

OPPORTUNITIES FOR INVESTMENT IN CITIES AND HISTORICAL CENTRES: General Considerations

The practical complexity of the consideration of heritage as a resource brings with it considerations of feasibility in relation to various forms of financing.

It is *evident* that in order to receive the economic benefits which result from the appropriate management of the revitalisation of historic centres, it is necessary to reform the institutional and financial systems related to urban rehabilitation.

State institutions – public, national and/or local – must be permitted to work freely with new entities within the heritage sphere, basing their activities upon the concept of heritage as a resource.

In addition to this, appropriate management methodologies must be sought in order to undertake the administration of heritage as a resource, which in turn implies the creation of diverse enterprises to undertake **entrepreneurial activity in historical centres** in an attempt to obtain private sector investment.

Investment for the physical and functional transformation of the built heritage is an important element of this new policy.

In countries with market economies, experiences already exist of partnership in the field between the public and the private sectors. The case of Cuba is special in **view of the public/ private** nature of its economy.

There is little experience of the administrative structures, procedures and results of PPPs (Public-Private Partnerships) in historical centres and, although some arrangements of this type do exist, most of them are financed by international bank loans.

Investment in all its forms is an indispensable but complex area. There are some investment projects in historic cities through the international banking community in places such as Vilnius, Fes, Quito, St. Petersburg... A special case of Old Havana in Cuba merits our attention.

In Cuba, although the private sector is in the minority, the 1995 Law of Foreign Investment opened the path to private and public participation from other countries.

In case of Old Havana, owing to the central administrative and financial functions bestowed upon the Office of the City Historian, it was evident that this organisation would establish a financial base and set up a programme of investment.

The first agreements with foreign investors were made through a special division of Habaguanex S.A. set up to seek, identify and set in motion various joint venture partnerships, especially in the hotel sector.

It was thus that the first co-financed and private investment projects were initiated.

Over time, it became evident that these investments would become increasingly necessary for long-term projects such as hotels but that they would not necessarily be required for other services such as restaurants and shops, which could be financed locally.

An investment office was established within the Office of the City Historian to develop and institutionalise the financial concept. It works to a streamlined methodology set out in several volumes of Procedural Manuals which explain the objectives, principal functions and *modus operandi* of the Office. (Mr. Nuñez)

The procedures and general philosophy for the future of investments in Old Havana are being rationalised through a system of meticulous planning so that all investments may be properly prepared and undertaken, and consequently be productive.

There is no purchase or sale of real state involved and speculative investment is shunned. This is a unique case. It would have to be seen in perspective.

Some cases of investment in historical centres have provoked “opportunism” rather than “opportunity”, but various positive experiences of this nature – in addition to that of Havana – do exist around the world, see “Conclusions and Recommendations on Investment in Historical Cities”.

It would be useful to organise round table discussions at which representatives of the Office of the City Historian of Havana and those of other cities could compare and share their experiences of investment in historical centres.

It should be reiterated that the work of the Investment Office is based upon a clear strategic vision arising from experience in Cuba allied with studies undertaken in national and international institutions, and in countries with different economic systems.