CASCADE FUNDING FOR CREATIVE INDUSTRIES

Analytical study

2025

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Introduction: objectives and methodologies

The analytical study "Cascade funding for creative industries" has been developed within the **RES-POL** (Rapid Expert Support for Culture and Media Policies in Ukraine) project implemented by the "Center for Regional Development", a public union of the **Economic Development Agency PPV**, funded by the **European Union**.

The **RES-POL** project aims to enhance the functional capacity of the **Ministry of Culture and Strategic Communications** and its agencies (Ukrainian Book Institute, Ukrainian Cultural Fund, State Agency of Ukraine for Arts and Art Education, as well as the Ukrainian Institute of National Memory).

The RES-POL project duration: January 2024 - June 2025.

The RES-POL project focuses on four sectors (**Art and Culture, Cultural Heritage, Creative Industries,** and **Media**) and **10 essential cultural development issues** (competitive salary, efficiency of state-owned enterprises in the field of culture, funding for creative industries, funding models for cultural services, communities and cultural heritage, etc).

The project **methodology aims**:

- **To identify essential policy issues in sectors (baseline reports) and subsectors (policy briefs);**

- **To analyze ten essential issues of cultural development the project focuses on (baseline reports);**

- **To develop and describe policy proposals (strategic briefs) on the essential sectoral issues and ten essential issues of cultural development;**

- **To develop sectoral strategies and operational programs for the sectors the project focuses on;**

- **To develop amendments to several legal acts and / or concepts of pilot projects to implement the policies elaborated within the project;**

- **To analyze European experience in policy planning and implementation, evaluate some cultural policies in Ukraine, and assess the institutional capacity of the agencies within the Ministry of Culture and Strategic Communications.**

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The RES-POL project actively engages stakeholders at all policy development stages. The information on project achievements can be found on the RES-POL Facebook page.

> **The goal of this analytical study** is to develop the analytical basis for the introduction of cascade funding as an effective tool for supporting creative industries in Ukraine:

- to identify the core, advantages, and divergences of cascade funding as a CI support tool;

- to analyse the practices of cascade funding of CIs in Ukraine;

- to identify the potential for scaling cascade funding and the role of key stake-holders;

- to elaborate recommendations on the scaling of cascade funding as an accessible tool for CI.

The methodology for the preparation of this analytical study envisages the application of a comprehensive approach:

- study of the EU program documents, the materials produced by the Ukrainian operators of cascade funding projects for CIs in Ukraine;

- comparative analysis of cascade funding and classical grants;

- content analysis (assessment of the program structure, support provision procedures, implementation outcomes, forms of international cooperation) and SWOT analysis of the programs ZMINA: REBUILDING and Culture Helps;

- elaboration of practical recommendations on institutionalizing cascade funding for CIs in Ukraine.

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Introduction

In the current conditions of the war challenges, post-crisis recovery, and structural transformations of the economy, the issue of effective support of the cultural and creative sectors (CIs) in Ukraine is becoming particularly relevant. It is CIs that play an important role in shaping identity, community cohesion, and the development of local economies by combining creative potential, social impact, and an entrepreneurial approach. However, limited access to long-term funding, the complexity of participating in centralized competitions, and lack of adaptive financing instruments leave many CIOs beyond the reach of traditional financial mechanisms.

One of the possible solutions to these challenges is cascade financing - as a flexible mechanism for redistributing public funds through intermediaries who support final beneficiaries according to simplified procedures. This model is already actively used in the EU, in particular within the framework of the Horizon Europe and Creative Europe programs, and is also being tested in Ukraine.

1. The mechanism and architecture of cascade funding as a CI support tool

Cascade funding constitutes one of the promising mechanisms for supporting micro-, small and medium-sized businesses in the field of creative industries.

> **Cascade funding** (also known as regranting or subgrant provision) is a special tool of financial resources reallocation via an authorized operator (for instance, a fund, sectoral association, hub) that receives money from the main donor or fund and further distributes it among its end beneficiaries on a competitive basis.

This mechanism was formalized in the practice of the European Commission as a Financial Support to Third Parties (FSTP) and is applied to support companies like startups, scaleups (fast-growing companies). SMEs, and companies with medium capitalization for the sake of innovative solution development. The European Commission supports consortia that have to, by a certain deadline and within a certain range of topics, distribute a part of their funding (normally, some 20% of the total budget) via open calls between projects of third parties, including businesses.

In different sources and practices, other terms close in meaning are also used – **regranting** (in humanitarian and cultural programs) and **subgrants** (in the legal and budgetary context, in particular within the USAID, EU contexts, etc.). All three notions denote functionally one and the same mechanism – funding transfer to the end beneficiaries via an intermediary.
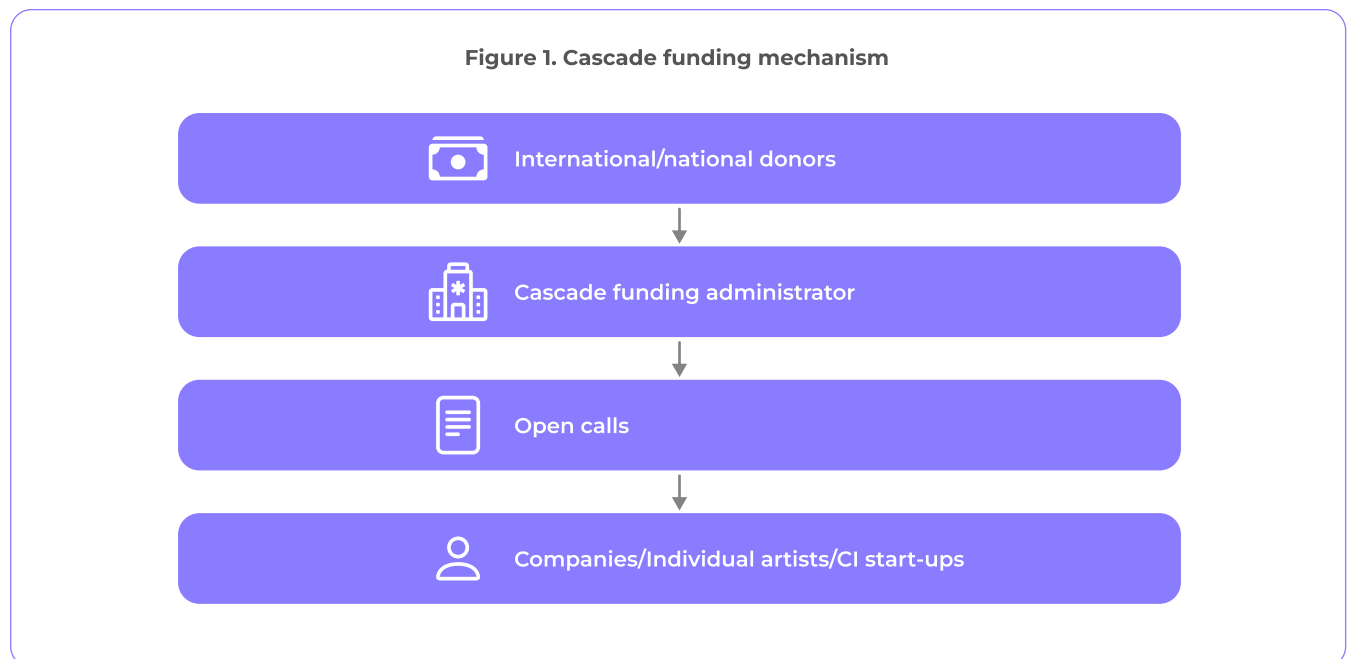
Cascade funding allows adapting programs to local contexts, simplifying the submission and administration procedures as well as reducing the load placed on the main donor. This mechanism has quite a considerable potential for Ukraine, in particular, with a view to the shortage of long-term funding and complications in access to investment resources for CI operators.

The core cascade funding characteristics include:

- decentralized money allocation via intermediaries;

- use of a flexible financial tool - subgrants;

- focusing on sectoral ecosystem development (clusters, accelerators, business hubs).

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This ecosystemic focus constitutes one of the core advantages of cascade funding. This approach allows not only supporting end beneficiaries (CIOs) but indirect strengthening of the institutional capacity of the ecosystem operators. Thanks to performing the operator's role, such organizations get stable funding, build on their management competencies, improve their level of expertise in project selection and support. Unlike centralized administration of public institutions, those intermediaries better understand the needs of their communities, and this enables them to develop more relevant calls adjusted to the local or sectoral context. Besides that, cascade funding creates a multiplication effect: the environment for long-term support is shaped up via operator strengthening, in particular, via mentoring, networking, consultations, and financial education. Thus, not only does the cascade funding mechanism lead to resource allocation but also promotes the strengthening of the long-term institutional capacity of the CI sector in general, reducing the administrative burden of the state and donors.

To identify the role of cascade funding participants (donors, operators, beneficiaries), let us visualize the cascade funding mechanisms to reflect the money flow and the logic behind the process in Figure 1.

Figure 1. Cascade funding mechanism

International/national donors

Cascade funding administrator

Open calls

Companies/Individual artists/CI start-ups

The functions of the cascade funding operator embrace a complete management cycle for a micro- or mezzogrant program, with due compliance with the principles of transparency, accountability, and efficiency. The main of them are as follows:

- **development of competition programs and selection criteria** (determination of the support forms (grants, vouchers, microfunding, etc.), adjustment of the

program to the context of the subsector or the region; approval of the terms and conditions together with the donor / fund);

- **communication and applicant engagement** (awareness-raising campaigns and informing of prospective beneficiaries (CIOs); webinars, consultations, support in the process of applying;

- **application evaluation and passing decisions regarding support** (establishment of an independent expert board / jury, organizing a transparent evaluation process in accordance with the approved criteria);

- **contracting and financial administration** (preparation and signing of contracts with beneficiaries; payment management (depending on the model – advance, tranches); ensuring compliance with financial procedures);

- **monitoring of project implementation** (collection and verification of interim and final reports, if required – conducting of an on-site monitoring or support visits; consultancy support in the implementation);

- **final reporting to the donor and the main fund** (elaboration of the consolidated analytical and financial reports, engagement in audits and program efficiency evaluations;

- **ensuring transparency and accountability of the process** (publishing the results of the calls, composition of experts, implementation outcomes; feedback collection from beneficiaries, client experience evaluation.

Besides that, the operators may act as facilitators in accessing funding by providing mentoring or consultancy services, in particular to those who apply for the first time.

The advantages of cascade funding:

- **increased access to funding for CIOs due to simplified procedures at the end beneficiary's level.** Cascade funding presupposes that program operators (for instance, sectoral associations, profile funds, hubs) develop and implement support programs themselves, being guided by the specificity of the sector and the level of maturity of their end beneficiaries. That allows for a considerable simplification of the application submission process, reduction of the bureaucratic load, and shorter time of assessment and contracting, as compared to the centralized mechanisms (for example, state funds or EU donor programs). For the donor and the central fund, that constitutes an opportunity to delegate a

part of their administrative load to a professional operator, without expanding their own structure, which fact potentially reduces administration costs;

- **flexibility in support formats and techniques** – **within the approved budget and objectives of the program.** Though the donor or the main fund approves the framework program (the objectives, beneficiary type, directions of costs), the cascade funding operator is allowed some operational flexibility in terms of the implementation details: support formats (grants, vouchers, scholarships, micro-funding), selection criteria, competition calendar, technical aid for the applicants. Since within the approved Terms of Reference, the donor may grant some freedom to the operator regarding the implementation details – suppose, re-garding the procedures, types of services, forms of application submission, or techniques of interacting with beneficiaries. This makes it possible to adjust the program to the actual context of the region or the subsector, instead of following the "general instruction" from the center, which is particularly useful for the CI sector where the requirements may differ substantially between different ini-tiatives;

- **innovation promotion.** Providing funding to small projects and developments in different phases, the model promotes innovations and creation of new technologies. SMEs and startups, which often don't have access to significant financial resources, may benefit a lot from such type of support;

- **time and resource economy for beneficiaries** – thanks to simplified interaction with local / sectoral operators. Submission of applications for large-scale donor or state programs is often related to excessive bureaucratic requirements, long evaluation and contracting cycles (3-6 months). Cascade funding shortens those cycles thanks to delegation of authorities to a local operator that can most efficiently adjust the application form, the language of communication and competition calendar to the needs of small- and medium-sized CIOs. That is critically important for dynamic, young projects having no resources for a complex long-lasting application process and waiting for decisions to be taken;

- **resource management efficiency.** The hierarchical structure enables to ef-ficiently manage financial resources, guaranteeing that money is used effectively and distributed in line with the priorities set by the main funding body.

Thus, cascade funding enables:

- to make the administrative chain between the donor and the beneficiary shorter, with no worse transparency or accountability;

- to raise the adaptiveness of support programs to the needs of CIOs;

- to create sustainable operational models for involving finance via sectoral or regional intermediaries, this reinforcing the ecosystem in general.

Having analyzed the grant programs of Ukrainian state funds as well as grant programs supported by international organizations in the baseline report "Access to funding for creative industries", we can make a comparative analysis of two CIO funding mechanisms – cascade funding and classical grants.

Table 1. Comparative characteristics of cascade funding and classical grants

Criterion	Cascade funding	Classical grants
Administration	**Decentralized** – via a local or sectoral operator (cluster, NGO, platform) that shapes up an open call	**Centralized** – directly via the state institution or the donor organization that independently administers all the program phases (from application submission to reporting)
Bureaucratic load	**Minimum** – simplified procedures adjusted to small businesses or organizations	**High** – complicated application, reporting, audit processes
Speed of funding	**High** – quick consideration and payments	**Low** – long-lasting consideration and check-ups
Accessibility for new and small actors	**High** – fits freelancers, startups, micro-enterprises	**Limited** – experience is often required, financial reporting
Focusing on the needs of the sector / territory	**High** – the operator has a deep understanding of the specificity of the sector or the region	**Low** – universal criteria for a wide audience, lack of a tailored approach
Flexibility in implementation	**Flexible** – adaptation to local reality, pilot project opportunities	**Limited** – rigid implementation framework, approved budgets
Institutional capacity	**Develops** – engages local organizations in finance management, reinforcing their capacity as finance operators; promotes decentralization of the business support policy	**Does not develop** – all the functions remain at the central level, fewer opportunities for engaging local partners

Therefore, cascade funding is a flexible, quick, and client-oriented tool that supplements or replaces classical grant funding, in particular in the field of CIs, startups, and regional development.

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2. The practices of cascade funding in Ukraine: EU-supported project cases

"Creative Europe"

In 2022, within a special call under the EU program "Creative Europe" announced for supporting Ukrainian displaced persons as well as cultural and creative sectors of Ukraine (subprogram "Culture") with a budget of EUR 5 mln., projects were supported to be implemented over 2023-2025 by consortia, of which Ukraine is a mandatory participant. Charitable Foundation "Izolyatsia" and NGO "Insha Osvita" are the two Ukrainian organizations that, under the terms of the call, provide cascade funding to support projects in the field of culture and CIs.

"IZOLYATSIA" is a non-profit non-governmental platform for cultural initiatives, founded in 2010 in Donetsk in the territory of the former insulation materials plant, developing the institutional environmental and cultural infrastructure, stimulating systemic changes in Ukrainian society via cultural projects. ZMINA: REBUILDING is a project co-funded by the EU program "Creative Europe" through the provision of support to Ukrainian artists and cultural organizations in the creation and demonstration of works in Ukraine and at least 12 other "Creative Europe" Participating Countries. The project results from cooperation between the ISOLYATSIA fund, the Trans Europe Halles network, and the Malý Berlín organization. Over the period of its implementation, ZMINA: REBUILDING will provide EUR 1.4 mln. in the form of subgrants to support at least 40 projects related to the topic of "recovery": social norms, communities, relations, and infrastructure.

- national subgrants – to support projects contributing to the study and elaboration of the topics related to Ukraine's recovery;

- international subgrants – to support cultural organizations cooperating with colleagues from the "Creative Europe" Participating Countries, to present co-operation projects that are high-profile ones for society.

The program worked in two directions. Subgrants up to EUR 60,000 supported the establishment of new collaborations and co-production facilities between European and Ukrainian cultural and art organizations. Subgrants under EUR 10,000 were aimed at community projects in Ukraine that did not require engagement of a foreign partner.

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Table 2. Outcomes of the ZMINA: REBUILDING project

Outcomes	1st wave	2nd wave
National subgrants	(October 2023 – March 2024) The applicants submitted 145 projects, of which 11 projects with a total budget of **EUR 97,657.58 were supported.**	(March 2024 – August 2024) 162 applications submitted, of which 11 projects with a total budget of EUR **107.158 were supported.**
International subgrants	(October 2024 – June 2024) 86 applications submitted, of which 12 projects with a total budget of **EUR 600,693 were supported.**	(May 2024 – January 2025) 110 applications submitted, of which 12 projects with a total budget of EUR **635,303 were supported.**

Thus, as of April 2024, two waves of competitions for national and international subgrants had already been conducted. In total. 503 applications were submitted, of which 46 projects for the amount of more than EUR 1.44 mln. were supported. Such dynamics testifies to high demand and a high level of activeness among Ukrainian cultural initiatives – both in the local and international contexts. In spite of some differences between the programs of the first and the second wave of international projects, financial conditions remained the same, this testifying to the consistency in project support. Preferences are given to the initiatives evoking public resonance, having some communication potential, and open for cooperation with the community.

ZMINA: REBUILDING is not just an example of cascade funding that is successfully applied in the context of cultural recovery of Ukraine. It also demonstrates the potential for the EU trust in local institutional operators capable of administering the resources in a transparent, flexible, and efficient manner.

"Insha osvita" is a non-governmental organization and a professional community founded in Ukraine in 2008, that develops study programs, works with culture and art as forms of collective studies, and creates mental and physical study spaces. Together with "zusa", with the EU support, over April 2023 – April 2025, it has been implementing the project "Culture Helps / Культура допомагає" that aims to help the people forced to move to safer regions of Ukraine or abroad as a result of the war. The project provides grant support to cultural managers as well as organizations helping people to integrate into new communities via culture.

"Culture Helps" offers a three-tier grant program: 200 individual grants for the amount of EUR 1,000 for mental health recovery; 80 grants to support the projects of organizations

located in Ukraine and other "Creative Europe" Participating Countries, that help to integrate people who were forced to leave their homes due to the war, into new local communities – EUR 5,000; 30 grants for international cooperation projects of 2-3 organizations from Ukraine and "Creative Europe" Participating Countries, helping the displaced people to integrate in the new place for the amount of EUR 40 thousand. The budget of the project is UAH 22,454,776.23.

Table 3. The outcomes of the project "Culture Helps" in 2023-2024

Outcomes:	in 2023	in 2024
Individual grants for mental health support for the amount of EUR 1,000, provided to support cultural managers working with people who were forced to move to safer regions of Ukraine or abroad	3 calls conducted. 1,048 applications during the year, of which 72 were supported	3 calls conducted. 705 applications, of which 65 were supported
Grants for the projects aimed at the integration via cultural activities up to EUR 5,000	2 calls conducted. Over the year 1,091 applications were received, of which 42 organizations and initiatives from Ukraine and "Creative Europe" Participating Countries (Poland, Lithuania, France, Slovenia, and Hungary) were supported. The initiatives supported included art therapy classes, exhibitions, theatre performances, master classes for children, animation courses, excursions, discussions, lectures, and music concerts	1 call conducted. 536 applications, of which 20 cultural, art, and non-governmental organizations from Ukraine, Slovenia, Germany, Poland, and Czechia were supported
Grants for international cooperation projects aimed at the integration via culture up to EUR 40,000	2 calls conducted. 216 applications. The jury selected 20 international partnership projects, in particular tandems of Ukrainian organizations with institutions and organizations from Austria, Latvia, Bosnia and Herzegovina, Sweden, Germany, France, Ireland, Poland, Slovakia, Czechia, and Greece. The grantees in the first round started implementing the residency program for Ukrainian artists and artists from Austria, support programs for young Ukrainian animation, etc.	The final call conducted. 146 applications received, of which the independent jury selected 10 partnerships. These include tandems of public, cultural, educational and art organizations from Ukraine, Poland, Romania, Spain, the Netherlands, Estonia, Austria, Sweden, the Czech Republic, and Germany

Source: reports of NGO "Insha Osvita" for 2023 and 2024.

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«Regular Open Call Main Innovation Projects 2025»

Cascade funding is one of the tools of the Horizon Europe program for 2021-2027, within the framework of which the project "EIT Culture & Creativity Business Plan 2024-2025" has been funded, the goal of which is to help all the actors in the European cultural and creative sectors and industries to transform innovations into impact. A call was announced in that project with the cascade type of funding – "Regular Open Call Main Innovation Projects 2025". This call aims to promote innovations in fashion, architecture, cultural heritage, audiovisual media, and games, helping stakeholders to get clear about the challenges of globalization, digital transformation, new technologies (like artificial intelligence), and environmental sustainability. With its help, EIT Culture & Creativity aims to develop a well-balanced portfolio of highly efficient projects, strengthen long-term partnerships, and expand the innovative ecosystem around this sector. The selected projects may also gain some advantages from additional services after the expiry of the grant period, including support of access to the market, sessions for investors, opportunities for communication and cooperation with a wider EIT community.

The total budget of the competition is EUR 7 mln., while each selected project will receive up to EUR 350,000. An obligatory eligibility condition is co-funding at the rate of at least 30% within the project, and partners in the consortium may have different individual co-funding rates.

The project participating in the competition must correspond to obligatory key performance indicators (KPI):

- **Innovations released in the market:** the proposal must be aimed at releasing at least one innovation in the market (new product or services) during the period of KAVA validity or within three years after completion, with documented income from sales of at least EUR 10,000.

- **Intellectual property rights (IPR)):** the proposal must be aimed at the creation and submission of the application for at least one IPR (patent, trade mark, registered design, etc.), which is the result of KIC performance.

- **Startups created:** the proposal must be aimed at establishing the startup based on the project's outcomes, with financial transactions for at least EUR 10,000 for the services / goods sold to clients.

Table 4. The criteria of the call project evaluation

	Criteria	
	Name	**Essence**
Ist **phase**	strategic correspondence	conformity with the EIT Culture & Creativity objectives and the topics of the call, including the availability of a clear financial sustainability mechanism
	European dimension	project capacity in terms of its impact on the European market and scaling beyond the consortium
	divergence	Level of novelty, creativity and innovativeness in satisfying unmet needs in the field of culture and CIs
	impact	expected social and market advantages, key market analysis indicators (TAM, SAM, SOM), commercialization strategies and expected income
	quality and efficiency of implementation	feasibility of the work plan, risk management, communication strategies, resource allocation, compliance with gender equality principles and budget substantiation
IInd **phase**	presentation evaluation	clarity, convincing nature, and efficiency of the project presentation
	business analytics	level of innovativeness and potential for scaling and introduction among the key stakeholders
	strategic correspondence to the portfolio	mutual complementarity and synergy with other projects in the EIT Culture & Creativity portfolio
	financial and commercial scaling	long-term project viability and financial sustainability mechanisms

ECHOES

Besides that, the program of cascade grants ECHOES suggests funding for up to 50 projects for improving digital interaction, data exchange, and cooperation in Cultural Heritage Cloud. This funding was available for consortia headed by cultural heritage institutions (CHI) and specific CHI that support different initiatives within the framework of the three calls. Currently, the beginning of application submission for the cascade funding within the "ECHOES" project has already been announced. Applications from

small-, medium-sized, low-funded local self-government bodies, as well as from interdisciplinary consortia, are highly encouraged. Within this call, at least twelve projects will receive up to EUR 60,000 each.

SMP-COSME-2024-CLUSTER

Under the SMP-COSME-2024-CLUSTER program, the EU provides an opportunity to receive a grant amounting to EUR 60,000 for financial support of SMEs via the cascade funding mechanism. The grant aims to promote innovations and introduce new processes and modern technologies in order to achieve strategic autonomy, improve capacity in the critical fields of the ecosystem as well as to support economic transformation towards better sustainability, digitalization, and environmental sustainability. The grant envisages direct financial transactions between the grant beneficiaries, Euro clusters, and SMEs that will get support via open calls. The support should be backed up by private funding from third parties, this contributing to the engagement of additional capital investment into the projects.

"Klastery Vidrodzhennia"

The grant program "Klastery Vidrodzhennia" ("Renaissance Clusters"), implemented directly by the UCORD project "Culture, social cohesion and citizen engagement", aims at supporting cultural initiatives for stimulating regional development in six pilot regions of the project – Sumy, Ternopil, Volyn, Khmelnytskyi, and Vinnytsia. Its main goal is to create cultural as well as cultural and tourism clusters that will create added value for the local economy, improve human capital development, and strengthen social cohesion. The activity that may be supported within this call for project applications will embrace one or several sectors of culture and CIs and will show compliance with the elements of social and economic development. The total budget of the program is CHF 1.5 mln. The projects will get financial assistance (subgrants) in the minimum amount of CHF 80,000, with the maximum being CHF 250,000.

«ReHERIT: Спільна відповідальність за спільну спадщину»

"ReHERIT: Joint responsibility for common heritage" is the project of reconsideration, actualizing, and development of the potential of tangible and intangible cultural heritage of Uman and Lviv together with other cities of Ukraine. It was implemented with the financial support of the EU in 2018-2021. One of the components of the project was holding of the competition "Programs of mini grants for cultural heritage" for NGOs

in partnership with local self-government bodies and /or state or municipal institutions working in the field of cultural heritage. The funding for the call is EUR 50,000. The program could fund 100% of the project budget, but no more than EUR 5,000 per project. In total, 10 winning projects from different cities of Ukraine were selected. While evaluating the projects, the selection commission took the following criteria into account: expediency, sustainability, capacity, and communication component of the project. The project duration was 3 months.

"REHERIT 2.0" – which is a continuation of ReHERIT – is a large-scale project for 2025-2027, with such components as educational program and art intervention around the topic of multicultural heritage, creation of digital collections of historical sources, development and piloting of approaches to multicultural heritage management in Rivne, Medzybizh, and Uman, development of an expert network for the development of competencies of experts in the field of heritage and cultural management, as well as a subgrant program for supporting developmental initiatives in communities working with the topic of the multicultural past. The cascade-funding program budget is EUR 300,000, subgrant size is EUR 10,000-50,000. In total, 10 subgrants will be allocated for two lots:

LOT 1. "Developmental regranting" will support projects aimed at the following:

- reconsideration of the multicultural heritage of cities, towns, or villages via art and cultural practices (exhibitions, documentaries, working with archival materials using artistic visual or audio practices, etc.);

- popularizing of cultural heritage among a wide audience, in particular, via the development of digital platforms and products: new websites (or updating of available ones), mobile applications, interactive maps, 3D modelling, etc.;

- study, preservation, and popularizing of intangible cultural heritage via new forms and approaches;

- local advocacy campaigns.

LOT 2. "Activating regranting" will support projects aimed at:

- pre-project studies and planning of estimates of expenditure;

- development of project concepts for attracting investment;

- restoration of small sites or parts of cultural heritage sites;

- creation of the status register for cultural heritage sites;

- strategy development (for territorial communities, institutions, heritage sites), cultural heritage preservation programs;

- introduction of the cultural heritage management function in communities.

Partners of the project will provide support with the implementation of subgrant projects, in particular will provide consultations on administrative and financial matters.

Thus, the experience of project implementation with the support of the EU programs "Creative Europe", "Horizon Europe", SMP-COSME, ECHOES, UCORD, ReHERIT – shows that cascade funding is already actively being introduced in Ukraine and has a positive effect on the development of the cultural and creative sectors. These cases confirm the efficiency of this mechanism in the background of limited access of CIOs to funding, promote local initiatives, international cooperation, support provision to displaced persons, and cultural heritage preservation. The practices worked out within those programs may well become the basis for the systemic introduction of cascade funding as a sustainable CI support model in Ukraine.

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3. Comparative analysis of Ukrainian cascade funding programs (exemplified by ZMINA: REBUILDING and Culture Helps)

Both cascade funding programs – ZMINA: REBUILDING and Culture Helps / Культура допомагає – are implemented within the special call of the EU "Creative Europe" program, announced in 2022 to support Ukrainian displaced persons as well as the cultural and creative sectors of Ukraine.

To assess their potential as models for scaling, let us make a comparative analysis of the core approaches implemented in each program.

Table 5. Comparative matrix of the core approaches of the program ZMINA: REBUILDING and Culture Helps

Criterion / Component	ZMINA: REBUILDING	Culture Helps
Target audience	Artists, cultural organizations, local initiatives (including de-occupied communities)	IDPs, cultural managers, local and international organizations
Funding format	Subgrants within the national and international components	Individual, organizational, and partner subgrants (3 tiers)
Financial range	From several thousand up to EUR 60,000 (international subgrants); flexible approach to budgeting	EUR 1,000 – individual; EUR 5,000 – project; EUR 40,000 — partner subgrants
Priorities	Restoration of culture and infrastructure, intercultural cooperation, social impact	IDP integration via culture, psychosocial support, local solidarity
Field of impact	Cultural diplomacy, cultural restoration of communities, new public spaces, residencies	Mental health, integration projects, cultural inclusion, interorganizational solidarity
Operational model	Consortium with international partners (Trans Europe Halles, Malý Berlín), institutional capacity of "IZOLYATSIA"	Consortium with "zusa", institutional capacity of "Insha Osvita"
Support tools	Communication support, educational videos, networking, engagement in European events, mailing of opportunities	Mentoring, consultations, psychological support, implementation support, local support, engagement in international cooperation

Criterion / Component	ZMINA: REBUILDING	Culture Helps
Innovative components	Creative residencies, urban projects, co-operation with communities, cultural infrastructure as the object of recovery	Psychoemotional component, three-tier model, rapid response, simple interventions with high social effect
Scaling potential	High – suitable for adaptation in other sectors of culture as a regranting model	High – may become a prototype of the state program of integration via culture

Both programs demonstrate the cascade funding mechanism in different contexts: strategic (ZMINA) and tactical (Culture Helps). Thus, ZMINA positions Ukrainian culture in the international arena, implements cultural diplomacy, shapes up the image of Ukraine via culture; does not just allocate subgrants but creates the support ecosystem: residencies, architectural workshops, physical rebuilding projects; some projects related to urban development, offers reconsideration of public spaces, physical restoration – these are long-term changes in the cultural milieu; besides that, the program aims at the reconsideration of the role of culture in the reconstruction of the country, which echoes the national and European cultural priorities. Thus, ZMINA works not just with the consequences but with systemic reasons and the environment as well. In its turn, Culture Helps responds to a specific crisis situation – forced migration due to the war, focuses on the integration of displaced persons, supporting mental health, short-term cultural interventions; its subgrants enable to quickly intervene and secure operational support where it's need "here and now", but do not create sustainable institutional changes as such; events, art therapy, integration measures – initiatives with a high social effect that are highly sensitive to the local context, but do not envisage strategic scaling with no additional tools.

Table 6. General characteristics of the ZMINA programs: REBUILDING and Culture Helps

	ZMINA: REBUILDING	Culture Helps
Level of impact	Sectoral/national/international	Individual/local/international
Type of effect	Systemic changes, cultural diplomacy	Wellbeing support, social integration
Focus	Institutional development, public spaces	Human resources, communities
Management type	Strategic planning, ecosystem designing	Rapid response, local interventions

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Besides general characteristics, of importance is also an in-depth analysis of the internal capacity and external challenges for each of the programs. With this in view, we will make SWOT-analysis that enables to identify weaknesses and strengths, opportunities and risks of both models.

Table 7. SWOT-analysis of the cascade funding models: ZMINA and Culture Helps

Критерії	ZMINA: REBUILDING	Culture Helps
Strengths	• comprehensive structure of the pro-gram: national and international components; • strong team of experienced administrators, international partners, and support capacity; • implementation of not just art, but physical recovery projects as well (communal works, public spaces, architectural planning); • the program develops the social capital in communities, including frontline and de-occupied territories; • long-term vision: support of sustainable cultural development and not just short-term activities	• three-tier grant structure meeting the needs of different audiences; • flexibility in beneficiary selection: both individuals (artists, cultural managers) and organizations are supported, this contributing to a wider coverage and engagement of different participants from the cultural and creative sectors; • focusing on supporting mental health of cultural actors as an innovative component of the program; • high number of applications and supported initiatives
Weaknesses	• limited number of supported projects as compared to the number of submitted applications; • high competition restricting access for beginners; • participation requires a certain level of training – difficulties for beginners or small initiatives; • the risk of excessive focusing on artists in cities, poorer embracing of microcommunities and specific CI segments; • some international projects (concerts, residencies) have a temporary effect with no further guaranteed support	• limited target focusing (mainly on displaced persons); • limited funding: the maximum amount of grants (up to EUR 5,000 for projects of integration via cultural activities) can be insufficient for the implementation of large-scale initiatives or long-term projects; • difficulty in international partnership co-ordination; • selection competitiveness: high level of interest in the program and limited budget lead to considerable competition among the applicants, this reducing the chances of getting the for some initiatives
Opportunities	• expansion of directions: new topics (urban development, inclusion) and formats (digital platforms, institutional support); • creation of own pool of mentors, curators, funding providers for further subgrantee support;	• expansion of international cooperation: engagement of partners from other countries and integration of Ukrainian cultural actors in international projects promotes experience sharing and qualifications raising; • integration with other support programs: cooperation with national and

Критерії	ZMINA: REBUILDING	Culture Helps
	• integration with national recovery support programs (MCSC, UCF); • replication of the model at the regional level – via local cultural hubs, engagement of smaller CIOs	international funds may increase financial opportunities and ensure the sustainability of initiatives; • mainstreaming into the state IDP integration policy; • expansion of support forms (mentoring, vouchers); • engagement of local self-government bodies in the integration initiatives via culture
Threats	• the duration of the project is limited to the grant cycle → the need for search of sustainable funding; • high dependence on the political situation in the relationship with the EU, the risk of reduced support by the EU in the future; • possible competition for attention and resources with other cultural diplomacy projects	• dependence on the donor funding: the program is funded by external donors, this creating the risks in case priorities change or funding is reduced; • instability of the social and economic situation: military actions and economic challenges in Ukraine may well affect the possibilities for project implementation and participant engagement; • emotional burnout of the target groups

Two programs – ZMINA: REBUILDING and Culture Helps – demonstrate mutually complementary approaches to the use of cascade funding in the Ukrainian cultural milieu. ZMINA: REBUILDING combines cultural diplomacy, recovery support, international cooperation, and local community development. The model is worth scaling, in particular as a tool of socially focused funding for culture in the post-war period. ZMINA focuses on the intercultural dialogue, international cooperation, and cultural diplomacy in the context of recovery. Instead, Culture Helps constitutes an important tool of supporting the cultural sector and integration of forcefully displaced persons via culture, focusing on the integration of vulnerable groups, mental health support, and strengthening of local capacity via culture.

Both programs prove that cascade funding can be a tool not just of economic but of social and psychological impact. They also illustrate the potential for scaling, building in the state policy as well as the need for establishing long-lasting institutional mechanisms to support CIs.

Taking into account the successful performance and flexibility of both programs, it would be expedient to further study the possibilities for institutionalizing cascade funding in Ukraine – via partnership with state entities, multi-donor funding, revolving funds, or interregional cultural clusters.

4. The possibilities for scaling cascade funding for CIs in Ukraine

The experience of ZMINA programs implementation: REBUILDING and Culture Helps prove that cascade funding is a modern, effective tool for supporting cultural and creative sectors in the conditions of crisis adaptation, social recovery, and international cooperation. At the same time, large-scale implementation of this mechanism in Ukraine requires systemic approaches adjusted to the specificity of the sector, as well as development of the institutional capacity of local actors.

Let us, therefore, consider the possibilities for scaling cascade funding for CIs in Ukraine via the following steps:

1. Elaboration and implementation of the National Cascade Funding Program for CIs;

2. Institutional support of clusters, hubs, and operators of cascade funding for CIs;

3. Public private partnership (PPP) in cascade funding for CIs;

4. Establishment of the revolving fund to support CIs.

Table 8. Recommendations on the scaling of cascade funding for CIs in Ukraine

Possibility	Key recommendations
1. Elaboration and implementation of the National Cascade Funding Program for CIs (development of a systemic tool based on the public or donor fund delegating funding allocation to local operators)	• To integrate a separate cascade funding line in the structure of grant competitions of the UCF; • To engage the representatives of the MCSC, UCH, EU4Culture, House of Europe and CI sector in the joint program designing; • To introduce a modular approach: piloting in several regions, with further scaling up
2. Institutional support of clusters, hubs and operators of cascade funding (transformation of local and sectoral organizations into microgrant administrators via training, technical aid, and financing of CIOs)	• To create a register of potential cascade financing operators among regional clusters, hubs and CI NGOs; • To develop educational programmes on grant management, financial reporting, and project monitoring; • To provide technical assistance (sample documents, open call templates, evaluation guidelines); • To introduce microfinance or institutional grants to start operations

Possibility	Key recommendations
3. Public private partnership (PPP) in cascade funding of CIs	• To develop a mechanism for co-financing competitions between public institutions (UCF, ICSC) and donors/private foundations (EU4Culture, House of Europe, GIZ, Mercy Corps); • To create a single digital platform for open calls that allows public, private, and donor partners to announce, administer and promote their own grant competitions for CIOs in a common space, that will include an interface for publishing grant lots, accepting applications, online evaluation and reporting; • To encourage businesses to invest in thematic areas of the creative sector (music, design, animation, etc.) through the matching funds mechanism
4. Створення револьверного фонду для підтримки КІ	• To conduct an analytical assessment of the feasibility of creating a revolving fund (volumes, repayment models, types of support); • To involve Mercy Corps, EIT Culture & Creativity, Ukrainian Startup Fund as potential partners; • To propose a model for combining grant and revolving support (e.g. grant + interest-free loan); • To pilot the model through a CI support service or CI clusters with appropriate financial capacity

These scaling areas set the general trajectory for the development of the cascade financing system in Ukraine. At the same time, their successful implementation requires a clear role for each participant in the process – starting with the initiators of the national programme to microgrant operators and strategic partners. It is the coordinated interaction of the state, donor, public, and private sectors that can ensure the effectiveness, transparency, and sustainability of the cascade mechanism in the cultural and creative industries.

It is worth outlining in this context the potential functions and tasks of the key eco-system actors.

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Table 9. Potential roles of the key participants in the scaling up of cascade funding for CIs

Participant	Possible roles and functions
Ministry of Culture and Strategic Communications of Ukraine (MCSC)	• Initiator and coordinator of the development of the National Cascade Funding Programme; • Inclusion of the mechanism in strategic documents (e.g., the Strategy for the Development of Culture until 2030); • Political support for interaction between donors, UCF, regional structures
Ukrainian Cultural Fund (UCF)	• Operator or co-operator of the pilot cascade funding programme; • Developer of criteria and procedures for open calls; • Training and technical support provider for local operators
EU4Culture, House of Europe, GIZ, Mercy Corps, EIT C&C, etc.	• Financial and methodological partners of the pilot programmes; • Co-organisers of calls implemented through local operators; • Providers of resources, mentoring, networking, and monitoring
Regional hubs, clusters, NGOs of the CI sector	• Local microgrant operators (cascade finance operators); • Partners in shaping competition priorities according to regional needs; • Leaders of cultural change on the ground who enjoy the trust of the community
Local self-government bodies	• Potential co-funders or partners of local initiatives; • Promoting institutional recognition of local hubs; • Integration of cultural initiatives into community development strategies
CI operators	• Participants in public-private partnerships in the match funding format; • Patrons, investors, co-organisers of thematic competitions; • Customers of innovative cultural products

This list of potential actors in scaling up cascade financing for CIs is not exhaustive - it is intended to demonstrate the architecture of a possible co-management of a scalable financing mechanism, where each actor plays a complementary role. However, it is this structure that can ensure the inclusiveness, effectiveness, and sustainability of CI policies.

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Conclusions

Cascade funding shows a huge potential as a tool for supporting the cultural and creative sectors in Ukraine, in particular in the conditions of limited access to long-term funding, needs for cultural policy decentralization, and enhancing local capacity. The experience of ZMINA programs: REBUILDING, Culture Helps, as well as a number of the EU initiatives (EIT Culture & Creativity, ECHOES, SMP-COSME, UCORD, ReHERIT) implemented in Ukraine, testify to the efficiency of the model where financial support is provided via intermediaries – cascade funding operators.

Comparative analysis and SWOT-analysis of ZMINA: REBUILDING and Culture Helps programs have identified both their flexibility, client focus, and innovation, as well as key challenges: limited budget and dependence on donor funding. At the same time, both models can become the basis for scaling up – both through the implementation of the National Programme and through partnerships with donors, institutional support for local hubs, public-private cooperation, and the revolving fund establishment.

Implementing cascade financing in Ukraine is not just a technical task of grant administration. It can be viewed as a strategic investment in a new model of cultural policy based on trust in local organisations, the development of network ecosystems, increased access to resources, and development of cultural capacity in communities. Given political will, clear coordination, and support from the state and partners, cascade funding can become an effective mechanism for financing culture and CIs in Ukraine.

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