



MASTER THESIS

MONITORING OF FINANCIAL PERFORMANCE OF CULTURAL MEGA-PROJECTS: EXPERIENCE FROM EUROPEAN CAPITALS OF CULTURE

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I hereby certify that this master thesis does not
include any materials without proper citation
of references

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PREFACE

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LIST OF ACRONYMS

ECoC – European Capital of Culture

EU – European Union

IJPM - International Journal of Project Management

SPV - Independent legal entity

GDP – Gross Domestic Product

UK – United Kingdom

CF – Cohesion fund

EASME – Executive Agency for Small and Medium-Sized Enterprises European

EMFF – Maritime and Fisheries Fund

ERDF - European Regional Development Fund

TEN-T – trans-European network investments in the field of transport infrastructure

DID – difference-in-differences

QDID – quantile difference-in-differences

RFO – Regular Funding Organization

ABSTRACT

Cultural development is becoming increasingly popular around the world, which has led to an increase in the number of various cultural events worldwide. Cultural development of cities helps to improve the quality of life and contributes to the development of the business environment. However, unlike most European countries, in Norway, culture has a much more significant impact on the local population.

The purpose of this study is to analyze the European capitals of cultural projects using the most illustrative cases to determine the most effective system of financing cultural projects. In particular, the thesis answers the question of what is the role of private and public investment in such projects and how a city can most effectively attract funds depending on the needs of the city. The theory of hybrid organizations proposed by Gray and Jenkins (1995) is used to explain the empirical results. The theory of hybrid organizations is used to describe the peculiarities of the financial activity of projects.

The findings of this study confirm the theoretical aspects of the financing systems in the Nordic countries. The analysis of 4 different cases makes it possible to evaluate the effectiveness of the models on real-life examples, taking into account the specifics of each of the analyzed countries. The study also includes in-depth interviews with Bodø 2024 representatives directly involved in the project financing and implementation process. Their experience allows us to analyze in more detail how the project is financed and allocated.

Keywords: public finance, private finance, culture, support, ECoC, investments, funds, project, social impact, money.

Significance

Implementers of large-scale projects have learned to expect and respect citizen dissent and increasingly tailor their intervention and decision-making processes to prevent or mitigate claims against their proposals (Dewey & Davis, 2013; Diaz

Orueta & Fainstein, 2008). Politicians and planners have adopted the “everyone wins” narrative when it comes to environmental sustainability and economic competitiveness. In this rhetoric, the paradigm of "do no harm" dominates (Altshuler & Luberoff, 2003). This is the idea that megaprojects should only proceed if their adverse side effects are negligible or significantly mitigated (Altshuler & Luberoff, 2003; Lehrer & Laidley, 2008). Therefore, stakeholders, citizens, and future users are incorporated in the ‘ritualization’ of project phase transitions and milestones. These transitional rituals facilitate and mediate the megaproject process by providing temporal and spatial settings in which constructors, project actors, and interest groups are closely intertwined with power relations and political and economic interests (Van den Ende and Van Marrewijk, 2014).

I. INTRODUCTION

Financing is the main component of ensuring the activities of any projects and institutions. Sources of such funding are determined depending on the goals to which they will be directed. Specialized financial institutions and funds are created for specific purposes, such as, for example, to support the cultural component of society.

Project management studies frequently use the integrative perspective on culture (e.g., Chapman, Ward, and Harwood, 2006; Cheung, Wong, and Wu, 2011; Hastings, 1995; Kendra & Taplin, 2004; Morris, 2013; Winch, Millar, and Clifton, 1997). This view understands culture as the total of socially mediated patterns of behavior, art, beliefs, institutions, and all other products of human labor and thought (PMI, 2000). Organizational culture is then conceptualized as consistent, shared by all members, an objective entity, and cohesive glue for integration processes (Martin, 2002). Furthermore, in project management literature, culture is generally perceived as a separate factor (Morris, 2013). This perception allows scholars to 'measure' culture in project organizations by means of quantified methods in order to search for statistical correlation between organizational culture and performance. Cheung et al. (2011), for example, used a seven-factor organizational culture framework to study contracting organizations in Hong Kong.

The attention to culture is frequently labeled the 'soft' or 'people' side of project management (Li & Guo, 2011; Söderlund, 2004). Examples of what is generally perceived as the 'hard' phenomena in megaprojects are planning systems, risk management, and quality management. In line with this claim, a special issue of IJPM on managing construction megaprojects stresses to include, besides the technical and managerial aspects, also the social aspects of complexity in megaprojects (Li & Guo, 2011). The importance of 'people issues' is also acknowledged in the incorporation of so-called 'best practices in well-established cultural practices in projects (Morris, 2013; Winter, Smith, Morris, and Cicmil, 2006).

However, the separation of the ‘social’ and ‘natural’ world itself is an act of social construction (Latour, 2005). Latour (2005) argues that people and things are established as two irreversibly independent domains of knowledge and experience. In his view, this separation leads to a binary division of the world of human experience, which is not itself in the world (Latour, 1993). In the same line of thought, Orlikowski (2007: 1438) remarks to give up on treating the social and the technical as distinct and largely independent spheres of organizational life. In sum, the ‘hard’ and ‘soft’ have to be made equally problematic in the study of megaprojects.

In the modern world, more and more countries are engaged in the development of both the economic and cultural spheres. In this regard, for the implementation of large-scale projects, the governments of countries must attract funds from third-party funds. One such example is the European Capital of Culture. European Capitals of Culture is an initiative that places culture at the heart of European cities, with the European Union supporting a year-long celebration of arts and culture. The aim is to celebrate the cultural uniqueness of Europeans and to highlight the richness and diversity of European culture (“European capital of culture 2022,” 2022). Most of these projects can be classified as a Megaproject.

"Mega projects" are being implemented in whole world, with the highest number of projects in emerging markets. They are large projects with regional, national, and international partners, characterized by different management organizations and different approaches to decision-making and risk management, all rooted in different philosophies, cultures and religions (Langeland, L.-F. P. A., (2016)).

Many theories have been written about the difficulties associated with large projects. One of the primary causes of the difficulties associated with megaprojects is the effect of institutional factors on the project's environment (Levitt & Scott, 2016; Miller & Lessard, 2000). Institutional theories are of interest to scholars dedicated to the study of megaprojects. It is now apparent that the areas of concern

associated with megaprojects are more than technical issues. They must be considered socio-technical endeavors in complex institutional settings (Biesenthal, Clegg, Mahalingam, & Sankaran, 2017).

The institutional field for a European Capital of Culture project is larger and more complex than a significant project. The duration, costs, risks and uncertainties, disparate actors, legal and regulatory issues, and social, economic, and ecological effects are more difficult to predict. Many different actors participate in the project, each with crucial resources to the project. They bring with them a singular approach that is appropriate for megaprojects. Megaprojects may have unique difficulties that distinguish them from regular projects. As a result, they require different approaches to organization and management (Biesenthal et al., 2017).

1.1. Problem statement and research questions

The aim of this study is to describe and analyze the process of implementing the cultural project “European capital of culture” into Bodø development strategy. This study also aims at identifying the efficiency of the use of budget funds and investment loans based on a comparison of economic and social indicators over the past few years.

The study will be based on the analysis of theoretical literature that highlights the peculiarities of public finance and the nature of financing cultural projects. The study analyzed a large number of reports from real cultural projects. The statistical information from the activities of these projects made it possible to conduct a more detailed study.

In addition to the research on how cultural projects are funded at the state level in the EU, there are also studies related to various models of funding cultural projects depending on the country and the funds. All of them highlight the specifics of functioning and are descriptive. Because of this, the idea of determining the most effective model for financing such projects is not well developed. This is why I want to answer my research questions.

Problem statement: What are the main ways to use public and private funds and identify the effect of specific cultural projects on the local economy and culture?

The specific research questions of this study are:

1. Determining the most effective way to finance cultural projects;
2. How public and private investment affects the economic and social development of the city in the frame of the European capital of culture project.

We have an overview of the most popular financing models for cultural projects in general, but in particular, we can explore the features of each model using specific examples and determine the most effective one.

One of the main reasons for the development of the cultural environment in individual cities is to support cultural tourism, as it directly affects the development of urban and regional tourism. The development of cultural tourism has positive aspects both from an economic point of view and from the point of view of social development, which allows the creation of new infrastructure and the development of the service sector. The work is relevant because it reveals the peculiarities of creating cultural projects from a financial point of view; namely, it describes the peculiarities of using the planned budget with the maximum possible benefit to society.

Each individual state has its own goals to ensure cultural development in cities and regions. Depending on these goals, a budget is formed that will be allocated to finance cultural activities. Cultural planning must be connected with time planning (Bianchini, F., & Greed, C. (1999)), as the two can facilitate a new approach to urban planning that focuses on the opportunities instead of the problems from the time culture (like space) and time (like time) do not simply serve as constraints but also have resources (Deffner, A. (2005)).

Events play a decisive role in society. They have been present throughout history at every stage and in every culture. They differ in size and importance, and

terms like significant events, mega-events, hallmark events, and special events are used to describe and categorize them.

Other categorizations are also employed based on the event's type and sector, including public, cultural, festival, sporting, tourism, and corporate. The business events sector (including meetings, incentives, conventions, and exhibitions) is one of the fastest growing sectors of events. As corporations become more involved, events are now considered an industry that has significant benefits in terms of economic output and employment (Bowdin, (2006)).

The purpose of the study is to illustrate the impact of cultural projects on the development of urban infrastructure within the European Capital of Culture program. In addition, this study focuses on analyzing the process of financing individual projects and their effectiveness. The results of this project are the following conclusions about the effectiveness of the use of budget funds in terms of profit.

It is essential that in European countries, the state finances not only the state but also the non-state (public and private) cultural sector.

Budgetary allocations are distributed mainly on a competitive basis under the auspices of non-governmental institutions (foundations, creative associations, and public cultural institutions). Cultural and artistic projects receive state grants in a competitive competition. At the same time, the state exercises strict control over the quality of project (program) implementation and the targeted use of funds. In our case, the participating countries have to make a detailed report on how the city community plans to use the invested money for the development of cultural heritage (Yalokha, R. H. T. (2020)).

This research aims to study the peculiarities of financing cultural projects, depending on their goals, based on the experience of the European Capitals of Culture. The study aims to reveal the effectiveness of such projects by analyzing changes in critical sectors. It will demonstrate the impact of local communities and

the relationship between the cultural characteristics of specific countries and the results achieved by project participants. Also, in the form of discussions, options for improving the system of financing cultural projects, both state and non-state (public and private) cultural projects, will be presented.

Empirical data was collected by analyzing documents, reports, and articles on the development of cultural projects in different European countries. In general, the activities and results of the implementation of cultural projects in the main Capitals of Culture in Europe were analyzed.

1.2. Structure of the thesis

The master thesis consists of 6 chapters. The introduction describes the research gap of the study, and formulates the aim of the study, the research problem, and the research questions. The theoretical chapter discusses the theoretical framework of my study, including the effectiveness of hybrid organizations based on hybridity theory. In the Methodological chapter, I will show my actions at each stage of the research: which case study I have used, how I have collected data and the sources of data I have used. The empirical chapter provides empirical findings about the process of financing the program and the main changes it causes.

The analytical chapter provides an analysis of the empirical data, focusing on analyzing various information based on open and reliable sources to determine the effectiveness of the use of program funds based on the experience of other successful projects. Chapter 7 presents the main conclusions and discusses the effectiveness of the "European capital of culture" in Bodø.

II. THEORY

In the modern world, cultural programs must comply with specific rules and conditions. The financing process must be followed by several rules. The chapter presents various project financing methodologies, describes their features and critical differences, describes the main theoretical hybridity framework that reveals the peculiarities of public organizations and also discusses its application within the framework of the modern European Capital of Culture. As the lines between the public sector and other sectors and more social actors blur, the concept of hybridity becomes more prominent (Denis, Ferlie, & Van Gestel, 2015). It will describe the idea of hybridity at multiple levels, mainly using organizational studies-based theories to augment public administration perspectives that typically focus on formal structure/governance (Denis, Ferlie, & Van Gestel, 2015).

2.1 Role of hybridity theory in Cultural projects

Hybridity is not a novel occurrence in public administration. The public sector has historically experienced conflict between different principles of organization (Dunsire, 1995; Gray & Jenkins, 1995).

Despite hybridity being frequently associated with multiple levels, each theoretical perspective focuses on a particular level: a macro (national/international), meso (field/organization), or micro level (groups or individuals). As a result, hybridity can be understood as embedded in individuals (occupational roles and identities), groups (the combination of autonomy and managerial control over professional teams), organizations (the incorporation of heterogeneous values in governance, like profit and social support), and networks or fields (like the combination of private and public sectors in delivering social programs). A combination of these levels of analysis may lead to new perspectives and ideas about hybridity (Thornton & Ocasio, 2008; Bozeman et al., 2013) (Denis, Ferlie, & Van Gestel, 2015).

Hybridity in the public sector can also have different definitions. For others, the concept is analogous to complexity. For others, they represent different structural or cultural aspects that are combined. Hybrid organizations can be exemplified by quasi-governmental organizations between the public and private sectors (Lan & Rainey, 1992). They may be market or civil society organizations (Koppell, 2003), a mixture of market and hierarchy (Williamson, 1991), political advocacy and service provision (Minkoff, 2002), or a combination of different structural forms inside the ministry concerning agencies, state-owned enterprises, and local and regional governments (Kickert, 2001; Pollitt et al., 2007) (Christensen & Lægreid, 2011).

Hybrid organizations are entities that combine for-profit and not-for-profit motivations, operations, and structures (Austin, J. E., Stevenson, H., & Wei-Skillern, J. (2006)) (Battilana, J., & Lee, M. (2009)). These organizations aim to generate social and environmental impact while generating income. Bodø2024 is a cultural project to make Bodø, Norway, the European Capital of Culture in 2024.

Hybrid is also a term used to describe elements of different cultures, such as the professional cultures of different branches of government. The former has a structural dimension involving vertical and horizontal specialization, and a cultural dimension, involving diversity in informal norms and values. The latter deals with potential tensions or contradictions between different structural and cultural elements in government.

Hybrid organizations are multifunctional units that combine different missions, values, and organizational forms. They are synthetic and compound arrangements that combine sometimes contradictory considerations, leading to complicated and unstable compromises and enduring tensions. The mechanisms that generate this tension are discussed analytically, in particular, the tension between political-administrative control and institutional autonomy in conjunction with modern public reforms of different generations, illustrated by the example of a significant public reform in Norway (Christensen & Lægreid, 2011).

'Cultural planning' differs from traditional arts, media, heritage and leisure policy for a number of reasons. First of all, traditional cultural policies are often based on a narrow definition of "culture", not "culture" as a specific way of life, but "art" in a broad sense. Second, they tend to have a departmental focus, i.e., they specialize in the development of independent cultural sectors or forms. Therefore, there are specific guidelines for drama, dance, literature, visual arts and crafts. In cultural planning, on the other hand, "culture" is broadly defined and geographically oriented. The key is to understand how a wide range of cultural resources contribute to the development of a place, be it a neighborhood, city or region.

Cultural resources are interconnected in many areas. This can be illustrated by an example diagram.

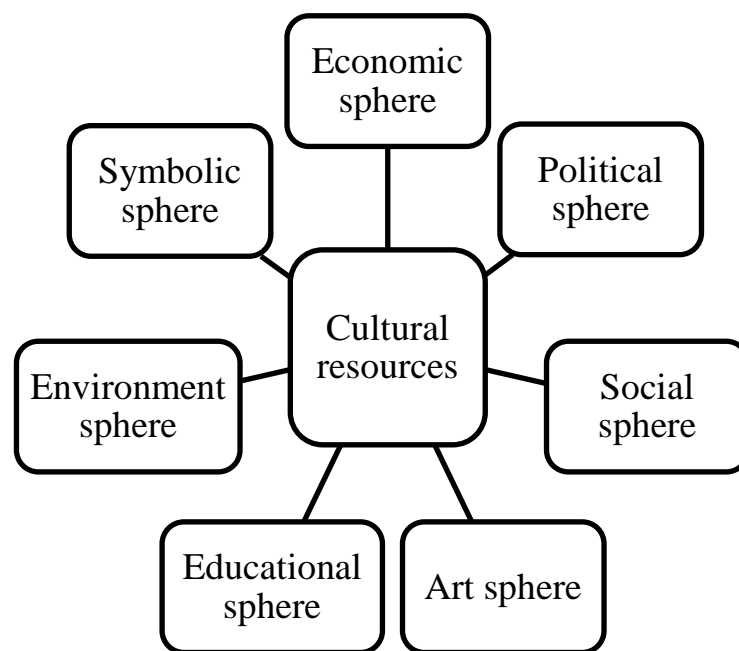


Figure 2.1: Connection of cultural resources with different spheres

Source: constructed by the author (Christensen & Lægheid, 2011)

Suppose we accept this way of conceptualizing the relationship between culture and urban planning. In that case, we need to reconsider the role of cultural politicians in organizations such as cultural managers, arts and cultural development officials, and local authorities. These professionals not only know how to develop the cultural

production sector but also become gatekeepers and intermediaries between the cultural production sector and various fields of public policy formulation.

The abstract idea of a common European cultural identity seems to exist beyond the rhetoric of EU cultural policy. As the Eurobarometer survey shows, Europeans perceive European culture as a distinct cultural entity. More than two-thirds (67%) of respondents believe that European countries have a lot in common culturally compared to other continents (Lähdesmäki, 2011).

On the other hand, the idea of a common European culture is highly complex. In the same poll, more than three-quarters (76%) agreed that diversity gives European culture its unique character. At the same time, this cultural diversity caused about half (53%) of the participants to question the existence of a common European culture (Eurobarometer 2007, pp. 3, 23-25).

The candidacy for ECoC has a significant symbolic value to the citizens of the ECoC cities. The nomination also has an effect on the citizens' beliefs and perspectives on cultural and societal issues. The article by Knud Knudsen in the theme section explores how the ECoC, as a large scale cultural event, affects people's attitudes towards alternative impulses and other peoples. The concept of promoting cultural diversity and understanding of cultural differences is being promoted by the EU rhetoric regarding cultural policy, this concept does not seem to automatically lead to more tolerant attitudes among the citizens of ECoC cities. As Knudsen explains, the limited access to ECoC events in Stavanger, 2008 led to negative reactions and skepticism about cultural diversity (in regards to tolerance for cultural differences) in areas that lacked the opportunity to participate (Lähdesmäki, 2011).

2.2 Features of Public sector financing in the EU

During the past two decades, many researchers and practitioners have investigated megaprojects because of the significant impact that megaprojects have on the economy, society, and the environment, or the country's economy or society. Flyvbjerg (2014) believes that megaprojects are distinct from other projects and

require different approaches to management. If conventional project managers need the same credentials as drivers, they need the same credentials as pilots, so you would want to avoid conventional project managers managing megaprojects (Flyvbjerg, 2014).

Many theories have been written about the difficulties associated with large projects. One of the primary causes of the difficulties associated with megaprojects is the effect of the institutional factors of the project environment (Levitt & Scott, 2016; Miller & Lessard, 2000). Institutional theories are of interest to scholars dedicated to the study of megaprojects. It is now apparent that the areas of concern associated with megaprojects are more than technical issues. They must be considered socio-technical endeavors in complex institutional settings (Biesenthal, Clegg, Mahalingam, & Sankaran, 2017).

The institutional field of a megaproject is more extensive and complex than that of a significant project; the duration, costs, risks and uncertainties, disparate actors, legal and regulatory issues, and social, economic, and ecological effects are more difficult to predict. Many different actors participate in the project, each with resources that are crucial to the endeavor; they bring a singular approach appropriate for megaprojects. Megaprojects may have unique difficulties that distinguish them from regular projects. As a result, they require different approaches to organization and management (Biesenthal et al., 2017).

Cash flow statements, as one of the main challenging aspects, provide users of financial statements with information from which to assess the efficiency of cash and cash equivalents generation and how much cash flow an enterprise needs at all. In order to provide companies with uniform and comparable quality data, they must provide their cash flow statements (Hajjalikhani, Azizi, Sobhiyah, Hossein, & Mortazavi, 2019).

For most businesses, cash equivalents are held to meet short-term obligations rather than for investing activities. For investments to be classified as cash

equivalents, they must be readily convertible into a sum of cash with little risk of change in value. Investments can only qualify as cash equivalents if they have short maturities, e.g., three months or less from the date of purchase. In spite of this, share investments cannot be included in cash equivalents unless they represent a significant portion of a company's finances. The cash flow statement can be constructed using direct or indirect methods. The statement of cash flows at the European Commission and consolidated levels is produced via the indirect method. The presentation should be altered following the nature of the entity's activity. To compile financial statements that are based on a single entity, entities are permitted to employ the method that they deem most appropriate.

European statement of cash flows shows their movement over a certain period of time, classification, peculiarities of investing and financing activities.

According to European standards, operating activities are activities of an organization that are not investing or financing activities. Loans granted to beneficiaries (and related loans) cannot be fully considered as financial activities. The primary purpose of such activities is to achieve targeted policy outcomes, which is why a distinction is made between such operations and financial activities (Hajjalikhani, Azizi, Sobhiyah, Hossein, & Mortazavi, 2019).

Investing activities are the purchase and sale of illiquid assets and other investments not included in cash equivalents. Investment activities do not include loans granted to beneficiaries. The purpose is to show the actual investment of the committee.

In developing countries, most projects are financed with public funds, and the country in turn attracts funds in the international banking market or uses export credits. This approach began to change over time with privatization and reduced government control over public infrastructure, energy and other industries. Over time, a significant portion of project financing has gone to the private sector (“Project financing of investment and business projects in Europe / EU,” 2022).

In countries like the European Union, these processes occurred earlier than in other countries in the region, which contributed to the rapid evolution of the concept of project financing in the EU.

Project finance is one of the most challenging methods of implementing a project because of the complexity of the PF model, which includes financial, legal, and market mechanisms. There is no singular definition of "standard" project financing, as each contract is unique to a specific project, industry, or market. As the leaders in PF, European companies and financial institutions have created a variety of financing options that are appropriate for every type of business. However, there are fundamental principles that underlie every project financing contract (“Project financing of investment and business projects in Europe / EU,” 2022).

Financing activities are activities that result in changes in the size and composition of a company's capital contributions and borrowings. Borrowings do not include borrowings related to loans granted to beneficiaries. Except in connection with lending activities (back-to-back business) and the acquisition of fixed assets that are operating activities, EU institutions, institutions and bodies may not borrow from outside.

All financing and investing activity can be characterized according to the following points.

- The Project Finance is facilitated by an independent legal entity (SPV), which executes a singular project and is responsible for its liabilities.
- Project finance can finance 70-90% of the project's cost, but typically requires a specific initial gift from the initiator.
- No assurances are given to investors regarding the borrowed funds, these funds are intended for the future cash flows of the project, and the SPV's limited assets are involved.

- The loan can be guaranteed by SPV assets, cash flows, agreements (contracts), licenses, or rights to natural resources.
- The investment project has a limited lifespan, which is dependent on contracts, licenses or natural resources in the case of mines or open pits.
- The debt must be paid to the participants by the end of the project's term.

Project financing is complex, but each component is built individually based on the requirements of a specific project (“Project financing of investment and business projects in Europe / EU,” 2022)

To understand the project-financing system more clearly, it can be shown below.

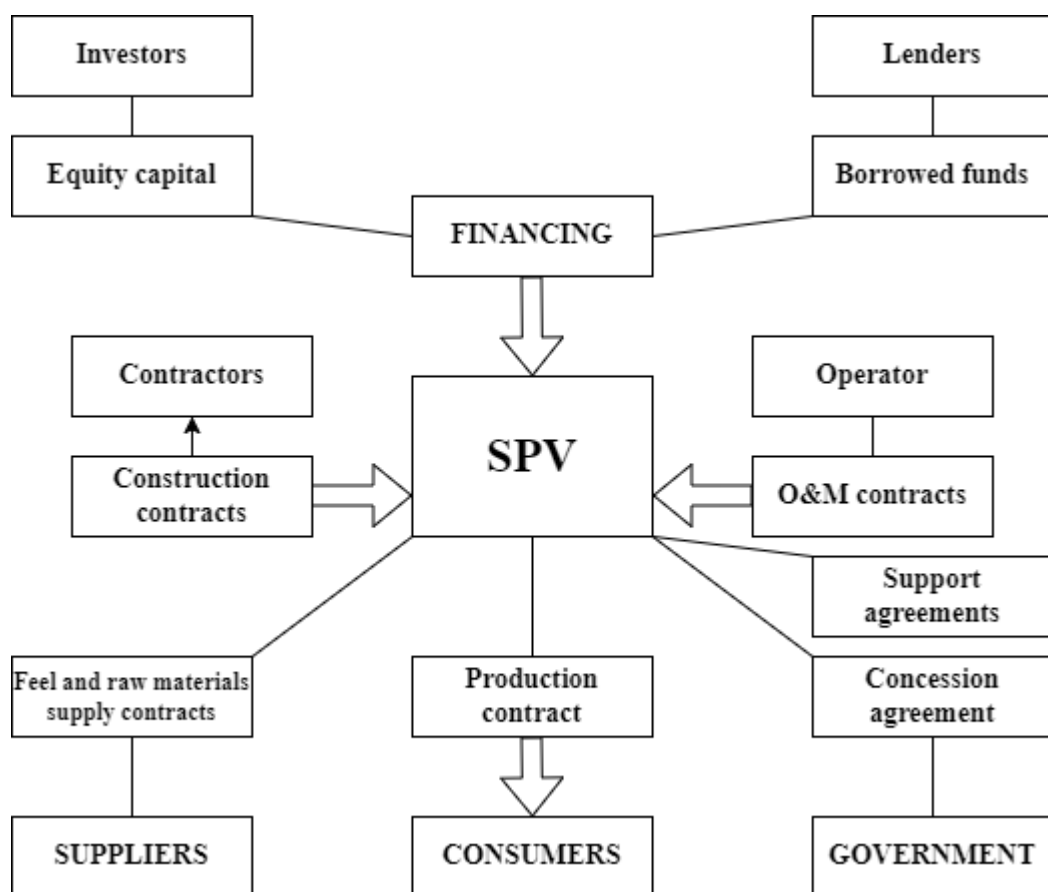


Figure 2.2: Simplified project finance model in EU

Source: constructed by the author (“Project financing of investment and business projects in Europe / EU,” 2022)

Project financing consists of two parts.

This is equity owned by project investors and debt provided by lenders. The SPV has to pay the borrowed money primarily out of the project's cash flow, and the investor's income depends on the overall project's success.

The SPV contracts to support and finance the construction of the facility, including the transfer of risk to other project stakeholders. This includes agreements for the manufacture and sale of products and franchise agreements with government agencies or other public organizations.

The implementation of this agreement gives SPVs the right to create projects and benefit from them by providing services to the public sector (such as public buildings) or directly to citizens (such as toll roads). In some cases, companies may ask for concessions (power plants, mobile phone networks) (“Project financing of investment and business projects in Europe / EU,” 2022).

2.3 The main types of financing models in Europe. Their essence and features.

Nevertheless, European countries have different models of financing cultural events. Therefore, the most common foreign models of cultural funding are Romanian, German and British.

The Romanian style is typical for France, Spain, and Italy. Most of the funding for the cultural sphere is taken over by the state, so we have an apparent centralization. For example, "Cultural events in Italy are allowed to be organized only by state organizations and in some cases by private organizations with special permits. It is believed that such a high level of public funding of the cultural sphere is explained by the special vigilance in relation to its cultural heritage, which seems logical (The Creative Europe program, 2023).

After all, Italy has more UNESCO World Heritage Sites than any other country. The attitude to culture as a national treasure leads to the fact that the contribution of

tourism is very high both in absolute terms and as a percentage of total GDP in countries with funding for the Romanesque cultural sector. This shows that tourism contributes 7% of GDP to the French economy, which is more than the automotive industry. Italy is the fifth most visited country in the world and the fourth most profitable in terms of tourism revenues. The region earns \$10 billion a year, which is 12% of GDP" (The Creative Europe program, 2023).

This situation illustrates a certain pragmatism of this European model, as it ultimately returns money to the state in the form of revenues and taxes from state cultural institutions, and on the other hand, the possibility of implementing specific cultural policies.

German-style cultural sponsorship is typical for Germany and the Scandinavian countries: Sweden, Finland, Norway, and Denmark. In this case, administrative support is provided by the central government, but the bulk of the funding comes from local budgets (the main body of the federation), as well as various independent foundations.

The types of assistance defined for the cultural sector are of particular importance for grant support. Grants can be provided both to organizations authorized to carry out relevant activities and to individuals. The mechanisms and conditions under which they are provided vary considerably from country to country, depending on the specifics of local legislation. In countries with German-style cultural funding, the forms of grant support can be very diverse. Some are entrusted with organizing concert events, others with organizing art exhibitions. In some cases, so-called "temporary creative groups" can be created to perform specific tasks in the cultural and artistic sphere (production of a performance, filming, etc.), the results of which can be presented at various competitions or festivals (The Creative Europe program, 2023).

The British model seems to be the most exciting and dynamic in European practice, especially in the context of possible borrowing of foreign technologies and financing models.

Arts funding in the UK is a complex system with many different sources of funding. In this system, public funds are primarily relied on, but a significant portion of the funds is also the income of the organization itself. In addition, the criteria for the distribution of government subsidies and grants at all levels have been tightened, and competition for public funding has intensified. The trend of the last two decades has been the growing importance of non-budgetary funding for the arts. Today, the country has perhaps the most favorable conditions in Europe for patronage and philanthropy in the arts, and this is essentially the policy and merit of the British government.

The UK is interested in increasing the share of non-governmental foundations in financing the arts, providing objective conditions for intensifying patronage (favorable tax environment, various schemes to encourage public patronage). On the other hand, art institutions and art unions and organizations have felt increased competition within the framework of government subsidies, have been more active in seeking non-governmental funding, and have cooperated with sponsoring companies to develop creative projects (The Creative Europe program, 2023).

To analyze the financial management of cultural projects in Norway, I will rely on "Bodø 2024 European Capital of Culture".

Bodo2024 is significant and integral. This is only possible with all of the different cultural institutions in the region participating in the program and becoming part of its formation. They would all have to connect in a new way through the bidding process. This increased cross-border cooperation between regions and countries will be a significant legacy component in 2025. Bode2024 will significantly impact our cultural and community life by increasing the cultural sector's capacity and creating our vision of the cultural hotspots in the region.

III. METHODOLOGY

In this chapter, I will describe research design, philosophical assumptions, data collection and analysis techniques, and ethics and quality of the research design. A mixed-methods approach will be used, combining both qualitative and quantitative data collection methods, to gain a comprehensive understanding of the program's effectiveness.

3.1 Research philosophy

The research philosophy concerns the principles that should be followed when gathering, analyzing, and utilizing data about a phenomenon. The research philosophy will be the study's foundation and will underlie all of the other design choices, so it is crucial to understand which philosophy you chose and why (*Jenna Crossley (Ph.D.), 2021*).

Another author defines the word research philosophy as a set of beliefs and assumptions about the progression of knowledge. This sounds complex, however, it's precisely what you do when you begin your research: to develop knowledge in a particular field. The knowledge that you will be undertaking this may not be as significant as a new theory of human motivation, but even addressing a specific issue in a specific organization will lead to the development of new knowledge (*Mark Saunders, Thornhill, & Lewis, 2019*).

Whether you realize them or not, you will make a variety of assumptions at every step of your investigation (*Burrell & Morgan, 2016*).

To simplify things, we consider three types of research assumptions that are relevant to differentiating research approaches: ontology, epistemology, and axiology (*Mark Saunders, Thornhill, & Lewis, 2019*).

Ontology is the description of the nature of reality. In this chapter's opening scene, we saw how voters made different assumptions about the realities of the UK's membership of the European Union, some believed it to be overburdened while

others believed it to provide legal protection for workplace rights and the environment (Mark Saunders, Thornhill, & Lewis, 2019).

Epistemology concerns the assumptions about knowledge, the criteria for valid knowledge, and the methods for conveying knowledge to others (Burrell & Morgan 2016).

Axiology is the role of values and ethics. This is evident in the first vignette, where parts of the electorate felt that mainstream politicians had disregarded their values. One of the most significant axiological decisions you will have to make as a researcher is how much you want to see the influence of your own values and beliefs on your research as beneficial (Mark Saunders, Thornhill, & Lewis, 2019).

Two primary approaches to scientific research have been identified in the Western tradition: the positivist approach, also known as scientific, and the interpretive approach (Galliers, 1991).

Positivism is typically the philosophical basis for quantitative research. It states that the researcher can observe reality impartially and that only one reality exists independent of the observer (*Jenna Crossley (PhD), 2021*).

Positivists believe that reality is consistent and can be observed and described from an objective perspective (Levin, 1988), which is to say, without interfering with the phenomena being investigated. They advocate that phenomena should be studied alone and observations repeated. This typically involves altering reality by altering only one independent variable in order to identify and establish associations between components of the social world. Predictions can be made based on past observed and interpreted realities and their interconnections. "Positivism has a long and illustrious history. It's so ingrained in our society that knowledge that does not derive from a positivist perspective is considered non scientific and therefore invalid (Hirschheim, 1985, p.33).

Contrasted with this, interpretivism is the underlying philosophy of research that often underlies qualitative studies. It assumes that the researcher participates in

a role as they observe the world around them and that reality is unique to each observer. Ultimately, the reality is perceived subjectively (Jenna Crossley (Ph.D.), 2021).

Interpretivism, also known as interpretivism, involves researchers in interpreting the study's components. As a result, interpretivism incorporates the interests of the individual into the study. As a result, "interpretive researchers believe that access to reality (direct or socially constructed) is only through socially constructed languages, consciousness, shared meanings, and instruments" (Myers, 2008).

My research will be related to the connection between constructivism and relativistic ontology. This will be done in order to gather as many different perspectives as possible, which may exist in different realities. It will help to get real experiences from people who are involved in the topic and to analyze accurate statistical information.

3.2 Research design

To decide on a research design for my research project, I was faced with the task of choosing a method, determining the nature of the research, using one or more research strategies, and choosing an appropriate time frame.

My research will be based on positivism and interpretivism philosophies. These two philosophies will help to analyze the effectiveness of public organizations more thoroughly, based on qualitative and quantitative information and their combination.

Qualitative research is particularly suited to exploring complex social phenomena and subjective experiences, as it allows for a deeper understanding of the meanings and interpretations of these phenomena (Creswell (2014)). Denzin and Lincoln suggest that qualitative research is a form of inquiry that emphasizes the importance of context and the subjective nature of experience. They argue that qualitative research can be used to explore a wide range of social phenomena and to give voice to marginalized or underrepresented groups (Denzin and Lincoln (2018)).

Quantitative research is a research method that is concerned with quantifying social phenomena through the collection of numerical data. This is particularly well-suited to testing hypotheses and making generalizations about a population, as it allows for statistical analysis of large amounts of data (Bryman (2016)).

In conducting this research, I aim to collect and analyze various types of information to fulfill either an exploratory, descriptive, explanatory, or evaluative purpose. To reach my aims, I will use mixed methods research.

Mixed methods research is a form of multiple methods research that combines quantitative and qualitative approaches to data collection and analysis in one endeavor. As a result, it is based on philosophical principles that direct the collection and analysis of data and the integration of quantitative and qualitative techniques and procedures (Molina-Azorin et al., 2017).

Concurrent mixed methods research combines quantitative and qualitative methods in separate phases of data collection and analysis (a single-phase research design). This facilitates the interpretation of both sets of results together, this results in a more complete and richer response to the research question than if the same design were used exclusively (Mark Saunders, Thornhill, & Lewis, 2019).

The use of a mixed research method will allow analyzing different sources of information based on documentary analysis and data obtained from interviews.

Throughout my research process, I will examine the social impact of hosting the European Capital of Culture in Bodø. This can include looking at the effect it has on local communities, their engagement in cultural activities, and their overall sense of identity and pride in their region. Moreover, I will assess the long-term impact of hosting the European Capital of Culture. This would involve looking at the benefits that are still evident in the region after the event has concluded, such as improvements in infrastructure, increased cultural awareness, and economic development.

The other strategy is based on Archival and documentary research. Digitalizing data and creating online archives have augmented your potential to employ a documentary or archival research strategy (Mark Saunders, Thornhill, & Lewis, 2019).

Lee (2012: 391) suggests that a document is a durable repository for textual, visual and audio representations.

Being a full-time student, I was only able to take on the role of external researcher. I had to find information in various organizations and contact their employees to get as much detailed information as possible.

3.3 Data collection strategy

According to the method chosen in the previous chapters, the information was collected in hybrid form. It will consist of numeric and non-numeric form data that is mainly based on documentary analysis and interviews with a participant of Bodø 2024.

For collecting primary data for my research, I held semi-structured interviews. These are commonly referred to as qualitative research interviews, where the researcher has a list of topics and possibly some key questions to be asked. However, the method of conducting interviews can vary from interview to interview (Saunders et al., 2015).

Semi-structured interviews are usually open-ended and thus allow for flexibility. Asking fixed questions in a fixed order allows for easy comparison between respondents, but may be limiting. A lighter structure can help you spot patterns while allowing comparisons between respondents. (George, 2022).

While writing the theoretical part of the project, I gained knowledge about the structure and formulation of questions for interviews. During the interview, questions can be slightly amended to get data that are more appropriate for father

analysis. To get the most detailed picture, the interview will be made with one of the creators of Bodø 2024.

Two interviews were also conducted with representatives of Bodø 2024. During these interviews, the issues of financing cultural projects, their structure of creation and implementation, depending on the project's goals, were discussed, and plans for further development of the project and attraction of private investment were identified.

Secondary data sources can be valuable resources for researchers, as they can save time and money compared to collecting primary data. He explains that secondary data sources such as existing datasets, archival data, and literature reviews can be helpful in providing context, exploring historical trends, or testing hypotheses (Krippendorff, K. (2013)). Secondary data, taken from different documentary sources, gave me an opportunity to collect the most relevant data to my topic. The primary sources for secondary data are government documents, statistics, EU documents, etc.

Information from the interviews allows us to understand how the project financing process actually works and what depends on it. It is the feedback from real people involved in the project that allows us to make a thorough assessment of the project's financial model and identify strengths and weaknesses. Secondary data, in turn, allows us to analyze the level of impact of the project on city cultural development and to understand and analyze the cash flow and its sources.

Data analysis

The data analysis chapter provides a clear and concise overview of the data and the methods used to analyze it. It sets the stage for the analysis that follows and helps to understand the purpose and significance of the data analysis to the overall research project.

Qualitative data is open to interpretation and requires the researcher to engage in a process of analysis and interpretation to make sense of the data. It emphasizes

the importance of context, interpretation, and description in qualitative research. Qualitative data is often used to explore complex phenomena that are difficult to quantify or measure, and it requires a flexible and open-minded approach to research design and analysis (Denzin & Lincoln, 2011).

3.4 Ethics and quality of the research design

Working with people involved in research projects always raises ethical issues. The research process was conducted in accordance with the provisions of the code of conduct and did not violate any code of ethics. As you can see from the messages sent to the respondents during the search (Appendix 1), they contained information about me and my research project. At the next stage, I received consent in the form of an invitation to an interview. The anonymous questions were discussed with each respondent twice - before and after the interview. In order to ensure anonymity, no information about each interviewee or organization will be provided for this study. However, information necessary to understand the analysis will be disclosed. Consent to be recorded was obtained prior to the interview. During the interviews, each respondent had the right to stop answering at any time if they felt unsure or uncomfortable. In addition, respondents had the opportunity to comment on the transcribed interviews.

According to K. M. Chan, research should be conducted with honesty, objectivity, and transparency. The research process should be transparent, and researchers should disclose their sources of funding, conflicts of interest, and any limitations of their research. Chan emphasizes that research should be conducted ethically to ensure that it is trustworthy, credible, and valuable to society.

To ensure reliability, the primary data was collected from experts in the field of project planning and the organization of the Bodø 2024 financial process. The secondary data is processed in the same way as the primary data collected. During the critical appraisal of resources, I selected information that: 1) would allow me to

answer my RQ (research question); 2) was relevant to the research objectives; 3) was helpful for the study; and 4) was readily available to me (Saunders et al., 2015).

According to Patton (2002), the use of more than one data analysis method enables data triangulation, thus increasing the credibility of the results.

IV. RESEARCH CONTEXT

This chapter will provide a short overview of the essence and features of the European Capital of Culture program in order to get a clear picture of the research context. A review of the policy and operating features is presented first. EcoC project funding structure and its sources are described further. This is followed by the overview of the Analysis of already created and implemented programs, the peculiarities of the implementation of various cultural projects, and the system of control over their implementation in different countries.

4.1. ECoC as a global cultural event

The European Capital of Culture (ECoC) program, initiated in 1985, is considered one of the most successful cultural initiatives launched by the European Union (Palmer & Richards, 2007). To date, over 50 European cities have hosted the ECoC. This mega-cultural event has many visitors from both domestic and international backgrounds, resulting in an image that's both enhanced and revitalized the urban landscape (Richards & Wilson, 2004; Palmer & Richards, 2007; García & Cox, 2013; Liu, 2014).

Tourism has a significant effect on ECoC cities. Tourism demand is estimated as the number of nights spent, the analysis takes into account the effect on the year of the event as well as the two subsequent years. Similar to Gomes and Librero-Cano (2017) and Srakar and Vecco (2017), the DID estimator is employed in this study to address the exercise. By use of a control group (cities nontreated), this estimator filters out the pure effect of hosting the event (city treated) by controlling for the average time trend and other factors that affect overnight stays. The control group consists of cities that are similar to the treated city on a numerical scale or are an average of all other cities. Additionally, to account for the difference in the distribution of tourism flows between the two groups of cities, the quantile difference-in-differences (QDID) estimator is employed. Since the budgets for events like these vary widely between cities, the procedure for applying and the

political purpose have evolved over time (Garcia & Cox, 2013), as a result, the effects are also analyzed separately for each specific host city.

Typically, ECoC cities rely on public funding to create new cultural venues or expand transportation infrastructure, for example. The budget dedicated to hosting the ECoC event is often large, with estimates exceeding EUR 100 million in some cases. Additionally, some cities receive extra funding or loans for infrastructure expansion. Many European cities in countries to the east or south of Europe have received structural funds (ERDF) or benefited from projects funded by ERDF in association with the hosting of the ECC. These projects were intended to develop infrastructure. The ECoC's success is typically measured by the number of extra nights a resident stays (Palmer & Richards, 2007). Sjøholt (1999) believes that many cities believe that being designated as an ECoC will lead to "other cultural industries being created as a result of the designation." This suggests that the ECoC has a more significant impact on the local economy.

Two main genres of literature exist. One method relies on stakeholders, experts, and visitors for information about the intended effects or differences in tourism flows prior and following the event (Hughes et al., 2003; Balsas, 2004; Herrero et al., 2006; Gunay, 2010; Garcia & Cox, 2013; Vareiro et al., 2016). For example, Vareiro et al. (2016) suggest that the 2012 ECoC in Guimarães attracted many new visitors, most of whom were first-time visitors. Gunay (2010) reports that increased awareness of cultural heritage and a greater focus on cultural tourism are both considered to be of the most significant importance in the short and long term.

The other branch of literature employs quantitative methods to assess the effect of hosting the ECoC on local outcomes (Gomes & Librero-Cano, 2017; Srakar & Vecco, 2017). The findings of these investigations need to be more consistent. While Gomes and Librero-Cano (2017) report that the ECoC increases the per capita GDP of regions, Srakar and Vecco (2017) do not find a positive effect on employment when analyzing the 2012 Maribor event. Other than Gomes and Librero-Cano (2017) and Srakar and Vecco (2017), the majority of the quantitative research is descriptive

in nature. While descriptive statistics indicate that the year of the accident saw a significant increase, the long-term effects still need to be determined (Garcia & Cox, 2013). There are multiple reasons why ECoC is popular with visitors in the year of the festival, but not in subsequent years. One significant reason is that the majority of attractions and performances are ephemeral. Related research on tourism effects of cultural events finds that the establishment of re-occurring Jazz Festivals, for instance, has a long-term effect on tourism demand (Vecco & Srakar, 2017).

Event planners often advocate that hosting the ECoC will lead to a long-term increase in tourism demand and will promote urban regeneration, branding, and economic development. These effects were initially suggested by Hall (1992) and Boland (2010). As a result, organizations specializing in destination marketing and local stakeholders increasingly utilize major cultural events to promote cities and attract tourists (Law, 1993; Boland, 2010). Cultural tourists are primarily considered desirable tourists because of their educational background and spending capacity (Richards, 2000). After the event has occurred, a critical evaluation is necessary because the funding for the event is primarily derived from outside sources, such as the government, EU funds, or a combination of these. Over the past two decades, the average budget for the ECoC has been around EUR 40 million for each participating city (García & Cox, 2013).

4.2. Financing of ECoC programs

European Capital of Culture differs from many EU initiatives in that responsibility for implementation and funding is devolved to the local level, with the ability of title holders and their partners to obtain (and maintain) adequate levels of funding a critical success factor is. However, it could be clearer what level of funding is necessary for a successful, high-impact ECoC program. This will differ significantly depending on the city's attributes that possess the title (e.g., population, salary, and costs), the scope and depth of its cultural program, and its communication methods (all of which are factors that contribute to its reputation) ("Final evaluation report - European capitals of culture 2013," 2013).

In general, the popularity of ECoC among municipalities and policymakers at different levels is attributed to the fact that it provides an (in some ways unique) opportunity to promote a city on the European stage, in addition to receiving funding from multiple sources in support of broader goals. Their mission is to determine how much ECoC has leveraged the opportunity to raise additional funds and how it has done this (“Final evaluation report - European capitals of culture 2013,” 2013).

Experience with some previous ECoC activities provides essential insights into the use of ERDF funds to develop cultural infrastructure projects related to ECoC activities. The main benefit of this approach is the potential for ECoC to embed newly developed infrastructure into the social and cultural life of the city, e.g., by promoting cultural programs and events that encourage different audiences to use new and refurbished spaces. The ECoC, through its outreach and communications activities, can also help to stimulate media and public interest in such developments and stimulate public debate about them. It can also provide clear deadlines for completing development, thereby providing a clear focus for all relevant stakeholders. However, the inclusion of large infrastructure projects in ECoC illustrates many practical challenges that future ECoCs will need to address. First, there are different timelines for planning infrastructure projects and preparing cultural projects for the ECoC title year. Second, the management of ECoC and ERDF funds often requires separate institutional arrangements, which require practical cooperation between the two (European Capital of Culture, 2019).

ECoC activities are often associated with infrastructure investment plans. However, these are often managed by agencies other than the ECoC executing agency, and it is only sometimes clear whether (and which) projects are a direct result of ownership and which projects are already in progress Or may have happened. While it is clear that investments in cultural infrastructure and urban fabric under the Structural Fund are not conditional on cities obtaining ECoC status, the designation can often play an essential role in communicating development or

helping cities to do so, helping to make the most of it (“Final evaluation report - European capitals of culture 2013,” 2013).

Public funding sources vary across ECoCs due to different national and local administrative and investment structures. In some cases, the balance between local and national investment can be determined, e.g. Cork 2005 (MKW GmbH, 2007) and Liverpool 2008 (Garcia et al., 2010). In other countries, such as Patras 2006 (MKW GmbH, 2007), cities receive substantial funding from the Ministry of Culture (Beatriz Garcia, 2013).

Looking at the ECoC initiative as a whole, countries in the south of the EU are more likely to receive a higher proportion of national government funding than other countries. In contrast, slightly more cities from the Western and Northern regions of the EU received more than 50% of their funding from these sources when funded by regional/local governments (four of these cities were also national capitals). Most cities with more than 50% of their funding coming from regional/local governments have EU12 or EU15 status. Of the four cities with more than 30% sponsorship share, two are from the southern part of the EU, both from the EU-12 (Beatriz Garcia, 2013).

In general, the ECoC program is connected with the Creative Europe project that supports all activities that have any connection with cultural heritage and social development.

Financial support is provided primarily through the European Structural and Investment Funds, consisting of:

European Regional Development Fund (ERDF)

The European Regional Development Fund (ERDF) aims to strengthen the EU's economic, social, and territorial cohesion by correcting regional imbalances. Between 2021 and 2027, investments in a social Europe that is smarter, greener, more connected, and closer to its citizens will be supported.

The ERDF finances projects jointly undertaken by the European Commission and the national and regional authorities of the member states. Member State authorities decide to fund the project and assume day-to-day management responsibility.

During the period 2021-2027, the fund will allow investments in Europe and its territories (European Commission):

- Become more competitive and more intelligent by innovating and supporting SMEs and digitalization and digital connectivity;
- More environmentally friendly, low-carbon and resilient;
- Enhanced networking through improved mobility;
- Society, promoting effective and inclusive employment, education, skills, social inclusion and equitable access to healthcare, and enhancing the role of culture and sustainable tourism;
- Get closer to citizens and support locally-led development and sustainable urban development across the EU;

Cohesion Fund (CF)

The Cohesion Fund supports member states with per capita gross national income (GNI) below 90 percent of the EU-27 average to strengthen the EU's economic, social and territorial cohesion (“Cohesion Fund”, 2020).

The Cohesion Fund supports environmental and trans-European network investments in the field of transport infrastructure (TEN-T).

For the period 2021-2027, the Cohesion Fund involves Bulgaria, Czech Republic, Estonia, Greece, Croatia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

The ERDF finances projects jointly undertaken by the European Commission and the national and regional authorities of the member states. Member State

authorities decide to fund the project and assume day-to-day management responsibility (“Cohesion fund,” 2020).

European Agricultural Fund for Rural Development (EAFRD)

EU countries implement EAFRD funding through the Rural Development Program (RDP). RDPs are co-funded from national budgets and can be prepared on a national or regional basis. While the European Commission approves and monitors RDPs, decisions to select projects and award payments are made by national and regional governing bodies.

EAFRD priorities are grouped into 18 specific focus areas. In the plan, each country sets goals related to selected priorities and areas of focus, and strategies for achieving the goals.

In developing the strategy, countries choose from a "menu" of 20 comprehensive policy measures that can be tailored to national and regional circumstances to achieve one or more of the EAFRD priorities. Progress towards the targets will be monitored through the Common Monitoring and Evaluation Framework (CMEF) ("Rural Development," 2022).

European Maritime and Fisheries Fund (EMFF)

EMFF helps fishers adopt sustainable fishing practices and coastal communities diversify their economies, improving the quality of life along Europe's coasts.

- 11% is administered by the European Commission to support EU-wide maritime and coastal affairs objectives.
- 89% are managed by member countries through business plans.
- Each country allocates a portion of the Fund's overall budget according to the size of its fishery.
- Each country has developed a business plan that defines how the funds will be used during the current funding period (2014-2020).

- National authorities will decide which projects to fund once the committee approves the plan.
- National authorities and committees are jointly responsible for the implementation of the plan.

The European Commission has entrusted the Executive Agency for Small and Medium-Sized Enterprises (EASME) with the implementation of part of the European Maritime and Fisheries Fund (EMFF) under direct management, this represents a budget of €340 million for the program period 2014-2020. EASME initiates and administers calls for proposals and tenders, as well as ad hoc grants and requests for service that are specific to framework contracts in the fields of fisheries science, maritime policy and the blue economy ("the European maritime and fisheries fund (EMFF)," which will be launched in 2022).

The cultural and creative sectors must be incorporated into regional and local development plans in order to preserve traditional cultural assets and cultural heritage, promote the development of creative businesses, support infrastructure investment and human capital development, and have a positive effect on the broader local economy. This is in line with the regional economic development principles of the Smart Specialization Strategy (S3), which identifies specific strengths and potential as a basis for investment (European Union, n.d.).

V. EMPIRICAL FINDINGS

In this chapter, empirical findings are presented. It describes the experience of existing cultural capitals and analyses the effectiveness of the Bodø 2024 program. To ensure the credibility of the research project, a documental analysis was carried out in order to support findings.

5.1. Different public funding systems in European Union

As mentioned earlier in the paper, cultural projects in the European Union have different funding systems depending on the country where a particular project is being implemented.

The cultural market is an essential constituent of any economy. In the more significant part of the countries of the world, and certainly in Europe, this revenue is matched by subsidies and investments from public sources. (Sponsorship and philanthropic funding is the third significant bloc of financing culture.) (The Budapest Observatory, 2019).

To analyze the effectiveness of different types of investment, let's look at the systems of cities that have shown the most efficient use of funds in terms of urban infrastructure development. For example, one of the most illustrative examples of the British investment system is Liverpool.

The award of a Liverpool Capital of Culture in 2008 afforded a unique opportunity to demonstrate the financial sector's contribution to the city's cultural context within the European context. The financial system of the city, which includes banks, insurance companies, asset management firms, and other financial institutions, has a long history and has a significant role in the city's economy.

During the Capital of Culture, the city capitalized on the occasion to promote its financial system through a variety of events and activities. For instance, the Liverpool Chamber of Commerce hosted a conference on financial services to

demonstrate the city's financial prowess and to explore avenues for expansion and innovation in the field.

The Liverpool City Region Local Enterprise Partnership also mentioned the financial sector's importance to the city's economy; they described it as a significant component of the city's future development and growth. The city's universities also had a part in promoting the financial system of Liverpool; events and research projects centered on topics like banking regulation, financial innovation, and sustainable finance were hosted.

The total revenue of the Liverpool ECoC event is significantly higher than previous ECoC events and is the highest ever for a single ECoC event. Nearly £26.4m in sponsorship and revenue is the highest of any ECoC event, and is funded by local government (Garcia, 2013).

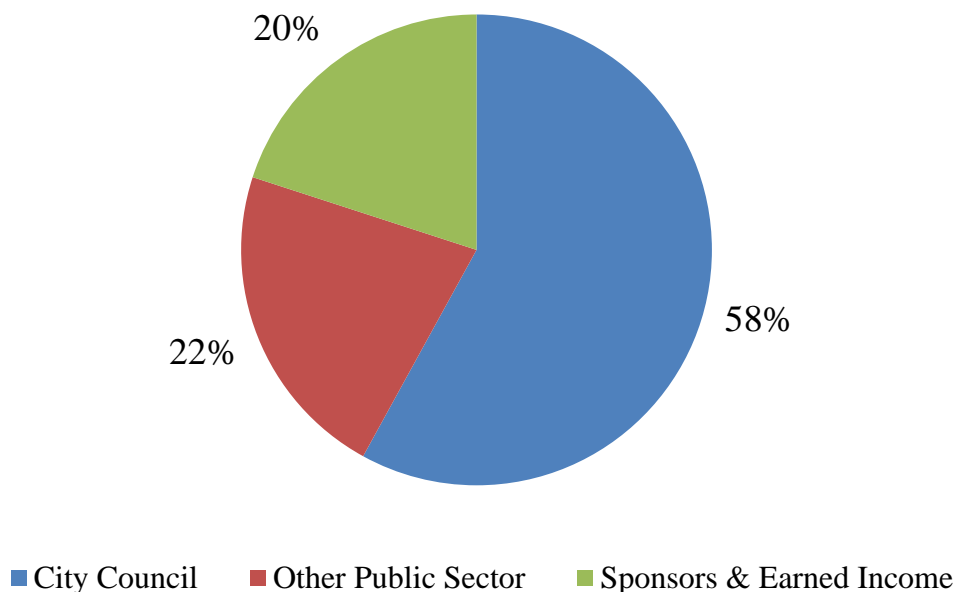


Figure 5.1: Income Sources of ECoC Liverpool

Source: Liverpool Culture Company

The total investment received was over €155 million. The diagram shows that most of the revenues for city development went to the city municipality. The rest of

the project funds were invested by public organizations and sponsors in almost equal proportions.

Liverpool's program directly demonstrates the British model of financing cultural projects, where there is a significant share of public local investment and revenues from the project itself and numerous of external diverse public and private subsidies.

Other than promoting its financial sector, Liverpool also utilized the title of Capital of Culture to promote the city as a place to invest and attract new businesses and entrepreneurs to the city. The city's financial system had a significant role in this endeavor, as it is crucial to the movement of new businesses and the promotion of economic development.

Overall, the financial system of Liverpool was integral to the city being designated as the Capital of Culture and was celebrated through a variety of events and activities throughout the year.

To illustrate the impact of the program in more detail, we can analyze the changes in tourist flow to Liverpool. In 2008, an estimated 27.7 million tourists visited Liverpool. Liverpool's total tourist spending is estimated at £617m (Garcia, 2013).

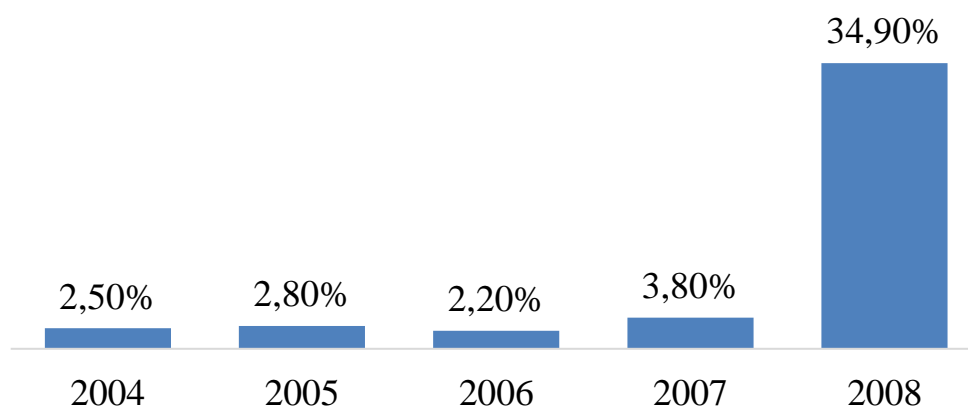


Figure 5.2: Percentage change in the number of visits to Liverpool

Source: Creating an Impact: Liverpool's experience as European Capital of Culture

The graph shows that during 2004-2007 the volume of tourists gradually increased. Namely, in the year of project completion, the volume increased by more than 30%. This trend shows that the development of the project has given a significant boost to tourists in terms of tourist infrastructure.

Between 2002/03 and 2008/09 Liverpool City Council increased funding for 'core activities' in the local arts and culture sector by 84%. These are funds provided under Regular Funding Organization (RFO) arrangements for the organization's general operations and development, not specific or unique programs or activities. The group of organizations receiving funding from this RFO ranges from the majority of members of LARC (larger organizations) to much smaller arts organizations. More than 50 organizations received "core" funding at some point during the six-year period, with 27 receiving three-year funding agreements in 2006 (Garcia, 2013).

Most of the increase (79%) occurred in 2006/2007, providing the industry with £3.7-3.8 million per annum (£19 million in total over the six-year ECoC period), not only to support development and implementation activities during the ECoC in Liverpool, but the continued sustainability of Liverpool's cultural sector (Garcia, 2013).

If we talk about the peculiarities of the Romanian system, it can be described as the example of the experience of Lille within the framework of the European Capital of Culture program.

Lille 2004 is administered through the creation of an association that brings together several agencies at the state and local levels. The Board of Directors, chaired by the Mayor of Lille, has 42 members divided into three faculties: Institutional, Economic (including business figures) and Culture (including cultural figures). The total budget is about 74 million euros, broken down as follows: 10.7 million euros from the Nord-Calais region; 6.7 million from the Nord department; 3.35 million from the Pass-de-Calais department; 13.7 million from the Metropolitan

Lille; 8 million from the city of Lille; 13.72 million from national and European public funds; 13 million from corporate sponsorship by national and regional companies, accounting for more than 17% of the total budget; about 4.5 million additional funds from the European Community and the Belgian-French Community (Blessi, 2005).

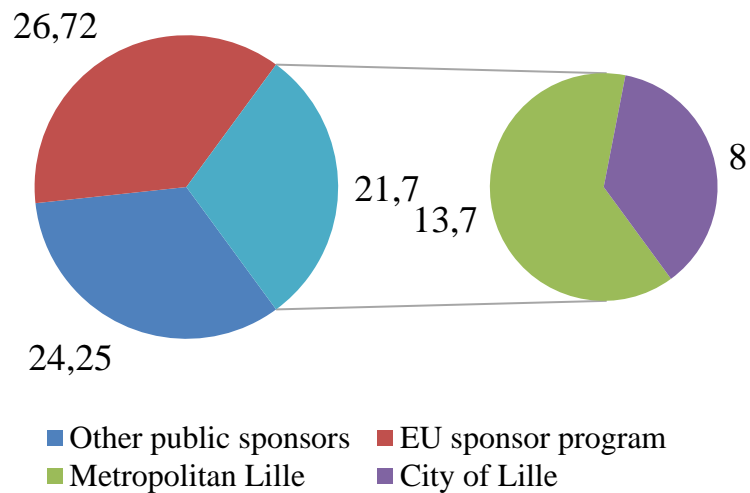


Figure 5.3: The volume of Lille's investments by source of income, million EUR

Source: Made by author, based on (Blessi, 2005)

Of this total budget, 24.4 million was used to finance activities in and around Lille, 75% of which came from project partners outside the city of Lille. The total expenditure to finance the program was EUR 58.6 million. Advertising and marketing costs were approximately \$7.5 million, and operating costs were a similar amount (Blessi, 2005).

The restoration program, of course, has its own budget, costing around 19 million euros, half of which was borne by the city of Lille, two-thirds by the Ministry of Culture, and the remainder by the Northern Council. Capital infrastructure expenditures totaling around €70 million have brought about a fundamental urban transformation in Lille, with a complete restoration of the Opera House, the construction of two brand-new cultural facilities, and the restoration of some of the oldest churches and monuments (Blessi, 2005).

If we analyze the distribution of funds received under the project, we can see that, compared to the previous model, the fund receipts are more diversified. Thus, the city received investments from different sources in almost equal proportions. It was the city's revenues that were used to develop the project and implement ideas. Third-party investments helped more in the operational and marketing components. In other words, despite the fact that most of the money came from outside sources, it was not directly directed to the development of the project.

Since it was the city authorities who were interested in implementing the plans, public funds were allocated for the development of new ideas, concepts, and further plans for the future of the city; we can say that this is a manifestation of the Romanian system of financing cultural projects.

To describe the German type of financing cultural events, I will show how Stavanger developed its own culture sector.

In 2008, Stavanger was designated as the European Capital of Culture (“Stavanger kommune,” 2023). This designation had a significant impact on the city's cultural and financial sphere.

In the cultural sphere, the European Capital of Culture title provided an opportunity for Stavanger to showcase its cultural heritage and diversity to the world (“European capital of culture,” n.d.). The event led to the development of several cultural projects and events in the city, which helped in the preservation of local culture and the promotion of cultural exchange. For instance, the city hosted several art exhibitions and theater performances featuring local artists and international performers. The event also led to the establishment of several cultural centers that offer cultural activities and events throughout the year, such as the Stavanger Concert Hall and the Stavanger Museum (“Stavanger konserthus,” n.d.), (“Stavanger museum,” n.d.).

After the event, Stavanger continued to invest in cultural infrastructure, such as theaters, museums, and galleries. The city also hosted several music festivals and

cultural events, which attracted tourists and created employment opportunities for locals. For example, the city hosts the "Norwegian Wood" festival, which is a famous music festival that attracts thousands of visitors every year ("Visit Norway," n.d.). Additionally, the city has several cultural institutions that offer educational programs and workshops to promote cultural awareness and exchange.

If to talk about the financial sphere, The European Capital of Culture title boosted the city's economic growth, creating new opportunities for investments and attracting businesses to the region ("European Capital of Culture," n.d.). The event helped to establish Stavanger as a cultural and financial hub, which has helped to create new job opportunities and increase the city's revenue. For example, the event attracted many investors who saw the potential of the city as a cultural and financial center. This led to the establishment of several businesses, including financial institutions, hotels, and restaurants.

After the event, the city continued to invest in financial infrastructure, such as business centers and financial institutions. The city's strategic location, coupled with its investment in financial infrastructure, has made it an attractive destination for foreign investors. Additionally, the city has several initiatives that support entrepreneurship and innovation, such as the Stavanger Smart City project, which aims to promote sustainable and innovative solutions for the city's development ("Stavanger kommune," n.d.).

All these projects involved a considerable amount of local inhabitants. The audience figures have been more significant than they ever hoped for – nearly 2 million people have experienced the program. They had almost 500 volunteers, sponsorship from in all 122 different companies, and the total budget climbed securely up to 330 million NOK (Richards, 2019).

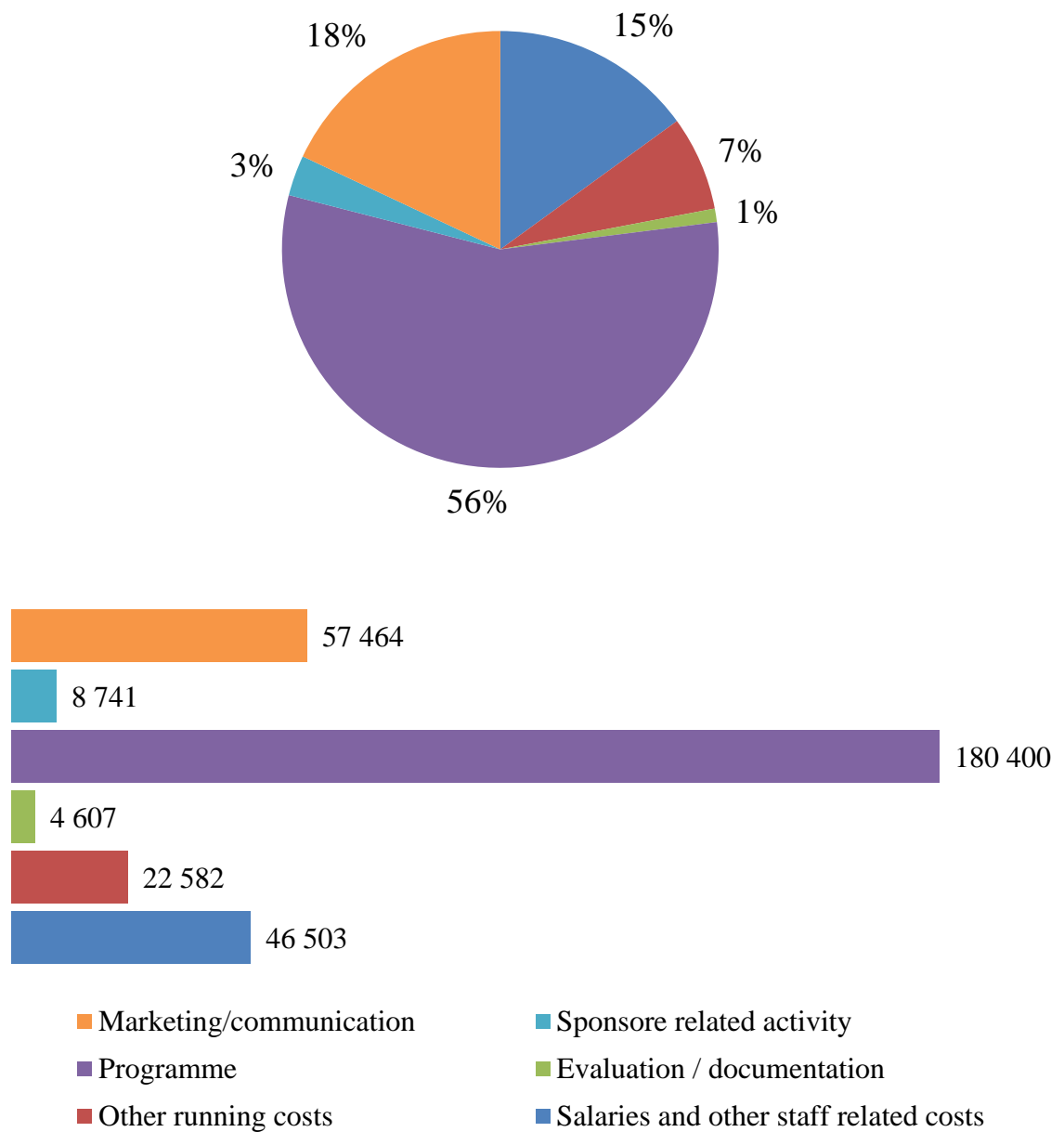


Figure 5.4: The amount of expenditure for Stavanger ECoC by different groups, thousand NOK

Source: Made by author, based on (Richards, 2019)

This graph shows that the majority of the funds invested were used for program implementation (180.4 million NOK) and marketing activities related to advertising and promotion of the project to attract as many participants as possible. This alone accounted for a little over 70% of the total project costs, which suggests that a lot of quality work was done that will bear fruit in the future.

But it is interesting to look at the sources of these funds. Therefore, below I will demonstrate the distribution of project revenues depending on the sources of investment.

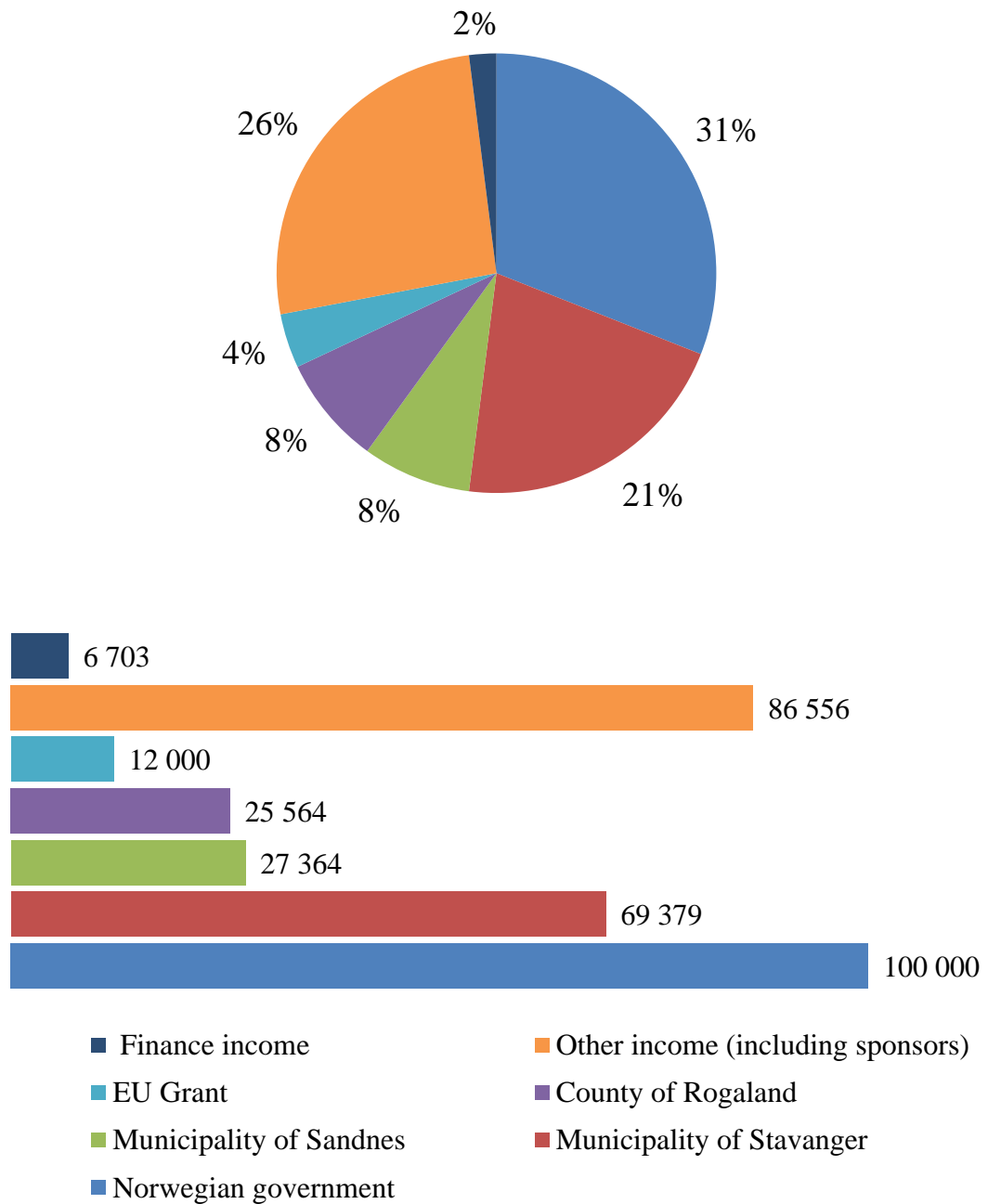


Figure 5.5: The amount of income for Stavanger ECoC by different sources, thousand NOK

Source: Made by author, based on (Richards, 2019)

This graph clearly shows the system of financing cultural projects in Norway. Almost 70% of all revenues came from state and local governments. In addition, this

money was used directly for project implementation and promotion. All other revenues were used to cover related issues, such as salaries, documentation, liabilities, etc.

It is essential to highlight the fact that 26% of the investment came from other private and public sources that had their own personal desire to implement the project. Against this background, the European grant for the project is only 4%, which demonstrates how much the state itself is interested in this project and what it is ready to do to do everything possible to achieve its goals.

As well as promoting culture, the event should also have a positive impact on Stavanger's economic growth. By creating new investment opportunities and attracting businesses to the region, the event helped to establish Stavanger as a cultural and financial center (“European capital of culture,” n.d.). The event attracted many investors who recognized the city's potential as a cultural and financial center, resulting in the birth of several businesses, including financial institutions, hotels, and restaurants. This has created new jobs and increased revenue for the city.

In conclusion, the European Capital of Culture has had a significant impact on the cultural and financial spheres of Stavanger. The event sparked the development of cultural projects and events that helped to preserve local culture and promote cultural exchange. Additionally, the event boosted the city's economic growth, creating new job opportunities and attracting businesses to the region. The city has continued to invest in cultural and financial infrastructure, making it an attractive destination for tourists and investors alike.

5.2. The impact of Bodø 2024 on the development of the city's social and economic infrastructure

The Bodø 2024 project is a major cultural initiative that has been undertaken to promote the city of Bodø as a cultural center in Norway. The project's primary goal is to showcase the city's unique cultural heritage and diversity and to bring people from all walks of life to celebrate the arts and culture. The project is inspired by the

European Capital of Culture program, which was launched in 1985 to promote cultural cooperation and understanding among European nations. Bodø 2024 aims to build on this legacy and create a platform for cultural exchange and collaboration between Norway and the rest of Europe.

The project has received significant support from local and national government bodies, as well as from cultural organizations and institutions. The Norwegian Ministry of Culture and the Arts Council Norway have both provided funding for the project, and the Bodø Municipality has pledged to support the project by providing infrastructure and resources.

Since Bodø 2024 is positioned as the cultural capital of the northern region, this project involves not only the city authorities but also representatives of other municipalities that are part of the northern region. *«Funding from the public sector is secured. It is not a problem to get the appropriate amount of money for our projects from a bit book. They will provide all money because it's Norway.»* (Interviewee 2). They are involved not only with financial support but also with the provision of various resources. *«For instance, we cooperate with Stormen Concerthall. We get rent-free and personal. What I give them is a new audience and volunteers. This is an example of how we collaborate»* (Interviewee 1). Many of them provide equipment and volunteers who work as part of Bodø 2024. *«We are recruiting a lot of volunteers from other communes. In this case, our volunteers can participate some activities in other regions, and, in that time, we will have support for our project.»* (Interviewee 1).

The Bodø 2024 project is focused on three main themes: nature, innovation, and community. These themes reflect the unique characteristics of the city and its people and provide a framework for the development of cultural programming and activities. The project aims to organize a wide range of cultural events and activities, including music festivals, art exhibitions, theater performances, and dance shows. These events will showcase the talents of local artists and performers, as well as international artists and cultural groups.

In addition to the cultural programming, the Bodø 2024 project will also include community engagement initiatives aimed at involving local residents in the planning and execution of cultural activities. These initiatives will include workshops, seminars, and public consultations, allowing residents to share their ideas and contribute to the project's success.

Nevertheless, the development of culture is also linked to the development of the city's infrastructure, which directly affects financial performance. The development of the cultural environment facilitates the inflow of new investments and new tourists, which directly affect the budget revenues of the city and the region. *«The youth project will be a new festival in Bodø only for youth. As for now, we don't have any youth festivals. We are expecting approximately 4000 visitors for this festival.»* (Interviewee 1).

The Bodø 2024 project has the potential to be a transformative cultural initiative for the city of Bodø and for Norway as a whole. By promoting cultural cooperation and understanding, the project can help to create a more inclusive and diverse society and contribute to the development of a vibrant and dynamic cultural sector. The project is expected to have a significant impact on the city's economy by attracting tourists and creating new job opportunities.

Overall, the Bodø 2024 project is an exciting cultural initiative that has the potential to create a lasting legacy for the city of Bodø and for Norway as a whole. Through its innovative programming and community engagement initiatives, the project aims to promote cultural exchange and understanding and to create a more inclusive and diverse society.

To understand how Bodø 2024 operating, it's better to start with an overview of the budget structure. The foundation of Bodø 2024 budget is still as determined as before choosing. The core financing of Bodø 2024 lies in the current cultural budget of the city and the region's culture. The model mainly comes from 33% of

the financing departments between cities, national governments, and private donors (Bodø, 2020).

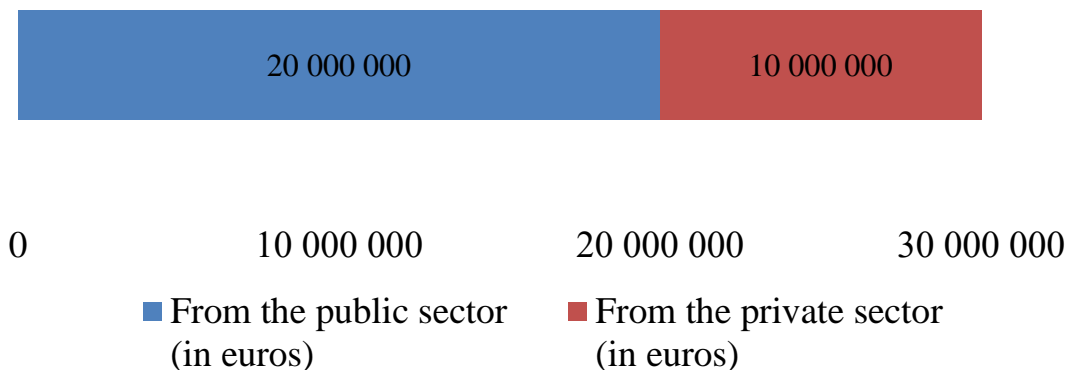


Figure 5.6: Total pre-selection operating budget for Bodø 2024, EUR

Source: Made by author, based on (Bodø, 2020)

Most of this budget was organized by the public sector and sourced by the local government. «24 of other communes will join our network. Together we made a lot of events, not only in Bodø but also in their municipalities. We will have the same event as we have here in other communes. » (Interviewee 1). To be more specific, half of these funds came from the government. The other half consists of regional revenues, which include equal parts from regional and state budgets.

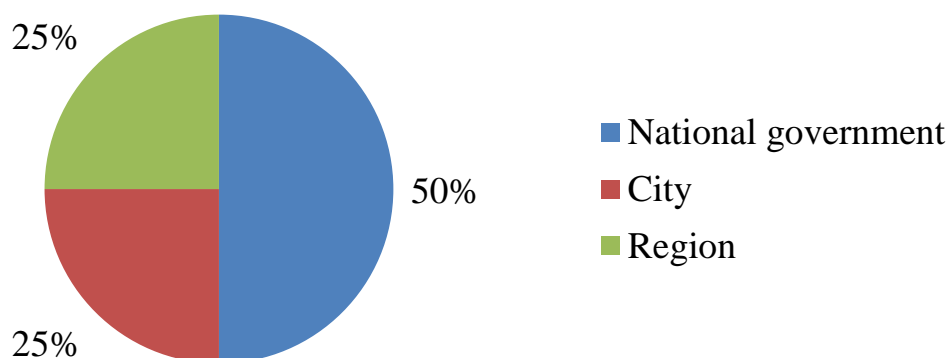


Figure 5.7: Income from the public sector to cover operating expenditure for Bodø 2024, %

Source: Made by author, based on (Bodø, 2020)

All this fund money is used to ensure the implementation of the project and its support during the project development period from the moment of company creation to the final presentation.

Their plan is to apply for financing planning for various projects. They are looking to seek help from the Norwegian Art Committee and learn from the experience of other partners in the regional financing. Although cultural institutions do not have much experience in the cultural use of the European Union, many other partners do this.

Table 5.1. Timetable for income to cover operating expenditure, thou EUR

| Source of income | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| <i>EU (Prize)</i> | 1 500 | 0 | 0 | 0 | 0 |
| <i>National Government</i> | 0 | 0 | 3 400 | 3 300 | 3 300 |
| <i>City</i> | 300 | 300 | 400 | 2 000 | 2 000 |
| <i>Region</i> | 300 | 300 | 400 | 2 000 | 2 000 |
| <i>Sponsors</i> | 200 | 300 | 400 | 900 | 6 700 |
| <i>Other</i> | 0 | 0 | 0 | 0 | 0 |
| <i>Sum yearly income</i> | 2 300 | 900 | 4 600 | 8 200 | 14 000 |

Source: Based on (Bodø, 2020)

The table shows that in the first years, the primary support for the project was small revenues from government agencies and an initial grant from the European Union. However, starting in 2022, support from the National Government and the commune budget increased significantly. As for the activity of sponsors, it is projected that their support will peak in the year of the project presentation to support its implementation, proper organization, and in-depth marketing.

According to the plans that were created at the project's inception, it was decided to create a flexible model of private investment. This model means that investors can decide for themselves where they want to invest their money, whether in individual projects or as a general contribution to be used according to the current needs of Bodø 2024.

Typically, private investments in such projects do not have specific conditions under which the funds must be used. *«We don't want them to decide the artistic content. We must have the freedom to decide by ourselves.»* (Interviewee 1). They come through a specialized system as financial support for the project as a whole. Under these conditions, the project organizers can decide how and when to use the money.

Private investments from individuals are usually much smaller than those from legal entities and are aimed at implementing individual projects. *«One company in Bodø has invested into what I am working with. This is the volunteer project. They gave us 25 mln NOK»* (Interviewee 1). They become more active in the last year of the project, when the most active stage of work is taking place, and private investors' money will be immediately used directly for the projects in which the investment was planned to be made. *«We have 90 % of expected investments from the private sector until now. So, we can adapt quickly and deal with that amount of money for reaching all our main aims. »* (Interviewee 1). In such a situation, the investor will quickly see how his or her funds work. If the project is successfully implemented, improving the city's infrastructure and increasing tourism will lead to an increase in potential customers for his or her products or services.

«A lot of investors think we are too early to approach them because it isn't happening a lot before 2024. So, we are very confident that we will achieve all investments soon» (Interviewee 2). According to the experience of Bodø 2024, at this stage, most of the private investment will be received in the last year.

Most of the private investment comes from national companies. A tiny part comes from foreign representatives. This is generally due to the fact that, as the Norwegian market has a high share of domestic production, their potential is relatively high, both operationally and financially. As a result, many of the significant national representatives are willing to participate in this project to help develop the cultural sector of the city and the region and expand their potential customer base.

In addition, the organization wants to introduce a new mechanism by engaging the skills and talents of sponsors. It is planned that a large number of sponsors will participate in-kind, helping to organize and implement programs in administrative terms and at the implementation stages. This system will allow the project to attract a much more significant amount of resources not only from a financial point of view but also to expand administrative, legal, and production skills. For sponsors, this is an excellent opportunity for personal development of personal skills. Looking at this opportunity from a long-term perspective, it will create a more vital link between business and the community culture of the region where the organizations' employees will be involved.

VI. DISCUSSION

6.1. Role of public and private investments in different financial models

Having analyzed the most popular models of financing cultural projects in Europe, private investment significantly impacts the development and implementation of ideas. Private investment can come from legal entities, usually large companies and individuals.

Investments from legal entities are most common in projects aimed at cultural development. By participating in such projects, companies involve their resources to meet the needs of the local population and increase brand loyalty. In many cases, in addition to financial support, they provide their working capital to help achieve goals faster and demonstrate the company's capabilities.

Bodø2024 involves collaboration between stakeholders, including local authorities, the private sector, and civil society. Such cooperation is a key feature of hybrid organizations, as they often involve partnerships (Austin, J. E., Stevenson, H., & Wei-Skillern, J. (2006)) between organizations with different goals and structures.

Public cultural projects are usually organized from the perspective of public welfare. Such projects attract the majority of investments from the public sector of the economy. These funds do not carry any obligations for further financial gain if the project is successful.

A special feature of public investment is the source of its proceeds. Within the framework of the ECoC program, public investment is the support of the state and the city administration, together with a grant from the European Union, which is provided at the initial stages of the project to organize activities and define current goals.

Usually, the support of the state and the city municipality is the largest in such projects, as they are the ones most interested in the project's success and achieving

all its goals. Since cultural projects aim to improve public life and urban infrastructure, the municipality is simultaneously engaged in the development of the city and creates jobs for those who are involved in the organization and implementation of most activities.

The example of Bodø 2024 shows that the financing of a cultural project is carried out following the German funding system. According to this system, most investment comes from local administrative units and city and regional budgets.

As in the case of Stavanger, the gross share of the project came from the local government and public authorities, which is also in line with the German financing system. There was also a share of private investment, mostly from local companies. Therefore, we can say that the majority of the invested funds are local, regional support.

If the Lille example is considered a characteristic of the Romanian financing system, it also demonstrates the fact that theoretical aspects coincide in practice. For example, in the case of Lille, the most significant support came from the local government and the gross share of local private investment. Since local regions and municipal governments are the most interested parties and have a stake in the project's success, this makes the project more focused on achieving the important goal for a particular city. This is because investors themselves understand what needs to be improved to raise the standard of living in the city and develop infrastructure.

In line with the UK funding system, Liverpool received support from the public sector to achieve all of its goals. Given the fact that the city planned to significantly rebuild its infrastructure, the support of the local authorities was an important component. It is also important to note that, compared to private investment, the amount and specificity of public funds had a lesser impact on the project implementation.

6.2. Social and economic impact of ECoC programs

Let's look at Bodø 2024 from the perspective of the theory of hybrid organizations. We can conclude that this project is fully in line with this theory, as the end result of the project has both a social role and financial support for local businesses and for the city government by attracting additional investment in the development of the city's infrastructure. In line with this theory, Bodø 2024 is attracting a large amount of private and public funds, confirming the status of a hybrid project. The availability of multi-level investments allows for the improvement of both the cultural and financial spheres of the city.

Hybrid organization theory can be applied to Bodø 2024 in several ways. Firstly, the project is aimed at generating income and having a positive impact on the social and cultural life of the area. The project aims to create sustainable cultural development aligned with the hybrid organization's social and environmental impact goals (Battilana, J., & Lee, M. (2009)).

Second, Bodø2024 involves collaboration between different stakeholders, including local governments, the private sector, and civil society. This collaboration is a key feature of hybrid organizations, as they often involve partnerships (Austin, J. E., Stevenson, H., & Wei-Skillern, J. (2006)) between organizations with different goals and structures. The collaboration between Bodø2024 stakeholders reflects the mixed nature of the project.

According to Bodø 2024, cultural resources are used to improve many city development areas. For example, the program increases the attractiveness of the city for new business activity. Improving the local population's well-being helps improve the relationship between public officials and residents. As part of the cultural development of Bodø 2024, the project is expanding the popularity of the arts and developing ways to attract new students to the city. The entire project organizes its activities in an environmentally friendly way.

In the end, Bodø2024 is a project that relies on innovation, creativity, and experimentation. These qualities also exist in hybrid organizations (Battilana, J., & Lee, M. (2009)) that aim to create new solutions to social and environmental problems. Bodø2024's focus on innovation aligns with the goal of hybrid organizations to create new ways to solve social problems.

Analyzing the other ECoC examples, they also fit the hybridity theory, as they all attracted investments from both the public and financial sectors. This program has the main goal of developing and promoting the cultural sphere of different countries.

In the case of Liverpool, the project covered all possible areas of the city's development. With the help of the funds raised and support from the state and private individuals, the city was able to significantly improve its infrastructure by building and reconstructing many buildings, attracting a large number of different artists, and increasing the number of cultural events. All of this has led to a significant increase in the number of tourists coming to the city, which is a testament to the success of the project.

Stavanger and Bodø have a similar development trend. These cities did not use investments in the reconstruction of buildings and infrastructure. Yes, some part of the fund was spent on similar purposes, but the majority is used to organize various events and engage locals and tourists in cultural activities.

VII. CONCLUSIONS

The aim of this thesis was to understand the structure of the financing process for cultural projects and identify the role of public and private sector investments. To achieve the presented results, a qualitative study based on the theory of hybridity proposed by Battilana, J., & Lee, M. (2009) was conducted. Data collection is based on documental analysis as well as on interviews with experienced managers of Cultural events in Bodø 2024 ECoC.

Previous literature has shown that the main forms and models of financing cultural projects are the most popular forms of raising and using funds. In accordance with the specifics of regional policy, each of the models under consideration is somewhat adapted to the relevant conditions.

My research shows an analysis of each of the popular funding models based on real cases within the European Capital of Culture program. This makes it possible to identify the strengths and weaknesses of each model and to determine the most optimal ways to attract and use financial resources.

Accordingly, my contribution is to identify the most effective model. Based on my research, I have come to the conclusion that the most effective ways to finance cultural projects are revenues from state and, especially, local budgets, both from the point of view of state institutions and private investors. It is under these conditions that the project's effectiveness will be maximized, as the local population understands best what changes the city needs and in what areas.

Suppose we look at the research from the point of view of the theory of hybrid organizations, which cultural projects of the ECoC level should have a social and financial effect. After the analysis, I can say that the main goal of such cultural projects is to develop the cultural segment of the city. They also have an economic impact, but it is not as significant as the cultural one. Thus, it can be said that not all hybrid organizations can have a significant financial impact from their activities.

The most important thing is the initial goal of the project, according to which both public and private investments can be used mainly for cultural development.

The discrepancies between different financial models and real feedback from project representatives made the research process more fruitful and detailed. Funding for this type of project depends primarily on the government, the project's goals, and the availability of resources. The interviews reinforced my research and allowed me to look at the project financing process in more detail and identify the role of public and private investment.

This research contributes to the study of public sector finance in the context of cultural project financing and sheds light on the impact of public and private finance on the development of such projects. The thesis is a supplement to the previous research related to the other research made by Hromadsky & Yaloha (2020), Bianchini, F. & Greed, C. (1999), Bowdin, G. et al. (2006), Austin, J. E., Stevenson, H., & Wei-Skillern, J. (2006).

The study shows that regardless of the conditions and location of a cultural project, its funding structure will always consist of public and private revenues. The only difference is in the nature of these revenues, whether they carry any obligations, and how the project management will handle these funds. Depending on these factors, the project can become not only successful but also profitable, as we can see from the analyzed projects.

The way of how public and private investment affects the economic and social development of the city in the frame of the European capital of culture project.

The cultural program has a significant impact on the development of urban infrastructure in several areas.

Firstly, the main goal of such projects is to improve the social situation of the local population and highlight the cultural development of the population through thematic events and the involvement of various artists. Public finances, which are intended to be used for social development, are used in such projects in accordance

with their intended purpose, involving the local population in the form of project managers who have a direct interest and desire to develop the city in accordance with the needs of the local population. Private investment, in turn, provides additional support for the implementation of individual events and supports the overall development by injecting its funds at the time when it is most needed.

Cultural projects also provide financial support to the city and regional budgets. The developed infrastructure within the ECoC projects makes it possible to attract more tourists and new companies to the city, which directly affects the increase in budget revenues. Thus, it can be considered an investment in the city's own development.

Limitation

The research design of this project has certain limitations. The scope of this study is limited to a case study of the financial systems of selected European countries. Therefore, the findings may not necessarily be directly applicable to other contexts, and comparative studies with other Eastern European countries are needed. The method and the questionnaire can be used in future research to empirically examine the role of public and private finance in other contexts.

In total, empirical findings are based on information from 2 project managers. It would have been better to include perceptions of more managers from other ECoC projects, but I am convinced that for my topic, enough representation is retained.

Further research

As the case study of Bodø 2024 ECoC has shown, the project has shown how a specific project handles funds, what the project financing process is like, and demonstrates the changes that this project brings.

The comparison analysis on the case of other post-soviet countries/developing/countries with transitional economies on the roles of implementing public and private costs into the cultural sphere will provide literature

with an interesting discussion about the financing of cultural projects and its impact on the social sector, as well as on financial sector.

Furthermore, this study presents data on how the sources of funding for ECoC projects have varied from country to country, depending on the development of a city. More research is needed to understand whether public funding of such projects is financially and socially beneficial for a particular city or region.

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Respondents search process

The search of respondents was organized through email. Email addresses were found at the official websites of the project.

The following message was sent to managers of Bodø 2024 ECoC:

Good afternoon. My name is Kostiantyn Kovalov. I am a student of Nord University. Now I am writing my master thesis in topic "Monitoring of financial performance of cultural projects: experience from European Capitals of Culture". During my research, I am analyzing the activity of Bodø 2024 with connection to other ECoC projects. For finishing my thesis, I need to interview a representative of Bodø2024.

Your candidacy would be the most suitable for me. As part of the interview, I would like to ask you in more detail about the process of organizing of the various projects, what the residents' reactions to what is happening, and what plans you have for the project in general.

I hope that you will have time to meet with me. It won't take more than half an hour.

Thank you in advance for your time.

Interview Guide for the external auditors

This interview is aimed at gathering information for my Master's thesis project research.

1. Can you tell me about yourself?
2. What is your role in this project now?
3. Can you tell us about your experience in organizing cultural activities in European capitals of culture?
4. Have you been involved in some other public projects?
5. How do you prioritize and plan your activities within the framework of the European Capital of Culture program?
6. How are you choosing the most appropriate startups in a framework of Bodø 2024?
7. Can you describe a specific project or event that you have organized as part of the program, and what impact it had on the community?
8. How do you collaborate with local cultural organizations and stakeholders to ensure the success of your projects?
9. How do your financial statements look like? What kind of investments do you have and how are you operating with them?
10. Are public or private fundings more useful for developing the project? Do you have some specific rules for operating with this money?
11. Who is responsible for managing your firm's legal issues?
12. What challenges have you faced in organizing cultural activities in European capitals of culture, and how did you overcome them?
13. How do you measure the success of your projects and activities, and what results have you achieved so far? (In economic and social view)
14. Can you walk us through your process for selecting artists and performers for your events, and how do you ensure diversity and representation?

15. How do you incorporate sustainability and environmental responsibility into your cultural activities and events?

16. What new projects or initiatives do you plan to undertake in the upcoming months as part of the European Capital of Culture program?

17. How do you engage and involve the local community in your cultural activities and events, and what strategies have you found to be most effective?