

Europa Nostra – EIB Institute

EIB Funding for Cultural Heritage

Professor Brian Field, UCL, EIBI

Gerry Muscat, Head of Division, Urban and Regional
Development, EIB

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Presentation outline

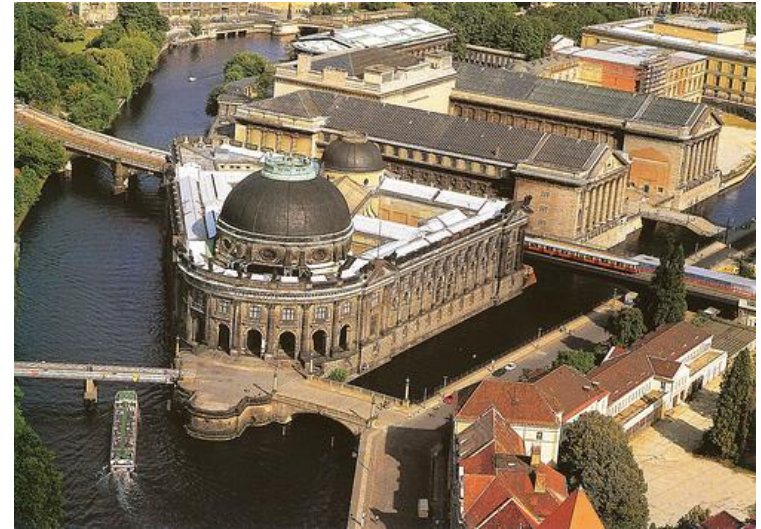
- Cultural infrastructure – relevance for urban development
- Financing approaches
 - Investment loans
 - Framework loans
 - EU Co-financing frameworks
- Economic and Financial Analysis
- Project examples
 - Warsaw Copernicus Science Centre
 - Wroclaw National Music Forum
 - Rouen Eco-quartiers Project
 - Manchester Eastlands – Sports as an Agent for Change
 - Medinas 2030 and Tunisia Medinas Programme

Culture and urban development

Cultural infrastructure can be



A stimulus for tourism



A driver for economic development



A world symbol to attract investors

Culture and urban development (2)

- BUT...
- How do we know that renovating a theater (Lublin) or museum (Bydgoszcz) like these is really worthwhile?
- How do we go about financing it?



EIB's tools for financing cultural infrastructure

Instrument	Examples of financing for Cultural Infrastructure
Investment Loans Direct loan for a specific investment project or programme, usually > EUR 100m	<ul style="list-style-type: none">• Loan to finance a single cultural building• Loan to a City to finance an investment programme including cultural infrastructure• Loan to a City to finance an urban regeneration programme including a cultural facility
Municipal Framework Loans Loan for a programme of investments meeting defined criteria but not finally prepared at time of signing	<ul style="list-style-type: none">• Framework loan to a city dedicated to cultural infrastructure• Framework loan to a city to finance a programme of small or medium investments, including cultural infrastructure upgrades.
Regional or National Programme Loans Investment in a fund	<ul style="list-style-type: none">• National framework for financing cultural investments• Framework loan to co-finance sustainable urban investments under a structural fund operational programme, including cultural infrastructure

The Theory: Economic benefits beyond the financial

<i>Project type</i>		Cul- tural heritage	Perfor- ming arts	Confer. and sports	Green areas
<i>Benefit/cost</i>					
Non-market impacts					
<i>Use benefit</i>	Consumer surplus	√	√		
	Educational value	√	(√)		
	External services	(√)			
	Recreational value				√
<i>Non-use benefit</i>	Option value	√	√		
	Existence value - local	√	(√)	(√)	
	Existence value - natl.	√			
	Bequest value	√			
<i>Economic costs</i>	Traffic congestion	√	√	√	
	Noise and air pollution	√	√	√	
Secondary economic impacts					
	Local user net spending	√	√	(√)	(√)
	National tourism exp.	(√)	(√)	√	
	Foreign tourism exp.	(√)	(√)	√	
	Lost turnover	√	√	√	(√)

The Theory: Economic Analysis Methods

<i>Benefit/cost</i>		Valorisation methodology/method
Non-market impacts		
<i>Use benefit</i>	Consumer surplus	Contingent valuation
	Educational value increase	Travel cost method
	Conservation work increase	Marginal cost less sales price
	Research increase	Benefits transfer (if any)
	Recreational value	Travel cost method
<i>Non-use benefit</i>	Option value	Stated preference
	Existence value - local	Hedonic pricing
	Existence value - national	Stated preference
	Bequest value	Stated preference
<i>Economic costs</i>	Traffic congestion	Benefits transfer
	Air and noise pollution	Benefits transfer
Secondary economic impacts		
	Local user net spending	Benefits transfer
	National tourism net exp.	Tourism statistics
	Foreign tourism net exp.	Tourism statistics
	Lost turnover	Tourism statistics/turnover data

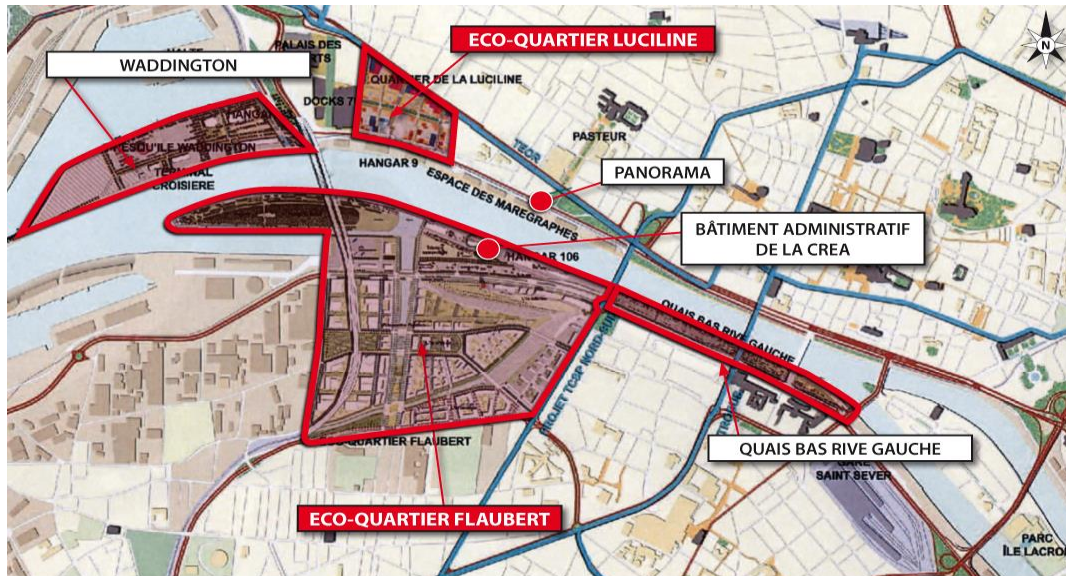
Practical Focus - Economic Analysis

- Economic benefits – Does the project benefit society
 - Cultural benefit – events/month, diversity of user base, number of users, catchment area population, uniqueness/complementarity
 - Education – students a major contributor to user numbers and economic benefits
 - Tourism benefits
 - Stimulus to wider urban regeneration
 - Social integration benefits
 - Re-use of existing sites
- Costs – Are the project costs reasonable?
 - How was cost taken into account in the architectural design/competition
 - Value engineering applied?
 - Cost per m2 reasonable?
 - Operating costs – security, cleaning, energy efficiency, utilities, staffing, maintenance
 - Operating cost savings for refurb / amalgamations
 - Traffic congestion
 - Waste management, air pollution
- Analytical approaches: Quantitative CBA, MCA, revealed preference...
 - Value – affordability: what value do citizens attach to the existence of the facility
- State Aid

Practical Focus: Financial Sustainability

- Is the capex financing plan clear and covered?
- Risks of cost over-runs, time delays impacting costs and revenues
- Opening year vs. “steady state”
- For a refurbishment, does opex go up or down?
- Are revenues covering operating and maintenance costs, and if not, why is this justified?
- If operating subsidies are foreseen, how are these managed, how large are they, how stable are sources?
- What share of City discretionary expenditure budget do opex subsidies take?
- Opportunities for cost recovery?
- Are ticket prices affordable? Is demand assessment realistic?

Investment Loan including Culture – Rouen ecoquartiers



Rouen eco-quartiers Flaubert-Luciline

- Remediation of port/ industrial brownfields
- Preparation of sites for mixed residential, commercial, public space, culture, leisure uses.
- Emphasis on sustainable mobility, near-passive energy municipal building, geothermal heating network



Manchester – sports stimulus to urban regeneration



Example of a priority area for urban regeneration: East Manchester

Note:

1. Almost the whole area is in 10% most deprived
2. Man City Etihad Stadium is in Eastlands...

Manchester – sports Agent for Change stimulus to urban regeneration

Etihad Stadium (not funded by EIB)

- Catalyst of “sport city”
- Stimulus to medical, sports, culture, science industries
- Financial and in-kind contributions from the stadium owners

Link to Beswick Community Hub (EIB funded via Municipal Framework Loan)

- Regeneration linked to sports city
- New school, community swimming pool, community-focused retail
- Tram link



Wroclaw National Music Forum – Investment loan under a Municipal Framework Loan

- EU grant + EIB loan co-financing
- Major new music facility grouping separate existing orchestras at a single new site
- Cost savings in operation
- Re-use of former sites for economic development
- High energy efficiency, innovative design



Wroclaw National Music Forum – Investment loan under a Municipal Framework Loan

- Flood protection near Vistula important
- Major construction delays but finished close to budget



- Operating support from city and national sources considered robust and affordable
- Detailed quantitative CBA but significant urban regeneration benefits not initially included

Warsaw Copernicus Science Centre

- EU grant application prepared with JASPERS support
- Strong education and research benefits



- Critical location to expand a new axis of the centre of Warsaw linking to the River Vistula
- Linked to an EIB-EU co-financed urban regeneration of the Vistula River front.
- Visitor numbers exceeded even high initial forecasts – major success.

Medinas 2030 – Culture and Integrated Urban Development in the Mediterranean south



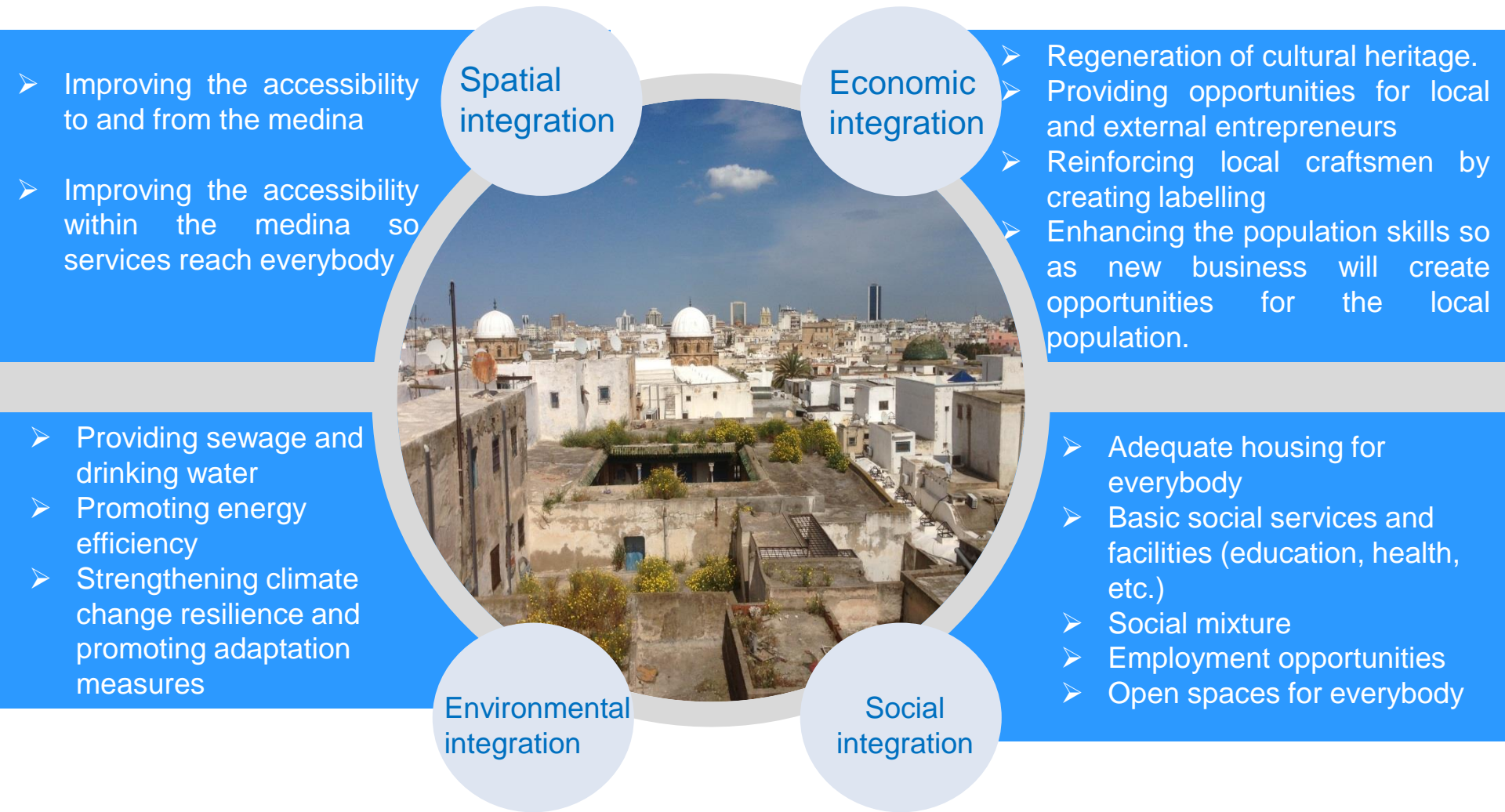
- Medinas 2030 – an EIB-CDC led initiative with the CMI
- Aims:
 - (1) to save a key cultural heritage under threat
 - (2) to improve the lives of the medina's citizens
 - (3) To realize the economic potential of the medinas
- Tools:
 - (1) Workshops held at the CMI
 - (2) TA study on investment challenges
 - (3) Framework Loan under preparation in Tunisia for 20 medinas

What is a Medina integrated project



- ❖ **An integrated project takes into account the different aspects of the medina:**
 - ❖ Spatial integration with the surrounding urban area
 - ❖ Economic integration deploying the human, cultural and entrepreneurial resources
 - ❖ Social integration of the population of the medina and the wider urban area
 - ❖ Environmental integration to strengthen the medina's resilience
- ❖ **An integrated project must be inclusive**
 - ❖ All stakeholders' opinions and needs must be considered
 - ❖ The stakeholders have rights and obligations
 - ❖ Horizontal and vertical consensus
- ❖ **An integrated project is sustainable**
 - ❖ Spatially sustainable: it needs coherent planning
 - ❖ Economically and financially sustainable: sustainable positive benefits and externalities including financial sustainability
 - ❖ Socially sustainable: social mixture
 - ❖ Environmentally sustainable: adaptable to climate change

What is a Medina integrated project



Financial sources

Framework loan/direct national financial sources/grants

- At national level for the rehabilitation and enhancement of basic infrastructures, certain listed buildings, social housing.
- Technical assistance for building up a solid Project Implementation Unit and support municipalities and ASM

Micro-financing with local intermediary banks / funds

- At the municipal level for municipal small schemes, social services infrastructure, social housing.
- At the individual level: housing and SMEs' projects.
- Technical assistance located in the municipality to support private investments in housing and business development.

Investment loans

- Investment loans if needed for the implementation of large municipal projects: public transport national or local financed



Grant co-financing

- For technical assistance, training, capacity building
- For key social and environmental components which are not revenue generating, to kick-start micro-finance lending



**European
Investment
Bank**

The EU bank

A circle of twelve blue stars, similar to the European Union flag, positioned around the text "The EU bank".