



UN-Sustainable Development
Venice, Oct 14-15, 2004

Integrating the protection, promotion and economic use of cultural heritage in the development agenda
The World Bank's experience

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I am honored to represent the World Bank at this important event and present to you our activities dedicated to the protection, promotion and economic use of cultural heritage.

A common place would induce to consider cultural heritage as an unusual field of work for the World Bank. Hence, I'm pleased to confute such a belief. I'll do it illustrating the natural process through which the Bank's activities in the cultural heritage sector have taken roots, till being fully integrated in the Bank's agenda.

I would like to start my intervention by elaborating the rationale for the Bank's interest in the sector. I would then illustrate the evolution of the Bank's approach, present our current activities, and finally the interesting case history of our support to cultural, historic and environmental heritage conservation in Machu Picchu, Peru.

Rationale of the World Bank's Interest in investing in cultural heritage

Why the Bank should invest in cultural heritage? An obvious justification comes from the public nature of cultural goods. The general interest in this sort of public goods, many of which even qualify as "global public goods", urges for governments' intervention, international aid and cooperation in order to tap the market failures.

However, when the Bank embraces the conservation of an historical building or the rehabilitation of a historical site is to promote economic and social development.

Cultural heritage assets contribute to alleviate poverty by creating jobs, stimulating tourism, generating opportunities for small business development and investments, inducing urban revitalization. For instance, let's consider activities like conservation, tourism, and handicraft production: all typically labor intensive, they better absorb the unemployment in poor and marginalized social segments. In particular, tourism and handicraft industry provides opportunities for enterprise development by the poor and incentives for private investments.

The impact of cultural heritage on local economic development is amplified by the fact that areas rich in historic heritage are often pockets of poverty (i.e. the medinas in North Africa). There is a demonstrated overlapping between the geography of poverty and a n idea map for cultural heritage preservation.

From a human and social perspective, heritage preservation is more than glorifying physical objects, it's acquiring awareness about history and identity. It contributes to answer to the proverbial questions: who were we? who are we? who we are going to become?

These questions are even more important in this era of globalization, which has induced, especially in poor communities, the displacement of traditional beliefs and a consequent sense of alienation and confusion.

They are crucial as they serve to understand the reasons behind the instability and the turmoil that affect nowadays many societies. The World Bank has experienced that the appreciation of the cultural heritage is a mean of stabilization that can be determinant for the success of an assistance program.

The appreciation of their own cultural patrimony brings to poor communities awareness in their identity. Awareness boosts confidence; it's an input for social mobilization and empowerment, promotes inclusion and complements capacity building and good governance strategies.

History of Bank's involvement in cultural heritage

The Bank's involvement in cultural heritage is not new. Its evolution along the time can be described as a transition from the so-called "do no harm" attitude to the "doing good" one. The first starts emphasizing the necessity not to harm the cultural patrimony while implementing Bank operations, and then moves to admit Bank's involvement in cultural heritage, but with a focus on protection only. The second coincides with the Bank's awareness that cultural assets are resources for social and economic development and the expansion of its activities in this field. The Bank has a long history in both doing no harm and doing good, as its approach to cultural heritage has evolved considerably in response of the Bank's comprehensive approach to development.

➤ *The era of good intentions*

In 1960s and 1970s there were massive investments in tourism infrastructure, however the long-term sustainability of cultural assets was not specifically addressed. Action on cultural heritage was non-systematic and preservation mostly rested on the initiative of tasks managers.

➤ *The environmental era*

In the 1980s, the issues of the protection and management of cultural heritage were associated to the raising concern for environmental sustainability of World Bank's projects. In 1986 the Bank adopted its official general policy (OPN 11.03) on the management of cultural property in the projects it finances. After that, the newly created Environment Department embraced the protection of cultural heritage, producing the first report devoted to the issue of cultural property, *Management of Cultural Property in World Bank Projects*. This introduced the subject to the Bank staff and suggested

procedures for incorporating cultural heritage into the design of relevant development projects. The Bank financed its first projects with specific cultural heritage objectives in the early 1990s. Environmental projects of this period offered several opportunities for cultural heritage-related activities, however some of the most important interventions of the time were connected with urban environmental projects.

➤ *The social development era*

In the mid-1990s the Bank started to explore the social implications of cultural heritage as part of the raising concern for the social sustainability of its operations. Culture intended as “...the whole complex of distinctive spiritual, intellectual, and emotional features that characterize a society or social group”¹ and not only as complex of physical assets, was recognized as a dimension in development processes. From 1998 the mainstreaming of culture into Bank’s operations was systematically attempted through numerous conferences and several publications. Among the publications, the *Culture and Sustainable Development: A Framework for Action* promotes the integration of culture into community-driven programs as a mean to alleviate poverty and ensure sustainability. In October 1999, the Conference *Culture Counts: Financing, Resources and the Economics of Culture in Sustainable Development*, held in Florence, Italy, conveyed development banks, bilateral donors, foundations and the private sector, as well as the World Bank, to discuss their support to culture and identify shared interests and concerns on which to base collaboration.

➤ *The era of today: focusing on historic preservation as a mean for economic development and poverty reduction*

The Bank now intervenes in cultural heritage through operational policies; lending and non-lending activities, including analytical work and capacity building, and can count on established partnerships.

Operational policies

A mandatory **policy for safeguarding physical cultural resources** (OP 4.11 –*Physical Cultural Resources*) has replaced the previous policy note (OPN 11.03 – *Management of Cultural Property in Bank-financed Projects*). It now establishes an assessment of potential risk to physical cultural resources *very early* in the project cycle of all projects financed in whole or in part by the World Bank. Hence, country profiles are being completed in order to identify and map cultural resources in each of the Bank’s Borrower countries, and field-based training is being provided. By this way, the Bank is aiming at facilitating the integration, by client countries, of the cultural resource management into the national and local decision making on development projects, and strengthening management capacity building and information sharing, both within these countries, and between them and the World Bank.

Regional policies have been prepared to tackle the positive impact on development of investing in cultural heritage responsively to each region’s context.

Middle East and North Africa Region (MNA) has developed the policy framework *Cultural Heritage and Development: A framework for Action in the Middle East and North Africa*, including guidelines for utilizing cultural resources as major assets in client

¹ “Our Creative Diversity”, report, UNESCO and the World Commission on Culture and Development, 1995

countries. Europe and Central Asia Region (ECA) has defined the policy *Cultural Assets in Support of Transition in the Europe and Central Asia Region: An Operational Perspective*, which sees cultural resources as assets for community-driven development.

The lending activities

Lending² for cultural heritage has the form of: (i) stand alone cultural heritage technical assistance and investment operations; (ii) cultural heritage components included in operations supporting rural, urban or education development; and (iii) lines of credit to specialized financial intermediaries, such as Cultural Heritage Funds, Social Funds for Development and Municipal Funds, to finance eligible cultural heritage projects implemented by qualified beneficiaries. Among the lending instruments that are used to finance stand alone operations, it is worth mentioning the Learning and Innovation Loans (LIL). These loans are small in size and can be processed with simplified procedures. Their objective is to learn by experimenting and to test innovative policy and operational approaches that can be subsequently generalized through broader Sector Investment Loans (SIL) or other conventional lending instruments.

At present, there are 40 projects, either in preparation or under implementation. The overall cultural heritage initiatives total about US\$600 million in investment, a highly visible and growing part of the Bank's technical assistance and lending.

Most of the investments relate to the urban sector and are managed by urban staff. In 2004 right the Urban Unit, attached to the Infrastructure Department, has established the Cultural Heritage Thematic Group as focal point for the cultural heritage work in the Bank. This responded to the need to provide cross-region support to cultural heritage activities, ensuring coordination, information sharing and documentation

Analytical work

The Bank has embraced analytical work in the form of Economic and Sector Work (ESW), comprehensive assessments of client countries' cultural heritage sector. This has helped client countries to better understand the potential of cultural patrimony for economic development and define national policies for the cultural heritage sector. ESW has also contributed to its integration in the local country assistance strategies, which is the underpinning for the implementation of forward assistance by the Bank. Initiated by the Middle East and North Africa Region, ESW on cultural heritage is being implemented by other Regions, East Asia and Pacific in particular.

Partnership

During recent years the World Bank has achieved considerable progress in fostering partnerships on cultural heritage. These extend to donor countries and their bilateral agencies as well as international and national foundations and associations.

The Bank is cooperating with UNESCO both at institutional and operational level. Discussions are continuing with UNESCO and its World Heritage Centre (WHC) on

² G. Brizzi, "World Heritage 2002 Shared Legacy, Common Responsibilities", addressing at UNESCO International Conference, Venice, November 14-15, 2002

collaboration in projects, resource mobilization, client capacity enhancement, cultural asset conservation, development and management, as well as information dissemination. Joint events have been organized in several occasions, moreover UNESCO experts often join World Bank teams in field work for project preparation and implementation and for economic and sector work.

In 2000, the Italian Government has established the Italian Trust Fund for Culture and Sustainable Development (ITFCSD) at the Bank, with an amount of 5 million dollars in support of the Bank's initiatives dedicated to the preservation, promotion and management of cultural assets. The ITFCSD provides support to the preparation and implementation of Bank-financed operations, by funding research, policy and program analysis, economic and sector studies and training. It is also used to implement self-standing pilot projects that contribute to the appreciation of the cultural patrimony, the improvement of education, sharing of information and knowledge, sharing and diffusion of best practices.

To-date, ITFCSD have granted resources to 20 projects in 14 countries, for a total amount of about US\$D 4.5 million, equal to 0.8% of the aggregate cost of all the Bank's cultural heritage operations.

The ITFCSD has been extremely helpful in drawing financial support and highly technical expertise in conjunction to some of the Bank's major cultural heritage programs: the reconstruction of the Mostar Bridge; the rehabilitation of the historic perimeter of Asmara and Massawa in Eritrea, of the Fez Medina in Morocco; the setting of the Bardo Museum complex in Tunisia; the design of the tourism development strategy in Jordan; the urban heritage conservation strategy in selected sites in China; the first assessment of the cultural sector in Iran

Our comparative advantage

The integration of culture in the Bank's agenda has become inevitable, since its programs affect cultural heritage whether intended or not, and given the growing demand from client countries for technical assistance, loans, or the inclusion of cultural components in larger urban, infrastructure and environment loans.

Client countries value their cultural patrimony, for some of them cultural assets constitute a major part of their national resource base; others emphasize the income-generating potential of community cultural enterprises during CAS and PRSP consultations.

Cultural heritage matter to them, cultural heritage matters to us. But the integration of culture in its mandate has impelled the Bank to carry out this mandate sensitively and effectively. Interventions has been designed identifying and exploiting the comparative advantage which distinguishes the World Bank from other specialized organizations with better technical expertise.

The Bank's involvement with client countries in large-scale programs provides, in fact, ways of interaction with governments and private sector, as well as experience and best practices to be applied to the investments in cultural assets. In addition, the Bank has matured resource mobilization strategies and developed financial management frameworks, which enable it to play as a catalyst for participation of co-financers, donors and non-governmental organizations.

The Bank wouldn't replicate the work of such partners as UNESCO in conservation when its focus is better oriented on the valorization of the social and economic aspects of cultural heritage. The Bank would draw on their technical expertise, and in return bring into the partnership the strength of its financial management and safeguards, the experience of its lending operations, its capacity to mobilize resources and attract the interest of the private sector.

VILCANOTA VALLEY REHABILITATION AND MANAGEMENT PROJECT

The Vilcanota Valley Rehabilitation Project is an example of innovative approach to cultural heritage sustainable preservation and management.

Why is it so innovative?

First, because of its territorial and cross-sectoral focus: instead of considering the Historic Sanctuary of Machu Picchu only, the program's area extends to the Vilcanota Valley, as hydrological basin of the Vilcanota River. This includes the Historic Sanctuary of Machu Picchu, the Inca Trail, and settlements from Santa Teresa, at the western tip of the basin, to the towns of the Sacred Valley. The fast and uncontrolled increase of the tourist flow, which has become ten folds larger in the last decade, til reaching 400,000 visitors per year, has put the area under severe environmental threat, and caused concern for the protection of the Sactuary of Machu Picchu. UNESCO has urged the Government of Peru to take due measures of tourism management to avoid Sanctuary's being removed from the list of the World Heritage Sites. The site was even going to be put on the list of endangered world heritage sites, an action then suspended for a year, as agreed at the recent Annual meeting of UNESCO in China, waiting for the first results of this project.

The Sanctuary is mainly affected by the environmental threats posed by the unplanned and rapid growth of Machu Picchu Pueblo (also known as Aguas Calientes), the transfer point for the train from Cusco or Ollantaytambo to the minibuses that cover the last eight kilometers of road to the Citadel. Besides the solid waste, sewerage and pollution problems, part of the town area, hosting 60 dwellings, is at risk of landslide that will need to be relocated. Degradation due to the growing tourism flow is affecting the Inca Trail as well. Approximately 60,000 of tourists per year reach the Citadel by a four-day hike camping along the trail, while sanitary and solid waste facilities remain inadequate for such a growing number of trekkers, and guides and porters supporting them, lack of the necessary training.

Moreover, the tourism potential of the Valley is not even fully exploited. The recent archaeological discoveries at Llactapata, for example, have brought to the light a site that can become a new outstanding tourist attraction. This is roughly twice as large as Machu Picchu, and - as documented by the expedition - is related to this by astronomical/geodetic relationships.

Because of the interdependency among sites, towns and the river, the environmental and tourism management problems cannot be addressed without considering the valley as a whole. For example, agriculture produce from Santa Teresa generates waste that ends up in Machu Picchu Pueblo. Solid waste from Machu Picchu Pueblo is transported by rail to the city of Cusco for disposal. Solid waste and wastewater from Cusco pollutes the Vilcanota River that flows back through the sacred Valley and the Sanctuary. Finally, and

hydroelectric plant between Santa Teresa and Machu Picchu Pueblo harnesses the river's power and sends it over high voltage lines through the Sanctuary to Cusco.

The risks extend from the environmental assets to the cultural, historical and economic assets of the region, and call for collaboration among all the local authorities of the Sacred Valley towns; the central government; international agencies and donors. The project's multi-sectoral innovative approach is intended to address the complexity and interdependency of environmental, cultural, social, political, economic problems.

The project has three main components.

1. Environmental protection and urban and infrastructure rehabilitation

The Valley needs to upgrade water, sewerage, solid waste management system and storm water drainage systems for urban areas using environmentally sustainable techniques. The project will provide for them on the basis of regional assessments and engineering studies, which are a condition for the other Bank's projects in the area and the interventions planned at municipal level. Environmental impact assessments (EIAs) in particular will facilitate the implementation of the ongoing PROSANAR, a Bank-supported national rural sanitation program, which has been delayed right by the difficulties in the completion of the EIAs, mandatory requested by the Bank for this type of interventions. As urgent measure, the project will resettle 60 families that can choose between receiving a cash compensation, moving within the city limits or to a new community about 12 kilometers from the pueblo towards Santa Teresa.

2. Tourism capacity building and infrastructure development.

The rapid growth of the tourist flow has evidenced a major lack of capacity in terms of tourism management. Tourist flows are uncontrolled; infrastructures and services are poor; staff and guides and porters are completely untrained; there is no education about, nor a proper interpretation – not even in the form of simple signs and indications – of the historical assets. The project intends to address all these issues by: a. facilitating the redistribution of tourist flows, through surveying and advising the travel agencies, training guides, agencies employees, hosts, park rangers, porters and other stakeholders in the tourism sector; b. creating a network of visitor/interpretation centers in Machu Picchu Pueblo, Písaq, Ollatayambo and Winaywayna; c. investing in basic sanitation infrastructure and solid waste collection facilities at specific campsites along the Inca Trail; d. providing improved pedestrian access to the sites; and e. improving and standardizing the signage system at the sites and on the Inca Trail.

3. Local and Economic Development

The third component provides a second good reason to consider this project as innovative. It aims at being a catalyst for local economic development, through helping local communities in exploiting and multiplying the opportunities provided by tourism. The already mentioned training activities dedicated to tourism staff and service providers will complement this effort. Training on historical knowledge, for instance, will help to provide a better service and enhance competitiveness, as well as training on environmental protection measures will reinforce tourism management capacity and help sustainability.

The project also includes the creation of telecenters in Písaq, Calca, Urubamba, Ollantaytambo, Machu Picchu Pueblo and Aobamba that, besides providing telecommunication facilities for locals and tourists, are intended to stimulate business by providing access to computers, internet, audio-visual equipment etc. Along the same lines, each municipality will be provided with grant facilities for projects proposed by the community, whose funds will be allocated on a selective basis to finance valuable business initiatives. A fundamental characteristic of the project is the participation of the local communities from the identification through the monitoring and evaluation of the project to ensure a sense of ownership, which is key to the sustainability of the project.

The project will be working as an incubator for local economic initiatives but will also facilitate ongoing investments (as, for example, the IFC investments in the railroad and hotels in Machu Picchu and at the Citadel) as well as provide incentive for prospective international investments. It has been estimated that the project's leverage is around 20 million dollars, an amount four times bigger than the project's costs. This is mostly due to the fact that the project has been designed to maximize the benefits of partnership and coordination. The World Bank will work closely with UNESCO, the National Geographic Society, the World Monument Fund, NGOs and bilateral donors, and leverage knowledge and funding that will complement other existing interventions and help further ones. In general the World Bank is well positioned to facilitate and coordinate interventions of several partners, however this project in particular is making an effort to exploit this role at the most.