Leveraging Cultural Heritage Assets for Local Economic Development

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Short Video
Gansu Province Project in China


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Sustaining Growth and Reducing Poverty

Cultural heritage preservation has three objectives:

- Rehabilitating real estate assets (e.g., housing stock, public spaces, historic buildings, and heritage sites);

- Improving the living conditions of local communities in historic settlements; and

- Developing the local economy through sustainable tourism.

Sustaining Growth and Reducing Poverty

- Preserving cultural heritage and developing sustainable tourism provides economic opportunities, especially in countercyclical periods.
- It reduces poverty by creating labor-intensive jobs and stimulates the local economy by supporting the private sector.
- 80% of Country Assistance Strategies supported by the Bank include recommendations for tourism development.
- Several governments of developed countries (the United States, Germany, France, the United Kingdom, Spain, Italy, Australia, and Japan) have included significant investments in cultural heritage and sustainable tourism in their stimulus packages.
Sustaining Growth and Reducing Poverty

A recent study from the International Monetary Fund demonstrated a positive relationship between tourism receipts (as a share of exports) and growth.

The study showed that an increase of one standard deviation in tourism specialization leads to an increase of around 0.5 percent in annual growth.

Sustaining Growth and Reducing Poverty

- Directly or indirectly, the tourism industry employs more than 215 million people worldwide.
- In the G20 countries, tourism represents 5 percent of their GDP and 6 per cent of jobs.
- In developing countries, tourism generates a growing contribution to their GDP, in some cases over 10 percent.
- Tourism is the principal source of foreign currency revenue in 83 percent of developing countries.
- Tourism is the primary source of foreign exchange in the 49 least developed countries.
The Bank’s Approach has Evolved Substantially over time

1. **1970-1980, “do not harm”:** avoiding damaging tangible cultural heritage assets in infrastructural project implementation,

2. **1980-2000, “specific intervention”:** investing on single tangible cultural heritage assets to develop tourism, and

3. **2000-now, “integrated approach”:** integrating cultural heritage in local economic development, considering tangible and intangible assets comprehensively, with a specific focus on historic cities rehabilitation and sustainable tourism (historic cities as service hubs for residents and sustainable tourism destinations).
Sustaining Growth and Reducing Poverty

Cultural heritage and sustainable tourism projects create direct labor opportunities.

Ordinary infrastructure projects:
70% materials, 30% labor

Cultural heritage and sustainable tourism projects:
30% materials, 70% labor

Sustaining Growth and Reducing Poverty

Cultural heritage and sustainable tourism projects support local economic development

Following nomination in the World Heritage List, in five years those sites have:

- Increased tourist arrivals by 30%;
- Boosted retail store income by 20%; and
- Handicraft industry rose by up to 15%.

Why Should Developing Countries Invest more in Cultural Heritage and Sustainable Tourism?

It implies green and clean technologies and is environmentally friendly.

Preserving and reusing existing buildings, as an alternative to new construction:
- Cuts dramatically carbon emissions caused by the production of new building materials (up to 50% compared to new construction),
- Promotes the use of renewable resources and materials having limited ecological footprint (e.g., wood, lime, bricks, and textile), and
- Reduces debris landfill due to building demolition.

Why Should Developing Countries Invest more in Cultural Heritage and Sustainable Tourism?

It helps local communities to look positively at economic development, as it links productivity to their social identity.

A community’s identity isvalorized, with a positive impact on productivity and local tax revenues.

Jordan has distinguished itself in linking its craft and cultural industry to its growing tourism market.
Why Should Developing Countries Invest more in Cultural Heritage and Sustainable Tourism?

It can improve the living conditions in neglected neighborhoods. Rehabilitating under-serviced inner-cities improves access to services for the urban poor.

The cultural heritage, tourism, and urban development project in Jordan (US$56 million) is an innovative operation aiming at reducing poverty in five secondary cities through restoring and upgrading historic housing stock and revitalizing the local craft and cultural industry.
Why Should Developing Countries Invest more in Cultural Heritage and Sustainable Tourism?

It is gender inclusive.

Cultural heritage preservation and sustainable tourism development provide opportunities for social development.

It also facilitates market opportunities to the handicraft and cottage industries, in productive sectors that employ women.

The Bank provided three grants to India (US$610K) to help develop traditional handicraft industry in Orissa and Rajasthan.
Why Should Developing Countries Invest more in Cultural Heritage and Sustainable Tourism?

It helps communities living in areas prone to natural disasters.
Within the Istanbul seismic risk mitigation project in Turkey, the Bank provided resources (US$4 million) to address the seismic vulnerability of buildings that represent the community’s identity, including Haghia Sophia.
Why Should Developing Countries Invest more in Cultural Heritage and Sustainable Tourism?

It enhances country and city branding in the global economy and can facilitate strategic relations across countries.

The reconstruction of the Mostar Bridge (US$12.5 million) enhanced the visibility of Mostar and Bosnia Herzegovina through heritage preservation and urban development. Turkey contributed to this project by providing highly skilled labors.
How Is the Bank Contributing to Cultural Heritage and Sustainable Tourism Development?

- Since the 1970s, the Bank has financed **241 operations** (208 lending and 33 non-lending) having components in heritage conservation and promotion of local economy through sustainable tourism, for an investment of **US$4 billion**.

- There are currently **117 operations under implementation** (100 lending and 17 non-lending), for an actual investment of **US$1.8 billion**.

The figures refer only to the actual Bank commitment in cultural heritage and sustainable tourism, and not to the overall project amounts.
How Is the Bank Contributing to Cultural Heritage and Sustainable Tourism Development?

The figures refer only to project components featuring direct investments in cultural heritage and sustainable tourism.
Challenges

- Preparation of project that integrate urban development and cultural heritage (third generation projects) need **solid knowledge** of the country potential, urban features, tangible and intangible heritage assets.

- Project preparation therefore needs **economic sector studies**, **technical assistance**, **feasibility studies**, and **inventories**.

- Consequently, new projects can be designed only by **providing funding** to carry out these studies.
Addressing Challenges

- **Bank’s response:** since 2000, the Bank has been addressing these challenges with the support of the Italian Government, which has provided funding through a Trust Fund aiming at **financing studies to design new projects.**

- **The Present Single Donor Trust Fund** has financed **34 grants for US$6 million.**

- The Trust Fund has generated tremendous interest amongst clients and the overall Bank **investment in the theme has significantly increased over the last decade, from US$1 billion (1990-99) to US$2.6 billion (2000-09), and it can grow much further, given the interest of developing countries in third generation projects.**
How Can the Bank Do more in Cultural Heritage and Sustainable Tourism?

Expanding partnerships -- Establishing a Multi Donor Trust Fund

- Technical Advisors
- Donor Committee
- Symposia
- Framework Agreement
- Grants to TTLs
- New projects in IDA and IBRD Countries

Using a mobile crane to stabilize and preserve the amphitheatre, Cyrene (Libya)
How Can the Bank Do more in Cultural Heritage and Sustainable Tourism?

Involving our technical partners to ensure aid effectiveness
How Can the Bank Do more in Cultural Heritage and Sustainable Tourism?

Establishing a Multi Donor Trust Fund as a facility to work on cross-cutting themes

- Physical preservation and adaptive reuse
- Environment, disaster risk, climate change
- Economic growth, local economic development, small and medium enterprises
- Communication, marketing and media
- Social development, community-driven development
- Education
- Job creation and poverty reduction
- Cultural heritage and sustainable tourism

Preserving a heritage site with locally available materials, Çatalhöyük (Turkey)
Thank You!

Children involved in the “Vietnam World Heritage in Young Hands Program,” a formal two-year education initiative
What Indicators can be Used in Cultural Heritage and Sustainable Tourism Projects?

**Output indicators:**
- Jobs created during and beyond project implementation;
- Household income;
- Retail stores income;
- Tourist arrivals and overnight stays; and
- Tourist receipts.

**Impact indicators:**
- Historic fabric preservation implemented;
- Improved housing stock;
- Urban revitalization promoted;
- Sustainable development ensured;
- Saved energy embodied in existing building;
- Reduced automobile dependence due to more concentrated population;
- More responsible use of non-renewable resources;
- Reduced development pressure on landfills; and
- Reduced construction debris.
What Indicators can be Used in Cultural Heritage and Sustainable Tourism Projects?

Operational indicators measured by the Aga Khan Trust for Culture, a World Bank partner supported by the Present Trust Fund, show that each US$1 million invested in cultural heritage preservation for sustainable tourism development generates the following:

- **Work-days generated during project implementation:**
  - Architects and technicians: 32,000 work-days
  - Masons and workers: 85,000 work-days

- **Buildings restored (including public and private):**
  - 35, including houses and community facilities

- **Roads rehabilitated:**
  - 11 Km

- **Sewerage rehabilitated:**
  - 5 Km

- **Training:**
  - 5 engineers and 30 masons trained in cultural heritage preservation

Data measuring the average impact in AKTC projects, worldwide.