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Commissioned Paper: How Much Funding is Available for the Cultural Sector in South Africa?

Submitted to the Department of Arts and Culture

MEASURING & VALUING SOUTH AFRICA'S CULTURAL & CREATIVE ECONOMY

South African Cultural Observatory

Commissioned Paper

How much government funding is available for the
cultural sector in South Africa?

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Submitted to the Department of Arts and Culture:



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Abbreviations

ACT:	Arts and Culture Trust
BASA:	Business and Arts South Africa
CCI:	Cultural and Creative Industry/ Sector
CSI:	Corporate Social Investment
DAC:	Department of Arts and Culture
EU:	European Union
GDP:	Gross Domestic Product
MGE:	Mzansi Golden Economy
NAC:	National Arts Council
NFVF:	National Film and Video Foundation
NHC:	National Heritage Council
NLC:	National Lotteries Commission
SACO:	South African Cultural Observatory
UNCTAD/UNDP:	United Nations Conference on Trade and Development/ United Nations Development Programme
UNESCO:	United Nations Educational, Scientific and Cultural Organisation



1 Introduction

There is growing recognition as articulated by Department of Arts and Culture (DAC) that the South Africa's Cultural and Creative Industry/ Sector (CCI) substantially contributes to the economy and if adequately supported, can have a greater impact. DAC's strategy is also to reposition the arts, culture and heritage sector to address social cohesion, creation of sustainable jobs and ensuring social and economic development. It is important to note, however, that "culture-led economic growth has proved highly unequal in the distribution of benefits" (Bell and Oakley, 2015: 5). They further indicate the cultural production tends to be concentrated in large urban areas and are often geographically biased towards wealthier areas and those with larger populations.

The CCI has significant public sector funding globally (Belfiore, 2004; Getzner, 2017; Long and Morpeth, 2016; Mulino, 2016; Petrova and Hristov, 2016). Bagwell et al. (2015) specifically state that grants from difference sources, but especially the public sector, have been crucial to a great deal of activity outside the more commercial parts of the sector. South Africa has similar trends as noted in the SACO (2018a) report that summarised the key findings from the monitoring and evaluation of DAC's Mzansi Golden Economy (MGE) programme. Petrova and Hristov (2016) further note that public funding is among many sources. In this context, there is growing concern about the use of public funding and understanding the implications thereof.

The CCI in South Africa has attracted funding from several public and private sources. However, there is limited information on the sources of funding and amounts provided. Furthermore, which sectors/ components of the CCI receive funding has not been assessed. There is therefore a need to better understand the CCI funding environment given that funding in this sector remains uncoordinated and information is fragmented. In this context, therefore, the overall goals of this paper are to:

- Critically examine current scholarly literature of public funding of the CCI, especially to identify comparative international practices and implications.
- Identify current sources of funding for the CCI, specifically focusing on government sources
- Where possible, establish the amount of funding provided to the CCI
- Unpack implications and challenges associated with current government funding trends

In terms of the methodological approach adopted, a desktop study was used. Relevant government department reports, policy documents that stimulate CCI (and related) funding, Calls for funding and websites of funders were be sourced. Academic sources were also consulted that focuses on government sector support for the CCI. Additionally, relevant South African Cultural Observatory (SACO) reports were used. For example, the Monitoring and Evaluation reports of the different categories of DAC MGE funding included information on DAC funding as well as asked about funding received from other sources (SACO, 2018a; 2018b).



2 Overview of government funding for the CCI literature

There is widespread consensus in the literature the CCI contributes to job creation and economic growth more generally, and has unlocked potential to do so even further (Boccella and Salerno, 2016; Haines et al., 2018; Madej and Madej, 2016; Mulino, 2016; O'Connor, 2009; SACO, 2016b; United Nations Conference on Trade and Development/ United Nations Development Programme - UNCTAD/ UNDP, 2008). UNCTAD/ UNDP (2008) specifically states:

The interface among creativity, culture, economics and technology, as expressed in the ability to create and circulate intellectual capital, has the potential to generate income, jobs and export earnings while at the same time promoting social inclusion, cultural diversity and human development.

Holden (2007: 5) indicates the economic relationships between publicly-funded cultural and the creative industries which relate primarily to direct transfers of product, skills and ideas; the creation of cultural ecologies in which creative industries thrive; and culture forming part of the networks and resources that underpin the creative economy. Baldi (2018) states that in many country contexts (specifically in Italy) public funding of cultural activities is viewed as State aid because often the activity is not economic or because trade is not affected. However, many CCI activities supported by the state generate income and contribute to job creation. Therefore, Baldi (2018) argues that it is necessary to develop parameters suitable to discern between what is aid and what is not. Differences between the cultural versus the creative sectors should also be considered since, as highlighted by Bakhshi and Cunningham (2016), they often need different policies and support.

It is also important to draw a distinction between the non-profit cultural sector (which tend to rely heavily on public funding) and the creative industries that generally operate on a for-profit basis and are doing relatively well. Many are linked to established annual events/ activities. The United Nations Educational, Scientific and Cultural Organisation (UNESCO, 2009) indicates that the creative industries are often linked to Domains E (Audio-Visual and Interactive Media) and F (Design and Creative Services). Furthermore, SACO (2018c) indicates that the creative industries are the largest in terms of their contribution to the Gross Domestic Product (GDP) and is also the fastest growing.

Public funding for the CCI is justified on the grounds that creative and cultural activities are part of the public good (Getzner, 2017; Vojtíšková and Lorencová, 2015). As Rushton (1999: 143) states, cultural goods and services “have made us what we are, and...we have an obligation to maintain them”. O'Connor (2009) indicates that this approach is associated with the ‘welfare model’ cited in the literature which relates to the traditional arts funding system, where culture is seen as a public good needing transfers from the rest of the economy to exist. There is an assumption in this thinking that the public is knowingly willing to bear the costs for cultural goods and services as a public good. However, very little empirically-based research



exists to assess this assumption. There is therefore a need for more research on the public's perceptions of the CCI and their willingness to pay. Rushton (2003) explains that public funding of the arts and CCI more generally is complicated also because the 'public' has diverse preferences in relation to which types of activities/ goods should be funded/ subsidised by the public. This also impacts on how government officials mandated for public funding should allocated funding. Having clear criteria for grant selection and allocation becomes important in multicultural societies like South Africa.

Stevenson et al. (2017) state that in Europe increased state subsidisation of specific types of arts organisations is associated with a perceived problem that the continent is becoming less cultural as fewer Europeans are participating in cultural activities. They assert that the problem of non-participation justifies state funding.

Getzner (2017: 223-224) attempts to categorise the CCI in relation to indicators or units of measure to establish the 'publicness' of goods and services using the following approaches:

- Traditional public finance literature: such as public, private, club goods and/ or as commons
- Analytical: classification of cultural goods and services based on economic criteria (such as rivalry, excludability and meritory character)
- Positive: based on statistics (for example, expenditure and revenues)
- Normative: defining indicators of 'publicness' in relation to a set of core indicators

Cunningham (2002) also adds that CCIs should be differentiated and diversification within the CCI needs to be better understood to grow regional economies the development of the CCI. Categorising different types and levels of activities within the CCI can also assist to establish the extent to which they qualify for different types of funding.

Getzner (2017) provides a useful analysis of the role of governments in conserving and funding cultural institutions, especially historical buildings, monuments, museums and theatres. He further notes that in many parts of the developed world (the United States and Europe specifically), public spending for the cultural sector has increased compared to other areas of public spending.

While there is much effort placed on determining the total economic value of creative and cultural activities as a public good, the more important aspect is the social/ aesthetic value, that is, the normative justification (Badham, 2010; Getzner, 2017; O'Hagan, 2016). Key normative reasons identified by the authors are:

- Equality: all citizens should access and experience culture without they can afford to pay for it or not)
- Freedom of cultural expression: this should not depend on income or resources available
- Efficiency: public support of the CCI will create a cultural ethos/ atmosphere in society as well as generate economic opportunities in the context of a lack of private sector funding



Linked to the above, O'Hagan (2016) identified the following key societal outcomes emanating from the literature:

- Identity and social cohesion: expression of national/ regional life that characterise a country and/ or specific groups. Cultural and creative activities also contribute to social cohesion by encouraging collective enjoyment and audience participation as well as volunteering which promotes a sense of community and group identity.
- Experimental/ innovative work: promotion of innovation can result in breakthroughs and positive impacts which can be commercialised. This is aligned to why investments are made in research and development in the humanities, sciences, engineering and medicine. Part of experimentation and innovation is also linked to the CCI being well positioned to engage in critical communication about society.
- Economic spillover effects: CCI contributes to promoting employment, economic growth and balanced regional development. The contributions are from direct employment of artists and other staff as well as indirect/ induced/ multiplier impacts from attracting visitors/ tourists and businesses to an area as well as using additional service providers.

Rushton (2003) identifies three externalities associated with the benefits of supporting the arts and cultural activities: a legacy for future generations (including arts education), national identity and prestige and elevating the tastes of the general public.

Multiplier effects generated by the economy of culture and the positive impacts on employment are also highlighted by Boccella and Salerno (2016) in the Italian context. Cultural spillover effects are similarly identified by SACO (2016a). They cite researchers such as Bakshi et al. (2013), Holden (2015) and Tom Fleming Creative Consultancy (2015) who indicate that spillover effects refer to economic benefits associated with cultural activities that have wider impacts than the specific locations where they occur. Three types of spillover effects are also identified which include knowledge, industry and network spillovers. Identity expression and protection are also underscored by Vojtíšková and Lorencová (2015) who note that cultural policy in post-communist Czech Republic highlighted the conservation of cultural heritage as the key priority.

Haines et al. (2018) state that there is increasing indications that the globalisation of creative markets has fundamentally changed the competitive conditions facing creative industries. Mulino (2016) indicates the performing arts (and this applies to the CCI generally) are likely to face increasing challenges in the context of rising unit costs for productions and wages as well as more competition linked to the public (market) having easier access to cultural information and products in the context of globalisation and digitisation. Mulino (2016: 225) warns that the economist Baumol's "economic dilemma of the performing arts" identified in the 1960s needs to be considered, especially in the context of rising costs which results in a decline in demand and subsequently performing arts activities. Mulino (2016) further notes, however, that this position is challenged on the grounds that culture creates jobs and economic growth. O'Hagan (2016) indicates that this instrumentalist approach (focusing on direct economic impacts) to



assess the arts is misplaced and can be misleading since many aspects of CCI impacts are unmeasurable. Holden (2007) also refers to digitisation and globalisation which makes the relationships between culture and creativity more complex and potentially more economically and culturally fruitful. This, Holden (2007) asserts, is mainly because more people are engaging with the content and spaces of publicly-funded culture and that more people are embracing becoming cultural practitioners therefore seeing the CCI as a career path. Business and Arts South Africa (BASA, 2017) also highlights the positive impacts of the internet era stating that this has contributed to the cultural resurgence in urban spaces in South Africa as well as on online and social media platforms. They further state that technology has impacted on the way artists produce work as well as how audiences consume and critique productions.

The main allocation approaches of funding for different types of CCI activities are also identified in the literature. O'Hagan (2016), for example, notes that in the United Kingdom, New Zealand and Australia the vast bulk of State funding on the visual and performing arts sectors goes to the theatre, opera/ ballet, art and historical museums, the build heritage and individual artists. He also indicates that smaller amounts are allocated to regional arts events. Little public funding is for film, popular or church music, creative industries or the media. Getzner (2015) indicates that cultural expenditure should not only focus on how and where public funding is allocated but also the determinants of such expenditure, that is, what is the factors that influence the proportion of the GDP that will be allocated to cultural spending. Getzner (2015) examines the determinants of cultural expenditure in Austria from 1967-2013 and concludes that growth in the GDP is the main determinant of public cultural spending followed by political factors. This study also revealed that most of the funding was from provincial rather than national or local allocations. Rössel and Weingartner (2015) assessment of the determinants of public funding of culture in Switzerland from 1977-2010 also found that social, political and economic variables influenced cultural expenditures. BASA (2017) notes, however, that "the arts are not always about economics or politics – they sometimes thrive in a turbulent environment, using it as compost to fertilise artistic creativity". Furthermore, Bell and Oakley (2015) and Miller (2010) indicate that the key component of political influence is reflected in the cultural policy environment which frames key issues, objectives and priority areas.

The over-reliance on government funding is also indicative of the lack of interest in the private sector to support CCI to the extent that it should. Van Graan (nd: 7) states that in the Western Cape (and this is applicable in South Africa more generally):

The private sector is relatively untapped as a partner in the development of the creative industries sector, largely because of a lack of education about the creative industries and their potential on the one hand, and on the other, because of a perceived lack of organisational and professional business standards within the sector.

The lack of private sector funding, as SACO (2018a) indicates, could be an unintended consequence of excessive public funding (referred to as the crowding out effect) that has resulted in the lack of initiative in the sector to source private sector funding. It is therefore



imperative that private sector funding for the CCI needs to be further interrogated and the private sector should be more actively involved in policy and programme development for funding to ensure that there is a more balanced funding environment in relation to private and public commitments. It is also important to note that the private sector (especially banks) tend to 'bet on the strong' and support established cultural events such as the National Arts Festival in Grahamstown and the Cape Town International Jazz Festival. There is limited support of emerging creative and cultural events/ activities. Getzner's (2017) question whether there is a core of public responsibilities and activities with respect to conserving and funding of cultural institutions (which can be extended to the CCI more generally) which can be transferred to the private sector is extremely important to consider.

BASA (2017) states that that their commissioned research reveals that:

Business generally funds the arts through marketing, CSI (Corporate Social Investment), B-BBEE (Broad-based Black Economic Empowerment) social economic development enterprise development and human resources. Increasingly, corporate South Africa is aligning with the arts as a viable cost effective area of sponsorship, a progressive enabler and a valuable proponent of Shared Value.

The main non-governmental funding comes from the business sector, art associations (often supported by business) and civil society organisations (Getzner, 2017). BASA (2018) states that encouraging the business sector to see arts sponsorships as a strategic business opportunity should go beyond marketing and economic benefits to understanding the role arts and culture plays in society such as effectively integrating with education, skills development, urban and rural regeneration, job creation, social inclusion, health and tourism.

What could not be discerned from this desktop study is evidence of the extent to which private citizens support the CCI through donations which, as Getzner (2017) indicates, is a source of funding. O'Hagan (2016) refers to this funding source as private philanthropy. It is also unclear whether the broader public is aware of the extent to which the creative and cultural experiences they patronage are heavily subsidised by public sector funding. Of course, public funding mainly originates from tax paying citizens. When it comes to private citizen funding (whether directly through donations or indirectly through the public sector) an important aspect to consider, as indicated by Getzner (2017), is how the costs and the benefits from supporting cultural activities are distributed across the population.

Borst et al. (2018), Josefy et al. (2017) and Moon and Hwang (2018) highlight the increasing potential of crowdfunding globally to access private funding. They indicate that crowdfunding entails raising small amounts of money for a specific project or activity from a large number of people, usually via the internet and social networks. Crowdfunding can potentially be an important source to support cultural activities and the arts. Borst et al.'s (2018) study examined 10 cultural Dutch projects. They found that crowdfunding was successful in securing monetary resources. Furthermore, they note that social media messages and platform updates added economic value to the crowdfunding efforts. They also reveal that crowdfunding can change



the cultural funding environment radically and increase democratisation since the selection of cultural projects to support “is no longer limited to the expert’s judgment. Rather, any individual, independent of knowledge, income, or social class, can participate and contribute to a project of his or her choice” (Borst et al., 2018: 1397). The democratisation of culture is not new. As O’Connor (2009: 388) states, the democratisation of culture was “set in motion by the printing press and accelerated by digital media and networked computing”. Crowdfunding has the additional advantage of creating online communities linked to specific types of cultural activities/ projects. Josefy et al. (2017) show how crowdfunding is used to save local cultural spaces and infrastructure such as theatres.

Camarero et al. (2011) state that cultural organisations’ size and funding influence innovation and performance in the sector. Their examination of museums in Britain, France, Italy and Spain reveals museum size is relevant in the commitment to engage in innovation but that public funding of museums does not encourage innovation. Camarero et al. (2011: 249) note, however, that the literature on the effects of the kind of funding (public or private) on innovation can be summarised in relation to two positions:

- Private funding leads to an increase in organisations’ business orientation and is therefore likely to imply higher expenditure on visitor services, which will in turn entail more innovation, whereas public funding has a negative impact.
- Public funding may lead cultural organisations to increase investment in innovation, as a result of having to prove their efficiency in order to secure funding and also because public funding may act as a cushion allowing firms to take more risks, thereby encouraging innovation.

This is important to consider in the South African context where public funding is expected to drive cultural innovation and entrepreneurship.

The evidence for assessing whether the espoused benefits of substantial public funding for the CCI is achieved poses challenges, especially given that many of the benefits are normative/ unmeasurable/ intangible. This poses methodological challenges to develop a framework for systematic monitoring and evaluation to assess impact and examine public funding return on investments. O’Hagan (2016) indicates that the age-old dilemma is how to quantify the link between the outputs and societal outcomes. O’Hagan (2016) advocates for the use of multiple methodological approaches to obtain evidence, including quantitative, qualitative and narrative techniques. Madej and Madej (2016) also highlight the need for the evaluation of overall effects of funding of the cultural heritage sector, including unintended consequences.

3 Desktop study findings

This section examines the sources of funding for the CCI in South Africa (internal and external) and types of activities in the sector funded, with specific focus on government funding. The first sub-section focuses on South African government funding. This is followed by a discussion of private sector, non-governmental and international funders/ sponsors; noting that funders often work together as partners. A brief overview is then provided of types of



government funding programmes/ funding models. It is important to note that although there was a concerted effort to source the actual amounts that donors fund, this information was often missing from the documents available. Where amounts were sourced, this information has been integrated into the discussion.

3.1 South African government sources of funding for the CCI and amounts, where applicable

The desktop study revealed that the main government funding sources are:

- National government departments
 - o Department of Arts and Culture (main national government funder)
 - o Department of Trade and Industry
- Provincial government departments, especially the Departments of Sport, Arts, Culture and Recreation
- Local municipalities
- National Lotteries Commission (NLC) is set up by the National Lotteries Board (2018) to fund arts, culture and national heritage as mandated by the Lotteries Act, using funds from the proceeds of the National Lottery
- Arts and Culture Trust (ACT): ACT (2018) indicates that they have a number of focused funding and development programmes which support a broad range of activities nationally
- National Arts Council of South Africa (NAC): is a funding agency of DAC

It is often difficult to establish specific amounts of funding for the different programmes. For example, NAC (2018) reports that the organisation received a budget allocation of R106 868 673 for 2017/ 2018 which was 4.7% higher than the previous year's budget of R102 054 327. It is unclear from the report whether this amount is inclusive of the DAC MGE programme although the MGE (as a DAC flagship project) is "part of the council's annual performance targets" (NAC, 2018: 16) that is reported on. Additionally, while Annual Reports sourced indicate budgets, the extent to which funds were allocated to CCI-related activities were not clearly stipulated. For example, the NLC (2018) report reveals that R2.073 billion was allocated for 2017/ 2018 (a 5% increase from the previous year) and 12 088 applications were processed. The amount of funds allocated and applications received that related to CCI specifically were not stipulated. Furthermore, financial/ funding information is often outdated. For example Van Graan (nd) provides the following amounts allocated in 2004:

- NLC: R362 487 128
- BASA: R1 819 500
- ACT: R1 819 500

SACO (2018a; 2018b) undertook a monitoring and evaluation exercise of the MGE programme funded sub-categories (National and Provincial Flagships, Festivals and Events, Touring Ventures, Public Arts and Miscellaneous) for cultural events/ activities that received funding for three funding cycles (2014-2015, 2015-2016 and 2016-2017). This research revealed that in terms of sponsorship, the reliance on public funding, and DAC MGE funding



in particular, is apparent. Only a few of the event organisers interviewed could identify additional sponsors, and these were mostly the larger established Flagships. It is important to note that the additional sponsorships were mainly from other government departments (again reinforcing the high reliance on public funding) and a few private sponsorships. There were also huge variations in funding received during the three year cycle per individual/ organisation that applied: from R20 000 for one of the touring ventures supported to R20 000 000 for one of the Flagships. It is important to note that the SACO (2018a) study also highlighted that difficulties of sourcing financial information to establish the amount of MGE funding allocated per year. There is a need to improve data management (including financial information) across the sector and among the key funders.

The NAC (2018) has the following key objectives:

- Provide, and encourage the provision of, opportunities for persons to practice the arts
- Promote the appreciation, understanding and enjoyment of the arts
- Promote the general application of the arts in the community
- Foster the expression of a national identity and consciousness by means of the arts
- Uphold and promote the right of any person to freedom in the practice of the arts
- Give the historically disadvantaged such additional help and resources as are required to give them greater access to the arts
- Address historical imbalances in the provision of infrastructure for the promotion of the arts
- Promote and facilitate national and international liaison between individuals and institutions in respect of the arts
- Develop and promote the arts and to encourage excellence in regard to these

DAC (2018) as one of the key funders of the CCI primarily via the MGE programme has numerous objectives which link to the following overarching ones:

- Develop and promote arts and culture in South Africa and mainstream its role in social development
- Develop and promote the official languages of South Africa and enhance the linguistic diversity of the country
- Improve economic and other development opportunities for South African arts and culture nationally and globally through mutually beneficial partnerships, thereby ensuring the sustainability of the sector
- Develop and monitor the implementation of policy, legislation and strategic direction for the identification, conservation and promotion of cultural heritage
- Guide, sustain and develop the archival, heraldic and information resources of the nation to empower citizens through full and open access to these resources

These illustrative examples of the objectives of two key government funders indicate that they relate primarily to societal and economic spillover benefits as identified in the literature. The objectives are also similar to those articulated in other parts of the world such as the Arts Council England (Holden, 2007).



DAC's MGE programme is one of its main vehicle for funding (together with NAC which is an agency of DAC) and it supports three main programmes:

- Cultural events
- Touring ventures
- Public arts

Vote 37 (National Treasury, nd) indicates the DAC budget by programme which is divided into spending on Administration; Institutional Governance; Arts and Culture Promotion and Development; and Heritage Promotion and Preservation. Vote 37 indicates that the bulk of the funding is for Arts and Culture Promotion and Development (R1251.9 million for 2019/2020) and Heritage Promotion and Preservation (R2775.3 million for 2019/2020) which constitutes 85% of the total budget. There has also been a year on year increase from 2017/2018 but not substantial, for example, a 5% increase for Heritage Promotion and Preservation. However, the budgets have almost doubled from 2013/2014. A substantial proportion of the budget is also geared towards the establishment and maintenance of "world-class heritage sites to boost tourism and create job opportunities" (National Treasury, nd: 3). Specifically, financial support will be provided to 74 infrastructure projects which are estimated to cost R1.5 billion. Additionally, R918.1 million is allocated specifically for the implementation of the MGE which is aimed at positioning the CCI as drivers of economic development. Vote 37 indicates that an estimated R364 million will be earmarked for 58 flagship and large and small cultural events. Furthermore, the MGE will support 120 touring ventures and 60 public arts programmes. National Treasury (nd) estimates that the MGE will create an estimated 25 500 part-time jobs over the medium term. Vote 37 also shows that R80 million from flagship cultural events has been reprioritised to create a venture capital fund to support the development of small, medium and micro-enterprises as well as sustainable arts and culture projects administered by previously disadvantaged South Africans. A further R90 million from the Arts and Culture Promotion and Development budget is earmarked for interventions (such as incubators and master classes) and R17.5 million over 3 years will target 920 students for the language bursary programme. It is important to note that the number of flagship cultural events supported per year was 27 in 2013/2014 and has declined to around 20 per year from 2017/2018 onwards. On the other hand, the number of community arts programmes activated in 2013/2014 was 2 and has increased to 200 per year from 2017/2018. Furthermore, key beneficiaries of the CCI targeted funding is to other government affiliated departments, institutions and foundations such as NAC and BASA.

Gaylard (2018) uses data drawing on the annual financial statements of the NLC, NAC, National Film and Video Foundation (NFVF), National Heritage Council (NHC) and the Eastern Cape Provincial Arts Council. Gaylard's (2018) study reveals that the 2011 sources of grant funding from public sources were proportionately as follows:

- NLC – arts, culture and heritage: 85%
- NAC: 5%
- NHC: 4%
- NFVC: 3%



- Provincial arts councils: 5%

A noteworthy analysis undertaken by Gaylard (2018) is the percentage of operating costs relative to overall total costs. Substantial differences were noted with operating costs being 22% for the NFVF, 24% for the NLC and 32% for NAC while operating costs was 72% for provincial arts councils and 78% for the NHC.

In the South African context, the internet searches reveal that there is a bias in both public and sector funding to support cultural events and festivals which two types of cultural events and festivals emerging as being prominent: jazz festivals and ethnic/ African cultural festivals.

While some actual funding information is included in this section, as indicated earlier, they are patchy and do not provide a comprehensive picture of the amount of funding the CCI receives in South Africa. Furthermore, no longitudinal information is available that could be sourced that provides funding information over a period of time for the entire sector. This prevents a comprehensive analysis of how much government funding is allocated to the CCI and whether funding is increasing or decreasing. Additionally, a disaggregated analysis of specific CCI sub-sectors and funding sources could not be undertaken. It is important to assess trends over time to indicate whether the CCI is experiencing a persistent decline in funding as noted by Bagwell et al. (2015) in other parts of the world. Bagwell et al. (2015: 29) reported that over 900 grantees who received public funding from the Heritage Lottery Fund who they interviewed about financial resilience in the face of declining public funding displayed resourcefulness, “replacing substantial losses of public funding with grants from charities and Trusts”. This is unlikely to occur in the South African context where non-governmental organisations have limited funding and have substantially lower access to monetary resources than government departments.

The literature revealed the increasing importance of crowdfunding to support cultural activities. However, this desktop study did not reveal any evidence of crowdfunding being used by artists/ performers/ cultural organisations in South Africa to raise funds using this approach.

3.2 Private sector, non-governmental and international funding sources

Private sector funding is generally derived from the Corporate Social Investment (CSI) or the marketing budgets. Two of the main private sector funders are the Standard Bank Art and Culture (one of the main sponsors of the National Arts Festival since 1997) and Nedbank Arts Affinity funds.

Some of the main international donors and foundations that directly fund cultural activities in South Africa or provide funding to government (at different levels mainly to national government and/ or municipalities to support specific projects and activities) and non-governmental organisations are:

- Sweden through the Swedish-South African partnership programme and the Swedish International Development Cooperation



- Netherlands through its embassy and the ACT of which it is a founding member
- Switzerland through a Cape Town based office of its arts funding arm, Pro Helvetia and the Swiss Development Corporation
- Britain through the British Council
- France through the French Institute
- The Deutsche Kultur International (Germany-Africa programme) promotes German art abroad and art from abroad in Germany, exchange projects, programmes and opportunities from artists
- Norway through the MMINO music programme attached to the NAC
- Flemish/ Belgium government through its support for various community arts and policy projects
- Danish Centre for Culture and Development promotes cultural co-operation between Denmark and the developing countries in Africa, Asia, the Caribbean, Latin America, and the Middle East
- Finland Fund for Local Cooperation which is administered by the Embassy of Finland
- The African Culture Fund is a pan-African fund that aims to support the sectors of arts education and cultural and creative industries in Africa
- United States Embassy funding for cultural exchanges (American Music Abroad programme), the Ambassadors Fund for Cultural Preservation and the Arts Envoy Programme
- Rockefeller Foundation Bellagio Centre
- Commonwealth Foundation
- Canada Fund for Local Initiatives funds individuals and community organisations to support projects in South Africa, Lesotho, Namibia, Madagascar and Mauritius
- UNESCO supports mobility programmes for artists
- European Union (EU)

The above indicates that globally, most funding comes from European countries and funders.

Boccella and Salerno (2016) indicate that the EU has initiated several measures and allocated funds for the CCI development. Some of the EU funding programmes identified include the Creative Europe programme *in primis*, but also other EU funding programmes like the ERASMUS PLUS that supports skills development through education and training; the COSME programme that promotes entrepreneurship, access to finance and markets for small and medium enterprises; the HORIZON 2020 which aims at promoting research and innovation in the field of culture and cultural heritage. The actual extent to which South Africa benefits from these programmes could not be established.

International CCI funders often fund South African artists and organisations as part of a continental strategy and budget. For example, the Dutch Culture TransArtists (2018) identifies various European funding opportunities in Africa. The website shows the various opportunities that exist for exchange programmes and mobility grants for artists and cultural practitioners to interact and visit different countries.



There are also examples of joint ventures between the public and private sectors in South Africa. One such example is BASA which is a strategic initiative of DAC, the National Lotteries Commission and the corporate sector to secure greater involvement in the arts and from businesses operating within South Africa (BASA, 2017). Specifically projects identified by BASA (2017) included the BASA Education Programme, the Supporting Grant Programme, Special Projects, BoardBank, Young Business Professionals, the Biannual ArtsTrack Research, the Business Sponsorship Toolkit, the Arts Sponsorship Toolkit, the Arts in Business Forum, Africa Breakfasts supported by Standard Bank, and the BASA Awards partnered by Hollard and Business Day. Some of the main business sponsors are RMB, ABSA, Nedbank, Nestlé, Business Day TV, Kaya FM and SAFM, among others. BASA (2017) also revealed the following trends from 2013/2014 to 2016/2017 in terms of funding:

- BASA directly provides grant allocations which has been increasing from R1 611 000 in 2013/2014 to R2 176 000 in 2016/2017
- Grant sponsors that increased funding to BASA for the same period were educational institutions/ universities, media and entertainment, manufacturing and financial institutions while reduced sponsorships was from the food and beverage sector
- The arts disciplines that saw an increase in sponsorships from BASA were festivals, education, dance, multiple disciplines, crafts and theatre while the visual arts and literature saw a decline in sponsorships
- The province that had the most funding was Gauteng followed by Western Cape and KwaZulu-Natal while the Northern Cape and Free State received the least funding

BASA is also an example that shows that international partnerships are also evident in supporting national CCI organisations. Specifically, BASA (2017) also partners with the British Council that supports the organisation's activities.

For larger cultural events and festivals these are often jointly funded by the public and private sector. Limited research exists to establish the proportion of the funding that can be attributed to the private versus the public sector. The MGE monitoring and evaluation study found that there was heavy reliance on public funding (SACO, 2018a). However, this seems to be the norm in many countries. For example, in the Czech Republic, Vojtíšková and Lorencová (2015) indicate that public sector funding tends to be around two thirds of the total.

In terms of the main types of creative and cultural goods and services, the level of funding can generally be categorised as follows:

- Cultural institutions (especially infrastructure): government funding
- Performing arts: joint public and private sector funding
- Events and festivals: joint public and private sector funding

However, in the context of joint funding, reliance on public funding generally dominates as indicated earlier.

ACT (set-up in 1994) also sources funding from the private sector, primarily via their CSI budgets. ACT (2018) states that they have disbursed R22 million over the last 22 years. This



averages to R1 million per year which is not a substantial budget for a national programme. The main sponsors on their website are:

- The Nedbank Arts Affinity programme which encourages Nedbank clients to use specific accounts. When transactions occur Nedbank donates, at no cost to the clients, to ACT. Nedbank has donated nearly R15 million to support more than 800 South African arts, culture and heritage development projects since ACT started.
- NLC
- Sun International Group has a diverse portfolio of hotels, casinos and resorts
- Dramatic, Artistic and Literary Rights Organisation: is a multi-purpose copyright society that collects royalties for the use of copyright-protected works on behalf of authors and publishers
- University of Johannesburg (UJ): specifically the UJ Arts and Culture which produces and presents student and professional arts programmes
- SAMRO Foundation is the CSI Portfolio of the SAMRO Group of Companies

ACT's sponsorships indicate that organisations who focus on funding the CCI in South Africa derive their funding from a range of private and non-government sector partners. Different sectors of society fund the CCI for economic and/ or normative reasons, the latter being the main justification for public funding as discussed earlier.

3.3 Types of government funding programmes/ funding models

CCI funding in South Africa is primarily for:

- The direct support of artists, productions, festivals, events, etc. (that is, participation in the creative economy)
- Supporting cultural organisations that use the funds to support cultural events/ activities as well as to cover operational costs
- Infrastructural development and maintenance
- Educational programmes
- Research and advocacy programmes and initiatives

The literature indicates that in many countries the state stipulates overall government expenditure such as 1% of the state budget in Czech Republic (Vojtíšková and Lorencová, 2015). There is no evidence that this is the case in the South African context and, if this is the case, there is no mandated government department to track over or underspend given that the CCI in various ways is funded by different government departments and agencies from local to national level.

Different funding models exist as indicated by Van Graan (nd). In most cases Calls are advertised soliciting applications for funding. In other instances, government departments and organisations decide on which event/ activity to fund. International sponsors and non-governmental organisations often partner with specific government departments or support existing projects such as the Flemish government's support of DAC's projects and initiatives. The Royal Netherlands Embassy supports South African projects via ACT. Some international



donors (such as the British Council and the French Institute) and non-governmental organisations initiate their own cultural projects.

The main CCI funders in South Africa (for example, DAC, ACT, BASA and the NLC) make funding available to individual artists, practitioners as well as arts and culture organisations and institutions in the form of once-off grants which persons or organisations have to apply for annually. ACT and DAC also have scholarships programmes. Of concern is that while most of the international funders have streamlined online application processes, most government departments still have paper-based application processes that require applications to be posted or hand delivered. NAC in 2018 introduced an online system. Paper-based systems tend to be cumbersome and ineffective, time consuming and prevents tracking of processes and applications that can greatly contribute to improved reporting. Additionally, organisations that are closer to or have network members who are in close proximity to where applications need to be submitted tend to be advantaged to submit applications timeously and receive support from the funder during the application phase, increasing their chances of success.

3.4 Implications of over-reliance on government funding

Mulino (2016) highlights that in the context of increased costs, potentially declining paying markets and competition and globalisation, subsidies are important to ensure the survival of the performing arts. In the South African context these subsidies/ support, as the paper indicates, emanates primarily from public funding. While there is consensus that supporting the CCI can contribute to job creation and economic development, it is imperative that it is sufficiently understood that for many creative and cultural activities and individuals, long-term independent sustainability is unlikely to materialise in the near future. This is supported by Gaylard (2018) who also notes that the overall costs of grant-making in South Africa is unsustainable. Thus, continued high levels of government support is likely to be a feature in relation to the funding environment for the CCI.

A key implication of the dominance of public funding is that an unintended consequence is the crowding out of private sector funding as noted by Getzner, (2017). The SACO (2018a) evaluation of the MGE concludes that while DAC MGE policy highlights the importance of sustainability and events/ activities receiving funding using DAC funding to leverage additional sponsorships, limited success was noted since few events (except in the Flagships category) secured additional sponsors. Thus, the heavy reliance on DAC MGE funding and very few additional sponsorships indicate that this was generally not successful. This may indicate that government funding is crowding out private funding or that private sponsors are currently not geared towards or do not see the benefits of funding the creative and cultural sector. In terms of sustainability, the SACO (2018a) study also revealed that substantially smaller proportions of the income were from ticket sales, registration, stallholder fees, etc. compared to government funding.

A concern is that there may be annual underspending among funders. For example, NAC's (2018: 17) Annual Report noted the "trying economic conditions" under which they operate which necessitates a need for savings where possible and identifying cost-cutting measures.



Yet, later in the report, NAC (2018: 17) states that a key challenge experienced was “underspending and the accumulation of surplus funds”. This needs to be addressed given the demand from the sector for funding. Application procedures and processes to allocate funds may need to be reviewed to ensure that available funds are spent.

Another concern in terms of public funding is the criteria used on which types of CCI activities should be supported and for how long. SACO (2018a) found that criteria are not clear and where there do exist, they are often not consistently applied. The ‘fly-paper’ principle of funding is also evident in the South African context where what was funded in the last year gets funding for the next year. Thus, there appears to be a pattern to fund the same events/ activities year-on-year (with these established activities also getting the bulk of the funding). New CCI entrants struggle to access funding or get funding for a year or two and are therefore unable to become established. The ‘fly-paper’ approach in South Africa also undermines transformation of the CCI. This is important to consider and it is interesting to note that O’Hagan (2016) (whose research focuses on the United Kingdom, New Zealand and Australia) also advocates for the shifting of funding to focus more on arts activities which encourage social cohesion and inclusion which also include using CCI as an educational vehicle. This aspect is critically important in the South African context and CCI organisations and individuals who receive state funding should contribute to promoting this agenda.

Double dipping from multiple national, provincial and local government sources as well as accessing funding from government agencies such as the NAC and NLC is also of concern. Gaylard (2018) indicates that there is duplication of functions, mandates and administrative costs between agencies as well. Double dipping is most prominent among the larger, national events. For example, the ASSITEJ World Congress and International Theatre funding received monies from numerous government sources such as DAC and NAC. Double dipping from multiple sources may also allude to unfair awarding of funding which NAC (2018) identifies as a key challenge. Given the limited funding available nationally, that public funding is mainly being used and that issues of equity need to be considered; it is important that a national database is maintained that tracks government funding from all sources for the CCI annually to have a comprehensive understanding about who is being funded and how much is being allocated. This will ensure greater transparency, accountability and equity.

It is interesting to note that most government funding agencies’ Call stipulate the need for events/ activities that are supported to become sustainable, that is, for government funding to leverage private sector funding or for the event/ activity to grow to be sustainable on a cost-recovery basis. However, very few events/ activities have this capacity and of concern is that many large and well established events/ activities in South Africa still seem to rely on state funding (from multiple sources as well that may suggest double dipping). This concern is not unique to the South African context. As Vojtíšková and Lorencová’s (2015) study reveals, in post-communist Czech Republic although policies and programmes that supported the cultural sector were intended to reduce public sector support, expecting the private and non-governmental sector to dominate in the area of culture, this has not materialised. There still exists a heavy reliance on public funding and a dense network of public cultural institutions



that resist proposed organisational and funding changes. South Africa needs to consider whether the public sector funding agencies themselves are not sufficiently promoting and/ or equipping the CCI to secure other sources of funding.

4 Conclusion

Documentary sources (especially information derived from the internet) as well as the primary research undertaken as part of the monitoring and evaluation of DAC's MGE programme indicate that public funding is the main source for CCI in South Africa. This, as evident in the literature review, is not unique to the South African context. The main government funding is South African government departments and agencies, especially DAC.

Pressure on state resources and what to allocate as well as how much is likely to increase as budgetary constraints and fiscal prudence become worldwide issues. In South Africa, SACO (2016b: i) identifies the main financial stressors as being linked to "the increased balance of payments, low growth rates, persistent inequalities, the increased impact of climate change, and outraged social and student movements". In the context of dire financial considerations, the issue is no longer about whether the State should fund CCI (it will certainly continue to be a major funding source), but what should be funded, how much and by whom. This includes which specific government departments and agencies should be involved in funding the CCI as well as how the State can leverage external funding. There are also demands to clearly articulate the outcomes of funding (against specific indicators), which in the South African context and globally is increasingly associated with purported economic and job creation impacts. O'Hagan (2016: 249) specifically states that "all agencies spending public monies though need scrutiny in terms of inputs, governance and activities related to their expenditure". As SACO (2018a, 2018b) highlights, the need for an effective and comprehensive monitoring and evaluation system becomes of paramount importance.



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