

D.T3.3.4 - THE MODEL FOR FINANCING OF CULTURAL HERITAGE IN LJUBLJANA URBAN REGION

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Executive Summary

Cultural heritage represents an important pillar of social capital. In addition to its cultural note, it is also the driving force of promotion of economic development and social cohesion. Cultural heritage can be used as a hub for cultural and creative industries, as support for sustainable tourism; it can help attract talent and provide a favorable environment for job creation and thus increase employment, social inclusion and quality of life in general. Consequently, it can strengthen local and regional competitiveness.

It is not integrated merely in cultural policy but also in other public policies and programs related to regional development, agriculture, environment, energy and climate change, education, research and innovation, cohesion, etc. Cultural development intertwines with general social, economic and environmental development. At European level, cultural heritage is recognized as a strategic asset for sustainable development.

Cultural heritage is a bridge from the past to the future and plays an important role in building a more connected, peaceful, and democratic society. Its preservation and sustainable use promote human socio-cultural development and improve the quality of life. Preservation of cultural heritage contributes to the attractiveness of destinations in the region by giving them a unique identity.

Cultural heritage contributes to the quality of life, it is important in promoting education in lifelong learning, it contributes to improving the understanding of history; it promotes a sense of civic pride and belonging, and personal development; it provides a framework for cooperation and inclusion, promotes integration, and thus contributes to social cohesion.

Preserving the value of cultural heritage is an economic challenge in which the aspect of investments in infrastructure (its preservation and restoration) represents only a part of the required total investments. To decide which combination of measures is most suitable for financing an individual entity or the cultural heritage program is based on several factors. There is no universal answer - for each individual case, it is necessary to find an appropriate, optimal combination of instruments that affect the types of entity, the environment in which it is mixed, ownership-management relations, etc.

The study of the model of financing of cultural heritage in the Ljubljana urban region deals with possible and appropriate ways to finance the activities of cultural heritage operators in the Ljubljana urban region in terms of providing the most efficient, innovative, attractive ways or activities that would encourage the wider involvement of various actors and visitors in order to preserve the contents of cultural heritage with a sufficient amount of financial and non-financial resources for its long-term preservation, popularization and development.

The main challenge was to design the model for financing Cultural heritage buildings and their operations in such a way that various types of cultural heritage owners and operators can find suitable option for their specific market situation. Cultural heritage buildings are different in terms of their size, geographic location, heritage content and other specifics. All these are influencing their options for increasing revenues and finding the optimal financing model.

The financing model tool presents various options that owners and operators of Cultural heritage entities can take into consideration and prepare their own tailor-made model.

The model is based on a Matrix that takes into consideration different sizes of cultural heritage, different types of cultural heritage background and content and allocates potential revenue sources to each category. The revenue sources are grouped into categories and include from standard to innovative types of revenues, using traditional approaches and modern technology related activities for revenue generation.

The model was developed based on ForHeritage findings till date and analysis of cultural heritage best practices in Europe with experiences on other projects of the implementing consultant. The model has a significant transnational added value. Its base is the matrix that can support very different cultural heritage buildings in different countries across Europe.

The study has identified various possibilities for revenue generation in cultural heritage sector in Ljubljana urban region, such as: programme based revenue (e.g., space renting, thematic events); revenue based on selling miscellaneous items related to the content (souvenirs, own products, business gifts, publications); tourism and hospitality related revenue (accommodation, catering); community building related revenue (annual tickets, memberships); donations (public, private, PPP, charity, philanthropy, auctions, etc.); sponsorships (general sponsorships, program content, sponsor events); EU & national financial schemes (individual projects, consortium projects); digital/online financing (crowdfunding, digital campaigns, website sponsorships, NFTs, AI/VR/AR applications).

Within the framework of the presented study, additional aspect has been identified as utmost important for revenue generation in relation to provision of the most efficient conditions for daily operations of the respective organisations: the aspect of ownership and management.

Operators of cultural heritage and/or the institutions in charge of them are usually public entities at the local or national level. The study is based on the assumption that their basic care and responsibility is focused on provision of appropriate infrastructural conditions, which are the basis for the operation of the subject of cultural heritage, whereas on the other hand, the content aspect of the preservation and presentation of cultural heritage, is the core responsibility of the cultural heritage entity themselves. Identification of potential ways and resources for financing cultural heritage entities was focused mainly on the content part, however.

In practice, the view of cultural heritage entities can be observed not only from the point of view of basic distinguishment with infrastructure on one side and the content part on the other, but also from the point of view of the operational facilitator of both aspects. If the infrastructure part is somehow taken for granted to be handled by the owners of a cultural heritage entity themselves (usually public ownership), the owners can either keep the implementation of the program part in their hands, or this part can be transferred to another entity - a subcontractor (company, association, institute). In this case, it is crucial how the involved parties regulate ownership and management relations, i.e., how to delineate responsibilities for the implementation of individual activities, providing financial resources for them and, last but not least, sharing the acquired financial resources. There are several models for this, including public-private partnerships, subcontracts, leases, etc. The various available models allow the delineation of responsibilities and funding between the two in the most appropriate way according to the specifics of each case (based on the type or nature of the cultural heritage entity, content or program options, size of an organisation, target audience, geographical focus and other factors).

A specific study to define which method or managing program works for individual cultural heritage entities would be needed to be in a position to give a final answer on the adequacy of the regulation of ownership-management relations in individual cases, taking into account all key factors. There are no universal answers for making such decisions, there are only recommendations, which must always be supported by more detailed analyses in order to make a final decision.

On one side the set of different aspects of cultural heritage and consequently the entities that manage is diverse; on the other, there is also diversity and richness in different options for its financing.

Primary criteria for decision about suitability of an individual method of financing the cultural heritage organisations is the content activities that reflect the nature, and characteristics of an individual entity. The next important aspect is geographical location of the entity, as the possibilities and opportunities can be quite different if it is located in a densely populated urban environment or a rural environment. A significant factor in the assessment is also the size of the entity and its initial infrastructure capacity, which represents the spatial framework and consequently the substantive framework for the realization of various of the above activities and the resulting funding opportunities. Last but not least, the orientation of the owner the entity of cultural heritage or its susceptibility to the introduction of various conventional and unconventional methods of operation, which are the starting point for potential new or additional sources of revenue.

The decision on the introduction of an individual presented method or a combination of several identified potential ways of financing cultural heritage entities is to be made by key stakeholders in each of the individual target cases. All presented methods reflect possible guidelines or a set of potential measures that can be applied, however they are not

universally applicable and transferable to all environments or in all entities of cultural heritage. When assessing the inclusion of individual methods in the model of financing related to an individual organisation of cultural heritage, it is necessary to take into account the specifics that characterize each specific case.

The study is prepared as a handbook or guideline for cultural heritage owners and operators. Due to the innovative approach and matrix format, the content is easily transferrable to very different territories because it gives the basis for cultural heritage owners and operators for the identification of best possible combination of measures for increasing revenue sources. The modular set-up of the model and if considering the approach, enable that it can serve as a guideline for a wide range of potential stakeholders, also modern museum buildings or other cultural heritage related venues.

The beneficiaries of the tool are cultural heritage owners and operators, as the model is opening questions about how to manage cultural heritage and offers practical solutions on revenue generation. The expected effect of applying the tool is in better utilization and monetarization of cultural heritage in the respective Ljubljana urban region, and the possibility to transfer the lessons learned to other regions as well.

The most important lesson from the implementation process is the conclusion that cultural heritage is very differentiated and that a unified model of financing cannot be prepared. However, the tool provides the baseline for owners and operators to make the best decisions in their management.