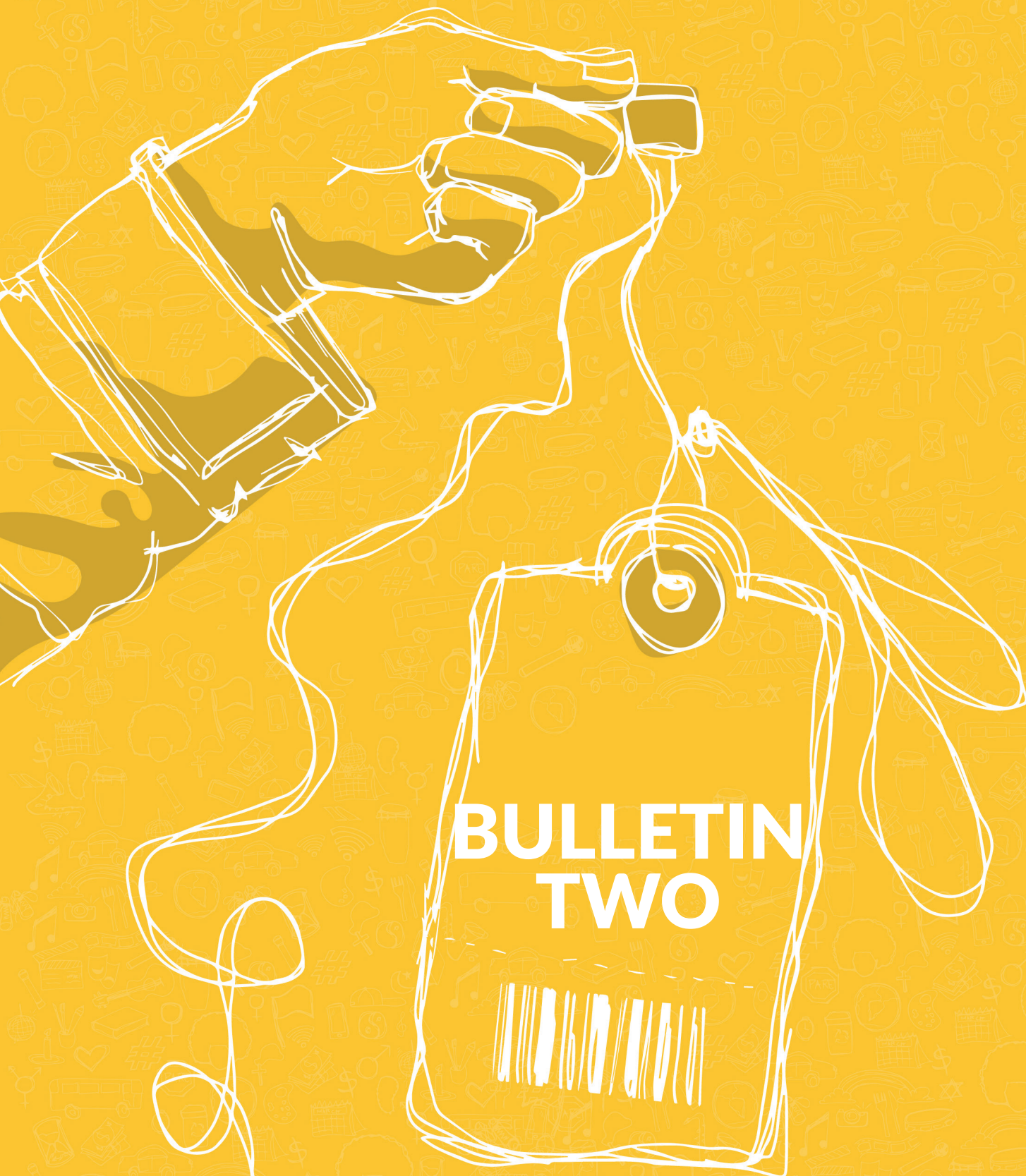


counting culture

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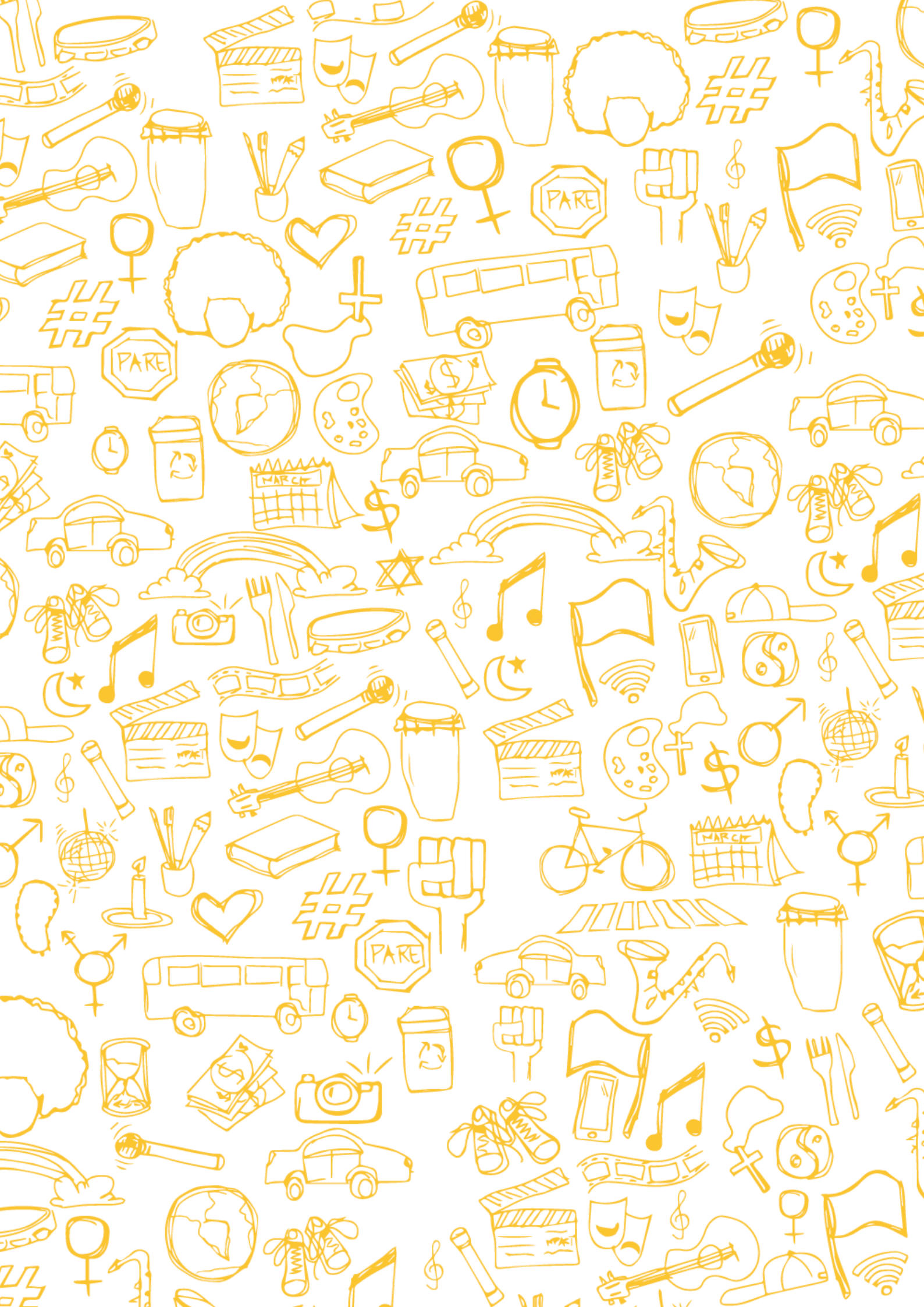
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Public Spending on Cultural Initiatives in Brazil and UK

1. Introduction

This bulletin aims at analysing the public funding mechanisms for culture in Brazil and the UK. Data on Arts Council England (ACE) funding and Brazil's Ministry of Culture federal mechanisms has been selected and, for the purposes of comparison, presented below divided in the same way for both countries. A short introductory section is followed by a description of the basic functioning of the mechanisms and analysis of performance indicators. Each section closes with a brief discussion of the main issues of the funding mechanisms under analysis. A final discussion section finishes the report.

2. Understanding Arts Council England Funding Mechanisms

2.1. Introduction

This section is dedicated to the funding for the culture provided by Arts Council England. ACE is the national agency responsible for fostering the arts, understood in a broad sense, and museums¹ and libraries. It received its Royal Charter in 1946, having a long history of supporting artists and cultural organisations. In 1994, the former Arts Council of Great Britain was dissolved into three separate bodies: ACE, the Scottish Arts Council (Creative Scotland), and the Arts Council of Wales. ACE receives funding from the Department of Digital, Culture, Media and Sport (DCMS) and works closely with this government department in

order to implement cultural policy in England. ACE operates under an arms-length principle: it is run by an autonomous executive board and national and regional councils. Periodically, DCMS and ACE sign funding agreements that map out the budgetary provisions and funding objectives for ACE for a four-year term.

Since 1997, under the New Labour administration, ACE and the cultural policy in general in the UK have experienced a golden age². Arts, understood as the result of creative practice, has gained relevance in the public sphere and funding by ACE gained impetus, expanding both in volume and breadth of action. However, as researcher Eleonora Belfiore notes, this has come at a price: the incorporation of 'defensive instrumentalism' in discourse and the subjecting of funding assessments to a set of pre-established impact indicators³. Following the international financial crisis, funding bodies for the arts in the UK resolved to bring arts and creative practices closer to more people while facing a context of fiscal austerity. The following sections describe the current mandate of ACE and its funding mechanisms. The second section uses data made available by ACE in its annual reports, the National Portfolio Organisation (NPO) database, and its investment dashboard to examine the evolution of cultural funding over the last decade. The third section ends with some prospects for the future of ACE funding and its monitoring and evaluation practices.

¹In addition to ACE's National Portfolio Museums, fifteen national museums and galleries in the UK are directly sponsored by DCMS, with a total grant-in-aid of approximately £1 billion. <https://www.gov.uk/government/statistics/total-income-of-dcms-funded-cultural-organisations-201819>

²Eleonora Belfiore, ' "Defensive instrumentalism" and the legacy of New Labour's cultural policies', *Cultural Trends* 21, no 2 (2012): 103-111, doi:10.1080/09548963.2012.674750.

³Belfiore, (2012)

2.2. The basic functioning of ACE funding for culture

ACE's National Council is the main decision body that sets policy priorities and selects the terms on which artists and arts organisations receive ACE funding. It is composed of fourteen members, who are appointed by the Secretary of State for Digital, Culture, Media and Sport for a four-year term. The National Council members have experience in the arts as artists, librarians, art administrators, academics, or executives. ACE's governance structure includes area councils (London, Midlands, South East, South West, and North) to ensure that the strategic goals of ACE are efficiently met in each of its regional areas of action.

The resources invested by ACE have two origins: grant-in-aid allocated by central government through DCMS, and supplementary funds from the National Lottery. The latter were introduced into the cultural sector in the 1990s. According to Rod Fisher, founder-director of National Intelligence on Culture, the lottery has contributed over £40 billion to the arts, heritage, sports, and other good causes.⁴ The destination of such funds is set out in multiannual plans that sit alongside the ACE financial settlement and agreement with DCMS. Since 2010, ACE has also published ten-year strategic plans, aimed at giving a clearer picture of its ambitions for long-term goals and specific measures to reach them. From 2010 to 2020, the vision guiding ACE's actions was 'great art and culture for everyone'⁵. The original document was updated in 2013 to address the addition of the development of museums and libraries and cultural property to the responsibilities of ACE. The framework established five strategic goals: to promote excellence, to increase opportunities for people to engage with the arts, to make cultural organisations financial and environmentally

sustainable, to promote diversity and skills among the leadership and the workforce in the arts, museums and libraries, and to make sure that all children and young people have access to the arts and culture⁶.

A new strategic framework has been set for the 2020-2030 decade, entitled 'Let's Create'⁷. The new plan sets out a challenge for ACE to turn away from an exclusive focus on professional artists and cultural organisations, strengthening cultural networks in local communities and building links between creative practitioners of all kinds, amateur and professional. It establishes three main goals for ACE's delivery of funding over the next decade, guided by principles of excellence, flexibility, environmental sustainability, inclusivity, and relevance. The goals are expressed as:

- *CREATIVE PEOPLE*: Everyone can develop and express creativity throughout their life.
- *CULTURAL COMMUNITIES*: Villages, towns and cities thrive through a collaborative approach to culture.
- *A CREATIVE AND CULTURAL COUNTRY*: England's cultural sector is innovative, collaborative and international.⁸

ACE has three types of funding scheme: the National Portfolio (which includes the Major Partner Museums) Project Grants, and Development Funds especially dedicated to pursuing ACE's strategic goals. The majority of ACE's funding is allocated to the NPOs, which for the 2018-2022 period comprise 828 organisations across England, sorted into four bands according to the size of their grant. The resources allocated to these organisations originate both from grant-in-aid and the National Lottery. Applications to take part in the portfolio are assessed periodically – the last round was in 2017 for the 2018-2022 period, now extended

⁴Rod Fisher, 'Country Profile: United Kingdom: England and Wales', *Compendium of Cultural Policies and Trends*, 2020, <[http:// www.culturalpolicies.net](http://www.culturalpolicies.net)>.

⁵Arts Council England, *Great art and culture for everyone: 10-year strategic framework 2010-2020*, 2o ed (Manchester: ACE, 2013), <https://www.artscouncil.org.uk/sites/default/files/download-file/Great%20art%20and%20culture%20for%20everyone.pdf>.

⁶Arts Council England, (2013)

⁷Arts Council England, *Let's Create: Strategy 2020-2030* (Manchester: ACE, 2021), https://www.artscouncil.org.uk/sites/default/files/download-file/Strategy%202020_2030%20Arts%20Council%20England.pdf.

⁸Arts Council England, (2021)

by one year following COVID-19. The National Council evaluates applications for grants over £800,000, while the regional councils are responsible for assessing submissions below this threshold. Evaluation considers primarily how the applicant organisations' work contributes to ACE's strategy goals set out in the multiannual documents. The council also reports taking into consideration the balance of the portfolio in terms of geographical distribution, artforms, and diversity criteria.⁹

Arts Council National Lottery Project Grants (formerly Grants for the Arts) is a funding stream open to individual artists and cultural practitioners as well as cultural organisations, museums, and libraries. The grants are directed at specific artistic projects and may vary between £1000 and £100,000. This funding is open to submissions at all times, though limited by the budget stipulated for each period. Development funds are topic initiatives exclusively dedicated to ACE strategic goals. The Developing Your Creative Practice fund, for example, promotes training and professional development for independent artists and creative practitioners through individual grants ranging from £2000 to £10,000. According to information on ACE's website, the distribution of annual funding is around £407 million per year to the NPOs, £97.3 million to the ACE National Lottery Project Grants, and £72.2 million to the special development funds.

2.3. Funding performance indicators

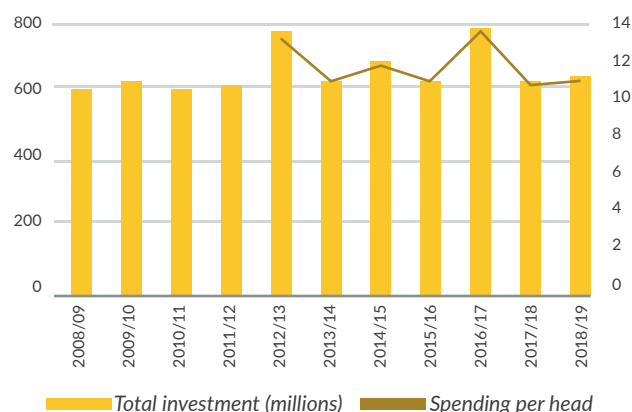
This subsection presents some indicators for the overall trends observed in ACE funding. The information presented below was extracted from the annual review reports published by ACE and from its investment dashboard, which includes data on ACE's funding for the arts, museums, and libraries over the last decade.

Total investment

Figure 1 shows the total investment by ACE for each fiscal year, considering all its funding streams, in £ millions (left axis) and per capita

values (right axis). Considering the total amount invested (left axis), the trend is stagnant. After the recession, the years of 2012/13 and 2016/17 showed peaks of £769 million and £786 million, respectively. However, other years presented lower values, resulting in an average £649 million spent annually by ACE since 2008.

Figure 1 - ACE funding, total investment and spending per head



Data source: ACE investment dashboard [2012-2019] and annual review reports [2009-2012].

This stagnant trend is more alarming as one considers that, since 2013, ACE's scope of activity has widened to include museums and libraries in the funding projects. Fisher notes that the cultural sector in England is suffering the effects of almost a decade of austerity.¹⁰ According to the author, the application of National Lottery funds in ACE's programmes have functioned as some compensation for the fall in national funding. The reduction of national funding compared to previous decades led to a shift in cultural organisations' business models, which have come to rely on mixed sources of revenues. This shift is promoted by ACE, as will be discussed in the third section.

The UK's overall expenditure in culture is below the European average. According to Eurostat, in 2018 the general government expenditure on cultural services across the European Union was 1% of all government expenditure, while culture received 0.6% of government expenditure in the UK.¹¹ In per capita terms, ACE funding has

⁹Arts Council England, 'National Portfolio 2018-22: Our Decision Making Process', 2016, https://www.artscouncil.org.uk/sites/default/files/download-file/Decision-making-process_NPO_new160201_1.pdf.

¹⁰Fisher, (2020)

¹¹EUROSTAT, 'Culture statistics - government expenditure on culture - Statistics Explained', 2019, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Culture_statistics_-_government_expenditure_on_culture#General_government_expenditure_on_culture.

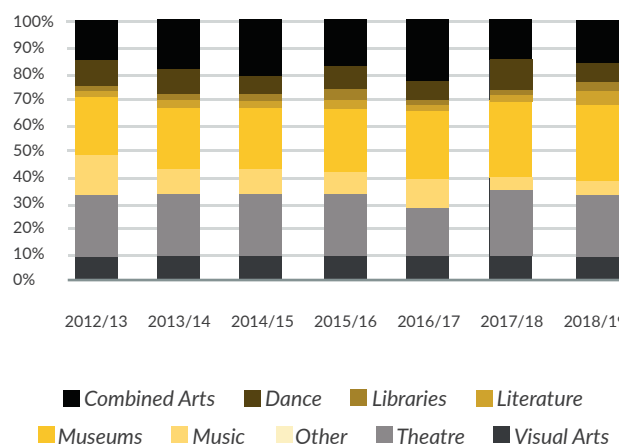
oscillated between £13.19 in 2012/13 and £10.01 in 2017/18, as shown in the graph above. In 2018/19, the last year for which data is available, the investment by ACE was equivalent to £10.58 per person living in England.

The success rate for applicants to the National Portfolio, ACE's largest funding stream, was 73% in the last round of applications, and 76% in the previous round (2015/18).¹² These figures mean that, of all the cultural organisations that seek continuous funding from ACE, about three-quarters succeed. It is worth noting that this success rate does not address differences between the values asked for by organisations and the total amount granted by ACE.

Funding distribution by art forms and fields:

ACE funding is not limited to the notions of 'high arts', such as opera and the visual arts. It actually funds a wide range of activities, and its strategic plans set out the intention of including ever more forms of cultural expressions that might not have received funding previously. The graph below shows the distribution of funding across art forms, as seen in ACE's investment dashboard.

Figure 2 - ACE investment by art form, 2012-2019:



Source: ACE investment dashboard [2012-2019].

The graph shows a relatively stable pattern since 2012, under which the performing arts together – music, theatre and dance – represent more than half of the ACE funding total. The greatest funded segment is music, which received almost 30% of the funding in 2018/19, a considerable increase from 24% in 2012/13. The second most funded art form is theatre, receiving about 20% of ACE's funding total. The combined arts rank third in the funding share, showing the greatest oscillation over time. The visual arts and dance received, respectively, 10% and 8% of the ACE funding total in 2018/19. The least funded segments are museums¹³, literature, and library development¹⁴, which are still relatively new fields supported by ACE.

¹²Arts Council England, 'National Portfolio: FAQs', [accessed on 4 December 2020], <https://www.artscouncil.org.uk/national-portfolio-2018-22-faqs>.

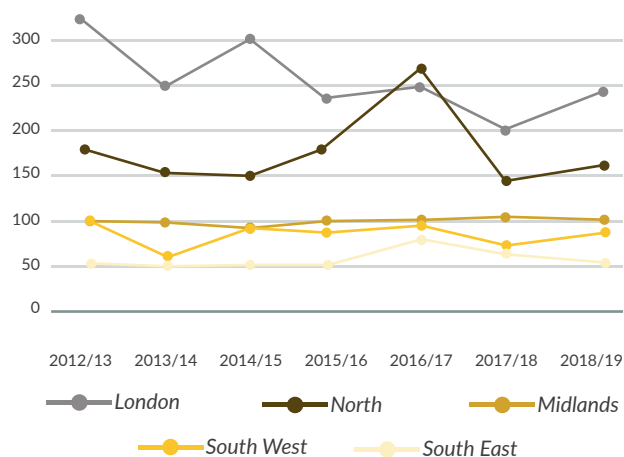
¹³In 2010, Jeremy Hunt, the then Secretary of State for Culture announced that the Museums, Libraries and Archives Council (MLA) was to be abolished and that Arts Council England would be expected to take over its remit for supporting museums, with a budget reducing from £50 million to £46 million. <https://publications.parliament.uk/pa/cm201011/cmselect/cmcumeds/464/46405.htm> This was in addition to the £1 billion directly provided by DCMS to the fifteen national museums and galleries. In 2018, the ringfence on museum funding was removed and the portfolio rebalanced. <https://advisor.museumsandheritage.com/news/arts-council-hlf-revitalise-partnership-better-support-museums/>

¹⁴ Statutory responsibility for libraries in the UK rests with local government. Councils are required 'to provide a comprehensive and efficient library service' for all those who live, work or study in the area <https://www.gov.uk/government/publications/guidance-on-libraries-as-a-statutory-service/libraries-as-a-statutory-service>. ACE's funding is therefore directed at development initiatives that enhance libraries' community role, digital capabilities, workforce skills and sustainability, rather than at providing buildings or basic services.

Regional distribution

The geographical spread of ACE funds has traditionally been concentrated in the London area, but documents like the National Portfolio decision-making and investment factsheets¹⁵ indicate ACE's intention to rebalance this. Figure 3 below shows the total annual funding allocated by ACE in each area. The graph shows a pronounced drop in the total funds invested in the London region: from £327 million in 2012/13 to £231 million in 2018/19. In contrast, there have been some increases in funding allocated in the North, the Midlands, and the South West regions, which have obtained slightly higher shares in the total funding distribution in the last few years.

Figure 3: ACE funding by area

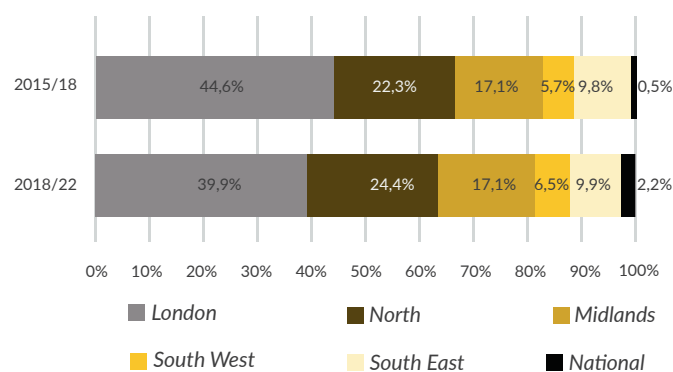


Data source: ACE investment dashboard.

One of the drivers for this slightly more balanced geographical spread of funds is the regional redistribution of NPO funding, as can be seen below. While the London region's share of ACE funding reduced and the Midlands remained static, all other areas outside of London were allocated an increase in funding share for 2018-2022, when compared to the funding cycle of 2015-2018. However, the reduction in funding share to London shown in Figure 4 is complicated by the biggest change, the funding of organisations with a national scope:

total funding allocated to thirty-four 'National-area organisations' increased from £5.8 million between 2015 and 2018 to a planned total of £35 million for the 2018-2022 period¹⁶, including twenty-two new organisations. Sixteen of these, or almost half, were based in the ACE London region.

Figure 4: NPO total grants distribution by area



Data source: Arts Council England's NPO 2018-2022 database.

To understand how these figures compare, taking into consideration the population that lives in each region, we present a regional concentration index (see Table 1). This index is obtained by the ratio between ACE's spending per capita in each region and the national average. Numbers higher than one indicate that the region receives more funding than the national average, while numbers lower than one suggest that it is underfunded. For instance, in 2018/19, while the national average was £10.58 of funding per inhabitant, citizens of London enjoyed more than double that amount, at £24.87 per head, but residents in the South West were only granted £6.83.

Table 1: Regional concentration index, total ACE funding

¹⁵Arts Council England, 'Our National Portfolio in numbers, 2018-22' (ACE, 2019), https://www.artscouncil.org.uk/sites/default/files/download-file/Investment_factsheet_14062019_0.pdf; Arts Council England, "National Portfolio 2018-22: Our Decision Making Process".

¹⁶Arts Council England, 'The Data: National portfolio organisations 2018-2022', <https://www.artscouncil.org.uk/national-portfolio-2018-22/more-data-2018-22>.

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
London	2.9	2.7	2.9	2.4	2.1	2.2	2.4
North	0.8	0.9	0.8	1.0	1.3	0.9	0.9
Midlands	0.7	0.8	0.7	0.8	0.6	0.9	0.8
South West	0.5	0.6	0.6	0.6	0.6	0.8	0.6
South East	0.5	0.4	0.5	0.5	0.5	0.5	0.5

Data source: ACE investment dashboard.

The numbers in the table above show that the South has been consistently underfunded, not only in absolute terms (Figures 3 and 4) but also weighted by local population figures. In contrast, despite the decrease in total funding for the London area, it still receives at least twice the national per capita funding. The Midlands and the North regions are closer to the national average. In other words, if the total investment made by ACE each year were simply distributed to each local resident, Londoners would get at least twice as much as their counterparts in the North, and nearly four times the value received by people in the South West. These measures are not entirely satisfactory since, of course, the beneficiaries of cultural funding are not limited to local residents but include both national and international visitors. Still, it gives a clearer picture of the relative distribution than simply comparing the total amount allocated to each region of England.

2.4. Ambitious goals with stagnant resources

The subsection above presented three basic performance indicators for funding mechanisms: total investment, the funding composition by artform, and its regional distribution. However, there is a long list of requirements and objectives that ACE takes into consideration when allocating its resources. The information on each outcome is presented each year in its annual review reports. In fact, ACE reports to the DCMS on a list of key performance indicators (KPIs), listed below:

- KPI 1: Sustained attendance and visitor numbers in National Portfolio Organisations and Major Partner Museums (known attendances constant sample).
- KPI 2: Proportion of National Portfolio Organisation and Major Partner Museum board members who identify with the following characteristics: BME, LGB, female and disabled.
- KPI 3: The proportion of National Portfolio Organisations producing at least one screening or broadcast in the reporting year.
- KPI 4: An increase in contributed and earned income in National Portfolio Organisations and Major Partner Museums.
- KPI 5: Proportion of National Portfolio Organisations undertaking international activities in the reporting year.
- KPI 6: Total number of schools engaged in meaningful contact by Arts Council-funded Bridge Organisations.
- KPI 7: The proportion of Project Grant applications processed within the published time frame.¹⁷

These indicators guide the process of monitoring and evaluation and pose performance pressures both for ACE and the organisations it supports. They are examples of what researcher Andy Pratt describes as the economic discourse in cultural policy, whereby an extension of the neoclassic economics 'will sustain support for cultural activities if they produce social or political benefits; commonly deployed examples range from social inclusion and regeneration, export earnings or national and personal identity'.¹⁸

As Belfiore notes, this sort of 'defensive instrumentalism', based on pre-defined indicators of social impact, responds to the high level of competition for public funds amidst the 'presently dominant neo-liberal political and ideological framework'. At the same time, social and economic indicators guide the assessment work of funding agencies in the context

¹⁷Arts Council England, 'Arts Council England Grant-in-Aid and National Lottery Distribution Annual Report and Accounts 2019/20, 2020', <https://www.artscouncil.org.uk/sites/default/files/download-file/ACE%20Annual%20Report%202019%202020.pdf>

¹⁸Andy C. Pratt, 'Cultural Industries and Public Policy: An Oxymoron?', *International Journal of Cultural Policy* 11, no 1 (March 2005): 37, doi:10.1080/10286630500067739.

informed by creative economy discourse, where previous notions of artistic merit no longer apply. According to the author:

They [the instrumental policy rationales] ostensibly lend the public cultural sector (and its claims on the public purse) legitimacy whilst sidestepping difficult and thorny questions of cultural value, which have been complicated further by the collapse of the distinctions between “high” and “low” culture, and the blurring of equally crucial dividing lines between professional/amateur and subsidised/commercial arts.¹⁹

In order to meet its targets, ACE is supposed to oversee NPOs so that they increase public engagement, increase their revenues from alternative sources, and engage in international activities. Additionally, the principles of diversity and equality are encapsulated in measuring the proportion of staff and board members who identify as Black, Asian, or from a minority ethnic background; as female; as a member of the LGBTQIA+ community, or as having a disability.

As note in the first section, ACE’s ‘Let’s Create’ strategy aims at amplifying the reach of ACE funding to foster the exercise of creativity by the general population. This is reflected in an ambition to make more opportunities available to independent creative practitioners, as well as to widen the scope of ACE’s action in terms of the kinds of projects and art forms that receive funding²⁰. However, the data presented in section II shows that there is no sign of growth in the resources. If the stagnant trend persists, it will not allow for expanding the funding opportunities. Thus, relying on a constant pool of resources, a more equitable distribution of funding across areas and artforms, as well as the

inclusion of more and more people to participate in the arts, museums, and libraries will mean that some segments will see cuts. A good example of the limitations facing ACE is the fact that the more equitable distribution of the total amounts by ACE’s areas was not achieved by a significant rise in funding for projects outside London, but by reducing the resources directed at the capital (Figure 3).

In this sense, KPI 4 seems of particular relevance: ACE aims to help cultural organisations find alternative streams to finance their activities, either increasing their own revenues or relying on alternative kinds of external funding, such as private investors or crowdsourcing. Paradoxically, ACE’s funding strategy includes reducing the dependence of cultural organisations on its own support.²¹ Regardless of the financial constraints that Arts Council England might face in the pursuit of its long-term ambitions, it appears that some of the current performance requirements contradict the very purpose of extending support to voluntary and amateur artists, and creative practitioners that are established in the strategic plans.

Two issues remain: Firstly, how funding can meet the growing needs of an expanded cultural sector in times of austerity. Secondly, it seems important to assess how ACE can evaluate its funding policy and hold to account the supported individuals and organisations without falling prey to the logic of instrumentalisation.

¹⁹ Belfiore, (2012), p. 105.

²⁰ Arts Council England, Let’s Create: Strategy 2020-2030.

²¹ In a further irony, those organisations who had made most progress towards ACE targets for ‘sustainability’ by increasing the proportion of earned income to income from public sources within their turnover during the previous decade were the least resilient to the impacts of the COVID-19 pandemic, which saw most public and large funders sustain their grant funding, while earned income disappeared during the lockdown.

3. Understanding Brazil's Cultural Funding Mechanisms at a Federal Level

3.1. Introduction

It has been nearly thirty years since the funding instruments for the arts and culture in Brazil were shaped in their current form. During the nation's period of democratisation in the 1980s and early 1990s, cultural policy went through some ups and downs. Efforts at institutionalisation built on significant advancements made during the 1970s under the military regime, but there were also constraints on the state, both financial and ideological.²² In 1985, the Secretary of Culture was given a ministerial rank, gaining full autonomy and independence from the Ministry of Education.²³ The government also built an ecosystem formed by a number of arms-length foundations dedicated to sectoral policies under the supervision of the newly established Ministry of Culture (MINC). The new constitution approved in 1988 ranked culture among the fields of welfare subject to state engagement. Article 215 expresses that 'the state shall ensure to all the full exercise of the cultural rights and access to the sources of national culture and shall support and foster the appreciation and diffusion of cultural expressions'.²⁴

As to the *funding* of such policies, President José Sarney had sanctioned in 1986 a law allowing companies and private individuals to allocate a small portion of their income tax to cultural production, in the form of either donations or sponsorship. A few years later, the subsequent administration of President Fernando Collor

de Mello revoked this law and other tax waiver mechanisms amid attempts to solve a fiscal crisis. In 1991, the Incentive to Culture Act (Law 8.313/1991, also known as the 'Lei Rouanet' or Rouanet Law) established funding mechanisms for federal cultural policy within the National Programme for the Promotion of Culture (PRONAC, from its name in Portuguese). This law reinstated and refined the earlier tax waiver instrument for the patronage of cultural activities and set out two other sources to fund the arts: the National Fund for Culture (FNC) and an investment fund for arts and culture named Ficart²⁵, although the latter never materialised.

Researcher Antonio Albino Rubim asserts that the 1986 law, named the 'Lei Sarney' after the president, incorporated a paradox: at the same time expanding and diminishing the role of the state in the cultural field²⁶. During the 1990s, the Rouanet Law (named after the Culture Minister at the date of its creation 1991), which restored a tax incentive model for funding the arts, became the main source of funding for culture in Brazil. The federal government created other, similar instruments for specific goals and local governments across the country created their own tax-induced incentives for the arts.²⁷ The importance of the patronage model within Brazilian cultural policy is so high that often these two concepts are treated as equivalents – i.e. the tax incentives are considered to be the cultural policy. However, a number of cultural funding policies have been implemented in recent years that go beyond the incentives in the Rouanet Law.

²² Lia Calabre, *Políticas culturais no Brasil: dos anos 1930 ao século XXI* (Rio de Janeiro: FGV Editora, 2009).

²³ The level of authority afforded to the cultural agenda within the presidential cabinet reflects the political priorities of each administration. Five years after its creation, the Ministry of Culture was dissolved by President Fernando Collor de Mello and transformed into a Secretariat under the direct supervision of the Presidency. Two years later, following Collor's impeachment, it was reinstated as a Ministry. In 2016, after President Dilma Rousseff's impeachment, acting president Michel Temer dissolved the Ministry again, subsuming the culture brief within a recreated Ministry of Education and Culture. Facing passionate opposition from the artistic community, joined in solidarity by the general public, the acting president reestablished the Ministry a few weeks later. The next administration, that of current President Jair Bolsonaro, demoted the culture office once again to a Special Secretariat, under the authority of the Ministry of Tourism.

²⁴ Government of Brazil, *Constitution of the Federative Republic of Brazil* (Brasília: STF, Secretaria de Documentação, 2019), http://www.stf.jus.br/arquivo/cms/legislacaoConstituicao/anexo/brazil_federal_constitution.pdf.

²⁵ "Lei de Incentivo à Cultura", Pub. L. No. 8313 (1991), http://www.planalto.gov.br/ccivil_03/leis/L8313cons.htm.

²⁶ Antonio Albino Rubim, "Crise e Políticas Culturais", in *Cultura e desenvolvimento: perspectivas políticas e econômicas* (Salvador: EDUFBA, 2011).

²⁷ Lia Calabre, "Políticas Culturais no Brasil: balanço e perspectivas", in *Políticas culturais no Brasil*, CULT (Salvador: EDUFBA, 2007).

Due to its commercial potential, the film and TV sector is not usually included in the general funding programmes for the arts by the federal government, presented above. It is the target of specific funding schemes, which have developed greatly over the last two decades. The main public sources of income to support the sector are a specific tax incentive mechanism established by Federal Law 8.685 in 1993 (known as Lei do Audiovisual) and the National Fund for Film and TV (Fundo Setorial do Audiovisual (FSA), effective since 2008. As we will show, funding for film and related activities has taken up a notable position in the overall funding of culture by the national government.

This bulletin is dedicated to an explication of Brazilian federal funding for the cultural sectors, focusing on those streams that reach most segments: the National Fund for Culture, and patronage under the Rouanet Law. The next section describes briefly the functioning of the two main federal funding streams. The following section reports some indicators of their funding performance. The third and final section raises the issue of whether these instruments are adequate, and presents the merits of the new developments in the fields of film and TV.

3.2. Federal funding for culture: the FNC and the Patronage streams

The tax incentive mechanism established by the Incentive to Culture Act or Rouanet Law is also called 'patronage', alluding to the practice of the *mecenas* (patrons) who funded the arts in the Renaissance period. The Rouanet Law allows private individuals and companies to reduce their income tax payments by up to 6% and 4%, respectively, if they use the unpaid tax liability to fund cultural projects.

A national commission formed by civil society members and government representatives meets regularly to evaluate projects, which can apply throughout the year. The National Commission for the Incentive to Culture (CNIC) assesses whether each project meets the policy objectives required by the law, whether it is well planned, and the adequacy of the requested budget for the actions envisioned. The artistic and cultural merit of the submissions is not subject to any evaluation by the commission.

Once approved, successful projects are certified by the Ministry of Tourism and can look for donors or sponsors.

Depending on the project's nature, supporters can deduct 100% of the value invested from their tax liabilities – as long as it does not surpass the limit of 4% (or, for private individuals, 6%) of total liabilities. To obtain this deduction, the funded project must fall into one or more of these categories:

- Theatre and dance.
- Books of artistic, literary or humanistic value.
- Erudite or instrumental music.
- Visual arts exhibitions.
- The donation of collections for museums, public libraries, public and cinema archives, staff training and purchase of conservation equipment to preserve archives and collections.
- Production, conservation and distribution of short and medium-length films, or conservation and distribution of audiovisual archives.
- Preservation of cultural heritage, both material and immaterial.
- The construction and maintenance of cinemas and theatres in small towns (population under 100,000).

These projects can be short (the making of a cultural product or a short event, for example) or longer, both in time and scope, such as the annual programmes of museums and cultural organisations, which cover multiple events. Cultural projects that do not fall into any of the categories above but do contribute to the development of cultural expression or cultural studies, or to advances in cultural heritage preservation, can be supported with tax waivers if approved by the CNIC. However, in such cases sponsors are required to invest additional resources. Companies taxed on their real profit can deduct from their tax liabilities only 30% of the value they invest in sponsorships and 40% of donations to these other projects. However, as will be shown below, most of the funding that

flows to culture through the Rouanet Law is composed of 100% public resources from fiscal waivers: and the choice of which publicly pre-approved projects receive any of this funding, redirected from tax revenues, belongs entirely to the sponsoring firms. As a result, there has been criticism that this mechanism is heavily influenced by corporate marketing strategies, subjecting the funding of arts and culture to the logic of the market, albeit with public resources.

Whereas the Rouanet Law is an indirect funding mechanism – the actual allocation of public resources depends on the choice of private entities or persons – the National Fund for Culture (FNC) is a direct funding instrument. This fund is composed of direct budget allocation (grant-in-aid), donations, lottery funds, and the unused resources from previous projects supported by the federal government. The Secretariat of Culture and its subsidiary foundations (like Funarte) designate policy priorities and create specific programmes for the FNC target areas. Thus, FNC funding is responsive to the cultural policy perspective of the contemporary administration, expressed in multiannual plans and oriented towards the goals in the decennial National Plan for the Culture.

FNC funding is usually distributed in the form of grants for cultural projects or prizes to outstanding artists or cultural organisations. Beneficiaries are selected through public funding calls or 'editais'. The published selections are made by specially-convened, independent panels that evaluate the artistic and cultural merit of the applications as well as their multiplier effect²⁸ – their potential to generate further, indirect benefits for the public. All projects funded with federal resources, both under fiscal incentive mechanisms or the FNC, must submit post-production reports detailing how the resources were invested and the results of the initiative, including the number of people affected by the project and how the project

contributes to the democratisation of culture.

One of the main goals of the FNC is to balance the unevenness of distribution inherent in the patronage model, as will be described shortly.²⁹ According to the Incentive to Culture Act/8.313/91 Law (Rouanet Law), the FNC aims at raising resources and allocating them to projects in order to:

- Promote the equitable distribution of resources across the regions.
- Favour 'inter-state' or regional perspectives.
- Foster creativity, cultural diversity, and the professional and artistic development of human resources in the cultural field.
- Contribute to the preservation of Brazil's cultural and historic heritage.
- Meet the needs of cultural production and collective interests.

Some examples of funding programmes developed under the FNC are the financial support awarded to the community cultural centres certified as Pontos and Pontões de Cultura – part of the Cultura Viva Programme – public calls for book fairs and literary activities,³⁰ or the selection of twenty-eight initiatives for the preservation and renewal of museums.³¹ The FNC has also funded various initiatives by the Secretariat of Creative Economy to foster the development of studies and support the participation of creative entrepreneurs in international markets, fairs and exhibitions.

3.3. Performance of the federal funding of culture

This section reviews basic economic indicators

²⁸ <http://cultura.gov.br/apoio-a-projetos/>.

²⁹ Mônica Herculano, 'Lei Sarney, Lei Rouanet, Procultura: história, avanços e polêmicas', Cultura e Mercado (blog), março de 2012, <https://www.culturaemercado.com.br/site/lei-sarney-lei-rouanet-procultura-historia-avancos-e-polemicas/>.

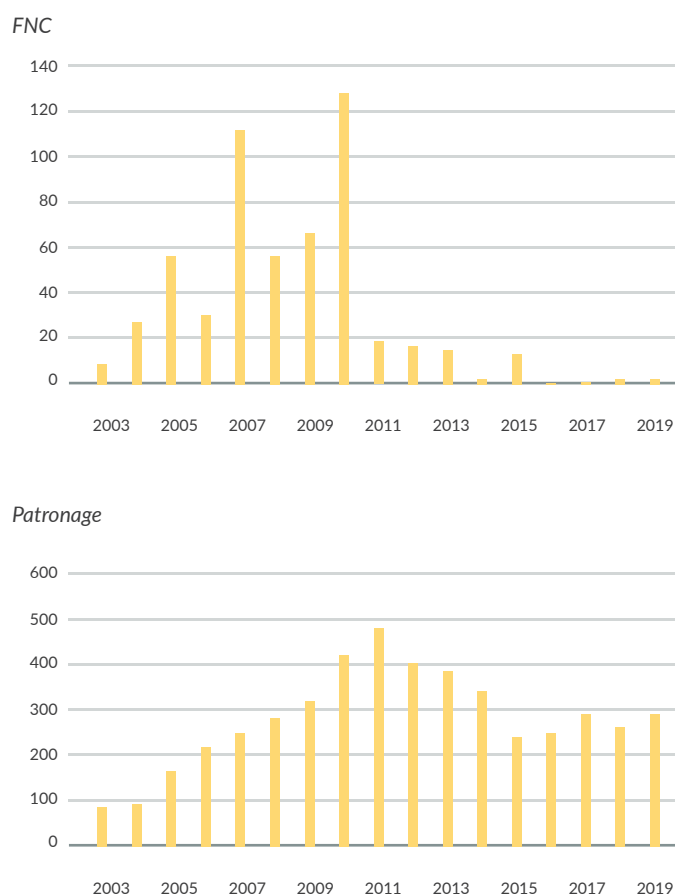
³⁰ <http://cultura.gov.br/documentos/edital-no-01-feiras-e-acoes-literarias/>.

³¹ <http://cultura.gov.br/documentos/museus-edital-1-modernizacao-de-museus/>.

for the two federal funding streams for the arts and culture. The data was obtained from SALIC Net, unless stated otherwise. Since its establishment in the 1990s, directly funded cultural spending through the FNC and the indirect patronage incentive had been gradually increasing, with a period of rapid growth between 2003 and 2010. However, during the most recent decade, economic crises have greatly affected the federal budget for culture, and both funding streams, the direct National Fund for Culture and the indirect patronage/tax incentive, have fallen in real terms. Figure 5 shows the annual spending by each programme in million pounds (equivalent).

Total spending

Figure 5: Total funding: FNC and Patronage (Rouanet) in £ million



Data source: SALIC Net and UNCTAD.

Note: The original values in current reais were converted to estimated current British pounds using the annual average exchange rate between BRL and GBP provided by UNCTAD. It is worth noting that the trends reflect both the nominal trends in Brazilian reais and the exchange rate throughout the period.

Since 2011, the funding allocated annually under the indirect patronage stream has stagnated at around BRL1.3 billion BRL, reaching the equivalent of about 300 million British pounds in 2019. The drop observed in the directly-funded FNC is much more dramatic: the annual investment decreased by over 96% from a peak of over BRL350 million in 2010 (2009: BRL200 million) to only BRL13.5 million in 2019, or around £2.7 million. This decrease in *direct funding* is a stark indicator of the low priority afforded to the cultural agenda by federal governments since that time, even within a context of substantial reductions in government spending across the board. Both the FNC and patronage incentive funding have decreased in terms of proportion of total federal spending. According to data from the National Treasury, the total spending by FNC and patronage represented around 0.05% of total federal expenses between 2017 and 2019, while this indicator averaged 0.1% between 2008 and 2010.³² With respect to the stagnation in patronage funding from 2013-2018, followed by an overall reduction, a main driver has been reducing levels of sponsorship by state-owned companies, prior to a total withdrawal from cultural incentive funding by this segment from 2018. Initial increases in support from privately-owned companies and private individuals have not been sustained, with the corporate funding segment falling by 2019 to the lowest value (in reais) since 1999, while donations from private individuals in 2019 were at their lowest level since 2011. Overall, the incentive funding stream stood in 2019 at less than half its 2012 value in reais.³³

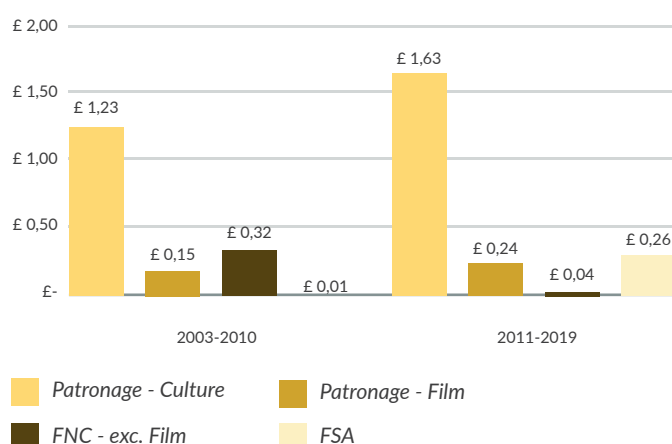
³² The numbers for the federal government expenses were extracted from Tesouro Nacional Transparente.

³³ Observatório Itau Cultural, 'Soma total do Mecenato', August 2020. Available at: <https://www.itaucultural.org.br/observatorio/paineldedados/pesquisa/financiamento-federal>.

Per capita spending

The level of public spending on culture may be more effectively evaluated in relation to the population covered. A figure for spending per capita is obtained by dividing the total amount of funding by the total population. The figure below shows the averages for the 2003-2010 and 2011-2019 periods for four funding schemes: the FNC, the Patronage for Culture under Rouanet Law, and two funding mechanisms for the film and TV, the FSA and the Patronage for Film under Federal Law 8.685/93.

Figure 6: Federal funding per capita - Arts vs. Film



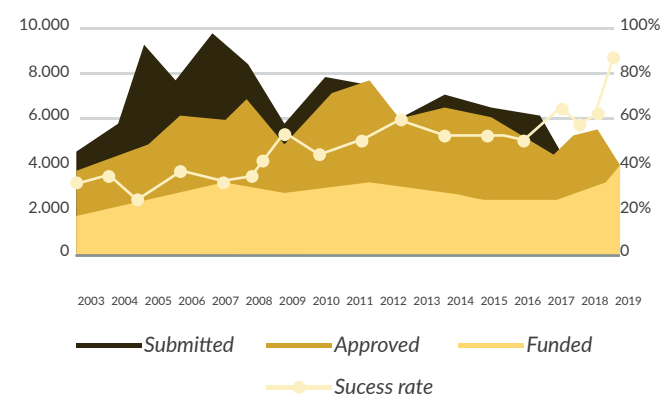
Data source: SALIC Net, Observatório Brasileiro do Cinema e do Audiovisual and IBGE.

Since 2011, federal funding for the arts and culture (not film and TV) has averaged £1.67 per capita. This calculation gives a strong sense of the marginal role of FNC (direct) funding, which has dropped by 87% in value over the past decade: approximately £0.04 per person, against £1.63 of indirect funding via the Rouanet patronage incentive. By contrast, the grant budget of the Fund for Film and TV has practically replaced the former budget of the FNC, rising from £0.01 to £0.25 per capita - surpassing the indirect funding received by the audiovisual sector through its dedicated patronage incentive.

As to the ease with which cultural producers can access federal funding, researchers Anita Simis and Rodrigo Correia do Amaral note that

applicants to the Rouanet Law had a funding success rate of only around 30% between 1993 and 2010.³⁴ Since then, the success rate appears to have improved steadily, due more to a fall in applications than an increase in the number of projects supported. Between 2011 and 2019, 51,969 projects were submitted for assessment, of which 51,100 received CNIC authorisation to raise funds through the instrument, and 29,603 actually gained funding (a 60% success rate). This may indicate that cultural producers have learned to avoid a bureaucratic burden by only submitting projects that have a stronger chance of being assessed as meeting the law's requirements. It is also possible that potentially strong applicants are sourcing alternative financial support.

Figure 7: Applications to patronage funding



Data source: SALIC Net.

Funding distribution by art forms and fields

Patronage under the Rouanet Law covers a wide range of cultural fields, as listed in the first section of this bulletin. The cultural sectors that receive most of the funding are the performing arts, music, the visual arts, and cultural heritage, as shown in the graph below.

³⁴ Anita Simis e Rodrigo Correia do Amaral, "Mecenato no Brasil democrático", Eptic XIV, no 3 (setembro de 2012): 18.

Figure 8: Patronage (Rouanet) funding by cultural sector

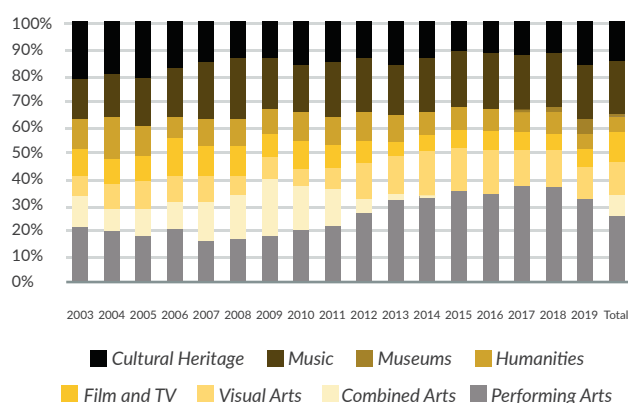
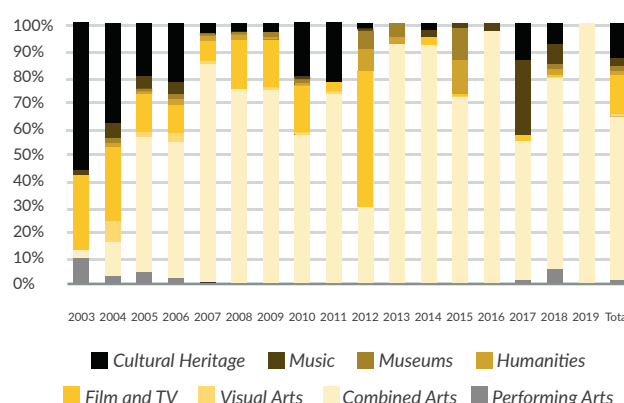


Figure 9: FNC funding by cultural sector



Data source: SALIC Net.

The performing arts (N.B. in Brazil, this category includes theatre, circus, and dance, but excludes music) received a share of the total annual resources averaging 20%, and which reached a peak of 38% in 2017. The portion allocated to the visual arts also grew over the years. Projects related to film, humanities, and museums usually receive smaller sums. The combined arts, comprising various types of projects that involve more than one specific art form, such as cultural festivals and popular festivities, appear to have been superseded by performing arts and music. Until 2012, the combined arts received between 10% and 20% of the patronage funds, but have nearly disappeared from the picture since then.³⁵

While the patronage incentive funding shows a consistent pattern that privileges live events – music and other performing arts – the distribution of funding from the National Fund for Culture is more erratic (see below). The large discrepancy in the distribution of funds over the years reflects the support for specific initiatives each year. The majority of projects funded by the FNC fall into the category of combined arts, as can be seen in the graph below. This includes the acquisition of equipment, conservation of cultural centres, the production of events such as fairs and festivals, support to initiatives of popular and folk culture, and other projects that relate to more than one art form.

Data source: SALIC Net.

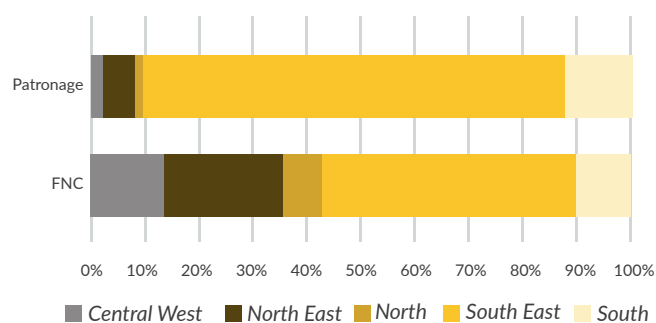
The two graphs above show the dynamic between the two types of funding. It is no coincidence that patronage concentrates on live events: plays, concerts, and festivals attract footfall. Sponsoring these kinds of cultural initiatives, companies can attach their brand name to the projects and reach large audiences. In contrast, the FNC focuses on smaller projects, mainly related to popular culture – supporting popular festivities and fostering cultural expression and the preservation of cultural heritage in local communities.

Regional distribution

The graph in Figure 10 shows the regional distribution of the total amounts invested through patronage (Rouanet) and FNC between 2003 and 2019. As expected, the FNC presents a more balanced distribution across the five regions of Brazil, although the Southeast region still receives almost half of all the funding.

³⁵ it is possible that projects that were once classified as Combined Arts are now identified as Performing Arts.

Figure 10: Funding distribution, by region and mechanism, 2003 to 2019



Data source: SALIC Net.

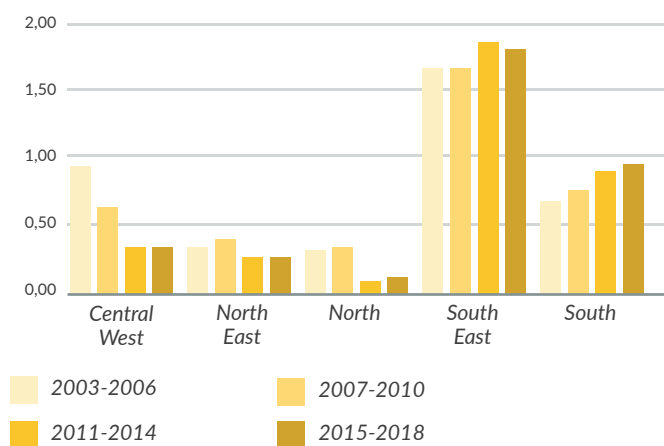
The issue of regional distribution of funds for the arts and culture is not simple. The Southeast is where the two largest and most economically significant cities in Brazil are located: São Paulo and Rio de Janeiro. Not only is this the most populous region, but also where the cultural scene is more developed, with a concentration of cultural organisations, producers, and artists. The high volume of professionals in the arts and culture also means that these urban centres have human resources with accumulated knowledge of federal legislation and the procedures required to obtain funding from public institutions. In relation to the patronage incentive, it is not unexpected that a substantial majority of this funding stream is spent in the Southeast given that most of Brazil's large corporations are headquartered in this region, and are interested in appealing to a public living there, particularly in the large urban centres. Nearly 80% of the resources channelled into culture through the patronage incentive are spent in the South East region.

A comparison of the regional distribution of funding weighted by the local population provides a clearer perspective. The regional concentration index is a ratio of the total spending per capita (total funding/total population) invested in each region over the national per capita mean, around £1.67.³⁶ Numbers higher than one indicate that the area receives relatively more funding per head than

the national average, whereas figures lower than one indicate that it is relatively underfunded.

Figure 11 shows the mean for the regional concentration index over the 2003-2019 period.

Figure 11: Regional concentration index - FNC and Patronage, period averages



Data source: SALIC Net.

We can see that the regional distribution of culture funding is not only highly concentrated towards the Southeast and South regions, but it has become more concentrated over time. The Southeast region stands alone at the top as the only region where the concentration index is higher than one: it usually receives almost twice the national average spending per head, whereas by contrast, the North and the Northeast regions are allocated less than half the national per capita spending. This regional inequity in distribution is striking, with the Southeast region receiving over eighteen times as much funding per capita as the North and over ten times as much as the Northeast (2015-2018 figures).

While the concentration of cultural funding schemes in the Southeast region is understandable, it is one of the main criticisms of the current federal funding model. Researcher Lia Calabre notes that the very configuration of the tax incentives for funding culture generates the discrepancies pointed out above. Because the allocation of resources responds to firms' and individuals' interests as patrons, the

³⁶ The original index was calculated by *Observatório Itaú Cultural's* dashboard for each of the Brazilian states. The data and a detailed discussion on the indicator are available in Portuguese at <https://www.itaucultural.org.br/observatorio/paineldedados/pesquisa/financiamento>.

'indirect model' generates inequalities in various dimensions. Beyond the privileging of certain regions and art forms, Calabra also observes inequalities between urban versus rural locations, the largest cities versus smaller cities, and renowned artists versus young and lesser-known artists.³⁷ In response to this criticism, Simis and Amaral note that the patronage scheme has consistently incorporated new proponents since its creation. This finding calls into question the common claim that the recipients of patronage funds are always the same artists and organisations,³⁸ although the disparities in allocated resources cannot be denied.

Article 19 of the Incentive to Culture Act directs that the CNIC must take into account an equitable distribution of resources across arts sectors and beneficiaries in its project approvals. However, the CNIC has no control over which of the approved projects actually receive any funding. It is argued that public resources should be primarily directed towards regions that have low appeal to the corporate market, and where cultural activities would struggle meet their full potential without public support. This is precisely the goal of the FNC. However, FNC has shown itself to be insufficient to achieve a more equitable distribution of funds, mainly because it cannot rival the level of income allocated through the tax incentives schemes.

3.4. Funding schemes between the state and the market

While the tax incentive laws have been relatively successful in allocating resources to the production and distribution of cultural activities, this model faces criticism from various sources. In addition to the inequalities discussed above, authors like Rubim and Calabre highlight that the model delegates to the market – i.e. private firms – the decision-making power as to which cultural activities are to be funded.³⁹ But while their patronage can function as part of these firms' marketing strategy, the resources they

spend are effectively public: originally taxes owed to the state.

In this sense, the patronage model currently in place is criticised for its inability to generate social compensation from private sponsors in return for the public incentive, or even to leverage additional resources for the arts and culture from the private sector, as noted by Rubim.⁴⁰ As previously mentioned, patrons under the Rouanet Law can deduct from their tax payment up to 100% of the value they invest in the sponsored project(s), depending on the project's attributes. Rubim argues that the 100% deduction of income taxes for companies that sponsor cultural projects jeopardises the fiscal incentives' original goal, which was to stimulate private investment in culture. In turn, he claims, these instruments have triggered a practice of cultural marketing for private companies that is financed in its entirety by public resources.⁴¹

The graph below shows the composition of the total amounts that the projects supported by the Rouanet Law received every year, separated into resources from public sources (i.e. waived tax liabilities) and private streams (additional resources invested by companies as sponsorship). Notably, the proportion of private resources in the total investments made through the patronage law has fallen consistently over the years. By 2019, almost the entirety of the funds allocated to supported projects under the Rouanet Law were from public sources, originating from the renunciation of tax revenue by the state.

³⁷Calabre, (2007).

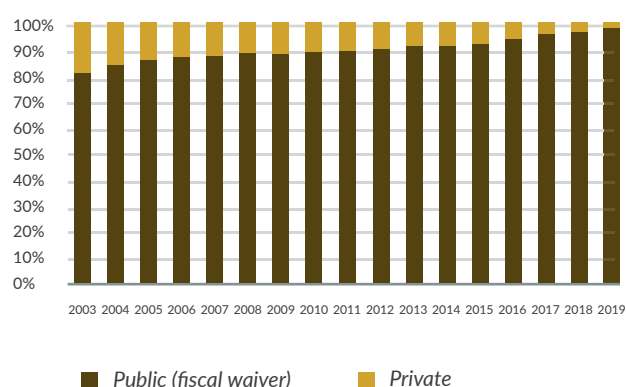
³⁸Simis and Amaral, (2012).

³⁹ Calabre, (2007).

⁴⁰ Rubim, (2011).

⁴¹ Rubim, (2011).

Figure 12: Composition of funds allocated under Rouanet Law



Data source: SALIC Net.

Pratt argues that cultural policy must acknowledge the existence of the market in order to remain relevant in the future. According to this author, there are spaces for new forms of governance that do not fall into the extremes of nationalisation or privatisation, but rather where the public sphere shapes a thriving market for the creative and cultural industries and compensates for its failures.⁴² In a sense, one could argue that the tax incentives for culture exist precisely in this intermediate space. After all, the rules of this state-regulated patronage hold all projects accountable for the proper use of public resources and for conforming to cultural democratisation objectives. But while the patronage model has successfully widened the funding possibilities for cultural practitioners across the country, the figure above shows that the burden of funding this cultural activity essentially falls entirely on the state, while the decision-making power is retained by private actors, with all the shortcomings this brings in terms of equality and cultural diversity. The recent developments in the funding for film show an alternative path.

Final remarks on the Brazilian cultural funding system

Since the 1990s, successive federal governments have been utilising two funding models for culture: a direct scheme, dependent on annual

budgetary provisions, and an array of indirect schemes based on tax incentives. The latter has become the primary source of funding for the arts and cultural industries, reaching over a billion Brazilian reais in annual spending. The patronage incentive has the merit of facilitating connections between cultural practitioners who act mainly in the not-for-profit sector and the private, profitable sector. This has improved the sector's economic sustainability amidst pressures on public expenditure. However, the indirect model has an inherent tendency to accentuate the discrepancies across the cultural field, since there are low incentives for firms to invest in projects outside the main cultural circuit. Unfortunately, no further information is currently available about the characteristics of the recipients of patronage incentive funding, such as the groups' composition in terms of race, gender, socioeconomic groups, or disabilities. However, a basic evaluation of the funds' distribution by the various arts sectors and regional bodies reveals the presence of bias in patronage funding. The film industry has witnessed a transformation in its funding scenario: by taxing big telecom firms, the government has succeeded in amplifying the resources available for the development of the industry. This fund is informed by the creative economy model, having expanded the criteria of eligible projects. While supporting commercially successful works with early investment opportunities, the new fund can effectively allocate a portion of its resources to enhance training, infrastructure, and the production and distribution of film and related content to cultural agents with a lower commercial potential. However, more traditional art segments have yet to see similar stimuli.

4. Brazil and the UK funding of cultural industries: what can be learned?

The international comparison of policy indicators is not going to be precise, whatever the area of analysis. Each nation arrives at a certain policy design through a historically determined process, dependent on its national legislation,

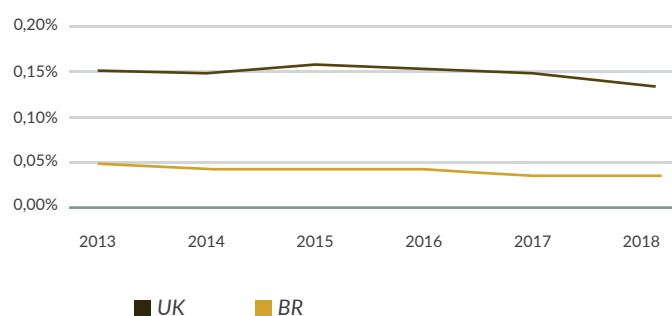
⁴² Andy C. Pratt, (2005).

cultural norms, the configuration of its political system, and the individuals responsible for each step. Cultural policy is no different. In fact, there are different perceptions, goals, and expectations behind each country's decision to foster cultural activities.⁴³ The specific institutional details only add a further layer of complication. Nonetheless, in this section we will attempt to compare the support for culture provided by ACE in England to the Brazilian FNC and Rouanet patronage streams, using data from 2013 onwards, which are available for both countries. We will attempt to draw some insights from these comparisons, though we are fully aware there will be simplifications.

4.1 Total investment level

International comparisons of public spending usually resort to measures of expenditures as percentage of GDP to address different levels of economic development. For this purpose, we collected data for the total spending on cultural services by the UK central government and the Brazilian federal government, shown in the graph below.

Figure 13: Central Government Spending on Culture as % of GDP



Data source: Expenditure by function (COFOG) by OECD Data (UK) and Tesouro Transparente (BR).

While British investment in culture has been around 0.15% of GDP since 2013, Brazilian

spending is at a much lower level, at around 0.03%. Despite the stagnation in government support for the arts in the UK, it is still significantly higher than the relative investment made by the Brazilian government. This is also reflected in the disparity between the per capita figures. Between 2013 and 2019, the combined amount of funding invested by the Brazilian National Fund for Culture and the Rouanet fiscal incentives averaged around £1.45 per inhabitant.⁴⁴ For the same period, the average for all ACE funding streams was around £11.40 per head.⁴⁵

4.2 Degree of administrative control over the allocation of resources

As section 2 shows, the allocation of funding in the UK, and England in particular, is under the direct control of ACE, a public body. One could describe the distribution of funding by ACE as a top-down approach: much of the funding from grant-in-aid and the National Lottery is steered by ACE to selected organisations within the National Portfolio, which in turn support artists and cultural practitioners. The National Lottery grants supplement this strategy, allocating support directly to artists and creative practitioners. In contrast, while the Brazilian Ministry of Culture does have direct control over the allocation of the resources in the National Fund for Culture, most of Brazil's public resources for culture are allocated via the patronage incentive stream, where there is limited scope for government control.

4.3 Policy scope and distribution by artform

Both countries' funding policies have a focus on the performing and visual arts, as well as on not-for-profit initiatives. But, while the Brazilian streams have also traditionally included funding for works of heritage preservation, as well as projects for museums, literature and libraries, these are relatively recent areas of funding

⁴³ Andy C. Pratt, 'Policy Transfer and the Field of the Cultural and Creative Industries: What Can Be Learned from Europe?', in *Creative Economies, Creative Cities*, ed. by Lily Kong and Justin O'Connor, (Heidelberg: Springer, 2009).

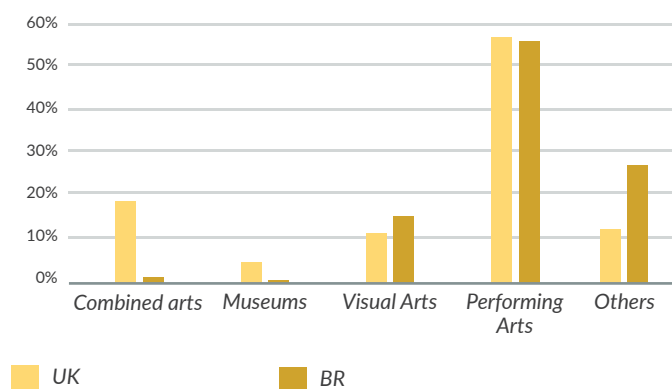
⁴⁴ Calculated using Salic Net, IBGE and UNCTAD data.

⁴⁵ ACE Investment Dashboard.

support for ACE. The next graph shows the share of funding allocated to the main art forms by ACE and the Brazilian federal mechanisms between 2013 and 2019.

Figure 14: Comparison of most funded artforms (2013-2019)

Distribution by main artforms



Data source: ACE Investment Dashboard and Salic Net.

Note: The figures for the UK are respective to the total funds allocated by ACE (grant-in-aid and National Lottery) between the fiscal years of 2012/2013 and 2018/2019. Brazilian figures show the distribution of the sum of FNC and Rouanet Patronage values between 2013 and 2019.

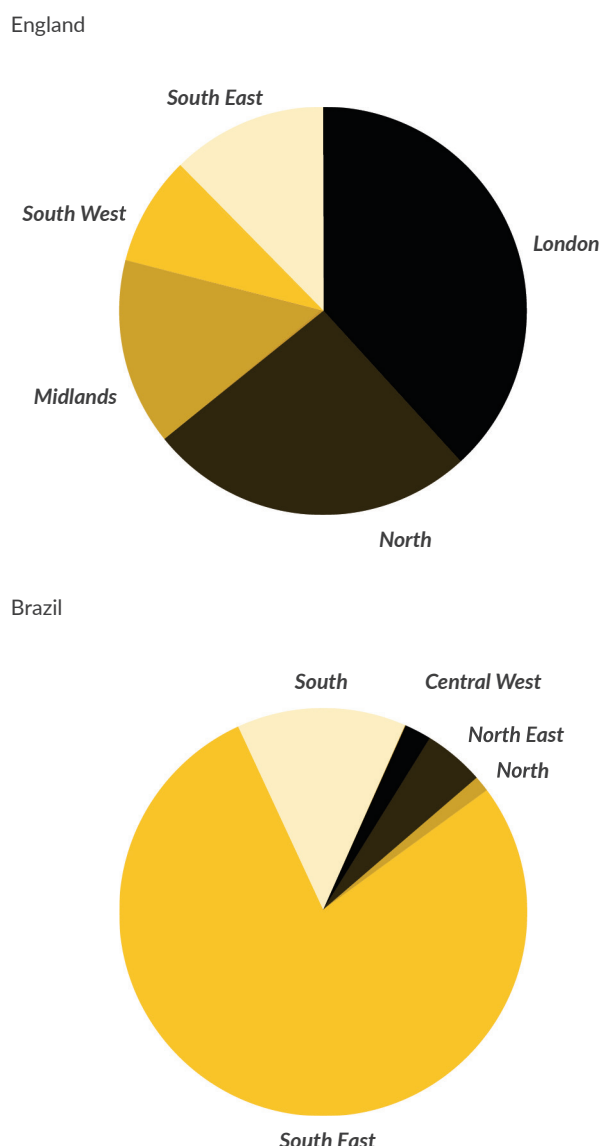
Interestingly, both countries show a strong concentration of funds being channelled to the performing arts – theatre, dance, and music. These three sectors combined have received more than half the total investment by ACE and the Brazilian federal government in the last number of years. In contrast, the visual arts have received between 10% and 15%. One possible explanation for the prioritised position of the performing arts in two quite differently-run programmes is the audience. Live performances, such as concerts, plays, operas, and festivals, have the potential of attracting big crowds. So, from the perspective of public agencies, the investment in these activities can reach a wider group of beneficiaries. This is arguably the key explanation with regard to ACE policy. In the Brazilian case, one should add as a factor

the private interest in sponsoring shows for corporate marketing purposes, as discussed in the previous section.

5. Regional concentration

The two pie charts below show the distribution of the total funds allocated by ACE and Brazilian authorities (the sum of FNC and Rouanet) since 2013 to each geographical/administrative area.

Figure 15: Comparison of regional distribution of total investment (2013-2019)



Data source: ACE Investment Dashboard and Salic Net.

As noted in sections 2 and 3, both national authorities acknowledge the degree of

concentration in cultural support to the large urban centres – the London area in the UK, and the Southeastern cities of Rio de Janeiro and São Paulo in Brazil. They also display the intention of allocating funds in a more equitable manner across national regions: this is noted in ACE's strategic frameworks and in Brazilian legislation. However, analysing the regional distribution of funding in both countries, we see that geographical inequality is much more acute in the Brazilian case. Knowing the degree to which indirect incentive funding outweighs direct funding in Brazil, and the very high concentration in the South East of funding allocated through the Rouanet Law, we can attribute this to the lower degree of autonomy the Brazilian public bodies have in deciding which projects receive investment under the patronage model.

its wide range of art forms?

In summary, the study of funding mechanisms in two different countries show that cultural policy faces a set of common challenges, despite national differences. The first is the demand for budgetary restraint amidst economic recession and austerity. The second is the concentration of funds allocated to certain areas and, to a lesser degree, certain types of arts practices. However, the resources available to the two countries to address the issue differ in both quantity and quality. The tax incentive model has been successful in raising resources to foster the arts in Brazil, where culture receives such a tiny portion of the national income. It also fosters an environment of interaction between independent artists and the private sector – a goal that is currently pursued by ACE. At the same time, it reduces the power available to government authorities to redress imbalances between funding for arts from the commercial market and from the non-commercial market. The comparison between British and Brazilian cultural funding policies raises a number of interesting questions, which unfortunately fall outside the limited scope of this work. The main unresolved questions appear to be: How do these countries incorporate diversity into their strategic planning, and what can be learned from each experience? How can funding mechanisms move beyond the traditional 'high arts' concept of culture? And finally, what specific measures have been implemented to support creativity in

counting
culture