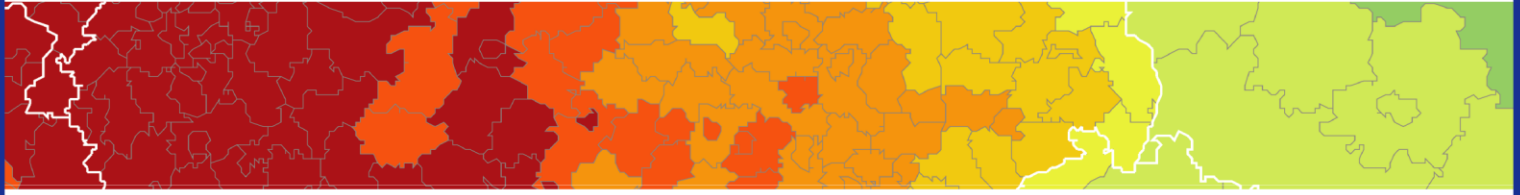


Inspire policy making by territorial evidence



Material Cultural Heritage as a Strategic Territorial Development Resource: Mapping Impacts Through a Set of Common European Socio-economic Indicators

Targeted Analysis

Synthesis Report

27/09/2019

This targeted analysis activity is conducted within the framework of the ESPON 2020 Cooperation Programme, partly financed by the European Regional Development Fund.

The ESPON EGTC is the Single Beneficiary of the ESPON 2020 Cooperation Programme. The Single Operation within the programme is implemented by the ESPON EGTC and co-financed by the European Regional Development Fund, the EU Member States and the Partner States, Iceland, Liechtenstein, Norway and Switzerland.

This delivery does not necessarily reflect the opinion of the members of the ESPON 2020 Monitoring Committee.

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Acknowledgements

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ISBN 978-99959-55-98-4

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Abbreviations

EC	European Commission
EHHF	European Heritage Heads Forum
ESPON	European Territorial Observatory Network
EYCH2018	European Year of Cultural Heritage 2018
EU	European Union
GVA	Gross Value Added
ICT	Information and Communication Technology
ISCO	International Standard Classification of Occupations
MCH	Material Cultural Heritage
NACE	<i>Nomenclature statistique des activités économiques dans la Communauté européenne</i>
NUTS	Nomenclature of Territorial Units for Statistics
TOR	Terms of References

1 Introduction

This Targeted Analysis aims to quantify the economic impact of material cultural heritage (MCH) on economic development in 11 selected countries and regions in Europe over the past five years. The geographical scope of the study includes Austria, Brussels, Flanders, Italy, the Netherlands, Norway, Portugal, Romania, Slovakia, Slovenia, Sweden. The data collection and analysis have been carried out at national and regional level, where possible up to NUTS (Nomenclature of Territorial Units for Statistics) 2 level. The economic impact of MCH is quantified in selected economic sectors/activities: archaeology, architecture, museums, libraries and archives activities, tourism, construction, real estate, ICT (Information and Communication Technology) and insurance.

The study coincided with the European Year of Cultural Heritage 2018 (EYCH2018) and it is part of the European Framework for Action on Cultural Heritage adopted by the European Commission to maintain the legacy of the EYCH2018.

The current study builds on the research carried out by the Economic Task Force of the European Heritage Heads Forum (Nypan, 2015; Vanhoutte, 2019) and the European Commission (notably KEA 2015 and Cultural Heritage counts for Europe 2015). The present study is a first step towards the development of a common monitoring system for data collection, processing and delivery across countries/regions.

This synthesis report aims to share experiences from this project in light of future research in this field. More specifically, this document outlines the:

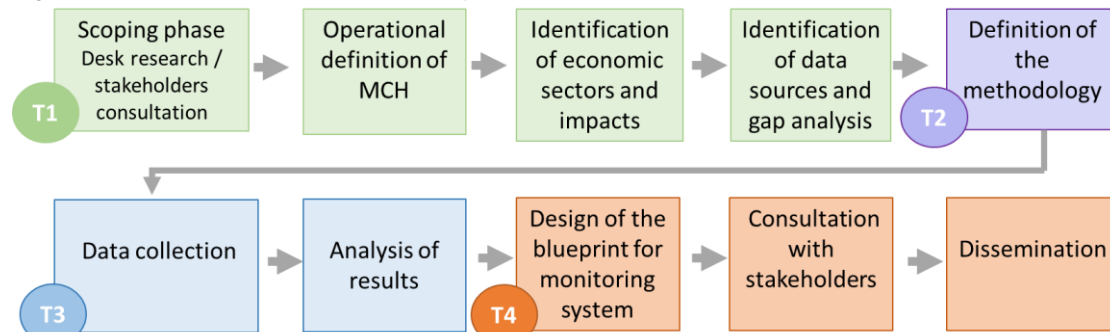
- Approach;
- Theoretical and methodological frameworks;
- Main challenges; and
- Main results.

The reader may refer to the Main Report and its Annexes for more information on this research project.

2 Operational Approach to the study

Figure 1 shows that the research trajectory consisted of four phases.

Figure 1: Operational approach to the study



Source: elaboration of the service provider (2018)

In the scoping phase desk research of similar studies and other relevant research reports on assessments of the economic impact of MCH took place as well as a round of consultation of experts, who were members of the Stakeholder Committee and external experts contracted by the project. This phase resulted in the theoretical framework of the study including the value chain approach, the operational definition of MCH, the preliminary selection of economic sectors/activities to be considered, as well as relevant data sources and potential gaps. In the second phase, the methodological framework was designed, consisting of the final selection of economic sectors/activities and the definition of indicators to measure the economic impacts. In the third phase, data collection activities and analysis of impacts were carried out. In the final phase, a blueprint was designed for a monitoring system.

During the research process regular progress and review meetings with ESPON EGTC and the Stakeholder Committee were held to present and discuss emerging findings. The engagement of the Stakeholder Committee has also been crucial in facilitating the data collection and ensuring the usefulness of the analysis and recommendations delivered in the study for use in future research in the field.

3 Theoretical and methodological frameworks

3.1 Operational definition of material cultural heritage

The approach of drawing up an operational definition was taken primarily to reflect the different protective laws related to MCH in the selected countries/regions.¹ The detailed analysis of these laws took place during the Inception phase of this study and was complemented by additional desk research of existing literature. As a result, the following operational definition has been used:

Box 1: Operational definition of MCH in the context of this study

Objects including different types of immovable (e.g. archaeological sites, cultural landscapes, etc.) and movable (e.g. paintings, books, etc.) MCH recognised as having heritage value in each country 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.²

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

Source: Elaboration of the service provider and the Stakeholder Committee (2018)

The operational definition on MCH has been chiefly used to map a comparable baseline population of MCH in the selected countries/regions.

3.2 Selection of economic activities and sectors

MCH stimulates activities which in turn trigger economic transactions which have an impact on the local and national economy. In the context of this study, it has been important to identify which economic activities are dependent on MCH, which economic impacts MCH generates, and what the linkages between MCH and the wider economy are.

The value chain approach offers a theoretical background to these aims and it forms the basis for identifying the economic sectors/activities linked to MCH. The value chain model is used as

¹ The main sources used to identify relevant heritage laws include the HEREIN System (<http://www.herein-system.eu/>), the UNESCO Database of National Cultural Heritage Laws (<http://www.unesco.org/culture/natlaws/>) and the Compendium of cultural policies and trends (<https://www.culturalpolicies.net/web/index.php>).

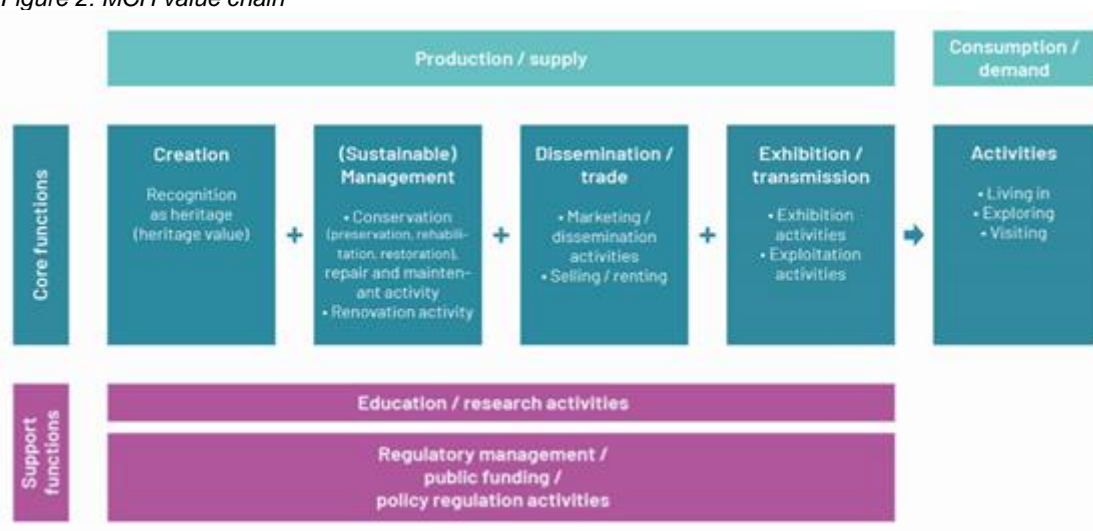
² In the context of this study, pre-1919 dwellings have been used as a proxy for the historical building stock based on data available at European level by EUROSTAT – 2011 Census database (<https://ec.europa.eu/CensusHub2/query.do?step=selectHyperCube&qhc=false>). This information is not without limitations (for instance the Census refers to 2011 data and includes only dwellings), but it has been selected because of its comparability across all countries/regions and its availability up to NUTS 3 level.

a framework to delineate economic sectors. This includes not only the identification of the steps in the value chain but also an in-depth analysis of the interrelations between actors that cooperate to create economic value. This framework can be applied to a wide range of sectors even though it requires some adjustments for non-industrial sectors, such as cultural heritage, where the classical conception of economic value creation does not entirely apply.

The MCH value chain model proposed in this study is represented in Figure 2 and consists of the core and supporting functions (as well as ancillary goods and services):

- Creation (core function);
- Management (core function);
- Dissemination/trade (core function);
- Exhibition/transmission (core function)
- Education/research activities (supporting function); and
- Regulatory management/public funding/policy regulation activities (supporting function).

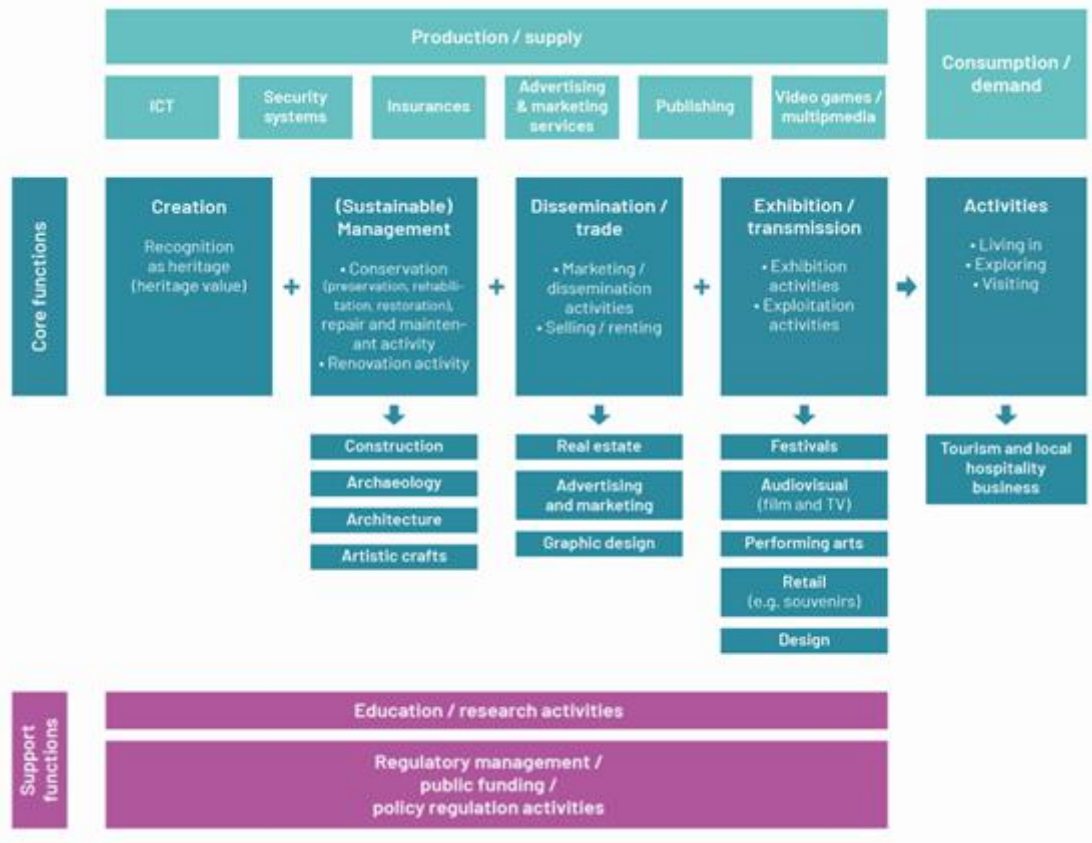
Figure 2: MCH value chain



Source: Elaboration of the service provider and the Stakeholder Committee (2019)

This model is different compared to other value chain models to better reflect the specificities of MCH. Figure 3 conceptualises the key economic sectors/activities related to the (core and supporting) functions and the ancillary goods and services of the MCH value chain. This categorisation is conceptual and the boundaries between the sectors/activities are not clear-cut (e.g. advertising can also be related to exhibition and transmission). This model allows for the identification of the economic sectors/activities to be included in the quantitative analysis of this study.

Figure 3: Linking functions to economic sectors/activities



Source: Elaboration of the service provider and the Stakeholder Committee (2019)

3.3 Economic impacts and indicators

This study has primarily focused on measuring the economic impact of MCH in the above identified private sectors through three key indicators:

- Employment (in FTE),
- Turnover, and
- Gross Value Added (GVA).

In addition, the study has also considered the following indicators to complement the analysis:

- Value of heritage volunteering (both in terms of estimated FTE and estimated monetary value); and
- Expenditure by the public sector on MCH (investments by public authorities on cultural services and spending on conservation, restoration, repair and maintenance of protected constructions).

As such, this analysis is not limited to profit value creation but also includes non-profit value creation.

4 Main challenges

This research is the first of its kind with such a large geographical and thematic scope. The research has been particularly challenging for the following reasons:

- **Definition of material cultural heritage:** in Europe, there is a common understanding that (material cultural) heritage is what is considered worth preserving and transmitting to future generations due to its heritage value, such as archaeological, historical, architectural, or aesthetic value. Each country/region, however, outlines its own set of criteria and processes to designate MCH by cultural heritage laws which reflect national or regional traditions. For the purpose of this study, a common *operational* definition of MCH was needed to ensure comparability of data. The approach taken for this research was to ensure a wide scope of the definition to fully capture what people and communities consider having heritage value (which is sometimes larger than what is labelled as such);
- **Elaboration of the theoretical and methodological framework:** the conceptual and methodological challenges of calculating the economic impact of MCH particularly relate to the difficulty of mapping all the links between MCH and various economic activities/sectors as well as the availability/comparability of data across countries/regions. Desk research carried out during the inception phase showed that the majority of the studies assessing the impact of MCH are limited in both geographical and thematic scope. Several studies tend to focus on stand-alone heritage sites (such as cathedrals and castles) specific regions/countries, or alternatively on a particular economic sector (e.g. tourism or real estate). One clear limitation of such approaches is that their results cannot be generalised. Consequently, one of the main goals of this study has been to develop an agreed theoretical framework defining the economic activities and sectors on which MCH has an impact as well as the methodological framework describing how to determine the impact MCH has on these economic sectors, including relevant indicators;
- **Data availability:** a key challenge has been to isolate heritage within broader statistical categories. As an example, we refer to the current classification systems for economic activities (NACE) and occupation (ISCO) which are currently not adapted to capture the full contribution of cultural heritage to the economy (e.g. archaeology is not included in these frameworks); and
- **Engagement of relevant stakeholders:** the collaboration with the relevant stakeholders has been challenging for the data collection, especially since much of the available data is dispersed across many different categories of stakeholders (e.g. NSIs, heritage organisations, industry associations, etc.).

5 Main Results

The box below presents the total impact of MCH in stakeholder countries/regions in 2016 (both in numerical values and as relative values, i.e. as share in the total business economy and total services economy).

Total impact of MCH in stakeholder countries/regions, 2016

- **Employment:** 549,003 Full Time Equivalent;³
- **Turnover:** EUR 83,985.4 million;
- **Gross Value Added:** EUR 32,445.6 million;⁴
- **Value of volunteering:** EUR 171.2 million; and
- **Public expenditure in the heritage sector:** EUR 447.9 million.

Comparing the impact of Material Cultural Heritage to the wider economy:

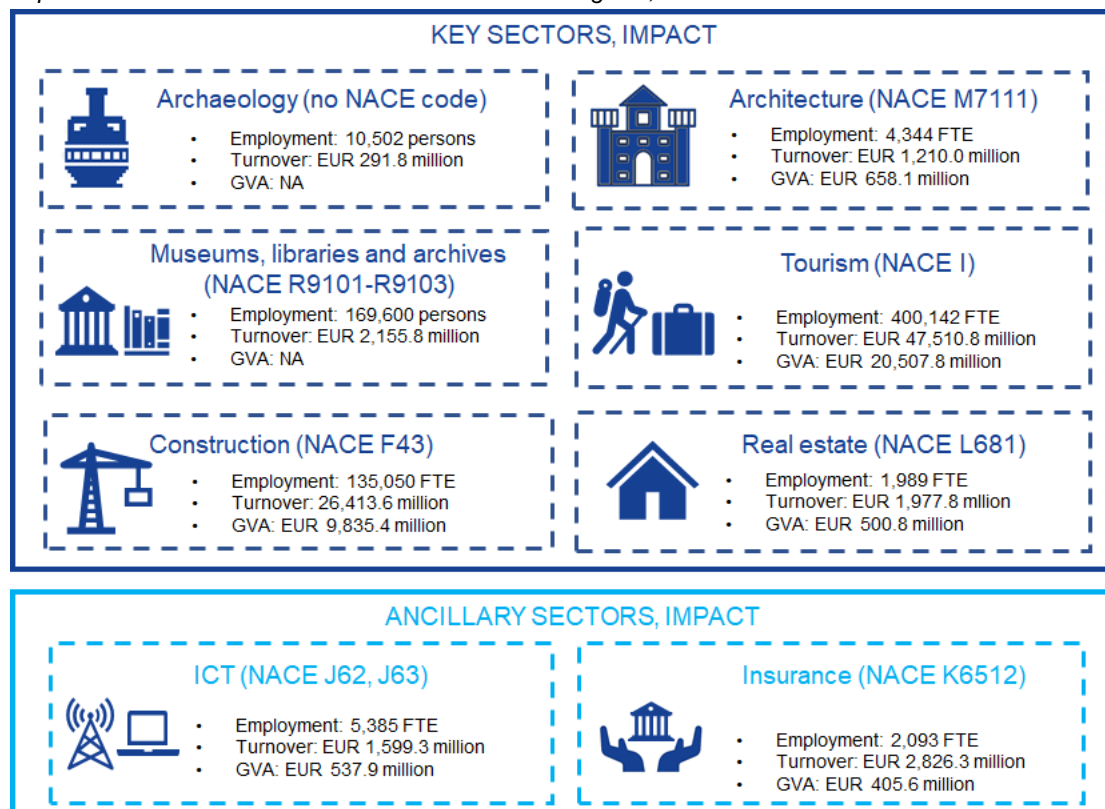
- **Employment:** 2.1% of the total business economy except financial and insurance activities and 5.0% of the total services economy (NACE codes H-N and S95), similar to the contribution made by the entire subsectors of support activities for transportation, cleaning activities or private security activities;
- **Turnover:** 1.0% of the total business economy except financial and insurance activities and 4.0% of the total services economy (NACE codes H-N and S95), similar to the contribution made by the entire subsectors of support activities for transport, legal and accounting activities or wired telecommunication activities;
- **GVA:** 1.6% of the total business economy except financial and insurance activities and 3.4% of the total services economy (NACE codes H-N and S95), similar to the contribution made by the entire subsectors of activities of head offices, engineering activities and related technical consultancy or business and other management consultancy activities.

Source: elaboration of the service provider (2019) based on national databases and Eurostat

The figure below summarises the impacts related to MCH in all stakeholder countries/regions per sector/activity in 2016. More details on the exact calculations and full results can be found in Section 4 of the Main Report. The figure shows that the main impacts are coming from two sectors: tourism and construction. A clear picture is provided on the impacts on the turnover, more than for the other impact indicators, as there is comparable data for all sectors/activities.

³ In addition, there were 180,102 persons employed in archaeology and museums, libraries and archives. Because of lack of data availability, these persons cannot be expressed in terms of Full Time Equivalent.

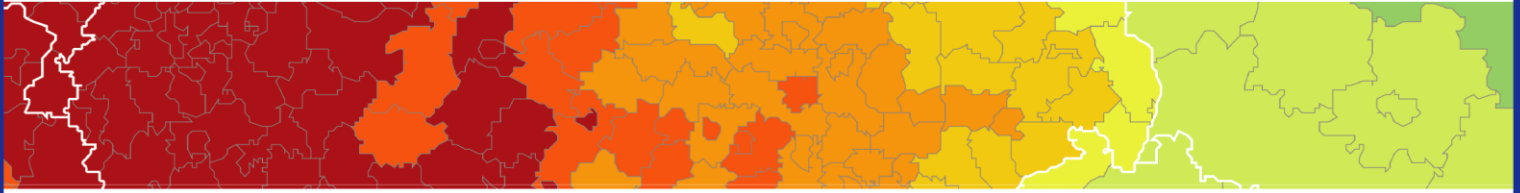
⁴ Because of lack of data availability, it was impossible to estimate the Gross Value Added of archaeology and museums, libraries and archives.



Source: elaboration of the service provider (2019) based on national databases and Eurostat

These key findings demonstrate the importance of MCH for territorial development. Beyond its intrinsic value, MCH matters in economic terms as it fuels locally rooted employment and generates economic activities. In addition, the study proposed a monitoring system to gather data and calculate impact more optimally going forward in the future.

⁵ Employment figures for archaeology are from 2014.



ESPON 2020 – More information

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