

WORK PLAN FOR CULTURE 2019-2022

WORKSHOP ON ALTERNATIVE FUNDING FOR CULTURAL HERITAGE

CONCEPT PAPER

DRAFT 1- 25 MAY 2020

I. Subject matter/defining “alternative funding”

The Work Plan for Culture 2019-22 invites the Commission to organise workshops in order to identify new sources of funding for cultural heritage and transferable best practices in order to promote its economic sustainability (see: WP extract at the end of this note).

The Work Plan for Culture 2019-22 does not provide any definition of “alternative funding for cultural heritage”. It can be broadly understood as financial schemes and means, be it public-private or private, which are complementary to the public support at regional, national and EU level (grants, subsidies, public investments in infrastructures, sponsorship, etc.).

In its Conclusions on cultural heritage as a strategic resource for a sustainable Europe (2014), the Council calls on the Member States and the Commission to:

“14. where possible, improve access to funding, make full use of available programmes for the public and private sector, and encourage investment in cultural heritage as a part of integrated strategies for sustainable local and regional development within available national and EU programmes, as well as within the EU Structural Funds in accordance with partnership agreements;”

The Council conclusions on creative cross-overs (2015) mention:

“innovative financial instruments tailored to the needs and specificities of the sectors, such as creative innovation voucher schemes, seed funding, crowdfunding, loan guarantee mechanisms, risk capital funds (such as business angels and venture capital) and repayable contributions”. Given the specificity of the heritage sector, not all of them can be used for cultural heritage.

The Open Method of Coordination [report](#) (2015) “Towards more efficient financial ecosystems: Innovative instruments to facilitate access to finance for the cultural and creative sectors” is the most recent and relevant publication focusing on alternative source of finance for culture, including for cultural heritage. It has been an important reference and source of examples in this paper.

II. Preliminary typology of alternative funding schemes for cultural heritage

Public finance sources remain the most used form of financing in the cultural heritage sector. Private investment for cultural heritage can take the form of **direct investment, including loans, public-private partnerships, sponsorship, corporate giving, patronage donation and fees from corporate use and hospitality. Other sources also include lotteries, the establishment of limited liability companies, and crowdfunding.** An overview of each scheme is given below, as is discussion of tax incentives, which are a public subsidy, but the issue is inextricably linked.

1. Sponsorship

In its most general form, sponsorship refers to support with returns, in which the sponsor receives something in return for his or her support, either directly or indirectly. Sponsorship is the payment of money by a business to an arts, heritage or museum organisation with the explicit objective of promoting its name, its products or its services. Sponsorship is part of a business' general promotional spending and may be part of corporate social responsibility. It is usually deductible as a business expense, within certain legally defined limits.

Corporate Social Responsibility is a type of international private business self-regulation that aims to contribute to societal goals of a philanthropic, activist, or charitable nature by engaging in or supporting volunteering or ethically oriented practices. Many European enterprises, be it in the telecommunications, automotive or chemistry sector, set up dedicated foundations, which support cultural and social activities. The potential of supporting the tangible and intangible cultural heritage should be further exploited.

Example from the OMC report on access to finance (2015): the sponsorship agreement for Coliseum (Italy):

Mibact and the municipality of Roma signed a sponsorship contract with Diego della Valle Group (Tod's) in 2011 to realise specific restoration projects and set up new infrastructure (a visit centre) inside and outside the Coliseum, the most important monument in Italy with five million tourists per year. It is the first Italian example of a sponsorship agreement that includes a public/private partnership and project-financing scheme with a private contribution of EUR 25 million. In return, Della Valle Group has exclusive use of the royalties on the Coliseum for 15 years.

2. Corporate giving and donations

Donations are considered to be one-sided business transactions, from which the donor expects no direct benefit. Reasons to donate are therefore moral and not economic. Two forms of donations can be distinguished: 'pure' donations, in which the donor stays anonymous, and 'public' donations, in which the donor is publicly announced, and receives indirect benefits from the promotion of his name in public. In some environments the subcategory of patronage provides support with some return. Donations can be individual, corporate or channelled through grant-giving bodies.

Example from the OMC report on access to finance (2015): Prométhea (Belgium/Wallonia)

Prométhea aims to develop corporate philanthropy and patronage for culture and heritage. It facilitates exchanges between different sponsorship actors from political, economic and cultural spheres, and support to businesses in their patronage strategy. Its objective is to increase the number of contributors to and resources for patronage, mainly in Belgium, while also being a player in European discussions in this area. Prométhéa is active in various sectors and receives public financial support from the Wallonia region and the Brussels region, as well as from private companies. Thanks to this support, Prométhéa has been contributing to the development of business sponsorship for over 25 years. <http://www.promethea.be>

3. Lottery funding

Lottery funding has been used extensively to support heritage. Following the example of the UK, in 2018 the French government launched a national heritage lottery to support the restoration of some iconic local heritage sites (EUR 20 million was collected that year for the restoration of 18 sites).

In Germany, one third of the income from the Glucks-Spirale television lottery is given to the Deutsche Stiftung Denkmalschutz foundation raising EUR 15 million or more per year for built heritage.¹

Since 1997 in Italy, every three years, circa EUR 500 million of lottery funds is reserved for the Ministry of Cultural Heritage and allocated for a wide range of heritage projects across Italy related to the recovery and preservation of cultural heritage, archaeological, historical, artistic, archival and librarian, as well as for restoration of landscaping and cultural activities. For example, the ex-Convento di Sant'Antonio, received circa EUR 2 million from the Programma Triennale Lotto 2007-2009. The Pantheon in Rome and the Greek theatre in Syracuse are other examples of cultural sites funded.²

In Ireland, in 2019, the Arts Council, the Heritage Council and Irish Language Support Schemes were all partly funded by the Irish National Lottery scheme- circa EUR 86.7 million

Lottery funding supports public well-being projects including heritage, or is used to supplement existing public funds. In France, "[Mission Stephane Bearn](#)" is a public private partnership which relies in first place on the funds of the Lottery "Fonds de jeux".

4. Loans for heritage funding

Loans for heritage investment can be provided by ethical banks. An example is [BancaEtica](#), which operates in Italy and Spain and finances only projects, companies and organisations that are capable of producing social and environmental value, including cultural heritage.

Banca Etica is supporting projects that contribute to community well-being, including cultural heritage.

5. Crowdfunding

Crowdfunding has been providing alternative finance for heritage by leveraging sponsorship from non-traditional individuals and groups. It can also be used to encourage the contribution of non-financial donations of time or expertise on a voluntary basis. Research shows that crowdfunding has a primarily local reach, and the majority of funders live less than 50km from the project supported.³

The start-up [Dartagnans](#) was founded in 2015 and provides a platform for crowdfunding for heritage projects, donations often exceed the amount sought⁴

Example from the OMC report on access to finance (2015): Restoration works of the Duomo di Milano

International Patrons of Duomo di Milano Inc. is a newly incorporated American public charity, founded in 2014. Its aim is to fundraise and provide financial support for the Duomo di Milano in Italy. It aims to raise international public awareness about the needs of the Duomo di Milano by collecting donations to support the conservation, restoration and valorisation of this cathedral.

The charity raised over USD 160 000 (EUR 150 000) between 2014 and 2015 (far exceeding its initial goal of USD 150 000) through a crowdfunding campaign on ForItaly (www.foritaly.org), an Italian

¹ Council of Europe, Funding the architectural heritage: a guide to policies and examples (Strasbourg, 2009).

² https://www.beniculturali.it/mibac/opencms/MiBAC/sito-MiBAC/Contenuti/MibacUnif/Comunicati/visualizza_asset.html?id=29520&pagename=224

³ Crofts, Sara, 'Crowdfunding for Heritage,' *Heritage Times*, 15 Nov., 2017.

⁴ <https://dartagnans.fr/>

crowdfunding platform exclusively dedicated to support Italian cultural heritage. In particular, for this campaign opted for a reward-based model.

The funds raised were used to support the continuous restoration works of the Duomo di Milano and the safeguarding of the spire dedicated to Saint Frances Cabrini.

This campaign was particularly innovative and exemplary, being the first campaign held in the USA for this cultural institution. A unique trait that made successful this project was the fact that it involved a significant number of backers online and, at the same time, some big donors and philanthropists off-line. The project was also supported by the National Italian American Foundation.

All donors were rewarded with an 'Italian experience', ranging from a small object or an Italian gourmet product, to unique services or an exclusive tour of Milan.

The campaign was a ground-breaking and successful way, not only to finance the restoration works of the Duomo di Milano, but also to develop and cultivate a committed network of international supporters worldwide, thanks to the online activities.

<http://www.duomopatrons.org>

6. Philanthropic funding

The **European Foundation Centre** coordinates philanthropic activity across a number of thematic areas, including arts and culture. It facilitates networking and capacity building among philanthropic organisations. It also acts as a contact point with key actors at European level, including EU institutions, and maps philanthropic funding of arts and culture in Europe.

According to a [study](#) "Arts and culture at the core of philanthropy" published by the EFC in 2018, a significant percentage of the philanthropic budget in Europe is spent in the arts and culture sphere, including in the field of cultural heritage (ca 16% of the art and culture sphere).

Recent example in the context of COVID-19: Culture of Solidarity Fund (European Cultural Foundation)

The Culture of Solidarity Fund was kicked off by the European Cultural Foundation (ECF) in April 2020 in response to the COVID-19 crisis. It is designed as a philanthropic, public-private partnership initiated by the ECF but to be scaled with contributions by philanthropic, public and private donors. To start operations immediately the ECF is providing an initial start-up funding of EUR 1 million for 2020.

The Fund will support creative initiatives and ideas that respond to the corona crisis and its aftershocks through a culture of solidarity. It will:

- expand the notion of Europe as an open, inclusive and shared public space for all, in times of restrictive, national-focused measures and crisis management;
- express and act in concrete solidarity with people, communities across closed borders;
- enable the sharing of experience, knowledge, skills, stories, ideas and resources of practical solidarity across Europe;
- sustain people-to-people interaction beyond European borders when travel restrictions and social distancing are keeping us apart;
- maintain cultural life and social experiences with a European outreach in times of lockdown;

- prepare the ground for a cultural revival of the European idea and project after the crisis.

7. “Revolving funds”

“Revolving funds” are structures frequently acting in cultural heritage preservation. They can be described as pools of capitals from which the revenues are reinvested into a specific activity and can be compared to the French “[fonds de dotation](#)” created in 2008. The Fonds de dotation is a non-profit moral person of private law. It receives and capitalises goods and rights of every types that are brought in a free and irrevocable way. It uses the revenues of the capitalisation in order to achieve a mission of public interest or redistribute them to assist a non-profit physical person in its general interest activities. A “fonds de dotation” can be used as a structure managing and financing a cultural property by a private person. For instance, “[Bateaux du Patrimoine](#)” manages historic ships and finances their restoration. Most of such funds are created by foundations or associations in order to finance more efficiently their activities.

8. “Building preservation trusts”

“Building preservation trusts” are another form of revolving funds that are mostly present in Great Britain, Ireland but also Switzerland. The Landmark Trust (Great Britain) is a charity created in 1965 that manages pools of capital. Thanks to its revenues, it rescued more than 200 historic and architecturally interesting buildings and their surroundings from neglect. Once they have been restored, the buildings are turned into places to stay for a holiday, which gives a new functionality to the unused building. Created in 2011, “[Pierres d’histoire](#)” is a tourism enterprise, offering locations in exceptional heritage places, and paying particular attention to the presentation of local heritage.

The Irish Georgian Society's Conservation Grants Programme is supported through the fundraising efforts of its London Chapter. Over the last six years the Society has supported over fifty significant conservation projects around Ireland including works to country houses and castles, thatched cottages and historic townhouses, architectural follies, and churches.

9. Limited liability companies

Numerous privately owned heritage assets are run as profit-making enterprises, while publicly owned assets also generate income through similar means: admission fees, tours, shops, hotel experiences, etc.

The [Hill of Uisneach](#), Co. Westmeath, is on privately owned property and is an example of a successful private enterprise, which engages the community and wider public with the archaeological heritage there. The main event organised is the “Bealtaine” Celebration held each May, which attracts locals and visitors from further afield.

10. Tax subsidies

Donations for the conservation of heritage assets or costs expended on repair are often tax deductible, as are donations to enable major acquisitions of important national heritage items. This represents a public subsidy. It would be useful to consider the role that this public incentive plays in encouraging alternative forms of heritage funding and therefore, whether alternative funding for heritage can develop beyond a complementary role to state subsidies, grants, and guardianship of heritage assets.

11. Public-private partnerships

The introduction of fiscal incentives, matching grants and the involvement of private companies in the management of cultural institutions can be used as tools to direct private support towards specific objectives. Matching grants would stimulate the involvement of more stakeholders. The policy of matching grants does not imply a reduction of public resources. If governments choose this form of financing cultural projects without reducing the total amount of public resources, the amounts available would increase. The number of projects could therefore also increase.

Example from the 2015 OMC report: Funding of galleries by means of purchasing art from public museums (Austria)

The art section of the Austrian Federal Chancellery provides funding for state and länder museums, earmarked for the purchase of art works from Austrian galleries. This innovative funding instrument improves the economic situation of the creative industries (galleries), is linked with art development objectives (supporting emerging artists' entrance onto the market), and can only be used by museums that also invest their own funds (private-public-partnership). The economic actors (the galleries) are not burdened with applications and other administrative work, which is also a clear advantage.

http://www.kunstkultur.bka.gv.at/site/cob_60340/8027/default.aspx#a23

The 7 Most endangered initiative

The **7 Most Endangered programme** (co-financed by the EU) was launched in January 2013 by Europa Nostra with the EIB Institute as founding partner and the Council of Europe Development Bank as associated partner. By identifying endangered monuments and sites in Europe, it mobilises public and private partners on a local, national and European level to find a viable future for those sites ("catalyst for action") and promotes "the power of example". It is supported by the Creative Europe programme of the European Union, as part of Europa Nostra's networking project 'Sharing Heritage – Sharing Values' (2017-2020)' (1 Sep 2018 - 31Aug 2019': EUR 250 000). The selection of the 7 Most Endangered heritage sites in Europe for 2020 was announced on 31 March 2020.

12. Heritage for Commercial Use

Heritage for commercial use is constantly evolving and flexibly adapting to provide important and attractive premises for a wide range of uses. Appropriate heritage assets can meet a growing demand for unusual and characterful premises. Commercial operators and businesses increasingly attach a premium to the uniqueness and authenticity that heritage sites can provide for product launches, corporate hospitality, photography shoots, weddings etc.

Annex 1: Work Plan for Culture 2019-2022

Topic:

Alternative funding for cultural heritage

Working methods:

Workshops hosted by the Commission

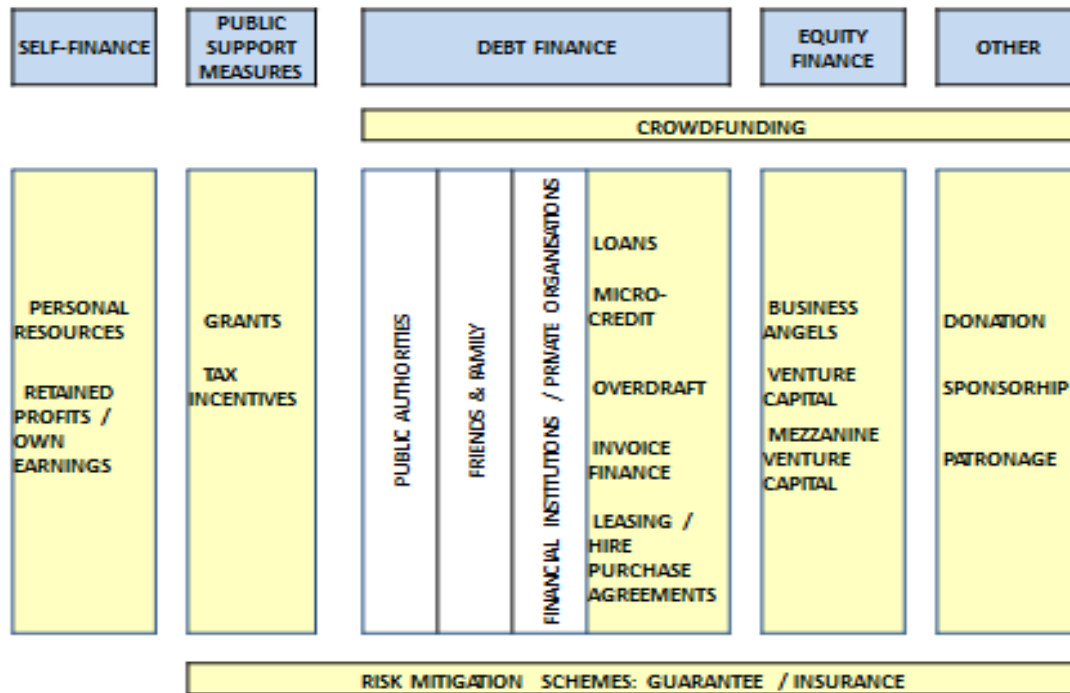
Rationale:

Due to the strong pressure on public budgets devoted to cultural heritage, alternative sources of funding are being developed, from public/private partnerships, to the involvement of lotteries and tax credit for donations. The role of foundations will also be examined in this context.

Target outputs:

The aim is to identify new sources of funding for cultural heritage and transferable best practices in order to promote its economic sustainability.

Annex 2: Overview of funding schemes for cultural and creative sectors (source: OMC report 2015: towards more efficient financial ecosystems of the CCS)



Useful resources

OMC report “Towards more efficient financial ecosystems: Innovative instruments to facilitate access to finance for the cultural and creative sectors (CCS) (2016)

<https://op.europa.eu/en/publication-detail/-/publication/f433d9df-deaf-11e5-8fea-01aa75ed71a1>

Council of Europe, *Funding the architectural heritage: a guide to policies and examples* (Strasbourg, 2009).

Crofts, Sara, ‘Crowdfunding for Heritage,’ *Heritage Times*, 15 Nov., 2017.

<https://www.efc.be/uploads/2019/05/Arts-and-culture-2018.pdf>

Websites

<https://www.bancaetica.it/>

[https://www.beniculturali.it/mibac/opencms/MiBAC/sito-](https://www.beniculturali.it/mibac/opencms/MiBAC/sito-MiBAC/Contenuti/MibacUnif/Comunicati/visualizza_asset.html?id=29520&pagename=224)

[MiBAC/Contenuti/MibacUnif/Comunicati/visualizza_asset.html?id=29520&pagename=224](https://www.beniculturali.it/mibac/opencms/MiBAC/Contenuti/MibacUnif/Comunicati/visualizza_asset.html?id=29520&pagename=224)

https://www.challenges.fr/patrimoine/dartagnans-cette-start-up-qui-vole-au-secours-du-patrimoine-culturel-francais_564004

<https://dartagnans.fr/>

<https://www.efc.be/>

<https://heritagefinance.org/>

<http://www.patrimoine-environnement.fr/une-nouvelle-plateforme-de-financement-participatif-dediee-au-patrimoine-culturelle-dartagnans/>

<https://institute.eib.org/whatwedo/arts/cultural-heritage/>