



## **SYSTEMS OF CITIES:**

# **Harnessing Urbanization for Growth & Poverty Alleviation**

## **The World Bank Urban and Local Government Strategy 2010**

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# Key Developments Shaping the Urban Agenda

- ***Rapid urban population growth.***
  - ❖ For the first time in human history, the world's urban population has surpassed its rural population
  - ❖ 90% of global urban growth will take place in the developing world in the next 2 decades
  - ❖ 2 billion new urban residents expected in the next 20 years
- ***Poverty is urbanizing.***
- ***Secondary cities.*** (below 1 million) with least capacity are growing the fastest
- ***Slum populations are expanding.*** Over 1 billion today -- due to inadequate supply of land and housing and poor access to services
- ***Climate Change Agenda.*** Nearly 70% of energy consumption and over 70% of Greenhouse Gas emissions is attributable to cities





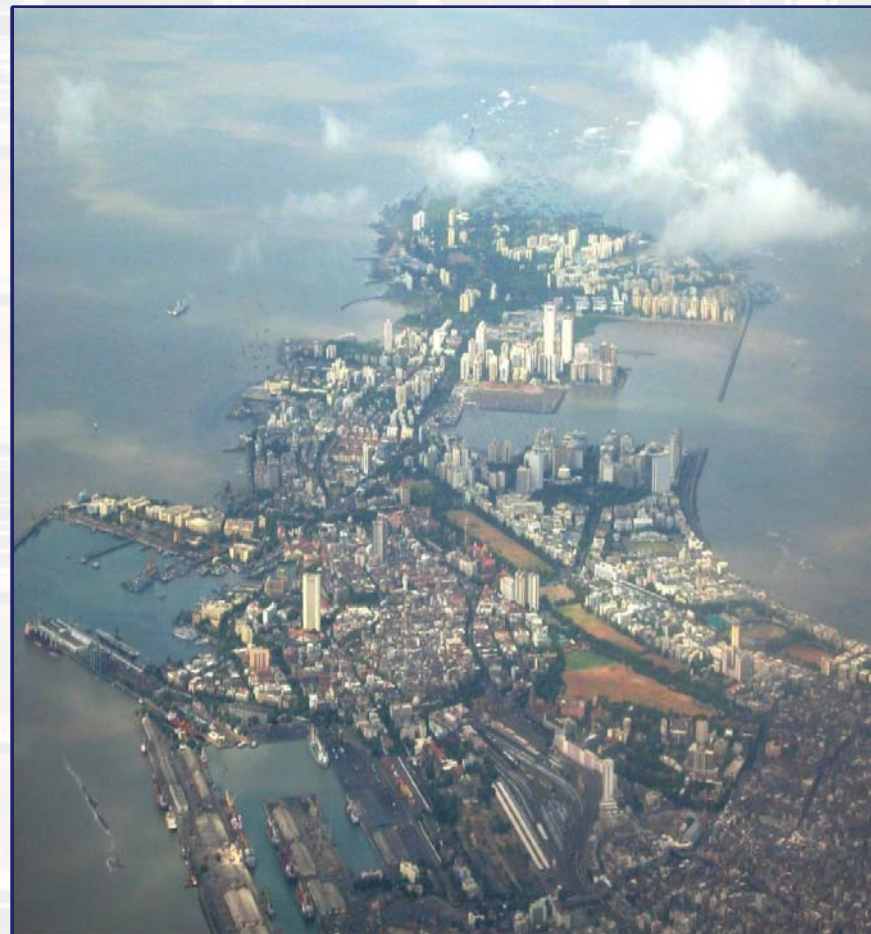
# Key Messages from the New Urban Strategy

- ***New Strategy captures paradigm shift*** in the Bank's thinking about urbanization
- ***Informed by economic research*** – Growth Commission Report (2008), World Development Report 2009 – *Reshaping Economic Geography*
- ***Old Paradigm:*** Urbanization is too rapid and primary cities are too large – Rural poverty is primary focus.
- ***New Paradigm:*** Urbanization is inevitable. More than this, it is essential to drive economic growth and reduce poverty
- ***Urban Agenda:*** Need to be ***proactive*** in planning for urbanization rather than only reacting to negative consequences.



# Cities & Economic Growth

- ***Urbanization and Economic Growth move in tandem***
- Across the landscape of a country, cities provide the ***economic density*** that attracts investment, creates jobs, and drives growth
- In ***India***, with economic liberalization in the early 1990s, greater concentration of industry in ***20 port cities and other metro areas*** accounted for some ***60 percent*** of private manufacturing investment





# Why is urbanization important for national development?

***WDR 2009 – Reshaping Economic Geography has shown that ...***

- ***No country has achieved advanced levels of development without urbanizing***
- ***Investment attraction and job creation:*** Firms seek to locate in places with access to markets, good infrastructure services and connectivity
- ***Large, primary cities serve as gateways*** to the international economy
- ***Density achieves greater efficiency in service delivery*** – lower cost per capita

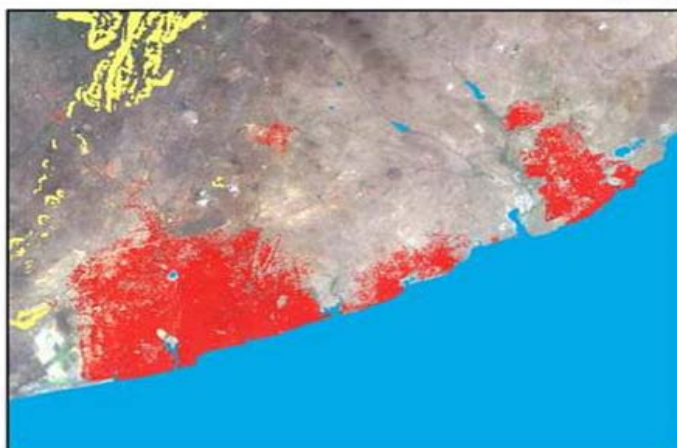




# The Challenge of Urban Land Management

- **Urban land area tripled over the decade of the 1990s** according to World Bank study of 120 cities, such as in Accra, Ghana
- **Densities in most cities surveyed were declining**
- **This will increase the cost of delivering infrastructure services**

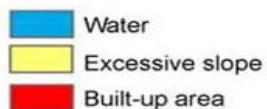
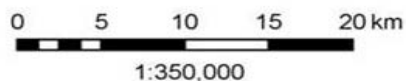
Accra, Ghana



T<sub>1</sub>: 6-Mar-85



T<sub>2</sub>: 4-Feb-00



Measure	T <sub>1</sub>	T <sub>2</sub>	Annual % Change
Population	1,882,990	2,789,380	2.67%
Built-Up Area (sq km)	133.35	344.26	6.56%
Average Density (persons / sq km)	14,120.39	8,102.64	-3.66%
Built-Up Area per Person (sq m)	70.82	123.42	3.79%
Average Slope of Built-Up Area (%)	3.11	3.11	0.01%
Maximum Slope of Built-Up Area (%)	12.28	12.28	0.00%
The Buildable Perimeter (%)	0.71	0.73	0.15%
The Contiguity Index	0.69	0.80	1.01%
The Compactness Index	0.68	0.61	-0.75%
Per Capita Gross Domestic Product	\$1,325.50	\$1,836.23	2.21%



# Sustainable Cities – Our Way of Tackling the Climate Change Agenda

- ❖ Over the next 20 years, the projected new urban built up area in developing countries alone is 400,000 km<sup>2</sup>
- ❖ This equals the total urban built up area of the ‘entire world’ as of the year 2001 – ***we are building a ‘whole new world!’***
- ❖ ***4 Earths (Ecological Footprint)*** required if developing country cities urbanize following the models of developed country cities





# Proactive Planning for Urbanization Matters

- *Developing country cities should aim for density by design not by default*
- *Some cities have constrained natural growth of cities by setting minimum plot size too high and floor area ratios well-below market demand --*
- *This contributed to sprawl and shortages of land and housing supply*
- *...which drove up prices and increased informality*
- *These cities have not grown vertically but have in effect made poverty “illegal”*







# The World Bank @ Work

## *Urban Engagement Expanding*

Dedicated **urban lending unit** established in 1972

Between 1972-2008, roughly **\$37 billion lent** for urban projects

Urban Portfolio Performance is above Bank average--greater than **80% satisfactory**

**Major upsurge in urban lending over last 5 years.** 5-year average annual lending close to **\$1 billion** in nominal terms for the last twenty years, while declining in the late 90s and **increasing recently under the Infrastructure Action Plan**

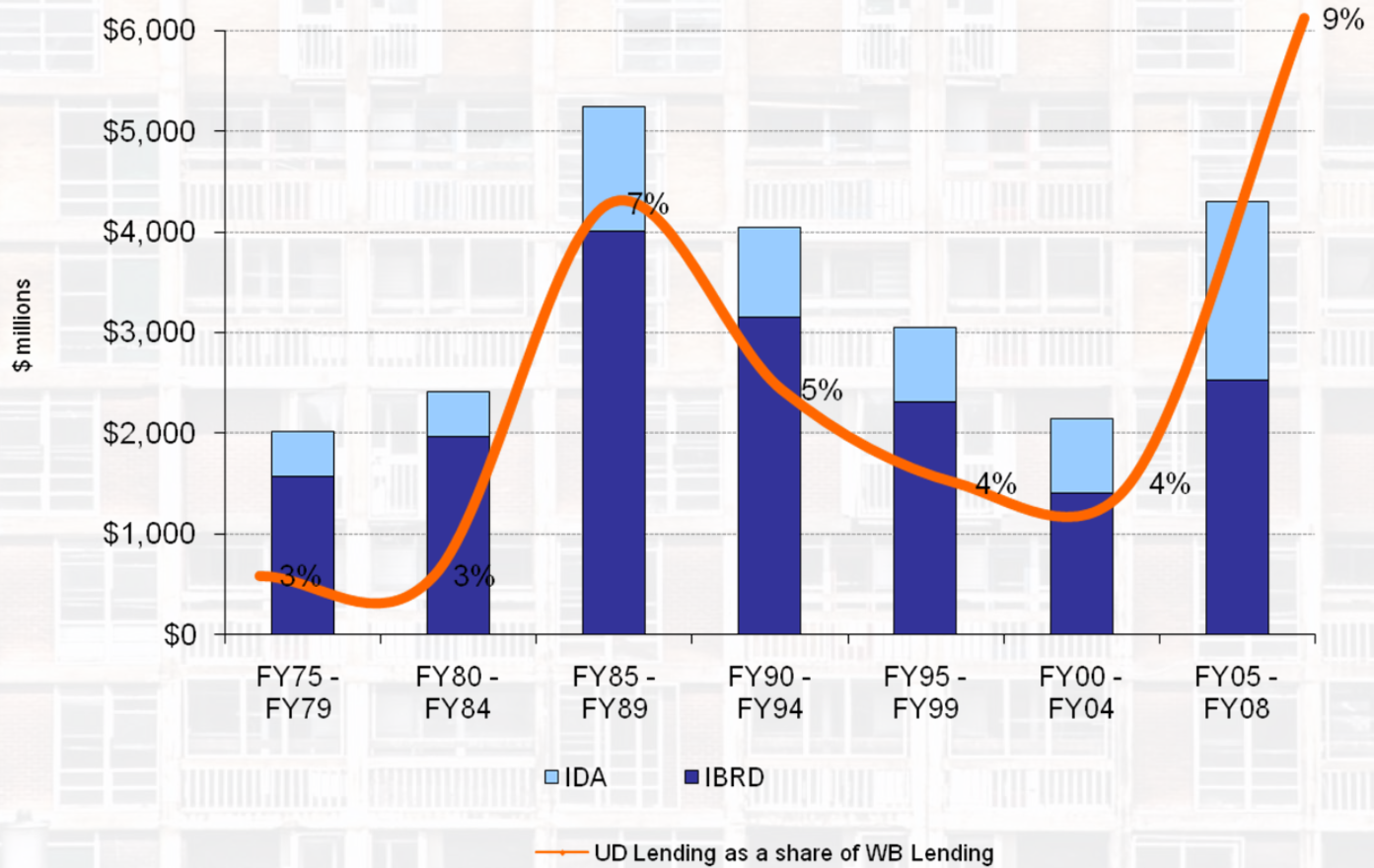
From FY2006 to FY2008, total number of **urban sector projects nearly doubled** from 22 to 38





# The World Bank @ Work (Historic Trends)

## Urban Engagement Expanding





# Reshaping the Urban Agenda – A New Image Drawn from an Age-Old Cultural Concept

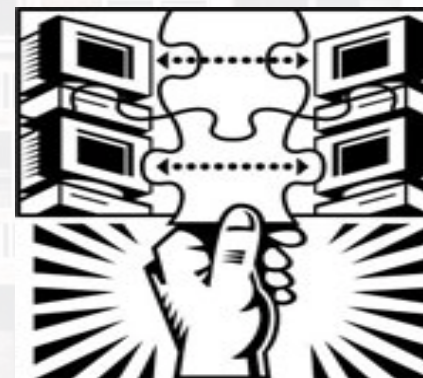
- Since the very beginning of human settlement activity, humankind has been fascinated by the potential benefits of human convergence – what we call “agglomeration” in the form of the city
- Over time, this fascination has evolved across continents and cultures, captured in the interlocking symbol of the Square & Circle images depicted below – the iconic symbol of the “Ideal City”.
- Here the square is a metaphor for the house and the circle is the universe surrounding it.
- ***How can this iconic image, spanning multiple cultures and continents, help shape the way we think about cities today?***





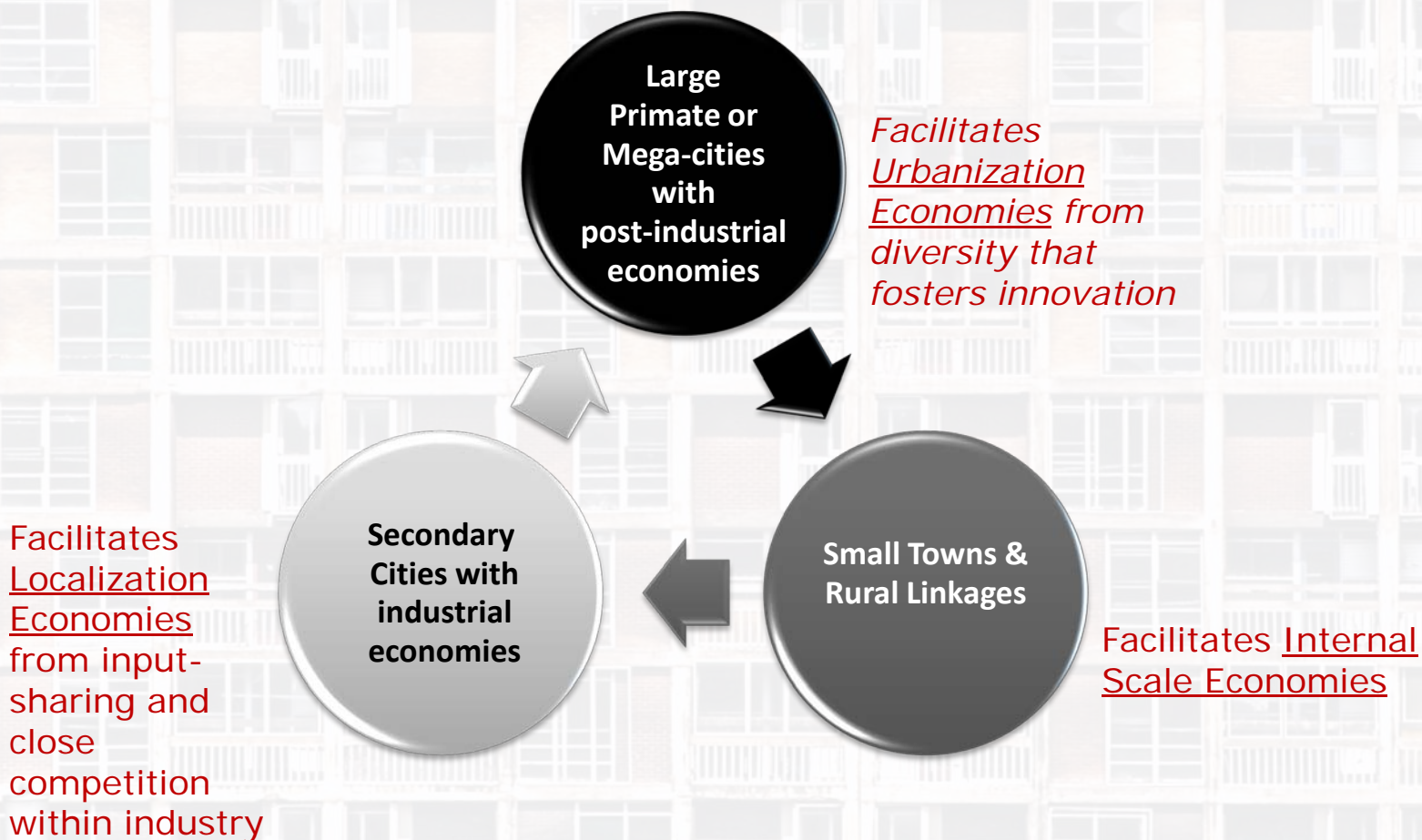
# Thinking About Cities As Systems & Systems of Cities

- Systems are complex
- Often considered too “mechanistic” as a framework to think about cities
- Still, we find the concept compelling when we consider how systems help us define inter-relationships of different parts to a larger whole
- Our solar system, an eco-system, a transport system, a computer system each provide a window to view aspects of a System of Cities
- Addressing climate change, improving mobility, increasing service efficiency all point to the need for more integrated approaches to urban development





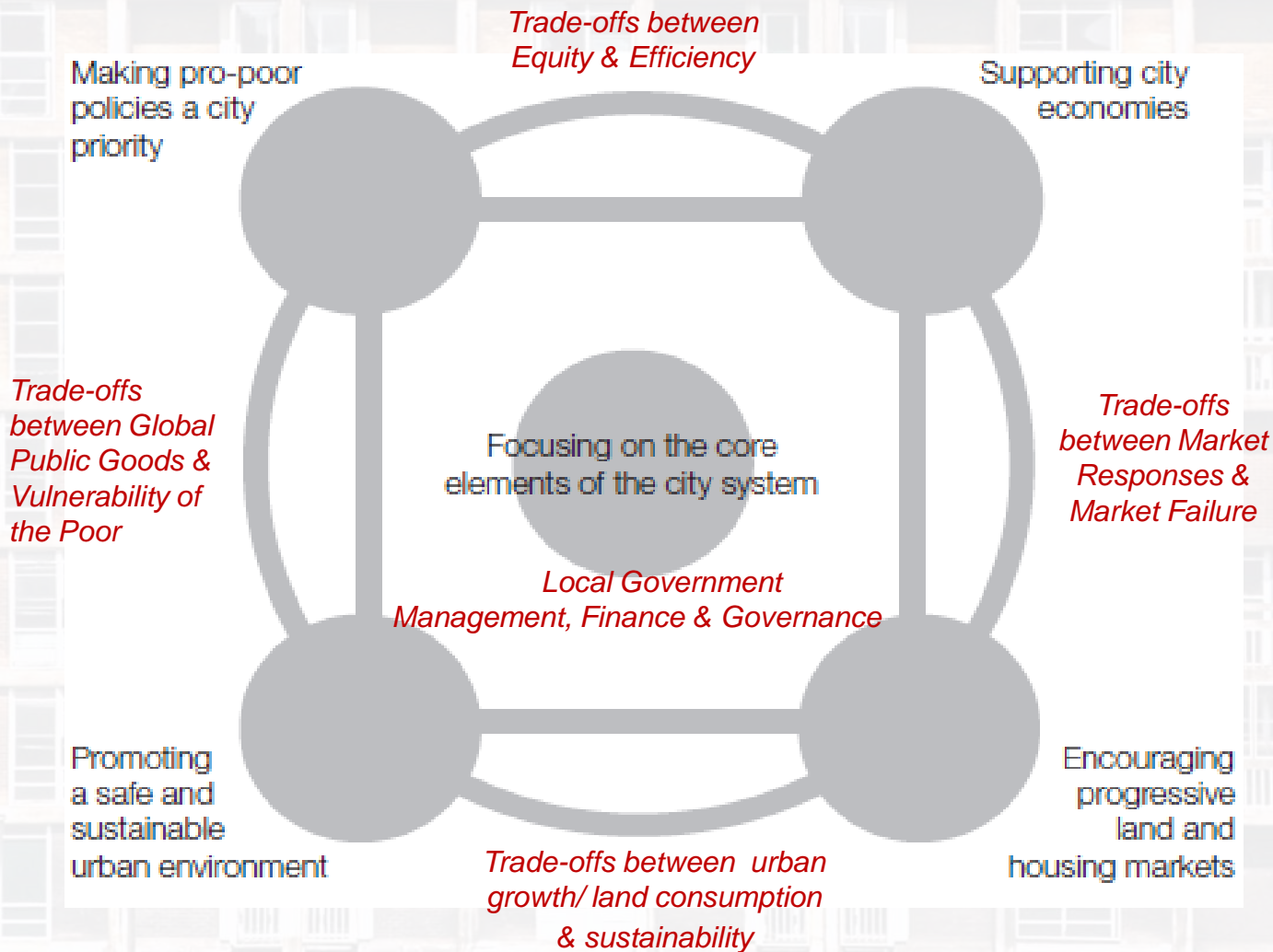
# Systems of Cities: Economies specialize across settlements and complement each other





# The City System: A Five Part Analysis

## *Using the Ideal City Symbol to Shape the Agenda*





# The New Urban Agenda -- World Bank assistance across 5 domains



## City Management, Finance, and Governance

- Wholesaling finance to expanding secondary cities
- Updating and clarifying legal/regulatory frameworks
- Supporting demand-side governance
- Global City Indicators Program

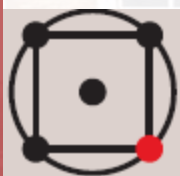


## Urban Poverty and Slum Upgrading

- Scaling up urban poverty interventions to the *national level*
- *Putting the poor on the map.* Using GIS technologies and street addressing to target services to the poor
- Launching the *Vulnerability Assessment*



# Refining Our Five Business Lines – What we will expand or do differently



## Urban Land & Housing Markets

- Continuing support for *mortgage finance*
- But also focusing on *housing for the poor* – incremental housing improvements, rental market development
- And strengthening *public land management* and land administration



## Cities & Economic Growth

- Financing city *economic infrastructure* to improve access to markets and connectivity
- Leveraging *cultural heritage assets* and national resource endowments to stimulate economic growth in cities
- Supporting cities in post-industrial transitions through urban and *brownfield redevelopment*







# Refining Our Five Business Lines -- What we will expand or do differently



## Urban Environment, Climate Change & Natural Disaster Management

- Introducing innovations that reduce carbon emissions and support climate change adaptation
- Attracting carbon financing
- Financing new technologies and investments that generate green energy and reduce energy consumption, while saving costs to cities
- Taking holistic approaches -- ECO<sup>2</sup> Cities Initiative

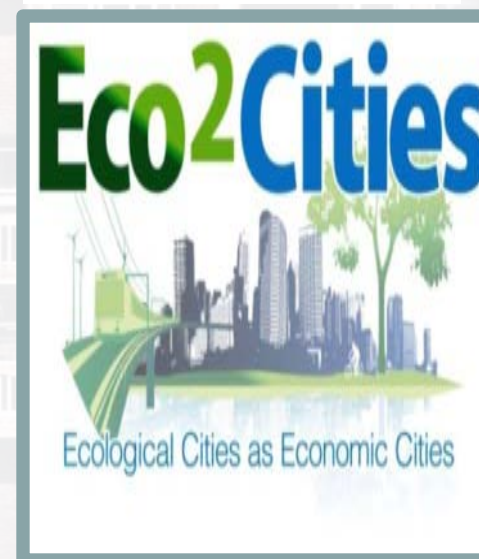
# New Approaches & Knowledge Products

## • *Urbanization Review*

- Will foster an integrated approach to proactively prepare for urbanization at national and local scales
- Use spatial analysis to analyze market failures, enhance connectivity & prioritize investments
- Help target remedial and social interventions to enhance livability where economic activities are concentrated

## • **ECO<sup>2</sup> Cities – Ecological Cities as Economic Cities**

- Promote holistic & more sustainable approach to urban development
- Help cities avoid lock-in effect of capital stock investments that generate emissions & higher costs for residents and businesses
- Balance short-term capital investment costs with life-cycle cost considerations





# Knowledge Management & Partnerships

- ***Knowledge Brokerage:***

- Adopting a “wholesaling” approach to knowledge management
- New Scholar in Resident Program will help expand network with universities and think tanks
- Documenting good practice

- ***Partnerships:***

- Cities Alliance, UCLG, UNHabitat, UNEP, OECD
- Bilateral donor partnerships
- Regional Knowledge Hubs: Singapore, Amman





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