Material Cultural Heritage
“Understanding the economic impact of cultural heritage”
Introduction

Cultural heritage is a common good passed from previous generations as a legacy for those to come. The European Year of Cultural Heritage 2018 (EYCH) celebrated cultural heritage as a shared resource and raised awareness of Europe’s common history and values. The EYCH saw the tangible and intangible and digital dimensions of cultural heritage as inseparable and interconnected and a valuable resource for the future. This interest in cultural heritage is spreading beyond the usual cultural heritage actors. As illustrated by the President of Business Europe, Pierre Gattaz’s recent assertion that cultural heritage is a key asset for Europe.1

The EYCH created a momentum for cultural heritage to be placed higher on the EU’s agenda which was then followed up by the European Framework for Action on Cultural Heritage2 which sets a common direction for heritage-related activities at the European level primarily in EU policies and programmes and also serves as an inspiration for regions and cities in Europe. The Framework for Action is also aligned with the Council of Europe’s European Cultural Heritage Strategy for the 21st century adopted in 2017.3

The European Framework for Action on Cultural Heritage is based on five pillars, one of which refers to ‘Cultural heritage for a sustainable Europe: smart solutions for a cohesive and sustainable future’. As highlighted in the United Nations 2030 Agenda for Sustainable Development, culture – including cultural heritage and the creative industries – has an important role in achieving inclusive and sustainable development. To leverage this potential, the Framework for Action entails three clusters of actions among fourteen that have a territorial dimension aiming at:

- Regenerating cities and regions through cultural heritage;
- Promoting adaptive re-use of heritage buildings; and
- Balancing access to cultural heritage with sustainable cultural tourism and natural heritage.

However, the lack of reliable, comparable and timely data makes it more difficult for policymakers to make informed decisions and to justify investments in the sector. Therefore, there is an urgent need to collect more data on cultural heritage and establish a common framework of measurement in Europe to fully capture its contribution to the wider economy and its evolution over time. Collected evidence would allow policymakers to conceive better territorial development strategies that make full advantage of the potential of cultural heritage to create employment and business opportunities, as well as to advocate the importance of cultural heritage to those outside the cultural sector.

The Cluster of action “Regenerating cities and regions through cultural heritage” of the European Framework for Action on Cultural Heritage foresees that the ongoing ESPON study “Material Cultural Heritage as a Strategic Territorial Development Resource: Mapping Impacts Through a Set of Common European Socio-economic Indicators” (ESPON HERITAGE)4 and the upcoming ESPON study “Cultural Heritage as a Source of Societal Well-being in European Regions” will play an important role in providing evidence and data on the impact of cultural heritage.

Material Cultural Heritage as a strategic territorial development resource

In Europe, there is a common understanding that material cultural heritage (MCH) is what is considered worth preserving and transmitting to future generations due to its archaeological, historical, architectural, or aesthetic value. However, each territory outlines its own set of criteria and processes to designate, conserve, maintain, communicate and transmit MCH by cultural heritage laws which reflect national or regional traditions.

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2 https://ec.europa.eu/culture/content/european-framework-action-cultural-heritage_en
3 https://www.coe.int/en/web/culture-and-heritage/strategy-21
4 https://www.espon.eu/cultural-heritage
Objects of immovable (e.g. archaeological sites, cultural landscapes, etc.) and movable (e.g. paintings, books, etc.) nature recognised as having heritage value in each country/region according to three types of recognition:

1. Listed (included in national and/or regional inventories, the latter understood as sources made available by public authorities at national and regional level where MCH is recorded) as having heritage value and legally protected (this also comprises the sites listed in the UNESCO World Heritage List);

2. Listed (included in national and/or regional inventories) as having heritage value but not legally protected;

3. Historical building stock.

This operational definition also includes places which are publicly accessible and where movable MCH objects are stored/exhibited, namely archives, libraries and museums.

MCH stimulates activities which in turn trigger economic transactions which have an impact on the local and national economy. Thus, it is important to identify which economic activities are dependent on MCH, which economic impacts are being generated by the MCH, and what the linkages between MCH and the wider economy are. The value chain approach offers a good theoretical background to these aims and it has already been applied to cultural heritage in several studies. For instance, recent studies identify four core functions, namely, creation, production, dissemination/trade and exhibition/reception, and several support functions (e.g. research/education and management/regulation) as well as activities related to other economic sectors for the supply of ancillary goods and services.5

The systemic approach offered by the value chain approach allows for a holistic picture of the economic relevance of MCH in the local and national economies beyond the activities of conservation, dissemination and exhibition that are traditionally associated with MCH.

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Current challenges to determine and calculate the economic impact of MCH

A multi-stakeholder cooperation in complex structures
At the national level, similar challenges and problems are faced by European countries. A wide range of stakeholders is involved in cultural heritage processes, creating complex institutional frameworks that require facilitation and cooperation at EU level. Impact assessment is only valuable when it is backed with clear objectives: “Indicators indicate something but we need to know which direction we want to follow” – Ms Erminia Sciacchitano, representative from the European Commission (DG EAC), during the ESPON workshop “Understanding the economic impact of cultural heritage – Better investments through improved evidence collection” that took place in Nicosia, Cyprus on 28th March 2019.

Low capacity for data collection and lack of common framework of measurement
Improved data collection and the need for clearer and better indicators, especially in spatial planning, are common issues faced by EU countries. A common definition of material cultural heritage and a common framework of measurement in Europe are crucial to capture fully the contribution of material cultural heritage to the wider economy and to measure its evolution over time, in order to support evidence-based policymaking. Raising awareness at the local level on the importance of collecting quality data is key, but tools and mechanisms for providing an appropriate framework for that should be addressed at the national and European level.

Limited funding but also limited interest
European institutions are very active in developing policies and providing empowering tools for citizens to participate in increasingly participative processes. While national policies are being changed, the implementation of those policies on a day-to-day basis at the local level is a challenge. National institutions are transferring more power in favour of the direct involvement of citizens, but there is still a need to involve markets and to attract private investments in order to broaden the fields of benefits, unlock the value of cultural heritage into tangible revenues and to bring cultural objectives into the sphere of public policy.

Policy related and technical recommendations
European Framework for Action on Cultural Heritage as an inspiration
The European Framework for Action on Cultural Heritage can serve as an inspiration for regions and cities in Europe as well as for cultural heritage organisations and networks when developing their own actions. The Framework’s four main principles can be further explored:

- Holistic approach;
- Mainstreaming;
- Evidence-based policy-making;
- Multiple stakeholder engagement.

Interlink spatial planning strategies with Cultural Heritage
Spatial planning should set the framework for successful implementation of cultural heritage policies, protecting and preserving existing built heritage through appropriate spatial strategies. Planning should be given a new role that rejects the traditional top-down regulatory and normative approach and embraces the ideas of ‘evolutionary resilience’ and ‘evolutionary governance’ and increasing citizen input within more participative processes.
Definitions and concepts
As far as ESPON HERITAGE project is concerned the following recommendations can be identified:

- Engagement is needed among the national heritage institutions, experts and cultural heritage practitioners to elaborate a common definition of cultural heritage for statistical purposes, for instance through the Commission’s expert group set up by the European Framework for Action on Cultural Heritage or the European Heritage Heads Forum;

- There is a need to encourage and support the dialogue between National Statistics Institutes (NSI) and the Agencies responsible for heritage inventories to explore the possibility to establish a common operational definition of Material Cultural Heritage for statistical purposes, building on the definition elaborated during the ESPON HERITAGE project.

Data collection
As far as ESPON HERITAGE project is concerned the following recommendations can be identified. Explore the possibility for the European institutions, including EUROSTAT, in coordination with NSIs to:

- Propose amendments to the existing international statistical classifications to introduce or amend classification codes in relation to cultural heritage when a revision of these classifications will take place;

- Improve coverage of data regarding non-profit employment and volunteering;

- Revise the current data collection scheme (including the sampling methods for surveys) to include additional indicators related to cultural heritage (e.g. percentage of tourists travelling for cultural heritage purposes);

- Discuss the possibility of collecting data at a higher level of detail for both NACE and NUTS and make these data also publicly available at these levels, to more precisely estimate the impact of MCH on the regional / local level;

- Reinforce the current cooperation with relevant stakeholders such as the representatives of museums and other heritage institutions (e.g. EGMUS and the UNESCO Institute for Culture Statistics) to gather data on the contribution of cultural heritage organisations to the economy;

- Engage with cultural heritage organisations, NGOs, volunteering organisations and business and professional associations to address statistical gaps in official statistics, particularly in relation to employment and other economic data.

Future research
As far as ESPON HERITAGE project is concerned the following recommendations can be identified. There is a need to:

- Explore the possibility of setting up a National Satellite Account (NSA) on cultural heritage to facilitate intensive data standardisation, timely monitoring and analysis of data to estimate the contribution of cultural heritage to the economy and society;

- Improve inter-country collaboration (for instance under the leadership of the European Commission’s Cultural heritage Expert Group or the European Heritage Heads Forum) to explore the possibility to introduce a European satellite account for cultural heritage, under the aegis of Eurostat;

- Create an Open Method of Coordination (OMC) Expert Group, under the European Agenda for Culture, to exchange good practices and develop recommendations on measuring the impact of culture including cultural heritage in the economy and society;

- Explore the use of alternative sources for data collection, specifically the use of big data (e.g. social media, online purchase, EUROSTAT pilot project on the use of Wikipedia page views on World Heritage Sites and the cultural gems app launched by the Joint Research Centre);

- Ensure EU and national funding for future research in the field.
Current ESPON research

The ESPON Targeted Analysis “Material Cultural Heritage as a Strategic Territorial Development Resource: Mapping Impacts Through a Set of Common European Socio-economic Indicators” aims at developing a common theoretical framework defining the most important economic sectors in which material cultural heritage has an impact and producing an empirical evidence of such impact. The main objective of this study is to quantify the economic impact of material cultural heritage related to: archaeology, architecture, museums, libraries and archives, tourism, construction, real estate, ICT and insurance. The study focuses on the regions of Austria, Belgium (Brussels, Flanders), Italy, the Netherlands, Norway, Romania, Portugal, Slovakia and Slovenia. The project focuses on the following impacts: employment, turnover and gross value added (GVA), public expenditure and volunteering.

The analysis shows that in many cases impact of material cultural heritage needs to be estimated using proxies, thus it cannot be easily calculated. For instance, in some cases share of pre-1919 dwellings and listed and protected buildings was used to estimate the impact of material cultural heritage

Using various proxies, the study established the share which can be attributable to material cultural heritage in each selected sector or economic activity, for employment, turnover and GVA.

### KEY SECTORS, SHARE IN TOTAL SECTOR

<table>
<thead>
<tr>
<th>Sector</th>
<th>Employment</th>
<th>Turnover</th>
<th>GVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Archaeology (no NACE code)</td>
<td>100%</td>
<td>100%</td>
<td>NA</td>
</tr>
<tr>
<td>Architecture (NACE M711)</td>
<td>8.6%</td>
<td>12.1%</td>
<td>11.5%</td>
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<tr>
<td>Museums, libraries and archives (NACE R9101-R9103)</td>
<td>100%</td>
<td>100%</td>
<td>NA</td>
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<tr>
<td>Construction (NACE F43)</td>
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<td>11.0%</td>
<td>10.9%</td>
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<tr>
<td>Tourism (NACE I)</td>
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<td>27.8%</td>
<td>28.2%</td>
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<td>Real estate (NACE L681)</td>
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<td>10.2%</td>
<td>11.2%</td>
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### AUXILIARY SECTORS, SHARE IN TOTAL SECTOR

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<tr>
<th>Sector</th>
<th>Employment</th>
<th>Turnover</th>
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</thead>
<tbody>
<tr>
<td>ICT (NACE J62 J63)</td>
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<td>1.0%</td>
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<tr>
<td>Insurance (NACE K6512)</td>
<td>3.0%</td>
<td>2.9%</td>
<td>3.0%</td>
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Future ESPON Research

In 2020 ESPON will launch the future applied research ‘Cultural Heritage as a Source of Societal Well-being in European Regions’ that should define a solution to establish European territorial evidence on the impact of cultural heritage and associated investments on society, considering the quality of life and other aspects. European cultural heritage benefits from a range of EU policies, programmes and funding. Cohesion policy is investing in culture through the preservation and promotion of heritage, as well as by supporting cultural and creative sectors. Despite this, there is still insufficient information on the effect that investments have on territories. At the same time there is a growing demand for going beyond studying the impact on growth and jobs and examine wider impacts on society. For instance, recent research suggests that cultural heritage attracts highly skilled workers who improve productivity and the overall quality of life as places become more innovative in their governance solutions.

This study is expected to provide:

- A common theoretical framework defining societal domains and dimensions of societal well-being on which cultural heritage has an impact;
- A common methodological framework describing how to determine the societal impact of cultural heritage on these societal domains and dimensions;
- Evidence (collected data and set of indicators, potentially exploring options of using big data and social media) on the societal impact of cultural heritage in European regions over the past 10 years;
- Evidence of the societal impact of digitalization of cultural heritage and use of new technologies in the defined societal domains;
- Evidence of how the presence of cultural assets and associated investments contribute to regional/rural/urban development and improved territorial cohesion;
- Case studies on different types of regions;
- Recommendations for policy development at European, national and regional scales.

The ESPON workshop “Understanding the economic impact of cultural heritage – Better investments through improved evidence collection” that took place in Nicosia, Cyprus on 28th March 2019, included a table discussion on the “Implications for policy-making and next steps” that resulted on the following key messages:

- The importance of MCH to territorial development needs to be further measured, compared and monitored. Beyond its intrinsic value, MCH matters in economic terms as it fuels locally-rooted employment and generates economic activities;
- Common definitions, quality data and concrete indicators (qualitative and quantitative) are needed to better understand the value that cultural heritage brings to society;
- There is a need to bridge the gap between the challenges faced at the local level and top-down spatial strategies;
- The economic added value of investment in a cultural heritage monument should not be measured individually and the feasibility of actions needs to be considered on a broader scale;
- The importance of private investment needs to be further exploited;
- Economic evaluation is needed at the project level but also territorial aggregation is needed, involving other markets and all aspects of cultural heritage – hence a more holistic approach.