

Current Urban Heritage Conservation in Latin America: Towards Synergy in the Rehabilitation of Historical Quarters

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Abstract

In addition to providing information on the current situation of physical and social deterioration within historical quarters in Latin America, this study aims at a critical analysis of a new model of public-private management and community participation in preserving the urban legacy from the 1990s onwards. The paper is structured in two parts. The first considers urban evolution, together with its problems and opportunities, while the second assesses urban management through an analysis of the most relevant cases from the region. This study is intended to show how the new concept of preservation plays a valuable and central role in converting and revitalizing historical quarters, as well as in improving the living conditions of their communities.

1. Introduction

Cities in Latin America have significant historical quarters, unique urban structures and buildings dating from colonial times.¹ The historical heritage within these central areas was incorporated into larger entities after the growth experienced by many of these cities at the end of the 19th Century. Today, the conservation of these colonial and post-colonial architectural treasures is the greatest challenge in the contemporary planning of urban centres. Unfortunately, the majority of these centres have ruined buildings, and a large number of buildings have disappeared already, creating a mixture of styles and the loss of historical landscape. Their populations are also beginning to decrease, as people move towards more productive areas located on the outskirts of the city. It is important to retain this population in order to sustain the life of the central sector, especially due to the existence there of a strong popular culture developed through time, which forms today a major resource in creating urban identity in the face of the increasing globalization of both economy and culture.

These central areas have neighborhoods that were formed by communities with distinct cultural traditions and the trend towards their disappearance is an issue deserving immediate action. Many governments have begun to act in order to promote *sustainable*² development, based on local resources. However, the possibilities of revitalization have been limited as a result of high demand and limited finance.³ The weakness of city budgets is another challenge in the task of dealing with these

¹ The historical quarter represents the original location of the colonial city. Nowadays, it tends to form the city's central district.

² The term *sustainable* refers not to the fossilization of a historical quarter in time, but to a dynamic process in which urban heritage is preserved by making use of it for social and economic activities.

³ Sao Paulo is a clear example. It is the richest city in Latin America and has a larger population than New York, but it has to operate with an annual budget of only a tenth of the size (PRB 2000).

problems, and effective action will need the cooperation of different social actors both public and private, including civil organizations, non-governmental organizations (NGOs) and the communities themselves.

It is only during the last few years that social actors have been involved in the task of preserving and rehabilitating the historical quarters. This participation was already necessary when the first policies of this type within the region were started, after fifty years of governmental work. This change began during the 1970s, when the Quito Colloquium (PNUD/UNESCO 1977)⁴ provided the first incentives for civil organizations as well as national and international entities to become involved in these areas. This approach was different from the policies used during the previous years. Up to then, government projects were used to preserve or recondition isolated buildings, leaving aside the other multidimensional problems in the area. This, together with the reinforcement of a conservationist ideal, transformed many historic centers into “museums,” without vitality, affecting both their inhabitants and productive activities.

The 1990s in turn gave birth to a new concept of urban heritage preservation, based on integrated action. This was due to increasingly open participation and a radical change in the operation of these areas. Public management has been incorporated into a new model of economic development policy imposed within the region and has been influenced by the effects of the state’s decentralization and privatization. As a consequence, public-private associations, as well as community organizations, have become involved in helping the government with its task within administrative, technical and financial areas related to preservation. This new process is producing significant results and great optimism for the future.

However, not all historical quarters have yet incorporated into these policies, and they continue to lose their centrality and ability to compete in the markets imposed by globalization. Given the existing economic conditions within the region, it is of paramount importance to combine these new attempts at preservation with greater attention to social poverty. A historical quarter transformed into an enclave of poverty is of limited use to the city and is vulnerable to globalization. Therefore, true rehabilitation cannot be attained without improving the socio-economic level of the community, offering job opportunities, access to education and support to keep the culture of these sites alive. But obviously, for this process to continue, it should be sustainable and based on the dynamics of a *synergy*⁵ arising from all sectors of society interested in urban recovery.

2. The Latin American historical quarters

2.1. Urban evolution

In Latin America, most of the historical quarters date from the 16th Century, when the Spanish conquerors created the region’s urban structure. These were designed

⁴ An international meeting held in 1977, in Ecuador and organized by the United Nations in order to discuss the subject of historic centers vis-à-vis the growth of contemporary cities.

⁵ *Synergy* is “the combined effect of drugs, organs, etc, that exceeds the sum of their individual effects” (Oxford English Dictionary, 1991). In our case, this term implies the idea of cooperation between two or more organisms in order to attain a result which each party is incapable of obtaining on its own.

according to a plan⁶ which had at its center a great open space or *plaza mayor* (main square) with the buildings belonging to religious and government authorities around it. The groups of houses were laid out in a regular way and the city was based on a grid, following the colonizers' own experience of planning and building.⁷ Brazilian cities founded by the Portuguese, on the other hand, were not based on a standard plan. Even though the use of the square was maintained, these squares were irregular, smaller and of less significance.⁸

In all these cities, the elite lived in mansions near the central area and the rest of the population lived in an austere way further from the main square. The independence of the colonies did not change this inherited urban structure; however, it did change the role of some cities, giving them more importance as national capitals where the new elites were concentrated. By the end of the 19th Century, the effects of Europe's industrial revolution brought urban and social change. The region had considerable access to foreign trade. The cities were transformed as a result of economic and population growth, and the elite groups moved from their traditional locations downtown to the new suburbs built on the outskirts.⁹

This mobility favored the transformation of older mansions in some neighborhoods into rooms for rent. These dwellings were occupied by poor families coming from the rural areas, which arrived *en masse* in the city in search of jobs. They shared basic services with everyone and lived in subdivided rooms. They transformed the yards and common areas or *patios* for everyday activities. Mansions became multi-story shelters with and their facades deteriorated as a result of new unrelated structures being added on to the building. Unfortunately, very few private companies provided appropriate housing for their workers and the result is what we see in the older *barriadas* (districts) away from the central part of the city.¹⁰ Hence, most historical quarters in Latin American cities became areas with a high density, working class population.¹¹

Throughout the 20th Century, this population grew fast and the public sector never organized a large-scale move towards new industrial and residential areas on the urban periphery.¹² The so-called "social interest housing" provided in the face of demand was quantitatively and qualitatively insufficient, and therefore a large part of the population became concentrated in the central areas of the city. This situation was

⁶ *Ordenanzas de Descubrimiento, Nueva Población y Pacificación de las Indias (1573)*. -Ordinance of Discovery, New Population and Pacification of the Indies.- Published by the Ministry of Construction of Spain (Madrid 1973).

⁷ This type of layout originates from ancient roman villages from the Iberic Peninsula, taken over again by the Spaniards in the Middle Age during the War of Reconquest or *Reconquista* (the struggle to end Moorish rule in Spain), and then influenced by renaissance urban planning (Hardoy & Langdon 1978).

⁸ It was just at the beginning of the 18th century that Brazilian cities developed an economy similar to that of the Spanish colonies.

⁹ This situation produced residential segregation, because the elites who were still attracted by the convenience of the central area demanded better transportation services and urban planning based on their own interests, thus introducing drastic changes in the use of the land. This pattern has predominated up to the present, guiding the expansion of the city to its outskirts (Amato 1970).

¹⁰ They are also called *vecindades* (in Mexico City), *conventillos* (in Buenos Aires), *corticós* (in Río de Janeiro), *inquilinos* (in Bogota), and *callejones* (in Lima).

¹¹ Generally formed by public and private employees, professionals, retired people, owners of small shops, artisans, students, peddlers, porters, construction workers, beggars and street children (Hardoy & Gutman 1992: 161).

¹² Even if during the 1970s and the 1980s, there were programs aimed at eliminating central districts (Ward & Melligan 1985; Rodríguez & Icaza 1993, Batley 1994), they were only limited to specific areas, either because their appearance disturbed the ruling government or because they were areas ready for commercial intervention.

due to low rents, often frozen by rent control laws, and the proximity of these structures to work and services. The concentration of the population led to the development of a vibrant popular culture among the working classes of these areas; so that today historical quarters still have significant cultural traditions.¹³

2.2. *The existing situation: problems and opportunities*

The cultural traditions produced within historical quarters are today a valuable resource for the citizens, since they help the city and its inhabitants retain their own identity and characteristics, despite exposure to globalized culture. This local culture plays a significant role in establishing and remodeling the citizens' collective consciousness in the face of invasion by foreign products and life styles. This idea is gaining in importance as people realize how the cities of the world are modified through competition in the face of the globalization process. This situation forces the city to re-evaluate the features of its own culture, in creating and consolidating public spaces for more intensive social interaction, and to take advantage of the local scenery and its symbolism.

In other places, this citizen identity is already being promoted through investments in cultural sites and the use of culture as an economic resource. The cities of the world are awakening to the power of *cultural tourism* to reinvigorate cities and their economies. For Latin America this is a unique opportunity; however, accurate planning is necessary, in order to bring benefits to the community and support its economic interests.¹⁴ Historical quarters should open themselves up to investment and tourism planned so as to protect their local cultures and revitalize the economy by diversifying into productive activities that will attract greater support and backing.

This diversification of activities will ensure the sustainability of the preservation efforts. Investments to promote local culture are essential, but they must come together with the development of creative commercial and entertainment activities, as well as public and private services which will take advantage of the historical quarters' location and recovery. Commercial activities will thereby be developed, which will support and sustain the interest in preservation. If implemented properly, this process will create its own dynamism and interaction between different interest groups. In addition, this will support the improvement of the social and economic level of these communities, enabling them to compete within the labor market, increase the collective self-esteem of the community, and eliminate many of the obstacles derived from the *culture of poverty*, the marginal lifestyles which previously characterized them.¹⁵

¹³ These are traditions preserved and developed by the working class, becoming an important platform for social organization and integration. Among these, it is possible to cite the existence of *candomble* culture (a religious Afro-American tradition), as well as the tradition of samba dance schools in the center of many Brazilian cities. In Lima, the central district of Los Barrios Altos is known for its folk music and its Afro-Peruvian soccer players. The Tepito's neighborhood in the center of Mexico City is famous for its local organizations, some of which have produced world boxing champions. The churches and convents in Quito have turned it into a popular center for traditional religious festivals. The city center of Buenos Aires is the cradle of *tango*, and La Habana is famous for the tradition of traditional musical groups and the production of its famous *habanos* (cigars).

¹⁴ This is an economy that, unlike the great industrial centres of the urban periphery, is based on traditions and works with mainly local investment.

¹⁵ The so called *culture of poverty* is a concept taken from Oscar Lewis' studies (1965; 1966) of the neighborhoods of Mexico City and San Juan of Puerto Rico, showing how poor people learn how to handle their situation of deprivation and handicap by developing pathological conditions preventing

Likewise, the concentration of these activities downtown will support resistance to the devastating effects of urban decentralization. This is a recent phenomenon in response to the demands of a new economic development model imposed on the region.¹⁶ These changes in production bring changes in urban structure and living conditions between the center and urban periphery. Many small villages close to cities have been incorporated into the urban periphery, creating a multinuclear urban structure on a large scale, the sub-centers of which themselves benefit from investments, taking over many of the tasks originally performed by the central areas (Gilbert 1996: 98-9). Hence the movement of industries and commerce to these sub-centers makes more people move to the periphery, and the population of the central areas decreases.¹⁷ Despite signs of radical governmental intervention to improve these areas,¹⁸ the effects on historical quarters have been generally harmful, especially because productive and commercial activities have been abandoned, reducing the amount of stable employment offering better incomes.

3. New management to preserve the urban heritage

3.1. Decentralization and trends towards privatization

In Latin American cities, industrial and trading activities have not been the only ones affected by decentralization; activities related to public administration have also been affected. This is a political process arising from the new economic development model, which seeks to generate institutional changes in order to decentralize the state and its control of investments, while creating wider democratization within the region (Rodríguez & Winchester 1997). This change in state functions and their transfer to decentralized units has created or revived the political institutions of local and municipal governments, which were previously weakened in Latin-America.¹⁹

State decentralization means that municipalities are transformed into new spaces over which communities fight, as they are the most decentralized territorial, administrative and social units having direct contact with the local community and its problems. The recent democratization and greater access to community involvement are helping to strengthen local identities. This new openness also enables other social stakeholders to become involved due to the fact that, as state functions have been reduced, greater involvement is needed in the decision-making system. Although municipalities still need greater political and financial autonomy to free them from

them from achieving prosperity. This is a situation of inequality which is transferred over the generations.

¹⁶ A "neoliberal" development model based on exports, free trade and free markets, the main agent in which is the private sector.

¹⁷ In Mexico City, the population was reduced by over 600.000 inhabitants (Villa & Rodríguez 1996: 39) and Lima lost 14% of its original population (Gilbert 1996: 101). The populations of central Buenos Aires, Caracas, Bogota, Montevideo and Panama City were also reduced (Hardoy & Gutman 1992: 158-61) and in Santiago there was a real concern due to the depopulation of its historical quarter (CED 1990).

¹⁸ Unfortunately, many of these interventions have led to greater deterioration, as have urban renewal projects which have misunderstood the nature of low income sectors (Ward & Melligan 1985; Rodríguez & Icaza 1993; Batley 1994).

¹⁹ One of the most recognizable elements of Latin America's governments has been the institutional weakness of its municipalities. This situation goes back to the 19th century when, once the colonies colonial independence process had been completed, the countries which formed were highly centralized to prevent their fragmentation. So, municipalities had no political strength or economic resources, and were subordinated to the central and provincial powers.

central government interference, there is a greater awareness of their power to set norms and regulations for the benefit of historical downtown quarters; as well as their role as coordinating the various agencies currently willing to become involved in sharing the tasks of conservation.

Many municipalities have started to handle some functions that until recently had been the sole responsibility of state agencies.²⁰ At the same time, they have been opened up to greater assistance from parallel and inter-governmental agencies. The United Nations Educational, Scientific and Cultural Organization (UNESCO) has intensified its efforts by declaring as heritage sites many historical downtown quarters within the region.²¹ Since 1998, the French government has helped most municipalities that have historical districts through an intensive international seminar program backed by experts and NGOs, giving rise to a valuable sharing of knowledge and fostering community involvement (Orellana 2001). In particular in order to overcome their own technical and financial troubles, municipalities have sought to build working relationships with private organizations. The latter include international banking institutions and public-private associations,²² as well as other small organizations allowing profitable new investments in these areas, along with service and tourism companies.

With the presence of these new social stakeholders, institutional change has occurred leading municipalities to create new urban policies to incorporate a new *economic* dimension into the preservation process. This situation also requires restructuring of public management itself, which has deteriorated as badly as the historical quarters. The more efficient administrative mechanisms being implemented differ from the traditional public administration approach by bringing a new style into the decision making process and accepting the risks which each action entails, just as the private sector does. Thus, when deciding on matters regarding the restoration of the historical quarters, those trends towards privatization must be retained. Even though a greater long-term commitment and more effective associations are still necessary, the change shown by some municipalities as they develop a positive attitude towards the value of synergy in tasks involving mutual effort is really important.

In this sense, there have been several successful experiences in relation to poverty reduction in the region (Fiszbein & Lowden 1999). Under World Bank supervision, various public-private associations have been created since the 1990s, as well as civil organizations, to develop social capital in areas of human development. Private company efforts and bank philanthropy have joined social initiatives from the public sector. Through adopting strategies to increase their recognition among consumers, reduce costs and increase productivity, these initiatives have created considerable corporate strength in support of this social work. The various programs seek to promote and enable collaboration between the various social stakeholders

²⁰ Such is the case of the National Institute of Culture (in Brazil) and of Anthropology and History (in Mexico) (Carrión 2000: 14).

²¹ Those are: *Potosí* (1987) and *Sucre* (1991) in Bolivia; *Ouro Preto* (1980), *Olinda* (1982), *Salvador do Bahia* (1985), *Sao Luis* (1997) in Brazil; *Valparaíso* (2003) in Chile; *Cartagena* (1984) and *Mompox* (1995) in Colombia; *La Habana* (1982) in Cuba; *Santo Domingo* (1990) in the Dominican Republic; *Quito* (1978) and *Cuenca* (1999) in Ecuador; *Antigua* (1979) in Guatemala; *México* (1987), *Oaxaca* (1987), *Puebla* (1987), *Morelia* (1991), *Zacatecas* (1993), *Querétaro* (1996) and *Tlacotalplan* (1998) in Mexico; *Panamá* (1980) in Panama; *Cuzco* (1983), *Lima* (1991) and *Arequipa* (2000) in Peru; *Paramaribo* (2002) in Surinam; *Sacramento* (1995) in Uruguay; and *Coro* (1993) in Venezuela.

²² Also referred to as *patronatos* (trusts) in Lima, *corporaciones* (corporations) in Santiago, *fundaciones* (foundations) in Mexico, and *empresas* (companies) in Quito, amongst others.

through *associations*,²³ where the synergies and complementarities created by the joint work of stakeholders leads to a better performance with the input of the same effort.

With regard to urban heritage preservation, the results obtained are poorer, even though the increase in the number of associations has brought benefits that generate the conditions for change. Here we must highlight the fact that international as well as local experiences have had an impact in the region, giving rise to a greater interest in developing associations and working groups for the purpose of preservation. In 1992, the city of Barcelona (Spain) drew worldwide attention for its public-private associations whose goal was to preserve and restore its historical quarter. The Barcelona Municipality implemented a strategic plan to work with the private sector and the community. Its approach was based on the impact of key public investments that improved public utilities and spaces, drawing in private investments. By organizing a joint enterprise together with those private companies, the Barcelona municipality started a program to enhance living conditions for the community. Private partners provided the capital and their expertise in real estate development, while the municipality offered land lots and coordinated public utilities. This allowed the municipality both to raise the necessary investment and to retain low-income residents in redeveloped areas, as most of the restored buildings provide space for craftsmen and small businesses funded through subsidies.

3.2. Case studies

In Latin America, the Inter-American Development Bank (IDB) must be highlighted among the private companies that have started to work with the public sector on a mutual collaboration basis.²⁴ During the 1970s and 1980s, this institution financed the development and consolidation of damaged areas within the urban perimeter and periphery. Yet, since the 1990s, encouraged by the growing interest shown by national and local governments, the IDB has focused its attention on the central areas of cities. Within the last decade, it has undertaken ambitious collaboration projects, after developing a loan and technical assistance program fostering significant innovations related to the way in which preservation work is financed and carried out.²⁵

²³ These associations bring together initiatives from both public and private sectors, and from profit or non-profit sectors, investors and civil organizations. In these associations, each stakeholder contributes resources (financial, human, technical and intangible resources as information or political support) and takes part under a contract, while being involved in the decision-making process on the basis of mutual interdependence.

²⁴ The Inter-American Development Bank is the biggest and oldest multilateral development institution in the region. It was created in 1959 as an answer to requests made by Latin American countries for an institution that would help accelerate their social and economic progress. Within recent years it has become the best catalyst with regard to resource mobilization on the continent. Its main office is in Washington D.C., and it has representative offices in all Latin American countries, as well as in Paris and Tokyo.

²⁵ These programs include: (1) *Restoration Program for Quito Historical Quarter* (1994): a US\$ 41 million loan to the Quito municipality, Ecuador, to restore 74 blocks in downtown Quito, (2) *National Program for Uruguay Urban Restoration* (1998), a US\$ 28 million loan to the central government intended to preserve a national heritage building and its surrounding area, (3) *Preservation Program for Historical and Cultural Sites* (1999), a US\$ 50 million budget for the Brazilian Ministry of Culture to preserve and develop 24 historical quarters, (4) *Pilot Program for the Integral Restoration of Tegucigalpa Historical Quarter* (2000), a US\$ 10 million loan to the Honduras Government, and (5) *Tourism Development Projects* in Belize, Bolivia, Brazil, Panama and Peru, besides the development of an active technical cooperation program for the preparation of institutional development and preservation projects (Rojas 2004: 38).

The main goal is to make preservation a *sustainable* process in the long term involving all social stakeholders in its efforts. In order to do this, the IDB has tried to finance not only those investments related to preservation, but also all the cultural, economic, and household activities which will ensure the sustainability of the preservation efforts. Besides preserving monuments, programs include investments to improve public premises and infrastructure, and provision of the resources to restore private buildings and foster economic activities. Another goal is to link public entities to local economic development and job generation as well as getting private entities involved through the formation of groups interested in history and culture, private philanthropy and the local community. The demand generated by all of these measures should draw in real estate investors searching for business opportunities that might arise from the net yield of investments in buildings, thus creating favorable conditions for sustained preservation. In this sense, preservation would become an issue for which a wide range of social stakeholders would have responsibility.

The cities of Cartagena (Colombia), Recife (Brazil) and Quito (Ecuador) can be highlighted as the first successful experiences of the use of this mechanism (Rojas 1999; 2001). These cities are noteworthy, not only because they reflect the preservation efforts carried out within the region, but also because they have implemented different approaches towards how to attract new investments, and have developed a wide range of profitable activities in their historical downtown quarters. These experiences range from successful integration of efforts by the public and private sectors in Cartagena; to strong government promotion of private investments in Recife; and the creation and operation of a mixed capital corporation in Quito. These experiences offer significant insights into the conditions that attract the attention of communities, civil organizations, and private investors, thus involving them in preservation issues.

3.2.1. Cartagena²⁶

In Cartagena, the municipality implemented a plan to preserve the historic quarter, by developing initial investments intended to promote the city as a major tourism center. By 1996, the IDB had restored and preserved residential buildings, based on the successful efforts carried out by the municipality to improve public premises and infrastructure quality, as well as those of the central government, which restored monuments and the magnificent ramparts surrounding the city. In its turn, the prestige associated with restored vacation houses in the historical quarter drew in the Colombian economic elite, which invested on its own, with no help from the public sector, to develop small hotels and restore other vacation houses (Fig. 1). Next, the municipality became involved and focused on implementing construction and architectural regulations for these private real estate properties and tourism facilities, in order to maintain the spatial layout and historical value of the quarter.

²⁶ This city was founded in 1533 and its historical quarter has been declared as a world heritage site by UNESCO (1982). It has one of the most notable fortification systems in the world, with churches, convents and houses more than 450 years old. Currently, Cartagena is the fifth city of Colombia, with 746,000 inhabitants and 5,810 ha of land. Its historical downtown quarter has 43,297 inhabitants in 97 ha. The historical quarter preservation has been carried out since 1918, yet the private sector has only taken part in a sporadic way, first in 1978, and 1982, and now since 1996.

Even though the public sector invested with no definite plan in mind, its initial investment drew the private sector's attention so that later it had to implement a framework of regulation. The public sector was successful, despite having no experience of coordinating these kinds of plans. Yet this success was mostly brought about by a fortunate convergence of interests, where private investment made possible many preservation projects required by the public sector. The sustainability of the process is still subject to external factors, mainly the ongoing preference of these high-income groups for vacation houses. The city could benefit from a more elaborate master plan that could facilitate private investment and encourage productive activities, services, and greater diversification among real estate investors. This would provide stability for the project by reducing its dependence on a limited number of stakeholders.

3.2.2. Recife²⁷

As for Recife, the efforts made by the public sector to revitalize the *Bom Jesús* area in *Barrio do Recife*, the historical downtown quarter and old port abandoned over the last few decades, involved a significant amount of planning. By 1995, the area was almost abandoned and conditions were so bad that owners of buildings were seeing no gains, and therefore they made no investments to maintain those buildings. The goal of the municipality was to attract new activities to the downtown quarter. In order to allow this to happen, it invested in restoring the facades of buildings and fostering cultural and entertainment events to promote the site as the city's cultural and entertainment center (Fig. 2). Likewise, an office was set up in the area to coordinate activities and help potential investors to identify investment opportunities and contact owners willing to join associations. These actions to create associations with private investors were more direct than those carried out in Cartagena, above all because the municipality had to fight in order to overcome the investors' and owners' skepticism in the face of the poor conditions existing in the area.

The careful planning implemented for each project has been vital for achieving success. However, the government has only made efforts to restore the historic quarter, which still leaves the rest of the city. Carrying out a second phase planned for the nearby *La Aduana* (customs) area will be essential to ensure sustainability for the preservation process. Further diversification into entertainment and cultural activities as well as port services, in addition to the activities of the existing customers (tourists, residents, companies) should reduce the volatility of demand that is a feature of the local economy, which depends solely on tourism and entertainment activities. The creation of greater demand for these spaces will be the best guarantee for sustainable preservation, yet the only ones who can provide such stability are the community, the investors and the consumers.

²⁷ This city is located in the northeastern region of Brazil. It was founded in 1600 and by the late 17th Century, due to sugar production in the area, it was the largest port in the hemisphere. Currently, Recife is the fifth city of Brazil, with 3,168,000 inhabitants and 20,900 ha. Its historical quarter in the city port has 600 inhabitants in 18.6 ha (0.02% inhabitants living in 0.09% of the area of the city). Efforts to preserve the city have been carried out since 1973, and the private sector has been involved in them only since 1996.

3.2.3. Quito²⁸

Finally, Quito is the most successful case in the region, as it attracted the most diversified business interests to support the preservation process. In 1994, the municipality, under its own initiative and with support from the IDB and the Caspicara Foundation, organized a public-private association, or mixed-capital corporation, referred to as EHC (*Empresa del Centro Histórico*, Historical Quarter Company). The purpose of the ECH was to manage social, urban and economic development projects and to be an integrating link between the municipality, the community and the private companies. This non-profit entity carries out economic activities and can even accrue a surplus, which is used for corporate purposes. Its annual budget is provided by the municipality and its private earnings come from agreements entered into and services provided to third parties. The ECH, following a similar approach than the one used in Barcelona, undertook the urban preservation and restoration in the historical quarters, drawing new investments to the area and assuming all investment risks within the restoration process.

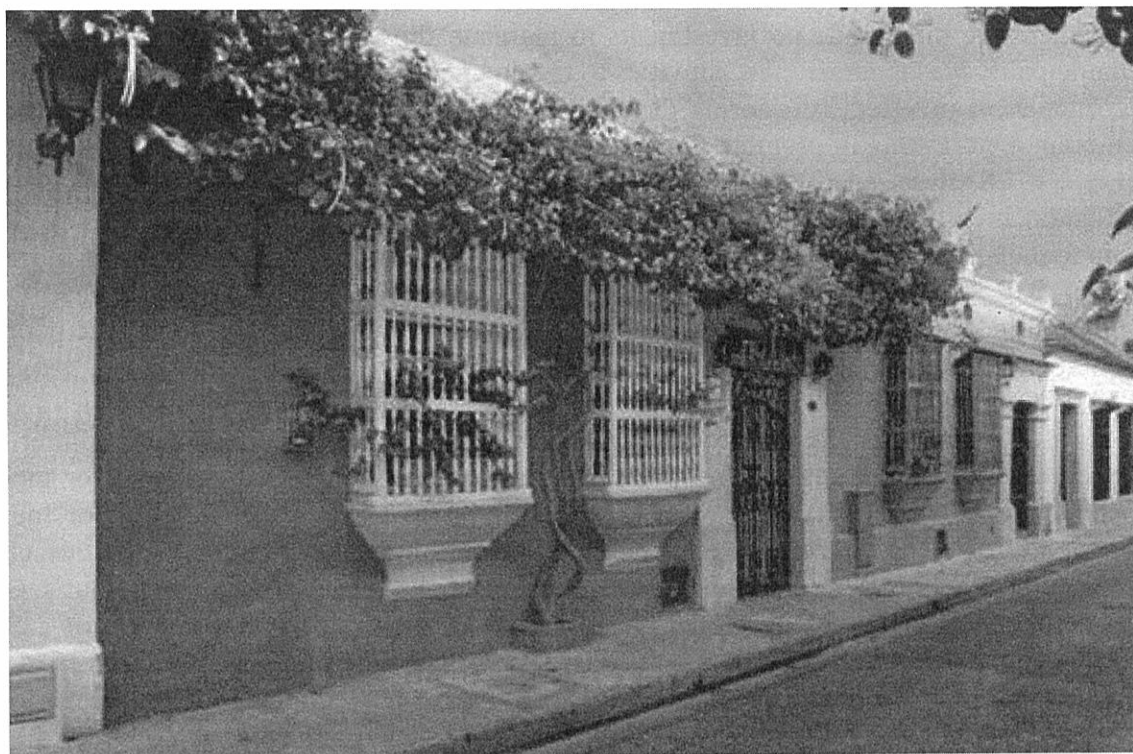


Fig. 1: Restored vacation houses at the historical quarter of Cartagena
(Source: *Hotel Tres Banderas*, 1998)

²⁸ This city was founded in 1534. It was a center of mission activity, and the local government seat. Its colonial architecture is of great value, so the UNESCO has declared it a world heritage site (1979). Currently, Quito is the second city of Ecuador with 1,244,000 inhabitants and 18,997 ha. Its historical quarter has 69,535 inhabitants and 380 ha. (5.5% of the population in 2% of the area of the city). Preservation efforts have been carried out since 1943, and the private sector has been involved in them since 1995.



Fig. 2: Cultural activities promoted by the municipality at Recife (Source: IDB, 1997)



Fig. 3: School-workshop to train local artisans at the historical quarter of Quito (Source: IDB, 1997)

Among its main functions, we could mention urban planning and development, job generation, and tourism development, as well as workshops for craftsmen, traders and hotel staff training and skill building (Fig. 3). The sustainable nature of this process is less volatile than in Cartagena and Recife, as it is based on a wider range of activities (residential, business, cultural, service provision, and production), which in their turn are interested in the central location and the restoration of the historical quarter. Within this process, we must also highlight subsidies granted by the municipality to facilitate low-income families' access to restored houses.

This incentive has had a huge impact in mitigating the potential negative social effects from *gentrification*.²⁹ In spite of the fact that this phenomenon benefits the municipality and the land owners, 75 percent of the subsidies program went to low and average income households, and the investment was recovered from a portion of the beneficiaries who paid for their restored homes with their own savings, bank loans, and other subsidies granted by the same government.

In all three of these projects, the preservation process was divided into three phases: the first phase starts when the public sector triggers the preservation process by issuing ordinances and making investments to restore the major monuments. Then, the second phase starts when the government or mixed capital associations emerge to coordinate actions and invest public resources in improving public premises and infrastructure, and in innovative social, cultural, and real estate projects within the area. These investments help not only to preserve valuable monuments and buildings, but also to remove the image of decay usually presented by the quarter, thus generating an attractive project for the private sector to get involved in. Finally, in the third phase, once the preservation and revitalization process has gained momentum, the private investors follow the public lead.

This strategy of promoting collaboration between the public and private sector through the role of partnerships can vary in terms of the degree of coordination or interdependency. In these cases, the participants join different types of forces to undertake complex tasks such as promoting local economic development and land consolidation, making full use of their respective skills and strengths (Table 1). In Cartagena, the linkage was indirect, since the motivation for private sector investment was independent of government intervention. In Recife, as we saw, the association between public and private investment was more direct, in part because the municipality had to overcome private sector uncertainty caused by the dilapidated condition of the *Bom Jesús* area. In Quito, a public-private institution in charge of the preservation process was created to implement investment in partnership with the private sector. As a result, the public sector has been involved in land consolidation, promotion of economic development, financing, and rehabilitation.

As we can see, all these cases have also included tax exemptions as an incentive to promote private investments. These tax exemptions can vary from exempting land taxes on preservation-related investments, to exempting taxes on business activities to be carried out in restored buildings. Motivating the private sector and other institutions to

²⁹ *Gentrification* arises when high-income residents and high-profit activities are substituted for low income ones, due to the increase in land prices and demand for space. This means that low-income people and low-profit activities become unable to access low-cost housing and the opportunities granted by a central location.

invest in preservation is not an easy task, but it is not an impossible one. The Cartagena, Recife and Quito experiences show that although people are slow to react, if the appropriate conditions are set, they can take the risk of investing in these historical quarters.

Table 1. Public-private relationships in the redevelopment of historic quarters in Cartagena, Recife and Quito

	Preservation activities	Types of intervention					
		Cartagena		Recife		Quito	
		Public	Private	Public	Private	Public	Private
Private functions	Building management						
	Marketing						
	Building. Rehabilitation						
	Financing						
	Land consolidation						
	Economic Develop. Promotion						
Public functions	Direct subsidies						
	Tax incentives						
	Preservation of heritage sites						
	Improvements to public spaces						
	Improvements to infrastructure						
	Revitalization plans						
	Preservation regulations						

Source: Adapted from: Rojas, 1999: 35)

In spite of differences shown by these three historical quarters in terms of their function, size and history, they have suffered similar deterioration and damage and efforts to preserve them have also followed similar paths. This suggests that lessons learned from these experiences can be transferred, with suitable adjustments, to other sites in the region requiring a similar process.³⁰

4. Conclusion

As the concept suggests, historical quarters are: “living human settlements strongly conditioned by a physical structure from the past that can be acknowledged as representative of a community’s evolution” (PNUD/UNESCO 1977: 11). These settlements comprise not only the physical and material historical heritage, but also the

³⁰ The city of Santiago (Chile), represents another successful experience with a similar approach. Urban decentralization has resulted in a serious depopulation, higher than 50% in its historical quarter, causing great damage to its buildings. In order to promote its repopulation and recovery, the municipality has also launched an initiative in which it has made key investments and created a mixed-ownership company with private organizations, called *Corporación para el Desarrollo de Santiago* (Corporation for the Development of Santiago), a project management public-private entity providing consulting services on housing issues to the community. As a result, more than 8,000 housing units are being renovated in the downtown central quarter and more than 8,600 family groups are being given access to them, of which 75% have already completed the process (Carrasco & Contrucci 2001).

people together with their customs and activities. In most cases, restoration implies improving community living conditions and not the expulsion of the community. Effective intervention must restore the physical structures while encouraging economic and social development, so that the community can use the place efficiently and maintain it adequately.

The historical quarters issue acquires more and more importance every day in discussions regarding urban policies in Latin-America. This is brought about by the contradiction between preservation and development, a contradiction that has its origin in the coexistence of economic poverty with historical-cultural wealth. Any new policy that does not take this factor into account will inevitably fail. Therefore, developing a variety of productive activities that suit the area is a key factor for establishing a balance, and at the same time is the key to solving such problems as social exclusion, lost of traditions and population reduction due to urban decentralization.

The Latin American experiences are still limited in number. They differ from the U.S., European or Japanese experiences, showing different social and market conditions. Although much progress has been made in involving society to achieve sustainable development, more efforts based on a long-term vision are needed. The value of the achievements to date based on the new development policies currently prevailing in the region shows clearly the value of a *free market strategy*, which is clearly defined and where the roles played by the various sectors and stakeholders involved complement each other.

The public sector assumes responsibility for urban development planning, public facilities, infrastructure improvement, and monument preservation. Strategies could also include incentives such as tax reduction and direct subsidies to promote interest in preservation.³¹ The public sector role is also to develop the institutional mechanisms needed to balance interests and promote collaboration between the various stakeholders, i.e. setting an attractive governing framework for the private sector while protecting the public sector. All other responsibilities would be assumed by others such as owners of real estate and private investors, including promoting local economic development, consolidating land lots, financing and investments, both in restoring and preserving buildings and in market and business operations.

In this preservation task, the emerging public-private associations are an option that has, from the 1990s onwards, brought about positive results. Historical quarters are being restored and the communities living there are benefiting from the retention of their cultural traditions, access to restored houses, and wider involvement in the labor market generated there. Synergies and complementarities achieved through stakeholders working together help deal with preservation issues and improve performance, adding value to their individual efforts. This approach also emphasizes the role played in revitalizing downtown city quarters by the synergy achieved between heritage preservation and urban revitalization. The preservation process attracts more and more interest in the historical quarters and increases the potential for successful revitalization, while the revitalization of the historical quarters ensures that demand for restored buildings continues, and brings indirect benefits, social, economic and cultural, which help to offset the expenses of preservation.

³¹ This interest must be also be promoted through adequate public education and information campaigns.

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