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## Financial Policy - Russian Federation

**Country:** Russian Federation

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### 4.1.A Nature of public funding and/or tax benefits available for the categories of heritage protection listed in 2.3

#### Category of heritage protection:

Cultural heritage sites (monuments of history and culture) of the peoples of the Russian Federation / Federal Status

Activities funded	Type of funding	Funding available	Year	Total budget estimate (k€)
Maintenance	Mandatory	Partial	2009	27 440.00 k€
Conservation	Mandatory	Partial	2009	27 440.00 k€
Restoration	Mandatory	Partial	2009	54 900.00 k€
Public access	Mandatory	Partial		
Documentation	Mandatory	Partial		
Research	Mandatory	Partial		

**Is there a tax benefit ? VAT, inheritance or other ?:** No

#### Category of heritage protection:

Cultural heritage sites (monuments of history and culture) of the peoples of the Russian Federation / Regional Status

Activities funded	Type of funding	Funding available
Maintenance	Mandatory	Partial
Conservation	Mandatory	Partial
Restoration	Mandatory	Partial
Public access	Mandatory	Partial
Documentation	Mandatory	Partial
Research	Mandatory	Partial

**Is there a tax benefit ? VAT, inheritance or other ?:** No

#### Category of heritage protection:

Cultural heritage sites (monuments of history and culture) of the peoples of the Russian Federation / Municipal Status

Activities funded	Type of funding	Funding available	Year	Total budget estimate (k€)
Maintenance	Mandatory	Partial	2009	73 170.00 k€
Conservation	Mandatory	Partial	2009	73 170.00 k€
Restoration	Mandatory	Partial	2009	146 300.00 k€
Public access	Mandatory	Partial		
Documentation	Mandatory	Partial		
Research	Mandatory	Partial		
<b>Is there a tax benefit ? VAT, inheritance or other ?:</b>		No		

#### 4.1.B Nature of the public financial support for non-preventative archaeological research activities.

Activity	Mandatory	Full funding	% of overall budget spent
Archaeological surveys and evaluation	Mandatory	Full funding	100 %

**Total:** 100

#### 4.1.C Nature of the public financial support for preventative / development-led archaeological activities in the context

##### 4.1.C

▼ <u>Public Development</u>			
Activity	Mandatory	Full funding	% of overall budget spent
Archaeological surveys and evaluation	Mandatory	Full funding	100 %
▼ <u>Private Development</u>			
Mandatory	Full funding		
No	No		

#### 4.1.D Public funding organisations responsible for the archaeology described in the table under 4.1.C:

Ministry of Culture of the Russian Federation  
Regional bodies of executive power which have authorities in the sphere of culture heritage protection of each federative unit

#### 4.1 Commentary

## **Commentary (click to collaps)**

### **Integrated Approach**

The fundamental law regulating the statute of the cultural heritage sites is the Federal Law No. 73 ФЗ. On the Cultural Heritage Sites (History and cultural heritage sites) of the Peoples of the Russian Federation of 06/25/2002. In compliance with its chapter III titled The Funding of the Steps to Preserve, Popularize and Provide Government Protection for the Cultural Heritage Sites these steps are funded from the following sources, according to p. 1:

- federal budget;
- budgets of the subjects of the Russian Federation
- extra-budget funding.

Paragraph 2 of the same law determines the creation of budget endowments within the federal budgets and the budgets of the subjects of the Russian Federation to provide for the targeted use of funding to support the steps taken to preserve, popularize and provide government protection for the cultural heritage sites.

Thus, budget endowments of various level that were created have become a major source of funding for the steps to preserve historical and cultural heritage with the dominating participation of the government. In 2005, to provide for the comprehensive solution of the issues of preservation and development of the cultural potential of the country, to preserve and efficiently use the cultural heritage of the peoples of the Russian Federation the government of the Russian Federation adopted the target program titled The Culture of Russia (2006-2010) [1] with the steps to preserve historical and cultural heritage forming its component. The total funding of the Program will make up 128,783.58 mln. rubles, including the federal budget funding of 113,773.18 mln. rubles and 15,010.4 mln. rubles from other sources.

With the support of funding from the federal target program the conservation of the historical and cultural heritage is achieved through large-scale targeted conservation and restoration efforts based on the concentration of resources on the real estate cultural heritage sites of special value in order to maintain them in proper conditions in future.

The target program has been successfully implemented in the course of several years already, providing a clear proof that the objectives set by the program are gradually achieved. One of the expected and real results of the program implementation will be better socioeconomic efficiency, especially in the sphere of the preservation of the cultural heritage sites of the Russian Federation. The share of cultural heritage sites in satisfactory condition (that is, of the sites which do not require emergency and capital repairs) will rise, and the number of such sites is to rise (from 24.5% in 2004) to 35 percent of the total number of cultural heritage sites by the final stage of the Program implementation in 2011 in respect to state-owned sites.

The organizational and financial plan of the Culture of Russia 2006-2011 federal target program for 2010 was substantially extended and amplified in respect to many parameters and expenditure items of the Program. The funding of the restoration and emergency repairs of real estate cultural heritage sites of various religious confessions was also increased this year.

Total expenditures envisaged by items titled Line 1. Conservation of Historical and Cultural Heritage made up 2,947.7 mln. rubles, including: - Repairs, restoration, accident-prevention, conservation of the history and cultural heritage sites of the federal level [2] - 743.3 mln. rub.; - Restoration of religious history and cultural heritage sites in the federal ownership [3] - 1,200 mln. rub.; - Restoration of history and cultural heritage sites included in the Historical Memory project - 630 mln. rub.; - The monitoring of the condition and use of the history and cultural heritage sites - 59 mln. rub.; - Restoration and conservation of museum objects comprising the state-owned component of the museum fund of the Russian Federation - 22 mln. rub., etc. Besides that, the Program paid special attention to the comprehensive project titled The Culture of the Russian North, with expenditure items covering the restoration of wooden architecture sites and their promotion (46 mln. rub.). The same attention was paid to the comprehensive project titled The Cultural Heritage of the

South of Russia as a Factor in the Economic Development of the Regions (50.5 mln. rub.).

Most subjects of the Russian Federation also have target regional programs aimed to develop culture which include expenditure items to cover the conservation of their historical and cultural heritage. Many real estate sites located in the territory of these subjects are the cultural heritage sites of the federal level, as it was indicated above, and the subjects have to allocate their finances to maintain these sites in proper condition where the federal funding for these purposes is absent. Most sites of the Tver Oblast, for instance, are of the federal level, but this RF subject has been financing their maintenance for many years, always accused of the illegal diversion of funds by the supervising bodies. It was only the federal law No. 258-ФЗ

On the Alteration of Individual Legislative Acts of the Russian Federation of 12/29/2006 (Clause 39, P. 2) that allowed the subjects of the federation to participate in the funding of steps to preserve and popularize the cultural heritage sites (history and cultural heritage sites) in federal ownership, and in the government protection of the cultural heritage sites and heritage (history and cultural heritage sites) of the federal level, resolving these acute problems.

Major comprehensive restoration programs involving historical heritage sites are often adopted in RF subjects to mark the anniversaries of individual cities when additional funding is available from the federal budget, first and foremost. A large-scale comprehensive program of restoration of the history and cultural heritage sites was adopted in Moscow in 1997 to mark the 850th anniversary of the city. Later municipal authorities repeatedly adopted target programs to provide for the preservation and further development of many Moscow heritage sites, including complete historical manors, such as, for instance, the State History, Architecture, Art and Landscape Museum-Preserve of Tsaritsyno for 2006-2008, with an annual confirmation of funding levels, the famous monument of architecture and garden art of The Vkhutemskoye Kuzminko Stroganov Golitsyn Manor, etc. But there is disastrous deficit of funds needed for the restoration of all Moscow monuments.

A program of the comprehensive restoration of historical monuments in the other city of federal level, in St. Petersburg, developed by the Committee for the State Monitoring, Use and Protection of the History and cultural heritage sites (KGIOP) and approved by Governor V. I. Matviyenko has been successfully implemented since 2004. It is the largest program of that kind in the second capital of Russia in recent decades, beating every record in its expanse. The program titled St. Petersburg Facade also involved private investment, demonstrating examples of private-government partnership. Investment in this program from various sources was 1.4 billion in 2007, and 1.3 billion rubles in 2008. This program helped restore the initial appearance of the facades of more than a thousand buildings, bringing about a true transformation of the historical face of the city. This restoration included meticulous scientific research with the restoration of the appearance and color planned for the buildings by the architect cast who erected them.

The presentation of the sites in their historical and cultural environment, forming the special value of every site, is an issue of particular importance in the conservation of historical monuments. Yet, due to the absence of established protection zones around the heritage sites, their neighborhood often sees development and use violating the condition of the preservation of these monuments. The establishment of protection zones must also be financed everywhere, and this issue cannot be separated from the issue of preservation and adequate presentation of the site.

Unfortunately, the preservation of sites as an issue has been a challenge for all levels of the executive power. That is why the activity of the public may play an important part in this sphere as the public can and must emphasize the need to solve these issues and to make this need visible to the authorities if these issues are not treated in the proper way. The executive bodies must pay special attention to the condition of the monuments to the warriors who perished at the fronts of the Great Patriotic War, which are mainly at the municipal level and which often require capital repairs. They serve as a clear example of our attitude to the historical memory and to the promotion of patriotism among young people.

It is necessary to point out the special statute of the archaeological heritage sites the protection and conservation of which has been an urgent challenge recently. The systematic theft of archaeological sites in recent years has already inflicted irreparable damage to Russian science and culture, requiring special attention of the public and of the authorities. All the historical heritage sites must be under full-scale government protection, and they

belong to the sites of the federal level according to Federal Law No. 73 of 06/25/02 titled On the Cultural heritage sites (History and cultural heritage sites) of the Peoples of the Russian Federation. But, unfortunately, it is the regions which are responsible for them, and they are not able to provide for the proper level of preservation due to the deficit of funding. This is the sad fate of many outstanding archaeological sites. The Tsarevo Gorodishche (Tsars City) in the Volgograd Oblast, the remains of the second capital of the Golden Horde, is a brilliant example of it. A history and culture preserve should be created there, and that would require considerable funding. Colossal archaeological heritage of different epochs is found in the south of Russia, and it also needs a separate target program to preserve archaeological sites with the consolidated budget for many years which objectively requires the participation of both the federal bodies, and of the regional subjects and various agencies. A huge cultural potential of the archaeological heritage will make it possible to create a tourist infrastructure in the future in order to provide a crucial leverage for the development of the region.

The law No. 73-ФЗ of 06/25/02 of the Russian Federation introduced the notion of rescue archaeological excavation aimed to preserve the cultural heritage sites (clause 40, p. 2) which form an indispensable part of construction efforts in every city of the country having ancient history. According to the law, the cost of archaeological excavation is covered by the investors of the development involved. The rescue archaeology efforts are especially extensive in the ancient Moscow which adopted a number of legislative acts on these issues. These acts gave the historical center of the city within the borders of the Kamer-Kollezhsky wall, the boundary of city in the 18th century with the total area of 20 thousand ha, the legal statute of the history and cultural site. The same statute was also given to 155 municipal zones with a unique cultural layer located in the different districts of the Russian capital (the manors of Kolomenskoye, Tsaritsyno, Lefortovo, Kyzminky, ancient settlements and burial mounds in Mitino, etc).

According to Federal Law No. 73-ФЗ On the Cultural Heritage Sites mentioned above, individuals and legal entities responsible for the preservation of the cultural heritage sites in their use are offered a number of privileges (Clause 14). The law envisages lease discounts for them when they invest their own money in the efforts to preserve a cultural heritage site. The procedure used to calculate discount lease rates and their size are determined by the Government of the Russian Federation or by the government bodies of RF subjects, or by the bodies of local self-governance, depending on the ownership of this site (P. 1). When a site of the federal level is in the disposal or ownership of the person who uses it on the basis of a gratuitous use agreement and performs work to preserve it at his or her own expense, this person is entitled to the repayment of expenses incurred (P. 3). The privileges are also available to individuals and legal entities which lease plots of land where the cultural heritage sites are located if they spent their own money to preserve them (P. 2).

Changes in the legislative base on the culture and the preservation of historical and cultural heritage witnessed recently are the direct result of economic and political transformations in the country. The reform in the sphere of culture must provide for the fundamental solutions that would make it possible not only to preserve our rich cultural values, but also to create economic mechanisms promoting the efficient development of the industry in the new market conditions. And the government-private partnership has been an important development factor here for a long time, this partnership envisages extensive development of patronage and charity activities, the construction of the civilized market of cultural values with the joint participation of the government and of business in it, including their participation in important projects in the sphere of culture. There were many such projects recently, including the extensively covered return of the famous Mstislav Rostropovich and Galina Vishnevskaya collection, of the Faberge Imperial Easter Eggs collection to Russia, etc. The same projects are also running in the sphere of preservation and popularization of the historical and cultural heritage, but they are not widely covered by mass-media. Brilliant examples of that sort include big grants given by Oleg Deripaska, a famous businessman, to create the Research and Culture Center in Phanagoria, an outstanding archaeological site of the ancient time in the territory of our country. It is to become a major center of research to study the ancient heritage of the Kuban Region and of the promotion of the results of years-long archaeological research, including underwater excavations, in Phanagoria. We hope that this project will be fully implemented.

Unfortunately, patronage in Russia is not systematic yet, and this fact has been emphasized on many civic forums and by the government bodies today. The society is more familiar with separate cultural actions undertaken by individual representatives of big business, such as A. Usmanov, V. Potanin, V. Vekselberg, and others. There are no tax benefits in this

segment yet, no legislative measures to support patronage in the country which could attract medium-size companies representing the majority of businesses to the proliferation of culture, pouring considerable funding into this sphere. This is our future, but it is necessary to resolve these problems today to help cultural institutions in Russia expand their range of activities, serving the society and actively using positive global experience. Yet, one should remember that modern Russian collectors who buy artworks abroad are in no hurry to take their purchases to Russia, according to many experts, they prefer to keep them beyond the territory of this country. This makes them dramatically different from their foreign colleagues, like Chinese collectors, for instance, who always strive to bring their acquisitions to their motherland.

It is well-known that foreign countries have a complete institution of tax privileges which promotes active cooperation between business and culture. The institution of various tax incentives, benefits and discounts is also well-developed there, it stimulates different companies to support art and various artistic actions.

The need for a new legislative base in the sphere of culture is especially high now because since January 1, 2011 all Russian museums will be transferred to the new format of funding which would considerably cut the size of funding at the disposal of museums. The main additional source of funding for them will be provided by endowments founded under the auspices of museums, and by the patrons we mentioned above.

According to the decision of the Government of the Russian Federation No. 23 of 01/14/2009, the terms of the Culture of Russia target program implementation has been altered to cover the period of 2006-2011. [2] 32 objects all in all. [3] 103 objects all in all.

#### ▼ 4.2.A Direct aid (direct budgetary support) system

Yes

Funding type	Approach
Structural funding	Archaeological Heritage Architectural Heritage Landscape Heritage
Ad hoc / project based	Archaeological Heritage Architectural Heritage Landscape Heritage

Total budget:

Year Budget (k€)

#### ▼ 4.2.B Tax relief system for heritage

#### ▼ 4.2.C Incentives applicable

4.2.C To whom do incentives apply?

Please give the total expenditure:

#### ▼ 4.2 Commentary

#### ▼ 4.3.A Heritage funded by private funding organisations and/or sponsors

Yes

All-Russia Society for the Protection of the History and Cultural Heritage Sites (VOOPiK)  
Foundation of International Cultural, Educational and Sport Cooperation Support  
OIRU (Society for the Study of Russian Manor)

#### ▼ 4.3.B Jointly funded projects

Yes

**Sector:**

Ad hoc

#### ▼ 4.3 Commentary

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