

TRAFEO

Promoting Cultural Life in Rural Regions

Recommendations for
Transforming LEADER

Recommendations Overview

Culture is central to social cohesion. It connects people, creates a sense of belonging and promotes understanding of how we as a society want to live together. Culture also helps us navigate through times of crisis, such as the Corona pandemic. In addition, a lively cultural offering provides essential support for the socio-economic development of rural regions. This strengthens our conviction that regional cultural life needs a stable and supportive framework at regional, national and European level.

The EU funding instrument LEADER pursues a broad approach to regional development and focuses equally on cultural, ecological, social and economic aspects. It is therefore a very useful instrument that needs only slight practical adjustment to be used effectively in regional cultural promotion. We would like to take the ongoing coordination on the makeup of the individual funding objectives within the next EU budget as an opportunity to make the following recommendations for readjusting this instrument. They were developed in cooperation with the Federal Working Group of LEADER Action Groups in Germany (BAG LAG) and in exchange with regional managers and ministry representatives from eight German states.

The European regulation of LEADER should enable non-investment cultural projects to

- ① allow practical application,
- ② abolish pre-financing,
- ③ reduce the processing time.

When implementing funding for non-investment cultural projects, German federal states should

- ④ use the advantages of regional budgets in the long term,
- ⑤ introduce nationwide practice-oriented regulations for LEADER funding.

LEADER regions should lay the foundations for cultural promotion by

- ⑥ promoting the participation of cultural operators in the decision-making body of their LAG,
- ⑦ opening the development strategies of their LAGs to the promotion of art and culture.

Why LEADER?

Through LEADER, the European Union has created a funding instrument that gives the regions a unique freedom of action and design. As a drive for private commitment in the regions and thus for regional development, LEADER has been contributing to the creation of stable, regional networks of various interest groups for more than 20 years. No other EU program has the potential to pursue such a broad approach to regional development. Thus, through LEADER, the EU addresses citizens directly and makes the otherwise quite distant institution very tangible through a bottom-up approach.

LEADER can be a unique support instrument for cultural projects. So far, however, in many regions the highest amounts of funding have been allocated to investment measures in cultural locations and infrastructures. These investments are essential, but only cover part of the cultural needs. Non-investment social and cultural projects, such as festivals or youth projects, are rarely supported in LEADER, although they are crucial for the quality of life and social cohesion in the regions.

However, administrative stumbling blocks arise in the application process: in the design of LEADER at the European level, in the implementation at the federal level and in everyday practice in the federal states. Particularly for smaller associations and projects, the administrative and capital expenditures represent large obstacles. Therefore, if one wants to promote more non-investment project work at regional level in LEADER, it is necessary to adapt some basic conditions of LEADER funding.

The following paper gives recommendations from practical experiences in cultural funding for a change in LEADER for regional cultural funding on the different levels entrusted with LEADER: the EU, the Federal Government, the Länder and the regions. The aim is to ensure a lively cultural life. We would like to fill the cultural centers with a diverse range of offers so that culture can work its central effect in rural areas, namely to bring people together. These recommendations have been developed with a focus on the differences that exist both between practical cultural- and LEADER funding, as well as the needs of the cultural sector, and the administrative burden associated with LEADER funding.

Recommendations for the EU-Level

The three basic obstacles to the promotion of non-investment project measures in LEADER are to be resolved.

① Enable practical applications

So far, promotion in LEADER presupposes a definition of the measures and associated costs already at the time of the application. For the application, the content must be locked in place, and cost quotations must be submitted. This contradicts the dynamics of artistic and cultural projects, which should allow for further content development during the implementation of the project.

Recommendation

Similar to cultural funding, it should also be possible for non-investment cultural projects in LEADER to allocate funding on the basis of a comprehensible concept and budget planning. Here, regional management can act as a “translator” between the cultural actors and the approval- and audit authorities. Final cost determinations are thus made only once with the submission of the proof of use (including proof of requests for proposals) and is checked within this framework.

Further orientation can be provided by the General Auxiliary Conditions for Grants for Project Funding (ANBest-P), which describe a similarly process-oriented and flexible framework. An expert commission can be convened to check the plausibility of the budgeted costs when the application is submitted.

Good examples:

The Learning Cultural Region has convened an evaluation commission for the LEADER regions Brenzregion, Jagstregion, Mittlere Alb and Oberschwaben.
www.lernende-kulturregion.de

② Abolish pre-financing

Projects supported in LEADER usually have to be completely pre-financed. Prefinancing to this extent is not affordable, especially for smaller institutions or associations. However, if one also wants to support smaller projects and events in LEADER, it is important to make financing available to the project carriers during the project process.

Recommendation

LEADER should allow project promoters to allocate part of the funding in the form of regular calls for funds on the basis of simple requests or prompt disbursements on the basis of interim accounts. In cultural funding, only a retention of approx. 10% of the total funding amount is common practice.

Good examples:

In Brandenburg, costs incurred in the project can be submitted in LEADER every two months and paid out within approximately ten days. This is possible because the same institution and processing department is responsible for the approval and accounting of a project. In North Rhine-Westphalia or Rhineland-Palatinate several calls for funds can be submitted in LEADER per year. In Saxony-Anhalt partial payments are not excluded.

③ Minimize processing times

Often a long time passes between the time of application in LEADER and the approval of the project. However, especially in a cooperation with volunteer participants, commitment falls when too much time passes between conception to realization. Furthermore, the bureaucratic effort and accounting of funds in LEADER is so high that it is often only worthwhile to apply for larger projects. Thus, if one wants to also promote smaller projects, honorary initiatives and civic commitment in LEADER, the process from the request to approval must be streamlined.

Recommendation

LEADER should provide for an early start for non-investment cultural projects, so that project implementation can begin after a positive funding decision has been made, before the official notice of approval is issued.

Good examples:

In Baden-Württemberg, after the positive decision of the LAG, the project executing agency may start the implementation, but at its own risk, since the legal approval of the funds is only given when the approval is granted.

Recommendations for the Federal States

The promotion in LEADER is handled differently by the federal states, likewise not all countries use the option of a regional budget. If one wants to improve the promotion of non-investment projects, one must consider the interests of small institutions, volunteer structures as well as artistic and social project work through harmonized implementation.

④ Permanently using the advantages of regional budgets

The bottom-up principle in LEADER and the well-networked regional managements offer many opportunities. Until 2023, in some states, regional managements that have taken care of LEADER funding have an additional regional budget of 200,000 euros available, with which they can allocate funding to small projects up to 20,000 euros. These funds can also be used to support non-investment cultural projects, in particular projects by voluntary initiatives and associations.

Recommendation

All federal states should support smaller projects through the regional budgets and also keep the funds for non-investment projects open. The application process should be as unbureaucratic as possible. Regional management should be supported in the implementation of small-scale project funding, as this involves increased administrative and consulting costs.

Good examples:

The regional budget from federal funds is currently offered in eight federal states. Some regions already use it to support non-investment small cultural projects. Approval and disbursement for these go through the regional management and are processed more unbureaucratically than with LEADER. However, some federal states e.g. Bavaria and Rhineland-Palatinate, place national funds for promotion of small projects for the support of the citizen engagement at the LAG's disposal.

⑤ Introduce uniformly practice-oriented regulations for LEADER funding

Particularly in the following aspects:

5.1 Reduce own contribution for non-investment projects

The own contribution, which is necessary with a LEADER promotion, varies in the federal states. Frequently, an own contribution between 40% and 70% of the gross costs must be brought in. Such a high own contribution is often not affordable, especially for smaller institutions and voluntary structures, but also for smaller communities. Additional public funds or sponsorships do not reduce the own contribution. Likewise, own services cannot be credited to the own contribution.

Recommendation

The federal states should raise the subsidy rates for non-profit initiatives and associations in LEADER—if possible, harmonized—and recognize verifiable work achievements as own contribution, in order to reduce the financial own contribution and promote honorary commitment.

Good examples:

In Lower Saxony, Rhineland-Palatinate and Saxony, the LAGs can determine the funding levels themselves. Thus, an 80% subsidy with EU funds is possible.

In Thuringia, own contributions to LEADER micro-projects are recognized as a share of the own financial contribution. Recently in Rhineland-Palatinate purpose-bound donations for non-profit projects and associations can be evaluated like own resources.

In Baden-Württemberg, too, the project management organization can receive donations and sponsoring funds in its budget and thus declare them as its own contribution.

5.2 Make value added tax eligible

On the part of the EU, VAT is eligible for funding in the current funding period for project sponsors who are not entitled to input tax deductions. Non-profit and public project sponsors in some federal states must nevertheless finance the VAT themselves in addition to their own contribution, as this is not eligible for funding. Particularly, this excludes non-profit initiatives from funding.

Recommendation

The federal states should make the value added tax in LEADER projects eligible for funding for public and non-profit project sponsors who are entitled to input tax deductions.

Good examples:

The scheme has been implemented in Brandenburg, Lower Saxony, North Rhine-Westphalia, Saxony and Thuringia, among others.

5.3 Recognize contributions to the artists' social security fund as project costs

Overhead costs in project funding are usually earmarked for material and office costs in conjunction with personnel costs. However, contributions to the artists' social security fund (KSK) are usually considered part of these costs in LEADER and cannot be accounted for separately. In projects in which a high proportion of artistic fees is provided for, the overhead flat rate is thus already completely used for KSK contributions and is therefore not available for further overhead costs.

Recommendation

Contributions to the artists' social security fund are to be decoupled from overhead costs so that they can be accounted for as an independent item. An increase in the flat rate related to personnel costs would be a possible alternative.

Good examples:

In Baden-Württemberg, contributions to the artists' social security fund can be applied for and accounted for as an independent cost item.

5.4 Allow subsequent income to benefit the projects

If income is added to a LEADER-funded project after approval, it may reduce the funding and cannot be used for additional measures. However, if one wants to create an incentive for sustainable commitment, successful initiatives should have the possibility to use any additional funds raised for their work.

Recommendation

Subsequent income should not be deducted from the grant.

Good examples:

In Baden-Württemberg, subsequent income from projects that are not relevant under state aid law can only be deducted from the eligible expenses if the total eligible costs exceed 50,000 euros.

Recommendations for the Regions

In 2021 the EU will start a new funding period. Regions can apply for participation in LEADER throughout Germany. If the regions want to promote more artistic and cultural project work in LEADER in the future, they should strengthen the participation and activities of the cultural sector in the Local Action Group (LAG).

⑥ Involve people from the regional cultural scene in the LAG's work

Recommendation

Artists and cultural actors appointed to the decision-making body of the LAGs, and those who can be recruited as members or workers for advisory board bring the concerns and issues of the cultural actors to the work of the LAGs. Through a permanent cooperation with the cultural offices and cultural promoters of the region, existing funding instruments can be coordinated. Also, a dialogue with the cultural actors can be opened about the contribution of cultural and artistic projects to the topics of regional development and how the sustainability of successful projects can be determined and supported.

In the upcoming funding period it will also be important to pay more attention to resource-saving working methods when implementing projects. This aspect should be weighed more heavily as an important criterion in the selection of projects eligible for funding.

⑦ Include art and culture in the new development strategies of the LAG

Recommendation

If LEADER funding and the regional budget are to address artists and cultural actors, the regions should make sure that art and culture are anchored in their local development strategy as an independent field of action or development objective—independent of other objectives such as the revival of tourism.

Good examples:

In the regional development concept of the LEADER region Middle Alb the topic “social and cultural life” is one of three fields of action.

www.leader-alb.de

Parties involved

The recommendation paper is based on four years of experience in funding cultural projects in LEADER within the project Learning Cultural Region Swabian Alb. It was developed in cooperation with the Federal Association of LEADER Action Groups in Germany (BAG LAG) and in exchange with regional managers and ministry representatives from eight German states.

Involved in this were:

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- Judith Bildhauer, Ministry of Science, Research and Art Baden-Württemberg / former project manager | TRAFO-Project “Learning Cultural Region Swabian Alb”;
- Antje Böttger, Contact person in the state administration office for LEADER/CLLD | Department of Agriculture, Rural Areas, Fisheries, Forest and Hunting Sovereignty | State Administration Office Saxony-Anhalt
- Samo Darian, Programme Director | TRAFO – Models for Culture in Transformation
- Mareen Rosenkranz, EU administrative authority for the ESI funds EU-VB-ELER | Ministry of Finance of Saxony-Anhalt
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