom-up model of governance successfully resulted in the diversification of tourist consumption patterns. The governance model has continued to evolve, and adjustments are ongoing, especially in the coordination of all the local governments involved in the so-called ‘area vasta’ groups of actors. One problem has been the rather weak institutional capacity at local level, which has hampered to some degree the establishment of local strategies and an efficient implementation of territorial planning.

**Madrid**
In the Madrid Operational Programme, the national and regional authorities have been involved in formulating the strategic directives, whilst the municipalities in the region with a population of over 35,000 inhabitants have been entrusted with the identification, management and implementation of projects for culture and tourism. The distribution of ERDF aid among municipalities was based on their population sizes. The governance model is therefore a ‘mixed’ one, with both top-down and bottom-up elements.

**Malta**
Culture and tourism interventions in this case were delivered through a centralized, top-down approach. The Planning and Priorities Coordination Division (PPCD) of the national government, established in 2001 within the Ministry for European Affairs (MEAIM), was the Managing
Authority for the 2007-2013 programme. The Implementation Bodies were all central government Ministries or Government Agencies. This helped to ensure that matched funding resources were available to support implementation. As a result of the limited range of actors and the close involvement in the programme at the highest level politically, resources - both financial and technical - were in place to ensure project delivery. According to the mid-term evaluation of culture and tourism interventions, the top-down nature of the governance structure has helped to ensure both a high degree of absorption of funds (as they were well integrated with national funding sources) and a strong relationship between the objectives of the culture and tourism Priority Axes and the projects supported (because their strategies were so highly integrated).

Source: case studies.

6.2 Selection procedures and criteria

Selection procedures and criteria are crucial for ensuring a smooth implementation of any given programme. They are also necessary for its effectiveness in being able to implement the strategic objectives.

Figure 6.1 presents results from the Managing Authority survey. As can be seen, open competitive calls are the most common selection procedures in use, whatever the type of beneficiaries. However, direct appointment procedures are more frequent when the beneficiaries are individual public bodies. Consortiums of beneficiaries (i.e. private, public or mixed) show a slightly higher share of ‘negotiated procedures’, compared to other beneficiaries (i.e. whether public, private or Third Sector organisations).

Figure 6.1. Selection procedures adopted by Operational Programmes, by type of beneficiary

Source: Managing Authority survey data. Note: More than one answer was possible. 85 Operational Programmes out of 95 respondents to the survey provided an answer to this question.

While open competitive procedures dominate across most of the 2007-2013 Operational Programmes, the case studies reveal a more mixed picture. As shown in Box 6.2 below, ERDF grants to culture and tourism projects in the case study Operational Programmes have been generally provided through a mix of competitive and non-competitive procedures, depending on the type of beneficiaries. There was no clear pattern in the case studies according to the type of intervention. Only in the case of Interreg IT-AT has a competitive procedure has been adopted for all types of projects. By contrast, in the case of Madrid only non-competitive procedures have
been adopted.

The case studies show that competitive procedures are usually considered by the regional stakeholders to be a better way for ensuring both project quality and local participation. However, to be a success the participants must develop a good tendering capacity. Failure to do this runs the risk of the process favouring applicants with stronger capacity to bid for, and qualify for ERDF funding. This may lead in turn to the sidelining of those with more innovative ideas, but with a lower knowledge and experience of ERDF selection procedures.

On the other hand, open calls for projects based on a ‘first come-first served’ principle tend to have fewer filters for selecting quality projects and are more difficult to manage as the flows of applications cannot be controlled.

**Box 6.2. Procedures adopted for the allocation of ERDF grants in culture and tourism in selected case studies**

**Puglia:** Selection procedures varied according to the type of intervention and beneficiaries. Some types of interventions, such as the activation of regional agencies for tourism promotion (e.g. Puglia Promozione) or for regional development (e.g. Puglia Sviluppo) were directly assigned either to the Regional government or to in-house bodies. By contrast, negotiated procedures were used within the multilevel governance system to promote public-private partnerships and consortiums. Public open tender procedures were limited to physical and infrastructure interventions and to business support measures (where there was an open call for projects on a continuous basis).

**Rhône-Alpes:** ERDF grants were delivered through different procedures because the three measures were implemented by different public bodies: i) targeted call for projects; ii) open-end calls for projects (on an first came, first served principle); iii) non-competitive procedures in the case of large investments and infrastructure projects which fall within existing national or regional strategies. Non-competitive procedures were also used for so-called ‘enabling’ projects (‘projets structurants’). Open calls for projects have been used more frequently than in the previous funding period (2000-2006), and are reported by interviewees to have proved to be a valuable way for ensuring high quality projects, whilst also avoiding too wide a dispersion of funds across too many micro-projects. Open calls have also strengthened the relevance of projects for their particular local context thanks to a greater participation of local-level actors.

**Podlaskie:** In this Operational Programme a list of key projects considered more strategic was not subject to competitive calls or selection criteria, although most had to comply with specific criteria in order to be included in the list in the first place. The other projects were selected through competitive procedures (i.e. a call for projects), either open (the applications could be filed from the time of the call until the allotted resources were exhausted), or closed (applications could be filed within a strictly defined period of time and for a defined sum).

**Madrid:** The approach chosen by the national/regional authorities to distribute the financial resources was not based on a competitive selection process. Instead, each municipality was entrusted a maximum ERDF amount based on the number of inhabitants. This approach was based on a logic of granting equal opportunities to all municipalities, including those with more limited technical and financial capacities. However, given that not all resources have been actually spent (as a result of some municipalities’ inability to implement projects), those municipalities that were able to complete their projects may well have profited from the ERDF opportunity to a larger extent than others. As a result, the strategy failed to fully exploit the potential of ERDF support to culture and tourism.

**Interreg IT-AT:** The programme used a competitive selection procedure (i.e. calls for projects). In total five calls for projects were carried out. These calls were not specifically designed for culture and tourism measures but were applied to other measures too. Hence no specific resources were dedicated to culture and tourism interventions and projects in these sectors had to compete with interventions in other fields foreseen by the two programme Priorities. According to local stakeholders who were interviewed, this contributed to increasing the quality of proposals in the culture and tourism sectors. Regional Coordination Units were involved in the evaluation of projects in order to ensure the selection of projects relevant for both local and regional strategies.

Source: case studies
In addition to selection procedures, selection criteria are also an important tool for programme implementation and effectiveness. As shown in Figure 6.2 below, the majority of the Managing Authority survey respondents indicated that financial robustness and technical quality were the key, and most widely applied selection criteria. However future financial sustainability and inherent quality of the selected project (including innovativeness and capacity to respond to local needs) are often overlooked or difficult to assess.

This suggests that the selection process is often governed more by an administrative and compliance-driven mind-set, rather than being used as a scouting process for promising projects. For example, the ERDF’s regulatory requirement that selected projects should be able to guarantee sustainability for a minimum of five years after their realisation is usually only formally considered. It is rarely applied in a stringent way (e.g. on the basis of a technical and financial assessment by a sector’s experts of the proposal’s business and revenue-generating plans). Moreover, even when these criteria are included appropriate weights are almost never attached to them. The adopted criteria are thus often ineffective for selecting financially sustainable projects because they are not linked to appropriate assessments of future demand trends and financial sustainability. This sometimes leads to the implementation of ambitious investments, difficult to be sustained in the longer term (as in the Madrid case).

Figure 6.2. Main selection criteria adopted by Managing Authorities responding to the survey

![Selection Criteria Diagram]

Source: Managing Authority survey data. Note: More than one response is possible. 82 Operational Programmes out of 95 respondents to the survey provided an answer to this question.

The case study evidence confirms this finding. As shown in Table 6.1 below, selection criteria are rather extensive, ranging from formal and administrative criteria (e.g. technical and financial capacity, coherence with the programme objectives, etc) to qualitative ones (e.g. quality of the project bid documents, budget, partnerships, project expected added value, impact on horizontal policies, etc).

There is little evidence of any widespread adoption of a strategic approach to selection criteria, comprising a thorough assessment of proposals’ coherence with the overall strategy and its future sustainability (conducted by a panel or committee of sector experts).

As shown in Table 6.1, among the case studies only the Interreg IT-AT case presents a
robust set of quality related criteria, paying particular attention to the project sustainability by including an analysis of the beneficiaries' capacity to attract additional resources. In this Operational Programme the sustainability criterion was given the highest weight among all the selection criteria used for project selection assessment. The Interreg IT-AT case is also the only one of the six regional case studies that relies entirely on competitive selection procedures for financing culture and tourism projects, as noted earlier.

The Puglia case is another interesting example in this respect. A mix of competitive and non-competitive procedures were used, with the development of some quality-related selection criteria. Attention was also paid to economic sustainability and the potential impact of the project on the wider regional tourism system.

Other examples of good practice in this respect were presented during the stakeholders' seminar held as part of the study in Brussels in September 2015. The Operational Programme-Berlin approach in the selection of culture and tourism projects has exhibited two interesting features. On the one hand there has been the setting up of a Commission made up of culture and tourism experts in collaboration with the Berlin Tourism Bureau. In addition, a system has been developed which includes an assessment of the applicant’s technical and financial capacity not only on the basis of the applicant’s own declarations, but also on information available in city administrative data files on the applicant’s previous experience.

The Estonia case is another example of an Operational Programme which assesses the financial sustainability of proposed projects, with their potential impact on tourism development being evaluated by external professional experts.

These examples are, however, quite rare. In most of the regional case studies which we examined, financial sustainability has been considered only for few measures (e.g. in Rhône-Alpes it was confined to measures focused on support to the information and communication technology sector), and often simply only took the form a formal declaration from the applicant (as in the Podlaskie case).

In some cases (e.g. Malta, Madrid), checks on the consistency of a project with overall objectives and technical feasibility tended to be rather formally applied rather than being substantially considered.

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37 More specifically, the Commission assesses whether the project idea is new (namely, has it yet been implemented elsewhere?), whether it might be attractive for tourism, and in particular whether it would attract more young visitors to the city. In order to assess the technical and financial capacity of the beneficiary, the Commission considers its nature (e.g. a consortium is considered to have a potentially higher financial capacity than a single company, etc) and data collected by the Tourism Bureau on C&T operators, including data on results obtained by the applicants in previous actions.
Table 6.1. Main selection criteria adopted in the case studies

<table>
<thead>
<tr>
<th>Madrid – ES</th>
<th>Malta</th>
<th>Rhone-Alps – FR</th>
<th>Podlaskie - PL</th>
<th>CB Italia- Austria</th>
<th>Puglia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consistency with the relevant priority theme’s objectives; Technical feasibility; Financial capacity; The non-revenue generation nature of the operation38.</td>
<td>Consistency with the relevant priority theme’s objectives; Technical feasibility; Financial capacity.</td>
<td>Coherence with the Plan Rhône projects and other strategies; Environmental protection; Economic development; Other criteria: development of intermodal transportation; knowledge development and dissemination amongst a wide audience; mobilization of public and heritage interest; potential for dissemination of information</td>
<td>Formal criteria and technical criteria: Employment expected impact (always); Technical quality (always); Financial robustness and sustainability (financial persistence five years after the termination of realisation, always); Innovativeness (often); Previous experience in the field (sometimes); Relationship of the project with the implemented strategy (always); Accuracy and eligibility of expenditure (always); No negative impact on horizontal policies (always); Location of a project in the attractive area for tourists Increase in the number of tourists including foreign (always); Multifunctionality of investment (always); Consistency with other projects from culture and tourist (always).</td>
<td>Geographical criteria; Co-funding criteria; Formal evaluation criteria; Mandatory programme criteria; Quality of the project contents, budget and project financing; Additional resources of project beneficiaries; Quality of partnership and cooperation; Added value of the project.</td>
<td>Integration with other interventions/programes (Axes IV and VI); Integration with the economic and productive territory (Axis VI); Qualitative and quantitative analysis of the demand for tourist and cultural activities (Axis IV); Economic sustainability (Axis IV); Capacity for increasing quality standards of tourist systems (Axis IV); Impact on the regional tourist system (Axis IV); Feasibility of the interventions (Axes IV and VI); Innovation (Axes IV and VI); Compatibility of the initiatives’ main objectives with the growth potential of beneficiaries (Axis VI); Reliability of the proposed increased employment (Axis VI); Environmental sustainability (Axis VI);</td>
</tr>
</tbody>
</table>

Source: Case studies.

6.3 Forms of financial support

Analysis of DG Regio’s ERDF Annual Implementation Report data show that almost all ERDF allocations to Culture (97.2%) and Tourism (95.2%) are in the form of direct financial aid, and especially non-repayable aid, with little variation across priority themes. In the case of ‘Hotels & restaurants’ non-repayable aid comprises 78.1% of

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38 Operations are defined as non-revenue generating when they do not generate revenue at all, or where the revenues do not fully cover the operating costs (Art. 55 of Reg. 1086/200). The non-revenue generation nature of the operation emerged as a selection criterion during the case study interviews. The rationale behind it lies in attempting to avoid eligible expenditure of the an intervention being unduly reduced.
total allocations.

The Managing Authority survey and the case study evidence also confirm that direct financial aid (grants) is the main form of financial support for culture and tourism interventions; followed only at some distance by financial engineering instruments.

Grants were even the most common form of financial support for ‘Private initiatives’ both in the Culture sector and the Tourism sector. According to the Managing Authority survey, in the Culture sector grants comprised 76% of financial support to ‘Private initiatives in creative industries’, followed by financial engineering instruments (19%) and non-financial support (15%). Even in the Tourism sector, where support to private businesses absorbs a much higher share of ERDF paid contributions relative to the Culture sector, the use of re-payable types of assistance remains very limited.

Once again grants are seen to be the most common instrument utilised (88%) to support private initiatives. In this respect, culture and tourism policy is no different from SME support measures in other industrial sectors (as shown in the currently ongoing Work Package 2 ex-post evaluation of SME support\textsuperscript{39}).

In the case of Culture, the high incidence of direct financial aid may be motivated by the nature of the beneficiaries and the inherent paucity of revenue-generating projects in this sector. In Tourism the difficulties faced by both private and public operators are likely to have been magnified by the post-2008 recession with its negative effects on financial resources availability. These are some of the possible reasons for the preponderance of grant-aid. Nevertheless, it is still surprising that initiatives in Tourism or in the creative industries could not have been addressed by a more balanced mix of repayable and non-repayable forms of financial support. These sectors do have a lot of revenue-generating activities within them.

The regional case studies have also highlighted the general low capacity to activate innovative forms of co-funding (e.g. donations, venture capital, users’ fees, new financial engineering mechanisms, etc.) both on the part of beneficiaries and on the part of the Managing Authorities.

It is possible to speculate on what kinds of solutions might be adopted to support beneficiaries’ financial capacity. The literature review suggests that the following could be considered:

- Creating a ‘risk fund’ or similar specific financial support mechanisms that might sustain beneficiaries in cases of financial difficulties during implementation of a project.
- Supporting beneficiaries in identifying complementary funds, for example through the implementation of financial engineering mechanisms.
- Decreasing the required co-funding quota.
- Enhancing partnerships between larger and smaller beneficiaries.

An interesting example of a more innovative approach can be seen in the use of venture capital by Operational Programme–Berlin in the Culture sector (see Box 6.3

Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and Cohesion Fund (CF) – Work Package nine: Culture and Tourism

below).

**Box 6.3. An innovative form of financial support: Venture capital to support culture projects in the Operational Programme-Berlin**

Venture capital was utilised by Operational Programme–Berlin in the Culture sector, through a Venture Capital Creative Industries Fund (**Venture Capital Fonds Kreativwirtschaft**). This provides support to the creative economy and especially to newly established SMEs. It also supports investments in areas including film, radio, TV, music, entertainment, fashion, design, architecture and art. The fund was implemented by Land Berlin together with the Berliner Investment Bank (IBB), and utilised EUR 16 million in finance from ERDF and EUR 16 million from the IBB. A total of 119 projects and 38 enterprises have been supported to date. Source: Managing Authority survey.

**6.4 Implementation rates**

In order to assess implementation rates at Programme level, two main indicators are usually considered: the financial absorption rate (the ratio of expenditures to allocations), the project completion rates (physical implementation).

Financial data available at the EU level show financial absorption rates in culture and tourism to be slightly higher than the average value for the ERDF as a whole. However this indicator has to be used only with caution. This is because, as anticipated in chapter 5, countries sometimes over-allocate resources to some investment priorities (and, consequently, under-allocate to others), depending on their expectations concerning future implementation of their programmes. More reliable absorption rates (comparing actual expenditures with planned or eligible ones) were obtained directly from Managing Authorities in the case studies. These show relatively high absorption rates for culture and tourism in 2007-2013, with values close to 100% in Malta (an Operational Programme characterized by the concentration of ERDF funds in big infrastructure interventions), followed by Madrid, with actual expenditures at about 85% of planned expenditure, Puglia (where expenditure on Axis IV has reached 80%), Interreg IT-AU (with 71%), and Rhône-Alpes (above 60%). Only in Podlaskie was the expenditure rate in the culture and tourism sector considerably lower than the total of the eligible expenditure.

A more reliable indicator of implementation is the projects’ completion rate. This indicator is not available from the DG Regio Annual Implementation Report data base.

However, some evidence was derived from the Managing Authority survey and the regional case studies. The Managing Authority survey results show that the proportion of projects actually completed by 2014 was lower than expected. It should be noted, however, that the programmes still have some distance to run. In all of the regional case studies the Managing Authorities reported that all projects are likely to be completed by the end of 2015. The relatively low completion rates at 2014 reported by the Managing Authorities concern not only infrastructure projects, but also interventions supporting private initiatives in the creative industries (with a completion rate at 2014 of around 38%) and in the Tourism sector (with a completion rate at 2014 of around 42%). The Managing Authority survey also shows very different completion rates across the member states. These differences are discussed at length in the Interim Report (Part II – Chapter 2).

Project completion rates in the Culture sector are set out in Figure 6.3 below. Figure 6.3 shows that the ‘Organisation of cultural events or performing arts’ category demonstrated a 67% completion rate, while the completion rates for the ‘Construction or recovery of cultural infrastructure’ is only 46%, while a mere 18% of projects in the
Refurbishment, recovery and protection of historical buildings’ category had been completed by 2014.

Figure 6.3. Percentage of Culture projects completed by 2014, by type of intervention

![Percentage of Culture projects completed by 2014, by type of intervention](image)

Source: Managing Authority survey data.
Note: this calculation is based on the 60 Operational Programme respondents to the survey who provided information both on the total number of projects financed and on number of projects completed.

In relation to Tourism the survey results presented in Figure 6.4 below show project completion rates are generally higher than in the Culture sector, with no categories showing rates below 40%. The ‘Integrated tourism initiatives’ category exhibits the highest share of projects completed (around 80% by 2014), while the ‘Promotion of sports and recreational activities’ and ‘support to private initiatives’ categories have somewhat lower shares of completed projects (both around 40% by 2014).

Figure 6.4. Percentage of projects completed in the Tourism sector, by category

![Percentage of projects completed in the Tourism sector, by category](image)

Source: Managing Authority survey data.
Note: This figure is based on 70 Operational Programme respondents to the survey who provided information both on the total number of projects financed and on the number of projects completed.

The regional case studies provide some evidence on the main reasons behind the observed implementation delays.

As shown by the evidence set out in Box 6.4 below, the main reasons for delays seem to be: (a) the late start-up of programmes (a common feature registered in all previous programming periods), (b) delays in the selection phase (i.e. between the application and approval of projects), often due to many Operational Programmes having a (highly desirable) double-step selection procedure requiring projects to be
assessed and then refined, (c) delays in the implementation due to the low familiarity of small operators with ERDF regulations, (d) frequent changes in national implementation rules, and (e) high workloads for Managing Authorities due to the large numbers of applicants (especially SMEs).

Regulations relating to eligible costs, and the timing of certification and reimbursement, are other important factors triggering implementation delays. These are often raised as concerns by beneficiaries, due to the significant financial difficulties they can cause. This is particularly the case for small businesses and not-for-profit organisations. These regulations also oblige regional or national Managing Authorities to concentrate their resources on the management of procedures relating to costs eligibility and reimbursement that may reduce attention to strategic management. In this respect, consideration should perhaps be given to how expenditure approval processes could be streamlined and expenditure eligibility conditions made more coherent.

In addition to administrative problems, it should be noted that the 2007-2013 programme has been implemented in a context of an unusually deep economic crisis. This has radically altered the socio-economic situation facing the regions and has undermined forecasts made at the start of the programmes in 2007. This radical change of the context, together with a process of fiscal austerity imposed on local governments has also contributed to delays in the implementation of the planned actions.

Box 6.4. Examples of implementation problems in the regional case studies

In the Interreg IT-AT case a double-step selection procedure (requiring refinements to projects in order to be approved) slightly delayed the project implementation. The combination of the Interreg bureaucracy and the national bureaucracy, especially on the Italian side of the border, further delayed the implementation relative to initial expectations.

In Rhône-Alpes, delays were determined by a low level of familiarity with ERDF procedures by both some of the public bodies coordinating the programme and some beneficiaries. This was particularly the case with cultural organisations, so that many projects needed to be revised and strengthened before being eligible for approval. Changes in the implementation rules during the programming period were also reported to be a source of delays for beneficiaries. These required follow-up actions to have to be put in place to assist those beneficiaries with the weakest administrative capacity (e.g. management of a large number of clarification requests, many back and forth movements of administrative documentation), together with site visits necessary to bring projects back on track. Finally, it turned out to be the case that there were only a limited number of potentially eligible projects for tourism development along the Rhône river.

Key implementation obstacles reported in the Podlaskie case study were: (a) the decision of distribute funding to all of the self-governmental units, causing delays as well as under-resourcing the areas with highest tourism potential, (b) private and social beneficiaries having very limited trust in their local authorities, (c) difficulties faced by small beneficiaries in dealing with ERDF regulations and financial requirements, (d) poor cooperation between the beneficiaries responsible for individual projects in the culture and tourism sectors resulting in the insufficient use of some of the tourism assets (e.g. the historical monuments in Tykocin), and (e) inefficient collaboration among municipalities resulting in inconsistent initiatives in neighbouring municipalities.

In Malta, the main factors behind implementation delays related to administrative difficulties, although these do not appear to have had a significant impact on the eventual deliverability of projects. In Malta, administrative burdens do seem to have discouraged a greater participation by the private sector. The economic crisis after 2008 and the fiscal austerity measures subsequently introduced also seem to have reduced the implementation capacity of many municipalities (noted by 12 out of 25). These have not been able to implement all of their projects because of lack of financial capacity.

Source: case studies.
Implementation delays are a common feature of all Cohesion Policy programmes, and they have spanned successive programming periods. However, our regional case studies suggest that these delays may be having more impact in the Culture sector, arising from the weak familiarity of many Third Sector organizations with ERDF procedures.

The management capacity of Managing Authorities is crucial in assuring a timely activation of the Programme and efficient selection procedures, as well as a close monitoring of implementation and the provision of support to beneficiaries when needed. In some of the case study regions specific measures were taken to improve the capacity of the Managing Authority in handling the workload and improving implementation. An interesting example is the Malta case, where some improvements were made on the basis of key recommendation resulting from the Mid-Term Evaluation (see Box 6.5 below).

**Box 6.5. Improvements in the managing system to reduce implementation delays: the Malta case**

The Malta Operational Programme Mid-Term Evaluation provided a number of recommendations to reduce implementation delays. These were taken on board by the Managing Authority and the following changes were implemented:

- **Speeding up the project selection process.** The pool of the Project Selection Committee members was increased from three to five to minimise delays in the selection process. Moreover, clarification meetings were set up between the Project Selection Committee and each applicant in order to clarify issues without further delay. A Conditional Letter is now also sent to the applicant setting out the selection criteria in order to reduce unnecessary delays.

- **Enhancing the capacity and capability of the Department of Contracts.** The Department of Contracts recruited additional officers and strengthened its structure through the introduction of a new organogram to allow better handling of the workload and system.

- **Providing specialist training to line ministries responsible for submitting tenders so as to ensure quality submissions and avoid delays with procurement procedures.** Continuous training is now provided by the Department of Contracts on public procurement. An electronic public procurement system (e-PPS) has also been introduced to facilitate the full lifecycle of the tendering process. This now offers a more secure, interactive, and dynamic environment for procurements. Training on the e-PPS has been provided by the e-PPS for both the Contracting Authorities and potential contractors.

- **Improving the use of the Structural Funds Database to reduce administrative burdens on beneficiaries.** Use of the Structural Funds Database (SFD) in Malta has been improved in order reduce the administrative burden on the beneficiaries. Data which is readily available in the SFD is now no longer requested for the Project Progress Reports, because structured reports can now be generated by the SFD.

Source: case studies.

Taken together, the evidence presented in this chapter shows that the governance models used in culture and tourism in 2007-2013 appear to be reasonably coherent, and are appropriate for the strategies adopted, given the nature of the interventions and the institutional framework within which they have been implemented. However, there remain some important outstanding issues associated with: (a) the dominance non-repayable grant aid, (b) weaknesses in selection procedures and criteria, particularly those related to the future sustainability of projects, and (c) implementation rates showing problems that are common to the ERDF overall, even though particularly impacting on small municipalities and Third sector operators.

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40 Ministry for European Affairs and Implementation of the Electoral Manifesto, September 2015
7. Monitoring and evaluation systems

This chapter turns to an examination of the monitoring and evaluation systems used for culture and tourism in the 2007-2013 period. The first two sections of the chapter focus on the monitoring system. The third section presents evidence on achievements to date for the culture and tourism programmes in 2007-2013. The final section sets out the (limited) thematic evaluation evidence available for culture and tourism policy.

7.1 The monitoring system at the EU level

The EU monitoring system in 2007-2013 has been based on the identification of common core output and results indicators. These are reported in the Annual Implementation Reports prepared by Managing Authorities. This system represents an important improvement on previous programming periods. The core indicators are designed to allow comparison across programmes on implementation rates, achievements and results.

A detailed presentation and discussion of the indicators collected at the European level to monitor the implementation of Cohesion Policy for culture and tourism is presented in the Interim Report (Part II – Chapter 1). This section summarises the main issues emerging from the analysis conducted for the Interim Report.

Among the core indicators recommended for ERDF Operational Programmes by the Commission in the period 2007-2013 there are no core indicators for culture and only two for Tourism:

- Indicator number 34: ‘Number of projects in tourism’, defined as the number of projects aimed at developing the tourism industry in the region.
- Indicator number 35: ‘Number of jobs created’, defined as the gross direct jobs created (in full time equivalents) by tourism projects identified under indicator 34.

These indicators have limitations in capturing outputs and results and not all Operational Programmes report achievements for them even when they are making large culture and tourism investments, as reporting is not mandatory.

Core indicator 34 (‘Number of projects in tourism’) is rather generic, aggregating very different types of projects, and it is therefore not very informative on actual achievements.

Core indicator 35 (‘Number of jobs created’) has been defined and used in different ways by Managing Authorities, resulting in data aggregation problems when calculating the national and EU-wide totals. As shown by a recent report on Job Creation as an Indicator of Outcomes in ERDF Programmes\(^{41}\) there is evidence that:

a) differences exist across member states in the use of this indicator;

b) differences occur in the definitions and methods of calculation adopted;

c) differences exist in the projects included in calculating the indicator (e.g. whether on-going projects are included together with concluded ones); and
d) differences in the measurement of jobs (e.g. often only the number of jobs is reported without adjustment being made to give the full-time equivalents).

In addition to the above problems, achievement figures for core indicators are not provided by a large number of individual Operational Programmes. Only 120 out of 252 Operational Programmes with allocations in priority themes directly linked to culture and tourism reported data on the ‘Number of projects in tourism’ (Core Indicator 34). Only 60 Operational Programmes provided data on ‘Jobs created’ (Core Indicator 35). Some 19 Operational Programmes with significant ERDF allocations to Tourism (i.e. of more than EUR 15 million) do not report either core indicator. Furthermore, in a number of other cases target values for the core indicators have not been set, or have been set in such a way that substantial over- or under-achievement is being recorded 42.

In order to have a more complete picture of achievements, in addition to the core indicators a number of programme-specific indicators relating to culture and tourism have been collected from Annual Implementation Reports by recent Work Package Zero (WP0) research43. While these indicators are useful for the assessment of the specific characteristics of different programmes and are important for monitoring achievements at programme level, they cannot be aggregated.

Overall, some 113 programme-specific indicators for Tourism have been reported by the Managing Authorities of around 90 Operational Programmes. The WP0 list of indicators (based on those included in the Annual Implementation Reports) is, however, not complete. Evidence from our own on-line survey of Managing Authorities shows that Managing Authorities often do not report all their programme-specific indicators in the Annual Implementation Reports: additional programme-specific indicators to those appearing in the Annual Implementation Reports have been reported for 34 of the Operational Programmes responding to the on-line survey (see Section 7.2 below for further details). In Tourism the programme-specific indicators mainly refer to:

- Products and services (44 indicators).
- Number of visitors (33 different indicators).
- Additional and/or modernised tourist beds and facilities (31 indicators).
- Sites, monuments and infrastructure (18 indicators).
- Number of nights spent (18 indicators).

Other less widely used programme-specific indicators in Tourism include the 'Number of actions/interventions in tourism', the 'Number of enterprises', 'Investment and expenditures', 'Networks', and 'Number of events and initiatives'. Table A.4 in the Annex to this report sets out the programme-specific indicators in more detail.

42 Reported data on Core Indicator 34 (‘Number of projects in tourism’) show that the target was not set for 34 Operational Programmes, while for 26 Operational Programmes the target value was later revised. Achievement data have been revised in 37 Operational Programmes. With reference to Core Indicator 35 (‘Jobs created’ in full-time equivalents), data from WP0 show that target values have been changes as the programme has progressed in 20 Operational Programmes (data on achievements have been changed in 12 Operational Programmes).

Turning to the **Culture** sector, data collected by WP0 shows that only 61 Operational Programmes provide programme-specific indicators which may be related to the Culture sector. As with Tourism, our own Managing Authority survey again reveals an information gap. Not all of the Culture programme-specific indicators are being reported in the Annual Implementation Reports (and hence considered by WP0). An additional 48 Operational Programmes responding to the Managing Authority survey have reported specific indicators for Culture interventions in addition to those reported in the Annual Implementation Reports.

More than 110 different Culture programme-specific indicators are reported in the WP0 database. The most commonly used Culture programme-specific indicators refer to the ‘Improvement of cultural sites or monuments’. In addition, a number of Operational Programmes have developed indicators such as the ‘Number of items of equipment purchased’, the ‘Number of facilities or cultural assets modernized or newly built’ and the like (there are some 44 indicators of this type). Some indicators refer to the ‘Number of visitors to museums’, the ‘Number of participants in cultural events’ and the like. The Managing Authorities also report indicators relating to Culture interventions in terms of cooperation activities, networks and jobs created.

### 7.2 Monitoring systems at the national and regional level

As shown above, Managing Authorities have been using quite a large number of different programme-specific indicators for monitoring progress in Priorities and Measures focused on culture and tourism. This is a welcome improvement compared with the previous programming period. Moreover, using a wide array of programme-specific indicators is consistent with the wide-ranging varied nature of culture and tourism interventions and the sectors themselves.

Overall 61 Operational Programmes out of the 95 responding to the Managing Authority survey have developed programme-specific indicators which related to the **Culture** sector. Operational Programme respondents to the survey reported using 134 different indicators. Amongst these, 87 are reported as being ‘output’ indicators while 47 are reported as being ‘results’ indicators. The most commonly used measures of achievements are ‘Number of projects’ (to be considered rather more as an implementation indicator than an output indicator), the ‘Creation of new enterprises’, ‘New jobs’ and ‘Increase of related tourism activities’ (all results indicators). The indicator ‘Number of projects’ is mostly used to measure achievements for infrastructure interventions. For interventions in the ‘Organization of cultural events or performing arts’, Operational Programmes mostly measure achievements with the rather vague indicator ‘Number of organized events’.

Turning to **Tourism**, overall 200 programme-specific indicators related to Tourism have been reported by the Managing Authorities responding to the survey. The programme-specific indicators for tourism particularly focus on the ‘Number of visitors’ (32 different types of indicators), ‘Additional and/or modernised tourist beds and facilities’ (23 indicators), ‘Sites, monuments and infrastructures’ (18 indicators), and ‘Number of nights spent’ (18 indicators). Amongst the 200 indicators, 118 can be classified as output indicators while the remaining ones are results indicators. As with the Culture sector, the indicator ‘Number of projects’ is particularly used in the case of

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45 Typically ‘Construction/extension/recovery of cultural infrastructure or of infrastructure providing cultural services’ and in ‘Refurbishment/recovery and protection of historical monuments, buildings or archaeological sites’.
phsyical infrastructure investments. A wider range of indicators has been used for Tourism than for Culture. These include (interestingly) the organisation of cultural events, together with support to private initiatives and territorial marketing activities.

As noted earlier, use of a wide range of programme-specific indicators is probably justifiable given the diversity of culture and tourism interventions and given the diversity of the sectors themselves. However, evidence from the Managing Authority survey shows that inappropriate programme-specific indicators can sometimes be adopted and that targets have sometimes not been realistically set. As pointed out by some of the Managing Authority respondents, there are programme-specific indicators which should only be interpreted with great caution in both the Tourism and the Culture sectors. An example is the most widely used indicator the ‘Number of visitors’, statistics for which in some cases are extremely difficult to collect\textsuperscript{46}. This is the case, for example for some cultural heritage investments (such as churches, fortress, etc) or interventions to improve open air sites. In both these cases statistics are rarely collected and charges are not made.

In other cases, data are collected in a way that does not allow sensible conclusions to be drawn about the additional number of visitors actually stimulated as a result of a specific project. Moreover, the positive effects of many infrastructure interventions can be only identified after a long period of time, and the construction work can even lead to a reduction in the number of visitors to some sites in the short term.

The case studies provide additional evidence consistent with the survey results on some of the shortcomings of the monitoring systems in use in 2007-2013. They also substantiate findings on the incompleteness of the core and programme-specific indicators reported in the DG Regio Annual Implementation Report database.

While financial indicators (e.g. ERDF funds allocated and disbursed), are usually clearly defined and reported in all the case study Operational Programmes, in most of them there is an inadequate definition and collection of output and result indicators. In addition many of the indicators collected in the case study Operational Programmes are not included in the WP0 database. In relation to core indicator 34 (number of projects) WP0 includes only the data collected by Madrid, Puglia, Rhone Alps and Podlaskie, while only Podlaskie is included for the core indicator 35 (number of jobs created). As for programme specific indicators, none of the indicators collected in the case studies is reported in WP0 except for two tourism indicators from Puglia.

Output indicators at programme level generally refer to the number of financed projects and in some cases (Puglia and Malta) to the number of enterprises receiving funding. Only in one case (Podlaskie) is the number of new or modernized infrastructures included in the monitoring system. At project level usually there are no mandatory output indicators to be reported, and hence nor are there guidelines for their definition. Hence output indicators are collected and reported only when beneficiaries have enough institutional and financial capacity to do so. In addition, even when physical output indicators are collected at project level, these are usually

\textsuperscript{46} This is an issue for the new common indicators to be used in 2014-2020 for which different approaches have been discussed. An indicator on ‘Sustainable tourism’ is included in the List of Common Indicators for the 2014-2020 programme period. This seeks to measure the increase in the expected number of visits to supported sites of cultural or natural heritage and attraction. It is defined as the ex-ante estimated increase in number of visits to a site in the year following project completion. This is valid for site improvements that aim to attract and accept visitors for sustainable tourism. It includes sites with or without previous tourism activity (e.g. nature parks or buildings converted to museums). However, one visitor can make multiple visits, and a group of visitors counts as many visits as many members the group has. The Managing Authorities have set the methodology for estimating the expected number that can be based on demand analysis. See \url{http://ec.europa.eu/regional_policy/sources/docoffic/2014/working/wd_2014_en.pdf}. 
not integrated in the overall monitoring system of the Managing Authorities.

Turning to the result indicators, as has already been shown in Chapter 4 (see Table 4.1), in the case studies considered result indicators are either completely lacking (e.g. in the Madrid and Interreg It-AT cases), or are inadequate to capture the full effects of interventions (as in the Rhône-Alpes, Malta and Podlaskie cases). Even where indicators for expected results were defined in the initial programming phase, the regional monitoring systems do not provide indicators capable of measuring all of them, and follow up monitoring systems on the projects supported have not yet been implemented in order to assess their actual sustainability and effectiveness. For example, in Puglia increases in the volume of activity and growth of tourism turnover were not included among the monitoring indicators and data and information was thus not collected and made available via the monitoring system.

Generally, the most common results indicator utilised is the number of jobs created (this is the case in Rhône-Alpes and Podlaskie). This indicator has a number of shortcomings. For example, workers’ characteristics are not monitored (e.g. gender, age, level of education, etc), something which would be very valuable to know for culture and tourism jobs. Nor is type of employment contract monitored, something also of great interest in culture and tourism where many jobs are part-time of seasonal. Finally, only limited evidence exists on the jobs’ sustainability over time.

Other indicators measured in some of the analysed case study Operational Programmes (e.g. Puglia, Podlaskie, Malta) are: the number of tourist visitors to the sites/accommodation/etc regenerated/created during the interventions; the number of overnight stays; the number of enterprises supported.

The capacity of these indicators to measure the achievements Operational Programmes in culture and tourism is however limited by:

- The inclusion of vague, unspecified or conflicting objectives, with imprecise targets.
- A propensity to change targets as programmes evolve, with little information on what has been attained or why the targets have been changed.

Some examples of the drawbacks of individual case study regional monitoring systems are reported in Box 7.1 below.

**Box 7.1. Some examples of regional monitoring systems**

**Puglia.** The monitoring system is structured at the Axis level and provides some partial evidence for Lines of Activity and some specific typologies of intervention. There is more detailed and up-to-date information available within the regional offices responsible for Lines of Activity, and within some of the implementing agencies. Monitoring information is systematically used by programme managers responsible for implementation, but it is not included in the official regional monitoring system. The result is that several ‘unofficial’ monitoring systems have been developed that do not match up with the official centralised monitoring system. Quite a lot of evidence on the results achieved by individual projects is available and collected thanks to the personal interactions of programme managers with beneficiaries. However, the collection of data and information from beneficiaries is fragmented and not centralized. The lack of a comprehensive and integrated monitoring system results in poor feedback at the strategic level and has hindered a full and thorough evaluation exercise.

**Madrid.** A monitoring system of good quality has been developed to measure the financial performance of the programme. A new computer system (Fondos 2007) has been developed to allow the Managing Authority and the Monitoring Committee (MC) to monitor the financial execution of the programme. The system transmits the data necessary for financial verifications, including: an indicative annual allocation of each Fund in each operational...
programme, as specified in the national strategic framework; the financing plans for operational programs at Priority Axis level; statements of expenditure and requests for payment; annual forecasts of likely payments of expenditure; the financial section of the annual reports and final implementation reports. The Managing Authority was not able to set up a similar monitoring system for outputs and achievements. The number of financed projects is the only indicator utilised. Other useful indicators, such as number of additional tourists/users attracted through the intervention, number of new jobs created, number of new businesses created, etc., have not been measured.

**Rhône-Alpes.** Standardization of monitoring practices and the finalization of the monitoring system proved to be a challenge because of the number of different regional and state authorities involved in implementing the Operational Programme. In 2010, a consulting company (EDATER) was selected to assist the identification and the collection of monitoring indicators and to store them properly in the PRESAGE (programme for monitoring, managing and evaluation of co-financed programmes) database. The monitoring system was finalized and became fully operational in 2010, after which monitoring indicators were fully recorded based on common rules and principles. However, the monitoring system failed to set appropriate outcome indicators. The only result indicator identified refers to the number of jobs expected (including targets) and subsequently created. However, its measurement has delivered biased results. On the one hand it tends to overestimate the numbers of job created by including temporary jobs, and on the other hand it fails to include employment outcomes within the ultimate beneficiaries of the interventions (e.g. tourist facilities in the target area).

**Interreg Italia–Austria.** Several shortcomings characterise the programme monitoring system in this Operational Programme. These seem to be preventing a full picture being achieved of the overall effects of culture and tourism. The Managing Authority and the Regional Coordination Units do not collect project outputs centrally and it is necessary to consult each project final report to find them. The reporting system set by the Managing Authority asked beneficiaries to provide information on the project outputs and results but only a limited number of beneficiaries actually did so as it was not mandatory. Moreover, EC codes are used only for the annual reporting to the EC and not for the routine monitoring of culture and tourism interventions. In addition, no specific result indicators were identified and the output ones were rather limited.

Source: case studies.

### 7.3 Achievements according to available evidence

Evidence on achievements to date for culture and tourism programmes in 2007-13 is very limited. In this section we present results from DG Regio Annual Implementation Report data on Core Indicators, Work Package Zero (WP0) and from the regional case studies undertaken as part of this study. Fuller details of the WP0 results are set out in the Annex to this report (particularly Tables A.3 and A.4 in the Annex which show ratios of achieved outputs to initial targets set for culture and tourism).

The WP0 data in the case of **Culture** show that the target values have already been fully attained on average for the indicators 'Number of visitors' and 'Number of cultural events and initiatives'. By contrast, achievements are particularly low relative to the initial targets for 'Jobs created' and 'Cultural infrastructures developed or preserved (e.g. sites, monuments). It should be noted that there were no core indicators set for Culture in 2007-2013.

Turning to **Tourism**, data for 2007-2013 for the two core Tourism indicators show that:

- The total number of tourism projects selected had reached 13,091 , equivalent to 64% of the established target. However 15 Operational Programmes have reached under 20% of the target values. The number of projects for Operational Programmes investing more than EUR 15 million in Tourism has reached 12,433 (64% of the target value), while only 658 projects have been implemented in programmes investing less than EUR 15 million (62% of the target value). Strikingly, no cross-border programmes report achievements for this indicator.
Despite the very high relative share allocated to Tourism in cross-border programmes. Moreover, this indicator is not reported in the Operational Programmes of Estonia (with EUR 116.7 million of allocations to Tourism), Finland (EUR 74.5 million).

- Some 17,640 jobs had been created, equivalent to 78% of the target and 0.6% of total tourism employment in the countries with at least some Operational Programmes providing achievement figures for this indicator. However, only 14 Operational Programmes report having reached their target value for this indicator in 2013. By contrast, 10 Operational Programmes achieved under 20% of the target by 2013. The highest jobs creation achievements were reported in Poland (3,384) and Hungary (3,324). Italy also reported a high number of jobs created (2,723), followed by Sweden (1,904). The number of jobs created by Operational Programmes investing more than EUR 15 million in tourism was 14,831 (69% of the target value), while Operational Programmes investing less than EUR 15 million reported creating only 2,809 jobs (reaching only 2% of the target value). At national level the highest reported ratios of achievements to target values was for the United Kingdom, with the number of jobs created being around ten times the target value. Germany has reported 4.5 times the target value and Italy 1.7 times the target. Lithuania, France, the Czech Republic, Poland and Slovenia are now close to the target number for jobs, while for the other countries the reported job creation is still less than the 50% of the target value.

- Target values have been reached on average for programme-specific indicators relating to the ‘Number of visitors’, ‘Number of events and initiatives’, and ‘Number of tourism infrastructure projects’ (e.g. sites, monuments). Further details of ratios of achievements to targets for programme-specific indicators for Tourism projects derived from WP0 data can be found in Table A.3 in the Annex to this report.

The other source of evidence on achievements in culture and tourism in the 2007-2013 period is the regional case studies undertaken as part of this study.

Taken as a whole, the case study evidence pretty much confirms what WP0 has reported. Table 7.1 sets out the main indicators used in each of the case study Operational Programmes, and also includes evidence (where it is available) on targets set and achievements to date. As can be seen in Table 7.1, where data are available, output indicators show the highest levels of achievement relative to targets, especially in relation to projects completion rates, as already shown in chapter 6.4.

Turning to the results indicators the preliminary evidence, to be considered with caution for the shortcomings illustrated in section 7.2 in the definition of targets, shows quite good results in most of the case studies where data are available. For example in Rhone Alps the number of jobs created relative to target reaches 99% for culture and 43% for tourism; in Podlaskie also the number of jobs created in tourism projects reaches 67%; in Malta the number of enterprises adopting new products and processes reaches 76% of the target, and in Puglia most of the measured result indicators show a performance very close to the target.

47 Full details on the achievements reported by Managing Authorities for each indicator and Operational Programme are reported in the Interim Report, Table II.21 in Annex II. (http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1)
Table 7.1. Measures of achievement at 2014 in culture and tourism in the selected case study Operational Programmes

<table>
<thead>
<tr>
<th>Operational Programme</th>
<th>Culture output and result indicators</th>
<th>Tourism output and result indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ES - Madrid</strong></td>
<td>Outputs:</td>
<td>Outputs:</td>
</tr>
<tr>
<td></td>
<td>• 10 projects completed out of 13</td>
<td>• 6 projects completed out of 9</td>
</tr>
<tr>
<td></td>
<td>financed (expected target: 29 projects)</td>
<td>financed (expected target: 6 projects)</td>
</tr>
<tr>
<td></td>
<td>Outputs:</td>
<td>Results:</td>
</tr>
<tr>
<td></td>
<td>• Number of projects by geographical area for the interventions concerning the Rhone river only (72 completed projects out of 80 financed).</td>
<td>• Number of projects by geographical area for the interventions concerning the Rhone river only (120 completed projects out of 144 financed).</td>
</tr>
<tr>
<td></td>
<td>Results:</td>
<td>Results:</td>
</tr>
<tr>
<td></td>
<td>• Number of expected (i.e. target, 274) and created jobs (i.e. achievements, 272)</td>
<td>• Number of expected (i.e. target, 142) and created jobs (i.e. achievements, 61)</td>
</tr>
<tr>
<td><strong>FR – Rhône-Alpes</strong></td>
<td>Outputs:</td>
<td>Outputs:</td>
</tr>
<tr>
<td></td>
<td>• 34 financed projects</td>
<td>• 91 financed projects</td>
</tr>
<tr>
<td></td>
<td>• Number of new or improved cultural infrastructures (target 6, achieved 5)</td>
<td>• Number of enterprises supported (target 49, achieved 31), and for the first two years (target 3, achievements 3)</td>
</tr>
<tr>
<td></td>
<td>• Number of enterprises supported by the programme, (target 49, achievements 31), and for the first two years (target 3, achievements 3)</td>
<td>Results:</td>
</tr>
<tr>
<td></td>
<td>Outputs:</td>
<td>Results:</td>
</tr>
<tr>
<td></td>
<td>• 13 projects completed out of 31</td>
<td>• Number of people using tourism attractions from the programme (target 289,550, achieved 1,283,083)</td>
</tr>
<tr>
<td></td>
<td>financed; 56 additional small projects on culture and tourism</td>
<td>• Number of jobs created (target 640, achieved 435)</td>
</tr>
<tr>
<td></td>
<td>Results:</td>
<td>• Number of new beds created due to the programme (target 2,000 achievement 1,378)</td>
</tr>
<tr>
<td></td>
<td>• Number of enterprises adopting new products and processes (target 90; achievement 68)</td>
<td>• Total nights spent per inhabitant (baseline 0.7; achieved in 2014 0.88)</td>
</tr>
<tr>
<td></td>
<td>% of total tourists visiting upgraded cultural sites (target: 14%; achievement: 2.2%)</td>
<td>• Increase of tourist numbers in the establishments (48.4% in 2014 versus 14.9% in 2007, first year of implementation)</td>
</tr>
<tr>
<td><strong>PL - Podlaskie</strong></td>
<td>Outputs:</td>
<td>Outputs:</td>
</tr>
<tr>
<td></td>
<td>• 17 financed culture projects (expected target: 20 culture and tourism projects)</td>
<td>• 13 projects completed out of 31 financed; 56 additional small projects on culture and tourism</td>
</tr>
<tr>
<td></td>
<td>• Number of projects implemented by enterprises (target 110, achieved 115)</td>
<td>Results:</td>
</tr>
<tr>
<td></td>
<td>• Number of marketing measures to penetrate/ develop new/established niche markets (target 2; achievement 2)</td>
<td>• Number of enterprises adopting new products and processes (target 90; achievement 68)</td>
</tr>
<tr>
<td></td>
<td>• Surface area of rampart elevation plan restored (target: 135,000 m2; achievement: 141,500 m2)</td>
<td>% average increase in tourist departures for the (established) niche segments (target 3%, achieved N.A.)</td>
</tr>
<tr>
<td></td>
<td>Results:</td>
<td>% of total tourists visiting upgraded cultural sites (target: 14%; achievement: 2.2%)</td>
</tr>
<tr>
<td></td>
<td>• Number of enterprises adopting new products and processes (target 90; achievement 68)</td>
<td>% of total tourists visiting upgraded cultural sites (target: 14%; achievement: 2.2%)</td>
</tr>
<tr>
<td></td>
<td>% overall increase in the number of paying visitors at upgraded sites (target 4%; achievement N.A.)</td>
<td>% of total tourists visiting upgraded cultural sites (target: 14%; achievement: 2.2%)</td>
</tr>
<tr>
<td></td>
<td>% of total tourists visiting upgraded cultural sites (target: 14%; achievement: 2.2%)</td>
<td>% of total tourists visiting upgraded cultural sites (target: 14%; achievement: 2.2%)</td>
</tr>
<tr>
<td><strong>CB – Interreg Italia-Austria</strong></td>
<td>Outputs:</td>
<td>Outputs:</td>
</tr>
<tr>
<td></td>
<td>• 16 financed tourism projects (expected target: 20 culture and tourism projects)</td>
<td>• 13 projects completed out of 31 financed; 56 additional small projects on culture and tourism</td>
</tr>
<tr>
<td></td>
<td>• Number of marketing measures to penetrate/ develop new/established niche markets (target 2; achievement 2)</td>
<td>Results:</td>
</tr>
<tr>
<td></td>
<td>• Number of projects implemented by enterprises (target 110; achieved 115)</td>
<td>• Number of enterprises adopting new products and processes (target 90; achievement 68)</td>
</tr>
<tr>
<td></td>
<td>Results:</td>
<td>% average increase in tourist departures for the (established) niche segments (target 3%, achieved N.A.)</td>
</tr>
<tr>
<td></td>
<td>• Number of enterprises adopting new products and processes (target 90; achievement 68)</td>
<td>% of total tourists visiting upgraded cultural sites (target: 14%; achievement: 2.2%)</td>
</tr>
<tr>
<td></td>
<td>% overall increase in the number of paying visitors at upgraded sites (target 4%; achievement N.A.)</td>
<td>% of total tourists visiting upgraded cultural sites (target: 14%; achievement: 2.2%)</td>
</tr>
<tr>
<td></td>
<td>% of total tourists visiting upgraded cultural sites (target: 14%; achievement: 2.2%)</td>
<td>% of total tourists visiting upgraded cultural sites (target: 14%; achievement: 2.2%)</td>
</tr>
</tbody>
</table>
Table 7.1 continued

<table>
<thead>
<tr>
<th>Operational Programme</th>
<th>Culture output and result indicators</th>
<th>Tourism output and result indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Outputs:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 463 completed projects out of 627</td>
<td></td>
</tr>
<tr>
<td></td>
<td>financed projects (expected target:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>390)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Results</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Degree of participation in theatre</td>
<td></td>
</tr>
<tr>
<td></td>
<td>and music shows (target 5.4;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>achieved 4.7);</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Index of cultural demand - average</td>
<td></td>
</tr>
<tr>
<td></td>
<td>by institute (target: 27; achieved</td>
<td></td>
</tr>
<tr>
<td></td>
<td>27.2)</td>
<td></td>
</tr>
<tr>
<td>Puglia</td>
<td>Outputs:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 323 completed projects out of 382</td>
<td></td>
</tr>
<tr>
<td></td>
<td>financed projects (expected target:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>451)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 198 firms actually received grants</td>
<td></td>
</tr>
<tr>
<td></td>
<td>by 2014 out of 276 firms beneficiaries of this measure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Results:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• increase in tourist numbers in the establishments or in the area covered by re-qualification interventions (target: +15; achieved: +15.5)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• numbers of tourists in non-summer months per inhabitant (target 0.8; achieved: 0.7)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• total nights spent per inhabitant (target 4; achieved 3.3)</td>
<td></td>
</tr>
</tbody>
</table>

1. The table includes some inconsistencies in data presentation due to the lack of homogeneity of both output and result indicators collected at the programme level. For instance, in some cases (e.g. Podlaskie, Malta) no data is available on projects completed. Furthermore, in some cases (e.g. Madrid, Interreg IT-AT), quantitative information on results is missing due to the lack of result indicators at the programme level. Where data exist, information on results refers to both expected targets and actual achievements.

2. The baseline refers to the scenario before the programme implementation.

3. These projects were financed by a small funds projects managed by the Interreg Councils and by Carinthia, Veneto and Friuli Venezia Giulia regions within broader cross-border local development strategies. No specific information is included in the Managing Authority monitoring system, hence it is not possible to identify if they refer to culture and tourism. Nor is there precise information on their degree of finalization.

4. The collected indicator refers both to culture and tourism.

Source: case studies.

7.4 Evaluations of ERDF interventions in culture and tourism

In this section attention is turned to the (limited) thematic evaluation evidence which is available for ERDF culture and tourism interventions.

Among the regions selected as case studies for this evaluation, only in Podlaskie has a formal thematic evaluation of the results of culture and tourism interventions been completed. Malta has started one, but this will only be completed in 2016. The paucity of formal thematic evaluations for culture and tourism is both telling and worrying.

Given how important culture and tourism now is within ERDF programmes, there is a clear case for stepping up the number of thematic evaluations being undertaken at national and regional level. There is considerable scope for more evaluations based on both quantitative and qualitative methods, ranging from secondary data analysis and counterfactual impact analysis to perceptions of stakeholders or willingness-to-pay techniques. Box 7.2 below describes the methodologies adopted in the thematic evaluations in the two case study regions where evaluations are being, or have been undertaken.
Box 7.2. Thematic evaluations in Podlaskie and Malta

Podlaskie. The aim of the evaluation was to assess the impact of the regional programme’s culture and tourism projects on beneficiaries and the socio-economic development of the region. The methodological approach adopted combined qualitative and quantitative methods. The qualitative methods included: desk-based research; SWOT analysis; benchmarking; application of the Delphi expert method; and comparative analysis. The quantitative methods included: a statistical analysis of survey data derived from two questionnaires of beneficiaries; application of the Hellwig parametric method; a numerical taxonomy method; a linear ordering method; analysis of monitoring indicators; a cluster analysis; and application of a Tourism Satellite Account (TSA) methodology to assess the contribution of tourism to the regional economy. This latter methodology allows estimates to be produced for total output, value added and employment in particular industries that can be attributed to tourism demand.

Malta. Work on a ‘thematic’ ex-post evaluation is being carried out in two phases largely based on a case study methodology. The first phase was completed in November 2014. Three projects within the culture and tourism Priority Axis were examined. A key conclusion was that despite a strong growth in tourist numbers since 2006, seasonality peaking of demand had not improved to date. The evaluation report suggested that some changes were needed to the output indicators to take into account the scale of the interventions. The report also recommended that consideration should be given by the Managing Authority to developing new indicators which may capture better the overall benefits of the intervention and the contribution to wider policy objectives. The second evaluation phase is underway and due for completion later in 2015. 70 projects are being evaluated in detail, including several culture and tourism projects.

Source: case studies

To conclude, monitoring and evaluation systems have greatly improved in 2007-2013 compared to previous programming period. In addition to indicators for financial and physical implementation, programme-specific indicators (for both culture and tourism) and core indicators (for Tourism only) have been developed and used. There are however a number of areas where further progress in monitoring and evaluation would be beneficial. The analysis of Annual Implementation Report data and our own field work highlights the lack of reliable and comparable indicators on achievements and the low number of thematic evaluations carried out on the specific effects of ERDF culture and tourism interventions. These problems are not confined to culture and tourism. However in the case of culture and tourism the definition and measurement of appropriate indicators is particularly problematic, due to the sectors overlapping with other sectors (in particular transport) and, in the case of culture, it being a relatively new sector of intervention suffering from the lack of an accepted definition and of reliable data and indicators.

48 Work has already started in connection with the European Capital of Culture Programme. See: http://ec.europa.eu/programmes/creative-europe/actions/capitals-culture_en.htm
8. Effectiveness, EU value added and sustainability of ERDF interventions: qualitative evidence from the case studies

Evaluating the effectiveness, EU value added and sustainability of ERDF interventions in culture and tourism at this stage is difficult for a number of reasons. The first is that, as shown in the previous chapter, monitoring systems are generally lacking in terms of result indicators and only few thematic evaluations are available.

The multisectoral nature of culture and tourism and the integration of ERDF measures within wider national and/or regional strategies are another problem, as they make it difficult to disentangle ERDF specific effects and EU value added for the two sectors. This problem has been exacerbated by the wide differences in the classification of culture and tourism projects reported in the previous chapter. For instance, in some cases, Culture projects are classified as Tourism and vice-versa. Another example is that sustainable mobility interventions (e.g. bicycle paths, hiking routes, etc) are often classified in the transport category even when they refer to Tourism. This means that some of the effects of ERDF may be underestimated and makes comparisons and aggregated analysis of ERDF effectiveness in the two sectors very difficult.

To these problems must be added the fact that at the time of the study in most cases projects were still going on or had just finished. As full effects take time to unfold it is certain that the available evidence underestimates the total effects.

Given the lack of other evidence, this chapter has therefore had to rely mostly on information provided by case studies. This is mainly in the form of qualitative evidence deriving from stakeholders’ and programmes authorities’ perceptions.

Taken together, this evidence suggests that while the effectiveness and EU value added of ERDF interventions is perceived as having been positive, future sustainability remains a problem because most of the implemented actions appear still largely dependent on public funding.

8.1 Effectiveness of ERDF interventions

Assessing the effectiveness of the Operational Programmes and of specific investments in culture and tourism (i.e. the extent to which they achieved their objectives) requires an analysis of the direct and indirect effects of ERDF support and the degree of coherence between intended and actual results.

The main challenges faced when assessing the effectiveness of Operational Programmes and single investment projects comprise: (a) the presence of vague or unspecified objectives, with only imprecise targets; (b) a propensity to change targets as programmes evolved, with little information on what had been attained or why the target had changed; and (c) incompatibilities between objectives that makes intervention logics hard to identify. In addition, as already shown in Chapter 7, EU regions usually adopt different targets, indicators and monitoring/evaluating procedures to measure project effectiveness, making it difficult to aggregate and compare the results achieved. Finally, the indicators used do not make it easy to disentangle the effects of ERDF interventions from other variables at work (i.e. to evaluate how much of the variation recorded by the selected indicators is due to the effects of ERDF rather than other forces at work).
The case study evidence overwhelmingly shows a generally positive perception among stakeholders in relation to the effectiveness of the ERDF interventions in culture and tourism. However, the quantitative evidence is limited. Whilst most key projects appear to be able to achieve the agreed target outputs, it is too early to judge what the eventual impact of the 2007-2013 programme will be in culture and tourism.

Moreover, the majority of investment undertaken to date has been on new or existing infrastructures, which can be expected to have an impact on tourist perceptions and behavior, as well as an indirect impact on future investment decisions.

According to the interviewed stakeholders, ERDF intervention in culture and tourism in particular have contributed to:

- an improvement of culture and tourism infrastructure and services, which in turn has resulted in an increase in the number of visitors to the region as a whole and in particular to the sites/establishments created or regenerated by the ERDF financed projects. This finding was common to all of the regional case studies conducted;
- an increase in the number of jobs in the culture and tourism sectors (most notably in the Podlaskie and Rhône-Alpes case studies);
- an increase in the demand for cultural products. This was particularly noted in the Puglia and Malta case studies, where the Managing Authorities and stakeholders interviewed stressed how important ERDF interventions in culture and tourism had been for creating additional new types of tourism products beyond the traditional ‘sun and sea’ product;
- some additional significant leverage effects, notably a growth of the value of the properties in surrounding areas and an increase in the number of enterprises in the areas targeted by the interventions.

As shown in the previous chapter, these effects in some cases have been quantified on the basis of programme results indicators or changes in context indicators.

A detailed analysis of available data on the effectiveness of ERDF interventions is presented in the case studies Box 8.1. sets out the key findings based on assessments made by the country experts which conducted the regional case studies.

**Box 8.1. Effectiveness of culture and tourism interventions: evidence from the case studies**

**Interreg IT/AT.** The main effects of ERDF interventions were:

- An increase in the volume of tourists at destinations receiving ERDF assistance. Data presented in the full case study reports show an increase in the number of bookings, overnight stays and turnover between 2013 and 2015. Moreover, these figures represent minimum estimates of the effects of ERDF since, as in the case of bike or hiking trails, there is no way to estimate the total numbers of stimulated users;
- Creation of innovative integrated destinations linking different types of tourist and cultural destinations and services across the borders of the two countries with information and communication technology devices. This has been the case with the Transmuseum network project, the integrated platform Dolomiti Nordic Ski, as well as new cross-border trails for biking, walking, hiking etc.

**Madrid.** ERDF interventions here have contributed to:

- an upgrading of the Madrid tourism ‘offer’ thorough a modernization of resources for business tourism, cultural tourism and ecotourism;
- Benefits to residents from an enriched ‘offer’ of cultural services in the city. For example,
two quality assessments carried out by the Centre of Arts in Alcobendas reveal that over 80% of the visitors consider the exhibitions very interesting.

**Malta.** In Malta the case study interviews and data collected have pinpointed the following specific effects of the ERDF programme:
- ERDF interventions acted as a leverage factor in increasing private investment in the culture and tourism sectors. For example, in the case of the project for the ‘Repair and maintenance of the ramparts’, there has been a clear link between investment in renovating the ramparts and investment by the private sector in adjacent localities. In the case of Valletta and Birgu in particular, culture and tourism interventions seem to have been an important factor in pump-priming private sector investment already occurring in building refurbishment and in new culture and tourism business formation;
- an average increase of over 3% per annum in the overall number of tourists and a 4% increase in the number of paying visitors at upgraded sites. Earnings from tourism have also increased by more than was originally targeted over the 2007-2013 period.

**Puglia.** The effectiveness of the ERDF regional strategy on culture and tourism was generally considered to be satisfactory by the stakeholders interviewed. The main objectives achieved were:
- an increase in the numbers of tourist establishments or in the area covered by ERDF interventions;
- an increase in the demand for Cultural products;
- an increase in the number of foreign tourists above the national average and also higher than that achieved by the other southern Italian regions;
- a rebalancing tourism flows between inland and coastal areas thanks to the promotion of the region as an art and culture destination.

**Podlaskie.** According to the formal thematic ex-post evaluation of culture and tourism interventions conducted in Podlaskie, the ERDF in 2007-2013 contributed to:
- an increase in investment activity in culture and tourism;
- job growth (particularly in the private sector);
- an increase the tourist attractiveness of the region. Moreover, the share of tourist accommodation increased by more than 40% between 2007 and 2013;
- an improvement in activities related to tourism (e.g. retail trade, accommodation services and services related to catering). Sales in these sectors rose by between 10% and 50 over the programme period. Profitability, income and revenue also rose (by roughly 20%). Tourist added value in the region also increased;
- an increase in the number of tourist operators;
- an increase in opportunities for diversification of the tourism/cultural offer in the region;
- An improvement in the quality of life of the inhabitants, especially through access to the sports and recreation, as well as cultural facilities. However, according to stakeholders the focus on sporting facilities has been more likely to improve residents’ living conditions rather than attracting more external tourists.

**Rhône-Alpes.** In Rhône-Alpes the interventions financed by ERDF seem to have been well focused on the objectives set in the strategy. In particular:
- in the Tourism sector ERDF interventions were geographically focused on areas with an underdeveloped tourist potential, such as the Rhône river valley, and also addressed local tourism. A mix of hard and soft measures facilitated the creation new cultural and tourism facilities and the upgrading of existing facilities. Local capacities in planning and promoting tourism were also strengthened.
- interventions in the Culture sector helped in the creation of a stronger regional identity around the historical and cultural heritage of the Rhône river valley. This was done through the delivery of a mix of cultural products.

Source: case studies.

### 8.2 Stakeholders’ evidence on the EU value added of ERDF interventions

EU value added can be defined as the increased value resulting from Community action, and the extent to which ERDF intervention adds ‘value’ to the interventions of other administrations, organizations and institutions that would not otherwise be
Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and Cohesion Fund (CF) – Work Package nine: Culture and Tourism

gained to the same extent (Mairate, 2006). Evidence from the case studies and the stakeholders’ seminar held in September 2015 underlines the importance of ERDF in supporting (large) infrastructure projects and the upgrading of services that would not have been supported otherwise. This seems to have been of particular importance given the lack of resources at national and regional level in the period following the financial crisis in 2008. This would appear to have been especially true for Culture. As shown in the Box 8.2 the Malta case has provided clear examples of this effect of ERDF. For example the restoration of historical heritage assets with a value not confined to Malta’s national borders, would not have been possible without ERDF financial support. According to the interviewed stakeholders, the majority of projects in Malta would have been smaller, qualitatively different or only implemented at a later stage in the absence of ERDF support.

Another important EU value added of ERDF interventions in culture and tourism recognized by all of the stakeholders interviewed has been an increase in the administrative and professional capacity of actors involved in planning and implementing culture and tourism interventions.

A third EU value added of ERDF noted by many interviewees has been the contribution of the programmes to the development of new governance models involving the activation of new actors and partnerships at both national and local level.

Box 8.2 summarises the main EU value added recognised to ERDF intervention in culture and tourism according to the stakeholders interviewed in the case studies.

**Box 8.2. EU Value added of ERDF interventions in culture and tourism: evidence from the regional case studies**

**Interreg IT/AT.** According to the interviewed stakeholders, the main results obtained from the programme were:

- an increase in cooperation among cross-border actors in both culture and tourism, resulting in more stable cross-border cooperation structures at local level (e.g. three Interreg Councils covering the programme area). Unitary frameworks of culture and tourism strategies and management were also achieved (e.g. Dolomiti Nordic Ski);
- an increased in know-how transfer and institutional capacity between cross-border actors, and the creation of ‘communities of practices’ and more innovative interventions in culture and tourism;
- the forging of a common identity in the border area, despite the continuing presence of physical and administrative borders.

It was thought highly unlikely that these effects would have occurred without the ERDF programme. Indeed, most of the stakeholders interviewed remarked that even though some specific interventions (such as small infrastructures projects) could have been financed by other resources (regional, national, etc), without Interreg it would have been extremely difficult to benefit from the cross-border experience. The focus of these projects would then have been much narrower and it would have been extremely difficult to benefit from the cross-border experience.

**Madrid.** The added value of the EU strategy is thought to have been particularly felt at the local level, with municipalities integrating the ERDF intervention into their own plans for urban development, culture and, where relevant, tourism. In addition, the coordination of resources, the management of larger urban development plans and the application of both national and EU legislation, seems to have greatly enhanced the institutional learning and administrative capacity of the city councils.

**Malta.** The existence of programmes at the national level and their integration with the ERDF strategy was decisive for the early identification, better financial planning and complementarity

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of the projects eventually funded. In addition, the coordination of resources, the management of large and complex investment projects by different ministries, and the application of both national and EU legislation, enhanced the institutional learning and the administrative capacity of the Maltese Government. The interviewees stressed the contribution of the ERDF programme to:

- the establishment of the first Public-Private Partnership project in Malta – the Aquarium.
- an improvement to project management capacity for large complex projects. A number of different ministries and government agencies had responsibility for the tendering arrangements and capacity had to be developed for managing the delivery of what were relatively large and complex capital projects by Maltese standards.
- the development of highly specialist in-house technical skills for fortification repair and reconstruction;
- a greater recognition of the importance of culture and tourism across all government departments. The 2015 tourism policy for the first time involved inputs from several different ministries.
- Malta’s expertise in relation to monitoring and evaluation continues to develop as a result of the demands of the European Commission.

**Podlaskie.** The main value added, according to stakeholders interviewed, was the development of new partnerships and cooperation with institutions which until 2007 had not participated in the development of the Tourism sector.

**Puglia.** The general impression of the interviewees was that ERDF financing produced an overall growth of the capacity of the regional system, especially at the local level. In addition:

- ERDF support appears to have enhanced local stakeholder strategic participation and intervention capacity in what is essentially a new multi-level governance system;
- the 2007-2013 programme also supported closer integration between ERDF and other national and regional financial resources in what became an interlinked culture and tourism strategy. This has had positive effects in terms of efficiency and effectiveness of the policies implemented.

Source: case studies.

### 8.3 Sustainability of interventions

The concept of sustainability has different dimensions. In particular, **financial sustainability** relates to the capacity of keeping the intervention operative after ERDF financial support ends. This typically requires the sustaining of the financing of operational costs. **Environmental sustainability** relates to the implementation of interventions that reduce environmental externalities.

The **financial sustainability** of supported interventions was revealed in all of the case study Programmes to be a critical issue. As discussed earlier in Section 6.2, financial sustainability has been usually addressed in the selection criteria utilised. However, the adopted criteria are usually not effective in ensuring that selected interventions are financially sustainable.

Box 8.3 below sets out the main findings emerging from the case studies in respect of financial sustainability.

As shown in Chapter 5, the evidence from the case studies shows that most of the promoted interventions have been large-scale Tourism and Culture infrastructure projects that remain heavily dependent on public funding for their maintenance in the future. This raises a key issue of whether there is sufficient capacity within the public administrations to sustain the retention of these interventions in the longer term. This in turn points to the need to stimulate greater participation by the private sector. In this respect the Madrid, Malta and Rhône- Alpes case studies show that the technical and financial capacity of public bodies to manage the interventions is important. So too is the ability of public bodies to integrate Tourism and Culture strategies with wider local, regional and national policy frameworks. Both of these factors are
important factors in ensuring the longer-term sustainability of the interventions. A final relevant factor is the capacity of the public bodies and Managing Authorities to stimulate additional private investment. The Malta case shows clearly that good coordination and a strong commitment by public bodies can contribute to attracting more private funds, thus strengthening the financial sustainability of investments being undertaken.

There are however some important differences between culture and tourism related to the specific nature of these sectors.

In the case of Culture interventions, sustainability is more of a problematic issue than is the case for Tourism. This is due on the one hand to the weak interest of the private sector in cultural interventions that do not have an immediate economic return, and on the other hand to the fact that such interventions are less likely to produce the necessary income to cover all of their costs. However, international evidence shows that even in this sector it is possible to raise private funding through new forms of financing (e.g. fund raising, donations, venture capital etc.). A greater attention to these developments and to financial engineering tools is thus necessary in this field of intervention, even if national regulations heavily impact on the available incentives.

In the case of Tourism private returns can be substantial and hence sustainability is less of a problem than for Culture. Financial sustainability could perhaps be improved by a greater involvement of private beneficiaries to be incentived with appropriate measures.

The evidence resulting from field work shows that there is a need to improve the selection procedures and monitoring capacity of Managing Authorities in terms of financial sustainability issues. More appropriate follow-up procedures for beneficiaries would be helpful, as would a more suitable mix of incentives and sanctions. Promotion of more public-private partnerships in culture and tourism policies may also represent a feasible solution over the time.

**Box 8.3. Evidence from the regional case studies on financial sustainability**

**Interreg IT/AT.** Despite procedures put in place to identify financially sustainable projects in the ex ante selection criteria for projects, the performance and sustainability of most projects funded has remained largely dependent on public funding, especially with Culture projects. In the Tourism sector, this is also true projects such as mountain tourism and sports (e.g. bicycle and hiking trails, climbing etc), whose performance depends on public investments for their maintenance and improvement over the years to come. No prices are charged for the assets created and no tax is collected for their use. As revealed by the analysis of the TransMuseum mini case study, mountain museums supported by ERDF have not managed to attract private investment and remain highly dependent on public funds for creating innovating services and for improving their added value at territorial level.

**Puglia.** While future financial sustainability was again included among selection criteria, it was not measured by the Managing Authority during project implementation and, at the moment there is no follow up activity envisaged to assess the projects’ sustainability in practice. There is still a high dependency on public financial resources for many projects, especially for cultural and natural goods, and there remains an acute scarcity of nationally-dedicated funding. Increasing the role of private firms in partnership with public bodies remains a challenge given the small size of the region’s firms, together with the economic crisis that is still hitting all of the southern Italian regions very hard. Regional intervention is also hampered by binding national and regional government administrative procedures when dealing with cultural and natural goods.

**Madrid.** The financial sustainability of interventions depends on the wealth and long term commitment of the municipalities, since all projects are operated and managed by the public sector, either directly by the city councils or by companies with 100% municipal ownership.
Indeed, only large municipalities with strong technical and financial capacity managed to secure financing and ensure project implementation after the financial restructuring of different municipalities.

**Malta.** In Malta, ERDF interventions appear to be sustainable due to the combination of different factors: the level of investment and coordination of interventions at national level (e.g. Valletta and Birgu); coordination between public investment and private investment in the respective areas (e.g. the link between the major ERDF programme for refurbishment of cultural sites, “Repair and maintenance of the ramparts” and investments in the surrounding areas that makes a case for continuing the programme in the future); selection of viable businesses and projects with a low degree of risk (e.g. ERDF 135 scheme for supporting enterprises). Most projects in these fields will, however, continue to be managed by the public sector and their future sustainability will depend on the public administrations’ wealth and long-term commitment, as in the Madrid case.

**Rhône-Alpes.** The financial sustainability of most of the funded projects in the Tourism sector seems quite robust, as they were anchored to local or regional strategies. By contrast, Culture projects targeted cultural associations that are more exposed to funding uncertainty, given the declining trend of public support for culture and the difficulty in putting in place financially sustainable initiatives or to engage private sponsors.

**Podlaskie.** In many cases problems are likely arise in relation to the maintenance of facilities, and even more so in terms of public services such as tourist information offices and websites. Financial sustainability is therefore likely to remain a serious problem for interventions in culture and tourism in this region.

Source: case studies.

Turning to *environmental sustainability*, the evidence from the case studies shows that this aspect has not been usually addressed. This is particularly surprising in the case of Tourism projects. There is a very large research and policy literature on the environmental effects of tourism. This is not reflected in the 2007-2013 programmes.

Only in the Interreg IT-AT case did the contribution of projects to environmental sustainability constitute a specific project evaluation criterion, together with social, cultural and economic sustainability.

8.4 Main drivers and obstacles to the success of the strategies and interventions

The comparative analysis of the case studies also provides some evidence on the main drivers and obstacles to the effectiveness of ERDF strategies and interventions.

The main drivers associated with the success of strategies and interventions revealed by the regional case studies are:

- a strong involvement of local actors (i.e. public, social, economic, experts) from the initial programming phase forwards (this was stressed in Puglia, Interreg IT-AT and Rhône-Alpes);
- the integration of the ERDF interventions with wider regional/national frameworks in culture and tourism (stressed in Puglia, Interreg IT-AT, Rhône-Alpes, and the Madrid mini case studies);
- the use of competitive selection procedures (noted in Interreg IT-AT, Rhône-Alpes, some of the culture and tourism measures of Puglia). The desirability of using a strategic approach in the selection of projects was noted, together with a strong capacity to assess the financial and environmental sustainability of projects;
the individual tailoring of specific forms of support to small private and Third Sector operators to enhance their participation and management capacity;

- the implementation of monitoring and evaluation systems based on the definition of appropriate output and result indicators. The Malta and Podlaskie cases constitute good practice in this respect. Both cases established clear processes for the evaluation of culture and tourism interventions. In the Podlaskie case, the evaluation results were considered in guiding the new programming period. In Malta, the programme foresaw a mid-term evaluation whose results were considered for improving the management and implementation capacity of public bodies involved in the implementation of the programme.

By contrast, the main obstacles faced by culture and tourism strategies and interventions are revealed by the case studies to have been:

- weak integration between culture and tourism interventions, and between these interventions and existing regional tourist products (e.g. Podlaskie);
- distribution of ERDF funds on a non-competitive basis (e.g. Madrid, and partially in Podlaskie where political forces, based on an electoral consensus intervened) hindered the full potential of the ERDF support in these sectors;
- weak ex-ante selection criteria (e.g. Malta, Madrid, Podlaskie);
- limited involvement of private and Third Sector organisations (in all cases), due to low economic returns (especially in the case of Culture), high administrative burdens and long times for reimbursement of expenditures made;
- weak implementation capacity of local actors, and in particular of small social and economic actors (e.g. Puglia, Interreg IT-AT, Rhône-Alpes);
- limited monitoring and evaluation systems that hampered the effective implementation of programmes and projects (all cases).
9. Conclusions and Policy Implications

The aim of this evaluation has been to provide factual and concrete evidence on the intervention logic underpinning ERDF interventions in culture and tourism in the 2007-2013 period, the types of interventions promoted, and their achievements and potential effects for territorial development.

The evaluation has been a pioneering exercise, being the first time that culture and tourism have been directly addressed in ERDF ex-post evaluations. One of the main challenges encountered was the lack of a universally accepted definition of the Culture sector. Another challenge was that culture and tourism activities overlap to some degree, and parts of the two sectors also fall within other industrial sectors (e.g. transport, distribution, construction, etc).

The findings of the evaluation open up a number of issues on the role of ERDF in culture and tourism, and suggest a range of policy implications that are discussed below.

9.1 ERDF rationales, intervention strategies and expected results

Main findings

Public support for culture and tourism has two justifications. The first is the potential of the sectors to make a contribution to regional development. The second is the need to address a number of important market failures.

Culture and tourism can represent important drivers of regional development thanks to their fast growth rates, their relatively high labour intensity, their place-based nature and high multiplier income and employment effects. The performance of these sectors in supporting regional development varies greatly across the regions of the EU, not only in relation to existing socio-economic conditions, but also to the strategic and innovation capacity of public and private institutions and operators.

However these sectors also present some challenges for territorial development. They are rather unstable over time, and they are heavily dependent on public funds with the risk of strategies being held hostage to political pressures. In the case of Tourism, environmental sustainability is also a relevant concern especially for those regions highly dependent on the sector.

Finally, recent developments in both sectors (e.g. the emergence of creative industries, the new forms of consumption and the emergence of new global players, the digitalisation of culture and tourism markets and industries, etc) is generating new challenges which need to be addressed by public policies, and by finding innovative solutions and practices.

Turning to the market failures case for intervention, the key market failure is the reliance of the two sectors on the preservation and exploitation of public goods. The main types of public goods involved are heritage, cultural and natural resources, but public infrastructure assets and services (e.g. transport) are also involved. Public goods such as these require an actor super partes to ensure their optimal provision for current and future generations. Tourism is also known to produce important negative externalities (notably adverse environmental impacts), whilst many Culture sector
operators also face difficulties in accessing private financing.

ERDF strategies for culture and tourism during 2007-2013 have generally been closely aligned with national and regional strategies for the two sectors. This is a positive aspect which should reinforce the overall effect of the policy. However ERDF interventions often replicate the existing policy priorities without attempting a more synergistic division of roles.

In the majority of the ERDF programmes analysed, culture and tourism were approached jointly rather than separately. Evidence from our fieldwork also shows that measures related to culture and tourism were often embedded within other broader Programme priority themes focused on urban regeneration & social cohesion, support for SMEs, sustainable transport and other territorial services.

According to the ERDF logic of intervention, programme objectives and expected results should be closely linked to the adopted strategy. In practice however, both our survey of Managing Authorities and the regional case studies undertaken have found a number of cases where the ERDF role and strategy was not clearly defined ex-ante on the basis of an analysis of regional conditions and needs. Moreover, even when such analyses were carried out, the results have not always been used to define the strategy, and the correspondence between the strategy design, the specific objectives and expected results remains rather blurred. This in turn leads to a failure to clearly identify appropriate results indicators to be collected by the monitoring and evaluation systems.

In those cases where there has been a lack of focus at the programming phase, this appears to have been the result of the complex cross-sectoral nature of the two sectors, together with their rapid pace of change. For these reasons, in a number of cases, the Managing Authorities decided to keep the definition of the strategy sufficiently open at the programming phase in order to allow for adjustment and fine tuning during the course of the programming period.

In fact, even though ex-ante strategies were sometimes weakly focused, from the fieldwork it was possible to identify a leading strategy characterizing the implemented programmes. Leading strategies show a focus on economic diversification for both sectors. In addition, in culture the strategies focused most frequently on urban regeneration & social cohesion, while in tourism the focus was more on socio-economic growth, particularly via innovation & competitiveness.

Policy implications

Given the above findings, a number of policy implications can be drawn. The first of these is that regional and national authorities during the programming phase should more carefully consider the possible contribution of culture and tourism to regional development and define more focused ERDF investment strategies in these sectors according to the objectives of Cohesion Policy and the EU priorities in terms of growth and jobs.

The strategy objectives and rationales should be more clearly stated at the outset, and these should be based on a more accurate assessment of the key features and needs of the region, as well as of future demand trends and challenges. The types of interventions to be promoted in culture and tourism, and the role that they should play in the framework of the regional development strategy, should be clearly specified. This would help define where EU interventions are more likely to generate EU added value, and also more clearly identify the expected results of the adopted strategy, including the target population (in particular by distinguishing between local
residents and tourists), the most effective ways to achieve the results, together with the monitoring mechanisms and indicators to be put in place to measure progress in achieving the specified objectives.

As noted earlier, synergies between ERDF interventions in culture and tourism and national/regional programmes, and between culture and tourism and other co-financed programmes are already quite good. There is, however, scope for further improvement. This is necessary in order to avoid the fragmentation of interventions and to overcome the limitations caused by the restricted financial resources available for the ERDF (especially in Competitiveness areas).

Finally, more innovative types of interventions, such as the development of newly-emerging creative industries (e.g. digital media, movies, music, arts, etc.) and new forms of sustainable tourism, need to be more vigorously promoted in order to remain competitive in a context of rapidly changing external conditions. There is proven track record of ERDF support for innovative interventions (e.g. the Regio Stars awards\textsuperscript{50}), which Managing Authorities can build upon. Our fieldwork has, however, shown that in only a few cases (as, for example, in Puglia) have these new developments been explicitly addressed in the strategic programming. Possible reasons are the lack of strategic capacity both in the public and private sector at the regional and local level, and the difficulty of managing innovative projects within the framework of existing ERDF regulations.

The new ERDF legislative framework for the 2014-2020 programming period to some extent addresses the challenges and opportunities we have identified. The new approach to culture and tourism is now more reflective of the horizontal and place-based nature of the sectors since it encourages the incorporation of culture and tourism as part of wider territorial development strategies.

Culture and tourism interventions can from now onwards be supported under the priorities of smart specialization, social inclusion, environmental protection and efficiency, and SME support (with an explicit reference to SMEs in the creative and cultural sectors)\textsuperscript{51}. Within the new regulatory framework, the innovative approach promoted by ‘smart specialization’ lends itself particularly well to encourage a greater use of cultural and natural assets as a source of regional competitive advantage by promoting innovation. Evidence from the experience of newly adopted RIS3\textsuperscript{52} priorities in Tourism\textsuperscript{53}, which include among others the Puglia region of Italy, shows that promoting innovation in Tourism can successfully build on the discovery of new niches for diversification. This in turn promotes a more sustainable and resilient Tourism sector, one which is also more closely linked to other sectors (in particular Culture and creative industries). This new approach can not only support more innovative and

\textsuperscript{50} The objective of the Regio Stars Awards was to identify good practices in regional development and to highlight original and innovative projects which could be attractive and inspiring to other regions. See http://ec.europa.eu/regional_policy/it/regio-stars-awards/.


\textsuperscript{52} Research & innovation strategies for smart specialisation.

\textsuperscript{53} See A. Rainoldi, 2015, Tourism as a Priority for Smart Specialization, a presentation delivered at OPEN DAYS 2015 http://www.odyays.eu/odyaysPublic/list.
experimental types of investment, but also build up local partnerships and encourage a broader involvement of local actors.

This new approach however calls for a clearer declination in the Operational Programmes of the types of culture and tourism interventions to be financed under the different priorities, their contribution to territorial strategies, and the mechanisms expected to be triggered in order to address the selected investment priorities.

9.2 Key features of ERDF interventions

Main findings

In the 2007-2013 programming period ERDF Operational Programmes allocated some EUR 14.4 billion in direct support for investments in the culture and tourism sectors. This value underestimates the total ERDF amount allocated to the two sectors as some interventions aimed at enhancing culture and tourism have been classified under other ERDF categories depending on their specific nature (e.g. SME support, transport, urban regeneration, etc).

There are very large differences in ERDF allocations to culture and tourism across different EU countries and regions, and between the EU Priority Objectives, in part explained by different initial conditions and strategies. The incidence of allocations to the two sectors is particularly high in Cross-border programmes and shows a greater concentration in urban areas than the ERDF as whole, especially in the case of Culture sector interventions.

Another important feature of ERDF support for culture and tourism is that more than 90% was distributed in the form of grants. Even in profit-based sectors such as ‘Hotels & Restaurants’, the majority of support was in the form of non-repayable grants.

Turning to the manner in which ERDF interventions have actually been undertaken in the two sectors and to the nature of the beneficiaries, two main findings which have important policy implications stand out.

The first is that ERDF interventions are still largely focused on infrastructure investments. This is particularly the case for Culture sector interventions, where only a small number of the Operational Programmes have been providing support to private initiatives in the creative industries. In Tourism, although physical investment was again the most frequently cited category of interventions, most Operational Programmes also targeted a wider range of activities than was the case for Culture. These activities included territorial marketing, support for private sector businesses, recreational activities, and the upgrading of hotels and restaurants.

The second main finding is that beneficiaries in both sectors are mainly municipalities and other public bodies, while public and private partnerships are infrequent, even if often encouraged. Individual SMEs (in the case of Tourism) and Third Sector organisations (in the case of Culture) are the beneficiaries of the (scarce) interventions supporting ‘creative industries’ in the Culture sector and ‘private initiatives’ in the Tourism sector. The regional case studies have shown that the dominance of public sector beneficiaries may have had negative effects such as the deliberate over-scaling of infrastructure projects with weak longer-term financial sustainability.

Policy implications

The findings have revealed some important issues for future programmes: (a) how to
move from ‘hard’ physical investment interventions to softer types of interventions, (b) how to involve more private and Third Sector organisations in the co-financing and implementation of culture and tourism interventions, and (c) how to move from grants to more indirect and repayable forms of assistance.

The high incidence of infrastructure interventions is a particular feature of the Culture sector. There appear to be two main reasons for this. One is the need to protect and restore important historical and cultural heritage assets, particularly in Convergence regions where little investment has been carried out in the past and national and regional resources have been dramatically reduced by the post-2008 economic crisis and austerity measures. While excessive infrastructure interventions is not normally viewed as a positive thing, it should be noted that by helping regions in the 2007-2013 period to cope with the post-2008 crisis, the use of ERDF funds may well have produced value added for Europe as a whole and not only for the individual region.

A second reason for the focus on infrastructure is the still scant awareness and responsiveness of ERDF programmes to new, emergent and growing needs in the Culture sector. ERDF funding to date has provided only limited support to interventions that can be labelled as ‘creative industries’. There has also been a low number of Culture interventions in 2007-2013 focused on innovation and economic diversification. There is thus the need for an improvement in the capacity of national and regional authorities to address cultural investments and to support a staged approach to investment in Culture, with cultural infrastructures, once secured, representing the base from which to develop new investments in innovation.

The need to move from large physical investment interventions to softer types of interventions is acknowledged in the ERDF regulation and guidance documents for 2014-2020. According to these documents, ERDF physical investments in culture and tourism should be limited to small-scale and sustainable infrastructures that are part of territorial development strategies.

The weak involvement of private businesses and Third Sector organizations in ERDF interventions is a second crucial issue which needs to be addressed. One explanation for this finding is that smaller private sector firms and Third Sector organisations rarely have the resources and administrative capacity to manage complex, financially sustainable projects. This is particularly the case for infrastructure projects. Difficulties in complying with ERDF administrative regulations were also frequently cited.

In the case of culture, another explanation is that many projects, and particularly infrastructure interventions, are high risk investments and may not be financially sustainable in absence of public support. In addition, as noted earlier, some culture and tourism assets are public goods and thus require an actor super partes to ensure their optimal provision for current and future generations.

Despite these inherent obstacles, our review of international experience has shown that it is possible to create public-private partnerships in the Culture sector and that there can be other forms of financing such as donations, fund raising and venture capital, users’ fees, etc. that could be activated. More generally, the challenge is to provide a regulatory framework that incentivises entrepreneurship in these sectors, and supports innovation and competitiveness.

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54 Draft Thematic Guidance Fiche for desk officers. Tourism – 19/3/2014
Among the actions that could be adopted to increase private and Third Sector participation and financial sustainability are the following: (a) supporting new forms of co-funding for culture and tourism infrastructure and services projects, (b) ‘risk funds’ or similar financial support mechanisms to sustain operators in case of financial difficulties during implementation; (c) using intermediate bodies (such as development agencies) who are better able to engage both SMEs and big companies in culture and tourism interventions; (d) enhancing partnerships between large and small operators and among small operators themselves; and (e) providing technical assistance to potential beneficiaries in order to increase the capacity of smaller actors to participate in tenders.

Turning to the administrative burden, the regulatory framework of Cohesion Policy is widely seen as being rather cumbersome, combining European and national regulations, so that private operators sometimes prefer simply not to apply for ERDF funding. Although there may be scope to simplify some regulations, it must be remembered that these regulations are there to protect the taxpayer, and to support transparency and competition. A better way forward, therefore, is probably to increase the support to private and Third Sector operators in order to improve their capacity to comply with the regulations.

The new ESIF legislative framework for the 2014-2020 programming period to some extent addresses these challenges. It provides for the development of simplified cost options, e-governance modes, clearer eligibility rules and new financial instruments. All measures that however require the capacity of Managing Authorities to adopt and implement them.

9.3 Governance and implementation systems

Main findings

Concerning governance models, the case studies revealed different approaches according to the particular strategy aims, the types of intervention and the institutional frameworks. In particular, two main models can be derived from the case studies which differ in terms of the degree of participation of local stakeholders in all the phases of the policy cycle. Bottom-up, participatory approaches were more common when the activation and participation of local actors was an essential prerequisite for successful culture and tourism strategies (as in the Puglia case study). Conversely, top-down, centralized approaches were more often adopted when large infrastructure projects were to be implemented (as in the Podlaskie and Malta case studies).

As for selection procedures, our fieldwork results showed that ERDF culture and tourism projects have been generally selected through a mixture of competitive and non-competitive procedures, with direct appointment procedures more frequently chosen for public bodies, while negotiated procedures were more common in the case of consortiums of beneficiaries (i.e. private, public or mixed).

Turning to selection criteria, the survey of Managing Authorities showed that financial robustness and technical quality were the key, and most widely applied selection criteria. However future financial sustainability and inherent quality of the selected project (including innovativeness and capacity to respond to local needs) were often overlooked or difficult to assess. This suggests that the selection process was often governed more by an administrative and compliance-driven mind-set, rather than being used as a scouting process for promising projects coherent with programmes’ objectives. The adopted criteria have been thus often ineffective for selecting financially sustainable projects because they were not linked to appropriate
assessments of future demand trends and financial sustainability.

**Policy implications**

The case studies have shown that the chosen governance model must be consistent with both the type of strategy to be implemented and with the institutional context. As some of the case studies (e.g. Madrid, Interreg IT-AT, Puglia) reveal, involving local actors has been useful for better tailoring the culture and tourism strategies to the local needs. This is the case particularly for culture, when social cohesion is one of the strategic goals.

To be effective, participatory approaches need to be accompanied by capacity building interventions focused both on managerial and sector specific aspects. As discussed previously, local actors often lack the capacity to manage the complexity of these policies and ERDF funds. Technical assistance and capacity building is thus often necessary for regional and local operators and Managing Authorities. By supporting capacity building, Cohesion Policy could also contribute to social capital formation and partnerships in the two sectors.

The new ERDF legislative framework for the 2014-2020 with its emphasis on a results orientation has clear implications for selection criteria, while the innovative delivery mechanism of Community-led local development (CLLD) programmes offers an interesting institutional framework to build local partnerships for results-oriented local development programmes. In addition, the new regulations strongly promote a multi-level governance approach\(^{55}\), with a stronger role for partners in both planning and implementation through the adoption of a European Code of Conduct on the Partnership Principle\(^{56}\).

Turning to selection criteria, progress here will require the adoption of an approach based on the alignment of the projects with the Programme’s operational objectives, as well as their expected effectiveness and sustainability. It would also be helpful to improve the Managing Authorities’ capacity in taking selection decisions by involving experts in the evaluation of the proposed projects’ business plans, their costs-effectiveness and future financial and environmental prospects. This would also help in the definition of more effective monitoring systems.

### 9.4 Monitoring, evaluation and achievements to date

The evidence collected suggests that monitoring and evaluation procedures have improved in the 2007-2013 programming period compared with previous ones. In addition to indicators for financial and physical implementation, programme-specific indicators (for both culture and tourism) and common core indicators (for Tourism only) have been developed and used.

The evaluation has, however, highlighted a number of areas where further progress in monitoring and evaluation would be beneficial in order to support the assessment of

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55 Regulation (EU) No 1303/2013

[link](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2013.347.01.0320.01.ENG)

56 The European Code of Conduct on the Partnership Principle sets common standards to improve consultation, participation and dialogue with partners during the planning, implementation, monitoring and evaluation stages of projects financed by all European Structural and Investment Funds (ESIF). In addition the use of community-led local development approaches is possible (CLLD) based on consultation of local citizen organisations. See:

[link](http://ec.europa.eu/social/main.jsp?catId=89&langId=en&newsId=2019&furtherNews=yes)
implemented measures and their achievements, and to make comparisons across different Operational Programmes possible.

In particular, there are still no common indicators for Culture, there are differences across Programmes in the way interventions are classified, and in the way core and programme-specific indicators are measured and reported. In addition, targets have sometimes not been realistically set, and data collection and monitoring systems are generally limited to output indicators, while results indicators are not always considered or they do not cover all elements of the strategy. Follow-up monitoring systems on the projects supported have rarely been implemented in order to assess their actual sustainability and effectiveness.

Thematic evaluations on the effectiveness, value added and sustainability of ERDF intervention in culture and tourism are still very limited in number, even though one interesting evaluation has been carried out in the Podlaskie case study region, and one is ongoing in Malta.

These monitoring and evaluation problems are, of course, not solely confined to culture and tourism. However, in the case of culture and tourism the definition and measurement of appropriate indicators is particularly problematic, due to the sectors overlapping with other sectors (in particular transport) and, in the case of Culture, it being a relatively new sector of intervention suffering from the lack of an accepted definition and of reliable data and indicators.

Achievements to date emerging from the monitoring data and our own fieldwork show that interventions in culture and tourism exhibit project completion rates which compare well with the ERDF average. The survey of Managing Authorities has, however, revealed lower than expected project completion rates not only for infrastructure projects, but also for private initiatives in the creative industries and in the Tourism sector. Evidence from the case studies suggests that the fragmented nature of many projects is a key reason for these problems, coupled with a limited capacity within beneficiaries to address ERDF administrative procedures.

**Policy implications**

In our opinion, the strengthening of the monitoring and evaluation systems requires a greater focus on results rather than on the disbursement of funds, as well as a clearer orientation in terms of value added, effectiveness and sustainability. A better use of result indicators should help to provide a better understanding of the impact of Structural Funds’ interventions in culture and tourism on territorial socio-economic development and job creation.

A stronger institutional learning process would be helpful to further improve the monitoring and evaluation systems. This could be supported by the definition and dissemination of specific guidelines, the development and diffusion of relevant data and indicators at the European and national/local levels, an improved exchange of good practices, and the provision of greater technical support to Managing Authorities in defining targets and monitoring systems for co-financed interventions. Specific investments both at the European and national/regional level are needed in this respect.

At the EU level it would be useful to promote more research and exchange of good practice on possible solutions to the evaluations and monitoring challenges related to ERDF culture and tourism interventions. More resources earmarked for data collection and the use of existing longitudinal administrative data for monitoring and evaluation purposes could support Member States in developing better statistical systems.
The establishment of common indicators could be used to incentivise a greater attention by Managing Authorities to monitoring aspects considered important at the EU level. For example appropriate common indicators for culture and for sustainable tourism could be identified and the collection and submission of these indicators should be made mandatory for programmes with allocations in these sectors, accompanied by clear guidelines on how to define and measure these indicators within the monitoring systems.

A further welcome step would be to improve the existing guidelines on how to classify culture and tourism categories of intervention. This could be done either on the basis of the intervention’s strategic aim or of its nature.

At the national and/or regional level, it is the Managing Authorities that are best placed to define an appropriate set of programme specific output and results indicators for culture and tourism. This requires that expected outputs and results be clearly defined together with appropriate indicators in the programming phase, and that they be continuously monitored during the programme life.

In order to support the collection of data and indicators at the project level, one way might be to make reporting by beneficiaries mandatory for the reimbursement of expenses, whilst simultaneously supporting beneficiaries in their monitoring activities, particularly for smaller ones in the private sector and Third Sector.

Turning to evaluations, thematic evaluations on ERDF contributions to culture and tourism would ideally become mandatory for those programmes significantly investing in culture and tourism and for large projects likely to introduce major changes in the local economy. These evaluations should be carried out by external evaluators.

There already exist a wealth of data and methodologies that could be adopted for such evaluations (as shown, for example, by the evaluation carried out in the Podlaskie case study region). Evaluations could be based on quantitative methods (e.g. counterfactual, cost-benefit analysis, etc.) or more qualitative assessments, including perceptions of stakeholders and willingness-to-pay techniques. It is, however, important to maintain flexibility in the methodologies used as long as scientific rigour is assured.

European Commission and national monitoring/evaluation bodies could support the exchange of evaluation methodologies and results for culture and tourism interventions, as well as support capacity building among Managing Authorities in the selection of evaluators and in the identification of evaluation questions.

The new ERDF legislative framework and guidance documents for the 2014-2020 programming period to some extent address these issues.

The need for a greater emphasis on identifying and measuring results in the current 2014-2020 programming period is emphasised in the guidance document on monitoring and evaluation for the European Cohesion Fund and the ERDF (European Commission, 2014b)57. This document underlines the need for a clearer articulation of the policy objectives compared to previous programming periods. Only with clearer policy objectives will it be possible to identify better output and result indicators and “move away from excessive focus on the absorption of funding” (p.2). The guidance document also identifies the need for a better specification of differences in tasks.

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between monitoring and evaluation, as well as the desirability of greater methodological rigour.

Common output indicators are now mandatory where they are relevant for the programme, and they also have to be complemented by programme-specific output and results indicators. The list common indicators provided by the ERDF regulations now includes a specific indicator for ‘sustainable tourism’58. This is defined as the estimated increase in number of visits to supported sites of cultural or natural heritage in the year following a project’s completion. The individual Managing Authorities are expected to set the methodology for estimating the expected numbers based on proper demand analysis. We think that EU guidance is however necessary in order to ensure comparability across programmes.

Examples of possible programme-specific result indicators are proposed by the guidance documents for ERDF support to culture and tourism59. These vary with the particular thematic objectives to which culture and tourism interventions contribute.

9.5 ERDF effectiveness, value added and sustainability

Main findings

Evaluating the effectiveness, value added and sustainability of ERDF interventions in culture and tourism remains at this stage very difficult. This is partly because the full effects take time to unfold and many of these interventions, particularly in Culture, are quite new. Moreover, ERDF activities in culture and tourism are usually integrated within wider national and/or regional strategies making it difficult to disentangle ERDF-specific effects and value added.

Some mainly qualitative evidence on effectiveness and value added has emerged from the regional case studies. Taken together, this evidence suggests that while the effectiveness and value added of ERDF interventions is perceived as positive, future sustainability remains a problem because most of the implemented actions appear still largely dependent on public funding.

Many of the regional stakeholders interviewed as part of our fieldwork identified the main ERDF value added being in the form of support for the implementation of infrastructures and services. In this respect, ERDF is seen as having played a valuable compensating role in the context of limited national and regional resources due to the post-2008 economic crisis and associated austerity measures. The regional case studies also produced evidence that the ERDF had contributed to increases the demand for cultural products and the creation of additional tourism destinations.

The case studies also produced evidence for a number of more indirect effects of ERDF interventions. One set of these was produced by leverage effects leading to increases in the value of properties and business activities in surrounding areas. Another set was associated with an improvement in the strategic and administrative capacity of local actors in culture and tourism. This was widely considered to have been an important


value added of the 2007-2013 ERDF programmes. ERDF interventions appear to have triggered modernisation processes within territorial administrations by encouraging the diffusion of standards of 'good governance' and policy practices such as partnership building, multi-annual programming, place-based approaches, as well as the implementation of better monitoring systems, and cross-border cooperation.

As for future sustainability, the evidence from the case studies shows that most of the promoted interventions are large-scale infrastructure projects and services that remain heavily dependent on public funding for their maintenance in the future. Financial sustainability is more of a problematic issue in Culture than is the case for Tourism. This is partly the result of a weak interest of the private sector in Culture sector projects that do not have an immediate economic return.

The evidence from the case studies also shows that environmental sustainability has not usually been addressed. This is particularly surprising in the case of Tourism projects. There is a very large research and policy literature on the environmental effects of tourism. Only in the Interreg IT-AT case did the contribution of projects to environmental sustainability constitute a project-specific evaluation criterion, together with social, cultural and economic sustainability.

**Policy implications**

The evidence from our fieldwork survey and case studies shows that there is a pressing need to improve attention to the value added by EU interventions, together with their effectiveness and sustainability over time in all the phases of the policy cycle.

This is going to be even more necessary in the 2014-2020 programming period. The new ERDF legislative framework stresses, among others, that Member States shall concentrate support on those interventions that bring the greatest added value in relation to the EU 2020 strategy for smart, sustainable and inclusive growth. In line with the additionality principle, the legislative package for the ERDF in 2014-2020 encourages support for sustainable tourism, culture and natural heritage where these contribute to employment-friendly growth, and where they supplement and reinforce the territorial development strategy. However, it is also recognized that ERDF funding cannot simply replace national budgets in terms of maintenance of cultural heritage or large scale tourism infrastructures.

Ensuring the sustainability of supported interventions requires on the one hand a greater attention to sustainability in the choice of selection criteria, and on the other hand the promotion of more public-private partnerships and new forms of financing (e.g. fund raising, donations, venture capital, users' fees, merchandising, etc.).

To conclude, the findings of the evaluation when taken as a whole have opened up a number of issues on the role of ERDF interventions in culture and tourism for territorial development. The new regulatory framework for Cohesion Policy in 2014-2020 addresses some of these issues. Particularly welcomed is the recognition of the need to support an approach to culture and tourism more focused on their horizontal and place-based nature and in supporting more sustainable culture and tourism projects as part of territorial development strategies. In order for this more result-oriented, integrated and partnership-based approach to work it is necessary that proper implementation tools be developed as well as an effective monitoring and evaluation system and support to capacity building for Managing Authorities and operators in the culture and tourism sectors.
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