

COST BENEFIT ANALYSIS FOR THE CULTURAL BUILT HERITAGE: PRINCIPLES AND PRACTICE

BACKGROUND

1.1 Origins

The Ministero dei Beni Culturali e Ambientali in Rome (MCB) has a programme and budget for financing a wide array of projects in Italy, including conservation of monuments. For funds to be allocated to projects there needs to be justification, including evaluation in cost benefit terms. This work is centred in the Nucleo di Valutazione Economica, headed by Dr Giuseppe Proietti.

Currently the perceived benefits of conservation relate only to tourism. Clearly they are wider. Accordingly the Ministry invited ICOMOS, through its International Economics Committee, to prepare a Report on the role of cost benefit analysis in the conservation of the cultural built heritage, and then its application to the work of reconstruction and development in the Regions of Campagna and Basilicata, which were damaged in the earthquakes of November 1980 and February 1981.

Ministry Functions in Conservation

The Ministry is concerned with conservation of the cultural built heritage in all the communes in Italy. For the purpose these spend their own money and also contributions from various government departments.

In the Law of 1975 the MCB was designated as the co-ordinator of all government spending on the conservation of the cultural built heritage. However, in practice this has not been implemented, so that the Ministry does not have the sole central function for the task of formulating policies and strategies for such conservation as a whole.

In its economic evaluation functions, the Ministry draws upon the general procedures for the appraisal of public investment in Italy (the FIO system). This was prepared by the Appraisal Unit for the Ministry of Budgets and

Economic Planning, in order to establish some uniformity in the collection and presentation of data for projects, as defined in Law 67/88. They also have available for guidance two Manuals relating to cost benefit analysis.{1}

The FIO system and the Manuals do not deal specifically with conservation of the cultural heritage. This leads to the prime objective of the Ministry for this study: to have a Manual which is specifically directed at cost benefit analysis in the conservation of the cultural built heritage, with the costs and benefits outside the well-explored field of tourism, which should be the basis for all economic evaluation in this field.

1.3 Ministry Objectives

The Ministry objectives were given in the Research Contract of July 1989 as follows:

"The study, complete with bibliography, notes of a general and specific nature, about the state of the knowledge and prospects in the indication of parameters and criteria of projects in the field of economics of conservation of the heritage of archaeology, architecture, the arts and historic centres of the regions, in Campania and Basilicata, which were damaged in the earthquakes of November 1980 and February 1981.

The study would have characteristics which are modular and reproducible, will be financed in the programme of the planning of an organic and integrated plan of the recupero and productive reinserimento of the cultural goods in the work of reconstruction and development of the areas that were damaged which have been declared as of prominent national interest in the Italian Parliament in the Law No.219 of 14 May 1981".

1.4 The Study Programme

In order to explore the issue, the study programme was agreed in three stages:

Stage 1 An international state-of-art review of current theory, principles and practice in the application of costs and benefits to the conservation of the cultural built heritage.

Stage 2 Apply the findings of Year 1 to actual projects in Campagnia and Basilicata, working with the Ministero.

Stage 3 Using the previous work to provide technical reports relating to the issues under study, including material for a Ministry Manual for general application.

1.5 Terms of Reference for Year 1

Year 1 Research and related report - with one specific and one general bibliography - on the international situation of the theories, and of the practical and theoretical principles, within the application of methodologies of cost-benefit analysis to the intervention for the conservation of the cultural built heritage.