

**CULTURE AND THE CORPORATE PRIORITIES
OF THE WORLD BANK**

Report on progress from April 1999 to December 2002

February 2003

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Background

Culture is a significant element in the process of economic and social development. To what extent is this fact understood and taken into account by the World Bank? Is culture considered in the analysis of conditions, formation of strategies and design of the Bank's development operations? If so, how? If not, why? These questions are receiving increasing attention as the Bank begins to investigate the importance of culture in two aspects: first, cultural awareness, as essential for understanding the perceptions and behavior of the populations served; and second, cultural assets, the tangible and intangible expressions or products of peoples past and present, which have proven or potential economic and social value.

The Bank's support for cultural assets is not new. Since the reconstruction of Europe after World War II, operational projects occasionally have included provision for restoration of historic structures within the context of urban development. In 1986, the Bank adopted a policy for the management of cultural property impacted by its projects, indicating an intention to avoid damaging physical cultural resources. Management assumed a more active stance in an initiative begun in 1998, by announcing a commitment to acknowledge the cultural dimension of development. This included an explicit offer to provide loans, grants and other forms of support for assisting client countries in utilizing their cultural assets for economic and social gain.

In April 1999, the Board considered this initiative, as presented by Management in a paper providing premises and a work plan. The Board endorsed the plan, with the advice that:

- cultural awareness should be heightened in the Bank's perspective and operations;
- cultural assets should be mobilized, where appropriate, within strategies for economic development and poverty reduction; and
- the Bank's policy and role in conservation of physical cultural heritage should be examined and clarified.

Management was asked to provide a progress report for consideration by the Board.

Since 1999, research, analysis and investment in culture and development have been undertaken in various parts of the Bank, including the Development Economics, Environment and Social Development departments and the Regions. A small number of investment and grant projects are providing opportunities for experimentation and analysis. Governments, non-governmental organizations and professionals in cultural fields contribute essential financial support, advice and technical assistance.

Cultural Awareness

There is consensus on the need to consider the cultural dimension of development, a finding that emerges from research and consultation with officials in client countries, as well as with development practitioners and academicians in the fields of economics, anthropology and sociology. With support

from the Learning and Research Program on Culture and Poverty, a book investigating the relationship of culture to poverty reduction and economic development is being prepared for publication by the Bank in 2003.

Some of the Bank's strategy formulation and analytic procedures, including the Comprehensive Development Framework (CDF) process, Country Assistance Strategies (CAS), Poverty Reduction Strategy Papers (PRSP), Economic and Sector Work (ESW), Social Assessment (SA) and Analysis and Environmental Assessment (EA) are beginning to reflect an awareness of culture and an appreciation of cultural assets. These procedures could be strengthened by explicit attention to culture. Economic models could integrate cultural factors in an effort to increase accuracy in forecasting.

Cultural Assets

The Bank's clients value their cultural assets and this fact is reflected in the policy for protecting physical cultural resources in Bank-financed projects as well as in a modest investment in cultural assets. Experience with policy implementation and investment indicates that protection and enhancement of cultural resources require both improved management capacity in client countries and collaboration among diverse governmental and non-governmental stakeholders, at national and local levels. Since the Bank's client countries are the custodians of a large proportion of the world's cultural patrimony, their ability to maintain these assets is a matter of international concern.

Operational Policy 4.11 – Physical Cultural Resources

Conversion of Operational Policy Note 11.03 – Management of Cultural Property in Bank-financed Projects (1986) to Operational Policy and Bank Procedures 4.11 – Physical Cultural Resources, acknowledges the need for cooperative action involving proponents of culture, environment and construction in client countries. Hence, the policy is to be implemented through the Environmental Assessment procedure, in adherence with OP 4.01 – Environmental Assessment, and the Bank's requirements for stakeholder participation, consultation and disclosure. During the policy conversion process, this approach was endorsed by officials and non-governmental organizations in the 10 client countries consulted, with the caveat that enhanced capacity for cultural resource identification and management is needed. Involvement of Bank staff with clients in implementing this policy will serve to further clarify issues of cultural asset management and to suggest opportunities for capacity building and investment. OP/BP 4.11 is an integral part of the Bank's safeguard regime. Strategies for training officials in client countries and Bank staff in administering the policy are being implemented, with an emphasis on fostering stakeholder collaboration and management capacity. The Bank is responding to requests for guidance and information on the policy from interested multilateral finance institutions and the private sector.

Investment

The Bank invests in cultural assets by two means:

- as components of large sectoral projects; and
- in projects specifically designed for conservation, management and economic use.

Cultural assets are mainstreamed in two sectors. The Education Sector finances local language instruction in primary grades, and is investigating the use of oral traditions and other local cultural materials as a strategy to increase the relevance and effectiveness of schooling in accordance with the

Millennium Development Goals. There also are projects supporting curricula designed to foster respect for cultural diversity. In the Urban Sector, large operations, such as The Second Liao River Basin Environmental Project in China, facilitate conservation and adaptive use of historic structures with a beneficial effect on livability, competitiveness and financial viability: three pillars of the Bank's urban strategy. Conversely, the very survival of historic neighborhoods depends on adequate urban infrastructure and services, local participation and ownership, as well as political, administrative and financial decisions regarding land use, zoning and other critical issues. Approaching cultural asset conservation, management and economic use within this broad context is essential, and the Bank's ability to do so underscores the value of its involvement.

Additional examples of operational projects designed to focus on cultural assets and development, provide further evidence of an instrumental role for the Bank. These include:

- convening donors and coordinating financial and technical assistance from various sources for restoration of cultural icons in a post-conflict society, as in the Bosnia and Herzegovina Pilot Cultural Heritage Project;
- facilitating community initiatives for identification, conservation and economic use of local cultural resources as a novel, poverty-reduction initiative, in the FYR Macedonia Community Development and Culture Project and through the Social Fund for Development in Yemen;
- supporting a national economic strategy for improved management and use of cultural sites, as in the Tunisia Heritage Management and Development Project; and
- assisting a newly-independent, impoverished country to build technical capacity and local participation in recording, conserving, managing and using its resources, in the Cultural Assets Rehabilitation Project in Eritrea.

In each instance, the Bank's perspective, involvement and capacity transcend cultural resource conservation by emphasizing broad stakeholder participation for social and economic development.

Research and Pilot Projects for Poverty Reduction

As stated in the World Development Report for 2000-2001, alleviating poverty involves empowering the poor and enhancing their basic security, as well as providing income opportunities. Through the Learning and Research Program on Culture and Poverty, pilot projects are examining the relationship between culture and poverty reduction strategies. Research and pilot projects facilitated by the Development Grant Facility (DGF) identified effective techniques for producing, marketing and protecting rights to cultural products such as crafts, music and ethno-botanicals. These techniques, with necessary adaptation for specific circumstances, could be applied broadly in client countries. Bank-financed Community-Driven Development (CDD) operations in Ecuador, Bolivia, India and East Timor, also attest to the importance of considering culturally-determined behavior and building on local cultural assets as elements of a sound development strategy.

Client Interest

In addition to a generally positive response to the Bank's policy for protecting physical cultural resources in development projects, a number of clients are requesting loans to develop their cultural assets. Some countries, such as Jordan, Lebanon, Tunisia, Yemen, Georgia, Eritrea and Ethiopia, acknowledge that cultural assets constitute a major part of their national resource base. Others, including Peru, Mali and Ghana, emphasize the income-generating potential of community cultural enterprises during CAS and PRSP consultations. Through the CDF, Morocco opted to include cultural asset development in its CAS, and is among several clients, including Jordan, Tunisia, Georgia, Russia and China, to have requested investment for conserving and utilizing cultural assets more than once.

In 2001, China and Indonesia held large national conferences on cultural asset management, convened jointly with the Bank: both countries have culture components in large urban sector loans.

Regional Strategies

Four of the Bank's six Regions analyzed experience with projects, consulted with clients and considered how to address requests for investment in respect of the Bank's mission and priorities. Two of the four Regions, Middle East and North Africa (MNA) and Europe and Central Asia (ECA), formulated strategies. The MNA strategy cites both economic and non-economic benefits from such investment, acknowledges the Bank's comparative advantage, and recommends integrating assistance into large cross-sectoral development projects such as infrastructure, education, tourism and agriculture. The strategy links cultural investment to poverty reduction and employment objectives, and urges institutional capacity building for cultural asset management. The Operational Perspective on culture issued by ECA also recognizes the importance of both cultural awareness and cultural asset investment. The ECA strategy emphasizes the nexus of socio-economic development and cultural assets, and in this context, advocates projects focusing on culture, as well as cultural components of large sectoral projects.

The East Asia and the Pacific Region (EAP) elicited views on cultural investments from representatives of nine client countries. Priorities included: cultural resource conservation yielding economic benefit to local communities; cultural enterprise development for employment and economic gain; education to increase appreciation of cultural heritage and respect for cultural diversity; cultural conservation policy, legal, regulatory and incentive frameworks. The Africa Region (AFR) convened a meeting to consult representatives from 14 countries on the status of cultural resource management and to elicit guidance on a regional strategy. Completion of the strategy is expected in 2003.

The Bank's Comparative Advantage

The Bank routinely interacts with major government agencies in client countries and thus is positioned to encourage the vision and collaboration necessary for protection and sustainable use of cultural assets, in contrast to the more limited access of cultural heritage organizations. The breadth of the Bank's involvement in its client countries, including infrastructure and institutional development, administrative and financial reform, with an emphasis on environmental and social sustainability, civil society participation and poverty reduction, provides the necessary context for effective investment in the conservation and economic use of cultural assets. The Bank also has the capacity to mobilize resources: in several projects, its involvement has been the catalyst for participation of co-financers, donors and non-governmental organizations which sought to invest in cultural assets, but lacked the ability to assume the role of convener.

Through implementation of its policy on physical cultural resources, the Bank requires client country officials responsible for culture, environment and construction to cooperate in ensuring that timely attention is given to cultural resources in the development process. This involves documenting, valuing and protecting these resources at both national and local levels. The Bank's collaboration with other multilateral finance institutions in harmonizing guidelines for environmental protection provides an opportunity for discussion and collaborative focus regarding consideration of physical cultural resources in the development process.

Conclusions

Investigations into the relationship between culture and the corporate priorities of the Bank suggest that cultural awareness is a significant factor in development and that investment in cultural assets

supports the economic and social objectives of Bank and its client countries. Although the investigation has been modest in scale, and is in its early stages, there is evidence that the Bank's effectiveness will be enhanced by an increased understanding of the cultural forces that influence and motivate client countries and project-affected peoples. It is clear also that identification of cultural assets in preparation of the CAS, PRSP, operational projects and other initiatives, will add opportunities for economic growth which are now 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.

The importance and relevance of culture permeate all of the Bank's relationships and initiatives. Thus, culture is not an optional special interest, nor a sector in administrative terms. It is rather a critical filter through which the content, design and expected impact of the Bank's development activities should be examined for improved effectiveness and outcome. Moreover, the integration of selected cultural components into suitable urban, agriculture, education, community development and other sector operations offers the opportunity for enhanced social and economic impact. Within these premises, and without excluding the possibility of occasional stand-alone operations in response to client demand, the Bank faces the challenge of integrating cultural awareness and investment into its conceptual and operational work. Experience since the Board's review of the paper on Culture and Sustainable Development in April 1999, indicates that the Regions have assumed a central role in meeting the challenge. However, for optimal institutional effectiveness, there is a need to promote coordination and cross-fertilization among the Regions and throughout the Bank by establishment of a focal point.