

## **Engaging the private sector: what works? Opening remarks for panel discussion**

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At the very beginning let me express my thanks for the opportunity of taking part in this summit that addresses issues that are of top importance for all of us who work in the sphere of culture.

Just to give a rough idea about the country that I represent - the Czech Republic - let me provide some basic facts. The Czech Republic is a small country in the middle of Europe, a traditional crossroad of cultures, with geographic area of 30 387 square miles and population of 10.2 million. There are 11 thousand libraries in the Czech Republic, more than 1 000 castles and chateaus and over 100 theatres in permanent operation with average attendance rate of over 82%.

The modern history of the country began in 1918 when the Czechoslovak Republic was established after the fall of the Austro-Hungarian Empire. After World War II - in 1948 - the country became a part of so called "Eastern Block". Change for democracy dates back to 1989 when the "Velvet Revolution" took place.

After the significant change, the process of transformation changed in 1989 and this change affected all areas, including culture. The result of over 10 years of transformation is very similar to other European countries - over 80% of culture is financed by the state and only about 20-30% from other sources (private, municipalities, etc.).

The biggest and most important cultural organizations (i.e. theatres, galleries) are funded by the state. They are either so-called "budget organizations" and they are fully financed from the state budget, or they have the status of "contribution organizations" that are funded by the state partially only. Some cultural organizations are also funded by local governments. From 2001 when a new structure of regions becomes valid and the regions will represent another source for financing culture.

The Ministry of Culture has another tool to support culture - the State Fund for Culture and the State Fund for Support and Development of Film. Namely the State Fund for Film is a major source of financing for new films.

Soon after the change of political regime in 1989 culture organizations started to look for financing from the private sector. At the very moment, it is possible to get financing from private sector either in the form of a donation or as sponsorship. Experts from the EU say that the system of financing culture from private sector - namely sponsorship - is approximately 3-5 years behind economically strong European countries.

This indicates that the steps that the Czech Republic is taking are having the right direction.

The overall volume of sponsorship money and donations going to culture is approximately 0.8 - 1 million USD. Most sponsors are interested in big national cultural organizations - theaters, festivals and galleries. We can also say that it is namely large multinational companies that apply an international sponsorship strategy in the Czech

Republic, who are the most active in culture sponsorship. Just for rough illustration - 75% of sponsorship money in the Czech Republic goes to sport, 10% to charity, 7% to education and 8% to culture.

However, sponsorship can still be considered as a relatively new source of financing on the side of the culture, and a new mean of communication on the side of the private sector. This naturally brings difficulties that can be described as follows:

There is a general confusion about what is sponsorship, what is donation and what is investment into a cultural project. This results into serious contractual difficulties.

There is no legislation for sponsorship. Legislation for donations does not provide enough space for more generous donors.

Most cultural organizations operated by the State (the budget and contribution organizations) are not legally legible to receive sponsorship money and donations.

We are very lucky that the civil society is very active on this field. There is namely one non-profit organization - Corona - that tries to set a legal framework for the sponsorship, in co-operation with the Ministry of Culture and Ministry of Industry and Trade.

Even though the process of setting the rules for financing culture from private sector is lengthy and difficult, it is an extremely important and motivating work. We at the Ministry of Culture work hard to make the cooperation between culture and private sector as fruitful as possible. The past decade proved that there is a large common ground for the state and the private sector to work together on financing culture. I am a firm believer that this model will further develop and both culture and business will benefit.