

Culture and Sustainable Development in the Bank: A Retrospective of Our Work, 1996-2007

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Background and Rationale

1. Culture and cultural heritage (CH) are inherent elements of development. Seen as an asset for economic development, an element for the cohesion of social fabric, and/or as patrimony to be protected for future generations, CH permeates our dialogue with clients and partners and constitutes in itself a strategic line of business.

What is Culture and Cultural Heritage?

Culture can be understood as a system of collectively held values, assumptions, norms, and beliefs that define the state of social relations, behavior, and reciprocity among individuals and communities within a given society.

Cultural heritage is a subset of culture for which the UNESCO Convention of 2003 makes the distinction between (a) intangible heritage – the practices, knowledge, and skills that peoples and individuals recognize as part of their cultural heritage – and (b) tangible heritage, or significant material manifestations of culture found in built heritage such as architecture, monuments and sites.

2. Today there is much that is new about how cultural heritage and culture are being utilized as means and end of development. In their search for new sources of growth and job creation, developed countries have increased their attention to the role of culture in today's economies. There is a consensus about the increased significance of cultural products and activities that combine aesthetic values with functionality and make use of creativity. The increased globalization of the world economy plays a positive role in this process as it widens the markets to more differentiated products. In the EU, for example, the cultural sector is growing three times faster than the overall economy. Its cultural industry contributes to about 7 % of its jobs, and 2.1% of its GDP, more than automobile and construction activities combined.

3. The role of CH to improve social bonds, enhance the image of a locality, and produce better targeted economic benefits is well accepted today. It contributes to the asset base of a country, region, city, specific site, generates exports, and is a direct input for development through tourism. Culture, however, serves a more fundamental role. The uniqueness of culture – reflecting the people and place who creates the assets and where they are created – makes it a primary source of know-how and identity of a given locality.

4. CH promotes development in three ways; by supporting social capital, creating an environment that is attractive for residents as well as tourists, and providing leverage for the creation of products that draw from a local cultural dimension.

5. As developing countries have built upon the untapped potential of their cultural assets, many have witnessed rapid expansion of tourism activities. However, most face severe constraints. They lack the financial resources to maintain cultural assets and create the necessary infrastructure to access them. They often lack the institutional capacity to mainstream culture into the development of new activities with a high content of local value-added, without disrupting the social fabric and preserving the cultural assets for future generations. The challenge for the international community is to financially assist the developing countries in their efforts to make use of their extraordinary cultural assets in a sustainable fashion.

5. The linkages between cultural heritage interventions and poverty reduction are becoming clearer as the project portfolio matures and baseline data collection becomes more rigorous. Bank projects have demonstrated that urban rehabilitation operations of historic cities and inner urban cores, besides attracting foreign visitors, also improve quality of life for residents, who are predominantly poor. Site management plans for cultural assets in rural areas require access roads and infrastructure, which benefit the poor local communities. There are other poverty reduction implications, including access to small grants for SME creation and skills development.

6. Cultural heritage has played a sometime influential role in Bank activities since the first reconstruction loans after the World War II. In the last ten years, we financed 68 operations for about \$4 billion in lending of which a significant proportion directly funded cultural heritage, produced important analytical and policy work, helped bring into play culture and cultural heritage in lending and non-lending operations, and facilitated dialogue in countries facing particularly difficult political and economic situations. These operations have begun to address some of the underlying institutional and legal issues that have hampered effective management of heritage. Partnerships and links with the private sector are key pieces of our work in the sector.

7. This note discusses the role of the Bank in assisting developing countries to harness the potential of Cultural Heritage in pursuing sustainable development. The paper begins with a summarized rationale for mainstreaming culture in sustainable development. It highlights the importance of culture in economic and social development. It provides an overview of the Bank portfolio by Region and ends with key lessons learned during our four decades of involvement in the sector.

A. Conceptual Framework – Using Culture to Promote Sustainable Development

9. Culture is now understood to influence the functioning of the economy. In recent decades, countries and cities that have suffered major dislocation under the impact of economic restructuring and globalization have used their cultural resources to explore new paths of development. British, Spanish, and US cities that have been hurt by recessions and the loss of jobs have been looking at their built heritage and setting up districts devoted to cultural activities and recreation. Small cities around the Mediterranean have tried to extract tourism benefits from careful conservation of their vernacular architecture, and their cultural landscapes (Italy, U.K. and France are among the best examples in Europe). Developing countries as diverse as Mexico, Egypt, Honduras, Azerbaijan, Uzbekistan and China have used cultural tourism as a means to enhance their financial basis and create new jobs.

11. At the local level, CH helps improve the quality of life, maintain a sound urban fabric, provide the basis for a local “brand name,” and improve incomes. Economists believed that a region could only be developed if it had an export base, generally a source of raw material or industry. Gradually new cultural industries are becoming accepted as the economic engines that could be developed. The idea was reinforced by the notion of improving a city’s image through cultural events, as successfully demonstrated by the construction of the Guggenheim Museum in Bilbao.

12. Local development goes beyond establishing an export base. It requires proper organization of the local players, notably to identify the strengths of their region, to plan new projects, and to manage their resources in common. The specific nature of regions or cities has an influence on the products that constitute the new cultural economy. These products often carry the **trademark** of regions where they were produced, much as the “appellation controllee” mark

of wine. Culture then contributes to local development by exporting products and contributing to social capital. Culture is not only a reflection of the past but shapes the aspirations of a group. Legitimizing and supporting the culture and heritage of poor and excluded groups can bring about profound improvements in self-esteem, energize communities, help them get organized, and assist them in finding new ways to improve their livelihoods”¹. Culture is both a means to and the end of development (Amartya Sen, 2007).²

Characteristics and Measures of Impact

13. Measuring the economic impacts of cultural assets is important to persuade decision makers of the value of investing in culture. Cultural assets have several characteristics in common with environmental assets. First, they are unique; they have distinctive historic significance, political and social connotations, or specific artistic quality inherent in a particular site or object. Second, they have economic value. People are willing to pay for the enjoyment of culture or for the preservation of the asset. Third, the risks of progressive degradation leading to depletion of the asset (both cultural heritage and natural resources) are paramount as the loss is irreversible.

14. Valuing cultural assets is difficult as many of the components are not traded for monetary value. It is possible to use some of the methods developed for environmental valuation, disaggregating the cultural assets into different components, attaching a value to each of them (if possible), and obtaining the total economic value as a sum of the attributes. The following definitions are useful:

- Use value is derived from the use or utility of the good or asset. It can be *direct* (also called extractive, consumption) and reflects the benefits derived from the use of that good – e.g., living in an historic city or district. The *indirect* use value (or functional) derives from the services that cultural heritage provides. It does not require consumption of a good but requires a physical presence; e.g., the recreational use of a site and its aesthetical value. The *option* value is a postponed use value. It measures the option of maintaining the possibility of taking advantage of the use value at a later date.
- Non-use values are more difficult to evaluate. They include the *existence* value – the value that people associate with the existence of a cultural good even if not planning to usufruct it. It measures the sense of loss that people would feel if the site disappears; and the *bequest value*, which derives from the desire to pass on the value to future generations. These values are the most relevant for cultural heritage. In the absence of marketable information on the value given to each of these, the general method is to use proxies such as will to pay on other contingent valuation techniques (Box 2).

Box 2: Measuring the Economic Impacts of Cultural Assets

The development effects associated with cultural heritage conservation are often measured by the type of expenditure the cultural asset generates. This can be

- direct spending: e.g., spending by tourists in visits, hotels, museums and sites ,etc,
- indirect spending, e.g., spending by businesses that provide those services,
- induced spending, spending induced by the two first categories.

¹ Culture and Sustainable Development: Framework for Action, World Bank, 2002

² Amartya Sen, “How does Culture Matters? And Arjun Appadurai “The Capacity to aspire: and the Terms of Recognition” in “Culture and Public Action”, the World Bank publication, 2005.

To understand the impact of these expenditures, there are four usual methods:

Contingent valuation – based on prices paid for similar services. It includes willingness to pay and willingness to choose methods. The project to rehabilitate the Medina of Fez was evaluated based on two aspects: the value that visitors attributed to the conservation and the existence value attached to a conserved Medina at Fez by tourists who visited Morocco but never went to Fez.

Multipliers: it measures the impact of a given activity in other activities. It assumes that all local business are interdependent and that all income received results in an equivalent amount of purchases of goods and services. In the case of tourism multipliers, estimates are much higher for developed countries (1.7 for UK and Ireland) than for developing countries more dependent on imports (1.1 for Cyprus and 0.97 for Mauritius)

Impact Studies: the impact of a given investment or event (addition to a museum, cultural festival) is measured in terms of first generation – what people spend – and second generation – what public sector spends and their multiplier effects.

Sector Studies: They look at culture in its upstream and downstream phase. It can be done with a production of a cultural sector map to understand the importance of culture in a region through a poll of enterprises; and through a cultural chain which is focused on key players rather than interviewing massive amount of people.

B. Culture and Tourism

15. Perhaps the most visible contribution of culture and cultural heritage to economic development lies in its ability to attract tourists and the consequent effects on spending, incomes, and employment³. Projects focused exclusively on conservation often need other forms of financial support to be sustainable. Maximizing the benefits of using a given asset to improve a national or local brand and attract visitors is often the best way to guarantee sustainability of the asset and the development associated with it. Not only does it generate income for those directly employed, but it creates more jobs and income in activities related to maintenance, conservation and management as well as the infrastructure needed to provide access and amenities. As a whole, the spill-over effect from tourism materializes in the creation of small and medium enterprises in a wide range of areas such as hospitality (accommodation, cafes, restaurants, etc); food production; handicrafts (textiles, wood, metalwork, stone carving); performing arts (theatre, dance, music, festivals, etc); transportation (excursions), promotion (marketing, publishing, etc), and services (tour operators, guides).

16. Today large cities, such as Paris, Barcelona, Venice, Rio de Janeiro, as well as smaller towns like Cusco, Agra, Oaxaca, and Macau receive vast contingents of visitors, often twice or even three times the size of their resident population. Tourists seek to experience a unique natural setting, cultural heritage and sacred sites, and cultural landscapes. In addition to the built heritage, visitors enjoy; the living culture of the community: music and dance festivals, sport events, biennial art exhibits, religious and seasonal folkloric festivals, organized by an array of local and regional cultural institutions are increasingly making their way into the cultural assets

³ Culture and Local Development, OECD, 2005.

arena. These are all elements of local distinctiveness that is the basis for the competitiveness of specific areas.

17. While the culture and culture-related sectors as tourism in themselves are the domain of the private sector, public intervention and support is needed to help (a) develop a consistent strategy and prevent over-usage of resources; (b) ensure shared and equitable benefits and (c) minimize the negative externalities often associated with tourism, such as disruption of local culture and social fabric.

18. The impacts of culture in local socio-economic development is illustrated by several projects financed by the Bank:

- a) *Morocco- Fes Medina Rehabilitation:* For a total of \$ 14 million in lending, private sector investment accounted for 44% of parallel investment during implementation. The results include (a) 50 upscale hotels opened within the Medina, (b) an annual Sacred Music festival; (c) a substantial expansion of the city's traditional arts and crafts in response to the increase demand from visitors. Fes is the second most visited city in Morocco, and is contributing to the achievement of the Government's target of 10 million visitors by the year 2010.
- b) *Bosnia Herzegovina- Pilot Cultural Heritage:* This project helped to foster reconciliation among social and ethnic groups in Bosnia and Herzegovina by recognizing and rehabilitating their common cultural heritage in Mostar. For a total of US\$ 4 million in lending, the results have been impressive: (a) tourist arrivals increased twenty-fold by 2004, reaching 700,000 in 2006; (b) several hundred SMEs have been created in businesses, shops, restaurants and hotels (at least six); and (c) expansion of connected coastal tourist circuit and excursions to the Old Town Mostar
- c) *Honduras: Copan Valley Sustainable Tourism and Cultural Heritage Project:* The project financed through a \$12 million loan, supported the government to develop local economy drawing from the historical wealth of the Mayan Heritage. The results are considerable, including (a) 18% increase in employment in the Valley, benefiting particularly women and local artisans; (b) family revenues of project beneficiaries almost doubled; and (c) 69 new tourist entrepreneurship (out of 500 applications) were financed by the *Fondo Prosperidad*, directly benefiting more than 1,600 people, and indirectly 105,000 people in 5 municipalities.
- d) *China: Chongqing Urban Environment Project:* A complex consisting of the city's ancient guild halls were restored and upgraded for use by the municipality. City authorities have now developed contracts and leases with private businesses that assure appropriate use while providing for various commercial activities.
- e) *Russia: St. Petersburg City Center:* A competitive fund of \$1million was established for cultural institutions to launch new activities based on their heritage assets. Examples include: (a) the State Mariinsky theater received a 200 K grant for the state-of-the-art digital recording studio. In its first year of operation, the theater recovered \$100,000 revenues; in the second year, \$112,000; (b) the Hermitage Museum used the grant for the production of a digital guide book which is available in several languages; (c) the State Rimsky-Korsakov Conservatory renovated the 600-seat Concert Hall and adjacent spaces. As a result, open concerts have been opened to the public. Earnings are expected at about \$60,000 a year.

C. Culture and Social Development

19. Culture influences every aspect of life. Its underlying values and expectations combine cognitive and affective meanings of what is desirable in human experience. Thus it contributes to a sense of personal and social identity. Notions of mutual respect and trust are therefore linked with cultural assets.

20. A means to realize the value of cultural assets is *Community Driven Development (CDD)* since it implies high levels of participation to enable community *control* over decision making. Participation can be defined as information, consultation, collaboration, and empowerment. Given the intrinsic value of culture in people's perceptions, activities focusing on cultural heritage are generally successful in mobilizing stakeholders. The interaction between CDD and culture is indeed self-reinforcing. Culture projects that have adopted a CDD approach have systematically been more sustainable.

21. The Europe and Central Asia Region has documented the use of culture for building social cohesion. Years of centralized economy led to a state of *citizen passivity* during the first years of the transition. Culture had a notable rallying effect during the transition period. The consultation processes used during the preparation of the Bank-projects provided local stakeholders with a sense of responsibility over their cultural assets, enhanced their ability to influence decision-making, and improved the dialogue between constituency and local government. Completion of a strategic plan of development of St. Petersburg was predicated on such method. To enhance the process, projects included small grants structures to promote competition, stimulate interest for cultural assets and enable the development of small activities adapted to the skill mix and size of the community. Community based organizations (CBO) and NGOs were key partners in this process. The Macedonia project (Box 4) provides a good example.

22. *Gender.* Cultural assets can also lead to income and employment generation and open opportunity for women in handicrafts and other cultural industries such as graphic design. The development and production of distinctive handicrafts draws from the culture identity of a given region. The so called cottage industries is greatly felt among women as it provides them an opportunity to enter the labor market and contribute to their households' income while carrying out other family responsibilities. Moreover, these cottage industries can grow into small enterprises as witnessed in Armenia and Uzbekistan. The use of small grant facilities has been particularly important especially when combined with management, design, and marketing capacity building

Box 4 MACEDONIA Community Development and Culture Project: Strengthening Local Capacity and Fostering Peace

The Macedonia Community Development and Culture Project, completed in June 2006, was one of the first cultural heritage projects to be built around community development principles. The objective of this US\$5 million LIL was to establish conditions for community-based development by leveraging on its cultural assets. The focus was on creating culture-based industries (notably handicrafts and community-based tourism) in areas adjacent to cultural heritage sites, while improving the management of those assets, particularly at the local level. It was designed to build capacity at three levels: national; local government; and community.

The project had two main components: the first addressed Integrated Site Development through grants allocated to Community Associations and the Ministry of Culture. A total of 204 Association Grants were implemented, providing benefits ranging from economic benefits to

educational and recreational benefits. The second component produced a digitalized inventory for historic buildings, a Handicrafts Assessment and a Tourism Assessment. The inventory facilitates the management of cultural assets in addition to promoting Macedonia's heritage to a larger audience via the websites that post general targeted information.

According to the ICR Report, the project provided a catalyst for private sector growth and job creation, particularly in the tourism, culture and creative arts. The highly participatory implementation mechanisms that engaged local government in the decision-making have strengthened local governments and NGOs as well having a positive impact on the country's decentralization efforts. The project provoked a remarkable change in the perception of tangible heritage and cultural assets. While the project reclaimed the historic environment by rehabilitating noteworthy buildings and putting them to new uses, the ensuing ripple effect produced in the wake of the rehabilitations led certain municipalities to take a leading and proactive position in improving the urban fabric. The project also indirectly contributed to the realization of the Framework Agreement (i.e., the peace agreement) through its nonbiased valorization of the common heritage of the Macedonian population regardless of its ethnic connotations as a means to reduce social tensions.

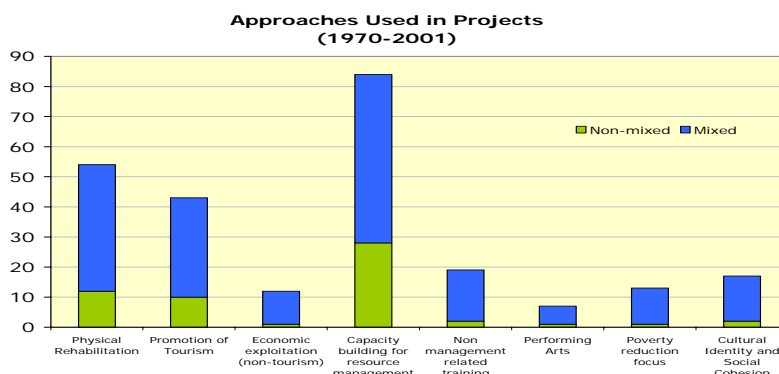
Source: Report No: Implementation Completion Report (IDA-35300 Neth-52501) on a loan/credit in the amount of US\$ 5.9 million to Macedonia for a Community Development & Culture Project 2006

23. *Conflict Resolution:* Culture can simultaneously be the reason and the solution to conflict. Because it is closely associated to security and to personal and social identity, individuals cling to the values they have acquired at birth and may feel threatened when confronted with others who live differently. Culture and cultural heritage can restore the bonds between populations by restoring a sense of common ownership of the shared heritage that has been damaged or is a source of conflict. From important projects such as the Mostar bridge to small interventions such as improved lighting in Albanian populated areas of Skopje's old Bazaar, cultural heritage has been a fundamental pillar in redressing prejudices and encouraging inter-community dialogue.

World Bank Policy and Portfolio on Culture

24. The importance of cultural heritage has been visible in Bank projects since the first reconstruction projects in the aftermath of World War II. From 1997-2007, the Bank has financed 68 operations, totaling \$4 billion in lending, in which cultural heritage activities have been either stand alone or components in multi-sector projects. While representing a small proportion of the Bank's overall portfolio with only 2.4% of projects having cultural heritage activities, our presence in the field is important, leading in financial terms the UNESCO World Heritage Center, the European Commission, the World Monument Fund, and the Getty Conservation Institute. Of the 68 operations identified, approximately half of the lending had clearly delineated investment in cultural heritage, about \$782 million of \$1.8 billion. Another \$2 billion in lending since 1996 has included cultural heritage however; it has been difficult to quantify the investment. Oftentimes, cultural heritage is not specifically categorized as such as it involves the upgrading of infrastructure in historic districts, neighborhoods or cultural sites. Many times teams are faced with the realization that their project will involve cultural sites after the project has been prepared and upon implementation.

25. Cultural heritage activities can stand alone or components in larger projects, most commonly in infrastructure projects (urban, water, and sanitation, energy) and environment



projects while a substantial number can be found in health and public sector administration operations. Small components are included in a wide range of projects, as in the case of the inventory of historic places that is being carried out under the Turkey Istanbul

Seismic Risk Mitigation project or the oral history activity that was funded under the Turkey Social Risk Mitigation project. During the period under review the lending program comprises a high proportion of Learning and Innovation Loans (LILs) to promote experimentation and piloting. Between 1998 and 2002, the World Bank approved 15 cultural heritage LILs investing \$72 million in innovation.

26. **Environmental Safeguards.** The importance given to culture assets preservation is embedded in two policy instruments issued by the Bank. The Operational Policy 11.03 approved in 1986 which calls for the management of cultural property impacted by Bank projects was converted to the Safeguards Policy on Physical Cultural Resources (OP/BP4.11) approved in 2006. The Safeguard Policy which requires that physical cultural resources be examined within the Environmental Assessment done for all projects. (See para. 46)

27. Task managers have emphasized the value of the Bank's Safeguard policies and processes in heritage projects. In a number of new projects the Safeguards process required by the Bank has not simply fulfilled a policing role but to the contrary, it has initiated the *proper link between cultural planning and infrastructure development*, with the "glue" between these being created by the Environmental Assessment (EA) and Social Assessment (SA) processes. It is not only the Physical Cultural Property Policy that is working in this situation, it is Environmental Assessment, Physical Cultural Property, Indigenous Peoples' Policy (IPP) and social assessments working together. The SA provides the basis for IPP and poverty plans which lead to specific programs for the involvement of IP and poor communities, including investment components. The EA process takes the cultural heritage plans that have been done for the sites under the project and uses them as the basis for selection of infrastructure investments and heritage conservation works to be financed under the project. It is the rigor and the logic that the Bank Safeguards process brings to project design that is the big step forward towards sustainability.⁴

28. **Policy and Analytical Work.** Several publications and policy notes have marked important moments in the "thinking" of the Bank, over the last ten years. In 1998, the Task Group on Social Development argued that culture is an essential dimension of development and that development solutions should be tailored to locally relevant traditions and institutions, and make use of local expertise and knowledge. This was followed by the Cultural Heritage in

⁴ Comments received in an electronic mail from Mara Warwick to the Cultural Heritage in Sustainable Development Thematic Group, April 11, 2007.

Sustainable Development initiative which supported the mainstreaming of cultural concerns into Bank activities. The approach was in line with the UNESCO approach as explained in the report, *Our Creative Diversity*⁵. A year later an international symposium on the theme of Historic Cities and Sacred Sites was held at the World Bank, with the objective to review experiences in conservation management of built heritage, cultural landscapes, and protected natural areas. A compendium of the technical papers presented at the symposium was published by the World Bank⁶

29. In 1999, the *Culture in Sustainable Development: Framework for Action* offered guidance to integrate culture in the development agenda and articulated five now familiar concepts: (a) provide *economic opportunities* for communities to grow out of poverty; (b) catalyze local-level development drawing from local social and cultural resources; (c) generate revenues from existing cultural assets; (d) strengthen social capital and social cohesion; and (e) invest in human development and build dynamic, knowledge-based societies.

30. In 2001, MNA prepared its Regional Strategy, *Cultural Heritage and Development: A Framework for Action in the Middle East and North Africa*. It lays out the rationale for the support of cultural heritage projects based on the economic and educational value of the assets and their impact on poverty reduction. The strategy cites the Bank's comparative advantage, and recommends integrating assistance into large cross-sectoral development projects such as infrastructure, education, tourism, and agriculture. It links cultural investment to poverty reduction and employment objectives and insists that a lack of vision regarding the economic value of cultural assets is hindering the development of the sector. This strategy and the interest it generated, stimulated knowledge sharing and learning and led to 11 operations totaling \$400 million of investment (see paras. 44ff).

31. In 2001, the Operations Evaluation Department (OED) examined Bank activities in cultural heritage, with a focus on safeguard policies in cultural heritage and implementation processes. The report identified 217 loans, credits and grants from 1970 to late 1990s which included culture in some form. It concluded that the Bank should focus systematically on safeguarding cultural properties, document poverty reduction effects of cultural resource activities, and define more clearly its approach to the do good aspects of cultural heritage. In 2004, the book Culture and Public Action⁷ includes discussions between the Bank staff and Amartya Sen, Noble Laureate in Economics which provided the intellectual basis to highlight the role of culture in the development process.

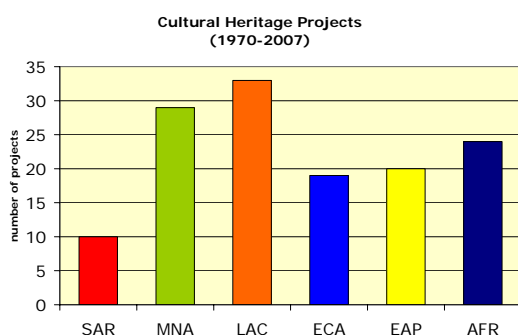
32. *Institutional Support*. Permeating Bank work is the institutional aspects of cultural heritage management, and its role in supporting Governments in modernizing the national or regional institutions and agencies that are managing the assets and that are responsible for its conservation and inter-generational transfer. Like any other sector, the institutional dimension is inescapable. In many developing countries the institutions charged with the protection of heritage have an antiquarian orientation lack the appropriate skill sets and leadership qualities, are unable to really look after the cultural heritage, and are consequently in a defensive position vis-a-vis new proposals of having the heritage play an active role in development. Unless they are able to do a better job, the depletion of the cultural resources will inevitably occur, and cultural heritage development projects will not be successful.

⁶ I. Serageldin, E. Shluger, and J. Martin Brown Ed, of Historic Cities and Sacred Sites, Cultural Roots for Urban Futures, the World Bank, Washington, D.C. 2001.

33. **Grants:** Bilateral and multilateral grant facilities have been very important to help project preparation and strategies for using culture in local development plans. In 1998, the Government of Italy created the Italian Trust Fund on Culture and Sustainable Development (ITFCSD) to support task teams prepare Bank financed activities in cultural heritage. The Trust Fund provided support for 13 operations and financed research, policy and program analysis, analytical work and training. It helped mainstream cultural heritage components in Bank operations and enhanced the visibility of cultural heritage work in the Bank. During 2002 and 2003, the Trust Fund, whose emphasis was on the linkages between cultural heritage and economic development, financed 21 grant activities in 14 countries⁸ for a total of US\$ 4.5 million.

Cultural Heritage across Regions

34. Approaches to culture heritage lending have varied across regions over the last forty years. MNA has been consistently active in the sector with 29 operations since the 1970s and is known as somewhat of a pioneer. ECA has been much more active in the cultural heritage field since 1997, with several of their operations focusing on community based tourism. East Asia has



seen a steady rise in both the size and volume of its portfolio due to lending for 12 operations in China alone. In the Africa region, cultural heritage activities are generally funded under large infrastructure projects and tend to involve intangible heritage to some extent. LAC has a number of projects with cultural heritage components but is being innovative by seeking to develop a new line of business through non-traditional tourism across the region.

35. **The Africa Region** has a portfolio of about 12 projects since 1997 with cultural heritage components, and a total of 24 projects over the last four decades. Most have been prepared as components of larger projects, notably urban development. There are for example cultural heritage activities under Water, Energy, Transportation and Health sector projects. The Senegal and Benin municipal development projects had small components to help conserve historic districts. The Mali Urban Development and Decentralization Project (US\$80 million) financed activities in key historic urban areas including Timbuktu and Djenne. A total of three LILs were approved for Mauritania, Ethiopia, and Eritrea to support tangible and intangible heritage assets, including national archives, oral history, inventories of historic places, historic building conservation, site management, and handicraft development

Box 5 ETHIOPIA: Tourism Market Study

As part of the preparation of a tourism strategy and lending operation in Ethiopia, a study on the market for cultural and heritage tourism was undertaken. Cultural and heritage tourism are the predominant tourism product of Ethiopia. The study defined and quantified the global market for

⁸ Albania, Armenia, Bosnia and Herzegovina, China, Egypt, Eritrea, Jordan, India, Iran, Macedonia, Morocco, Pakistan, Tunisia, Yemen.

cultural and heritage tourism, and estimate Ethiopia's market share; determined the primary markets for cultural and heritage tourism in Ethiopia, and identified the profile and demographic characteristics of these tourists; defined Ethiopia's product offer and compared it with competing destinations, providing a comparative analysis; and identified and profiled the main operators supplying tourists to Ethiopia, and identified and profiled operators that do not currently include Ethiopia on their itineraries. The study also identified constraining factors that are hindering the development of cultural and heritage tourism in Ethiopia. Further work is now underway.

"Market Survey Research for Ethiopia," A Report to the World Bank, 2006

36. Recent initiatives have explicitly acknowledged the role of heritage, as in Ethiopia where a Market Research Study in Cultural and Historic Heritage Tourism" was commissioned to: determine the potential for market development. Similar examples are the Madagascar new Integrated Growth Poles Project and the Mali Growth Support Project which include culture components. In a few of the protected area projects, as in Uganda, heritage assets are gaining recognition. Similarly, the Tanzania Marine and Coastal Environment Management Project, an inventory of historic places was conducted in Zanzibar and priority activities are being determined. At the same time a number of new tourism centered operations are under preparation in East Africa that could provide opportunities for enlarging Bank support for cultural heritage and related industries,. These include projects under preparation in Tanzania, Mozambique and Kenya. An example of analytical work is the Africa Region Poverty Reduction group paper examining linkages between heritage assets, tourism and poverty reduction.⁹ The Bank, with the support of the Government of Norway and the Northern Cape Provincial Department of Sports, Arts & Culture, sponsored a conference in Kimberley bringing together representatives of heritage institutions from ten countries¹⁰.

37. **The Europe and Central Asia Region** (ECA) has a portfolio of 19 total projects with 9 being prepared since 1997. ECA is the only region with a Cultural Heritage Cross-country Agenda. This includes the Trans Caucasus Tourism Initiative (Georgia, Armenia and Azerbaijan) financed under a Swiss grant) and the Community Empowerment Grant (Georgia and Uzbekistan, financed under a Norwegian grant). Both focus on developing *community-based tourism* in the region. On the lending side, ECA has experimented with several projects, beginning with the Georgia, Armenia, and Albania Institutional Development Fund (IDF) grants in the mid 1990s and progressing to Learning and Innovation Loan (LIL) projects in Georgia, Romania, Azerbaijan and Macedonia, urban projects in Bosnia and Herzegovina and the Russian Federation, and a coastal zone management project under preparation in Albania. Discussions are now underway in Bulgaria about a new heritage project.

38. The ECA projects prepared in the late 1990s and early 2000s responded to Government requests to use cultural heritage at a formative time of nation building (this was the case in Georgia, Armenia, Macedonia, Bosnia and Herzegovina, and Russian Federation). Community development objectives lie at the core of several of the operations and most have attempted to create new employment through cultural and tourism industry. ECSSD has prepared an analytic review of this work¹¹ to guide future operations.

⁹ J. Taboroff, "Developing Culture and Heritage in Tourism to Promote Poverty Reduction in the Africa Region", 2006

¹⁰ J. Taboroff, Kimberley Consultative Workshop on Culture in Africa. Synthesis Report, 2001

¹¹ J. Taboroff and K. Ebbe, "Review of Heritage Conservation and Community Based Tourism Operations in the ECA Region", 2007

39. Many ECA countries are still moving from command to market economies and/or are in the process of decentralization. National institutions that were once protecting and managing cultural and natural heritage assets often no longer have the resources to carry out these functions and local administrations lack the knowledge, experience and revenue to do so. This situation calls for attention to the capacity at local level and also to the role cultural heritage conservation projects have in empowering communities, improving governance, strengthening community pride, enhancing community cohesion and reconciliation, and expanding employment opportunities.

Box 7 Community Development in ECA Projects

The ECA Review documents the following forms of community development.

Empowering Communities. The Trans-Caucasus Tourism Initiative provided technical assistance to NGOs to develop community-based tourism plans and implement projects. The result has been a shift in community attitude from pronounced passivity to a much more proactive stance.

Improving Governance. The Macedonia Community Development and Culture project funded regional coordinators for its small grants fund, who met regularly with mayors, city architects and municipal project advisers to facilitate NGO/municipality cooperation. Local government became more aware of the benefits of working with NGOs and more proactive in supporting them. St. Petersburg City Center Project had a two-prong aim of demonstrating how public investments in infrastructure may leverage market led upgrading of the inner city, and preparing of a new urban strategy as a way to improve the investment climate in the metropolitan area.

Increasing Community Pride. Social needs assessments and local participatory planning exercises were used under the Community Empowerment for Cultural Tourism and Heritage Protection Initiative for Georgia and Uzbekistan. These processes assisted communities with defining and expanding their sense of local heritage and local distinctiveness, prompting a positive response from national institutions.

Enhancing Community Cohesion and the Climate for Reconciliation. The restoration of the Mostar Bridge under the Bosnia and Herzegovina Cultural Heritage Project became the symbol and the focus of both local and international efforts to bridge the differences among the local population that had surfaced during the war. At the local level, the project had the full and constant support of political leaders from all ethnic factions. The PCU was frequently cited as a model of inter-ethnic cooperation, both for how it worked internally and for how it managed relations with the community.

Expanding Employment Opportunities. The Community Empowerment Initiative in Georgia and Uzbekistan supported a wood carving apprenticeship program that trained for over 300 rural youths and another program that trained 500 youths in conservation and restoration skills, thereby expanding their limited skills and employment opportunities. The Georgia Cultural Heritage Project stimulated the creation of independent restoration and consulting firms. The project activities employed more than 2,000 people, including some 500 specialists, and 35 new construction businesses benefited from contracts.

Local Economic Development. ECA activities have helped communities to increase the number of tourists and better use cultural assets to generate income. For example, in Mostar tourism arrivals in 2004 have increased from 50,000 to 220,000 in a single year; in the Trans-Caucasus initiative local associations recorded increases of from 25 to 70 percent. The bed and breakfast association formed under the Azerbaijan Cultural Heritage project recorded a doubling of visitors in a single year from 2004 to 2005. Georgia Cultural Heritage Project revitalized the Old Town, Tbilisi through small scale infrastructure improvements (street paving, lighting etc.), encouraging private investors to renovate some of the city's most important old buildings and leading to the opening of hotels, cafés, restaurants, shops, and offices.

Preventing and Mitigating Environmental Problems. The Albania Coastal Zone Management and Clean-up Project is supporting heritage conservation and tourism development for small communes in the southern

coast. The funding is available to communes that have created an integrated development plan that takes tourism infrastructure needs into account. These planning requirements have ensured more comprehensive planning by linking infrastructure needs to tourism development.

40. **The East Asia Region.** The East Asia region is responsible for a significant set of urban projects that include cultural heritage components, 11 projects totaling \$1.5 billion since 1997. The most important component is the program in support of China's municipal governments by encouraging the improved management, conservation and protection of urban heritage as an integral part of upgrading. These include the Shanghai Urban Environment APL, Chongqing Small Cities Infrastructure Improvement Project, Zhejiang Urban Environment Project and Sichuan Urban Environment Project. The objective of these projects was the safeguarding and sustainable development of key historic areas. In the face of very rapid urban growth, such areas are under extreme pressure. The Government of China has made an extraordinary commitment to this sector through IBRD lending and has safeguarded unique cultural assets. This work has been documented in a range of publications, the most comprehensive of which is Management of Urban Cultural Heritage in China: A Sector Overview¹² The region also sponsored an international conference in 2006 on sustainable tourism and cultural heritage.

41. In addition to urban projects, the region is preparing two ambitious province wide projects, one in Gansu and one in Guizhou that combine infrastructure provision, with tourism development and heritage conservation (see para 44). An earlier generation project in Indonesia, the Bali Urban Infrastructure Project included a component to support heritage conservation including assistance to museums, site planning and conservation work, and technical assistance for the formation of a Bali Heritage Trust. Special financing was made available for East Timor for an activity to rebuild cultural centers. Some of the challenges faced by the Region are discussed below.

42. *Balancing Growth with Social and Environmental Concerns.* The East Asia and Pacific Urban unit (EASUR) has been actively supporting China's municipal governments by encouraging the protection of urban heritage as an integral part of upgrading and development work for the past fourteen years (1993-2007.) However, the continuous pressure for high density urbanization and the pace of this development in China has resulted in the loss of much of the country's ancient urban heritage. Recently, China has begun to place an increasing emphasis on growth that is balanced with social and environmental concerns. This has created demands for the Bank to provide increasingly complex, integrated, and China-specific innovations to address the country's changing needs. In a paper requested by the Chinese government, EASUR has suggested four areas where the Bank has innovative approaches to offer: (a) integration of cultural heritage conservation into urban upgrading, (b) planning and infrastructure investments, (c) integrated lake basin management; rural to urban land conversion and resettlement; and (d) water sector innovation.

43. *Strengthening Financial Sustainability.* The approaches to strengthen financial sustainability in heritage conservation projects have included:

- increasing self-financing of heritage sites -- in the Shaoxing historic areas being upgraded under the Zhejiang Urban Environment Project, entrepreneurial managers of historic sites have raised entrance fees, increased souvenir sales and initiated commercial

¹² D. Hankey and M. Brammah, Urban Development Working Papers, East Asia Infrastructure Department, Working Paper No. 2, 2005

- activities that are appropriate to the cultural values of the sites, such as tea houses and calligraphy;
- improving municipal officials' understanding and ability to calculate the in-direct revenues created by heritage sites through tourism spending – under the Shanghai Urban Environment Project, officials are planning to enhance the city's growth and prestige by creating a new cultural development policy for the city. Their goal is to become the cultural capital of East Asia.
 - building capacity for developing appropriate new uses for historic buildings that provide adequate income streams for operation and maintenance – in Ningbo, where the Zhejiang Multi-cities Development Project supported planning and conservation work, a Ming Dynasty courtyard house was converted into antique and art supply shops and an ancient hall into the headquarters of a cultural association.
 - supporting public-private partnerships for the conservation and revitalization of traditional urban areas – under the Chongqing Urban Environment Project, municipal authorities have been supported in restoring a complex of ancient guild halls in the heart of the city and in developing detailed contracts and leases that ensure appropriate adaptation for private sector activities in these city owned buildings.

44. *Reducing Poverty in Rural Areas.* The Government of China has recently undertaken the Great Western Development Initiative, focused on alleviating poverty and restructuring the economies of the very poor western provinces. As part of this effort, the Government has asked EASUR to assist with the development of two projects to support the sustainable development of the provinces' tourism potential and protect against the impact of increased tourism. Under the Guizhou and Gansu Cultural and Natural Heritage Protection and Development projects, EASUR is developing integrated investment programs to support the protection of cultural relics and natural heritage; improved management of tourism; promotion of local economic development; and development of key supporting infrastructure such as roads, power and water supply, drainage and solid waste management, and improved visitor facilities.

45. **Latin America and Caribbean Region.** The LCR portfolio is the largest in terms of number of projects with 17 in the last decade, totaling 33 in the last 30 years. In LCR, a number of projects combine the lessons and goals of local development, environmental sustainability and cultural heritage. The region has been involved in the tourism sector in Mexico, Ecuador and Brazil and in Central America (Copan, Honduras, Nicaragua and Puerto Limon Costa Rica). A new batch of projects underway in the Andes (Vilcanota Valley/Machu Picchu, Lake Titicaca and Galapagos) and in the Caribbean is adding to our experience.

In 2005, Latin America received 52 million international tourists (7 percent of the 806 million world total), who generated 34 billion US dollars, or 5 percent of worldwide receipts (682 billion dollars). According to UNWTO, international tourism and passenger transport revenues in Latin America account for more than 10 percent of total exports of goods and services and represent 3 percent of GDP.

UNWTO forecasts a continued growth trend, with arrivals to Latin America topping 220 million by 2020. Especially fast growth is expected in South America, followed by Central America and the Caribbean. The growth of comparatively emerging destinations such as Nicaragua, or new sites in Peru, or Bolivia will complement the diversification of relatively more established destinations Mexico, Brazil, Honduras, thus boosting tourism's role as a tool for overall economic and social development in the region.

However, while increased traditional tourism in the region has led to economic growth, the

impact on the poor has yet to be confirmed. In many cases it is suspected that the benefits of traditional tourism projects have relatively small impact in terms of local job and income generation. The expansion of the tourism activities has also has their downside. In its wake, areas where built cultural heritage and biodiversity are the major tourism attractions may suffer greater negative environmental and social impacts. In the absence of adequate infrastructure, tourism can lead to local congestion to the, waste, and degradation of the environment, of archeological treasures and of existing infrastructure, as well as habitat destruction and displacement of local people and wildlife. If not well-conceived and maintained, tourism may also have negative effects on the local culture and habits, especially on youth as massive injection of cash in the local economy may result in a shift of occupation and disruption in the delicate social fabric.

To address those issues, the Bank has been assisting Governments to refine and implement pro-poor tourism strategies. Those new LCR operations tend to link five major components (see Box 8):

- Cultural heritage conservation
- Local economic development and social empowerment
- Institutional strengthening
- Environmental rehabilitation
- Public goods and services provision

The region is also finalizing a strategy on non-traditional tourism, which explicitly links local economic development, cultural heritage and tourism for poverty reduction.

Box 8: Cultural Heritage and Development in LAC

HONDURAS: Regional Development of the Copan Valley Project

Declared a World Heritage Site by UNESCO in 1980, the Maya ruins of Copan in Honduras form one of the most impressive archaeological sites along the “Maya Circuit.” Although the increase in tourism has helped bring prosperity to Honduras, the Department of Copan, where the ruins are located, continues to rank among the poorest in the country. Since 2003, the World Bank has been helping to develop sustainable tourism in the Copan site and surrounding areas through the Regional Development in the Copan Valley Project. The project, financed by a \$12 million credit from IDA, is based on a holistic vision of pro-poor, community-based tourism, and regional cultural development.

The central aim is to benefit local residents and strengthen local institutions by developing sustainable tourism based on the cultural and natural heritage of the Copan Valley and surrounding areas through:

- a) creation of an Archeological Tourism Circuit integrating five archeological parks/sites;
- b) ecologically sustainable management of the parks/sites;
- c) capacity development for staff involved in park/site conservation;
- d) strategic planning for local development and urban management;
- e) access to training and technical assistance for products and services provided by locally-owned enterprises; and
- f) institutional strengthening to develop local capacity to manage cultural heritage.

Outside Copan, the project has financed the conservation and development of other cultural heritage sites and national parks. By August 2006, three years after the project was launched, job creation in the Copan Valley had increased by 18 percent, benefiting particularly women and local artisans (the project team had predicted a 5 percent increase). Additionally, family revenues of project beneficiaries almost doubled. The *Fondo Prosperidad*, a fund created by the project, financed 69 new tourism entrepreneurship (out of 500 applications), benefiting more than 1,650 people directly and an estimated 25,000 people indirectly.

The benefits do not stop there. Thanks to this project, the management capacity of the Municipality of Copan Ruinas has been strengthened through the establishment of an Urban Planning Bureau and a Municipal Tourism Unit. These bodies have helped to refine and enforce critical urban development and management norms, as well as regulations for construction licensing, heritage protection, traffic, street commercialization, environmental conservation (including solid waste management and creeks protection), cadastre, street naming, and color and signage standards. In two years, this support has helped give Copan Ruinas a brand new image while expanding income generation opportunities to its poor inhabitants and increasing their sense of local heritage and distinctiveness.

PERU: Vilcanota Valley Rehabilitation and Management Project: Improving the Planning and Infrastructure of a Cultural Landscape

Machu Picchu and the Sacred Valley of the Incas, located in the Vilcanota Valley, are global cultural icons vital to the Peruvian economy, serving as the main destination for 70% of all tourists to Peru. In the past decade the area has attracted a rapidly growing number of tourists and local population seeking economic opportunities from the influx of tourism.

Lack of adequate tourism management policies and of urban growth controls in turn has led to the accelerated physical and environmental deterioration of the Vilcanota Valley, the Inca Trail and other monuments. The area is also prone to natural disasters and in the past two years landslides have twice destroyed sections of the railway that provides access to Machu Picchu. In addition local communities have benefited the least from tourism expenditures, leading to social alienation, loss of cultural identity, and economic decline. Although both the Machu Picchu Sanctuary was declared World Heritage Sites by UNESCO in 1981, as a result of the above situation it was proposed for the List of Endangered World Heritage Sites.

Alarmed by this situation, in 2003 the Peruvian Government asked the Bank to help them design and implement a project to improve the conditions in the Valley. Working closely with partners such as UNESCO and National Geographic, the Bank used a multi-disciplinary approach to prepare a US\$ 5 million project that has supported the Government of Peru's efforts to enhance the environmental and socio-economic sustainability of historical, cultural and ecological assets in the Vilcanota Valley through:

- o consultation among local stakeholders to establish a shared vision for the future of the Valley and to ensure that project design and implementation reflect community priorities;
- o strengthening municipal development management capacities;
- o targeted infrastructure investments and provision of urban services; and
- o provision of goods and services in compliance with key UNESCO World Heritage Sites guidelines.

These strategic interventions are expected to have a catalytic effect that will promote an environmental and social healing process.

46. **Middle East and North African Region** is responsible for 11 projects within the last decade with a total portfolio of 29 operations. It represents the first pioneering of multi-sectoral projects and in the Fes Medina project in Morocco cultural heritage interventions were measured and its local economic development impact assessed. MNA also uses a repeater approach to cultural heritage, building lessons from past projects into new operations such as Third Jordan Cultural Heritage, Tourism and Urban Development project. It draws from the experience of the Second Tourism Development Project (1997-2004) and will focus on the urban development of five key historic cities and create the conditions for local economic development. The Jordan project is a good example of a medium sized project that brings together revitalization of historic cities through infrastructure provision and urban amenities, provision of financial and technical support to community groups and local entrepreneurs, and technical assistance for capacity building. The project includes an innovative approach by seeking to promote and protect the

overall cultural landscape, the interaction between the man-made and natural heritage, of the city of Ajloun.

47. The Region has opened new ground in Culture and Development projects especially in the links with local development. It has carried out cultural heritage projects in Lebanon and Tunisia and urban projects in Fes, Morocco and Bethlehem (as part of Bethlehem 2000). The Fes project assisted the conservation and rehabilitation of Fes Medina, especially the historic housing stock and urban environment. The Italian Trust Fund supported economic and sector work in Morocco¹³ and Iran¹⁴, and the inventory of cultural heritage and feasibility of palace rehabilitation in Tunisia while Japan provided a PHRD grant for the latter project. At the forefront of this body of work is the need to create new employment opportunities, improve urban living conditions, and use tourism to safeguard cultural assets.

48. The Tunisia Cultural Heritage Project, currently under implementation, presents a comprehensive approach to cultural management closely tied to institutional strengthening and policy reform. Fairly large in size (\$24 million), its objective is to support the development of a sustainable cultural policy for the management of the country's heritage and, in turn, generate additional revenues. It includes three components:

- strengthening of the legal and institutional framework: development of appropriate legislation to protect the heritage, development of a museum policy, strengthening of the institutions in charge of protecting, managing, and promoting the heritage ;
- development and marketing of cultural products; preparation and development of communication strategy, appropriate "signing" of cultural sites, overall marketing approach directed to national and foreign visitors;
- development and improved access to a number of sites representative of the country's cultural heritage including Carthage archeological site, Bardo National Museum, Sousse Museum and Medina, Kairouan Medina, and Djerba island.

The project relies firmly on the expertise developed within the Ministry of Culture and Cultural Heritage Preservation and the national institutions in charge of cultural management as well as of the local governments and associations active in the preservation of their heritage. The best example of this collaboration is to be found in Kairouan, where the local Preservation Association, in particular, plays a crucial role in the rehabilitation of the Medina and the preparation of visitor circuits and where these initiatives are already leading to a revival of local activities and increased tourism potential. The project's landmark will be the rehabilitation and extension of the Bardo National Museum which, together with Carthage and other sites in the vicinity, will become a strong cultural focal point for the whole region.

49. **The South Asia Region** is engaged in a number of new activities in the South Asia region in the field of cultural heritage. In total the SAR portfolio includes 10 projects with 4 being implemented since 1997. The Italian Trust Fund financed an activity in India (Rajasthan District Poverty Initiatives) and Orissa (Growth Strategy for Orissa) and Pakistan (Incorporating Tourism and Cultural Heritage Promotion in the Private Sector Development Strategy for Pakistan). The Orissa Socio-Economic Development Loan II is under implementation. Currently a new project based in the Punjab is underway and includes activities in support of the urban revitalization of Lahore (Punjab Municipal Services Improvement Project).

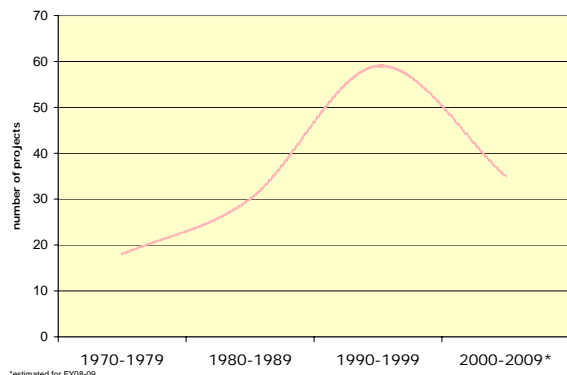
¹³ , "Harnessing the Resources of the Cultural Patrimony for National Development",

¹⁴ ("Iran's Cultural Heritage and Social and Economic Development – Prospects and Challenges",

50. New South Asia projects are addressing the interface between poverty reduction and cultural industries by focusing on pro-poor job generation. Several are linked to the tourism industry by addressing the growth-poverty paradox. Although in their early stages, they use CDD approaches supported by SME skills to focus on pro poor tourism growth.

Evolution of the Portfolio

51. There has been some fluctuation in the Bank's work on heritage issues over the decade which reflects variation in resources to prepare components that could be mainstreamed in to large components.



While 2002 and 2003 benefited from the Italian Trust Fund as well as funds from Norwegian, U.K, Dutch, and Swiss, the virtual closing of IDF grants for heritage hindered the development of a good stream of projects and assistance strategies in this field. For IDA countries, the PRSP process was not favorable as tourism and cultural heritage were not included as part of the growth and poverty reduction strategy.

The preference of Bank lending for large operations did not benefit small CH projects that not only are small but are more costly in preparation and execution. Alternative ways need to be developed to encourage a sustained stream of these components across assistance lending.

52. Safeguards in Force. The Operational Policy on Physical Cultural Resources (OP 4.11) may have increased scrutiny of operations for possible negative impacts on heritage sites but has also increased the attention for the need to actively preserve these sites. Several important Environmental Assessments (EAs) were undertaken during the period under review, including the Chad Cameroon Pipeline with a section on cultural resources. Other large EAs are Nam Theun 2 (Laos), the Amman Ring Road (Jordan), and Beirut Urban Transport (Lebanon).

53. Tourism and Cultural Heritage. Evolving Bank attitudes to tourism in our work are also benefiting cultural heritage initiatives. The Africa region is taking a lead in developing analytic work to support tourism interventions, with a focus on gaining a better understanding of markets and involving the private sector. In Ethiopia, cultural heritage is being recognized as a central element of tourism and the Bank has produced a draft tourism strategy centered on heritage tourism. The new Jordan project is also specifically aimed at improving tourism earnings and sustainability. The Latin America and Caribbean region is currently preparing a Non-Traditional Sustainable Tourism and Poverty Reduction Strategy that proposes Bank investment in *non-traditional tourism* that reduces poverty by combining infrastructure, environmental and cultural sustainability, and local economic development.

54. Partnerships are and will continue to be fundamental for the majority of the CH projects. Bilateral donors joined projects in the Russian Federation (Finland and the U.S.), Macedonia (Netherlands, Italy), Albania (Italy), Trans-Caucasus Tourism Initiative (Switzerland), and Community Empowerment for Cultural Tourism and Heritage Protection in ECA (Norway). Successful Task Team Leader efforts also led to the participation of expert international organizations and foundations, which expanded the scope of the projects and provided inputs

necessary to ensure the historical and cultural integrity of project work. In Romania, the World Monument Fund collaborated with the government and cooperated with the Bank in co-financing the Brancusi Column component. In Georgia, the Council of Europe worked in parallel with the Bank for the conservation of Old Tbilisi, while in the Bosnia-Herzegovina project the Aga Khan Trust for Culture and UNESCO were major actors, and in the Community Empowerment initiative (Georgia and Uzbekistan) UNESCO supported the publication of a guide to Samarkand. The Peru project tapped the resources of the National Geographic Society and the Gansu project has had advice from the U.S. National Park Service. Over the last decade partnerships have generally become more successful as both the Bank and its partners have gained more experience in coordinating efforts and defining roles and responsibilities.

55. Working with the Private Sector. An increasing number of projects are actively working with the private sector particularly in the area of SME and tourism development. In Eritrea, the project successfully worked with a private library to catalogue and conserve its holdings while in Georgia private tourism companies were contacted to provide advice to potential bed and breakfast owners. The premise of the cultural heritage activities within the new Pakistan Punjab Municipal Service Improvement project (PO83929) is to harness the private sector as a means of improving livelihoods for the urban poor. IFC is increasingly interested and willing to partner with the Bank in such operations.

56. Working with civil society. Other projects have also actively worked with not-for-profit organizations, which has been critical to improve their target and reach the poorest. In Honduras, the Copan project has successfully partnered with a renowned not-for-profit organization devoted to the conservation of the archeological site through the engagement of local indigenous peoples (Chorti). In Bolivia, community based organizations have been involved from start in the Titikaka project design to ensure their full ownership over the project and its activities.

Trends to Improve Relevance and Effectiveness

57. Looking across the range of Bank operations, several new trends are evident that are likely to increase effectiveness and relevance. These include:

58. *Working at a regional scale* through infrastructure provision to promote heritage conservation and economic development, as in Peru Vilcanota Valley Project or China Zhejiang Urban Environment Project. A number of projects have been able to address larger planning and infrastructure issues that are causes of loss or deterioration of cultural assets. To date it is the rare projects that have deliberately focused attention to cultural landscapes and the relationship between cultural and natural heritage.

59. *Providing support for intangible heritage*, such as oral history. The Eritrea project has financed recording of oral history from each of the nine ethnic groups in the country. The Macedonia project also financed activities involving intangible heritage including music and festivals. Particularly in the Africa and Latin America regions, acknowledgement and support for intangible heritage is a means to reach marginalized elements of society.

60. *Linking heritage to local government and civil society.* The majority of projects worked with government at the national level. The Copan and the Macedonia projects were unique in their emphasis on local government and civil society. The Eritrea site management plan for Qohaitu is being designed with a view to involving local government in the management of the site. Many of the China urban projects work closely with municipal level government.

61. *Using cultural assets as the basis for the development of SMEs.* A number of the operations provided Technical Assistance or other forms of support for culture-based SMEs. In the Azerbaijan project, training was made available for bed and breakfast owners and in Ethiopia and Macedonia project components were focused on the handicraft industry. The Community Empowerment grant activity in Uzbekistan and Georgia used social analysis to design targeted interventions for handicraft workers. Projects where a market assessment was conducted were more likely to show improvements in earnings.

62. The majority of projects finance a complement of activities that support physical conservation, invest in tourism development, empower communities, promote economic growth, and strengthen institutional development. They range from providing computerized inventories of historic places, preparation and implementation of site management plans, adaptive reuse of historic buildings, upgrading of parks, to technical assistance for handicraft producers and training in project management and monitoring. These recent projects have demonstrated that **heritage is multi-faceted** and requires different sorts of conservation measures and skill sets.

63. It is important to set Bank work in the **current international scene**. In the developing world, CH is being *mainstreamed* into a range of economic and social policies and programs. The sector itself is also making the changes that are necessary so that it is “fit for purpose” by institutions, developing policies that respond to contemporary needs, carrying out performance and impact evaluations, and bringing in new sorts of expertise.

Key among these themes are:

- *Regeneration.* Regeneration of urban areas and rural economies blighted by underinvestment, abandonment of traditional industries and social disruption is a major area of investment in many countries. An indicative example is Luxembourg, named as Capital of Culture for 2007. Here the strategy of regeneration is based on cultural and creative industries as an agent of positive change. Redundant industrial sites are being transformed into mixed use housing and business premises, with artists and designers involved in creating an environment that is conducive to economic vitality.
- *The Economy of Culture.* In the last decade there has been increased attention to the economic underpinnings of culture. The publication of the EC study ‘The Economy of Culture in Europe (2006)’, confirms the pivotal role that cultural and creative industries play in European economies. They now outstrip the manufacturing industry and are credited with nurturing and inspiring innovation that is essential for the future.
- *Cultural Tourism.* Cultural tourism is growing rapidly and is a major opportunity for many of the Bank borrowing countries. According to the United Nations World Tourism Organization (UNWTO) there were approximately 800 million international tourist trips taken worldwide in 2005. Depending on the definition used for cultural and heritage tourism, between 5% and 37% of these were for cultural and heritage tours. Consequently, the market for this tourism is between 52 million and 296 million trips annually. Expenditure is estimated as being between \$26 billion and \$148 billion.
- *Culture as an agent for social change.* In the UK and elsewhere, there is an ongoing effort to increase access to culture and to ensure that audiences represent all elements of society, particularly children and disadvantaged groups. Culture is viewed as an important tool for creating a more tolerant and creative society.

- *Sustainable management strategies.* The conservation planning process and application of new forms of conservation interventions are being employed to improve the likelihood of sustainable resources. Today project preparation is more likely to take into account the interests of surrounding communities and also more likely to be monitored.
- *Leadership and skills in the culture sector.* There is a realization that leadership is wanting in the sector and that in order to create leaders specialized training is needed. The Clore Leadership Programme in the UK, financed under the Treasury, is a significant example of how leaders can be identified and mentored.
- *Culture as a driver in urban regeneration and transformations.* In many large cities of Latin America, including Mexico City, Buenos Aires, Rio de Janeiro, a significant stock of abandoned and functionally obsolete buildings located in their historic city centers are undergoing innovative processes of preservation management and economic regeneration based on partnerships of public and private (PPP). Most of these neighborhoods are becoming important centers of arts, music and dance, and safe from crime and violence.

Lessons Learned

64. It is premature to provide a full assessment of lessons learned from the varied cultural heritage activities in the absence of regional or Bank-wide evaluations. Nonetheless, it is possible to indicate, on the basis of the ECA Review, Implementation Completion Reports, and other documentation, some tentative observations.

- Cultural heritage operations are a multi-sectoral effort. Effectiveness is enhanced if the social and economic context is well understood. Use of social and institutional assessments upfront is critical to understand the concerns and willingness to participate of people and their organizational capacities. Task Teams should include an appropriate skill mix with engineering, social science, and SME expertise.
- Heritage projects can play a significant role in promoting social integration and post-war reconciliation. The examples of Bosnia and Herzegovina, East Timor, and Eritrea are striking in the positive impact of cultural activities to promote understanding.
- Small grants are an important tool to engage local communities and NGOs and have the advantage of creating an energized dynamic and tapping into the creativity of local people. The St. Petersburg, Georgia and Macedonia projects were particularly successful in using small grants to improve the condition of heritage buildings, develop tourism products, and create small scale economic activities. Similar locally-based economic results were achieved through Copan's grant scheme named Solidarity Fund.
- Attention to public information and awareness- raising as part of project design is essential if the value of heritage is to be well understood and accepted. The Georgia project was one of the first to provide for public outreach as part of the project implementation unit. Projects such as Macedonia and Eritrea which delivered activities such as radio programs, brochures, signage etc. have made a significant contribution to raising public interest in heritage.
- *Devising ways to strengthen- institutional capacity* is also important for success. The majority of Ministries of Culture and of Tourism in Bank borrowing countries require

assistance to improve their management, planning and budgeting skills. Bank operations provide a very important opportunity for such ministries to review priorities, modernize conservation practices, and raise standards. In the case of Macedonia, the project demonstrated to government that civil society can be an active partner in heritage conservation.

Sustainability

65 There is concern about the sustainability of CH financed operations. *Institutional sustainability* is difficult to assure as many staff of project implementation units move on. However, the Bank projects introduce institutions to standards of performance such as competitive tendering and procurement regulations as well as access to international best practice in conservation. Through the projects, heritage institutions have been obliged to interact with other line ministries, such as finance, environment or urban development, and local government, which provide an opportunity for developing ongoing working relationships.

66. *Financial sustainability* is very challenging. In some cases, charging mechanisms have been established, as at the Butrint Archaeological Park in Albania, which will help support park maintenance. In other cases contacts were promoted with other bilateral or international donors, as in the case of Jordan. Links with the private sector are equally important, and this has succeeded in a number of projects, as in Georgia. In several countries, namely Indonesia, Macedonia, Georgia and Eritrea, the projects supported development of a heritage trust, typically by means of technical assistance. In the Eritrea project a legal and financial framework for an Culture Fund is now being designed. The process of preparing budgets and proposals can be useful for project groups to secure future support.

67. *Physical sustainability* also deserves major attention due to the tendency to poorly finance conservation of sites and buildings. This may be remedied by ensuring that heritage sites and buildings have appropriate funding channels and uses. In the Macedonia project, the Bank encouraged the Government to develop new uses for historic buildings as part of the project as well as specifying responsibilities for maintenance. More can be done, for example preparing conservation manuals and issuing incentives for building owners to take responsibility for maintenance.

The Bank's Comparative Advantage

68. The Bank has a comparative advantage in conservation and community tourism projects: it has a unique ability to convene stakeholders at the highest level of government and other international or national organizations, to assemble multi-disciplinary Task Teams to design and supervise projects, and to address institutional and legal issues. The Bank's partnership with UNESCO to form an expert conservation team for the Bosnia-Herzegovina project at Mostar is an example of the institution's international, multi-disciplinary convening power. The fact that the Bank can make significant amounts of money available to this sector is also extremely important. This is a poorly funded sector and other international and bilateral organizations simply do not have resources to help poor communities in developing countries purchase the expertise they need or implement projects. The Bank is also distinct from most conservation and tourism organizations in its ability to set projects within a development and poverty reduction context. In the past, critics have argued that the Bank did not have either a comparative advantage or appropriate skills set to undertake projects in this sector; however it has become apparent over the last decade that the integration of conservation and economic development activities is crucial for

sustainable results. Moreover, the convening power of the Bank is another important way to coalesce with specialized agencies (UNESCO, ICOMOS, etc) and NGOs (National Geographic Society, Smithsonian Institution, The World Monuments Fund, the Aga Khan Trust for Culture etc..) to partner with the client countries in projects and programs aimed to preserve culture and cultural heritage assets.

69. Bank experience in all regions is that the Bank's participation has not only helped to convene external resources (e.g., assistance from bilaterals well as organizations like the U.S. National Parks Service Heritage Areas), but it has also helped our counterparts mobilize scarce domestic resources that they would probably not have been able to without the Bank-financed project. For example, in one project in China when preparation started, of the nine heritage sites in the project (8 national level, 1 World Heritage), none had begun any cultural heritage planning. During preparation one submitted for state approval, several are being reviewed at the provincial level before state submission, and the rest are well underway. Because the professional resources to do such planning in China are extremely limited, the sites normally would wait in line for many years to have a plan written. In such cases state resources (including financing and technical expertise) have been directed as a priority towards these sites during this period.

The Road Ahead: Mainstreaming Culture in Bank Operations

70. Identification of cultural assets in preparation of the CAS, PRSP, operational projects and other initiatives, will add opportunities for economic growth which are currently overlooked. Similarly, attention to culture in the various analytical processes used by the Bank and its clients, including ESW, Social Assessment and Analysis and Environmental Analysis, will provide essential information for productive investment.

71. *Challenges:* Despite a multi-culture staff, the main challenge for the Bank in this sector is how to integrate and mainstream culture into our operations. We can innovate in the way we prepare projects and incorporate cultural dimension through incentives, e.g. awards, grants and knowledge tools how-to manuals, databases with lessons learned, draft terms of reference, a roster of expert consultants and so on. Monitoring and evaluation will enhance our ability to quantify the benefits and economic returns of cultural heritage. As mentioned before, evidence demonstrates that building in local culture can also enhance the sustainability of operations and have an important impact on poverty reduction. Small grants for local community development fairs linked to operations such as transport, water and sanitation or housing promotes buy-in and sustainability of projects and programs and can draw out unsuspected aspects of intangible cultural heritage.

72. *Opportunities:* Bank regions that have developed strategies for developing cultural heritage and pro-poor tourism have identified important opportunities for a new generation of Bank operations, from stand alone projects or programs to components of sectoral operations. These strategies have identified comprehensive approaches to development with private-private-sector participation, and regional/integrative approaches that lend themselves to and reinforce collaboration among networks and the IFC, as well as with outside partners including bilaterals and MLDBs or agencies such as the World Monuments Fund and the National Geographic Society. In short, the opportunities for new lines of business and products are there and it is up to the Bank to develop them in a strategically operational way.

73. Revitalizing the cultural heritage and culture agenda in the Bank will require that the Urban Anchor take a leadership role, working closely with the TG and the regional focal points.

They will need the resources to do so. One of the lessons learned from previous Bank experience is that unfunded mandates are unsustainable. The new Sustainable Development Network is an excellent opportunity to reach the broad set of expertise required.

74. Identifying and selecting new opportunities are facilitated by the types of analysis being undertaken in the current generation of Bank projects. In these projects, a refined focus has emerged linking livelihoods of the poor to the growth engine of cultural industries and tourism. This can also be tied to a strategic spatial planning approach that examines the larger physical context.

Annex 1

Dialogue on Cultural Heritage in Sustainable Development

The Cultural Heritage in Sustainable Development Thematic Group held the first **Dialogue on Culture in Sustainable Development** on April 16, 2007. The event provided a forum to discuss how culture has been included in the development activities pursued by the Bank and its partners, sharing knowledge and experiences across task leaders and clients, and reviewing how to explore new opportunities and approaches such as the emerging sustainable tourism sector and its impact on local development and poverty reduction.

This full day event with over 100 participants included plenary sessions on cultural heritage strategies in the Bank and approaches used by our partners. The sessions highlighted three ways of looking at culture as: essential "glue" for identity and social cohesion; a powerful engine of growth; and a demand for heritage management. Parallel sessions discussed case studies from the Bank and other donors to understand alternative contexts and approaches, novelty in approaches, impact and value added -- including links with tourism, participation and ways to move forward.

The event was jointly opened by Kristalina Georgieva, Acting Vice President of the Sustainable Development Network, Christian Delvoie, Sector Director and Giovanni Majnoni, (Executive Director for Greece, Italy, Malta, and Portugal). The guests included academicians, directors of international organizations dealing with cultural heritage, Bank managers and Bank task team leaders. The event was co-sponsored by several partners notably the Italian Government, USAID, UNESCO/WHC, World Economic Forum, and DevComm.

The speakers during the opening of the Dialogue juxtaposed important concepts about the core mandate of the Bank with its responsibility to protect culture and cultural values around the world. The recognition of different cultures was described as the soul of the Bank and the multi-cultural nature of the institution makes it obvious that cultural identity is important for development. Support for cultural heritage especially during difficult times, encourages the sense of identity and pride especially when it is coupled with economic initiatives. Ms. Georgieva, described the St. Petersburg project which strives to revitalize the economic development of a city that is a cultural focal point for the people of Russia. The overspill effect becomes a driver of economic development for the rest of the country.

Christian Delvoie considers that the recognition of different cultures is the soul of the institution. The value of different cultures was extremely important even while cultural heritage has been a controversial topic in the Bank. Critics have argued that it is not part of our comparative advantage or core mandate. Mr. Delvoie invited us to reflect on our experience and responsibility to the safeguards policy of "do no harm" to physical cultural resources encountered along the development process. Such policies are by nature defensive approaches however integrating culture within all our work becomes a more constructive course. Examples were highlighted in which projects that built roads, dams and other forms of infrastructure were even more successful when the value of the local culture was recognized and respected. Many successful projects go beyond this basic concept to actually enhancing the value of culture.

Protecting cultural sites are part of our core mandate and we have begun broadening the definition by including natural heritage protection, active promotion of ethnic minorities and intangible heritage in our projects. The rigorous approach and management skills which are part of the Bank's value-added for many middle income countries becomes a critical driver for the impact of growth strategies that involve aspects of culture.

In addition, cultural heritage defined in the broad sense is intrinsically important not only for a specific business line but as the way we do business. It is closely aligned with social capital and bringing marginalized communities into the development process. We are launching various projects that link cultural heritage, ethnic minorities, preservation of local culture and community development. The negative effects of globalization such as standardization of values often bring about conflict and marginalization of ethnic minorities. The lack of social capital, marginalization of ethnic minorities and poverty are often closely linked. The Fez Medina project in Morocco was not only one of poverty reduction, tourism or urban development project but its importance lies in recognition of the value of the Muslim culture. The city has created an annual sacred music festival and brings about a meeting on the dialogue for different civilizations.

Mr. Majnoni discussed the role of the Italian Government in promoting and supporting cultural heritage activities through a very successful trust fund which financed 21 activities in 14 countries. The Italian Trust Fund for Culture in Sustainable Development was used as a catalyst, providing seed money to operations that were attempting to integrate cultural heritage into infrastructure projects. The cultural heritage components typically supported local economic development and community based sustainable tourism within the context of the projects. The plan for the future includes having these types of components mainstreamed into the World Bank's projects as essential elements for sustainable projects that improve livelihoods.

Regional Strategies from MNA and ECA

During the day, the participants heard about the impact of regional strategies such as those in MNA and ECA as presented by the sector managers. According to Hedi Larbi, Urban Sector Manager in MNA, countries view their cultural heritage endowments as assets that can generate economic and social values but need assistance in capacity building, preservation and management. The regional strategy brings cultural heritage issues upstream to the CAS level and helps to operationalize them. Within the MNA region, countries such as Morocco, Tunisia, Iran and West Bank & Gaza have developed national management strategies for cultural heritage. Integration has also occurred on the city level as opportunities arise in Sana'a, Alexandria and Sfax. Moving forward, MNA sees institution building and incentives for increased private sector development as important to build on the momentum over the last decade. In addition, MNA has been able to refine its work program by including cross regional tourism development, developing management plans to minimize losses and undertaking cross-sector initiatives to enhance local economic development through improved linkages to micro-credit and technical support facilities.

Cultural heritage projects have typically involved physical heritage conservation and use, aspects of tourism management, and harness economic growth and competitiveness by supporting activities to strengthen handicraft, hospitality and building industries. However, in the ECA region we see that community driven development approaches are working well in cultural heritage projects as described by Maninder Gill, the sector manager for SDN. When the three aspects, conservation, tourism and community driven development, are combined it is likely to create stronger positive synergies to stimulate economic revitalization. Furthermore, we see outcomes from the ECA portfolio that include economic growth, support for decentralization and improved social cohesion and sustainability.

Despite the positive outcomes, we know that there are many challenges to mainstreaming cultural heritage into Bank financed projects. Although, the demand is strong for such interventions, the small, stand-alone operations which are the traditional means of implementation cannot keep up. There is significant value added by cultural heritage and tourism components within large

development operations. Other than creating visible results and increasing awareness of the cultural and/or natural assets, the participatory process used builds stronger ownership and provides much needed livelihoods for poor urban or rural communities living around the sites. Often included are competitive small grants that empower community groups, create employment, and generate revenue. Lastly, the managers felt that the new Sustainable Development Network offers a unique opportunity to promote multi-sector approaches that are critical to the success of cultural heritage development.

Inter-American Bank for Development

Marco Ferroni, deputy manager of the Sustainable Development Department, shared these views and elaborated on the experience of IADB in the field of cultural heritage. IADB has invested \$603 million to rehabilitate historic city centers through 46 projects and \$102 million in 23 cultural tourism operations over the last decade. They are currently planning operations for more than \$40 million in city centers however there are more than \$300 million in operations being prepared for tourism. For IADB, the main policy areas for support are cultural heritage rehabilitation including intangible heritage, institutional strengthening and training, and cultural industries development. Comparatively cultural industries excluding cultural tourism contribute 3.5% – 4 % to GDP in the LAC region, and slightly more in Europe and the US. The cultural industries sector is currently one of the fastest growing of the world economy, with forecasts of 10% annual growth. The challenges identified from a public policy view for further development of the sector include the lack of reliable and comparable data, weak legal and regulatory frameworks and the undefined role of state and public policies. In addition, obstacles to the growth of the sector result from the low level of managerial skills in the private sector as most entrepreneurs are artists who have limited access to credit, coupled with the lack of investors and small domestic markets. International companies are intensely competitive in these markets while local firms are weak and isolated. This puts local cultural content and identity at risk for permanent loss. However, the rationale for continuing to invest in the sector is that culture, broadly defined, is a major factor in human progress.

Dialogue on Cultural Heritage in Sustainable Development
April 16, 2007, JB1-080

Program

Culture Heritage through the Lenses of Identity, Growth and Conservation

1. Alain Godonou, Director of Ecole du Patrimoine Africain, Culture as a Tool for Identity, Social Cohesion and Development. The African Experience
2. Jonathan Tourtellot, National Geographic Society, Center for Sustainable Destinations Geotourism: A Tool for Sustainable Tourism Development
3. Luca Zan, Professor, University of Bologna, Managing Cultural Heritage: Insights from the Italian Tradition

Culture and Identity: *Case studies on community driven development, empowerment, conflict-resolution, social cohesion*

4. Katrinka Ebbe: Urban Heritage Conservation: The Case of Chongqing, China
5. Roberto Chavez: Systematic geographic approach to pro-poor tourism development, Peru
6. Marina Djabbarzade: Community Development and Cultural Heritage Conservation, Macedonia
7. Arlene Fleming: Safeguarding Cultural Heritage During the Baku to Ceyhan Pipeline Project Europe and Central Asia: Azerbaijan, Georgia, Turkey, Global

Culture and Growth: *Case studies on local economic development, sustainable tourism, micro-credit, community development*

8. Rosanna Nitti: A Long-term Approach to Cultural Heritage, Tourism and Urban Development, Jordan
9. Isfandyar Khan and Jaehyang So: Walled City of Lahore - Cultural Heritage for Economic Development, Pakistan
10. Shaun Mann: Pro-Poor Tourism Development, Ethiopia
11. Ayse Kudat: Community Empowerment in Cultural Tourism and Heritage Protection in ECA, Georgia and Uzbekistan
12. Stefania Abakerli and Ricardo Agurcia, Copan Association: Copan Valley Sustainable Tourism and Cultural Heritage Project: An Innovative Approach to Poverty Reduction and Local Development from Central America, Honduras

Culture and Conservation: *Case studies on ecotourism, city centers, adaptive re-use, natural landscapes*

13. Anthony Bigio: Fes Medina Rehabilitation, Morocco
14. Roberta Hilbruner, USAID: Tourism and Wildlife Conservation, Namibia
15. Saha Dhevan Meyanathan: Managing the Sacred Urban Landscape in Ulaanbaatar, Mongolia
16. Emanuele Santi: Turning a Limitation into Opportunity: The Case of Conservation and Community-based Tourism in Butrint National Park, Albania
17. Terry Quan, Global Heritage Fund: Heritage Management for Economic Development

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