

## Heritage in a Time of Financial Crisis

### The Norwegian Crisis Package and Cultural Heritage; the what, why and how?

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## The Norwegian Crisis Package.

### The Crisis Package preparation and the position of the Cultural Heritage Authorities.

Prior to the vote on the package in Parliament a process had taken place inside the government administration. All Ministries had been asked to come up with proposals for projects to be financed. As part of the Ministry of Environment the Directorate for Cultural Heritage was involved in this process of selecting good projects and a number of projects were proposed.

Norway has experience from countercyclical measures during the economic downturn in the 80-ies. The experiences the Directorate for Cultural Heritage had gained through the administration of extraordinary unemployment funding at the end of the 1980-ies were important.

To mitigate unemployment in the construction sector the cultural heritage sector initiated 112 projects for employment. 600 people participated in works that otherwise would not have been executed. 3.750.000 Euro was invested.

These financing measures resulted in:

- Upgraded skills and knowledge among craftsmen; allowing them to work with historic houses afterwards and increasing their qualification allowing them a broader base for their businesses afterwards.
- Helped many of the craftsmen avoid further unemployment and to make a faster re-entry in the labour market.
- It allowed, at the local and regional authority level, "... to protect cultural heritage and solve important social tasks in the local society."
- Reports that the results of the extraordinary financing were surprisingly positive.
- The measures saved many important historic buildings.

After this, in the years 2001-2003 the directorate carried out a number of studies on the economic effects of the cultural Heritage. The conclusions, or the essence, of these studies were incorporated in the White Paper to the Parliament on a new cultural heritage policy<sup>1</sup>. A couple of years before the economic crises a major investment programme to foster the use of cultural heritage to generate values for localities has been voted by the government. The results of these projects were evaluated in mid term and the results considered very positive.

All this added up to a well documented economic impact, considerable project experience and proven results in the field (practice).

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<sup>1</sup> Stortingsmelding nr. 16. (2004-2005). Leve med Kulturminner.

## The Selection criteria and measures financed.

The packet was voted by Parliament on January 26th 2009. When considering the figures in the package it is important to remember that we are speaking of a country with (only) 5 million inhabitants.

The selection criteria for proposed projects were the same as for the measures to be included in the final packet. These criteria were:

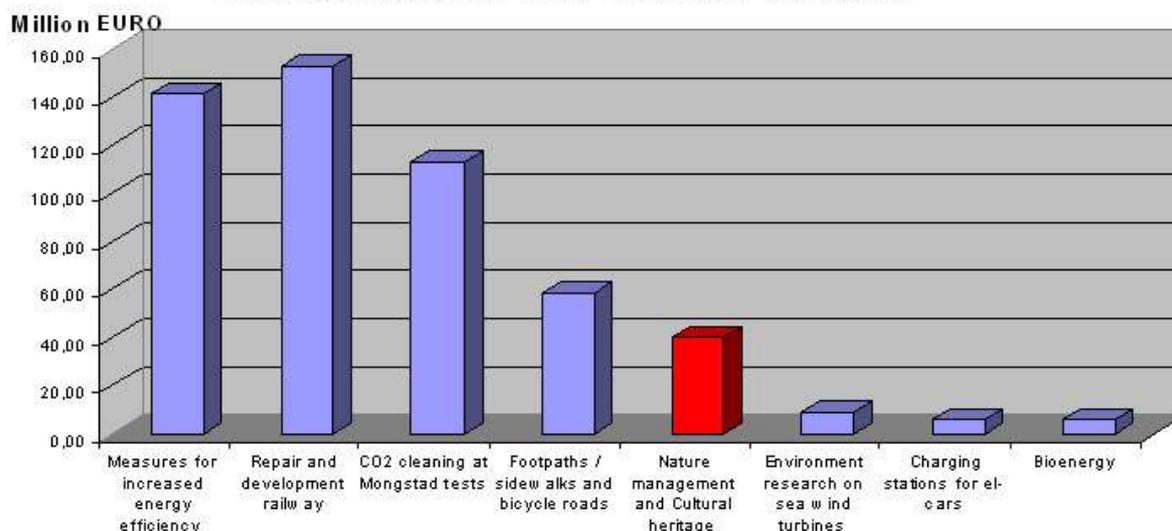
- The initiated measures must have a speedy effect on the labour market.
- The measures must have specific target objectives.
- The measures must be limited in time.
- The measures shall strengthen the Government in its policies for environment and (income) distribution.

## The crisis package – overview.

Crisis measures, Main elements in Euro	
Measures for increased energy efficiency	141 176 470,59
Repair and development railway	153 058 823,53
CO2 cleaning for tests at Mongstad	113 176 470,59
Footpaths / sidewalks and bicycle roads	58 823 529,41
Nature management and Cultural heritage	40 000 000,00
Environment research on sea wind turbines	8 823 529,41
Charging stations for el-cars	5 882 352,94
Bioenergy	5 882 352,94
	526 823 529,41

Illustrated graphically the repartition between the main posts looks like this.

Crisis package 527 mil. Euro, main elements.

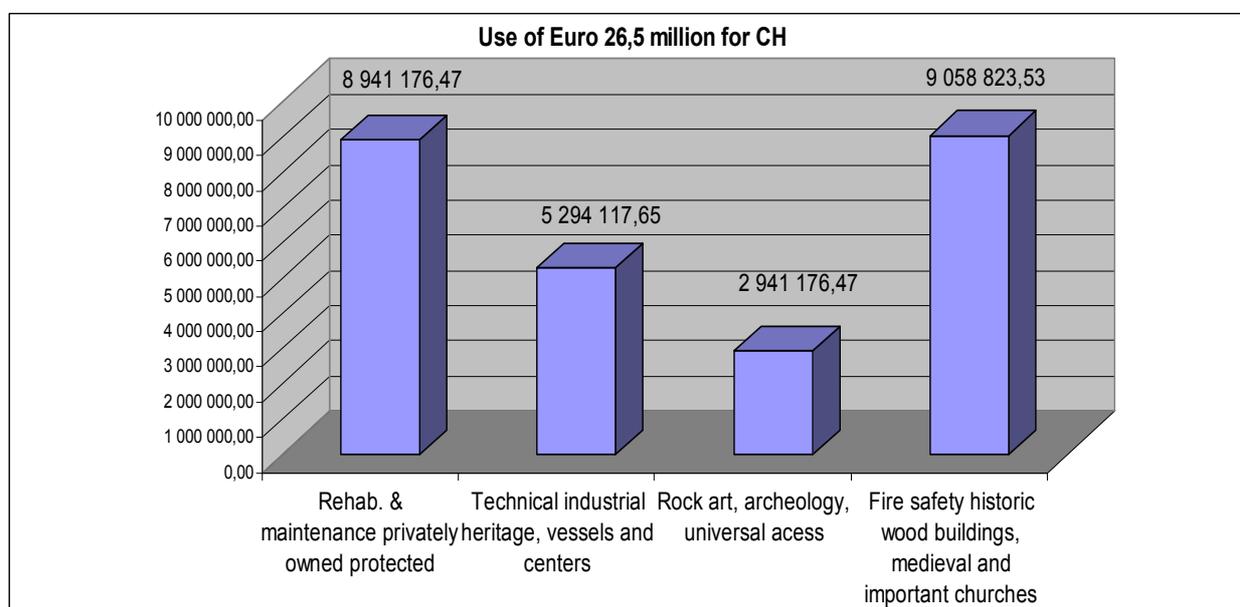


## Funding explicitly for cultural heritage and the Directorate.

Of the 40 million Euro to Nature management and Cultural heritage 26,5 million is earmarked for cultural heritage. The main elements in the cultural heritage financing are:

### Overview financing cultural heritage; in Euro.

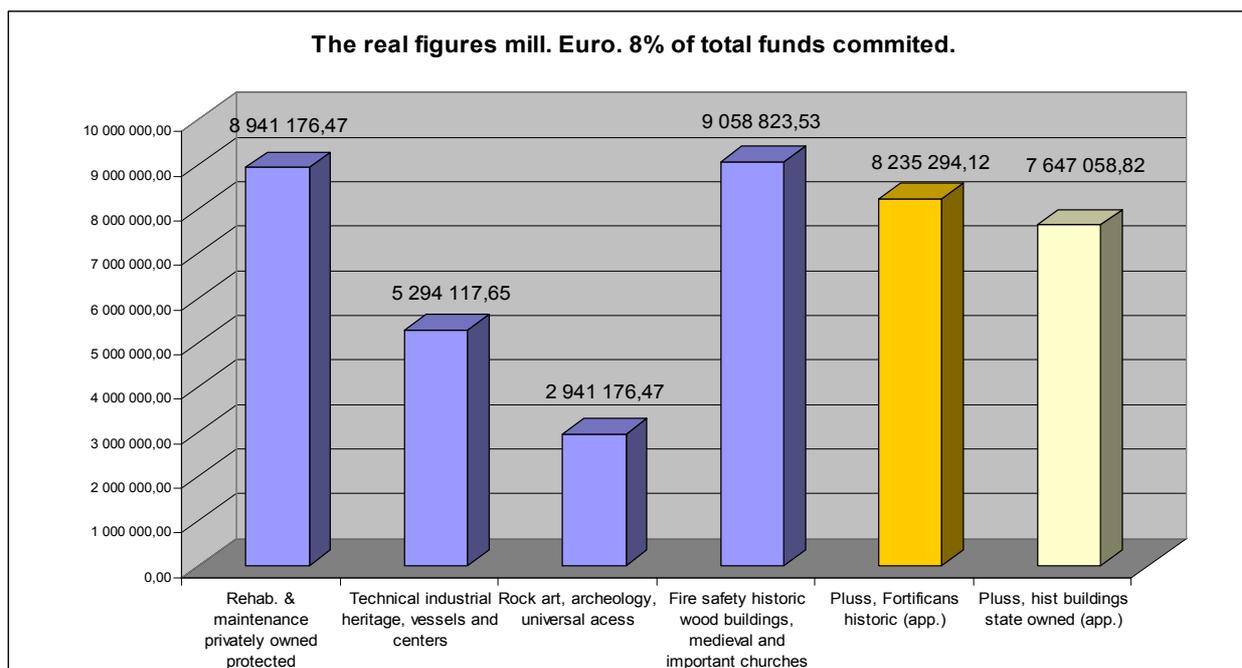
Rehab. & maintenance privately owned protected buildings	8 941 176,47
Technical industrial heritage, vessels and centres	5 294 117,65
Rock art, archaeology, universal access	2 941 176,47
Fire safety historic wood buildings, medieval and important churches	9 058 823,53



## But there is more. Funding over other parts of the package benefiting cultural heritage.

In the Crisis Package there are major funding allocated to the Government Property Agency, the Government Defence Property Agency and for the Regional & Municipal level. We know that important amounts of this funding will go the maintenance and conservation of major national fortifications and for historic buildings in State ownership. In addition the Regional and local administrations will use some of their allocated funding for maintenance of historic buildings (in their ownership). We assess that this funding, together, makes up app. 15 million Euro.

The real picture for the total funding of cultural heritage over the Crisis Package therefore looks like this.



<b>The real figures in Euro.</b>		
Rehab. & maintenance privately owned protected	8 941 176,47	
Technical industrial heritage, vessels and centres	5 294 117,65	
Rock art, archaeology, universal access	2 941 176,47	
Fire safety historic wood buildings, medieval and important churches	9 058 823,53	
Fortifications historic (app.)	8 235 294,12	
Historic buildings state owned (app.)	7 647 058,82	% of total
	<b>42 117 647,06</b>	<b>7,99</b>

## The rationale for funding cultural heritage in the Crisis Package.

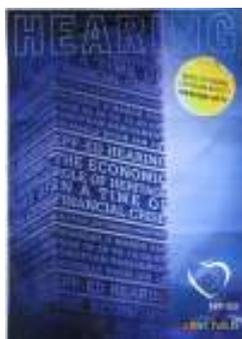
- Labour intensive, more than new construction.
- High multiplier effect; 1 direct job creates more indirect jobs than most other economic activities.
- Most of the funding goes to salaries, little investment in machinery.
- Most materials are of local origin and are processed locally.
- The invested money remains in the local economy.
- Projects are planned and can be started immediately.
- Assures work with historic houses afterwards; demonstrated broader income base for SME's when economy turns.
- Serves to upgrade artisan skills and secure the future for tradition based crafts and techniques.
- Necessary plans were ready and measures could be initiated quickly.

In addition to the figures above a substantial 'chunk' of the funding for energy efficiency measures will go to historic houses and the built environments. Energy efficiency measures

can reduce energy use in historic houses by 60-80% without jeopardizing the historic authenticity of the building.

## A Time of Financial Crisis – How to exploit it?

### The political backdrop.



The EPP-ED group in the European parliament makes the following statement after a hearing in the Parliament on March 5.

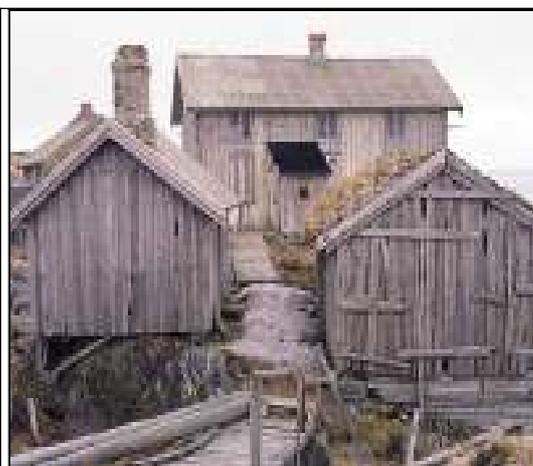
*“The EPP-ED Group will defend an increase of public and private investment in projects of protection and restoration of cultural heritage as a way to tackle the economic crisis because preservation of historic patrimony is a real source for creation of specialised jobs, stimulate local economies and attract foreign capital.”*

At this Hearing it was especially important to note the testimony of Dr. Edmundo Werna of the UN's International Labour Organization (ILO). Among his comments were the following:

*“The restoration of buildings, roads and other elements of the built environment with heritage value is a labour-intensive type of activity. Therefore, it has high employment content. According to the ILO, experience has shown that for the same level of investment in local construction, the use of labour-based technologies can create between two and four times more employment.*

*In addition, the use of labour-intensive methods promotes small and medium enterprises, causes the drop of foreign exchange requirements by 50% to 60%, decreases overall cost by 10 to 30%, and reduces environmental impacts.*

*It also implies the increased use of associated local resources. These may include locally available materials, tools and equipment, skills and knowledge, as well as finance. This reinforces the percentage of investment that remains in the country and often in the locality of the works, reduces the dependence on costly imports, and stimulates the local economy.” ILO, Dr. Edmundo Werna, Brussels March 5.*



FØR ISTANDSETTING  
Fremskredent forfall



ETTER ISTANDSETTING  
Ordinært vedlikeholdsnivå

## What do Cultural Heritage Authorities need?

So what do you need to enter a constructive dialogue for funding of cultural heritage in such times of crisis?

In this paper we just want to synthesise the main points, based on our experience.

### Need to have

- Projects; plans with cost calculated ready to be activated and with a short timeline(max 2 years.).
- Prioritised projects / heritage objects that will benefit from the plan,
  - Quantitative information on national or regional job creation; direct and indirect.
  - Post project effects substantiated<sup>2</sup>.
- Economic calculations and cases underpinning the rationale of investing in cultural heritage<sup>3</sup>.
- An administrative system that distributes the burden of managing extraordinary funds to the Regional and Municipal level.

### Beneficial to have:

- Updated knowledge of the maintenance condition of protected heritage stock.
- A monitoring system for continuous measuring of condition over time.
- Operationalised Political Objectives as to how the condition should be at a given time.
- A mandatory government reporting system for performance against objectives that reaches all major players (government, parliament, parties).

### Advantageous to have:

- Political (government, parliament, parties) support for object oriented policies; i.e. that means support for the objectives laid down.
- Communication and information activities that reach the public as well as the policy decision makers.
- Prior experience with handling employment creation projects.

## Developing the basis for a constructive dialogue. The Norwegian Case.

A system of management by objectives (MbO) was introduced for the whole environmental sector in 1998. In Norway the responsibility for the immovable cultural heritage is under the Ministry of the Environment. In the following 2 years the objectives were developed as operational indicators and the blueprint for the

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<sup>2</sup> Need to quantify how many jobs these projects create and to argue for the post project effect. Example is that craftsmen who have participated and learnt how to work with historic houses have widened their knowledge and therefore their business base allowing them in normal economic times to have a broader client base (expanded activity field).

<sup>3</sup> This would be economic case studies demonstrating earnings to society, comparative statistics with other business sectors to prove value-added (employment effect in other sectors like highway building, new building construction, etc.), case studies underpinning the Multiplier effect (direct to indirect jobs created).

necessary management system were drawn up. The blueprints for the management system included monitoring and measurements of the indicators on a national level and the development of a database to hold the information and allow for rational reporting.

One of the main indicators was the maintenance condition of the protected objects. Another was the loss of protection worthy buildings older than 1890. The political objective was that all protected and historic buildings should have a normal maintenance condition by 2020. The objective for protection worthy buildings was a loss of no more than 0,5 % pr. Year.

To support the maintenance objectives the following actions were initiated from 2001 to 2007:

- A Norwegian Standard for maintenance assessment was developed.
- A database, with regional access, was developed to host the object data and information on the maintenance condition.
- A national survey of protected houses was initiated to survey the maintenance condition was set up to cover all 5000 objects over a period of 5 years. This survey is now completed.
- A monitoring system for surveillance of the development of all the main indicators (5).
- A yearly report on the development of the maintenance condition and the financial needs to reach the political objectives is published yearly by us. This report feeds into a number of government publications and into the political decision system.
- A report on policies and how the policy objects are achieved is published in the budget paper to Parliament yearly, is documented biannually to Parliament in a special report “The Environmental Condition of the Kingdom”<sup>4</sup> and publicised on the internet yearly.
- In the yearly sustainability report of the yearly National Accounting by the Ministry of Finance, maintenance data of protected and protection worthy buildings – as the upkeep of these are part of the national wealth -.

On the political level a number of developments served to underscore the visibility and economic power of the cultural heritage sector.

In 2001 a Green Paper on a revised cultural heritage policy was presented to Parliament. In 2005 a White paper outlining the policy was adopted by Parliament. A number of important revisions were introduced by us and the Ministry. In this context

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<sup>4</sup> St.meld. nr. 26Regjeringens miljøpolitikk og rikets miljøtilstand(2006-2007)d

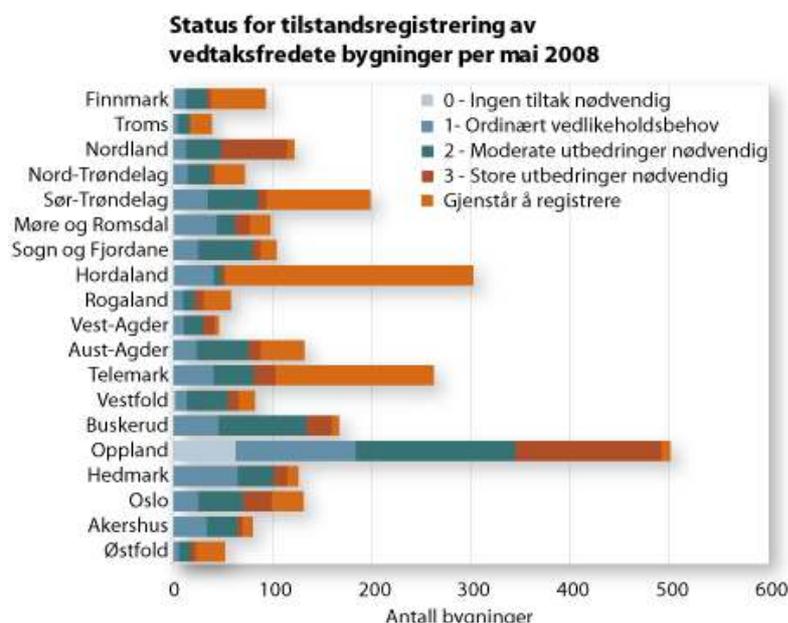
a couple of elements were essential for building the basis of a good negotiating position for receiving crisis money:

- Economic studies of the value of CH clarifying the income and the income recipients and documenting that investment in ch are (generally) beneficial to society and that these investments create a number of (economic) development incentives.
- Studies of the relative strength of the ch sector (compared to other sectors) to generate employment, income, the benefits to society by investment and it's importance for tourism and leisure economy.
- Yearly reporting to Parliament on the development the development direction of the maintenance backlog with specified costs and use of investments funds.

In summary we now possess relevant information and necessary communication channels to political decision makers. We have:

- Prioritised projects; plans with cost calculated ready to be activated and with a short timeline(max 2 years.). This results from a maintenance monitoring system and a yearly update on maintenance condition development with financial needs.
- Quantitative Information on national regional job creation; direct and indirect.
- Information on post project effect.
- Economic calculations underpinning the rationale of investing in cultural heritage.
- Knowledge of the maintenance condition.
- A monitoring system measuring condition development over time.
- Operationalised Political Objectives as to how the condition should be at a given time.
- A mandatory government reporting system for performance against objectives that reaches all major players (government, parliament, parties).
- Political (government, parliament, parties) support for object oriented policies; i.e. that means support for the objectives laid down.
- Communication and information activities that reach the public as well as the policy decision makers.

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Overview of maintenance condition protected buildings, by county. Norway.