



URBAN DEVELOPMENT




“I have a personal interest in this topic, and I like to visit the projects. I also think they contribute to countries’ pride and self-respect.”
 World Bank’s President Zoellick
 May 19, 2010

The World Bank's approach to heritage: from protection to inclusion of cultural assets and historic cities in local economic development programs

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President Zoellick asking about the details of the restoration of Huguang Huiguan Guild Complex, in the historic city of Chongqing (China), conserved with World Bank-financing



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**An Output of the Renaissance
 An Outcome for the Centuries to Come**



Cosimo I de' Medici (1519-1574),
 Banker and Duke of Florence (Italy)
 Invested his bank’s resources to build the **first modern museum in the world** (galleria degli Uffizi)
 Today, it **attracts visitors** and enhances **social identity** of local communities





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The World Bank - Yesterday



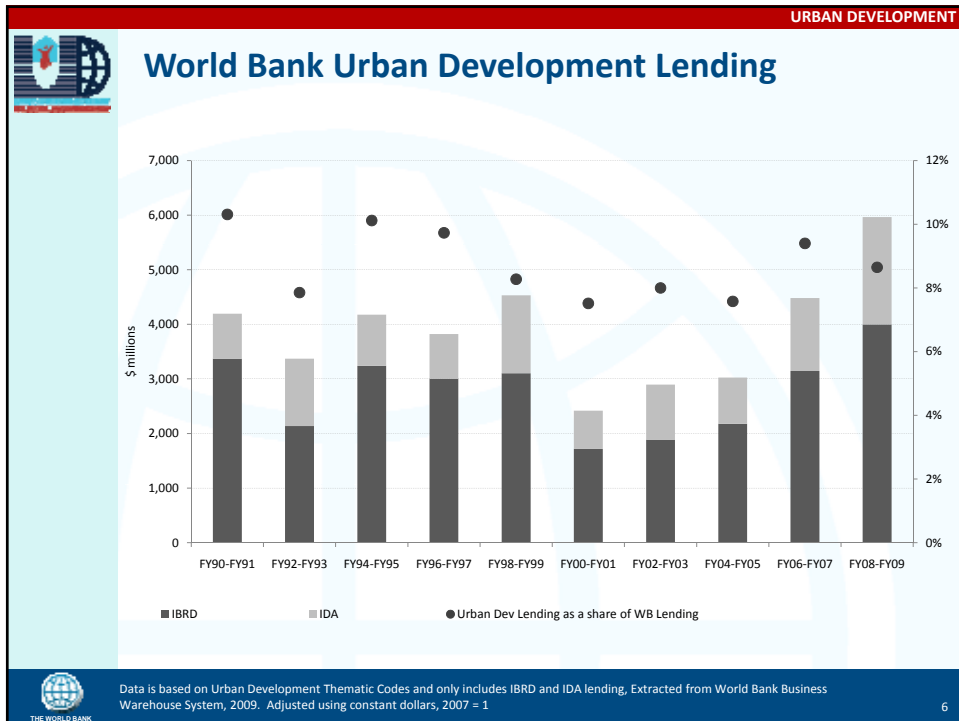
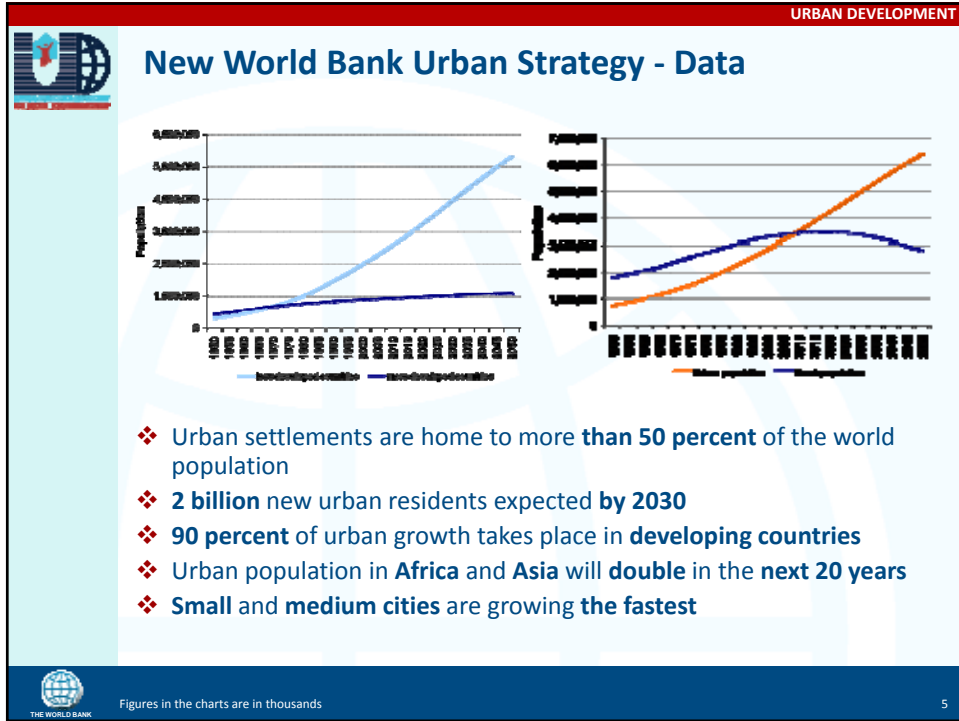
- ❖ Established in **1944** at **Bretton Woods** (together with the **International Monetary Fund**), the World Bank aimed at financing the **reconstruction of Europe after WWII**.
- ❖ The **Marshall Plan of 1947** caused lending by the World Bank to change as many **European countries received aid** that competed with World Bank loans. **Emphasis was shifted to developing countries.**



The World Bank - Today

- ❖ The World Bank is a vital source of **financial and technical assistance to developing countries**. Its mission is to **fight poverty** with **passion** and **professionalism** for lasting results and to help people help themselves and their environment by **providing resources, sharing knowledge, building capacity, and forging partnerships** in the **public and private sectors**.
- ❖ The World Bank provides **low-interest loans, interest-free credits, and grants** to developing countries for a wide array of purposes that include investments in **infrastructure, urban development, education, health, public administration, financial and private sector development, agriculture, environment, and natural resource management**.





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New World Bank Urban Strategy - Strategic Concepts



Fez (Morocco)

- ❖ **In general:** promote compact cities, economic diversification, urban agglomeration
- ❖ **For heritage:** cities in developing countries often feature **historic cores** that house **poor residents** and feature valuable cultural heritage assets. These historic cores can be the pivot of sustainable urban development, the **core of inclusive communities**



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Invest in Historic City and Cultural Heritage

- ❖ Create a **symbiotic relation between communities and local economic development**, with the objective of leveraging historic cities as service hubs for **internal users** and destinations for **external users**
- ❖ Reduce poverty by creating **permanent job opportunities** and stimulate the local economy by supporting the **private sector**
- ❖ Imply **environmentally friendly** and **low-carbon technologies**
- ❖ Support **social development** for the benefit of local communities, involve them in **bottom-up urban development** addressing their basic needs



Mostar Bridge (Bosnia Herzegovina), financed by the World Bank



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Promote a Sustainable Solution to Development

Regenerate historic cities implies environmentally friendly and low-carbon technologies

- ❖ Save **embodied energy** by reusing the built environment
- ❖ Cut **carbon emissions** to manufacture new building materials
- ❖ Promote **renewable resources** and materials having limited carbon footprint (e.g., wood, lime, bricks, and fabric)
- ❖ Reduce **debris landfill** due to building demolition



Traditional house preserved and reused as a small hotel, Marrakesh (Morocco)



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Promote a Sustainable Solution to Development

Regenerate historic cities helps sustainable tourism development

- ❖ Directly or indirectly, tourism employs more than **215 million people worldwide**
- ❖ In the **G20 countries**, tourism represents **5 percent of their GDP and 6 percent of jobs**
- ❖ In **developing countries**, tourism generates a growing contribution to their **GDP**, in many cases **over 20 percent**, it is the **principal source of foreign currency revenue** (in 83 percent of developing countries), and is the **primary source of foreign exchange** in the 49 least developed countries




Year	World	Least Developed Countries	Developing Countries
2000	1800	1000	500
2001	1850	1050	550
2002	1900	1100	600
2003	1950	1150	650
2004	2000	1200	700
2005	2050	1250	750
2006	2100	1300	800
2007	2150	1350	850
2008	2200	1400	900



Source: UNWTO

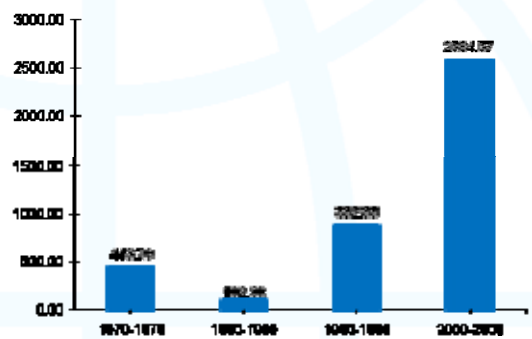
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Lending in Historic City Regeneration and Cultural Heritage Conservation

- ❖ Since the 1970s, the Bank has financed about **250 operations** focusing on or having components in historic city regeneration and cultural heritage conservation, for an investment of **US\$4.5 billion**
- ❖ There are currently about **120 operations under implementation**, for an actual commitment of **US\$2 billion**



Period	Lending (US\$ million)
1970-1979	447.07
1980-1989	242.36
1990-1999	925.27
2000-2009	2684.37

Figures, in US\$ million, refer only to the actual Bank commitment (IBRD and IDA), and not to the overall projects amount



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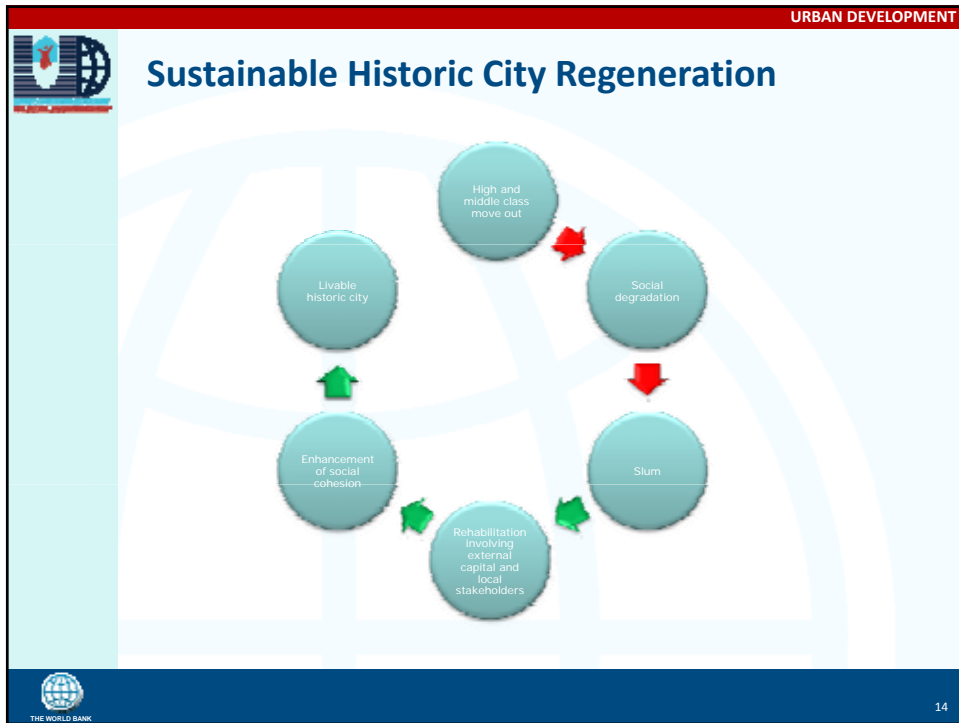
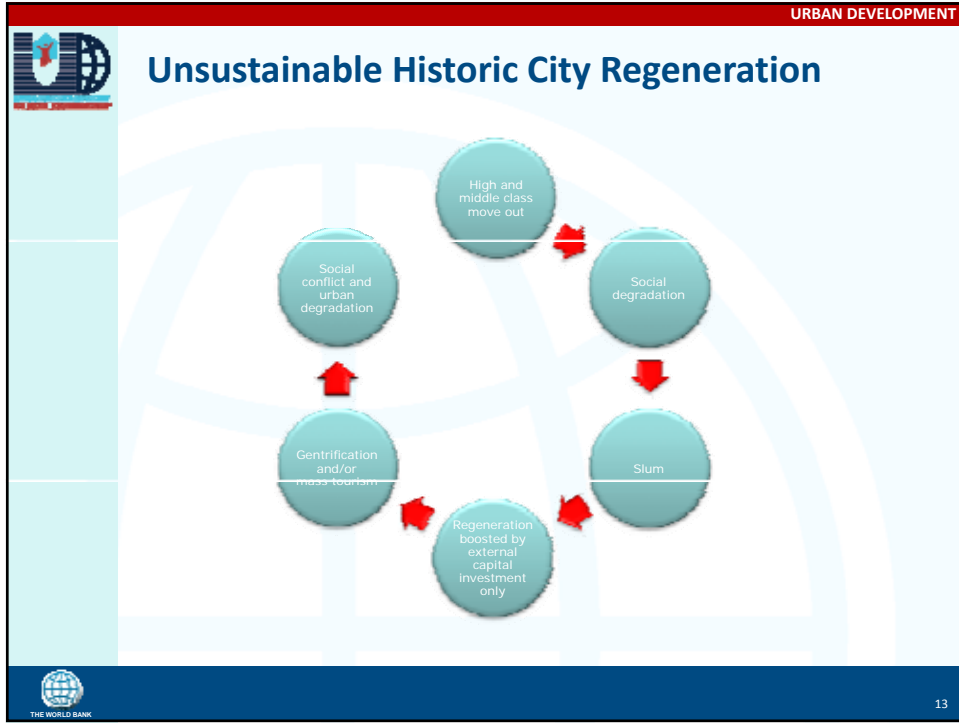


Approach Has Evolved Over Time

- 1. 1970-1980, “do not harm”:** avoid damaging cultural heritage assets in infrastructural projects
- 2. 1980-2000, “specific intervention”:** invest on single cultural heritage assets to develop tourism
- 3. 2000-now, “integrated approach”:** integrate cultural heritage in local economic development, consider tangible and intangible assets comprehensively, with a specific focus on historic city regeneration



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Components of a Typical Historic City Regeneration and Cultural Heritage Conservation Project

1. Conservation of key cultural heritage assets
2. Urban upgrading
3. Public-private partnerships, support to small and medium enterprises, or community development
4. Capacity building and project management

- ❖ Usually implemented through SILs
- ❖ Stand-alone operations are increasing substantially

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Make Historic Cities Regeneration Sustainable: Policy Tools

- ❖ Promote **Transferable Development Rights (TDR)**, applied to privately-owned buildings in historic cities, whereby the owners would forgo the option of demolishing and re-building in return for additional surface they would be authorized to build elsewhere.
- ❖ Facilitate **Public-Private Partnerships (PPP)** by creating a favorable climate, facilitate the creation and operation of businesses relating to local production, commerce, hospitality, and real estate. Reduce the fiscal burden on their operations for the first number of years.
- ❖ Support **housing programs** to ensure social variety in historic cities, reduce involuntary resettlement, and mitigate the negative effects of gentrification.

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Make Historic Cities Regeneration Sustainable: Financial Tools

- ❖ Set up tailored **development funds** to channel private and public investments, providing guarantees, capitals, and grants. These can be national in scope and could result out of a combination of budgetary resources and international financing.
- ❖ Facilitate access to **microcredit** for historic housing regeneration by poor residents, and support small and medium enterprises in the heritage sector (construction, handicraft, and accommodation industries).
- ❖ Solicit **private donations** from local individuals and companies interested in boosting their image and visibility by supporting the regeneration of key heritage assets, public spaces, and public facilities. These donations would be recognized via public signage.
- ❖ Establish **national lotteries** (following the British and Italian models), whose proceeds would be used to finance regeneration works.
- ❖ Raising funds from national and international **foundations** as partners to finance specific regeneration projects.




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Make Historic Cities Regeneration Sustainable: Fiscal Tools

- ❖ Introduce **Value Added Tax (VAT) exemptions** for regeneration works as well as income tax reductions for the amounts invested.
- ❖ Earmark a fixed percentage of the **Value Added Tax (VAT)** to the dedicated institutions for investments in heritage regeneration, museums, infrastructure, networks, roads, parking, public spaces, signage systems, and street-level furnishings.
- ❖ Improve the efficiency of **regular tax collection** and earmark a percentage of the additional local taxation revenues to regeneration works.
- ❖ Accrue **additional tax revenues**, as regeneration raises property values and therefore makes available additional fiscal resources to local institutions, and earmark those revenues towards regeneration works.
- ❖ Establish **special taxes** applied to hotel and guesthouse visitors, and earmark the additional revenues for regeneration works.
- ❖ Tailor the **admission tickets** to heritage sites, museums, and other cultural institutions to different users (nationals and foreigners), and earmark these funds to regeneration works.



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For more information

Website
www.worldbank.org/urban
-> topics -> cultural heritage and sustainable tourism

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Video on Tunisia
Video on China <http://documents.worldbank.org/OriginalContent/CulturalHeritage.aspx>



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