

Territorial Impacts of the European Capital of Culture: Evidence from Guimarães 2012

Roberta Capello and Silvia Cerisola

Politecnico di Milano

The socio-economic development literature widely acknowledges that cultural heritage and cultural initiatives may help to bring about major economic and social benefits. Particularly, culture is expected to contribute to development in several ways, especially for its effects on tourism flows and on the growth of the creative and cultural sector (OECD, 2018). Since 1985, the European Capital of Culture (ECoC) programme of the EU promotes annual cultural events in different European cities, or partner cities and towns. The aim is twofold. On the one hand to promote and celebrate Europe's rich cultural diversity and heritage, mutual understanding and intercultural dialogue, with cities at the centre of cultural life across Europe. On the other hand, especially since the 1990s (Garcia and Cox 2013), to foster the contribution of culture to the regeneration of local/regional economies and their sustainable socio-economic development. In fact, ECoC cities are asked to involve wider territorial areas in their ECoC planning and implementation, according to a long-term development perspective. In this regard, the available literature acknowledges that ECoC contributes to enhancing territorial attractiveness and branding, supporting the regeneration and socio-economic development of the host city and surrounding areas through the creation of jobs, earnings, and business development, particularly in cultural and tourism-related sectors, as well as enhancing education and skills, place identity and community awareness, civic cohesion and sense of belonging (OECD 2021, Nermond et al. 2021). However, the empirical research on the impact of ECoCs on local economies suggests that while cultural activities may contribute to wellbeing and short-term benefits, they tend to have limited or mainly temporary impacts on local economies (Falk and Hagsten 2017), with little evidence of wider territorial sustainability effects regarding economic transformation and long-term socio-economic development. In this regard, the overall objective of the present study is to collect territorial evidence on how the cultural development initiatives promoted with ECoC in the case of Guimarães (ECoC in 2012) contributed to improve long-run territorial development both in the host city and in its surrounding region. Spill-over effects are in fact explored, examining how the ECoC initiative in Guimarães influenced cultural, economic, and social transformations at both urban and regional levels.

Particularly, the quantitative analysis makes use of the Synthetic Control Method (SCM), which estimates counterfactual trends, allowing the identification of net changes in key indicators—such as employment, value added, and tourism flows—relative to a statistically constructed control group of similar territories. To build the synthetic control group, a set of socio-economic indicators is used. The methodology is applied to NUTS3 regions and spillovers from the NUTS3 region hosting the event on the remaining areas of the wider NUTS2 region where Guimarães is located are also measured. Data are retrieved from harmonised available regional data sources (Eurostat, ARDECO) but also from regional cultural accounts available through the Portuguese National Statistical Office for what concerns tourist arrivals.

References

Falk, M. and Hagsten, E. (2017) Measuring the impact of the European Capital of Culture programme on overnight stays: evidence for the last two decades, *European Planning Studies*, 25(12), 2175-2191.

Garcia, B. Cox, T. (2013) European Capital of Culture: success strategies and long-term effect. Directorate General for Internal Policies, Policy Department B: Structural and Cohesion Policies, 229.

Nermond, O., O'Brien, D., Lee, N., (2021). *The European Capital of Culture: A review of the academic evidence*. PEC Discussion Paper. <https://www.pec.ac.uk/discussion-papers/the-european-capital-of-culture-a-review-of-the-academic-evidence>.

OECD (2018), "Culture and local development: Background document", *OECD Local Economic and Employment Development (LEED) Papers*, No. 2018/06, OECD Publishing, Paris, <https://doi.org/10.1787/ae14fe7e-en>

OECD (2021), *Economic and social impact of cultural and creative sectors*, OECD Publishing, Paris