

SLEEPING WITH THE ENEMY?

Private Sector Involvement in World Heritage Preservation

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Introduction

Way before the current financial-economic crisis, heritage preservation was already under increasing pressure from groups in society as regards the rising costs – real or perceived – of restoration, maintenance and management of historic monuments and sites. Seemingly paradoxical, at the height of the global economic boom during the 1990s and early years of this century, when piles of money were freely available, more and more questions were being asked concerning the need for governments to allocate public budgets to a variety of functions, among them heritage preservation.

Ironically, now that the global economy is in dire straits, public funds in the order of trillions of dollars are spent, on those functions, too, which in the previous decade were not deemed worthy of government attention, in a frantic effort to rescue our financial system from a meltdown. While some of this money is indeed being spent on World Heritage preservation,¹ perhaps rather than rejoicing we should use the crisis as an occasion to take a fresh look at the discipline and the ways and means in which it operates, in particular the modalities of management and financing.

In the developing world, a dilemma of paramount importance in heritage preservation involves the axiom that in general monuments and sites, including World Heritage, are still a “good of the commons”, belonging to everyone and no one in particular. In reality, this means that no one in particular feels responsible for their day-to-day care, often resulting in a progressively decaying built environment, accompanied by ruthless exploitation by the tourism industry. Indeed, while ministries with specialized departments are responsible on paper, in spite of all their enthusiasm, motivation and the best of intentions, they are often ill-equipped and poorly financed (usually the worst of all ministries) resulting unfortunately in a de facto rather ‘careless’ situation.

In the developed world something similar seems to be happening, but originating

¹ Under a 100 billion Euro economic stimulus package the German Government, for example, has allocated 150 million to be spent in the coming 5 years on World Heritage - source: “Das Erbe der Erde”, in Die Welt, 14 March 2009. After a decade of neglect and near dismantling under the Bush Administration, the US National Park Service will invest \$750 million in 750 restoration and protection projects at parks across the country under the American Recovery and Reinvestment Act of 2009. The legislation passed by Congress in February 2009 includes an investment of \$900 million that will help reduce the National Park Service’s \$9 billion backlog of maintenance and preservation projects, and address other park infrastructure needs - source: press release by the Environment News Service (ENS) on 22 April 2009.

from a completely different process: the decades-long thrust for decentralisation, where the day-to-day care of historic monuments and sites, including World Heritage, has been pushed onto the plate of local governments. While alleviating central governments of this perceived burden, this increase in responsibilities and tasks of local governments is seldom accompanied by a corresponding increase in capacity, be it technical, institutional or financial. The result is a surge in conflicts between the importance attached to heritage, as expressed by national governments signing off on World Heritage nominations, and the municipality's need for urban development to support economic growth and job creation. The resulting conflicts also give an impression of a rather careless situation. After hailing and promoting the merits of integrated urban conservation, it would seem that all the progress achieved in this field since 1975 has effectively vanished as a result of this push for decentralisation, leaving practitioners feeling they need to reinvent the wheel.²

At a time when public funding for heritage preservation is unlikely to increase, and even if it did, there would be a need to explore new ways of managing and financing our heritage assets, in an increasingly complex world the success or failure of heritage preservation depends on a greater level of engagement with broader constituencies. Moreover, heritage assets play important roles in cultural development and socio-economic regeneration, not to mention as sources of national and local identities, and consequently should demand our fullest attention. A progressive body of knowledge and experiences is available to guide public policy makers and professionals in setting up innovative conservation management mechanisms to engage with a wider variety of stakeholders. In particular, co-operation with the private sector is badly needed to create greater awareness, reduce conflicts and attract additional resources, in both the developing and developed worlds.

This paper outlines the role of culture within the development process, including the often overstated importance of World Heritage listing in generating direct revenues, and discusses two innovative mechanisms regarding World Heritage preservation. The first is part of an on-going rehabilitation process in Old Havana, Cuba, which has been acclaimed internationally as a model of integrated management. A critical view is taken on the establishment of an enabling environment for the preservation of this city's extraordinary history and culture, in the face of two decades of near isolation and deprivation. The second is a concept under consideration at UNESCO's World Heritage Centre, where in particular cities inscribed on the World Heritage List are viewed as assets harbouring a plethora of opportunities for the development of business ventures focused primarily on using cultural heritage to meet the needs of local communities and, in the process, to direct investment and private capital towards the preservation of these same heritage assets.

But before discussing these approaches, it seems pertinent to elaborate once more

² The proliferation over the last decades of charters and declarations related to cultural heritage preservation is a direct result of this.

UNESCO's role and attitude towards heritage preservation in relation to local development, which is seen by the Organization as part of the same continuum.

UNESCO's Mandate

For over 60 years now, UNESCO (United Nations Educational, Scientific and Cultural Organization) has been recognised as the sole international organisation with a specific mandate in the field of culture, and in this capacity it has always been a leading advocate for increasing the role of culture in national development strategies.³ During this period, it has developed normative tools on every significant aspect of culture – be it movable or immovable, terrestrial or underwater, tangible or intangible, stand alone or intricately linked with nature – in which operational actions have been recommended to foster sustainable use of these resources for the betterment of local populations. In this regard, important milestones comprise the three key conventions of UNESCO's Universal Declaration on Cultural Diversity⁴: the 1972 *Convention concerning the Protection of the World Cultural and Natural Heritage*, the 2003 *Convention for the Safeguarding of the Intangible Cultural Heritage*, the 2005 *Convention on the Protection and Promotion of the Diversity of Cultural Expressions*.

In the process, UNESCO has nurtured close relationships with development agencies – multilateral, regional and national – to co-operate on the integration of cultural and natural assets in strategies of socio-economic development. In particular the world's cultural and natural heritage, the World Heritage, has proved a powerful vector for local economic growth, social development and the eradication of poverty. The co-operation between UNESCO and development agencies aims to achieve synergies in the execution of the core activities of development corporations, on the one hand – that is, to contribute to accelerating the economic and social development of their (regional) member countries – and of UNESCO on the other, which is to promote international co-operation among its Member States in the fields of education, sciences, culture and communication through the mobilisation of resources, the review of co-operation approaches, and the building up of multilateral action.

One such important partner is the Inter-American Development Bank (IDB), which was arguably a pioneer in considering culture as a potential engine for the regeneration of cities and the revitalisation of local communities therein. UNESCO established formal co-operation with the IDB in 1967. Early in the 1970s, this bank began offering loans for projects based on an awareness of the importance of culture and heritage carried out in a variety of domains, ranging from primary rural education to cultural tourism. One of the IDB's flagship projects concerned the restoration and revitalisation of the City of Quito in Ecuador, which was among the first sites inscribed on the World Heritage List in 1978.

³ The following sections have been adapted from the keynote speech written by the author for UNESCO's Director-General Mr. Koichiro Matsuura at the international symposium "World Heritage and Public Works" at the United Nations University in Tokyo, Japan, on 29 August 2008.

⁴ Available at: <http://unesdoc.unesco.org/images/0012/001271/127160m.pdf>

The World Bank has also acknowledged the importance of culture, cultural identity and natural and cultural heritage as inherent elements of its development assistance. Over the last decade, it has financed over 65 operations that included these components, including the World Heritage cities of St. Petersburg, Russia, and Fez, Morocco, among others. The World Bank has moved progressively beyond the 'do-no-harm' posture to fostering a growing awareness of the intrinsic value of culture. Besides being considered as assets for economic development, culture and its manifestations – which include an appreciation of the natural world for its inherent beauty and as a source of inspiration – are seen as elements that contribute to social cohesion and as heritage to be protected for future generations. Evidence of linkages between cultural heritage projects and poverty reduction amongst the operations undertaken by the World Bank over the last ten years is becoming clearer as the portfolio matures and baseline data collection becomes more rigorous.⁵

Culture in the Development Paradigm

Since the World Conference on Cultural Policies, which took place in Mexico City in 1982, and the summit of the World Commission on Culture and Development in 1995, as well as the joint UNESCO-World Bank Conference on “Culture in Sustainable Development – Investing in Cultural and Natural Endowments” in 1998 in Washington DC, recognition of the importance of culture in the development paradigm has been growing steadily.

Increasingly, culture is being seen as much more than knowledge coupled with creative ability. Today's definition of culture hinges on the distinctive material, intellectual, spiritual and emotional features of a society or social group which, in addition to art and literature, encompasses lifestyles, value systems, traditions and beliefs, as nurtured by the environment in which it is situated. In this, the reciprocal relationship needs to be emphasised: without culture to perceive, construct and foster, and without nature to supply, sustain and replenish, no development would be possible.

This course of reasoning is progressively being diffused. The participants at the World Summit on Sustainable Development, held in Johannesburg, South Africa, in 2002, emphasised the management of heritage as being an important tool for the promotion of sustainable development and reduction of poverty. One emerging notion was the insistence on the necessity for culture to impose itself as the fourth pillar of sustainable development, alongside the three original pillars of the economy, the environment, and social preoccupations.

The Millennium Development Goals set by the United Nations address development challenges not as a separate, but as an inherent part of the global economy and societies. The goals encompass the holistic approach to development echoed in

⁵ Stated in the Bank's internal partnership proposal for Cultural Heritage-based Sustainable Development, circulated in July 2007, in which the author was invited to participate on behalf of UNESCO.

concepts such as the “human development index” and “livable societies”. The full realisation of these goals necessitates innovative and cross-sector approaches to development and the serious consideration of issues such as culture, environment and social advancement, as advocated and practised by UNESCO.

The Costs and Benefits of World Heritage

Perceptions abound on the positive or negative impacts of World Heritage listing, which are perpetuated by a media eager for easy subjects that are certain to attract wide attention. The latest example of such ‘investigative’ journalism, as labelled by the newspaper itself, concerns Simon Osborne’s article in *The Independent* of 29 April 2009, which is so poor in quality that it hardly merits attention.⁶ The reason for referring to it here is to illustrate a commonplace about the World Heritage label, which is not only based on a misunderstanding of the key elements in the process, but also on factual data that proves to be inconclusive to recent scientific research, i.e., that the inscription as World Heritage by UNESCO brings about irreversible damage to heritage sites. Therefore, it seems important to briefly review recent research into the costs and benefits of World Heritage designation, before looking at innovative approaches to its management and financing, as they need to be analysed against the few known facts about the complex environment of World Heritage preservation rather than ungrounded populist preconceptions.

Whilst difficulties are encountered in general when producing evidence-based data on existing linkages, increasingly studies are appearing which focus on the direct and indirect socio-economic benefits of protected areas, be they natural or cultural. In recent years, researchers have begun focusing on the economic impact of heritage preservation, measuring for instance the impacts of the rehabilitation process on jobs and household income, the role of heritage buildings as incubators of small business enterprises, the incremental impact of heritage tourism, the contribution of heritage conservation in the revitalisation of historic city centres, and the impact of historic districts on property values, among others.⁷ In the context of this paper, two recent studies that focused on World Heritage will be highlighted.

Ralf Buckley of the International Centre for Ecotourism Research at Griffith University in Australia has studied the effects of World Heritage listing on tourism in Australian National Parks.⁸ His paper clearly outlines the “significant difficulties” encountered when focusing on a rather straightforward approach “to distinguish the marginal contribution of World Heritage listing to tourism, additional to the level of

⁶ “Is Unesco damaging the world’s treasures?”, *The Independent*, London UK, 29 April 2009.

⁷ Some of the findings of this research from both the US and abroad was presented at The World Bank, Washington DC, on 22 April 2009 by Donovan Rypkema, President of Heritage Strategies International and author of *The Economics of Historic Preservation: A Community Leader’s Guide*, Washington DC, 1994.

⁸ Buckley, R., [The Effects of World Heritage Listing on Tourism to Australian National Parks](#), in: *Journal of Sustainable Tourism*, Vol. 12, No. 1, 2004. The research involved the 6 World Heritage sites that had been listed long enough ago for both pre- and post-listing data to be available, and also had reasonably similar control sites: Fraser Island, Kakadu, Uluru-Kata Tjuta, Southwest Tasmania, Shark Bay and the Central Eastern Rainforest Reserves.

tourism activity which would occur without listing”, a first step of which involves “to test whether World Heritage listing has any significant effect at all”. He explains that the research examined “the overall effect of World Heritage designation as a bundle of attributes which includes heritage value, branding, marketing and often increased infrastructure funding.” It did not separate out the branding effect alone, “since World Heritage listing processes and management practices are specifically designed to keep these attributes bundled, [...] it is this bundled test which is most valuable for both economic and policy considerations.”

Surprisingly, the conclusions from Australia included:

- 1) Past data on visitor numbers and origins are generally too incomplete to track historical trends except at the broadest scale;
- 2) Available control sites for Australia are too different from the World Heritage areas to identify specific effects of World Heritage status by comparing the two;
- 3) Most of the World Heritage areas considered received several times more visitors than the control sites, but it is not clear whether this difference is related to the World Heritage listing itself, or a host of other factors involved, such as accessibility, promotion, or attractiveness in terms of natural or cultural features they contain;
- 4) The proportion of international visitors seems to have grown steadily since listing at all the World Heritage areas studied. However, at some sites it was already growing prior to WH listing; similar growth has also occurred at some of the control sites.
- 5) In so far as can be determined from available data, any significant increases in the growth of visitor numbers at World Heritage areas seems to have coincided more closely with periods of major environmental controversy rather than the date of WH listing as such, though there are too many other factors and inadequate data to establish this pattern definitively. His paper ends by recommending that “there could well be a role for UNESCO in encouraging collection and analysis” of visitor statistics for World Heritage sites or other protected areas.

In the meantime, this has been taken up by the World Heritage Centre through various partnerships with universities and research groups. One such study, *Les impacts socio-économiques de l'inscription d'un site sur la Liste de Patrimoine Mondial : Trois études*, was commissioned to Rémy Prud'homme, Professor Emeritus at Université Paris XII. As stated in the title, it involved three separate studies: a literature review; an econometric study covering the whole of France (31 World Heritage sites at the time, with examination of 12 variables); and a comparative study between two WH-designated sites and two non-listed control sites in Turkey.⁹ The central question analysed by Prud'homme and his team involved the relationship between the inscription of a site on the UNESCO World Heritage List and a subsequent increase in

⁹ Gravari-Barba, Maria et Sébastien Jacquot, *Impacts socio-économiques de l'inscription d'un site sur la liste du Patrimoine Mondial : Une revue de la littérature*, 2008, 61 pp.

Nicot, Bernard-Henri et Burcu Ozdirlik, *Les impacts socio-économiques de l'inscription sur la liste du Patrimoine Mondial : Deux comparaisons en Turquie*, 2008, 37 pp.

Talandier, Magali, *Le classement UNESCO favorise-t-il l'activité touristique et le développement économique local ? Une étude économétrique du cas de la France*, 2008, 49 pp.

economic development, in particular economic activities and employment (*“l’inscription sur la liste est une promesse et un instrument de développement économique, c’est-à-dire d’activités et d’emplois”*). The summary report, dated 10 July 2008, draws (provisional) conclusions for each of the three studies, which by all accounts are similar to those of Buckley’s research.

The report states that the review of literature suggests that the link between inclusion on the World Heritage List and local economic development is uncertain and probably weak (*“la revue de la littérature suggère que le lien entre inscription sur la liste du patrimoine mondial et développement économique local est incertain et probablement assez ténu”*). The reason for this is that this link can be regarded as a chain consisting of several rings, the first of which involves the relationship between inscription and attractiveness of its heritage values; a second involves the relationship between heritage attractiveness and tourism; and a third involves the relationship between tourism and local development. Since each of these rings is weak and poorly recognised, it makes the whole chain weak and uncertain. World Heritage inscription is certainly a favourable factor for development, but a factor that is neither necessary nor sufficient on its own (*“L’inscription est certainement un facteur favorable au développement, mais un facteur qui n’est ni nécessaire ni suffisant”*).

As regards the results of the econometrics study covering the territory of France, the summary report suggests that the impact of inscription on the site’s attractiveness for tourism and on its development is weak or negligible, both in statistics (for 2005) and in evolution (for the period 1993 to 2005). The fact that a site is on UNESCO’s World Heritage List, the report continues, does not in itself contribute to an increase in employment by tourism in the period under consideration, nor to revenues per inhabitant, nor in the level of salaries.

For the comparative study of the sites in Turkey,¹⁰ the analysis of the Ottoman heritage towns of Safranbolu and Beypazari revealed that the World Heritage label had not been an important factor in the local development of the sites. It had certainly contributed to the preservation of Safranbolu’s heritage, making it more widely known and attractive to tourists, but it did not launch dynamic large-scale development of the site. On the contrary, for Beypazari the absence of the label did not prevent it from doing exactly that. The report contemplates that it may even be considered that the absence of the label had facilitated that dynamic development, in two possible ways: 1) it had forced the local politicians to identify other drivers of development; and 2) the absence of the label had also meant an absence of any constraints on certain development activities.

Although these results represent just two of the more recent studies, other studies and literature reviews also suggest much in the same direction,¹¹ dispelling the myth that

¹⁰ Being Safranbolu WH site, with Beypazari as control site, and Troy WH site, with Pergamon as control site.

¹¹ As part of a policy evaluation of World Heritage Site status in the UK, the Department for Culture, Media and

World Heritage listing per se generates significant positive impacts. Apparently, the evidence for this is difficult to extract from the scarce and incomplete data currently available from the multitude of forces at work and the impacts they generate, which are often interlocking and thus interfere with one another. If so, would this then not also be true for any assumed significant negative impacts, as highlighted by our distinguished investigator-journalist earlier?

What seems to emerge very clearly from these recent studies, though, is that much hinges on the presence or development of an enabling environment in which the benefits from World Heritage designation can be nurtured and maximised. Contrary to popular perception, in the absence of such an enabling environment, little will take root and flourish. The World Heritage List includes a whole host of sites that, in spite of their designation, are witness to not having benefited at all in terms of generating significant returns on investment.

However, once such an enabling environment has been put in place, significant gains are indeed to be had by a wise use of natural and cultural heritage as part of national programmes of integrated planning and development. Whilst not all such integrated conservation and development projects (ICDPs) have shown positive results, and critical voices have been heard over their limited achievements both in conservation and improving livelihoods, it seems necessary to bear in mind that attempts to accommodate development and conservation needs have not failed because they are contradictory, but because integration has been limited both institutionally and in terms of geographic scale. When applied consistently, with involvement of a wide range of partners and a broad spectrum of policies, over a sufficiently large geographical area, significant improvements can be achieved, as is shown in particular by the case of Old Havana in Cuba.

Havana: Business as Usual?

Havana was founded in 1519 by Spanish colonisers and by the 17th century it had become one of the Caribbean's main centres for shipbuilding and commercial activities. Today, it is a sprawling metropolis of 700 km² with 2,2 million inhabitants. It is the most important cultural centre of the Republic of Cuba, housing most of the government, cultural and scientific-technical institutions in the country. The urban structure comprises a system of squares of different sizes and functions, providing a polycentric character dating back to the days of its foundation. Its old centre retains an interesting mix of baroque and neoclassical monuments, and a homogeneous ensemble of private houses with arcades, balconies, wrought-iron gates and internal courtyards.

During the 1940s and 50s, the city's population increased significantly, resulting in an

expanding urbanised area with new neighbourhoods for the middle and upper social classes.¹² After the Cuban Revolution in 1959, an Administrative Plan was developed for Havana which established different areas of development and prioritised the improvement of the population in the countryside. As a result, the physical growth of the capital was curtailed and the condition of the housing, particularly in Old Havana, deteriorated progressively to the extent that the Office of the City Historian, in charge of the city's conservation, has labeled Old Havana, including its historic centre, as "an emergency zone suffering from an elevated level of physical and technical deterioration".¹³ Marked by more than a century and a half of marginalisation and overpopulation, the inner city is characterised by poor living conditions: half out of the more than 20,000 dwellings are located in tenement houses, which means overcrowding, with inadequate supplies of running water, and every day two collapsed buildings of different magnitude are among the sobering statistics.

In 1967, Dr. Eusebio Leal Spengler took over the Office of the Havana City Historian, founded by Dr. Emilio Roig de Leuchsenring in 1938, and started restoration work on the Capitanes Generales Palace. A series of policy instruments and associated conservation actions were put in place as part of the integrated planning, among which:

- in 1944: the old city was declared as a protected zone;
- in 1978: Havana City Historical Centre and its system of fortifications were declared a national monument;
- in 1981: the Cuban State assigned an exclusive budget for the rehabilitation and restoration work to the Historical Centre, thereby starting the first five-year restoration plan. The Office of the City Historian is recognised as having coordinated the rehabilitation process, and the following year, in 1982, Havana City Historical Centre and its system of fortifications were inscribed on the UNESCO World Heritage List;
- in 1993: Law Decree no. 143 of the Council of State widened the framework of authority and the jurisdiction of the Office of the City Historian, and the inscribed sector was recognised as a prioritized zone for conservation. Subsequently, in 2001, the same was applied to the typical shoreline of the traditional Malecón and later, in 2003, to the picturesque Chinatown, both in the nearby Municipality of Central Havana.

From 1981, five-year plans were established for the renovation of Old Havana, which were articulated with the actions undertaken jointly by the Ministry of Culture and the technical team of the Office of the Historian of Havana. Increasingly successful, the Cuban government decided to further empower the Office and authorise the creation of an independent executive agency for the development, funding, renovation and restoration of the old walled city. The first Master Plan for the Integral Rehabilitation

¹² The information in this section is taken from: *A Singular Experience - Appraisals of the Integral Management Model of Old Havana, World Heritage Site*, UNESCO, Master Plan (Office of the City Historian), 2006.

¹³ *A Singular Experience...*, 2006, p.17.

of Old Havana was implemented in 1994 by a multidisciplinary team of experts, integrating its work with that of other agencies and institutions at the municipal, provincial and national levels, as well as with higher education and research institutions. Throughout the 1980s and 90s, UNESCO supported the rehabilitation actions through technical and emergency assistance of the World Heritage Committee.

The functions of the Office of the Historian expanded together with the projects and the works in the entire area of Old Havana. Rehabilitation was structured through a Special Plan for Integral Development, bringing five fundamental policies together. Of particular importance in the context of this paper is the policy “to achieve an integral self-financing development which makes the investment in heritage recoverable and profitable”.¹⁴ To implement this policy, the Office has created an organisational structure with specialised directorates, departments and an enterprise capable to carrying out the process of strategic planning in its widest environmental view (economy–society–territory–habitat), including the organisation and implementation of an investment process to support it. The structure incorporates the management of tourism, real estate and tertiary sectors to generate financial resources for conservation.

Under this entrepreneurial-capitalist approach, the Office of the Historian of Havana has been able to generate funds that serve wider socio-cultural interests, supporting urban conservation and broader cultural activities. The results so far are remarkable, certainly when considering the particular politico-economic situation of Cuba. Since 1994, the exploitation of Havana’s cultural, tourism and tertiary resources has generated a profit of US\$ 216.8 million. With the implementation of a fiscal policy, an additional US\$ 16.2 million have been collected. Economic decentralisation has allowed for the immediate re-investment of these resources, resulting in visible social and urban improvements in the short term, thereby generating positive externalities attracting more investments and interests, with a corresponding increase in visitors and people requesting services.

The reliability of the process stimulated the National Bank to expedite credits of US\$ 61.9 million, to be invested in very expensive rehabilitation work, and the State to contribute 321.3 million pesos from the central budget. With 40% of the budgeted resources allocated to social works (real estate, housing, health and educational institutions), the introduction of social benefit policies and the rehabilitation of buildings destined to community services of the municipal administration, the mobilisation of US\$ 16.1 million from international co-operation projects was made possible through co-financing schemes.

In ten years (1994–2004), through its management efforts the Office had achieved the recovery of 33% of the area of the Historical Centre and implemented five times the number of projects carried out in the previous periods. The Office holds a majority of

¹⁴ *A Singular Experience...*, 2006, p. 49.

shares in specially established tour-, travel- and real estate companies to reap the benefits of exploiting the city's cultural assets.¹⁵ A critical note to be made against this innovative managerial and financial scheme, as viewed from within the Cuban context, is that currently little or no market competition has been introduced (yet) for the exploitation of these cultural assets. Instead of fully engaging the private sector, the Office holds a monopoly on this use of assets – which has been instrumental in and a real blessing for the safeguarding of Old Havana.

WHIP: a Possible New Form of Financing?

With an ever-growing List of World Heritage-designated sites “the costs of the internal processes are bound to rise (more evaluations, monitoring and reporting will be needed), [and] the main possibilities for providing support and increasing the system's capacity to assist sites lies in the growth of other public and private contributions, and in the development of new forms of fund-raising and financing”.¹⁶

Over the last two years, the World Heritage Centre has been engaged in the development of the World Heritage Investment Project (WHIP).¹⁷ WHIP is a far-reaching initiative to attract private-sector investment in cultural heritage conservation as an engine of social and economic regeneration at World Heritage-designated towns and cities in developing countries. Moreover, it aims to do so in a manner that actively promotes local broad-based economic empowerment and social cohesion.

Ninety-five per cent of the world's urban population growth will be concentrated in the developing world's cities. The rate at which these cities are already expanding – by more than 5 million a month – far exceeds their ability to provide basic infrastructure, essential services and formal employment. The resulting economic and social exclusion has given rise to a steadily growing unofficial or informal economy, equivalent to some 30% of official Gross Domestic Product in Asia and over 40% in Africa and Latin America. This huge informal economy is very inefficient and constitutes a staggering waste of human capital and market opportunities.

Carefully targeted and structured investments in the cultural heritage of selected World Heritage cities in the developing world could prove to be an especially effective and financially rewarding means of developing the vast potential of their informal economies. WHIP aims to structure, market and manage a variety of specialist investment vehicles targeting key sectors that will benefit disproportionately from the eventual economic upturn. It will co-venture with local authorities and other public and private sector entities in order to harness local expertise and nurture commitments to local involvement and economic empowerment (including equity

¹⁵ Respectively the Habaguanex S.A. Tour Company, founded in 1994, the San Cristóbal Travel Agency, founded in 1996, and Fénix S.A. set-up also in 1996. From: *A Singular Experience...*, 2006, pp. 57-59.

¹⁶ Bandarin, Francesco, in the Introduction to *World Heritage – Challenges for the Millennium*, UNESCO World Heritage Centre, Paris, January 2007, p. 22.

¹⁷ With the London-based consulting firm Horizon Strategies of Managing Director Humphrey Harrison.

participation), for both social and industrial reasons. The fields of investment will include cultural industries, tourism, real estate and specialised financial services.

The informal economies of many World Heritage cities include numerous commercially significant enterprises in such fields as music, media, fashion, traditional crafts and other forms of cultural expression, from sport and entertainment to technology and design. WHIP will seek to invest in local ventures that harness the creative energies of the urban populations in these World Heritage cities and that can readily be scaled up without compromising their cultural integrity – i.e. without killing the goose that lays the golden egg, as often happens.

Many readily discernible trends within the global tourism market strongly favour the prospects for historic cities. However, tourism often takes a heavy toll on local economies, communities and the environment, for minimal gain. WHIP will seek to invest in tourism-related ventures that address the needs of local communities and the conservation of their cultural and natural heritage at least as much as they address those of foreign visitors. Nothing less would be sustainable.

WHIP will co-venture with various local interests to develop commercially viable property-related schemes that enhance heritage conservation and social and economic regeneration, including innovative ways of financing community facilities, such as informal markets and urban farms. Urban farming is of increasing strategic significance: it supplies probably a third of all food consumed in cities, creates numerous jobs and supplements the incomes of countless millions. However, it also poses a number of risks and urgently needs to be put on a more efficient and sustainable footing in order to safeguard public health, food security, jobs and the local environment. The anticipated dramatic growth of many cities in developing countries means that areas that are today on the perimeter of the city will, in due course, become a hub for further expansion and may rapidly appreciate in value, especially if they are upgraded and re-zoned to reflect their more productive use.

WHIP will function very much as a business incubator for commercial ventures at World Heritage sites. To this end, it will:

- identify, research, evaluate and structure both new and established ventures;
- source investors and joint venture partners;
- provide the ventures (in which it will retain significant equity interests) with on-going support and assistance in evaluating and developing commercial opportunities.

It will do so by way of three distinct mechanisms, specifically:

- 1) Direct investments, mainly in cultural industries, tourism & property
- 2) Financial services, primarily commercial lending and leasing
- 3) Other business services, including intellectual property management.

A variety of groups have already undertaken extensive research into how similar activities might best be adapted to conditions in diverse cities across the developing world. Although much of this work has been development-oriented (as opposed to commercially-focused), it does provide a great store of insights and expertise on which WHIP can draw. In addition, a number of community-based organisations have developed elaborate grassroots networks which are capable of reaching millions of people. There are also many private-sector companies involved in developing innovative and often highly effective approaches to the 'grey' economies of the vast informal settlements in the developing world.

WHIP is currently in its start-up phase and will be registered as a not-for-profit organisation. Notwithstanding this, its long-term success will partly depend on its ability to remain sharply focused on its own commercial objectives, while collaborating with NGOs, multilateral agencies and others. Unless heritage preservation becomes part of an industry, generating significant revenues and returns on investment, it will keep suffering from the charity stigma that currently overshadows its great cultural, social and economic potential and prevents commercial enterprises from engaging seriously.

Conclusion: Towards Broader Engagement involving Public and Private Sectors

Much has been written about the importance of World Heritage sites, and historical cities in particular. Much less is ever heard about their investment potential, especially as regards those in the developing world. Historic cities embody a variety of features that distinguish them from most other locations and which afford them distinct advantages in addressing a key challenge for the future: the means to generate their own sustainable economic development by harnessing the economic potential of their usually rich cultural heritage. In particular, the specific attributes of urban World Heritage sites present an exceptional opportunity to develop innovative ways of channelling the extraordinary resourcefulness and social cohesion of their informal economies into far more efficient and productive 'formal' enterprises. There is abundant evidence that heritage conservation and sustainable, broad-based development are mutually reinforcing, rather than the uneasy 'either-or' bedfellows of popular misperception.

While the World Heritage label certainly guarantees international recognition and attention, making it a powerful tool for marketing, promotion and cooperation, there is little evidence however that by itself it generates a process of economic development. Old Havana in Cuba is a case in point, where cutting-edge management and business approaches to urban conservation have saved the city from obliteration. Where its World Heritage status certainly has helped to muster international support for its preservation, its success is owed largely to the governance of the Cuban authorities through their establishment of an enabling environment by way of policies, procedures and institutions to initiate and facilitate development of heritage assets for

wider socio-economic regeneration. Although the Office of the City Historian has been ‘flirting’, it has yet to give in completely to true private sector involvement !

More so than in the case of Cuba, the WHIP proposal focuses on attracting private sector funding to develop a variety of business ventures which, once successful, will generate local interest, support and participation – also through equity – into the preservation of cultural heritage assets. At first glance, it brings seemingly hostile concepts together: commercial exploitation of prized cultural assets. However, it is widely known that effective management of conservation areas, including World Heritage sites, requires support and input from all stakeholders in the area, and the management strategy for each conservation area should have shared ownership.

Therefore, any sustainable management of historic city centres must:

- Respect community life;
- Improve the quality of life;
- Maintain identity, diversity and vitality;
- Minimise the depletion of non-renewable heritage assets;
- Change attitudes and perceptions – the process of managing change involves wider interests and should involve different actors from the public and private sectors – property owners, investors, residents, and other community and voluntary interests;
- Empower community action and responsibility through involvement;
- Provide a suitable policy framework for integrating conservation objectives with the aims of sustainable development.¹⁸

In practice, the empowerment of communities to fully develop heritage assets means access to expertise, capital and markets – none of which is usually available to them. WHIP intends to make a difference in working directly with local governments and interest groups to provide specialised services in order to open up access to these resources.

Perhaps what is needed most is a change in attitudes and perception – towards heritage preservation in general, its commercial viability in particular, and the important roles that each stakeholder can play in the process. Often, and not in the least by some ‘elitist’ attitudes residing within the preservation community, the enemy is perceived to be the capitalist investor, the developer, as well as the entrepreneurial inhabitant, respectively. Practitioners in the field of cultural heritage preservation have shown a tendency primarily to talk to each other rather than engaging with these important groups in society – getting them onboard would mean real progress in terms of reducing conflicts and creating favourable conditions for preservation by discussing the best locations and opportunities for development.

¹⁸ *Op. cit.* Worthing, Derek, and Stephen Bond, *Managing Built Heritage – The Role of Cultural Significance*, Blackwell Publishing, UK 2008, p.182.

Over the past 15 years, governments have increasingly turned to the private sector for the financing, design, construction and operation of projects, which could include heritage preservation. The right combination of private sector involvement, to take the initiatives and risks (leading to profits, if all goes well), and good governance by the public sector, through provision of policy frameworks, supervision and monitoring of processes, should be a win-win situation in heritage preservation too.

These Public-Private Partnerships (PPPs) have emerged as an important tool for improving economic competitiveness and infrastructure services. PPPs aim at financing, designing, implementing and operating public sector facilities and services, with a transfer of risk to the private sector. They refer to “innovative methods used by the public sector to contract with the private sector, who bring their capital and their ability to deliver projects on time and to budget, while the public sector retains the responsibility to provide these services to the public in a way that benefits the public and delivers economic development and an improvement in the quality of life”.¹⁹

Broader engagement, with each actor focusing on the role that he/she can perform best, together with capacity building, meaning raising awareness through education plus creating an enabling environment plus empowering communities through the provision of both technical and financial means, will be the only way forward for a system that is struggling to legitimise its operations and has, up until now, been largely dependent on handouts, almost in the literary sense of the word. New ways and models must be explored if the World Heritage system is to survive after celebrating its 40th birthday in 2012. Instead of keeping within our known and comfortable circles, maybe the time has come, with the economic crisis and imminent impacts of climate change, to set heritage conservation firmly back on the political agenda and to reach out to new partners in the process.

¹⁹ From: *Guidebook on Promoting Good Governance in Public-Private Partnerships*, United Nations Economic Commission for Europe, United Nations New York and Geneva, 2007, p.1.