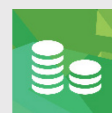


Special Report

EU investments in cultural sites: a topic that deserves more focus and coordination



EUROPEAN
COURT
OF AUDITORS

Contents

	Paragraph
Executive summary	I-VIII
Introduction	01-11
Audit scope and approach	12-16
Observations	17-93
The existing framework for EU investments in cultural sites lacks focus and coordination is limited	17-51
The strategic framework for EU action in culture is complex and only partially reflected in EU funding	17-24
The Commission has developed several initiatives that can promote cultural sites, but coordination with funding arrangements is limited	25-36
The ERDF is a structuring instrument for Member States' investments in cultural sites, but such investments are not treated as a priority for the ERDF	37-51
Mixed effectiveness and sustainability of audited ERDF projects	52-93
The completed audited projects were operational, their objectives were mostly economic and it is not always possible to know whether they were reached	55-67
Insufficient attention is given to the sustainability of cultural sites	68-93
Conclusions and recommendations	94-105
Annexes	
Annex I – Overview of general government expenditure on cultural services in 2017	
Annex II – Overview of EU funds with cultural objectives	
Annex III – List of audited priority axes and related operational programmes	
Annex IV – List of audited projects	
Annex V – Overview of the 21 audited selection procedures	

Annex VI – List of the main policy documents relevant for cultural sites

Annex VII – Main features of the European Heritage, the World Heritage and the Cultural Routes labels

Annex VIII – Evolution of the ERDF Framework for investments in cultural sites

Annex IX – Main objectives of the sampled priority axes and their measurement by result indicators

Acronyms and abbreviations

Glossary

Replies of the Commission

Audit team

Timeline

Executive summary

I Most Europeans consider cultural heritage to be important to them personally, as well as to their community, region, country and to the EU as a whole. Culture is a broad concept that includes various activities. In this special report, "cultural sites" means the physical infrastructure where Europeans can experience culture.

II The EU cultural framework is primarily defined by the Treaties. They set an overarching objective for the EU to respect its rich cultural diversity and ensure that Europe's cultural heritage is safeguarded and enhanced. Culture is mainly a competence of the Member States. The Union can only encourage cooperation between Member States and support or supplement their actions.

III We assessed the effectiveness and sustainability of ERDF investments in cultural sites by assessing the suitability of the EU cultural framework, its coordination with funding arrangements and the implementation of ERDF funding.

IV The audit focused on the economic, social and cultural effects of these investments and on the financial and physical sustainability of those sites. We examined the work of the Commission and assessed 27 projects from seven Member States. We also interviewed experts in the area.

V Overall the audit concluded that the current framework lacks focus and needs more coordination to ensure the effectiveness and sustainability of its ERDF investments in cultural sites. We have made the following observations.

VI Regarding the framework for EU investments in cultural sites:

- Culture is not addressed in the EU 2020 overarching Commission strategy. The core EU strategic framework for culture is complex and only partially reflected in EU funding. Translating its objectives into policy making at Member State level remains a challenge, according to the Commission.
- The Commission has been developing several initiatives that can promote cultural sites, but EU cultural initiatives have a limited impact on the availability of EU funds to beneficiaries. The ERDF Regulation has no provisions to benefit cultural sites that participate in an EU cultural initiative. Coordination between the EU funds themselves for investments in cultural sites is also limited.

- At EU level, infrastructural investments are mainly funded through the ERDF, which is an important source of funding for public investments in cultural sites for around one third of Member States. However, investments in cultural sites are not treated as a priority for the ERDF, which supports a different Treaty objective, that of promoting social and economic cohesion. At national level, we found examples of initiatives taken by Member States to finance cultural sites building on private funds.

VII Regarding the effectiveness and sustainability of audited ERDF projects:

- Despite the EU's ambition to increase the social impact of cultural interventions, the objectives of the ERDF OPs and projects are mostly economic. Cultural aspects are the least addressed in the audited OPs and most managing authorities do not even consider cultural aspects as a criterion when selecting projects.
- Project performance could be assessed only for some of the completed audited projects. The projects were operational, but we found several weaknesses in the selection and reporting of indicators that limit the ability to use the reported data to conclude on project performance.
- The ERDF cannot fund the preservation of endangered sites unless the work has an immediate economic and social effect; neither can Creative Europe. The generation of economic impact, often performed through tourism promotion strategies, could be counterproductive to the preservation of heritage sites.
- The audited cultural sites are generally dependent on public subsidies to operate and to finance their investment costs. Revenue generation is not sufficiently incentivised by the current funding framework. The ERDF requirements for revenue-generating projects imply that the higher the net revenues generated by the project are, the less EU support is given. Revenue-generating activities were also seldom incentivised in the selection procedures we audited.

VIII To ensure sound financial management when investing in cultural sites, we recommend that the Commission should:

- (a) Improve the current strategic framework for culture within the remit of the Treaties.
- (b) Encourage the use of private funds to safeguard Europe's cultural heritage.
- (c) Strengthen the financial sustainability of cultural sites funded by the ERDF.
- (d) Take more specific action to preserve heritage sites.

Introduction

Culture and cultural sites

01 Most Europeans consider cultural heritage to be important to them personally, as well as to their community, region, country and to the EU as a whole¹. Culture is also a resource. It has been identified by the Commission as a driver for growth and jobs, an enabler of social inclusion, and an asset for strengthening the EU's international relations². According to Eurostat statistics, the culture sector employed 8.7 million people in the EU in 2018: 3.8 % of total employment³.

02 Culture is a broad concept that includes various activities (e.g. crafts, arts and audiovisual) in different economic sectors (e.g. manufacturing, services and communications). In this special report, "cultural sites" means the physical infrastructure where Europeans can experience culture. We distinguish between heritage sites (ancient historical sites), and new cultural infrastructure (new buildings used to foster art, music, theatre, etc.).

03 EU-level policymaking on culture gained momentum in 2017, with calls for EU leaders to do more in the areas of education and culture⁴. More recently, in its New Strategic Agenda for 2019-24, the European Council committed to "invest[ing] in culture and our cultural heritage, which are at the heart of our European identity"⁵.

¹ "Cultural Heritage", Special Eurobarometer, n°466, survey requested by the European Commission, December 2017.

² Communication from the Commission on "A European agenda for culture in a globalizing world", COM(2007) 242 final, 10.5.2007.

³ Eurostat, "Culture statistics", fourth edition, 2019, p. 64.

⁴ European Council meeting, 14 December 2017, EUCO 19/1/17.

⁵ A new Strategic Agenda, 2019-2024, European Council.

Policy framework

04 The Treaties stipulate that the EU should “respect its rich cultural diversity and (...) ensure that Europe's cultural heritage is safeguarded and enhanced”⁶, and that the EU must support culture in the Member States⁷. The Treaties also define the areas of EU policy action (cultural dissemination, cultural heritage, non-commercial cultural exchanges, artistic and literary creation, external cooperation). They also set a general requirement for actions in other policy areas to take cultural aspects into account, a requirement known as “mainstreaming”⁸.

05 The EU has no legislative competence in the area of culture. Responsibility for policy-making in this area remains with the Member States. In 2017, Member States dedicated 1 % of their government spending to cultural services; in other words, €132 per EU citizen was spent on supporting cultural activities. Of that amount, roughly 15 % was spent on cultural investments (i.e. the acquisition, construction or restoration of cultural assets, including physical work on cultural sites). *Annex I* provides more details on government spending on cultural services and cultural investments across the EU.

06 The framework for EU cooperation on culture is set by the Commission in the form of the European Agenda for Culture. The Commission adopted the first such agenda in 2007⁹; it adopted a new one in 2018¹⁰ (the “New Agenda”). The New Agenda has three strategic objectives.

- Social dimension – harnessing the power of culture and cultural diversity for social cohesion and well-being by promoting cultural participation, the mobility of artists and the protection of heritage.

⁶ Article 3(3) TEU.

⁷ Article 167(1) TFEU.

⁸ Article 167(4) TFEU, “The Union shall take cultural aspects into account in its action under other provisions of the Treaties, in particular in order to respect and to promote the diversity of its cultures”.

⁹ Communication from the Commission on “A European agenda for culture in a globalizing world”, COM(2007) 242 final, 10.5.2007.

¹⁰ Communication from the Commission on “A new European Agenda for Culture”, COM(2018) 267 final, 22.5.2018.

- Economic dimension – support jobs and growth in the cultural and creative sectors, by promoting arts and culture in education, fostering relevant skills and encouraging innovation in culture.
- External dimension – strengthening international cultural relations by making the most of the potential of culture to foster sustainable development and peace.

07 The New Agenda establishes actions to be taken by the Commission and invites Member States to address specific points. Member States define their priorities for EU-level cooperation on culture and working methods through Work Plans for Culture adopted by the Council of Ministers. The latest Work Plan covers the period from 2019 to 2022¹¹.

Sustainability and culture

08 The EU and its Member States are also active in multilateral forums and organisations that address culture and cultural heritage policies, such as the Council of Europe and UNESCO. Most recently, EU Member States committed to pursuing the sustainable development goals developed by UNESCO¹², strengthening the objective of sustainable development set out in the Treaties¹³. The Council also identified sustainability in cultural heritage as a priority for the current Work Plan for Culture 2019-2022.

Governance arrangements at the Commission

09 Currently, responsibility for developing and implementing culture-related policies lies with the Directorate-General for Education, Youth, Sport and Culture (DG EAC). To support EU policy-making on culture, the Commission manages the Creative Europe Programme, which is the sole fund exclusively targeting the EU's cultural and creative sectors¹⁴.

¹¹ Council conclusions on the Work Plan for Culture 2019-2022 (OJ C 460, 21.12.2018, pp. 12-25).

¹² “Transforming our world: the 2030 Agenda for Sustainable Development”, adopted by UN on 25 September 2015.

¹³ Article 3(3) of TEU.

¹⁴ Regulation (EU) No 1295/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Creative Europe Programme (2014 to 2020), OJ L 347, 20.12.2013, pp. 221–237. The Creative Europe also includes audiovisual.

10 Culture related infrastructural investments can only be EU-funded under the European Structural and Investment Funds (ESI Funds). Among the ESI funds, ERDF¹⁵ is the main source of EU funding for investments in cultural sites. The ERDF is implemented by the Commission and Member States in share management. That means that the Partnership Agreements (PAs) and the ERDF operational programmes (OPs) are prepared by the Member States and have to be approved by the Commission.

11 Following the mainstreaming principle, various other EU funds are also available for culture-related projects both within and outside the EU. This means that several Directorates-General are also involved in the actual implementation of a cultural strategic framework through other EU policies and funding instruments (see [Annex II](#)).

¹⁵ Regulation No 1301/2013 of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal (OJ L 347, 20.12.2013, pp. 289–302).

Audit scope and approach

12 Considering the increased attention given to culture at EU level, we decided to carry out an audit on the effectiveness and sustainability of EU investments in cultural sites, i.e. the acquisition, rehabilitation and construction of new cultural infrastructure and heritage sites. To do so, we audited the main EU fund available for those investments (ERDF) and assessed the following aspects.

Part 1: Suitability of the EU cultural framework and coordination with funding arrangements for investments in cultural sites

- The suitability of the strategic and legislative framework in place at EU level for EU-funded investments in cultural sites.
- The coordination of Commission initiatives between financial and policy instruments, in particular with the Creative Europe and EAFRD.
- The coordination of ERDF funding with other EU funds.

Part 2: Implementation of ERDF funding

- The support and guidance given by the Commission to the Member States when adopting partnership agreements (PAs) and operational programmes (OPs) to ensure that the funding of cultural sites brings effective and sustainable results.
- The effectiveness and sustainability of results of ERDF projects on cultural sites.

13 The audit focused on the economic, social and cultural effects of ERDF investments in cultural sites and on the financial and physical sustainability of those sites, and covered the 2007-2013 and 2014-2020 programme periods under the investment for jobs and growth goal, as well as the draft design of the post-2020 programme period.

14 At EU level, we examined the work of the Directorate-General responsible for culture (DG EAC) and the Directorate-General responsible for the ERDF (DG REGIO). At Member State level:

- we visited three Member States (Italy, Poland and Portugal) and performed desk reviews, with a more reduced scope, for four additional Member States (Croatia, France, Germany and Romania). We chose these Member States because they are amongst the major recipients of ERDF support to investments in cultural sites;
- we assessed 14 OPs (see [Annex III](#) for the list of OPs covered by the audit);

- o we audited 27 projects, 15 of them on the spot and 12 by desk review (see [Table 1](#) and [Annex IV](#)). The projects were selected based on a wide range of criteria: amounts spent or committed, type of site (heritage sites or new cultural infrastructures), existence or not of labels and participation in EU initiatives. We also carried out a survey to the beneficiaries of all these projects. All beneficiaries replied. We also audited 21 selection procedures (see [Annex V](#)).

Table 1 – Number and types of projects covered by the audit

	2007-2013		2014-2020	Total
	Heritage sites	New cultural infrastructure	Heritage sites	
Number of projects	10	11	6	27
<i>Of which visited on the spot in:</i>				
- Italy	3	0	2	5
- Poland	1	2	2	5
- Portugal	1	2	2	5
<i>Of which reviewed for:</i>				
- Germany	1	2	N/A	3
- France	0	3	N/A	3
- Croatia	1	2	N/A	3
- Romania	3	0	N/A	3

Source: ECA.

15 Lastly, we interviewed officials of international organisations (UNESCO's World Heritage Centre, Cultural Routes of the CoE, ICOMOS) and the NGO Europa Nostra, as well as 11 national experts in the three visited Member States to get a better overview of the needs and challenges faced by cultural sites, and to identify good practices.

16 We hope that the audit will provide insight into the relevance and effectiveness of the EU's interventions on cultural sites. More generally, we intend for it to contribute to the ongoing debate on the place of culture in the EU.

Observations

The existing framework for EU investments in cultural sites lacks focus and coordination is limited

The strategic framework for EU action in culture is complex and only partially reflected in EU funding

17 An appropriate framework for EU investments in cultural sites is key to maximising the effects of investments on achieving the objectives defined in the framework. A prerequisite is a clear strategic framework for EU action in the area of culture, with strong coordination between the regulatory (i.e. EU funds legislation) and non-regulatory frameworks (i.e. strategies). Objectives should be clearly set based on identified needs and correspondingly measures should be designed. Objectives should be realistic and addressed by appropriate policy instruments and funding. The requirements on stakeholders should be set in line with their competences. Monitoring the framework is essential for assessing progress in achieving objectives.

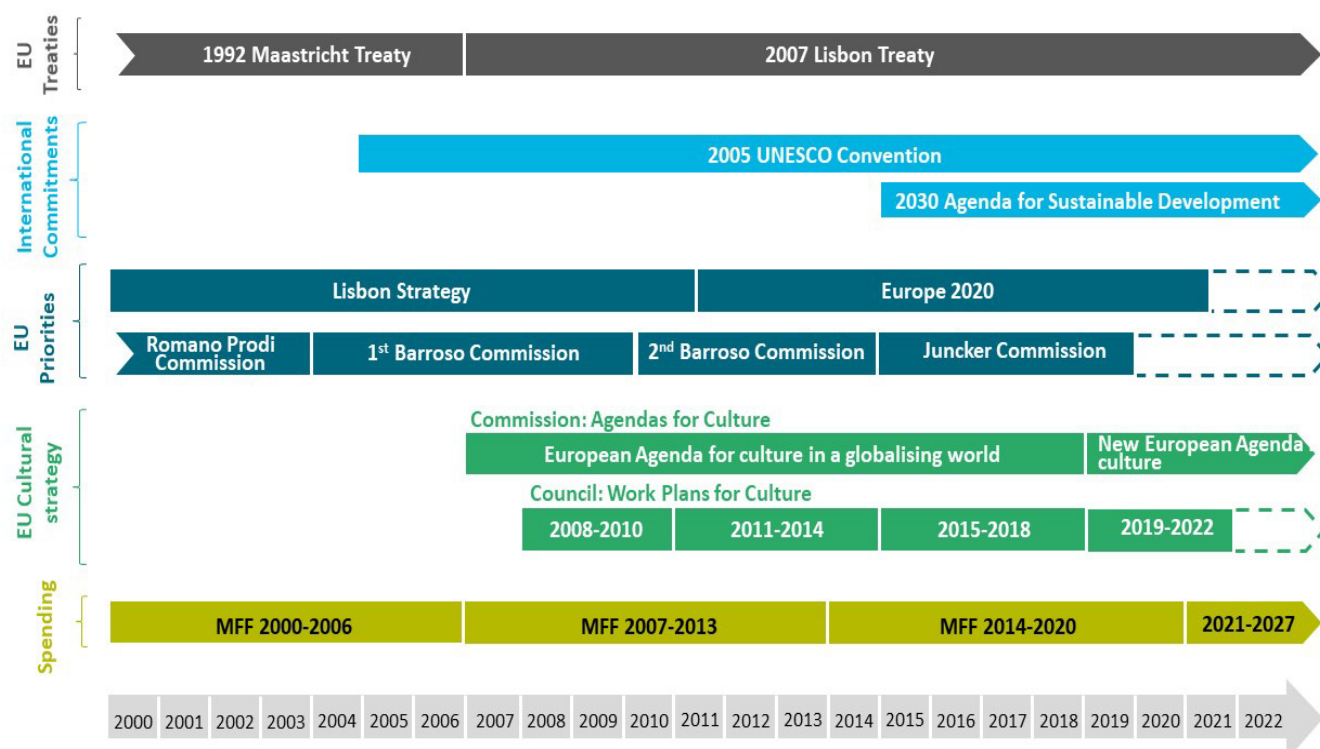
Multiple EU strategic frameworks coexist which impact on EU action in culture

18 The EU's strategic direction has been formulated in ten-year plans (the Lisbon and the Europe 2020 strategies). These plans do not address culture and are also not synchronised with the Commission's five-year terms of office, or with the EU's seven-year cycle of funding periods.

19 Regarding cultural policy making at EU level, the EU has a framework in place that includes several layers of responsibility (see paragraphs [04](#) to [07](#)). At its highest level, the Treaties and the EU's international commitments (e.g. 2005 UNESCO Convention on diversity and cultural expressions) define the framework. It is developed in greater detail in the Commission's Agendas and the Council's four-year Work Plans for Culture; together, these form the EU's core cultural framework. Several documents of strategic relevance complement the framework (see [Annex VI](#)). In a previous publication, we already reported that the coexistence of multiple strategic frameworks, with overlapping periods and objectives, is complex and can be confusing (see [Picture 1](#))¹⁶.

¹⁶ Paragraphs 16 to 18 of ECA Briefing Paper on Delivering performance in Cohesion, June 2019.

Picture 1 – Timeline of events



Source: ECA.

20 The complexity is exacerbated by the coexistence of different players (Commission, Council and Member States) that simultaneously develop and implement cultural action without systematically referring to the Commission's Agendas. Within the Commission, cultural aspects are taken into account ("mainstreamed") in various different policies, with different responsible departments.

The monitoring of the objectives in the Commission's Agenda for Culture is insufficiently developed

21 The main common strategic objectives guiding EU action in the area of culture are set out in the Commission's Agendas (see paragraph 06). Those are not translated into clear operational objectives. Although there are extensive examples of EU measures under each objective, it is unclear what the EU seeks to achieve through these measures. The New Agenda does not have any provisions concerning the monitoring of achievement of the objectives set, or any indicators to measure progress. According to the Commission this is because the Commission and the Member States do not have jointly defined objectives, indicators or targets for cultural policy making. The Commission also does not make use of the indicators available at programme level, i.e. the indicators defined by the different EU programmes, to assess the success of the implementation of the New Agenda.

22 Concerted action with Member States in this area is performed under the Council's Work Plans for Culture through a non-binding, intergovernmental framework for cooperation between Member States called the Open Method of Coordination ("OMC"). According to the Commission, the "channelling of the OMC recommendations into policy making at national and European level remains a challenge"¹⁷. Even though the economic and social objectives of the New Agenda are broadly followed by the cultural policy frameworks of the Member States in our sample, none specifically referred to the New Agenda and only two referred to the 2007 Agenda.

The Commission's Agenda is not taken into account in the main EU funds which provide finance to Culture

23 In terms of EU funding, culture is mainly a means of achieving other EU priorities and objectives (e.g. supporting urban and regional development, enterprise, tourism) rather than a core priority itself. These priorities are tackled through different EU funds. The only EU fund designed for culture is the Creative Europe programme, but it is very small in terms of funding. It allocates roughly €209 million per year from the EU budget¹⁸ for culture across 28 Member States and 8 non-EU countries. This amount is similar to the annual operating costs of some individual cultural sites. For example, the Paris National Opera House had costs of €200.8 million in 2018¹⁹.

24 From the 12 EU funds with the potential to support culture that we analysed, only the Creative Europe regulation refers to the Commission's 2007 Agenda (see [Annex II](#)). The two successive Commission Agendas were established after the multiannual financial frameworks for the ESI Funds were put in place (see [Picture 1](#)) and could not, therefore, be taken into account in the ESI Funds.

¹⁷ Commission report on the "Implementation and relevance of the Work Plan for Culture 2011-2014", COM(2014) 535 final, 25.8.2014, p. 12 and Commission report on the "Implementation of the European Agenda for Culture", COM(2010) 390 final, 19.7.2010, p. 8.

¹⁸ See article 24 of the Creative Europe Programme.

¹⁹ "Annual performance review - Cultural spending", Annex to the discharge bill, France's Finance ministry, 2018, p. 223.

The Commission has developed several initiatives that can promote cultural sites, but coordination with funding arrangements is limited

25 An appropriate framework for EU investments in cultural sites needs effective coordination arrangements between the different policies contributing to the promotion of cultural sites. Coordinated action within the Commission can ensure complementarities between EU funds and guarantee an efficient use of financial resources to develop the proposed initiatives.

The Commission has developed several initiatives to promote cultural sites

26 The Commission has been developing an extensive list of initiatives to promote cultural sites over the last decade, especially in the field of heritage. The most recent of these is the 2018 European Year of Cultural Heritage (EYCH), which resulted in a European framework for action on cultural heritage²⁰, and which was the first European, cross-sectoral and integrated approach to cultural heritage. Other initiatives include awards or labels given to foster sustainable tourism or to highlight a particular cultural site (see [Table 2](#)).

²⁰ Staff working document, SWD(2018) 491 final, 5.12.2018.

Table 2 – EU labels and awards relevant to the promotion of cultural sites

Label/ Award	Description
European Capitals of Culture (since 1985)	A title given, each year, to two different European cities to showcase their cultural life and cultural development.
European Heritage Award (since 2002)	Promotes best practices related to heritage conservation, management, research, education and communication.
European Destination of Excellence (since 2006)	Promotes sustainable tourism by enhancing the visibility of emerging, non-traditional European destinations.
European Heritage label (since 2013)	Awarded to heritage sites that have a symbolic European value. It also encompasses intangible heritage.
Logo of the European Year of Cultural Heritage (since 2018)	Logo used during the events and celebrations organised in relation with the European Year of Cultural Heritage.
European Capital of Smart Tourism (since 2019)	Rewards touristic destinations for their sustainability, accessibility, digitalisation, cultural heritage and creativity.

Source: ECA.

27 The authorities of the Member States we visited perceived the European Capitals of Culture (ECoC) initiative as being particularly beneficial (see [Box 1](#) for an example of positive impact described to us by the Portuguese authorities). One of the audited beneficiaries confirmed that it observed a significant increase in the number of visitors during the European Capital of Culture 2016 hosted by Wrocław. The experts we interviewed also praised some of the Commission's recent initiatives (e.g. the 2018 European Year of Cultural Heritage, the New Agenda).

Box 1

Example of positive impacts of the European Capital of Culture initiative

The city of Guimarães, in Portugal, was European Capital of Culture in 2012. According to the ex post study that the authorities of the Member State performed, the initiative included investments in cultural infrastructure and urban requalification, of roughly €41.7 million of eligible expenditure, along with a cultural programme implemented throughout 2012. The number of overnight stays in the region is estimated to have increased 43 % in that year, an increase which generated 2 111 jobs.

Opening ceremony of the ECoC at Guimarães



© Capital Europeia da Cultura Guimarães 2012.

Source: Interim report of the social and economic impacts of Guimarães 2012.

28 At international level, there are additional labels awarded to cultural sites (see [Annex VII](#)). The co-existence of multiple labels and awards makes their intended value unclear.

The coordination of the Commission's cultural initiatives with ERDF funding arrangements is limited

29 We analysed the coordination of the DG EAC's cultural initiatives with the ERDF. In particular, we asked the beneficiaries of the visited projects about the effects of the European Heritage label and other Commission initiatives. The cultural initiatives of the Commission have very limited impact on the availability of ERDF funds to beneficiaries. There are no provisions in the ERDF regulation or in the ERDF OPs covered by the audit, which would provide benefit to projects already part of a Commission's cultural initiative.

30 Funding arrangements are available for UNESCO sites under the ERDF. In the 2014-2020 programme period, the current ERDF Regulation sets a higher threshold for UNESCO sites (€20 million of maximum ERDF co-financing support for UNESCO sites and €10 million for other cultural sites)²¹. The UNESCO label was also used as criterion for selecting projects in five of the 21 selection procedures that we reviewed. National labels were also considered important by the authorities in the Member States, with four of the audited selection procedures giving advantage to projects with these labels.

31 Our sample of projects contained two sites with a European Heritage Label and one site participating in the ECoC initiative. The participation of cultural sites to EU initiatives was not considered as a criterion by the authorities in the Member States when selecting projects for ERDF financing (see [Annex V](#)). This was also not suggested by the Commission in their observations before approving OPs. The European panel responsible for monitoring European Heritage sites stated that the absence of funding for sites awarded the label could potentially jeopardise the label's sustainability and visibility²². The label is also a concern for the Parliament, which recommended that it be given greater visibility²³.

Complementarities between EU funds are insufficiently visible for investments in cultural sites

32 In line with the mainstreaming principle, the implementation of the objectives set in the Commission's 2007 Agenda is *de facto* spread across different policies and supported through different funds managed by 15 different Directorates-General within the Commission. Coordination between the different Directorates is mainly performed through an inter-service group on culture and cultural heritage and, when adopting relevant programmes and regulations, through inter-service consultations.

²¹ Article 3 (1) of Regulation (EU) No 1301/2013 on the ERDF, as amended by Regulation (EU, Euratom) 2018/1046 of 18 July 2018 on the financial rules applicable to the general budget of the Union (OJ L 193, 30.7.2018, pp. 1–222).

²² "Panel Report on Monitoring" on the European Heritage label, 19 December 2016.

²³ European Parliament resolution on the implementation of the Creative Europe Programme, P8_TA(2017)0062, 2 March 2017.

33 The results of such coordination are not evident in the different EU funds Regulations. Although the Regulations reflect, to different degrees, some of the elements of the 2007 Agenda, except for Creative Europe, none of the EU funds specifically refers to it and most do not address culture as an objective (see paragraph 24 and *Annex II*).

34 The Common Provisions Regulation²⁴ (CPR) sets out arrangements to promote coordination between funds, namely by establishing a common strategic framework and a requirement for Member States to report on the coordination arrangements between EU funds in the PAs and OPs. We identified weaknesses in these coordination arrangements specifically for cultural sites.

35 Firstly, even though heritage sites can potentially be funded through different ESI Funds depending on their objectives, the Commission does not assess the complementarities and possible synergies in the use of EU funds specifically for heritage sites when adopting PAs and OPs. The coordination arrangements described in the OPs and PAs are general, and do not always specifically refer to cultural sites. In particular, we analysed how EAFRD investments in cultural sites were differentiated from the ERDF investments in cultural sites in the PAs, the national EAFRD programmes and in the ERDF OPs. In four Member States the differences between the two funds were not clear, and the two EU funds could potentially fund the same type of project.

36 Secondly, coordination with Creative Europe or its predecessor fund (“Culture programme²⁵”) was not mentioned in the sample of strategic documents of three Member States covered in our audit. Lastly, at project level, four of the 21 assessed selection procedures in our sample specifically rewarded complementarities with other EU funds as a criterion for funding, albeit without mentioning Creative Europe in particular. As a result, in only one of the cultural sites in our sample, a Creative Europe project complemented an ERDF project.

²⁴ Regulation (EU) No 1303/2013 laying down common provisions on the ESI funds (OJ L 347, 20.12.2013, pp. 320–469).

²⁵ Decision No 1855/2006/EC of 12 December 2006 establishing the Culture Programme (2007 to 2013) (OJ L 372, 27.12.2006, pp. 1–11).

The ERDF is a structuring instrument for Member States' investments in cultural sites, but such investments are not treated as a priority for the ERDF

37 In an appropriate framework for investments in cultural sites, the EU funds with the most available funding for investments in cultural sites, in particular the ERDF, should reflect the EU cultural framework in their policies. To this end, the Commission's objectives in the area of culture should be clearly reflected in the Member States' partnership agreements and operational programmes.

The overall EU amount spent on investments in cultural sites is not specifically monitored

38 Although spending on culture represents only a small portion of the overall ERDF budget (roughly €4.7 billion planned for the 2014-2020 programme period, or 2.3 %), the ERDF is the most significant source of EU funding for investments in cultural sites. The CPR requires the authorities in the Member States to report expenditure by categories of intervention. One of these is the "Protection, development and promotion of public cultural and heritage assets". However the category is broader than infrastructural investments, and Member States do not use it consistently. The evolution of the scope of ERDF investment in culture and its monitoring arrangements are presented in *Annex VIII*.

39 In 2014, the Commission performed a mapping exercise on the available EU funds for cultural heritage actions²⁶. The exercise was "non-exhaustive"²⁷. It did not provide detailed and updated data on the amounts of EU funding allocated to and spent on cultural heritage, including on related physical investments. This information is unknown because not all the different EU funds require Member States and beneficiaries to provide information on cultural measures in systematically.

²⁶ Mapping of Cultural Heritage actions in the European Union policies, programmes and activities, 2014 version (https://www.europa-creativa.eu/Files/uploads/29-2014-heritage-mapping_en.pdf) and 2017 update (https://ec.europa.eu/culture/sites/culture/files/2014-heritage-mapping-version-2017_en.pdf).

²⁷ "Ibid, 2014 and 2017 versions, p. 2."

40 The Commission has been striving to harmonise different types of statistical data on government spending on culture, and its effects. The basic reference for EU cultural statistics is a 2012 report by the European Statistical System Network on culture²⁸. Eurostat has been following up the work performed by the network²⁹. Strengthening the evidence base at EU level is also one of the key principles of the ongoing European Framework for Action on Cultural Heritage²⁰. However, so far, there is no compulsory EU framework for data collection and reporting on culture or cultural sites.

The ERDF provides a framework for Member States' investments in cultural sites

41 In a 2017 ECA audit report³⁰, we stated that the current ERDF Regulation provides a more structured approach for EU interventions than in the 2007-2013 programme period, by requiring OPs to set out in a more robust manner the interventions' aims (specific objectives/results) and how these are expected to be achieved (required funding, actions to be undertaken and expected outputs). This is particularly the case when actions are designed around investment priorities, such as cultural heritage (see paragraph 44).

42 The 2014-2020 framework also has shown improvements with regard to indicators to measure the ERDF support to cultural sites, with the current Regulation setting a common output indicator related to cultural sites. For the 2021-2027 programme period, the Commission proposes to increase the number of common indicators related to cultural sites and, for the first time, to include common result indicators (see *Annex VIII*). In a recent ECA opinion, we have welcomed the introduction of common indicators and stated that they represent an important step towards enhancing the focus on performance³¹.

²⁸ Final Report of the European Statistical System Network on Culture (ESSnet-Culture), 2012.

²⁹ See, for example, the Guide to culture statistics, Eurostat, 2018 edition.

³⁰ Special Report 02/2017, The Commission's negotiation of 2014-2020 Partnership Agreements and programmes in Cohesion: spending more targeted on Europe 2020 priorities, but increasingly complex arrangements to measure performance.

³¹ Paragraph 59 of ECA Opinion No 6/2018.

43 The importance of the ERDF framework can be seen in the cultural strategies of the three Member States we visited. In Poland, the cultural strategy considers culture as a means of achieving the economic and social cohesion sought by the ERDF. In Italy, the government developed a national funding programme to complement the national ERDF OP on culture³² with the same objectives and funding criteria. In Portugal, the Commission requested EU funding to follow a mapping exercise, where the needs for investing in cultural sites are analysed and priorities for investment identified.

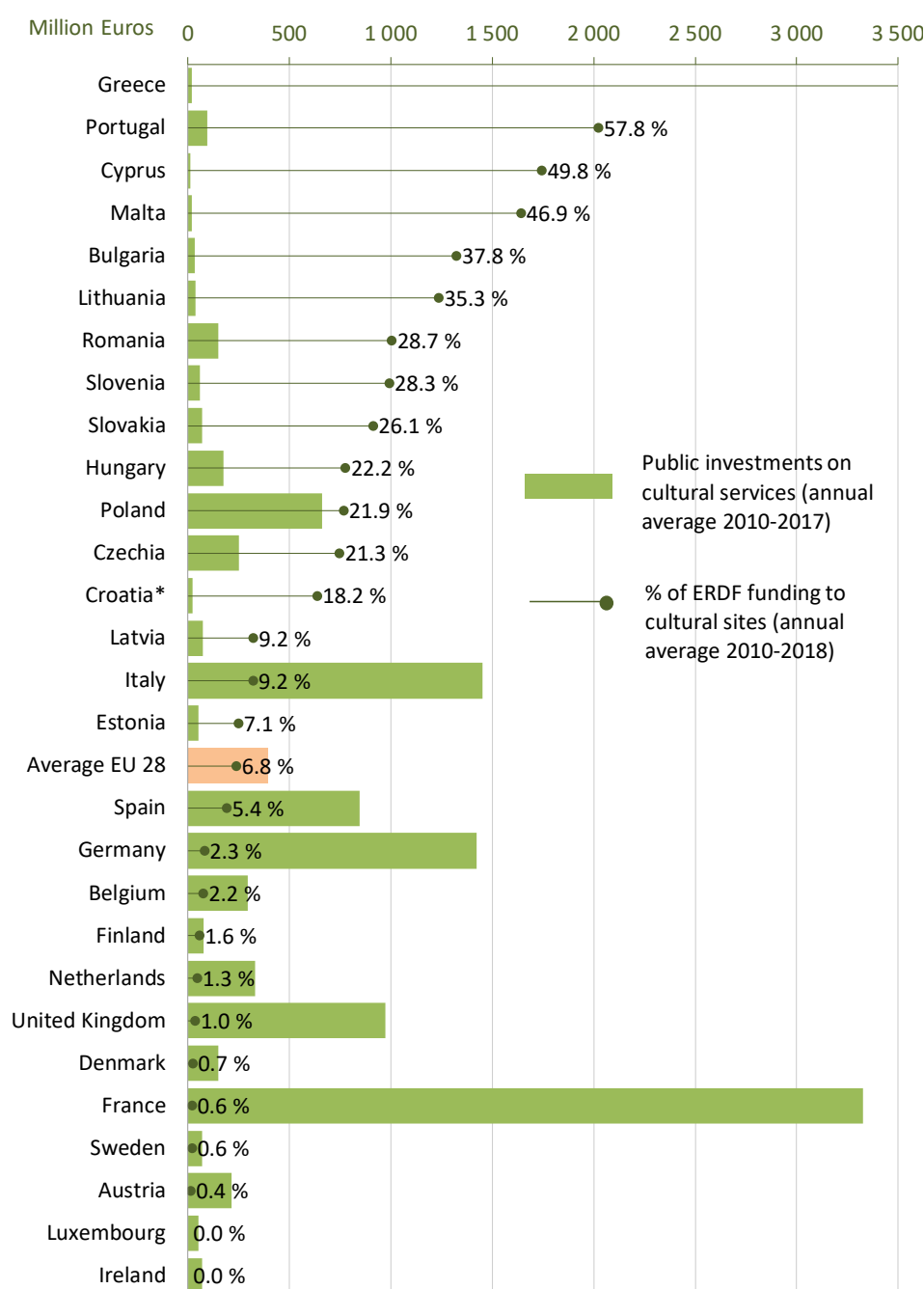
The ERDF is an important source of funding for public investments in cultural sites in some Member States

44 The ERDF Regulation provides a range of thematic objectives (TOs) and investment priorities for the Member States to select depending on their needs. In the 2014-2020 programme period, support to cultural sites specifically addresses heritage sites under investment priority 6(c) “conserving, protecting, promoting and developing natural and cultural heritage” within TO 6 “preserving and protecting the environment and promoting resource efficiency”. Cultural sites can also be supported under other investment priorities, namely as part of ERDF support to innovation (TO1) or SME competitiveness (TO3) or when part of a broader territorial development strategy promoting employment (TO8) or social inclusion (TO9). Urban regeneration, under investment priority 6(e), is also a common priority selected in the OPs to support cultural sites.

45 Over the period of 2010 to 2017, the amount of ERDF funds invested in cultural sites was around € 750 million per year. They accounted for more than 25 % of all public investment on cultural services in around one third of the Member States and for more than 50 % in Portugal and Greece (see [Figure 1](#)). The fund was therefore an important source of funding for investments in cultural sites for many Member States. At project level, according to our survey, 44 % of the projects would not have been implemented without ERDF support, and 48 % would have been postponed or would only have been implemented with a reduced scope.

³² “Programma di Azione e Coesione Complementare al PON Cultura e Sviluppo 2014-2020”.

Figure 1 – ERDF funding and Member States’ capital investments in cultural sites, annual average 2010-2017



Notes: (1) We use Eurostat’s data on public spending in cultural services (COFOG: GF08.2) to estimate Member States’ investments in cultural sites. This is the closest estimate available. Capital investments in cultural services include: investment grants (D92), gross fixed capital formation (P.51g) and acquisition less disposals of non-financial non-produced assets (NP). The figures represent an annual average of the amounts spent by national and local administrations (General government expenditure) over the years 2010-2017; (2) ERDF investments on cultural sites, expressed as an annual average, include the spending recorded on cultural sites for the 2007-2013 programme period and the 2014-2020 programme period (until 2018);

* For Croatia, only the funds spent under the current programming period were taken into account.

Source: ECA, based on Eurostat “General government expenditure by function (COFOG)”, online data code: [gov_10a_exp] and, on the Cohesion policy open data platform and Commission’s information.

46 At national level, we found examples of how Member States are diversifying the sources of revenue of cultural sites and developing funding schemes that built on private funds (see [Box 2](#)). The diversification of funding for cultural heritage is also one of the topics tackled by the Council in the 2019-2022 Work Plan for Culture³³.

Box 2

Examples of funding schemes developed at national level

Heritage Lottery (France): Following the example of the UK, the French government launched a national heritage lottery in 2018 to support the restoration of some iconic local heritage sites (€20 million was collected that year for the restoration of 18 sites).

Heritage lottery (Italy): Since 1997 that a share of lottery revenues is reserved for the Ministry of Cultural Heritage and allocated to a wide range of heritage projects across Italy related to the recovery and preservation of cultural heritage, including archaeological, historical, artistic, archival and library projects, as well as for the restoration of landscaping and cultural activities. From our sample of projects, The Ex-Convento di Sant' Antonio, one of our sample projects, received circa €2,4 million from the "Programma Triennale Lotto 2007-2009". The Pantheon in Rome and the Greek theatre in Syracuse are other examples of cultural sites funded.

Corrective taxation (Poland): Poland set up a new fund in 2018 to finance the protection and renovation of historical sites. The funding comes from the administrative fines imposed for infringements of the requirements for the protection of historical sites.

Investments in cultural sites are not treated as a priority for the ERDF

47 The ERDF aims to promote economic, social and territorial cohesion, one of the EU's main missions as provided for in the TEU³⁴. This mission, together with the objectives of the Europe 2020 strategy of smart, sustainable and inclusive growth, led to an ERDF framework centred on economic and social considerations. Investments in cultural sites are therefore a means to an end, to be funded only when they generate a socio-economic impact.

³³ See paragraph [07](#).

³⁴ Article 3 (3) of TEU.

48 In addition to the socio-economic rationale, the 2014-2020 ERDF Regulation introduced restrictions on ERDF investments to cultural sites, funding only small-scale infrastructure. It is not clear how this provision contributes to the objectives set in the Commission's Agendas for Culture. Also, the initial Regulation was not clear what "small-scale" meant, creating uncertainty about the types of projects that the ERDF could fund.

49 Different interpretations were given to the ERDF restriction. Firstly, the Commission administratively defined "small-scale" as investments with total cost of up to €5 million (€10 million for UNESCO sites)³⁵. Following a complaint made by eleven Member States to the Commission³⁶, the Commission stated that there was flexibility on how different small-scale items of infrastructure could be supported as part of one single integrated operation. Only four years later, the revised 2014-2020 ERDF Regulation provided clarity to the legal basis, setting the ceilings to €10 million (€20 million for UNESCO sites) of eligible ERDF support.

50 Due to this funding restriction, investments in cultural sites were under scrutiny by the Commission during the 2014-2020 negotiations and were not a priority for investment under the ERDF. In the three visited Member States, and for the sampled OPs and PAs, the Commission did not identify investments in culture as a priority area during the negotiations and expressed the view that culture was only to be dealt with through e-culture³⁷ (Italy and Poland) and in the context of promoting the cultural and creative industries³⁸ (Poland and Portugal). The Commission also suggested a reduction in allocations to cultural investments (Poland and Italy) and imposed funding restrictions in all cases.

51 The cultural policies of Member States are not specifically assessed under the ERDF. For the PAs and OPs in our sample, the Commission did not require Member States to plan cultural interventions in accordance with the Commission's European Agenda for Culture when adopting them for the 2014-2020 programme period.

³⁵ Commission Services Line-To-Take for Desk Officers, Definition of "small-scale" in relation to infrastructure under the ERDF Regulation, version 1.0, 7 July 2014.

³⁶ Information note from the Polish delegation to the Council on the "The necessity of raising the maximum value of small-scale cultural infrastructure implemented within the European Regional Development Fund 2014-2020", 8561/15, 6 May 2015.

³⁷ Under the thematic objective 2, "Enhancing access to, and use and quality of ICT".

³⁸ Under the thematic objective 3, "Enhancing the competitiveness of SMEs".

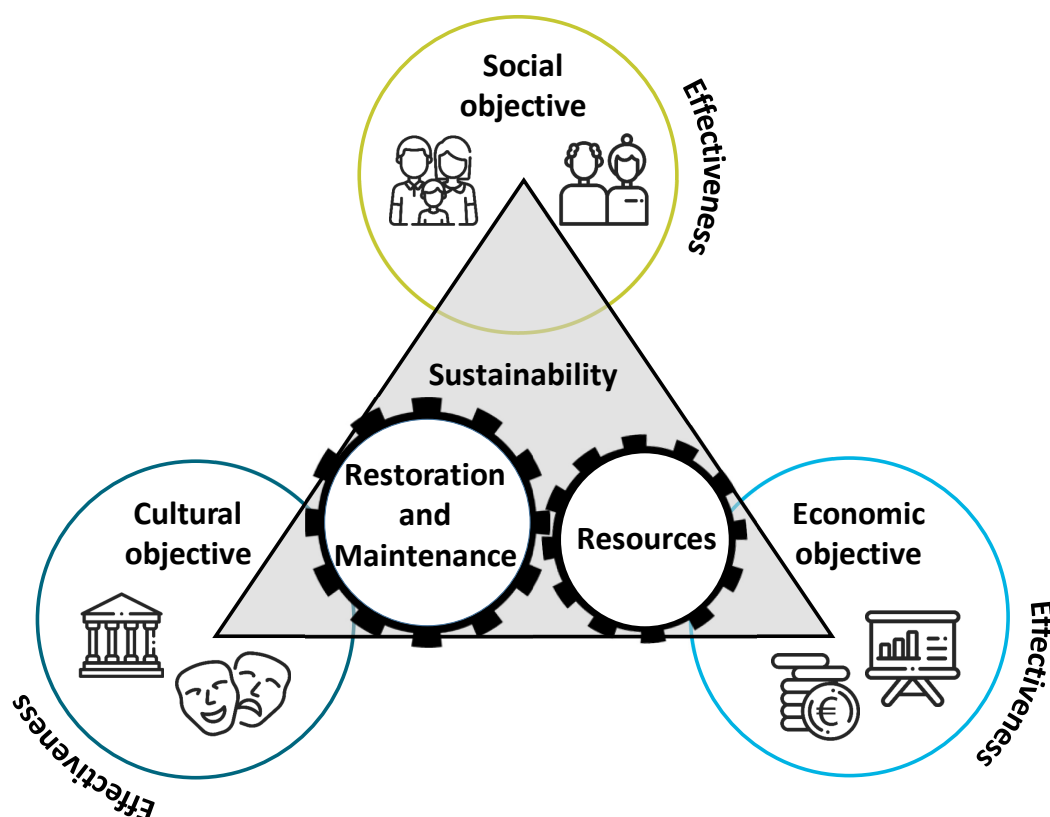
Mixed effectiveness and sustainability of audited ERDF projects

52 We assessed the effectiveness of ERDF projects concerning cultural sites based on the achievement of the projects' objectives and intended results. In particular, we assessed the achievement of the economic, social and cultural objectives. The implementation of these objectives generates external effects in society.

53 We assessed sustainability as the ability of the site to continue its operations, which requires regular maintenance and, when necessary, restoration of the physical infrastructure. It also requires the availability of financial and human resources. These activities are internal to the cultural site.

54 The described objectives and sustainability factors are interlinked (see [Picture 2](#)). A cultural investment project, in principle, has effects in the achievement of all three objectives and on the sustainability of the cultural site. However, these effects may have conflicting directions. Economic objectives can increase the financial sustainability of the site but may hamper its preservation (e.g. overtourism, cuts to maintenance costs). Some social objectives may lead to decreasing financial sustainability (e.g. decreases in entrance fees) or hamper the site's preservation (e.g. overcrowding). Cultural objectives may increase social inclusiveness and generate economic effects, but they may also have a negative impact on the financial sustainability of the site (e.g. cost increases as the range of cultural activities on offer increases).

Picture 2 – Relation between effectiveness and sustainability for cultural sites



Source: ECA.

The completed audited projects were operational, their objectives were mostly economic and it is not always possible to know whether they were reached

55 The ERDF projects should reach the objectives defined at project selection. To measure the achievement of objectives, beneficiaries of ERDF projects should define relevant indicators and report reliable achievements of targets. After completion of the ERDF project, cultural sites should be active, and should contribute to the achievement of objectives in the OPs from which they are funded.

The ERDF OPs and projects examined focus mostly on economic objectives, and less on social and cultural ones

56 In line with ERDF objectives, all the OPs in our sample explore cultural sites as a resource to improve the competitiveness of the economy or to develop the territories (see [Annex IX](#)). This is done through tourism promotion or urban development strategies (see [Box 3](#)).

Box 3

Example of an urban development strategy

The city of Katowice is the capital of Śląskie province, the centre of the largest metropolis in southern Poland, with a population of 4.8 million. The region flourished in the 19th century thanks to the rapid development of the mining and steel industry. From the late nineties of the 20th century, Katowice initiated a strategic reorientation, targeting culture as a key priority for the city.

The audited project, the Polish National Radio Symphony Orchestra (NOSPR), is the result of that strategy. Until 2006, the area where now the NOSPR is located, in the heart of the city, was a former coal mine.

Former coal mine, at the centre of Katowice, Poland



© City of Katowice.

Source: City of Katowice.

In a period of ten years, besides NOSPR, the city also built, in the same area, an International Congress Centre and a Museum (the “Muzeum Śląskie w Katowicach”). The three big investments totalled roughly €231 million and received major support from the ERDF (€123 million). For those investments, Katowice obtained the UNESCO label of “Creative City of Music” in 2015 and, in 2018, accommodated the UN climate summit.

Area after urban rehabilitation, Katowice, Poland



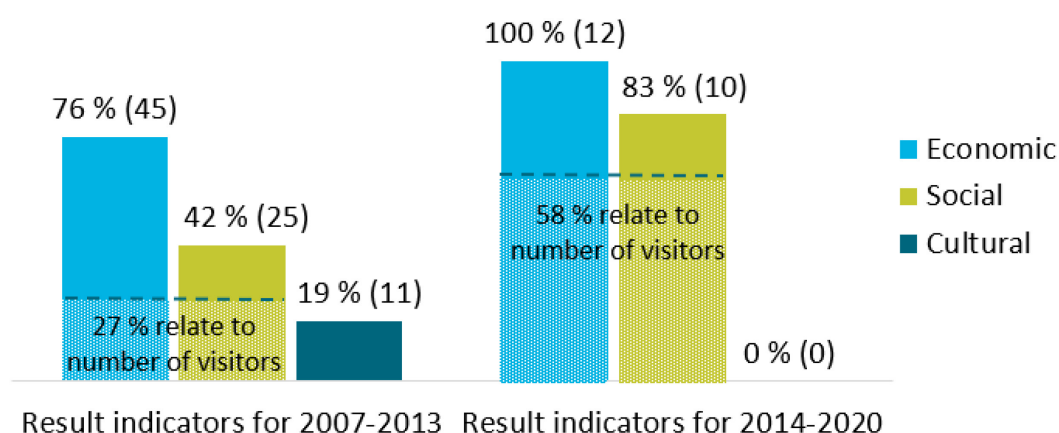
© City of Katowice.

Source: City of Katowice.

57 The pre-eminence of economic objectives is demonstrated by assessing the result indicators at OP and project level. Regarding the audited priority axes, 26 of the 32 defined result indicators aim to capture the economic effects of ERDF interventions. *Annex IX* summarises how the different objectives of the audited priority axes are measured by result indicators. It shows the importance of the economic dimension, with all audited priority axes having an economic objective in both programme periods.

58 At project level, all result indicators selected by the beneficiaries of the 2014-2020 audited projects, and 45 out of 59 result indicators for the 2007-2013 programme period, measure the economic impact of the projects (see *Figure 2*).

Figure 2 – Percentage (number) of indicators in the audited projects measuring the cultural, social and economic objectives



Notes: (1) In the 2014-2020 period, there are only five projects with result indicators; (2) Each indicator can measure more than one objective, therefore, the total can be higher than 100 %.

Source: ECA.

59 Regarding social objectives, the necessity to strengthening the social impact of cultural interventions has been widely expressed, by the Commission in the Agendas, by the Parliament³⁹ and by the Council⁴⁰. Special attention has been given to integrating migrants, fostering gender balance and working within partnerships between the cultural sector and other sectors. A recent informal meeting of EU Member State ministers responsible for European affairs and ministers for culture on the protection of cultural heritage called for fostering the engagement and awareness of the European youth with regard to cultural heritage⁴¹.

60 The audited priority axes with social objectives are mainly aimed at improving the accessibility of cultural sites or at increasing social cohesion. The most frequent indicator used to measure the social aspects of projects is the number of visitors (see *Figure 2*). The effect that cultural sites have on visitors, such as wellbeing, support to disadvantaged groups or promotion of educational measures, is not often recorded

³⁹ European Parliament resolution on the implementation of the Creative Europe programme, P8_TA(2017)0062, 2 March 2017; and Draft European Parliament legislative resolution on the proposal establishing the Creative Europe programme (2021 to 2027), A8-0156/2019, 4.3.2019.

⁴⁰ Council conclusions on cultural and creative crossovers to stimulate innovation, economic sustainability and social inclusion, (OJ C 172, 27.5.2015, pp. 13–16).

⁴¹ Common declaration adopted at the informal meeting of ministers of EU Member States responsible for culture and European affairs on the protection of European heritage, Paris, May 3rd 2019.

with dedicated indicators. Social activities were nevertheless carried out, to different degrees, in 10 of the 11 completed projects we visited (see [Box 4](#)).

Box 4

Example of social activities developed at a cultural site

The San Carlo theatre, in the city of Naples in Italy, is the oldest opera house in the world still in use. The Theatre is not only an opera house; it is also a place where visitors can experience dance performances, concerts, visit exhibitions, go to the museum or do a guided tour. The Theatre focuses particularly on engaging youths. Besides the ballet school, the cultural site also has an educational project, run in partnership with an association funded by Creative Europe. The project aims to educate children from an early age to sing and love opera by first educating the teachers through a series of musical training courses and then by providing support to the teacher when training the students at the schools. Completed the musical training, teachers, students and family members experience a show at the Theatre. The pupils perform and sing on stage, accompanied by professional singers and by the Orchestra, wearing costumes they have made themselves.

Teatro di San Carlo, Naples, Italy



© ph. Luciano Romano.

Architect: Giovanni Antonio Medrano.

Source: Teatro di San Carlo.

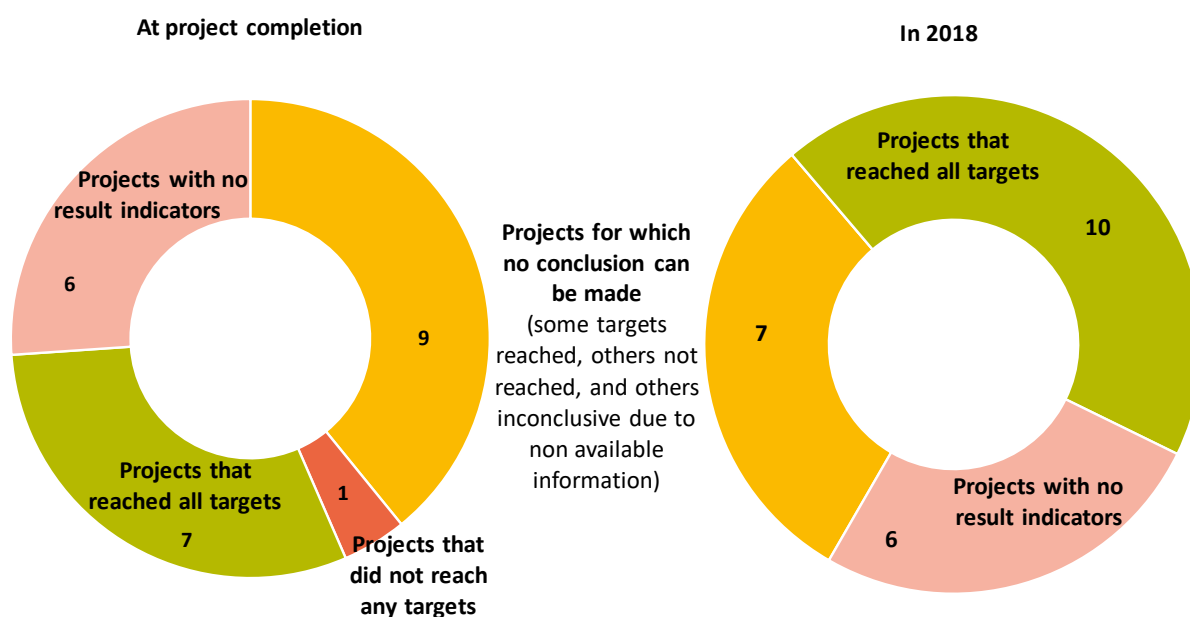
61 As for cultural objectives, the priority axes we audited were mainly aimed at preserving cultural heritage. Not all of them had a clearly set cultural aim and the ones that did, in most cases, did not set result indicators to measure the achievement of those objectives (see [Annex IX](#)). Cultural aspects are not considered as relevant by the ERDF managing authorities when selecting projects in almost half of the procedures audited (see [Annex V](#)).

All completed audited projects were operational at the time of the audit, but project performance often cannot be assessed

62 All the eleven completed projects we visited were operational at time of the audit, and the management teams of the sites were committed and dedicated to its preservation and promotion. To assess the effectiveness of the projects in achieving its targets, we analysed the achievement of 71 result indicators reported by the beneficiaries of the 17 completed projects that had result indicators in our sample (see [Annex IV](#)).

63 Less than a third of the audited projects achieved all the targets set within the period defined. For the remaining projects, no conclusion on their performance can be drawn (see [Figure 3](#)). However, at the time of the audit, three additional projects had reached their targets. Nevertheless, we found several weaknesses in the selection and reporting of indicators.

Figure 3 – Project performance: number of completed projects achieving targets set for result indicators



Source: ECA.

64 Regarding the selection of indicators, we note that six projects had no result indicators at all. This means that for around a quarter of the completed projects, the achievement of project objectives cannot be measured by result indicators. In addition, 16 out of the 71 result indicators cannot be used to conclude on the effectiveness of the project because they are not relevant to the project objectives. A further 12 are actually not result but output indicators.

65 All the eleven visited projects that were completed at the time of the audit had result indicators. We analysed the reliability of the achievements reported on these indicators by the beneficiaries and concluded that 18 out of 35 reported achievements are not reliable due to incorrect calculation of achievements, lack of evidence to corroborate achievements or because estimations could not be verified (see [Table 3](#)).

Table 3 – Reliability of reported achievements for the indicators of the visited completed projects by number of indicators

	Result indicators	Of which number of visitors
Total	35	13
Reliable	16	2
Not reliable	18	11
<i>Of which</i>		
<i>Incorrect calculation</i>	6	3
<i>Lack of evidence</i>	7	5
<i>Non verifiable estimations</i>	5	3

Source: ECA.

66 The “number of visitors” is the indicator mostly used by the beneficiaries of the visited projects, but it is often unreliable (see [Table 3](#)). Only in two out of the nine completed visited projects with indicators on the number of visitors were we able to reconcile the numbers of visitors reported to the managing authorities. In addition, the link between the increase in the number of tourists and the type of works performed is not always visible. For three of the 11 heritage sites visited, the scope of the interventions was limited to partial restoration works (e.g. roof renovations or refurbishing of particular rooms), which cannot directly or exclusively lead to an increase in the number of tourist visits.

The achievement of OP objectives does not directly depend on individual project performance

67 We already concluded in a previous report that 2014-2020 ERDF result indicators are not specifically related to the interventions funded by the programme⁴². Regarding the audited OPs, for both programme periods, the result indicators set are also mostly limited in their ability to measure progress towards achieving the objectives set. Almost half of the OPs' result indicators are not directly affected by the specific results of ERDF projects, but by external factors (see [Box 5](#)). At project level, the achievement of more than half the targets set for the result indicators defined by the projects does not directly influence the results achieved at OP level because the OPs do not include these indicators.

Box 5

Example of a result indicator defined at OP level that does not measure the direct effects of the projects

The 2014-2020 Portuguese OP for the central region is aimed at fostering the region as a touristic destination of excellence. This is performed through the preservation and touristic promotion of cultural and natural heritage. The ERDF therefore funds renovation and restoration works at heritage sites, including UNESCO sites.

To measure the success of the measures, the OP sets as a result indicator the "number of overnight stays at hotels and other touristic accommodations in the region". In 2017, the target set for 2023 had already been exceeded by roughly 24 %, at least partly thanks to a tourism boom in the Member State. Even though the ERDF projects might have contributed to this result, it should be noted that, in 2017, projects were only starting to be implemented (priority axis 7 had committed only 68 % of the available total eligible costs). The contribution of ERDF projects is therefore limited, and affected by external factors. The result indicator measures the impact of ERDF interventions rather than the results, i.e. the direct effects.

⁴² Paragraphs 116 and 117 of ECA Special Report 02/2017: "The Commission's negotiation of 2014-2020 Partnership Agreements and programmes in Cohesion: spending more targeted on Europe 2020 priorities, but increasingly complex arrangements to measure performance".

Insufficient attention is given to the sustainability of cultural sites

68 The sustainability of EU investments needs to be ensured at all phases of the project. The first step is to verify, at application stage, that beneficiaries have the capacity to operate or continue operating the site. For this reason, cultural sites benefiting from EU investments should have the ambition to become self-financing to the greatest extent possible⁴³ (i.e. with their operating revenues covering operating costs) Maintenance is fundamental for the preservation of cultural sites; it should be properly planned to limit the cost of future work, and the site's deterioration. Monitoring arrangements should be in place to assess whether the results of EU investments persist over time.

ERDF requirements do not address the preservation of funded cultural sites

Heritage sites in particular need constant maintenance, and face several risks to their preservation

69 The importance of regular maintenance to heritage preservation is acknowledged in the Charters of Venice and Krakow⁴⁴. All visited beneficiaries reported conducting regular assessments on the physical status of their site, but maintenance arrangements are decided by beneficiaries and take different forms. ICOMOS highlighted that cultural sites in the EU do not focus enough on prevention and regular maintenance. Only one visited heritage site had an updated prioritised and budgeted multiannual maintenance plan. This is a good practice required for UNESCO World Heritage Sites⁴⁵ (see **Box 6**) and recommended for all cultural heritage sites⁴⁶.

⁴³ Commission' draft thematic guidance fiche for desk officers, "support to culture, tourism and sport related investments", version 1 – 13/05/2013.

⁴⁴ The Charter of Venice, "International Charter for the conservation and restoration of monuments and sites", 1964; and the Charter of Krakow, "Principles for the Conservation and Restoration of Built Heritage", 2000.

⁴⁵ Management Guidelines for World Heritage Sites, ICCROM, UNESCO, ICOMOS, 1998 and ICOMOS, Evaluations of Nominations of Cultural and Mixed Properties, Report for the World Heritage Committee, 43rd session, WHC-19/43.COM/INF.8B1, 2019.

⁴⁶ Article 4 of the Venice Charter.

Box 6

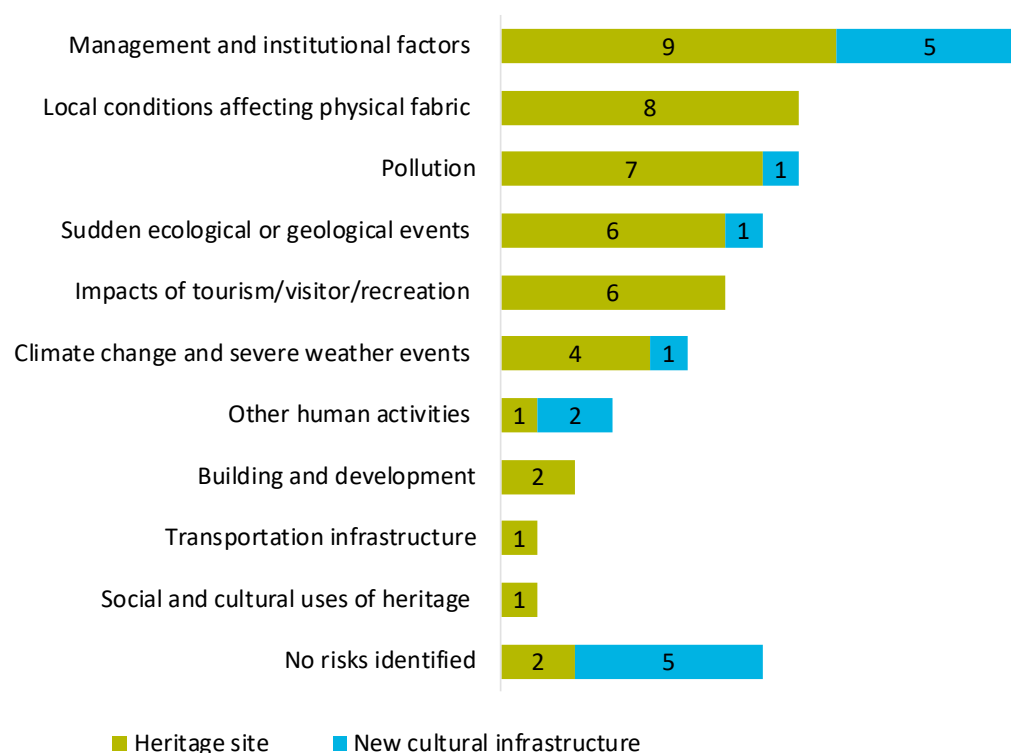
Example of a Maintenance Plan

Since 2015, the archaeological park of Pompeii has had a comprehensive monitoring and maintenance plan in place to protect its buildings, art and artefacts from deterioration. The plan has different components, defining: (i) priorities of intervention needed to preserve the site, and its corresponding time schedule; (ii) measures to improve the conditions for its use and to promote related tourism; (iii) measures to mitigate natural disaster risks; (iv) governance arrangements; and (v) monitoring arrangements. Since 2015, the site also has also set up a digital archive with information on maintenance that has been carried out and subsequent inspections.

70 Maintenance works had been carried out at the majority of the eleven heritage sites we visited, and some beneficiaries declared that more works are planned for the future. In three cases, it had been necessary to renovate the site completely due to a lack of maintenance in the past. This shows the importance of regular maintenance.

71 Preventive maintenance is also fundamental in order to address the different risks that cultural sites face to their preservation. The results of our survey suggest that heritage sites are the sites which face the most direct threats to their physical preservation (see [Figure 4](#)). The main risks identified are local conditions affecting the physical fabric of the site (e.g. rain, wind, dust) and pollution. However, the biggest risks facing beneficiaries of both new cultural infrastructures and heritage sites are management and institutional factors (e.g. insufficient financial and human resources, lack of management plan).

Figure 4 – Risks to the preservation of the cultural site identified by the 27 beneficiaries of our sample (in number of beneficiaries that identified the risk)



Source: ECA, based on the survey.

Maintenance and risk assessment are not funding requirements for the audited ERDF projects

72 None of the audited beneficiaries was required, when applying for ERDF funding, to demonstrate how their site would be preserved after project completion, or to provide a maintenance plan. For heritage sites in particular, the urgency of physical work on the site was also not considered an important factor for ERDF funds, with only four selection procedures giving advantage to sites in need of more urgent work. However, the authorities in the Member States required beneficiaries to follow quality standards, as defined in the national legislation, on the works to be performed during project implementation in 13 of the 21 audited selection procedures (see [Annex V](#)).

73 The ERDF Regulation requires the existence of national or regional risk assessments for disaster management, taking into account climate change adaptation. This is a condition for the effective and efficient use of ERDF funds from the thematic objective on promoting climate change adaptation, risk prevention and management. The ERDF framework does not require Member States to integrate heritage sites, which are the cultural sites more exposed to natural hazards, into their national or regional risk assessments. A recent Commission' study stated in that regard that

“safeguarding cultural heritage from natural and manmade disasters still suffers from the fact that cultural heritage is not fully considered, or integrated, as a risk management priority in emergency situations”⁴⁷. The Commission, together with Member States, addressed this concern, in December 2019, by developing Reporting Guidelines on Disaster Risk Management that include references to cultural heritage sites, encouraging Member States to report, map and inform on the potential impact of disaster risks on cultural heritage⁴⁸. It still remains to be seen how these guidelines will be implemented by the Member States.

There is a trade-off between sustainable tourism and the economic and social objectives of heritage sites

74 The generation of socio-economic impact with ERDF investments in cultural sites is mainly tackled by Member States with tourism promotion strategies (see paragraph 56). The effects of those investments are measured by an “increase in the number of visitors to the sites” (see paragraph 66). Those strategies might be counterproductive to the preservation of heritage sites that already face the problem of mass tourism. Site degradation due to mass tourism for heritage sites was a risk identified by 38 % of the heritage site managers who replied to our survey (see [Figure 4](#)). Some of the visited projects have already implemented measures to restrict the number of tourists or to manage tourist flows in a more sustainable manner (see [Box 7](#)).

⁴⁷ European Commission, “Safeguarding Cultural Heritage from Natural and Man-Made Disasters, A comparative analysis of risk management in the EU”, 2018.

⁴⁸ The Reporting Guidelines were adopted by the College and published in December 2019 (OJ C 428, 20.12.2019, pp. 8–33).

Box 7**Example of measures taken to control the impact of overtourism**

The early eighteenth-century Joanine Library is one of the jewels of the University of Coimbra in Portugal, one of the world's oldest universities and part of the UNESCO heritage list. It was designed with architectural features that allow the conservation of the bibliographic works it contains by maintaining a constant level of temperature and humidity. With daily tourist visits and the frequent opening of the massive teak main entrance door, the interior temperature and dust level regularly vary, impacting the long-term preservation of the ancient, and often rare, bibliographic works it contains.

To reduce the effects of touristic visits, the University of Coimbra changed the main entrance point to the site. Entry is also limited to groups of a maximum of 60 people, in slots of 20 minutes, and time spent on the main floor is limited to 10 minutes. The University also recently acquired an anoxia chamber, which restores humidity levels and disinfests books of fungi and parasites without the use of chemicals.

Joanine Library, Coimbra, Portugal



© ph. Henrique Patricio.

Architect: Gaspar Ferreira.

Source: University of Coimbra.

75 In these cases, priority should be given to the preservation of a site, regardless of its immediate economic and social effect. Currently, though, if action on a site is not expected to produce such effects, the ERDF cannot fund it, even if urgent work is required (see paragraphs **56** to **61**). Nor can the Creative Europe Programme. This was in the past possible, with the Raphael programme⁴⁹ that ran from 1997 to 2000 and whose objectives included conservation, safeguarding and development of European cultural heritage.

The EU has recently increased efforts to ensure preservation of cultural heritage

76 In the aftermath of the fire at Notre Dame Cathedral in Paris in 2019, the 28 culture ministers of the EU Member States called for the creation of a European network dedicated to the safeguarding of European heritage, and agreed that protection matters should be addressed by EU policies⁵⁰.

77 The Commission indirectly addresses risk mitigation on heritage sites through environmental and energy performance regulations. Member States have been required, since 2012, to assess the effects on heritage sites of public and private projects with significant effects on the environment⁵¹. Since 2018, Member States shall encourage, “in relation to buildings undergoing major renovations, (...) fire safety and risks related to intense seismic activity”⁵².

78 In the framework of the EYCH, the Commission launched an initiative for heritage at risk, under which it performed a comparative analysis of risk management practices in the EU, aiming to share experiences and foster cooperation between Member States to address the effects of natural or human-made disasters on cultural heritage (see paragraph **73**). Also under the EYCH, an expert group led by ICOMOS, developed quality principles for EU-funded projects that have a potential impact on cultural heritage⁵³. The Commission has not yet established a position on how or whether these principles will be taken on board at EU level.

⁴⁹ Decision No 2228/97/EC establishing a Community action on programme in the field of cultural heritage, (OJ L 305, 8.11.97, pp. 31–38).

⁵⁰ See paragraph **59**.

⁵¹ Art. 3(d) Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment as amended by Directive 2014/52/EU (OJ L 124, 25.4.2014, pp. 1–18).

⁵² Art. 7 of Directive 2012/27/EC on energy efficiency, as amended by Directive (EU) 2018/844 (OJ L 156, 19.6.2018, pp. 75–91).

⁵³ ICOMOS, “European Quality Principles for EU-funded interventions with potential impact upon cultural heritage”, 2019.

The audited cultural sites are generally dependent on public subsidies and have little incentive to increase revenues

The audited cultural sites are generally dependent on public subsidies

79 We analysed the self-financing rates of the cultural sites whose ERDF projects had been completed. Self-financing rates are the proportion of operational costs that are supported by the revenues generated by the operational activities of the site (“own resources”). We consider a site to be financially self-sufficient if the own revenues are higher or equal to operational costs. We based our assessment on the 2018 financial accounts of the sites.

80 Except for three projects, none of the 21 audited cultural sites, for which data was available, was financially self-sufficient in 2018. Cultural sites rely predominantly on public subsidies to operate. Private donations exist but remain marginal. In eight of the 11 cultural sites that received donations in 2018, donations covered less than 3 % of total annual operating costs for each of those sites.

81 Cultural sites also rely heavily on subsidies to finance their investment costs. For 13 of the 23 audited completed projects, the ERDF investment projects were entirely financed from public funding (EU or national/local public entities). Only two of the audited projects received private donations. This reliance on public subsidies poses a risk to the sustained operation of the cultural sites, as public authorities may decrease funding (see [Box 8](#)).

Box 8

Example of risks faced by cultural sites relying on public subsidies, and the need to diversify revenue sources

The European Solidarity Centre of Gdańsk, in Poland, has been highly dependent on public subsidies since it was founded in 2012. In 2019, the Polish Ministry of Culture and National Heritage reduced its contribution to the cultural site. The solidarity centre had to undertake crowd-funding campaigns on social media to remain financially sustainable and to be able to continue its normal activities. According to the Centre, these changes in public support do not endanger the site's existence, but would have made it necessary for it to make significant changes to its activities.

Revenue-generation is not sufficiently incentivised by the current funding framework

82 The 2014-2020 CPR requires that beneficiaries have the financial capacity to implement the funded project⁵⁴. For projects that generate net revenue, the CPR also requires beneficiaries to forecast the stream of revenues and costs generated by the EU project to identify the part of the investment costs, if any, which needs to be financed by EU funds⁵⁵. The proposal for the 2021-2027 CPR requires Member States to examine whether beneficiaries have sufficient resources to cover operational and maintenance costs⁵⁶.

83 The financial sustainability of projects is, therefore, a criterion frequently used by managing authorities: it is required in 20 of the 21 selection procedures we audited, either for projects to be potentially eligible for EU funding in the first place (i.e. as an admissibility criterion) or for awarding points when selecting projects (i.e. as a selection criterion) - see [Annex V](#).

84 Managing authorities considered the visited projects to be financially sustainable because of the existence of an institutional support framework that, in principle, guarantees their financial sustainability. However, in the vast majority of cases, the actual self-financing rates are lower than initially forecast in the project application (see [Figure 5](#)). Three years after project completion, only two of the 16 audited cultural sites for which data was available achieved their initial forecasts, and six saw their self-financing rates reduced by more than half. This is explained by different

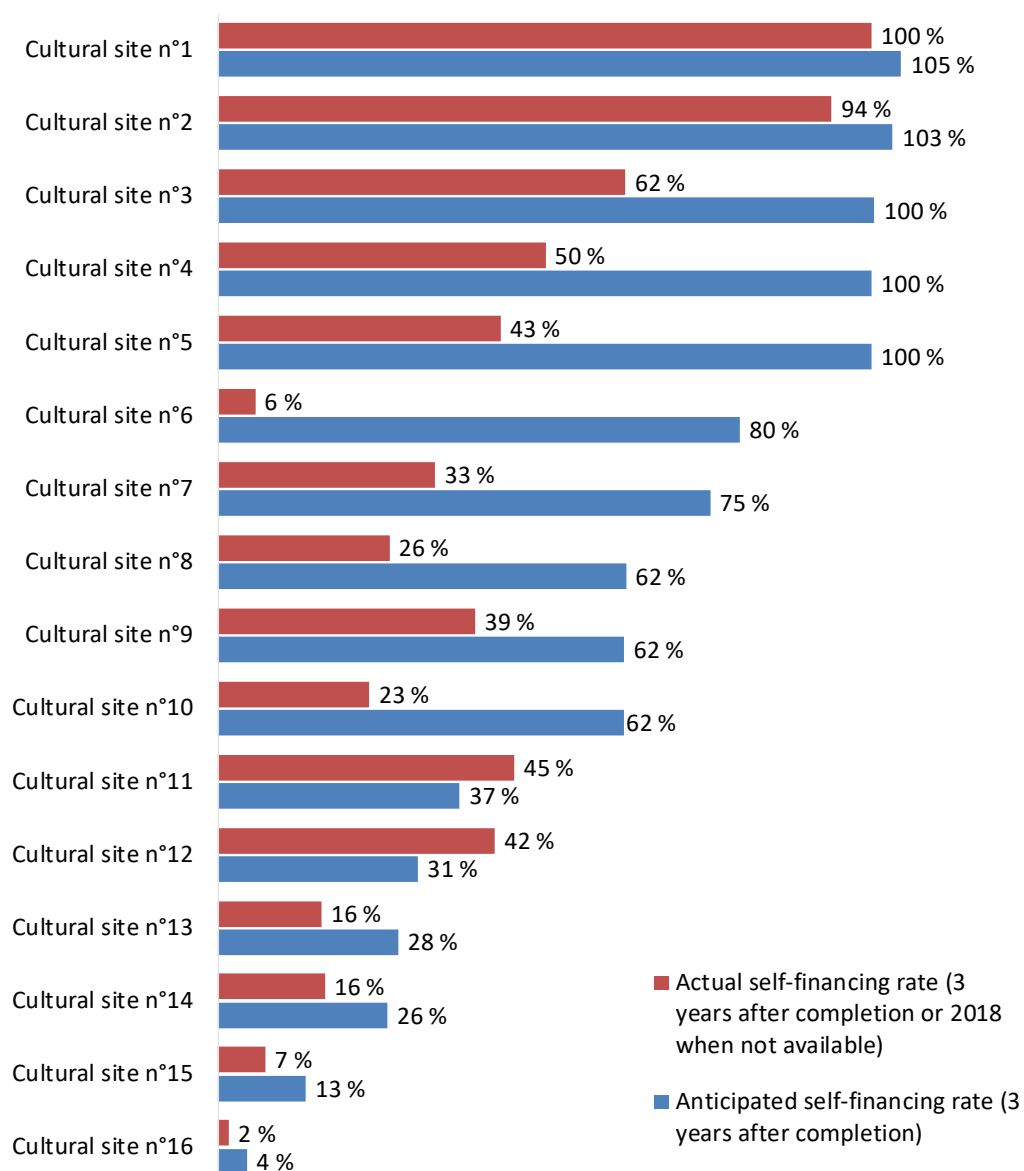
⁵⁴ Article 125(3)(d) of the CPR.

⁵⁵ Article 61 of the CPR.

⁵⁶ Article 67(3)(d), COM(2018) 375 final.

factors, such as over-optimistic financial forecasts, or major changes in the economic model planned for the cultural site.

Figure 5– Differences between actual and forecasted self-financing rates



Note: The chart refers to the completed projects for which data was available. The actual self-financing rate refers to three years after completion of the project or, when this is not available, to 2018.

Source: ECA, based on the financial accounts of the beneficiaries.

85 The ERDF framework does not incentivise beneficiaries to increase their revenue. The ERDF requirements for revenue-generating projects imply that the higher the net revenues generated by the project are, the less EU support is given⁵⁷. However, in four visited heritage sites, the stream of revenues and costs forecasted had limited relevance. This was because EU investments targeted specific parts of the cultural site

⁵⁷ See also paragraph 97 of ECA Opinion No 6/2018.

(e.g. a roof, or a particular room) to which part of the total costs and revenues of the site needs to be attributed, and these attributions were based on estimations and assumptions that were not always clear.

86 In addition, revenue-generating activities were seldom incentivised in the selection procedures we audited. Only in one case could applicants receive up to 3 points if their project increased its current proportion of privately sourced funding. All interviewed national experts stated that cultural sites were not exploring the full potential of revenue-generating activities, such as creating gift shops, renting out space, developing ticketing strategies, or increasing patronage (see [Table 4](#)).

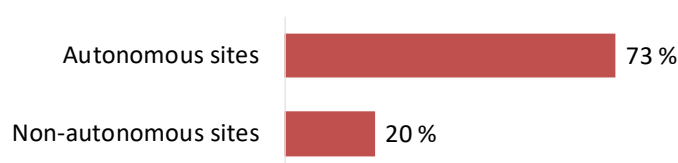
Table 4 – Revenue-generating activities being engaged in by the visited cultural sites in our sample whose ERDF projects were completed at the time of the audit

Member State/ Projects		Ticketing (e.g. visits, shows, exhibitions)	Shops (e.g. souvenirs, bookstore)	Catering (e.g. cafeteria, restaurant)	Space rental	Fundraising (e.g. sponsorship, donations)
Portugal	OLIVA Creative Factory	X	X	X	X	
	Cultural Centre of Viana do Castelo	X				
	Cathedrals Route	X	X			X
Italy	Pompei	X	X	X	X	X
	Villa Campolieto	X			X	X
	San Carlo Theatre	X	X	X	X	X
	Sant Antonio Convent					
Poland	National Polish Radio Symphony Orchestra	X			X	
	Solidarity Centre	X	X	X	X	X
	Four Domes Pavilion	X	X		X	X

Source: ECA.

87 At project level, the capacity and incentive of the audited cultural sites to diversify their own revenues was still, in many cases, affected by legal and financial constraints. According to the experts we interviewed, cultural sites often face contradictory incentives. For example, generating additional revenues might lead to subsequent cuts in public funding. On average, cultural sites that have administrative and financial autonomy have higher self-financing rates (see [Figure 6](#)).

Figure 6 – Actual self-financing rates of completed audited projects



Note: The chart refers to the completed projects for which data was available. The actual self-financing rates refer to 3 years after completion of the project or, when this is not available, to 2018.

Source: ECA, based on the financial accounts of the beneficiaries.

There is a trade-off between financial sustainability and the attainment of cultural and social objectives

88 Financial constraints imply a need to make choices. Those choices may result in lower investments in the preservation of the physical infrastructure, in a decrease in the range of cultural activities provided, or in restrictions on access to the cultural site caused by a need to increase entrance fees. There is a balance to be found between what is expected from cultural sites at a social and cultural level, and what cultural sites can effectively address (see [Box 9](#)).

Box 9

Combining access to culture and financial stability

The Louvre-Lens museum granted free access to its permanent exhibition (the “Time Gallery”) and to one its temporary exhibition halls (“the Glass Pavilion”) to improve access to culture and diversify audiences. This measure increased, according to the museum, the overall number of visitors⁵⁸ (14 % of the visitors would not have visited the museum had they had to pay an entrance fee) but limited its financial autonomy by decreasing its self-financing rate⁵⁹ (18 % instead of an expected 27 %). Free admissions have so far been maintained thanks to the local authorities’ legal commitment to cover the site’s operating deficit.

⁵⁸ Louvre Lens, «5 ans de gratuité de la galerie du temps et du pavilion de verre: bilan et perspectives», March 2018, p. 12

⁵⁹ French Regional Court of Auditors of Nord/Pas-de-Calais/Picardie, *Établissement public de coopération culturelle « Louvre-Lens » Exercices 2011 et suivants*, Relevé d’observations définitives, 2015, p. 9.

Project monitoring by Member States is limited after project completion

89 The legal basis⁶⁰ requires beneficiaries to maintain the nature and objectives of the EU project for a five-year durability period. A breach of these obligations may lead to financial corrections and the recovery of the EU funds granted. The EU legal framework does not define how the managing authorities in the Member States must ensure compliance with these requirements. It is the Member States' responsibility to define adequate monitoring arrangements.

90 The managing authorities monitor the projects mainly during the implementation phase. Even though around one quarter of the result indicators defined for the completed projects in our sample did not reach their targets at project completion (see also [Figure 3](#)), beneficiaries were not subject to any financial consequences. We have already stated, in a previous report, that incentive mechanisms should be applied and lead to real financial benefits or sanctions⁶¹. ICOMOS stated that monitoring procedures set by the EU and the Member States for EU-funded projects take insufficient account of the inherent specificities of the cultural sector and give too much emphasis to financial aspects without properly assessing the actual quality and cultural impact of projects (see [Box 10](#))

⁶⁰ Article 71 of the Common Provisions Regulation.

⁶¹ Paragraphs 54 to 56 of ECA Briefing Paper on Delivering performance in Cohesion, June 2019.

Box 10

Example of the lack of focus given to cultural aspects

The World Heritage Site of Pompeii was granted ERDF funds of around €78 million to safeguard and promote it. Works were performed at different locations of the site. We sampled for the audit visit the house of Efebo, which was finished in December 2015.

The interventions carried out at the house included restorations works at the summer *triclinium*, a Roman dining room overlooking the garden below a pergola supported by four columns. The managing authority visited the house of Efebo to verify the expenditures declared. The report confirmed that the works had been finalised.

Three years after the completion of the works, the structure was damaged in a number of places. During a monitoring check performed by the beneficiary, experts concluded that the structure was undermined by the very high number of visitors that had access to the triclinium and by the absence of protection on all sides of the structure. A polycarbonate protection device was financed by the audited ERDF project, but had been stored in a warehouse and not installed. It was installed at the beginning of 2019 during maintenance works, three years after project completion. This error damaged the physical infrastructure of the summer *triclinium*.

Summer *triclinium*, 1927



Source: Scheda ispettiva, Casa dell'Efebo I 7, 11, provided by Parco Archeologico di Pompei.

Summer *triclinium*, January 2016, after completion of the audited ERDF project in 2015



Source: Relazione tecnica, Casa dell'Efebo, January 2016, provided by Parco Archeologico di Pompei.

Summer *triclinium*, April 2019 during audit visit



Source: ECA.

91 After project completion, the monitoring systems of the visited Member States do not ensure that project performance is systematically checked. During the five-year durability period, performance can be checked on an *ad-hoc* basis, at national discretion, and after this period, project performance is no longer monitored.

92 At project level, only one of the visited cultural sites had been the subject of an ex-post assessment to analyse the economic, social or cultural impact of the ERDF project.

93 For cultural heritage sites, the ERDF monitoring arrangements clearly contrast with the arrangements in place for UNESCO, the Cultural Route of the Council of Europe, and with the Commission itself for sites with the European heritage label. Despite providing funds, the ERDF does not require frequent monitoring after project completion. The Member States' practices in that regard vary largely during the five-year durability period. For the 2014-2020 programme period, whereas two of the visited Member States monitor some projects on the spot, one only performs administrative checks based on reports submitted by the beneficiaries. In contrast, the afore mentioned international labels require monitoring to be performed on a systematic basis, even though not necessarily providing funds (see [Annex VII](#)).

Conclusions and recommendations

94 Overall the audit concluded that there is no appropriate framework to ensure the effectiveness and sustainability of its ERDF investments in cultural sites.

Lack of focus and limited coordination for EU investments in cultural sites

95 The Treaties set an overarching objective for the EU to respect its rich cultural diversity and ensure that Europe's cultural heritage is safeguarded and enhanced. Culture is mainly a competence of the Member States. The Union can only encourage cooperation between Member States and support or supplement their actions (paragraphs [05](#) to [16](#)).

96 Culture is not addressed in the EU 2020 overarching Commission strategy. The core EU strategic framework for culture is composed of common strategic objectives guiding EU action in the area of culture, set out in the Commission's Agendas for culture, and is developed in the Council's Work Plans for Culture. This framework is complex. It co-exists within multiple general EU strategic frameworks and objectives with overlapping periods and several layers of responsibility. The strategic objectives defined by the Commission are not translated into clear operational objectives, there are no provisions to monitor the achievement of objectives set or indicators to measure progress. According to the Commission translating objectives into policy making at Member State level remains a challenge (paragraphs [17](#) to [22](#)).

97 The strategic framework for culture is also only partially reflected in EU funding. Cultural aspects are incorporated, or "mainstreamed", into different policies, and are mainly seen as a resource to help achieve other EU priorities and objectives through different EU funds. However, from the 12 EU funds with the potential to support culture that we analysed, only Creative Europe regulation, a small fund in terms of budget, refers to the Commission's 2007 Agenda. This puts the usefulness of the Agenda into question (paragraphs [23](#) to [24](#)).

98 The Commission has been developing numerous initiatives to promote cultural sites, but EU cultural initiatives have a very limited impact on the availability of ERDF funds to beneficiaries. The ERDF Regulation sets higher funding limits for UNESCO sites, but no such provisions exist for cultural sites that have an EU label or participate in an EU cultural initiative. In addition, coordination between the EU funds themselves for investments in cultural sites is very limited (paragraphs [25](#) to [36](#)).

99 At EU level, infrastructural investments are mainly funded through the ERDF. The ERDF is an important source of funding for investments in cultural sites for around one third of Member States. However, investments in cultural sites are not treated as a priority for the ERDF, which supports a different Treaty objective, that of promoting social and economic cohesion. We found examples of initiatives taken by Member States to finance cultural sites and developing funding schemes that built on private funds (paragraphs 37 to 51).

Recommendation 1 – Improve the current strategic framework for culture within the remit of the Treaties

- (a) The Commission, bearing in mind its competences, should propose to the Member States to set clear strategic and operational objectives in the next Work Plan for Culture. These objectives should be regularly monitored through indicators with targets and milestones.
- (b) Responsibilities for the implementation of these objectives should be defined and allocated, including an appropriate level of coordination within the Commission.
- (c) The Commission should identify and provide good practices to stakeholders on how to design, choose, fund, implement and monitor/follow up EU-funded cultural projects. In particular, this could include the setup of maintenance plans, the development of social activities, and the participation of cultural sites in EU initiatives.

Time frame: by December 2022.

Recommendation 2 – Encourage the use of private funds to safeguard Europe’s cultural heritage

To better address the EU Treaty objective of safeguarding European cultural heritage:

- (a) The Commission should collect good practices on alternative sources of funding from the Member States.
- (b) The Commission should explore in coordination with the Member States the possibility to develop a scheme that builds on private sources of funding for heritage sites.
- (c) The Commission should coordinate such potential initiatives with other EU cultural initiatives (e.g. European heritage label, ECoC)

Time frame: by December 2022

Mixed effectiveness and sustainability of audited ERDF projects

100 Despite the EU’s ambition to increase the social impact of cultural interventions, the objectives of the ERDF OPs and projects are mostly economic. Investments in cultural sites are treated as a resource to improve competitiveness or to develop local areas. Cultural aspects are the least addressed in the audited OPs, even when they are clearly referred to as objectives. Cultural aspects are often not considered as relevant by the ERDF managing authorities when selecting projects (paragraphs [52](#) to [61](#)).

101 Project performance could not be assessed for all completed audited projects. The projects were operational at the time of the audit, but we found several weaknesses in the selection and reporting of indicators that limit the ability to use the reported data to conclude on project performance. In addition, due to the nature of ERDF result indicators, the achievement of OP objectives does not always directly depend on individual project performance (paragraphs [62](#) to [67](#)).

102 The ERDF requirements do not address the physical preservation of funded cultural sites. Despite the constant need of heritage sites for maintenance and the several risks they face to their preservation, none of the audited ERDF projects was required to demonstrate how the cultural site would be preserved after project completion or to present a maintenance plan when applying for EU funds. In addition, the ERDF cannot fund the preservation of endangered sites unless the work involved is expected to have an immediate economic and social effect; neither can Creative Europe. This was possible in the past with the previous EU fund Raphael. For the sites that already face the problem of mass tourism, the generation of economic impact,

often performed through tourism promotion strategies, could be counterproductive to their preservation (paragraphs 68 to 75).

103 The EU has recently increased efforts to ensure preservation of cultural heritage. However, at Member State level, the ERDF framework does not require Member States to integrate heritage sites, which are the cultural sites most exposed to natural hazards, into the national or regional risk assessment required by EU legislation (paragraphs 76 to 78).

104 The audited cultural sites are generally dependent on public subsidies to operate and to finance their investment costs. The ERDF framework does not incentivise beneficiaries to increase their revenue. The ERDF requirements for revenue-generating projects imply that the higher the net revenues generated by the project are, the less EU support is given. Revenue-generating activities were also seldom incentivised in the selection procedures we audited (paragraphs 79 to 88).

105 Project monitoring is limited after project completion. The monitoring systems of the visited Member States allow project performance to be checked on an ad-hoc basis during the five-year durability period required by EU law, but after this period, project performance is no longer monitored. In addition, project performance did not affect the amount of ERDF funds received by beneficiaries in any of the audited projects (paragraphs 89 to 93).

Recommendation 3 – Strengthen the financial sustainability of cultural sites funded by the ERDF

In order not to deter beneficiaries from increasing their own revenues, the Commission should examine and propose simplified forms of support for ERDF investments in cultural sites.

To decrease the dependence on public subsidies, ERDF financing should favour, at project selection phase, projects that contain plans to improve the financial self-sustainability of cultural sites (e.g. diversification of and increased reliance on own revenue sources).

Time frame: in time for the negotiations of operational programmes for the 2021-2027 programme period.

Recommendation 4 – Take more specific action to preserve heritage sites

The Commission, when negotiating operational programmes, should recommend Member States to include heritage sites in the national or regional disaster risk management plan required by the proposed Common Provisions Regulation. This would encourage them to identify the preservation risks that heritage sites face, and plan appropriate mitigation measures.

Time frame: in time for the negotiations of operational programmes for the 2021-2027 programme period.

This Report was adopted by Chamber II, headed by Ms Iliana Ivanova, Member of the Court of Auditors, in Luxembourg at its meeting of 26 February 2020.

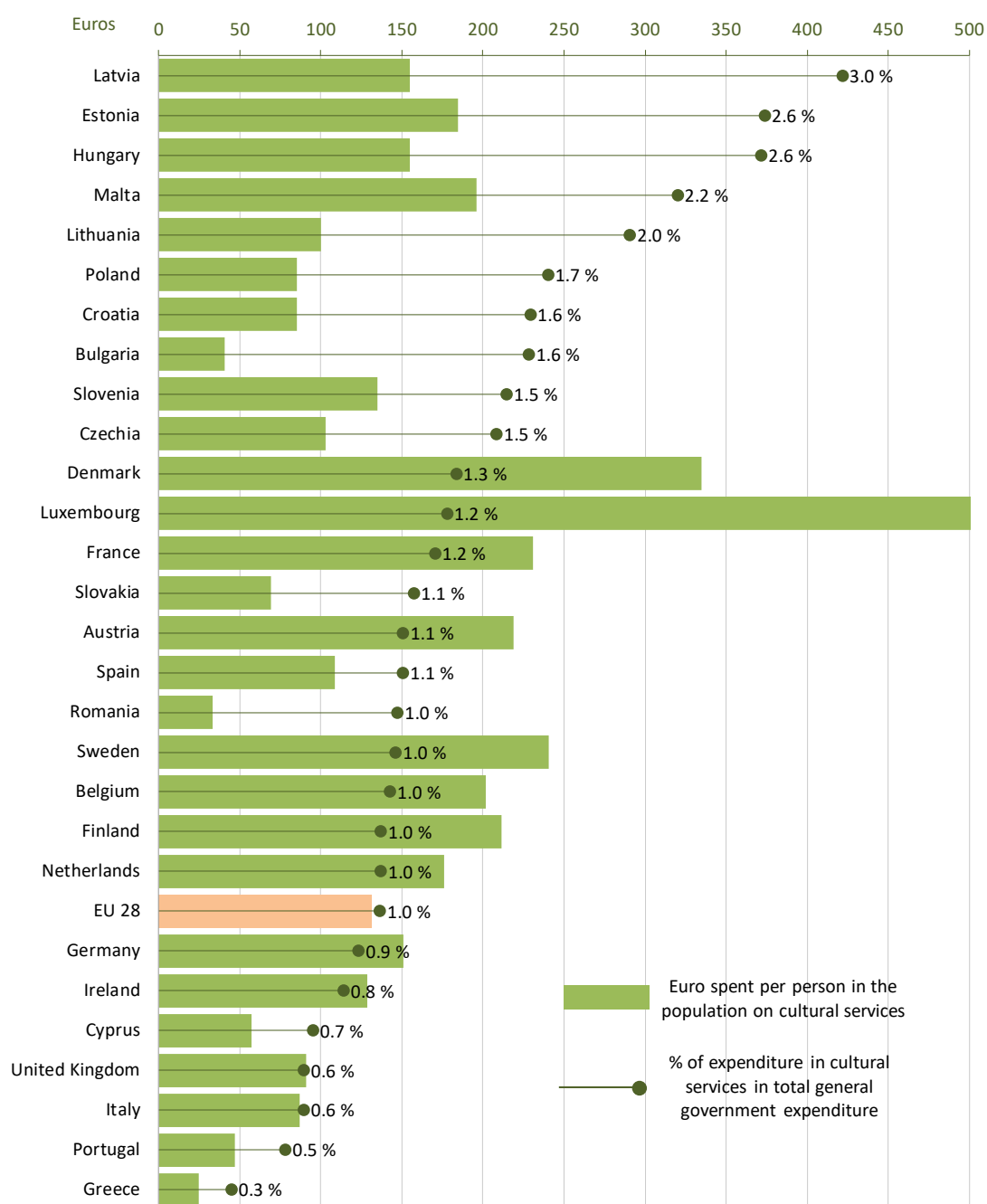
For the Court of Auditors

Klaus-Heiner Lehne
President

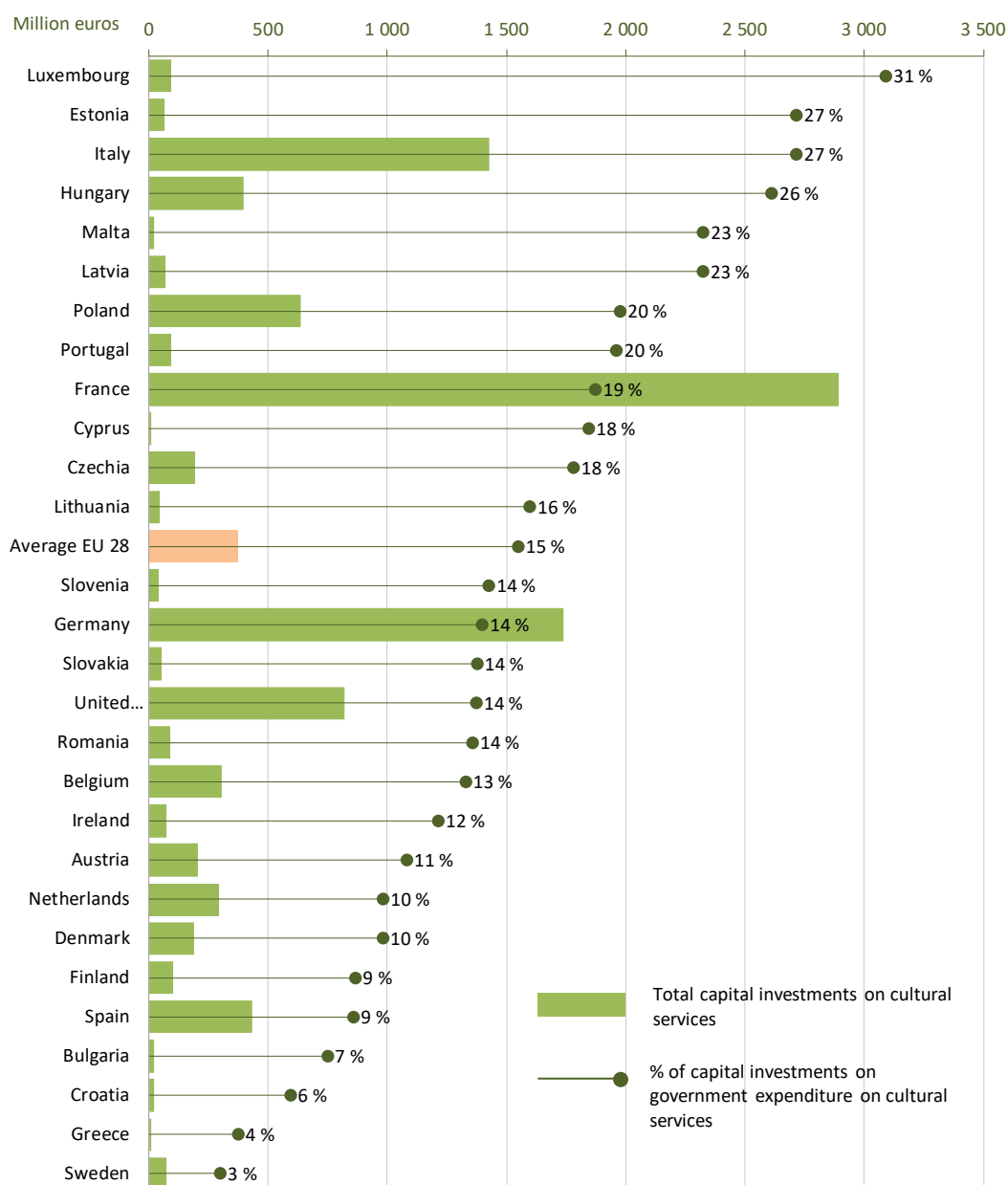
Annexes

Annex I – Overview of general government expenditure on cultural services in 2017

Expenditure in cultural services per inhabitant and in percentage of total government expenditure



Capital investments on cultural services (absolute amount and as percentage of total government expenditure on cultural services)



Note: We use Eurostat's data on public spending in cultural services (COFOG: GF08.2) to estimate Member States' investments in cultural sites. This is the closest estimate available. Capital investments in cultural services include: investment grants (D92), gross fixed capital formation (P.51g) and acquisition less disposals of non-financial non-produced assets (NP). The figures represent the amounts spent in 2017 by national and local administrations (General government expenditure).

Source: ECA, based on Eurostat "General government expenditure by function (COFOG)", online data code: [gov_10a_exp].

Annex II – Overview of EU funds with cultural objectives

Programme	Programme name	Lead DG	Number of General objectives	... in which culture is mentioned	Number of Specific objectives or investment priorities	...with cultural content	Refers to EU Cultural Agenda?	Funds available for investments in cultural sites?
MFF heading 1A: Competitiveness for growth and jobs								
HORIZON 2020	The framework programme for research and innovation	RTD	1	0	16	0	No	No
CEF	Connecting Europe facility	MOVE	2	0	8	0	No	No
ERASMUS+	The EU programme for education, training, youth and sport	EAC	6	0	13	1	No	No
EFSI	European fund for strategic investments/ EU guarantee	ECFIN	7	1	27	1	No	Yes
MFF heading 1B: Economic, social, and territorial cohesion								
ERDF	European Regional Development Fund	REGIO	1	0	40	4	No	Yes
ESF	European social fund	EMPL	0	0	20	0	No	No
Cohesion Fund	Cohesion Fund	REGIO	1	0	16	0	No	No

Programme	Programme name	Lead DG	Number of General objectives	... in which culture is mentioned	Number of Specific objectives or investment priorities	...with cultural content	Refers to EU Cultural Agenda?	Funds available for investments in cultural sites?
MFF heading 2: Sustainable growth: natural resources								
EAFRD	European agricultural fund for rural development	AGRI	3	0	27	2	No	Yes
EMFF	European maritime and fisheries fund	MARE	4	0	17	1	No	Yes
LIFE	Programme for the environment and climate action	ENV	4	0	22	0	No	No
MFF heading 3: Security and citizenship								
Europe for citizens	Europe for citizens	HOME	2	0	2	0	No	No
Creative Europe	Creative Europe Programme	EAC	2	2	4	4	Yes	No

Source: ECA, based on EU regulations, relevant calls and the 2007 European Agenda for Culture as adopted by the Resolution of the Council of 16 November 2007.

Annex III – List of audited priority axes and related operational programmes

Operational programmes audited

Programme period	Member State	Operational programme	Title	Priority axes (PA) audited
2014-2020	Portugal	2014PT16M2OP002	Centro Region	PA 7. Affirming the sustainability of territories; and PA 9. Strengthen the Urban Network
	Italy	2014IT16RFOP001	Culture and Development	PA 1. Strengthening cultural endowments
	Poland	2014PL16M1OP001	Infrastructure and Environment	PA VIII. Protection of cultural heritage and development of cultural resources
	France	2014FR16M0OP012	Nord-Pas de Calais	PA 4. Increasing the region's capacity to adapt to changes while improving its attractiveness and visibility
	Croatia	2014HR16M1OP001	Competitiveness and Cohesion	PA 6. Environmental Protection and Sustainability of Resources
	Romania	2014RO16RFOP002	Regional Operational Programme	PA 5. Improving the urban environment and preserving, protecting and sustainable valorisation of cultural heritage
	Germany	2014DE16RFOP008	Mecklenburg-Vorpommern	PA 4. Fostering the integrated sustainable urban development

Programme period	Member State	Operational programme	Title	Priority axes (PA) audited
2007-2013	Portugal	2007PT161PO002	North Region	PA II. Economic fostering of specific resources; PA III. Strengthening the Regional dimension; and PA IV. Local and Urban Cohesion
	Italy	2007IT161PO001	Cultural, natural and tourism attractors	PA 1. Enhancement and integration on a regional scale of cultural and natural heritage
	Poland	2007PL161PO002	Infrastructure and Environment	PA XI. Culture and cultural heritage
	France	2007FR162PO017	Nord Pas-de-Calais	PA 4. Territorial dimension
	Croatia	2007HR161PO003	Regional Competitiveness	PA 1. Development and upgrading of the regional infrastructure and raising the attractiveness of regions; and PA 2. Enhancing the competitiveness of the Croatian Economy
	Romania	2007RO161PO001	Regional Operational Programme	PA 5. Sustainable development and promotion of tourism
	Germany	2007DE162PO010	Niedersachsen Regional Programme (without Lüneburg)	PA 3. Support to the specific infrastructure for sustainable growth

Annex IV – List of audited projects

Member State	Project Name	Programme Period	Visited Yes/ No	Type of site	Level of autonomy	Situation at time of the audit	Total ERDF amount (in M€)*	No. of output indicators	No. of result indicators
Portugal	Coimbra university	2014-2020	Yes	Heritage site	Autonomous	ongoing	N/A	1	0
Portugal	Convento Abrantes	2014-2020	Yes	Heritage site	Non-autonomous	ongoing	N/A	1	1
Portugal	OLIVA	2007-2013	Yes	New cultural infrastructure	Non-autonomous	Completed in 2015	6.9	12	9
Portugal	Rota das Catedrais	2007-2013	Yes	Heritage site	Autonomous	Completed in 2015	1.9	9	7
Portugal	Centro Cultural de Viana	2007-2013	Yes	New cultural infrastructure	Non-autonomous	Completed in 2014	10.7	2	1
Poland	Jasna Góra Częstochowa	2014-2020	Yes	Heritage site	Autonomous	Completed in 2018	4.1	2	3
Poland	Toruń - old town	2014-2020	Yes	Heritage site	Non-autonomous	ongoing	N/A	5	4

Member State	Project Name	Programme Period	Visited Yes/ No	Type of site	Level of autonomy	Situation at time of the audit	Total ERDF amount (in M€)*	No. of output indicators	No. of result indicators
Poland	European Solidarity Centre Gdansk	2007-2013	Yes	New cultural infrastructure	Autonomous	Completed in 2014	24.9	1	2
Poland	Pawillon of 4 domes Wroclaw	2007-2013	Yes	Heritage site	Autonomous	Completed in 2015	12.2	2	2
Poland	NOSPR Katowice	2007-2013	Yes	New cultural infrastructure	Autonomous	Completed in 2014	33.7	2	2
Italy	Palazzo Lanfranchi, Matera	2014-2020	Yes	Heritage site	Non-autonomous	ongoing	N/A	1	1
Italy	Ex Convento di Sant'Antonio	2014-2020	Yes	Heritage site	Non-autonomous	Completed in 2017	2.7	1	2
Italy	Teatro di San Carlo di Napoli	2007-2013	Yes	Heritage site	Autonomous	Completed in 2010	19.7	0	1

Member State	Project Name	Programme Period	Visited Yes/ No	Type of site	Level of autonomy	Situation at time of the audit	Total ERDF amount (in M€)*	No. of output indicators	No. of result indicators
Italy	Villa Campolieto	2007-2013	Yes	Heritage site	Autonomous	Completed in 2015	4.2	1	4
Italy	Pompei (Casa dell' Efebo)	2007-2013	Yes	Heritage site	Autonomous	Completed in 2015	0.6	3	1
Romania	Mănăstirea Moldovita	2007-2013	No	Heritage site	Autonomous	Completed in 2012	1.1	6	8
Romania	Muzeul Judetean Buzău	2007-2013	No	Heritage site	Autonomous	Completed in 2015	4.7	3	11
Romania	Palatul Patriarhiei, Bucuresti	2007-2013	No	Heritage site	Autonomous	Completed in 2015	12.6	7	1
France	Centre Eurorégional des cultures urbaines (Lille)	2007-2013	No	New cultural infrastructure	Non-autonomous	Completed in 2014	3.6	2	0
France	Halle au sucre (Dunkerque)	2007-2013	No	New cultural infrastructure	Non-autonomous	Completed in 2014	6.9	2	0

Member State	Project Name	Programme Period	Visited Yes/ No	Type of site	Level of autonomy	Situation at time of the audit	Total ERDF amount (in M€)*	No. of output indicators	No. of result indicators
France	Musée du Louvre Lens	2007-2013	No	New cultural infrastructure	Autonomous	Completed in 2012	35.0	2	0
Croatia	Muzej Rijeka (Karlovac)	2007-2013	No	New cultural infrastructure	Autonomous	Completed in 2016	4.7	8	3
Croatia	Kneževa palača (Zadar)	2007-2013	No	Heritage site	Non-autonomous	Completed in 2016	4.7	3	4
Croatia	Ivanina kuća bajke (Ogulin)	2007-2013	No	New cultural infrastructure	Autonomous	Completed in 2013	0.9	5	3
Germany	Dom-Museum Hildesheim	2007-2013	No	Heritage site	Non-autonomous	Completed in 2015	3.5	0	0
Germany	Kulturetage Oldenburg	2007-2013	No	New cultural infrastructure	Autonomous	Completed in 2011	2.0	0	0
Germany	Sprengel Museum Hannover	2007-2013	No	New cultural infrastructure	Non-autonomous	Completed in 2015	11.6	0	0

Note: Indicators refer to the economic, social or cultural dimension of the projects.

Source: ECA.

Annex V – Overview of the 21 audited selection procedures

The table presents an overview of the aspects that managing authorities required beneficiaries to comply with when applying for ERDF funding. It specifies if the requirements were regarded as an admissibility or selection criteria. The admissibility criteria have to be fulfilled for the beneficiaries to be considered eligible for funding and include the eligibility criteria. The fulfilment of a selection criteria provides an advantage to the beneficiary (in the form of extra points), but is not mandatory.

Aspects required by managing authorities / Percentage of selection procedures that required beneficiaries to comply with the aspect	2007-2013 programme period			2014-2020 programme period		
	Admissibility criteria	Selection criteria	Max average weight given (if any)	Admissibility criteria	Selection criteria	Max average weight given (if any)
Economic impact of the project			23 %			26 %
Social impact of the project			17 %			16 %
Increase in the number of visitors			17 %			12 %
Integration within a local development strategy			12 %			13 %
Cultural impact of the project						
- <i>Cultural quality of the project</i>			N/A			11 %
- <i>Existence of a cultural label (Unesco or national)</i>			10 %			12 %
- <i>Participation in EU initiatives (or labels)</i>			N/A			N/A
- <i>Urgency of physical intervention</i>			11 %			11 %
- <i>Impact on reputation, heritage promotion</i>			N/A			8 %
Restoration / Maintenance of the site						
- <i>Quality of the works to be performed</i>			12 %			15 %
- <i>Physical maintenance, maintenance plans</i>			0 %			N/A
Financial sustainability						
- <i>Cost-effectiveness of the project</i>			15 %			6 %
- <i>Demonstration of financial sustainability</i>			12 %			7 %

	Aspect is required in between 75 % and 100 % of all audited selection procedures
	Aspect is required in between 50 % and 75 % of all audited selection procedures
	Aspect is required in between 25 % and 50 % of all audited selection procedures
	Aspect is required in less than 25 % of all audited selection procedures
	Aspect is not required in any audited selection procedures

Source: ECA.

Annex VI – List of the main policy documents relevant for cultural sites

Title of the document	Type of document	Date
Need to bring cultural heritage to the fore across policies in the EU	Council conclusions	2018
European Framework for Action on Cultural Heritage	Commission Staff Working document	2018
European Year of Cultural Heritage	Decision (EU) 2017/864 of the European Parliament and of the Council	2017
Coherent EU policy for cultural and creative industries	Parliament Resolution	2016
Towards an integrated approach to cultural heritage for Europe	Parliament Resolution	2015
Towards an integrated approach to cultural heritage for Europe	Communication of the Commission	2014
Mapping of Cultural Heritage actions in European Union policies, programmes and activities	Communication of the Commission	2014
Cultural heritage as a strategic resource for sustainable Europe	Council conclusions	2014
Promoting cultural and creative sectors for growth and jobs in the EU	Communication of the Commission	2012

Source: ECA.

Annex VII – Main features of the European Heritage, the World Heritage and the Cultural Routes labels

	European Heritage of the EU ¹⁾	World Heritage of UNESCO ²⁾	Cultural Routes of the Council of Europe ³⁾
Creation	2011	1972	1987
Responsible authorities	Member States	States parties	Council of Europe, Enlarged Partial Agreement on Cultural Routes (EPA)
Number of awarded sites/ networks	38 sites	1092 sites, 373 in the EU	38 established European networks
Number of countries with awarded sites/ networks	18	167	62
Main overarching Principles	Promote European integration, history, culture and values	Protect heritage of outstanding universal value	Promote shared European identity and values, intercultural dialogue, European memory, history and heritage
Main criteria for awarding the label	European significance	Outstanding Universal Value	European value + transnational dimension + European memory, history and heritage
Monitoring frequency	Every 4 years	Every 6 years	Every 3 years
Evaluation at the site level	Based on self-reporting	Based on self-reporting	Conducted by an independent expert
Main aspects monitored	Feedback on being an EHL site (benefits, number of visitors...), activities for the next period, communication needs.	State of conservation, management, monitoring procedures, activities, risks, new legislation, impact of the label	Themes, activities and management of the networks, communication and publications, touristic and economic impact, financial situation, governance
Reactive monitoring for threatened sites	No	Yes	No
Withdrawal possibility	Yes	Yes	Yes, following one year of exceptional evaluation

Source: ECA, based on 1) Decision n° 1194/2011/EU establishing a European Union action for the European Heritage Label (OJ L 303, 22.11.2011, pp. 1-9); 2) 2017 Operational guidelines for the implementation of the World Heritage Convention; 3) information provided by the Cultural Routes of the Council of Europe and Resolution CM/Res(2013)67 revising the rules for the award of the “Cultural Route of the Council of Europe” certification.

Annex VIII – Evolution of the ERDF Framework for investments in cultural sites

	2007-2013 ¹⁾	2014-2020 ²⁾	Commission's proposal for 2021-2027 ³⁾
Priorities for investment related to cultural sites	No specific objectives or investment priorities were defined in the regulation	<u>Investment Priority 6c</u> : “conserving, protecting, promoting and developing natural and cultural heritage” <u>Investment priority 8b</u> : “(...) enhancing accessibility to, and development of, specific natural and cultural resources” <u>Investment Priority 9a</u> : “investing in (...) social infrastructure (...) through improved access to social, cultural and recreational services”	<u>Specific objective 5(i)</u> Fostering the integrated social, economic and environmental development, cultural heritage and security in urban areas <u>Specific objective 5(ii)</u> fostering the integrated social, economic and environmental local development, cultural heritage and security, including for rural and coastal areas also through community-led local development.
Codes for expenditure	058 preservation of cultural heritage 059 cultural infrastructure, excluding cultural services	094 Protection, development and promotion of public cultural and heritage assets	129 Protection, development and promotion of cultural heritage and cultural services
Output Indicators	No core indicator defined for cultural sites	<u>Sustainable tourism</u> “Increase in expected number of visits to supported sites of cultural and natural heritage and attractions “	<u>Common indicator</u> : RCO 77 - Capacity of cultural and tourism infrastructure
Result indicators	No core indicator defined for culture	No common result indicators defined in the regulation	<u>Common indicators</u> : RCR 77 - Tourists / visits to supported sites; RCR 78 - Users benefiting cultural infrastructure supported

Sources: ECA, based on: ¹⁾ Regulation 1083/2006 and Regulation 1828/2006; ²⁾ Regulation 1301/2013; ³⁾ Regarding expenditure codes see the Proposal for a Common Provisions Regulation, COM(2018) 375 final, annexes 1 to 22, 29.5.2018; regarding remaining information see the Proposal for a ERDF/CF regulation, Annex 1 and 2, COM(2018) 372 final, 29.5.2018.

Annex IX – Main objectives of the sampled priority axes and their measurement by result indicators

	Social		Cultural		Economic	
	2014-2020	2007-2013	2014-2020	2007-2013	2014-2020	2007-2013
Croatia	Increasing employment	Result indicator exists despite objective not being defined.	Enhancing cultural heritage	No objective and no result indicator defined.	Increasing employment and tourist expenditure	Development of business climate and SME competitiveness
France	Fostering social transformation	Fostering social cohesion	Conserving and developing regional heritage	Rehabilitating heritage sites and building the Louvre-Lens museum	Fostering economic transformation	Strengthening regional excellence and attractiveness
Germany	No objective and no result indicator defined.	Result indicator exists despite objective not being defined.	Improving the sustainable use of cultural heritage	No objective and no result indicator defined.	Preserving the attractiveness of the cities	Exploiting tourist potential to improve competitiveness
Italy	Improving the conditions and standards of use of cultural heritage	Improving the use of cultural and natural resources	Improving the conditions and standards of offer of cultural heritage	Improving the preservation of cultural and natural resources	Foster cultural heritage and tourism for national growth	Increasing the attractiveness of regional territories

	Social		Cultural		Economic	
Poland	Better accessibility of cultural sites	Increasing access to culture and effective use of cultural heritage	No objective and no result indicator defined.	Improving cultural infrastructure and preserving cultural heritage	Improving the economic competitiveness	Increasing the attractiveness of Poland
Portugal	Increasing the level of satisfaction of residents	Local and urban cohesion by strengthening collective services	Promoting the strengthening of cultural heritage	Fostering culture and creativity	Affirming the region as a tourist destination	Economic fostering of specific resources
Romania	Increasing the quality of life	Job creation through tourism development	Preservation and valorisation of cultural heritage and identity	Restoration and sustainable valorisation of cultural heritage	Strengthening local development	Sustainable development and promotion of tourism

	No result indicator for that objective
	Between 1 and 2 result indicators
	3 result indicators or more

Source: ECA.

Acronyms and abbreviations

CPR: Common Provisions Regulation

DG: General Directorate

ECoC: European Capital of Culture

ERDF: European Regional Development fund

ESI Funds: European Structural and Investment Funds

EYCH: European Year of Cultural Heritage

OMC: Open Method of Coordination

OP: Operational Programme

PA: Partnership Agreement

Glossary

Cultural objective: A goal to safeguard and enhance the material and immaterial cultural diversity (cultural sites, music performances, art exhibitions, etc.).

Economic objective: A goal generally relating to productivity and/ or employment.

European Structural and Investment Funds (ESI Funds): The five main EU funds which together support economic development across the EU: the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development, and the European Maritime and Fisheries Fund. They are covered by a common set of rules.

Operational programme (OP): The basic framework for implementing EU-funded cohesion projects in a set period, reflecting the priorities and objectives laid down in partnership agreements between the Commission and individual Member States.

Partnership agreement (PA): An agreement between the Commission and a Member State or third country/ies in the context of an EU spending programme, setting out, for example, strategic plans, investment priorities or the terms of trade or development aid provision.

Social objective: A goal to provide access to cultural sites to all social groups (including disadvantaged and disabled people), democratise knowledge, promote education and employment.

REPLIES OF THE COMMISSION TO THE SPECIAL REPORT OF THE EUROPEAN COURT OF AUDITORS

“EU INVESTMENTS IN CULTURAL SITES: A TOPIC THAT DESERVES MORE FOCUS AND COORDINATION”

EXECUTIVE SUMMARY

VI: Second indent - The strategic framework for cultural policy in the European Union, as designed by the European Commission (cf “New European Agenda for Culture” in particular), focuses on the contribution that culture makes to Europe’s societies, economies and international relations. It does not specifically concentrate on the promotion of cultural sites.

The ERDF investments into restoration of cultural sites often enable these sites to subsequently participate in EU level cultural initiatives.

Third indent: The primary objective of ERDF is to contribute to reinforcing economic, social and territorial cohesion. According to paragraph 11 of the preamble to the ERDF Regulation, the rationale for the eligibility from ERDF funding of culture and support for cultural heritage is depending on their inclusion in a territorial strategy for specific area or to the extent to which they contribute to employment-friendly growth.

In addition, culture is an area of primary competence of the Member State where the European Commission has to observe the subsidiarity principle.

VII: ERDF OPs and projects have mostly economic and social objectives in line with the legal base for Cohesion Policy in the Treaty.

VIII: a) The Commission accepts the recommendation.

b) The Commission accepts the recommendation.

c) The Commission accepts the recommendation.

The Omnibus regulation which entered into force in 2018 already introduced further simplified cost options possibilities for the ERDF co-funding and these possibilities were even widened in the Commission’s post 2020 proposals.

As per the Commission’s proposal, managing authorities need to verify that beneficiaries have the necessary financial resources and mechanisms to cover operation and maintenance costs.

d) The Commission accepts the recommendation.

OBSERVATIONS

The strategic framework for EU action reflects the Treaties and the supporting role of the EU in relation to culture. Furthermore, the current report solely analyses the funding available for cultural infrastructure projects (i.e. ESIF), while the assumption made here concerns EU funding overall.

17. In the case of ERDF investments, the objective is socio-economic development. Any investments with a cultural dimension have to contribute to attaining this objective. The framework for ERDF support is set out in Annex I to the CPR

The Commission distinguishes between an EU framework for investments in cultural sites and an EU framework for EU action in culture.

19. There is only one EU strategic framework for culture, which is the New European Agenda for Culture.

23. The only EU fund specifically for culture is the Creative Europe Programme, which does take the current EU agenda for culture into account.

Other EU funds have other objectives and depend on other policy strategies.

29. None of the existing EU “labels” for culture was designed in view of triggering later EU funding. The Commission’s cultural initiatives and the ERDF funding have their distinct objectives, they are not conditional to each other.

The European Heritage label and other Commission initiatives, such as the European Capital of Culture, are often awarded to cities / sites that previously benefitted from ERDF investments. This ERDF support enabled them to subsequently obtain the “label”. A good example for this is Wroclaw, which became thanks to ERDF investments in 2007-13 period the European Capital of Culture 2016.

31. The definition of criteria for the selection of projects and the selection is under the responsibility of the Member States. The monitoring committee shall examine and approve the methodology and criteria used for selection of operations (Article 110(2)a CPR).

34. The different EU funds are designed to complement each other. As regards ESI Funds under shared management, the Member States had to set out in the Partnership Agreements “*arrangements, in line with the institutional framework of the Member States, that ensure coordination between the ESI Funds and other Union and national funding instruments and with the EIB* (Article 15(1)b(i) CPR).

36. The requirement to put in place arrangements that ensure coordination between the ESI Funds and other Union and national funding instruments and with the EIB does not imply that detailed coordination mechanisms for each specific type of investment financed by the ESI Funds are to be established. This concerns in particular investments such as the support to cultural sites, which are of limited size in most ERDF programmes.

37. See Commission reply to paragraph 23.

39. The Common Provisions Regulation requires Member States to report financial data to the Commission in a systematic manner for the ERDF (template tables for regular reporting are set out in Commission Implementing Regulation).

40. There is no EU regulation specifically on cultural statistics. The majority of the EU statistics on culture are derived from different surveys and data collections which are regulated (compulsory), e.g. EU-Labour Force Survey, Structural Business Statistics, National Accounts. However, cultural items cannot always be distinguished separately in the results of these surveys (i.e. details relevant for culture are not available in data transmitted to Eurostat).

43. The Commission recalls that the ERDF is not intended to provide any such framework for cultural sites.

The Commission stresses that defining frameworks for investments in cultural sites is not an EU competence, but a competence of the Member States.

48. The Commission notes that the restriction to small-scale cultural infrastructure was not part of the Commission’s proposal for the current ERDF Regulation (COM(2011) 614 final) but was introduced by the co-legislators in the negotiations with the European Parliament and the Council.

50. The Commission has to prioritise the investments for culture compared to other sectors like transport or environment and ensure that conditions are in place in order to maximise their effects, the reason why it may lead to some reductions.

51. The Commission stresses that it may only require the Member States to design their PAs and OPs in line with the Regulations as approved by the co-legislators. The CPR requires the Member States to use the ESIF to effectively contribute to the Union strategy for smart, sustainable and inclusive growth. It does not require any alignment with any cultural agenda.

52. The Commission considers that the effectiveness of ERDF investments can only be assessed against the ERDF objectives: promoting economic, social and territorial cohesion.

61. The focus of the ERDF funded projects depends on the Thematic Objective (TO) under which they are funded. TO1-3 are indeed focussed on growth and competitiveness. However, cultural projects under TO6, were aiming at preserving and protecting the environment and promoting

resource efficiency. Or if an investment was under TO9 (e.g. for access to cultural services), it focussed on promoting social inclusion, combating poverty and any discrimination.

Common reply 63 and 64

The Commission underlines that even though some result indicators were not reached at the time the underlying projects ended, they may be reached at the time the respective programmes were closed, as it takes time for results to materialise.

The Commission notes that there are regulatory requirements for setting result indicators at priority axes but not at project level.

65. The Commission stresses that the 2014-2020 programming period has introduced more stringent requirements for the reporting of performance data. National and EU audits are carried out on systems used to collect, verify and report indicators. Unreliability of performance data is considered as a weakness in the management and control system and may lead to suspension of payments.

The Commission considers that even though there is still room for improvement, these are important steps and a strong incentive for programme authorities towards enhanced reliability.

66. The Commission notes that in some cases, a partial restoration was a necessity in the sense that a non-intervention could have led to close the site, therefore increasing the number of visitors is not always an end in itself.

The ERDF common indicator “increase in expected number of visits to supported sites of cultural or natural heritage and attraction” expresses the ex-ante estimated increase in number of visits to a site in the year following project completion. The managing authorities set the methodology for estimating the expected number that can be based on demand analysis. The managing authorities are not supposed to report the actual number of visitors under this common indicator.

67. Under shared management, the Commission monitors aggregated outputs and results at the level of programmes and priorities. There is no regulatory requirement for setting result indicators at project level. A well-designed intervention logic shall ensure that outputs and results at project level contribute to achieving the expected results of the operational programmes, which are also influenced by external factors. This is why the Commission considers that assessing the contribution of projects to the programme objectives expressed by their result indicators cannot be measured through the performance of individual projects, but requires an impact evaluation.

69. The Commission shares this concern and reminds that there is a legal obligation for the beneficiary to repay the EU contribution in case of a substantial change in the operation within five years of the final payment to the beneficiary (Article 71 CPR). In this sense, the failure to maintain a restored cultural site could constitute a substantial change in the implementation conditions of the operation undermining the original objectives of the ERDF investment.

72. The allocation of ERDF to projects is driven by the objectives of cohesion policy, and by the specific objectives formulated by the operational programmes, which are mostly not culture oriented.

73. The Commission stresses that it does not have the powers to go beyond the reporting requirements set out in Article 6 of Decision No 1313/2013/EU on a Union Civil Protection Mechanism. This requires Member States to make available to the Commission summaries of their risk assessments and risk management capability assessments focusing on key risks identified at national (or regional) level.

74. The common indicator “increase in the number of visitors to the sites” is only used by the operational programmes when it is relevant for the operations supported. The ERDF support does not prevent national authorities to apply measures for the preservation of heritage sites.

75. See Commission reply to paragraph 17.

85. This issue is also mentioned in State aid exemption rules, which have to be respected as of 2014 when granting ERDF support. In particular, those rules state that for investment in culture and heritage conservation, the aid amount shall not exceed the difference between the eligible costs and the operating profit of the investment.

90. The non-achievement of the results indicators for projects under the 2007-2013 ERDF programmes, did not entail any financial consequences, because such a provision was not included in 2007-2013 Regulations. Under shared management the incentive mechanisms referred to by the European Court of Auditors can only be applied in the contractual arrangements between the project beneficiary and the managing authority.

93. The Common Provisions Regulation require ERDF co-financed operations to maintain their nature, objectives and implementation conditions for a period of at least 5 years starting from the final payment to the beneficiary. The compliance with this regulatory provision is monitored by the Member States.

The current requirement for the evaluation of impacts of all ERDF interventions incentivises Member States to adopt a medium to long-term perspective when planning and programming the implementation of the interventions, therefore catering implicitly also to the durability of the investment results. The direct monitoring of the durability of project results, however, remains the responsibility of Member States.

CONCLUSIONS AND RECOMMENDATIONS

98. The Commission notes that EU labels/initiatives are often awarded to the sites that have been newly built or renovated thanks to ERDF funding.

Recommendation 1 – Improve the current strategic framework for culture within the remit of the Treaties

The Commission accepts the recommendation.

Recommendation 2 – Encourage the use of private funds to safeguard Europe's cultural heritage

The Commission accepts this recommendation.

102. The ERDF regulation does not address the physical preservation of funded cultural sites as an independent objective. In addition, without being embedded in a national or regional development strategy, the ERDF cannot fund the preservation of endangered sites.

105. The Commission notes that the Common Provisions Regulation does not require a monitoring of the project performance after the regulatory five-year durability period. The current requirement for the evaluation of impacts of all ERDF interventions incentivises Member States to adopt a medium to long-term perspective when planning and programming the implementation of the interventions, therefore catering implicitly also to the durability of the investment results. The direct monitoring of the durability of project results, however, remains the responsibility of Member States.

Applying incentive and sanctioning schemes depending on project performance falls under national competence.

Recommendation 3 – Strengthen the financial sustainability of cultural sites funded by the ERDF

The Commission accepts the recommendation.

The Omnibus regulation which entered into force in 2018 already introduced further simplified cost options possibilities for the ERDF co-funding and these possibilities were even widened in the Commission's post 2020 proposals.

As per the Commission's proposal, managing authorities need to verify that beneficiaries have the necessary financial resources and mechanisms to cover operation and maintenance costs.

Recommendation 4 – Take more specific action to preserve heritage sites

The Commission accepts the recommendation.

Audit team

The ECA's special reports set out the results of its audits of EU policies and programmes, or of management-related topics from specific budgetary areas. The ECA selects and designs these audit tasks to be of maximum impact by considering the risks to performance or compliance, the level of income or spending involved, forthcoming developments and political and public interest.

This performance audit was carried out by Audit Chamber II Investment for cohesion, growth and inclusion spending areas, headed by ECA Member Iliana Ivanova. The audit was led by ECA Member Pietro Russo, supported by Chiara Cipriani, Head of Private Office, Benjamin Jakob, Private Office Attaché; Emmanuel Rauch, Principal Manager; Sara Pimentel, Head of Task; Ana Popescu, Bernard Witkos, Dana Smid Foltynova, Jussi Bright, Paulo Manuel Carichas, Sabine Maur-Helmes, Thierry Lavigne and Tristan Le Guen, Auditors. Hannah Critoph and Richard Moore provided linguistic support.



From left to right: Sabine Maur-Helmes, Tristan Le Guen, Chiara Cipriani, Benjamin Jakob, Pietro Russo, Emmanuel Rauch, Sara Pimentel, Jussi Bright, Dana Smid Foltynova.

Timeline

Event	Date
Adoption of Audit Planning Memorandum (APM) / Start of audit	12.12.2018
Official sending of draft report to Commission (or other auditee)	06.01.2020
Adoption of the final report after the adversarial procedure	26.02.2020
Commission's (or other auditee's) official replies received in all languages	24.03.2020

COPYRIGHT

© European Union, 2020.

The reuse policy of the European Court of Auditors (ECA) is implemented by the [Decision of the European Court of Auditors No 6-2019](#) on the open data policy and the reuse of documents.

Unless otherwise indicated (e.g. in individual copyright notices), the ECA's content owned by the EU is licensed under the [Creative Commons Attribution 4.0 International \(CC BY 4.0\) licence](#). This means that reuse is allowed, provided appropriate credit is given and changes are indicated. The reuser must not distort the original meaning or message of the documents. The ECA shall not be liable for any consequences of reuse.

You are required to clear additional rights if a specific content depicts identifiable private individuals, f. ex. as on pictures of the ECA's staff or includes third-party works. Where permission is obtained, such permission shall cancel the above-mentioned general permission and shall clearly indicate any restrictions on use.

To use or reproduce content that is not owned by the EU, you may need to seek permission directly from the copyright holders.

Photo Box 1: © Capital Europeia da Cultura Guimarães 2012.

Picture 2: Icons made by [Pixel perfect](#) from <https://flaticon.com>.

Photos Box 3: © City of Katowice.

Photo Box 4: © ph. Luciano Romano.

Photo Box 7: © ph. Henrique Patricio.

Photo 1 Box 10: Source: Scheda ispettiva, Casa dell'Efebo I 7, 11, provided by Parco Archeologico di Pompei.

Photo 2 Box 10: Source: Relazione tecnica, Casa dell'Efebo, January 2016, provided by Parco Archeologico di Pompei.

Software or documents covered by industrial property rights, such as patents, trade marks, registered designs, logos and names, are excluded from the ECA's reuse policy and are not licensed to you.

The European Union's family of institutional Web Sites, within the europa.eu domain, provides links to third-party sites. Since the ECA does not control them, you are encouraged to review their privacy and copyright policies.

Use of European Court of Auditors' logo

The European Court of Auditors logo must not be used without the European Court of Auditors' prior consent.

PDF	ISBN 978-92-847-4458-9	ISSN 1977-5679	doi:10.2865/27448	QJ-AB-20-005-EN-N
HTML	ISBN 978-92-847-4422-0	ISSN 1977-5679	doi:10.2865/02680	QJ-AB-20-005-EN-Q

In the field of Culture, the overarching objective for the EU, as set in the Treaty, is to respect its rich cultural diversity and ensure that Europe's cultural heritage is safeguarded and enhanced. Culture being mainly a competence of the Member States, the Union can only encourage cooperation between them and support or supplement their actions.

We assessed the economic, social and cultural effects of ERDF investments in cultural sites and the financial and physical sustainability of those sites. We examined the work of the Commission and assessed 27 projects from seven Member States.

The audit concluded that the current framework lacks focus and needs more coordination to ensure the effectiveness and sustainability of its ERDF investments in cultural sites.

ECA special report pursuant to Article 287(4), second subparagraph, TFEU.



EUROPEAN
COURT
OF AUDITORS



Publications Office
of the European Union

EUROPEAN COURT OF AUDITORS
12, rue Alcide De Gasperi
1615 Luxembourg
LUXEMBOURG

Tel. +352 4398-1

Enquiries: eca.europa.eu/en/Pages/ContactForm.aspx

Website: eca.europa.eu

Twitter: @EUAuditors