



# Challenges in Subsidy and Grants Allocation by the Ministry of Culture, Youth, and Sports and Digitalization as a Tool for Increasing Efficiency

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# Executive Summary

The Ministry of Culture, Youth, and Sports (MCYS) is one of the ministries with the largest budget allocated for grants and subsidies, with approximately 38 percent of its total budget dedicated to the category of subsidies and transfers. Over the years, numerous calls for subsidies have been announced in the fields of culture, youth, and sports, targeting individuals and non-governmental organizations. However, the process of allocating these funds, from the call announcements to the completion of projects, has presented various challenges over the years. These challenges have impacted the efficiency and effectiveness of the subsidies in relation to the overall achievement of MCYS's strategic objectives. Until now, applications for open calls have been submitted either on hard copy or via email. A suitable solution in this situation is the digitalization of the grant and subsidy allocation process by MCYS. In 2022, MCYS attempted to digitalize the application process, but problems arose, such as the non-functionality of the online application system, resulting in delays in applications and assessments, lack of transparency, loss of files/documents in some cases, requests for original documentation by MCYS, and failure to finalize and close projects.

This report analyzes 51 calls announced by MCYS over a three-year period (2021-2023), and based on these and the experiences of applicants/beneficiaries, several challenges have been identified in the current grant and subsidy allocation process. Initially, it was calculated that the time taken to evaluate applicants from the closing of the calls to the announcement of the winners is 48.8 business days, while legally, it is stipulated that this should occur within 15 days. Other challenges identified in this process include superficial and general objectives of the calls, mismatches between the characteristics of beneficiaries and the criteria of the calls, lack of transparency during evaluation processes, etc. In the implementation and monitoring phase of beneficiary projects, the main problems are delays in signing contracts, which consequently affect project implementation, as well as the lack of monitoring of project implementation due to the lack of human resources at MCYS. Specifically, considering the number of employees in the relevant departments at MCYS and the number of subsidies allocated over three years, it has been calculated that, on average, an officer monitors the implementation of ten projects per year.

According to the findings of this analysis, it is clear that the digitalization of the entire grant and subsidy allocation process is essential, starting from the call announcement phase to project closure. Through a digital platform, transparency and accountability in the subsidy allocation processes would increase, and these processes would become more efficient and effective, saving time and financial costs. All the challenges mentioned above could be easily addressed through the use of a digital system. Applicants would upload all documents online without incurring application costs, and MCYS could conduct a more efficient assessment by having all documents in digital version in one place. Moreover, a history of all applicants would be created, which would facilitate the application procedures for future calls. The system could automatically perform this function through interoperability with other state registries (including the Tax Administration, Business Registration Agency, Civil Registry, municipal data, etc.). Furthermore, considering the challenges and lack of human capacity in monitoring project implementation, digitalization would ease the monitoring process by allowing the development activities of beneficiary projects to be documented through photos/videos and uploaded to the system without the need for all to be monitored in the field.

# Introduction

The Ministry of Culture, Youth, and Sports (MCYS), as one of the ministries with the largest budget for grants and subsidies, employs several instruments to finance cultural, artistic, and sports activities. In 2023, MCYS ranked second only to the Ministry of Agriculture, Forestry, and Rural Development (MAFRD) in terms of the amount allocated for subsidies and transfers, reaching a value of 22 million euros.<sup>1</sup> Over the years, there has been a continuous increase in the subsidy budget across all fields, including sports, culture, and cultural heritage, with the exception of the youth sector, which has seen a decline in some years. When analyzed as a percentage of MCYS's overall budget, it is evident that approximately 38 percent of the ministry's budget is dedicated to the category of subsidies and transfers.<sup>2</sup> Regarding the budget execution for this category, a relatively high percentage has been observed over a ten-year period, ranging from 88 percent in 2013 to 99 percent in 2023 (see Table 1 in the Annex for more details).<sup>3</sup> The increase in the subsidy budget at MCYS reflects ongoing efforts to enhance support and development in the sectors of culture, youth, sports, and cultural heritage in Kosovo.

Most of the open calls for project subsidies for individuals and non-governmental organizations (NGOs) in MCYS are based on a strategy or strategic objective, an approved program, the work plan of the respective departments, or even decisions made by the Government or Ministers. MCYS has adopted two key strategies: The Cultural Heritage Strategy 2017-2027 and the Youth Strategy 2024-2032. This report analyzes a total of 51 public calls issued by MCYS during the period 2021-2023. The majority of these calls are based on the two aforementioned strategies<sup>4</sup>, while seven of them are not grounded in any specific strategy. In addition to these strategies, MCYS calls are also based on Government decisions and the Economic Recovery Package (the latter being more pronounced during the Covid-19 pandemic). Legally, MCYS relies on the Regulation of the Ministry of Finance, Labor, and Transfers (MFLT) on the Criteria, Standards, and Procedures for Public Financing of NGOs,<sup>5</sup> as well as the internal regulation for subsidizing culture, cultural heritage, youth, and sports.<sup>6</sup> Based on these regulations, the application process is determined (including the templates for application forms), the period and method of project evaluation (composition of committees, evaluation timelines, and procedures), and the institution's responsibilities in monitoring the implementation of subsidized projects (a detailed process of project monitoring by MCYS officials).

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1 This value represents the budget in the Integrated Financial Management Information System (IFMIS) of the Ministry of Culture, Youth, and Sports and differs from the initially budgeted amount.

2 Ministry of Finance, Labor, and Transfers. [2023 Annual Financial Report of the Kosovo Budget](#). December 2023. Last accessed on June 20, 2024.

3 The financial reports from 2013 to 2023 by the Ministry of Finance. Ministry of Finance, Labor, and Transfers

4 In this case, since the calls analyzed extend up to 2023, they are based on the old youth strategy (Youth Strategy 2019-2023).

5 Ministry of Finance, Labor, and Transfers. [Regulation No. 04/2017 on Criteria, Standards and Procedures on Public Funding of NGOs](#). Last accessed on June 8, 2024.

6 Ministry of Culture, Youth and Sports, [Regulation No. 09/2015 on Subsidies in the Field of Culture, Cultural Heritage, Youth and Sports](#). Last accessed on June 8, 2024.

During the period 2021-2023, the Ministry of Culture, Youth, and Sports (MCYS) supported 2,399 projects with a total value of 17 million euros, targeting NGOs and individuals across three main areas: culture, youth, and sports.<sup>7</sup> Due to deficiencies in the calls, particularly in terms of budgetary planning disclosures for each call, it is challenging to precisely measure the gap between the planned budget for these calls and the actual expenditures. In many cases, the lists of beneficiaries published lack detailed financial allocations, only displaying the scores of the individuals/NGOs whose projects were selected. Moreover, for the majority of supported projects, it is difficult to measure the effectiveness of the funds allocated by MCYS. Although for certain specific projects, such as Dokufest<sup>8</sup> or Manifesta,<sup>9</sup> GAP Institute has conducted evaluations of their economic impact as well as the return on public funds invested.

Nonetheless, over the years, MCYS has encountered challenges at various stages of these processes. Some of the challenges, as reported by applicants<sup>10</sup> and identified by the National Audit Office (NAO),<sup>11</sup> include the malfunctioning of the MCYS online application system and the e-Kosova platform, the loss of applicant files/documents by MCYS, a lack of transparency during evaluation processes, negligence by MCYS in closing projects with beneficiaries, and limited capacity within MCYS to monitor project implementation, among others. Furthermore, during the evaluation process of the calls analyzed in this report, delays were noted, despite the timelines being defined by the relevant regulations. Additionally, irregularities were observed in the monitoring phase. According to NAO reports, during the period 2008-2014, approximately six million euros in advances/projects remained unclosed by MCYS. There were also instances where some NGOs received double funding from two different departments within the Ministry.<sup>12</sup>

Consequently, in order to simplify the process of subsidy allocation and avoid the challenges mentioned above, the need for digitalizing this entire process has become apparent. By digitizing the process, starting from application submission to the evaluation and monitoring of project implementation, issues such as the loss of documents, lack of beneficiary history, delays in closing projects, and delays in evaluation or addressing complaints can be effectively mitigated. Furthermore, beyond the legal aspect, the need for comprehensive digitalization of administrative services for the citizens of Kosovo is also envisioned in the government's political vision.<sup>13</sup> While there has been no change in the legal framework concerning the digitalization of the subsidy allocation processes, it is included in the Regulation of the Ministry of Finance, Labor, and Transfers (MFPT) on the Criteria, Standards, and Procedures for Public Financing of NGOs.<sup>14</sup>

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7 Calculations by GAP based on the collected database of published calls for the years 2021-2023.

8 Gap Institute. [The economic impact of Dokufest 2023](#). February, 2024. Last accessed on July 1, 2024.

9 Gap Institute. [Manifesta 14, Evaluation of the Economic and Socio-Cultural Impact of the 14th Edition of the Manifesta Biennial](#). May 2023, Last accessed on July 1, 2024.

10 These issues have been corroborated by the experiences of applicants, as discussed in a roundtable organized by GAP Institute under the Corrwatch project, which included participants from various organizations that have applied for and received grants from MCYS.

11 The National Audit Office's Audit [Report on the Financial Statements of the Ministry of Culture, Youth, and Sports for the year ending December 31, 2014](#). Last accessed on June 5, 2024.

12 The National Audit Office's Audit [Report on the Financial Statements of the Ministry of Culture, Youth, and Sports for 2020.July 2021](#). Last accessed on June 5, 2024.

13 Office of the Prime Minister. [Program of the Government of the Republic of Kosovo 2021-2025](#). Last accessed on June 3, 2024.

14 Ministry of Finance, Labor, and Transfers. [Regulation No. 04/2017 on Criteria, Standards and Procedures on Public Funding of NGOs](#). Last accessed on June 8, 2024.

In this report, GAP Institute provides an analysis of the current state of subsidy allocation processes by the Ministry of Culture, Youth, and Sports, discussing the most prominent challenges as well as the benefits that digitalization of this process would bring. The findings of this report are based on the collection and analysis of data from 51 public calls issued by MCYS during the period 2021-2023, as well as the experiences of several NGOs that have been recipients of MCYS funds over the years, gathered from a roundtable organized by GAP Institute under the Corrwat project.

# Challenges in the Subsidy Allocation Process at MCYS and Digitalization as a Solution

As mentioned earlier, the digitalization of the subsidy allocation process, specifically the application phase, is also provided for in the current legislation<sup>15</sup>, allowing applicants to apply through electronic platforms. In 2022, MCYS enabled the application process for subsidies to be conducted through the e-Kosova platform. An improvement observed in the open calls of 2022 was the categorization of calls, where, according to information from MCYS, additional criteria were added. However, many technical issues arose during the application process, preventing many participants from successfully applying. One of the key challenges faced by applicants was the system overload and the inability to upload the necessary documents, leading to their submission in alternative formats (such as on CDs or via email). As a result, in February 2022, MCYS suspended the subsidy application process in this format and is currently addressing the technical issues encountered with the e-Kosova system and improving the application process through this platform.<sup>16</sup> In addition to improving the technical aspects, MCYS is also working on the legal front, planning to approve a new Law on Art and Culture and a new Regulation on the subsidy allocation process, based on the 2017 MFPT regulation.<sup>17</sup> This new regulation is expected to include the technical aspects of electronic applications as well.

One of the key challenges noted in the open calls at MCYS (33 out of 51 calls during the 2021-2023 period) is that the objectives were superficial and lacked details regarding what was intended to be achieved through the call. Moreover, another challenge related to achieving the set objectives is the allocation of small amounts by MCYS for the calls, compared to the requirements and criteria of the calls. Consequently, these small amounts allocated may lead to partial achievement of the results and objectives

<sup>15</sup> Ibid.

<sup>16</sup> This was confirmed during a discussion roundtable organized by GAP Institute with officials from the Office of the Prime Minister, MCYS, and NGOs applying for subsidies.

<sup>17</sup> Ibid.



outlined in the calls. Clear specification of objectives and activities for which applicants can be supported is a better and more direct method to achieve tangible results. Another challenge observed in the open calls and the beneficiaries of these calls is the mismatch between the characteristics of the beneficiaries and the criteria of the call. For example, in some cases, calls were issued for the category of new artists, but the beneficiaries were well-known local artists with more experience.<sup>18</sup> However, in the calls analyzed for the period 2021-2023, there were a small number of calls where the support for the category of new artists was specifically mentioned. Therefore, MCYS should establish a separate scheme solely for supporting young artists and athletes by setting clearer criteria for both cases. These challenges could be avoided through an electronic platform that would enable the classification of applicants in the initial stages, based on their characteristics. This would allow for a more efficient evaluation due to the smaller number of applicants and the alignment of their characteristics with those of the call. Additionally, through initial classification, the allocation of subsidies to those who do not meet the criteria would be prevented, as they would be disqualified in the early stages. Another benefit of applying through a digital platform is the reduction in application costs. As stated in the Implementation Report of the Program for the Prevention and Reduction of Administrative Burden 2022-2027 and the Action Plan 2022-2024, an average of 1,500 applicants apply for each of the 20 calls.<sup>19</sup> Based on some approximate assumptions, where the cost of printing and scanning for one application is calculated to be 3 euros, it is estimated that nearly 100,000 euros are spent annually just on this aspect.<sup>20</sup>

In the application evaluation phase, a recurring issue observed over the years has been the lack of transparency during the evaluation processes. Furthermore, from the analysis of 51 calls, it was calculated that the time taken to evaluate applicants, from the closing of the calls to the announcement of the winners, averages 48.8 days, whereas regulations stipulate that this should occur within 15 days. Through the digitalization of this process, transparency could be increased at all stages, as MCYS evaluation committee officials could conduct evaluations individually within the system. Moreover, the challenge of delays in evaluation could be avoided, as electronic evaluation of documents submitted by applicants would enhance the efficiency of the evaluators. Another significant benefit of digitalization at this stage is the reduction of any potential misuse by responsible MCYS officials and the prevention of external interference in the selection of beneficiaries.

Another challenge mentioned by subsidy applicants<sup>21</sup> is the requirement by MCYS for original documentation, which in certain cases creates difficulties for beneficiaries in the project closure phase, as original documentation is also required by external auditing companies. Additionally, there have

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18 The National Audit Office's Audit [Report on the Financial Statements of the Ministry of Culture, Youth, and Sports for the year ending December 31, 2014](#), June 2012. Last accessed on June 5, 2024.

19 Office of the Prime Minister. [Report on the implementation on the Administrative Burden Prevention and Reduction Programme 2022-2027 and Action Plan 2022-2024](#). Last accessed on July 12, 2024.

20 According to the assumptions and calculations of GAP Institute, based on statements from participants in the roundtable discussion.

21 These issues have been corroborated by the experiences of applicants, as discussed in a roundtable organized by GAP Institute under the Corrwatch project, which included participants from various organizations that have applied for and received grants from MCYS.



been cases where applicants' documents were lost within MCYS.<sup>22</sup> These irregularities could easily be addressed through online applications, where applicants would upload their original documents and copies to the system, allowing easy access by the evaluation committee. Furthermore, these documents would remain in the account of the individual or organization applying, some of which could be reused in future applications. Additionally, the creation of a history for each applicant would be enabled, facilitating the work of evaluation committees in the future. Another irregularity that could be resolved by this is the closure of projects by beneficiaries. According to reports from the National Audit Office (NAO), during the period 2008-2014, approximately 6 million euros in advances/projects remained unclosed by MCYS. Based on the experiences of subsidy beneficiaries, in certain cases, projects have remained unclosed due to minor technical issues, such as the failure to submit a fiscal receipt or the loss of such receipts. If this process were digitalized, closing advances/projects would be much easier for MCYS, as all necessary documents and invoices would be uploaded by beneficiaries to the system.

In the implementation and monitoring phase of beneficiary projects, one of the complaints from beneficiaries was the delay in the contract signing period, which has impacted the completion of projects. One of the reasons for these delays is the need for physical signing in the offices of MCYS, which is also dependent on the availability of the relevant officials. This could easily be addressed through an online system with digital signatures from both parties, increasing efficiency and facilitating the smooth implementation of projects. A persistent challenge, also highlighted by MCYS officials, is the monitoring of the implementation of beneficiary projects. This challenge has also been identified in several NAO reports. According to MCYS officials, there is a lack of human capacity to monitor the implementation of projects within the ministry, making it impossible to conduct proper monitoring of projects both administratively and in terms of their implementation on the ground. Considering the number of employees in the relevant departments at MCYS and the number of subsidies allocated over three years, it has been calculated that an officer is responsible for monitoring the implementation of ten projects per year.<sup>23</sup> MCYS could address this problem through digitalization, allowing project implementers to document all their activities with photos/videos and upload them to an online system. Then, monitoring officials could access the system and verify the data from the office without needing to go out into the field.

Another important benefit of digitalizing these processes is the increase in participants in the open calls. By opening calls online, all interested individuals/organizations would have access to this information. Moreover, by increasing transparency, the trust of applicants would also increase, potentially leading to greater interest from applicants.

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<sup>22</sup> Ibid.

<sup>23</sup> Over the past three years, 2,399 subsidies have been awarded to individuals and NGOs. If this number is divided across three years, it results in an average of 799 projects per year. The entire structure of MCYS in these departments comprises 77 employees.

# Subsidy Distribution Practices in European Union Countries

Many European Union countries have clear strategies and methods for distributing public funds for culture, youth, and sports. Each state has specific plans for how it organizes support for activities in these fields, including which ministries distribute the subsidies and the methods of their financing. Being a member of the EU implies a deeper cultural cooperation among member states through the EU's instruments available for culture, such as multi-year funds like "Creative Culture."<sup>24</sup> In terms of project management, from the opening of public calls for support in these activities to the management of projects by the beneficiaries, the countries highlighted below provide detailed information—demonstrating transparency and accountability to their citizens. In Italy, all public calls for support are conducted through a digital platform.<sup>25</sup> All calls are based on a specific law or national strategy for culture. However, in some calls, the evaluation criteria are not determined solely by the Ministry of Culture. Specifically, when it comes to preparing young people for the labor market, the Ministry of Culture also relies on the laws and strategies of the Ministry of Labor and Social Affairs. Thus, there is better coordination in all calls regarding the identification of support needs in specific areas and the determination of the call's criteria.<sup>26</sup> In this system, the Ministry of Culture also manages and monitors the entire project implementation process, covering the entire project cycle. Additionally, the platform includes a survey mechanism to measure user satisfaction, which helps to enhance the transparency of public funds and the efficiency of the digital system's operation. The method used involves publishing surveys on the system and sending written messages directly on the platform by users, which are then categorized according to the types of issues encountered by users and the solutions offered by the beneficiaries themselves. These are divided into specific categories such as cinema and audiovisual projects, education, research and culture, organization management, and the management of archaeological sites.<sup>27</sup>

In Estonia, support for culture, youth, and sports is provided through the Cultural Support Fund. This fund was established by law and is governed by a supervisory board of 11 members appointed by the government, chaired by the Minister of Culture. The fund supports a variety of cultural, sports, and youth activities, including scientific research, music, art, young talents, and high achievements. It is noteworthy that 95 percent of the fund's budget is financed by state taxes imposed on products such as alcohol and tobacco,

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<sup>24</sup> European Commission. [Creative Culture](#). Last accessed on July 1, 2024.

<sup>25</sup> To access the platform and apply, it is required to create an account at <https://servizionline.cultura.gov.it/>. Last accessed on July 1, 2024.

<sup>26</sup> Ministry of Culture, Online Services, Open Call for '[40 positions in the General Department of Archives](#)'. Last accessed on July 1, 2024.

<sup>27</sup> Ministry of Culture, [Online services](#). Last accessed on July 1, 2024.

as well as from gambling revenues.<sup>28</sup> Administratively, after applying for a subsidy, the winners sign a contract with the fund, which outlines all the activities and deadlines for project implementation. The digital system does not allow the disbursement of scholarships, grants, or awards if the parties have been delayed by up to three months in submitting the report or have failed to submit the report to the fund. In terms of project implementation, parties must submit the report one month before the project's completion, or at the latest, one month after. If there is a failure to adhere to the principles outlined in the contract, violations of the parameters set in the contract, or if financial reporting violations are found, the fund has the right to revoke the funds.<sup>29</sup> In Finland, the development of cultural and artistic activities is determined by the Act on the Promotion of the Arts, Government Programs, and the Strategy of the Ministry of Education and Culture. These strategies are three-year plans, and their implementation is reviewed annually through a government program performance self-assessment platform. In addition to supporting artists, the government program also facilitates connections between artists and the labor market by organizing fairs and forming support agreements with associations of writers, actors, and others.<sup>30</sup>

The Netherlands has six programs dedicated to supporting art and culture. These supports are organized across various sectors of art and culture, with each objective being narrowly focused, and calls are opened specifically for that category. For example, there are separate calls for music lyricists, distinct from those for playwrights, new work compositions, production support, urban intervention, or the internationalization of art.<sup>31</sup> However, in the Netherlands, there is also another network that supports artists, but not financially. DutchCulture aims to support individuals and organizations seeking to internationalize their work through the International Cultural Policy Strategy. This is achieved by offering advice to interested parties, identifying opportunities for artists in international markets, and organizing various training sessions in this regard. This network maintains continuous communication with Dutch embassies to create a broader space for Dutch cultural diplomacy.<sup>32</sup> Additionally, thanks to the digitalized system, DutchCulture has a database that tracks real-time international performances by artists. This allows: a) the Ministry to better understand the global impact of Dutch art, and b) citizens to gain more insight into the impact of state-funded projects through detailed statistics published for each support provided by the network.<sup>33</sup>

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28 The Estonian Cultural Fund. [Annual Report of the Estonian Cultural Fund](#), 2022. Last accessed on July 5, 2024.

29 [The Estonian Cultural Fund. General Grant Terms](#). Last accessed on July 1, 2024.

30 Finnish Art Promotion Center. [Program for the Development of Working Conditions for Artists](#), 2022. Last accessed on July 5, 2024.

31 [Artistic Performance Fund](#). Last accessed on July 1, 2024.

32 [DutchCulture](#). Last accessed on July 1, 2024.

33 Dutch Culture. Databaza e [DutchCulture](#). Last accessed on July 1, 2024.

# A Model for Kosovo and Recommendations

The digitalization of the grant and subsidy allocation processes by the Ministry of Culture, Youth, and Sports (MCYS) is a crucial step toward enhancing the efficiency, transparency, and management of these funds. As mentioned earlier, MCYS is already in the process of addressing the challenges with the e-Kosova system and refining the subsidy application process through this platform. By leveraging an existing digital public service platform in Kosovo, the process becomes easier for applicants, allowing them to obtain required documents (e.g., various certificates from other public institutions in Kosovo) through the same system. This is important because, in addition to simplifying procedures, it facilitates a more straightforward and faster process. Furthermore, applicants will have their personal accounts in the system through which they upload their data. This data should be automatically integrated with other data agencies such as the Kosovo Tax Administration (TAK) and the Kosovo Business Registration Agency (KBRA). This integration would provide a clear overview of applicants, aiding in identifying projects that have met the criteria and those that have not. The creation of a database for subsidized projects, similar to the Dutch model, would help monitor and document all projects implemented with public funds. This database would serve as a source of information for future calls and allow citizens to see the impact of a portion of the state budget. Creating access to the history of tax payments within the system would increase transparency and accountability among beneficiaries toward institutions. Another opportunity that this electronic platform could offer is integration with municipal platforms. This would create a centralized network for managing public funds, increasing efficiency, and avoiding the double funding of similar projects.

Moreover, it is crucial that the system encompasses the entire subsidy allocation process, from the call opening to project closure. This would include all phases such as application, evaluation of applicants, selection, monitoring of project implementation, and project closure. A significant aspect for the functionalization of this system is also the ongoing legal reform related to this area.<sup>34</sup> Through the functionalization of this system, it would be possible to better plan the allocation of funds. MCYS could easily draft annual reports through the system, which, in addition to increasing transparency with citizens, would also allow for an analysis of the overall situation in the sectors of culture, youth, and sports. Such a system could help analyze and predict fund requests, ensuring their optimal allocation. Additionally, it would help avoid problems related to the lack of funds for certain projects and ensure that the best projects are supported in a timely manner.

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<sup>34</sup> This issue was discussed and confirmed for implementation by MCYS during a roundtable organized by GAP Institute with some of its officials and NGOs that are subsidy beneficiaries.

A practice from other countries that could be implemented in Kosovo is France's approach to financing cinema.<sup>35</sup> According to this practice, the government funds cinema, and revenues from films (ticket sales, broadcasting rights, etc.) and musical creations (YouTube, Spotify, Instagram, TikTok) are shared between the beneficiary authors/productions and the supporting ministry. In this way, MCYS could become a stakeholder in the projects it finances, securing rights to a portion of the profits from ticket sales, broadcasts, or digital platforms. This would create a sustainable source of revenue that could be reinvested in developing the art and culture sectors. In the monitoring phase, project officials should be able to monitor projects in real-time through materials (photos/videos) uploaded by beneficiaries to the system. This would ensure easier and more effective monitoring of project implementation. Additionally, project closure should be digital, with the submission of the final project report within a specified timeframe, followed by the issuance of a certificate confirming the successful completion of the project. This certificate would be stored in the applicant's archive for use in future applications. Furthermore, all projects should be part of the database and have a short description. This would help avoid the double funding of similar projects in the future. Another feature that the system could offer, as practiced in Italy<sup>36</sup>, is providing satisfaction surveys for applicants and beneficiaries of ministry funds. Through feedback from user experiences, MCYS would be better informed about the necessary changes/improvements in these processes. Additionally, accurately describing the outcomes achieved for each competition, exhibition, tournament, or cultural event would assist in assessing the impact of the mobility fund and its continuous improvement. For artworks, it is recommended that after their purchase from artists, they should be cataloged with a brief description and entered into a database. This would help manage and promote art. For MCYS scholarship recipients, an option would be to register them in a database so they could be invited to scientific roundtables to provide their input in designing national strategies for art, culture, sports, or youth.

In the realm of cultural diplomacy, the Dutch<sup>37</sup> system could be employed as a model, which features a well-developed database connected to 25 embassies around the world. This system facilitates connections between Dutch artists and local artistic communities, enhancing the promotion and impact of Dutch culture abroad. In terms of diplomacy, digitalization could assist in maintaining a comprehensive database of cultural heritage, scientific research, and experts funded by MCYS, with the goal of lobbying in organizations such as UNESCO (The United Nations Educational, Scientific, and Cultural Organization) for the preservation and promotion of cultural heritage.

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<sup>35</sup> The French National Center for Cinema and the Moving Image (CNC) [Co-production of Feature Films..](#) Last accessed on July 12.

<sup>36</sup> To access the platform and apply, it is required to create an account at <https://servizionline.cultura.gov.it/>.

<sup>37</sup> [DutchCulture](#). Last accessed on July 1, 2024.

# Conclusion

Based on the findings of this report, which are grounded in a comprehensive analysis of data, including the legal and administrative aspects of subsidy allocation within the Ministry of Culture, Youth, and Sports (MCYS), the analysis of 51 open calls over a three-year period in MCYS, and the experiences of several beneficiaries of these funds, it is clear that there is a pressing need to digitalize the entire subsidy allocation process. The challenges encountered throughout the process suggest that digitalization could contribute significantly in several ways. Firstly, it would enhance the efficiency of implementing strategies by enabling better planning of calls based on objectives, followed by faster categorization of applicants according to the criteria of the calls. In the application phase, the initial administrative evaluation of projects could be entirely eliminated, removing the need for the commission to spend five to seven working days on this process. The system could automatically perform this function through interoperability with other state registries (including the Tax Administration, Business Registration Agency, Civil Registry, municipal data, etc.). In the evaluation phase, digitalizing the process would increase transparency and efficiency. Specifically, transparency would be enhanced, and the potential for misuse reduced, as each member of the evaluation commission would conduct their evaluations individually within the system, unseen by other members. Additionally, the evaluators' work would be more efficient, as the assessment of documents would be conducted electronically.

In terms of monitoring, project officers could conduct online monitoring more quickly and effectively. All project implementation data, such as photographs, videos, and media statements about the project, could be uploaded to the system by fund beneficiaries, eliminating the need for responsible officials from MCYS to conduct field visits. As in the Estonian system, responsible officials could monitor the project's implementation at all stages and be informed about every aspect. Moreover, the system could send notifications or reminders to beneficiaries about project closure deadlines and other project closure specifics. The project closure process would be much easier, reducing the possibility of public fund misuse. Invoices would be uploaded to the platform, and each invoice issued to cover project activities could be verified by TAK. This would also prevent the double financing of projects or the financing of similar projects by different public institutions.

Digitalization would also contribute positively to the time and financial costs for applicants. In terms of time, some documents would already be automatically generated by the system, and there would be no need for printing, signing, scanning, and uploading other documents. As mentioned in the Implementation Report of the Program for the Prevention and Reduction of Administrative Burden 2022-2027 and the Action Plan 2022-2024, an average of 1,500 parties apply for 20 calls. Based on some approximate assumptions, where the cost of printing and scanning for one application is calculated to be 3 euros, it is estimated that nearly 100,000 euros are spent annually just on this aspect.<sup>38</sup>

<sup>38</sup> GAP Institute Calculations assumptions and calculations.

Another important aspect is the contribution digitalization could make to the strategic development of the culture, youth, and sports sectors. This could be achieved through online data on funding requests and online surveys to measure the opinions of applicants, as seen in the case of Finland. In this way, MCYS would have a clearer view of the needs and challenges of the artistic community and could align its strategic objectives based on that information.

## Annex

**Table 1.** Budget allocated for subsidies in the Ministry of Culture, Youth, and Sports by expenditure categories.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Budget	18,672,808	20,115,174	22,435,278	19,876,704	33,539,942	36,523,904	44,733,726	38,546,389	35,475,708	39,159,109	57,017,861
Subsidies in the Field of Sports	1,260,418	1,510,418	1,910,418	1,910,418	2,210,418	2,770,418	2,809,655	2,709,655	3,499,655	3,500,000	4,556,550
Subsidies in the Field of Culture	2,528,846	2,728,846	2,978,846	1,029,351	3,153,846	3,153,846	3,153,846	3,723,846	4,064,801	4,655,000	7,980,000
Subsidies in Cultural Heritage	417,286	417,286	417,286	517,286	842,286	842,286	1,303,049	1,138,049	1,334,049	820,000	1,030,000
Subsidies in the Field of Youth	700,000	700,000	700,000	800,000	1,000,000	1,400,000	1,750,000	1,680,000	1,771,121	1,241,550	600,000
Salaries, Per Diems, Goods, and Capital/Operational Expenses	13,766,258	14,758,624	16,428,728	15,619,649	26,333,392	28,357,354	35,717,176	29,294,839	24,806,082	28,942,559	42,851,311
Total Subsidies	4,906,550	5,356,550	6,006,550	4,257,055	7,206,550	8,166,550	9,016,550	9,251,550	10,669,626	10,216,550	14,166,550
Percentage of Subsidies Realized	88%	99%	100%	99%	98%	89%	91%	91%	92%	89%	99%

**Source:** Annual Financial Reports 2013-2023, Ministry of Finance, Labor, and Transfers.



Thematic report

Challenges in Subsidy and Grants Allocation by the Ministry of Culture, Youth, and Sports and Digitalization as a Tool for Increasing Efficiency

08/2024

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