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**MINISTÈRE DE LA CULTURE - SYRIE**  
**MINISTRY OF CULTURE - SYRIA**  
*Direction Générale des Antiquités et des Musées*  
*General Directorate of Antiquities and Museums*

*Renfort du cadre institutionnel et légal*  
*Strengthening the institutional and legal framework*

*Atelier "Economie du patrimoine et financement de la conservation"*  
*Workshop "Heritage Economics and Conservation Funding "*

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*Damascus, Syria, 6 - 8 June 2010*

## **BACKGROUND PAPER**

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### **Introduction**

In order to optimise on participation at the Damascus workshop, each participant is asked to present the state-of-the-art in his/her country concerning Heritage Economics and Funding. This contribution will be presented in a summary report (some 5 pages), that will be distributed among the participants before the workshop.

This summary report should help participants collect their national data, identify inherent strengths and weaknesses, in preparation for the debate during the workshop.

The contributions of each country's state-of-the-art should pave the way towards a comparative analysis and the identification of common issues and allow participants to suggest solutions applicable to the different countries.

In order to facilitate comparisons between countries, and inasmuch as is feasible, it is recommended to follow the template proposed hereunder. Needless to say, there is a margin of flexibility in the preparation of this contribution and some points may be ignored if the data are not available. The document should be considered as a guide rather than as a questionnaire.

It is highly recommended that such a contribution highlight implementation processes and good practice. Also, do not hesitate to identify major difficulties encountered in this field, as it would allow for suggestions to emerge in a shared manner during the workshop.

The workshop has a practical objective. The idea is to explore ways by which national legislations can be adapted to the major international guidelines, and elaborate jointly practical and concrete recommendations for the organisation of the relevant departments and the financing of conservation/restoration programmes in heritage sites and in museums.

The summary report should be written in either English or French.  
 It will be circulated by email among all the participants at the end of May.

## BACKGROUND PAPER

### Suggested plan:

#### Important note

When dealing with heritage economics and funding, it is important to take into account the diversity of categories of heritage.

Questions need to be asked in specific terms depending on the case in question: a historic building, a museum, the management of collections, a cultural landscape, historic towns or intangible heritage, etc...

## 1. HERITAGE ECONOMICS

### 1.1. Heritage considered as a resource.

It is generally recognised today that, alongside its cultural values, heritage may be considered to be an economic resource. It is a fragile and often irreplaceable resource, which needs to be handled with care. But quite clearly conservation/restoration expenses generate substantial economic and social effects. They can thus be considered as investments, which generate quantitative and qualitative gains which tend to enhance the quality of life of citizens.

It is on the basis of these considerations that financial institutions and international organisations agree to fund conservation/restoration operations. Thus for example, the World Bank and the European Union are financing the promotion of museums, urban rehabilitation programmes, archaeological excavation projects and traditional craft training programmes.

Obviously, for investments of this type to be made, it is important for national authorities to create a climate which is conducive to the protection and enhancement of heritage. The institutional and legislative framework is important, as are the simplification of administrative procedures and the raising of public awareness.

Could you indicate the extent to which this approach is adopted in your country?

What is the current state of thinking on this matter?

Could you mention any report dealing with this question, depending on the various heritage categories (buildings, urban settings, museums, etc.)?

We would be grateful if you would indicate the methods used to calculate the economic and social impact used to judge the advisability of a particular investment.

### 1.2. Importance of cultural tourism.

Often the enhancement of cultural properties is directed towards the development of cultural tourism. This is the sector in which the economic consequences seem to be the most direct, whether through the enhancement of archaeological sites, the modernisation of museums, the rehabilitation of emblematic buildings, or support for traditional skills.

This approach is not without danger. Inadequate control of visitor flows can lead to damage to fragile sites. Furthermore, excessive frequentation may impair the visitor experience, and destabilise the social balances and cultural traditions of the host communities. Or again, in

economic terms, indirect costs may be underestimated, and thus prevent real profitability from being achieved.

We would be grateful if you would comment on these matters, and indicate which directions your country is taking in the development of cultural tourism from an economic viewpoint.

Could you refer to any particular cases of tourism planning, together with their characteristic positive and negative economic and financial aspects?

### **1.3. The rehabilitation of historic towns and the improvement of housing.**

Programmes to rehabilitate historic quarters make it possible to advance towards several objectives at once: the improvement of housing for the benefit of the local population, the enhancement of urban centres to make them attractive to visitors, and support for the local economy (businesses, crafts, traditional professions, etc.).

The success of these programmes depends on a global and methodical approach by the public authorities (through the cooperation of several ministries) and particularly by the municipalities.

More particularly:

The involvement of the local residents is important, both to ensure that they feel part of the projects, and to encourage their financial participation, within the limit of the resources they have available.

Town planning regulations and land use regulations have a decisive impact on the value of land and economic investment choices. The regulations are crucial in ensuring respect for the morphology and diversity of functions of historic towns.

A housing policy usually accompanies the urban rehabilitation programme, with specific financing rules and conditions.

We would be grateful if you would comment on these matters.

Can you provide information about an urban rehabilitation programme illustrating not only the economic benefits, but also the financial difficulties, of urban rehabilitation? We would be grateful if you would indicate the methods used for preparing and implementing the projects and for calculating the direct and indirect profitability, in the short and long term, of the planned investments.

## **2. FUNDING OF CONSERVATION / RESTORATION.**

### **2.1. Direct public credits.**

Some historic buildings or important museums are the direct responsibility of the state, both for everyday management and for conservation missions and restoration programmes. The revenue they generate is thus public revenue: often, it is included in the national financial statements; sometimes, the revenue is left at the disposition of the site managers.

Frequently, some activities are being organised on site or in the museum that can generate income (art shops, boutiques, guided tours, cafeteria...). What is the importance of such an income? Which are the management issues to be addressed?

We would be grateful if you would indicate the importance of these public cultural places in the national heritage policy, and their financial characteristics. Which credits are paid for out of the national budget? What are the revenues? What are the trends over time? What degree of autonomy is there in management? Which importance of site activities generating income ?

### **2.1. Subsidies.**

The state or the public authorities may limit their interventions to subsidising heritage activities, without taking on direct management responsibilities. Financial aid may be granted, subject to compliance with various conditions, relating either to good conservation principles or procedures. The beneficiaries may be local public authorities, or private owners. In some cases, the subsidy forms part of a shared financing package (matching funds).

We would be grateful if you would indicate which subsidy possibilities exist in your country. Are the subsidies from the state and/or from local public authorities? Are they available to public or private owners?

Broadly speaking, what conditions have to be met? What are the conditions of attribution? What percentage of spending is subsidised? What are the annual amounts of such subsidies and what has the recent trend in amounts been?

### **2.3. Loans**

Restoration programmes may also be encouraged by loans, in the shorter or longer term. This mode of funding is particularly appropriate for heritage properties which are capable of "earning their living", i.e. generating management revenues for the paying back of the loan. This is the normal funding mode of the World Bank, through the states, the assumption being that the investments will give rise to wider economic development.

This mode of funding enables the gradual constitution of a "revolving fund", with repayments enabling the granting of further loans. The lending organisation may be in the public sector or a private foundation. The loans may also supplement subsidies. In some cases, low interest rates are applied, with the lending organisation meeting the difference compared with the market rate.

We would be grateful if you would indicate if this type of loan system is used in your country, and if so, indicate its terms and conditions. At what amounts can such loans be valued?

### **2.4. Fiscal measures.**

With regard to private owners, fiscal measures may constitute a direct and flexible encouragement for conservation/restoration of their cultural properties. It is assumed that the properties concerned are cultural properties whose importance for the community is recognised (by classification or listing on an inventory). Various measures can be used, based on a variety of conditions: tax deductibility of restoration or large-scale maintenance expenses, partial or total exemption from transfer taxes (on purchase or inheritance), reduced VAT rate, etc. Normally, such measures are accompanied by control of compliance with restoration standards, or even requirements concerning opening to the public.

Tax measures can also impose penalties on negative practices, such as leaving properties unoccupied or deliberately abandoning a historic building in order to accelerate its decay, so that it can be replaced by a new building. A high tax on a property of this type often turns out to be effective.

We would be grateful if you would indicate if tax measures are applied in your country, and if you would evaluate their extent and their efficacy.

## **2.5. Patronage – donations.**

Foundations or private patrons often intervene to ensure the preservation of a heritage property (whether movable or immovable), or of an urban setting, or to encourage awareness raising about the cause of conservation. An intervention of this kind may be carried out by the making of a donation (in various forms), ranging from the gift of a precious object or collection to a museum, to the encouragement of a heritage programme or the restoration of a building. In most cases, such approaches are conditional on tax incentives. Sometimes, payment in kind makes it possible to pay one's taxes by making a heritage donation.

We would be grateful if you would indicate the scale of such practices in your country, the trends now being observed, and the forms of encouragement provided by the public authorities.

## **2.6. International cooperation.**

For many years now, international cooperation has constituted a co-financing framework in the heritage field. This applies in particular to excavation programmes in archaeological sites or urban rehabilitation programmes, carried out through bilateral agreements.

Many other conservation/restoration initiatives are also covered, not only on a bilateral basis, but also increasingly in a multilateral context. Everyone is familiar with the actions of UNESCO, the World Bank, the European Union and ICCROM. The European Investment Bank (EIB) is also active, and is preparing an ambitious urban rehabilitation plan: "Medinas". Specific initiatives are also being taken in the context of the Arab region.

We would be grateful if you could indicate the main international cooperation efforts under way, the size of their funding and how they operate.

Is an evaluation carried out, particularly from a funding viewpoint?

## **2.7. Religious heritage.**

In the partner countries, religious heritage has a special status, both in management and restoration terms. The heritage, whether it constitutes movable or immovable property, can take on considerable economic value.

We would be grateful if you would indicate the main lines of this type of specific management, by focusing on its economic and financial aspects.

**NB Final remark:**

The background paper aims to set out the basics. If you want to address related issues or if you have any particular indications to add, please feel free to do so. This will supplement the data, and better reflect the conditions which specifically apply in your country.