

# A Business Plan for the Buzludzha Monument

Mario Aymerich

## Foreword

The Preamble to the Treaty on European Union states that the signatories draw “inspiration from the cultural, religious and humanist inheritance of Europe” and requires the EU “to ensure that Europe’s Cultural Heritage is safeguarded and enhanced”. Europe’s cultural heritage is the world’s most diverse and rich patrimony that attracts millions of visitors every year to monuments, historical city centres, archaeological sites and museums. Moreover, this heritage is an important component of individual and collective identity. In both its tangible and intangible forms, it contributes to the cohesion of the European Union and plays a fundamental role in European integration by creating links between citizens.

Nevertheless, the rehabilitation and restoration of monuments and sites still has considerable potential for creating new jobs, and greater demand for nature and cultural tourism may create new markets. Sustainable tourism also creates locally based enterprises. At the same time, it is of vital importance to protect and secure the cultural and natural heritage from being damaged by conflicting commercial development.

The “7 Most Endangered” programme was launched in 2013 by Europa Nostra with the European Investment Bank Institute as founding partner and the Council of Europe Development Bank as associated partner. It is supported by the Creative Europe programme of the European Union. Regularly (every year nowadays) a new list of 7 Most Endangered heritage sites in Europe is published for their assessment, which is carried out by multidisciplinary teams of heritage and financial experts that undertake rescue missions to the selected sites and help formulate a feasible action plan for each of them.

Under this programme, the technical report corresponding to the assessment of the Buzludzha Monument was issued in November 2018. Among the most relevant conclusions, the report mentions:

- The Monument is currently in very bad condition. The purpose of this project is the recovery of the Monument: first, to return it to a safe condition, and then to bring it back to life by offering the possibility to organise different types of events.
- The primary target of the project is to convert the Monument into a multi-purpose venue free from any political agenda. It is very important that a team consisting of both experts and stakeholders is created in order to confirm this target and identify future uses.

- A feasibility study and several technical studies need to be carried out in order to fine-tune the final design to be implemented, as well as to estimate the investment costs required for the construction, operation and maintenance of the Monument.
- A complete Environmental Impact Assessment should be carried out. The recommendations generated by this process then need to be put into action under the responsibility of the corresponding authority.
- A comprehensive business plan should be developed in order to assess future sustainability. It should be carried out with the participation of international experts and involve a multidisciplinary team.

## The business plan

In order to verify the viability of the project, the report states that it is necessary to prepare a sound business plan, which should incorporate the participation of diverse international experts and should cover, at least, the following elements:

*Feasibility analysis, consisting of:*

- Technical studies on the status of the Monument and identification of technical solutions to be adopted for its recovery
- Final design of the adopted technical solution
- Preparation of an environmental impact analysis, including mitigation measures during construction and best-practice actions during operation
- Strategy for carrying out the procurement of the works
- Strategy for implementation of the project, following the specifications of the final design and the environmental impact conditions
- Assessment of the necessary investment costs for the construction of the project
- Assessment of the annual costs for the operation and maintenance of the Monument, including the identification of all required personnel
- Technical risks assessment, both during the preparation and the construction phases of the project, in order to minimise cost overruns and unexpected delays; and including the identification of major possible mitigation and rectification measures
- Preparation of a marketing study, including:
- Analysis of potential demand, including tourists and local visitors

- Definition of tariffs and identification of potential subsidies
- Characterisation of main types of potential events to be organised
- Preparation of dissemination materials using different physical or digital/electronic support and the media
- Inclusion of the Monument in national and international cultural databases and networks
- Marketing campaign

#### *Economic and financial analysis*

In order to assess the economic/financial viability of the project, it is necessary to carry out an economic and financial analysis, which should result in the preparation of a cash-flow model covering at least 25 years (five for preparation and implementation; 20 for operation).

The main costs to be considered (per each year) in the economic cost/benefit analysis are:

- Preparation and supervision costs (project design, management and quality control)
- Investment costs related to urgent intervention
- Investment costs for the main works (the core of the project)
- Operation and maintenance costs
- Major repairs, renewals and/or improvements over the asset's life

In contrast, the main economic (intangible) benefits are basically related to: (i) the generation of employment (both during construction and during operation), (ii) environmental benefits (e.g. improvement of natural resources and/or reduction of environmental negative impacts), (iii) tourism attraction of the region and creation of indirect new business, and (iv) visibility of the importance of the Monument and its surrounding environment.

The costs to be considered for the financial analysis should include all those forming part of the economic analysis, plus the reimbursement of loans and other financial products (i.e. interest and capital; guarantees; insurances and taxes). In terms of financial analysis, the tangible benefits the project would generate are: (i) revenues from tariffs paid by visitors, (ii) incomes generated by the organisation of special events, (iii) revenues produced by other directly related activities (e.g. exhibitions merchandising), and (iv) subsidies and grants.

Finally, the identification of potential sources for financing the project (fundraising) should complete the final project preparation studies. In this sense, the report mentions that it is foreseen that the project would be eligible under the regulations of one of the European Cohesion Funds, most likely the European Regional Development Fund. Eligibility criteria would be justified by the fact that they contribute to regional development, cultural tourism promotion, environmental protection and rural development in deprived areas. It has to be noted that, if Bulgarian authorities are interested in managing and completing the funding of the project, the EIB Technical Assistance facility should be explored to provide technical support for the preparation of the application form necessary to obtain European funds. On top of that, the possibility of obtaining funds from different

international organizations (e.g. loans from the EIB or other IFI; grants from donors or other foundations) should also be explored.

#### *Current situation*

Since the report was issued, the Buzludzha Foundation has been managing the preparation of a high number of activities related to the above-mentioned elements. The most relevant of them have been explained during this seminar and, in summary, it should be highlighted: (i) the works carried out in relation to the conservation of the mosaics; (ii) the detailed digitalisation of the monument and some public advertising campaigns in order to obtain opinions/feedback from civil society; (iii) the preparation of many technical studies in order to identify the final architectural solution for the monument (in particular concerning the roof); (iv) the preparation of the marketing/tourism study; and (v) establishing contacts/discussing with relevant authorities about the future of the monument and its inclusion in the future Kazanlak comprehensive tourism plan.

Therefore, after the near completion of the Feasibility Analysis, the main component to be carried out in the near future is the Economic and Financial Analysis, which will be launched immediately. Within this context, two elements have to be taken into consideration: the nature of Buzudzha as a “dissonant heritage” monument and the opportunities that new EU funds are going to offer for the period 2021–2027.

### **The EU Urban Agenda and EU Funds**

The Urban Agenda's Partnership on Culture and Cultural Heritage (of which the EIB and its Institute are active members) stems from the conviction that culture and cultural heritage can be important drivers for strengthening the social and economic assets of European cities and territories. Forming part of the action to be carried out under this partnership, the “Financial Sustainability and Funding” topic deals with the financial aspects related to investments in the field of culture and cultural heritage aimed at conserving and enhancing buildings, monuments and structures, setting up “cultural infrastructures” as well as rehabilitating public spaces, including interventions made in the framework of complex processes of urban regeneration. In summary, according to the objectives of the new EC regulations, the main objective is to find sound financial instruments for funding cultural and heritage actions. Sources of these funds may be either the EU Funds, international/national financing institutions or even private donors.

#### *New regulations applicable to EU Funds 2021–2027*

On 2 May 2018, the Commission adopted a proposal for the next multi-annual financial framework for the period 2021–2027. It is stated that these funds shall support, among other objectives, “Europe closer to citizens by fostering the

sustainable and integrated development of urban, rural and coastal areas and local initiatives”.

Under these regulations, “Cohesion Policy further supports locally-led development strategies and empowers local authorities in the management of the funds. The urban dimension of Cohesion Policy is strengthened, with 6% of the ERDF dedicated to sustainable urban development, and a new networking and capacity-building program for urban authorities, the European Urban Initiative”, a new tool for city-to-city cooperation, innovation and capacity-building across all the priorities of the Urban Agenda for the EU.

A key element is the incremental use of financial instruments. In this sense it is stated that “Grants alone cannot address the significant investment gaps. They can be efficiently complemented by financial instruments, which have a leverage effect and are closer to the market. On a voluntary basis, Member States will be able to transfer a part of their Cohesion Policy resources to the new, centrally managed InvestEU fund, to access the guarantee provided by the EU budget. Combining grants and financial instruments is made easier and the new framework also includes special provisions to attract more private capital”.

#### *Buzludzha, a dissonant heritage monument*

In the context of the Urban Agenda/Culture partnership, the Dissonant Heritage Action focuses primarily on the often controversially discussed cultural heritage of the 20th century, which is part of Europe’s recent history and identity today and is constitutive for 21st century Europe. The Action explores, for instance, tragic places and testimonies of war and genocide, persecution and resistance, escape and displacement, as well as monuments erected by dictatorship regimes.

“Dissonant Heritage”, often referred to as “uncomfortable”, “undesirable” or even “dark” cultural heritage, generally stands for parts of the built heritage and excerpts from history that presently associate society or social groups with unpleasant memories or even with horror. Thus, the concept of “dissonant heritage” not only describes the material legacy of history and defines the properties of monuments and historic sites, but also describes today’s perspectives on the past and its legacy. Moreover, it can also be understood and

used as a kind of umbrella to characterise the revitalisation of difficult elements of heritage that are socially controversial.

In addition, the Action promotes an integrated approach to develop places and objects of dissonant heritage by integrating them into urban, regional and tourism development. By following this approach, the dissonant heritage’s substantial material and immaterial potentials can be unleashed on various levels (e.g. to cultural education and to the communication of history, which both nurture democracy-building in Europe).

Strategies to successfully deal with uncomfortable heritage can only be developed in an open public dialogue rooted in the local context, which often contains an irreplaceable repository of knowledge and memories: Thus, the involvement of citizens and community initiatives as well as the municipal/communal engagement will serve as a backbone for implementing the Action.

Of particular interest are those sites and places that do not (yet) have a specific use or function as a museum or memorial, but are open to new, future-oriented uses. Planning and negotiation processes in this context are a highly complex and delicate matter, since meanings and interpretations associated with those sites and buildings might be contested among different actors and stakeholders.

Logically, Buzludzha has been identified as a relevant monument to be considered by this Action and, on top of that, the Municipality of Kazanlak is giving strong support in order to create a sound, comprehensive tourism plan, which would include other monuments in the area (e.g. the Ancient Thracian Kings Tombs or the Shipka Museum and Monument).

In summary, as mentioned in the technical assessment report, this is a very challenging project dealing with the recovery of a masterpiece of architecture and crafts, with evident European interest due to its historic significance, its peculiar characteristics and its numerous potential uses, and offering great future opportunities from the cultural, tourism and socio-economic points of view. Overall, so far, the path has been successfully paved but some interesting challenges still need to be overcome (namely the preparation of the Business Plan) in order to achieve the final splendid result that the Buzludzha Monument deserves.