



Executive Summary

Analysis and recommendations to boost growth in Cultural Industries in Slovakia



Funded by the Structural Reform Support Programme of the European Union and implemented by KEA European Affairs in cooperation with the European Commission

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Terms and Abbreviations

AV	Audiovisual
CI	Cultural Industries
CCI	Cultural and Creative Industries
EC	European Commission
EU	European Union
GDP	Gross Domestic Product
KPI	Key Performance Indicator
ICT	Information and Communication Technologies
IROP	Integrated Regional Operational Programme
MoC	Ministry of Culture
NACE	<i>Nomenclature statistique des Activités économiques dans la Communauté Européenne</i>
SARIO	Slovak Investment and Trade Development Agency
SBA	Slovak Business Agency
SIEA	Slovak Innovation and Energy Agency
SRSS	Structural Reform Support Service



Executive summary

The strategic role of culture and Cultural Industries (CIs) is clearly spelled out in national strategic policy documents, including the Programme Declaration of the Government of the Slovak Republic 2016–2020 and the Vision and Strategy of the Slovak Republic by 2030. In 2015, the Government put forward a dedicated Strategy of CCI Development for the period 2014-2020, an ambitious policy document to build Slovakia’s creative ecosystem and increase the attractiveness of the country with a view to “increase the share of CCIs in the country GDP”. The Strategy is accompanied by an Action Plan for the period 2016-2017 for the implementation of 37 policy measures.

The study identified **three main opportunities** to build upon for the new strategic framework for CIs post 2020 currently being developed by the Ministry of Culture of the Slovak Republic (MoC):

1. **A holistic approach to cultural investment:** the Strategy clearly shows the intention of the MoC to support the development of CIs holistically through the creation of a dynamic creative ecosystem to foster Slovak cultural production and cultural and creative entrepreneurship. The Strategy reveals a modern view of cultural policy by linking culture and CIs to different policy areas (entrepreneurship, market access, territorial development and attractiveness, education and skills development, internationalisation and export, innovation and ICT). The Strategy shows the strong vision by the MoC to associate its policy efforts in a multi-disciplinary dimension by pooling resources from other stakeholders (Ministries, national agencies and bodies, cultural institutions, local authorities).
2. **A clever use of EU Funds to support investment in CI:** the Strategy allocated a considerable amount of EU Structural Funds (more than EUR 270 million) from the Integrated Regional Operational Programme (IROP) 2014-2020 Priority Axis 3 “Mobilising creative potential in the regions” to fund some measures (e.g. regional creative centres). The opportunity to increase cultural investment with EU Structural Fund was well apprehended by the MoC as it would in effect double its financial resources.¹
3. **A fast-growing economic sector:** the data analysis shows an impressive growth of the Slovak CIs sector between the period 2013-2017, fuelled by local talents. In the period 2013-2017, the audiovisual, media and multimedia macro-area (including film, video and tv; radio; music and video games) registered an impressive revenues growth (+49.6%) growing from EUR 346 million revenues in 2013 to EUR 518 million in 2017. The macro-area books and press also registered revenues growth, even if more modest (+4.6%). The video games sub-sector registered the most impressive growth between 2013 and 2017: +267% revenues, +92% profits and +1 568% employment. The Slovak music industry also registered +23% growth driven by in digital distribution in 2017.²

¹ The annual budget of the MoC was EUR 243,687,741 million in 2017. Source: Council of Europe, Compendium of Cultural Policies & Trends, Country Profile Slovakia, 2018

² Source: KEA European Affairs (2020) Cultural Industries in Slovakia. Report on the AS-IS situation

The research also identified **two main challenges** that need to be addressed by the future Strategy and Action Plan with a view to ensure the development of a competitive CIs sector:

1. **Capacity of the Ministry of Culture to design and manage an ambitious CIs agenda** which requires a sufficiently resourced MoC to be in a position to:
 - Consult and engage with CI representatives (artists, entrepreneurs, trade associations). This requires the CIs to make the effort to work on a better collective representation.
 - Manage Inter-ministerial or national public bodies consultation and coordination.
 - Engage with self-governing regions and municipalities prepared to implement the Action Plan.
 - Monitor impact of policy measures and market development.
 - Raise awareness on the economic and social importance of CIs.
2. **Apprehension of the digital shift, creative skills and international market development in the Strategy and Action Plan.** The impact assessment found that the Strategy and the Action Plan require updating to enable Slovak CIs to make the most of market opportunities:
 - Apprehend the entire value chain of CIs: future policy instruments need to better take into considerations marketing, distribution and audience management/development to apprehend new consumption patterns and business models. Additionally, the traditional focus on the financing of production should adapt to new formats of storytelling associated with digital media (immersive technologies for immersive entertainment such as Virtual and Augmented Reality).
 - Take into account CIs specificities and its innovation potential, tackling the lack of tailored financial instruments and low interest of financial intermediaries in this promising sector. Also, the potential of clustering and cross collaboration with other industry sectors looking to innovate requires promotion with CIs.
 - Put emphasis on creative learning, artistic education and cultural entrepreneurship to ensure availability of technical and creative skills as well as to build the next generation of citizens curious for local and culturally diverse content.

To address these challenges, our recommendations pursue **three main policy objectives** with a view to stimulate the establishment of a dynamic creative ecosystem to make the most of market opportunities and local based talent:

1. **Address the capacity of the Ministry of Culture to develop and implement a CIs policy.**
2. **Support the growth of CIs.**
3. **Increase investment in CIs.**

On this basis, the study advances the following policy recommendations for each of three identified overarching policy objectives:

Address the capacity of the Ministry of Culture to develop and implement CIs policies	
Proposition 1	<ul style="list-style-type: none"> • Organise a functional review of the Ministry of Culture <ol style="list-style-type: none"> 1.1 Review organisation and reporting lines 1.2 Reinforce financial and performance management



	<p>1.3 Improve capacity to engage, collaborate and coordinate work with interested stakeholders</p> <ul style="list-style-type: none"> • Set up an Advisory Group to put artists, CIs entrepreneurs and associations in better position to provide advice, share its experience and influence policy • Establish inter-ministerial agreements with other Ministries • Coordinate with national agencies (e.g. SBA, SIEA, SARIO), other public bodies and initiatives (e.g. Slovak Digital Coalition, Tourism Development Strategy) • Reinforce consultation and agreements with self-governing regions and municipalities (also in relation to the use of EU Structural Funds)
Proposition 2	<ul style="list-style-type: none"> • Raise awareness on the importance of CIs at national and local level <p>2.1 Organize a high-level annual event (forum) on Cultural and Creative Industries</p>
Proposition 3	<ul style="list-style-type: none"> • Improve data collection, analysis and dissemination of cultural statistics <p>3.1 Propose to standardisation bodies, including EUROSTAT, to:</p> <ul style="list-style-type: none"> • Amend NACE classification codes • Revise the current data collection scheme to better capture data on the self-employment and volunteering in the cultural sector <p>3.2 Update of the definition of Cultural and Creative Industry according to the latest revised Eurostat Cultural Industries definition</p> <p>3.3 Analyse cultural employment data in cooperation with Social Insurance services to get more reliable data</p> <p>3.4 Consider performing a representative research of 5000+ respondents from CIs to improve data collection</p> <p>3.5 Set up training schemes and capacity building sessions targeting national statistical office/public officers with a view to improving data collection and data analysis skills</p> <p>3.6 Improve accessibility and dissemination of cultural statistics</p> <ul style="list-style-type: none"> • Introduce dedicated sections on the MoC website • Release yearly (or biannual) newsletters or publications <p>3.7 Develop a robust framework for monitoring and evaluating policy outcomes</p> <ul style="list-style-type: none"> • Make use of the Satellite Account of Culture and Creative Industry to support data collection and analysis • Introduce indicators (KPIs) and target outputs and outcomes in the Action Plan • Liaise with non-cultural agencies (SBA, SIAE) to improve data collection on CIs.
Support the growth of CIs	
Proposition 1	<ul style="list-style-type: none"> • Reinforce arts education and life-long learning for CIs <p>1.1 Reinforce arts, culture and creativity in formal education at schools and universities</p> <ul style="list-style-type: none"> • Promote specialised training for art teachers at schools and art universities • Develop a partnership with the Ministry of Education, Science, Research and Sport to: <ul style="list-style-type: none"> ▪ Review curricula to ensure that arts education is adapted to the evolution of popular/contemporary arts

	<ul style="list-style-type: none"> ▪ Modernise curricula to improve digital media literacy in schools and arts universities ▪ Support programs for on-the-job training and exchanges between students and CI businesses; • Enable artistic intervention in schools as well as youngster's attendance to cultural events • Consider partnership with the video games industry to develop games for education <p>1.2 Leverage the opportunity of future regional creative centres and creative hubs to develop links with universities with a view to deliver targeted training on creative skills and on business management for CIs professionals</p>
Proposition 2	<ul style="list-style-type: none"> • Review support mechanisms and regulations to support the growth of the CI <p>2.1 Support market access and raise investment in local production by updating regulations</p> <ul style="list-style-type: none"> • Implement quotas and investment obligations for broadcasters and on-demand service providers notably through the implementation of recent EU regulatory developments (Adoption of the Audiovisual Media Services Directive) • Amend the Copyright Law (2016) according to the recent EU regulatory development • Consider introducing fixed book price to support local distribution • Consider introduction of a reduced VAT rate to cultural products and services <p>2.2 Review subsidy and grant mechanisms with a view to address digital opportunities and strengthen the entire value chain</p> <p><u>Grants managed by cultural agencies (AV Fund, Arts Council)</u></p> <ul style="list-style-type: none"> • Better integrate emerging technologies, such as virtual reality and augmented reality in grant mechanisms • Support marketing campaigns and distributors/exhibitors to incentivize the availability of Slovak cultural products on the market • Consider financial support in the form of specific tendering process to encourage cross-collaboration amongst CIs as well as with other traditional industrial sectors to promote non technological form of innovation <p><u>Grants managed by other public agencies to stimulate cross-collaboration and innovation</u></p> <ul style="list-style-type: none"> • Adapt existing innovation vouchers to stimulate SMEs, especially those from traditional sectors, to cooperate with CIs • Make use of R&D funds (managed by the Slovak Research and Development Agency) and innovation funds (Innovation Fund and the Innovation and Technology Fund) to tailor support for cultural product and service development • Consider the setup of a Creative Industry Fund funded by different Ministries to support programmes to enhance cross-collaboration amongst CIs and other sectors • Financially encourage the networking of regional clusters / hubs (including the future local creative centres) / incubators
Proposition 3	<ul style="list-style-type: none"> • Improve measures to support internationalisation and export <p>3.1 Better coordinate the strategy to support internationalisation</p>

	<ul style="list-style-type: none"> • Establish a cooperation agreement with the Ministry of Foreign Affairs or the Ministry of Economy to leverage on diplomatic channels and promote CIS as part of trade missions • Establish cooperation agreements with SBA (Slovak Business Agency) and SARIO (Slovak Investment and Trade Association) to consider how their services can be better targeted and delivered to Slovak CIs • Set-up a Task Force composed by CIs representatives to help the MoC to focus its efforts on creating an effective programme of international activity <p>3.2 Adapt public funding to support internationalisation</p> <ul style="list-style-type: none"> • Review funding support provided by different cultural institutions (such as Arts Council, AV Fund, Music Fund, Literature Fund) to streamline support to CIs to participate to international fairs, awards, competitions, literary translation • Support the set-up of bureau export for CIs to enlarge the level of distribution and promotion of Slovak content on foreign markets • Support mobility of artists and entrepreneurs for market exploration, participation to training workshops and networking events abroad • Ensure better success rate in Creative Europe and Eurimages programmes and encourage leadership in projects through support to project applications <p>3.3 Pool resources with neighbouring countries (notably Viségrad countries) to invest in ambitious projects that support distribution and marketing of local co-production</p>
Increase investment in the creative economy	
Proposition 1	<ul style="list-style-type: none"> • Introduce new tax incentives <p>1.1 Introduce tax incentives for other CIs sub-sectors (e.g. music, video games, books and press) to support not only production but also distribution of cultural content with a view to attract inward and local investment.</p> <p>1.2 Introduce fiscal incentives to encourage sponsorships and/or private donations in the cultural and creative sectors.</p>
Proposition 2	<ul style="list-style-type: none"> • Develop tailored financial instruments to encourage lending and equity investment <p>2.1 Introduce a guarantee scheme to encourage financial intermediaries to lend to CIs (complemented by capacity building and awareness raising programs targeting financial intermediaries to improve expertise on CIs markets and businesses)</p> <p>2.2 Set up a public investment fund to provide loans and match-making fund to CIs entrepreneurs</p>

