

Forum: General Assembly 2 (GA2)

Issue: Leveraging cultural heritage for sustainable economic growth in developing economies

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Introduction

For many developing countries, the path to prosperity traditionally depends on resource extractions or low-cost manufacturing models that severely concerns issues regarding extractivism and externalizing costs. To be specific, over 80% of these nations' economic profits are produced through exporting raw materials (UNCTAD, 2026). Yet, many developing countries are often oblivious to the non-replicable assets they possess: Distinct living culture, dense history, and indigenous art.

Organizations like UNESCO and the World Bank note that most developing nations actively practice their traditions despite modernization. Treating cultural heritage as an economic driver rather than a static relic opens a path to stronger economies, reducing reliance solely on exports and mass production. However, unmanaged commercialism carries risks like site degradation and the commodification of local identity. Therefore, finding a strict balance between investment and preservation is essential to build a truly sustainable economy.

Definition of Key Terms

Tangible vs. Intangible Cultural Heritage

Tangible cultural heritage refers to the physical artefacts produced, maintained, and transmitted intergenerationally in a society. Intangible cultural heritage on the other hand refers to the practices, representations, expressions, and knowledge that possess community culture.

Commodity Dependence

Commodity dependence is a type of economic characteristic where primary resources, such as agricultural goods and minerals, make up more than 60% of its total merchandise exports.

Cultural Commodification

Cultural commodification is when a culture's arts, symbols, practices, tradition, or goods are labeled as mere products for exporting. In simple terms, a community's culture is reduced from a valuable symbol to a cheap entertainment for sale.

Community-Based Tourism (CBT)

Community-based tourism (CBT) is travel led by local indigenous communities, allowing visitors to experience traditional customs, food, and lifestyles. It is defined by three key characteristics: indigenous leadership, sustainability, and cultural immersion.

Sustainable Economic Growth

Sustainable economic growth means increasing a nation's GDP to meet present needs without depleting natural resources, harming the environment, or causing economic issues like inflation. It fosters long-term financial expansion so both present and future generations can thrive.

Background Information

Cultural heritage is a crucial fuel for poverty reduction, green industrialization, and social resilience in developing nations. Far from being static relics, both tangible and intangible cultural assets propel modern economic expansion. The UNESCO Global Report on Cultural Policies reveals that Cultural and Creative Industries generate 3.39% of global GDP and provide 3.55% of all jobs, proving that heritage-driven economies can transform traditional assets into modern growth engines.

Evolution of the Framework

The integration of cultural heritage into the economic strategies of developing nations marks a major turning point in how global development is approached. There are two core conceptual shifts that altered people's perception of natural heritage: The Neoclassical Shift and the "Economics of Uniqueness."

The Neoclassical Shift

Historically, early frameworks treated cultural heritage as a preserved fiscal liability. This means that the society initially viewed cultural heritage as an unprofitable historical asset that continuously consumes public subsidies, drawing critical financial resources away. This perspective was fundamentally changed by economist David Throsby (1999), who formalized the concept of "cultural capital." Throsby expanded traditional capital theory by redefining a cultural asset as a distinct thing that yields both economic and cultural value over time. Modern macroeconomists now integrate cultural heritage into neoclassical growth frameworks by treating regional cultural assets as unique growth drivers.

The Economics of Uniqueness

As mentioned above, in earlier development models, historic assets were treated as outdated liability. Developing nations assumed economic growth required replicating Western urban hubs, leading them to demolish local heritage sites to build foreign-style architecture. This perspective was inverted by the World Bank Group in The Economics of Uniqueness, which demonstrated that global trends makes

everyday goods ordinary and unexceptional, while unique local cultures are rare and valuable commodities.

Cultural Economy

Leveraging cultural assets enables developing nations to start economic growth without first overcoming the heavy industrial infrastructure constraints which typically limit progress. By concentrating on developmental strategies on already existing historical assets and cultural endowments, regional economies can bypass the hugely expensive and time consuming building projects that traditional factory industries generally require. For instance, constructing large industrial parks or major highway systems. The developing countries can start gaining avenues much faster simply by relying on money tourists spend while visiting cultural heritage sites. This approach produces a resilient economy as the historic sites attract foreigners that spend money directly into local services, hospitality, and transportation without requiring massive manufacturing facilities.

Furthermore, the “creative and craft” economies turn intangible heritage such as local skills and traditions into a whole network of thriving businesses around them. This will establish a clear yet verifiable record of real world data that confirms how heritage preservation directly powers broader economic success. Econometric data from regional studies reveals that a 1% increase in a region’s cultural heritage index can boost regional economic growth from 0.03% to 0.13%. For instance, when structured local initiatives' cultural demand increases, a doubling of heritage site tourers from 8.5 million to 19.6 million directly helps local families and small businesses build up their savings and financial stability much faster. This corroborates that cultural assets function as strong drivers of GDP diversification.

Ongoing Challenges

While cultural heritage drives economic growth, unmanaged market expansion creates financial failures that jeopardize cultural assets. This vulnerability emerges when communities focus on quick profits over long-term protection. Uncontrolled mass tourism and environmental degradation threaten permanent physical damage while distorting local economies. When visitor numbers exceed site capacity, structural decay and heavy commercialization follow. As commercial pressures prioritize short-term tourist spending, property prices soar, causing gentrification. As indigenous communities are priced out, living traditions vanish, turning authentic heritage sites into hollowed attractions meant only for tourists.

Another major challenge is funding shortfalls and insufficient infrastructure networks. When developing nations convert cultural endowments into resilient economic pathways, many regions really lack the basic transportation and modern hospitality facilities, which

seems quite necessary to attract tourists. Without continuous funding from the government or help from private investors, local authorities definitely run into financial obstacles. They are left without the money needed up front to physically restore historic sites, nor do they have the budget to create and manage modern digital archives.

- [Resolution A/80/L.102 \(2026\) – Proclamation of the International Decade of Culture for Sustainable Development \(2027–2036\)](#)
- [Resolution 76/214 \(2021\) – Post-Pandemic Cultural Resilience](#)
- [Resolution 70/214 \(2015\) – Integrating Culture into the 2030 Agenda](#)
- [Resolutions 65/166 \(2010\), 66/208 \(2011\), and 68/223 \(2013\)](#)

Organisations and Major Countries Involved

United Nations Educational, Scientific and Cultural Organization (UNESCO)

UNESCO coordinates international policy frameworks designed to help developing nations in directly integrating historical and cultural into their overarching national development strategies. Furthermore, the organization plays a crucial role in establishing unified global standards that systemically connect efforts of historic preservation with broader socioeconomic progress and long term sustainable job creation.

World Bank Group

The World Bank Group integrates cultural heritage conservation directly into its poverty mitigation strategies as well as its infrastructure loan processes. In doing so, the institution delivers targeted, strategic financing aimed at empowering developing countries to strengthen deteriorating urban centers while simultaneously funding the critical surrounding infrastructure needed to sustain them. Furthermore, the World Bank Group holds a significant place in altering the society's perspective from viewing historical assets as outdated liabilities to unique commodities.

Kingdom of Morocco

Morocco serves as a leading national model of how to bring historical city centers back to life through strong government-led efforts that focus on restoring old districts and traditional craft centers. By putting public money straight into fixing up and preserving its historic Medinas, the government has turned these outdated neighborhood spaces into cultural hubs. As a result, these restored areas now serve as active business markets that encourage small local shops, traditional craftsmen, and family owned businesses to grow and thrive.

Cambodia

Cambodia exemplifies how a developing country can use a major historical site to drive its whole national economy forward. Investing in the restoration of the ancient Angkor

Wat temple and promoting it to travelers around the world led to the government building a strong foundation for its tourism industry. In this modern day, this single famous site carries the local Cambodian economy by supporting hotels, transportation, tour guides, and small businesses across the region.

Possible Solutions

The first possible solution is financing small heritage businesses through mixed grants and loans. Developing economies can foster economic growth by combining simple financial grants with low interest loans for the community craft workers, tour guides, and small heritage business owners. Instead of depending only on government funds or bank loans, these mixed funding options give everyday people the money they need to build long term businesses based on local culture and traditions. This approach ensures that the money made from visiting cultural heritage sites is integrated in the local community, creating job opportunities for residents while helping them keep their cultural traditions alive for future generations.

Another solution is shifting from mass tourism to quality cultural travel. To protect delicate historical monuments from getting worn down or damaged while still active in bringing money for the local economy, governments can choose to step away from mass tourism and focus on higher value cultural travel instead. By directing their marketing efforts toward dedicated heritage travellers who usually stay longer in the area, spend more money every day on local services, and truly care about the places they visit. Developing nations can boost their total economic earnings without overloading local roads, utilities, and historic buildings. This change in strategy directly connects conservation limits with revenue generation, using targeted visitor spending to continuously fund site preservation.

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