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Reshaping Economic Geography



BACKGROUND PAPER

**THE ROLE OF CITIES IN POSTWAR
ECONOMIC RECOVERY**

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The role of cities in post-war economic recovery

Austin Kilroy, for WDR 2009
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Eighty percent of the world's twenty poorest countries have experienced a major war in the last fifteen years¹, and civil war has reversed development in many other developing countries. On one hand, spatial inequalities—particularly territorial inequalities—have been found to be a significant determinant of the onset of war²; but on the other hand, urban economies appear often to play a key role in recovery after war. This section surveys evidence on the economic role of cities in generating post-conflict recovery.

A dearth of quantitative data

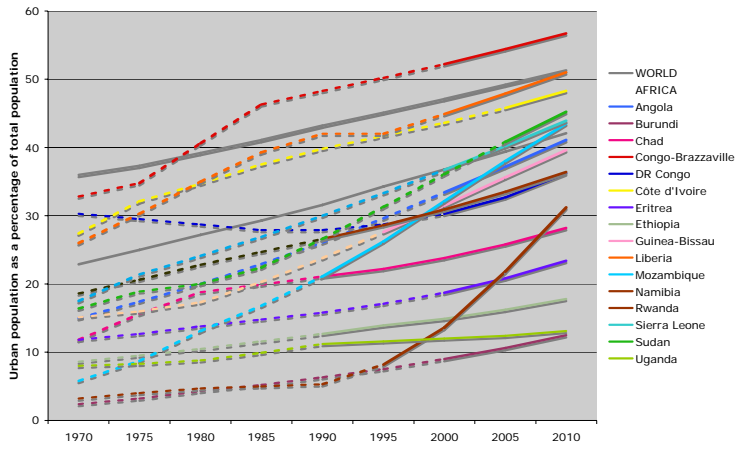
There is insufficient data on urban GDP as a percentage of national GDP in post-war countries to draw conclusions from quantitative data about whether urban areas have actually recovered more quickly than rural areas. Data does exist on urban population growth, which—given the economic rationale for migration to cities—could be an approximate (though very deficient) proxy for urban economic growth. Figures 1a to 1c show patterns of urban growth during and after war. But given the heightened influence of non-economic factors driving urban migration in conflict contexts—particularly the push from insecurity in rural areas—urban population becomes an inaccurate proxy for economic growth. Several further problems inherent to cross-country quantitative analysis of conflicts³ have led us to put the emphasis on qualitative evidence supplemented by quantitative evidence of single cases.

¹ <http://go.worldbank.org/RVC6BBW0F0>

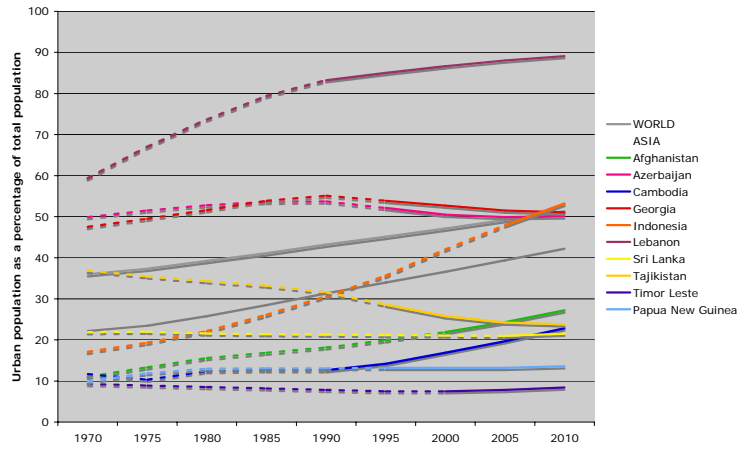
² Østby, 2007.

³ In particular, wars are so heterogenous as to make binary classification (as conflict or post-conflict periods; and as conflict-afflicted or peaceful per se) almost very misleading.

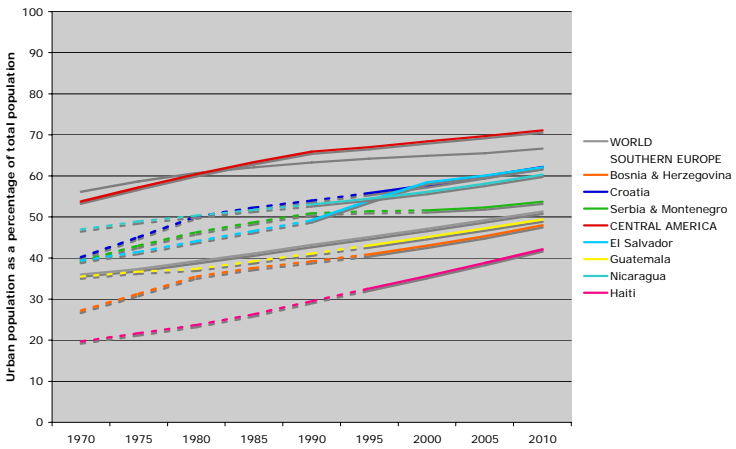
Post-conflict countries in Africa



Post-conflict countries in Asia



Post-conflict countries in Europe, Latin America and the Caribbean



Figures 1a to 1c:
Urbanisation rates after war
 [dotted lines indicate urbanisation rates before
 and during war; solid lines indicate urbanisation
 rates after war]
 source: *World Urbanization Prospects,*
UN-DESA, 2003 revision

Qualitative evidence and case studies

A review of available literature suggests that several special patterns in post-war environments reinforce the natural economic advantages of cities as detailed in the rest of this chapter. This section presents a survey of four: human capital, security, infrastructure, and institutions.

Human capital: Cities have played major roles in contemporary warfare—targeted, besieged, assailed or bombarded⁴—but often the same cities have acted as places of refuge and security, to which displaced populations flee. Often camps have been shunned by displaced populations in favour of self-settlement in urban economies; and when war ends a significant proportion of that displaced population remains in those cities, especially where they have managed to successfully integrate themselves in the urban economy during war. In Sudan, for example, of 6 million IDPs from predominantly rural areas, two-thirds fled to urban areas, and half went to Khartoum⁵. In Afghanistan, for example, Kabul’s population was 750,000 before the war but almost trebled to 2 million by 1985 (even though Kabul was itself one of the principal theatres of war), and continues to be one of the fastest-growing cities in the world, reaching 3.5 million by 2007. Other cities with recent massive influxes of displaced populations include Peshawar, Pakistan; Khartoum, Sudan; Kampala, Uganda; Bujumbura, Burundi; Goma, DR Congo; Luanda, Angola. Sometimes even faster growth has been prompted by the closure of refugee camps, as in Pakistan when UNHCR and the WFP cut-off food aid to camp residents, and tens or perhaps hundreds of thousands of Afghan refugees migrated to the cities in search of work⁶. Such fast growth brings

⁴ Several different typologies of war-affected cities have been attempted: for example, as hubs, arenas and prey (Esser, 2004); or ‘assailed’ (to destroy or punish the enemy, e.g. Dubrovnik, Osijek, Vukovar, Mostar, Zadar, Grozny, Jenin, Sukhumi), ‘besieged’ (to prompt psychological defeat while economising on forces and resources, e.g. Beirut, Sarajevo), ‘bombarded’ (to dissuade the adversary from entering into, or pursuing, conflict, e.g. NATO’s attacks on Serbian cities, the US and UK in Iraq), ‘held hostage’ (to hold the city without destroying it in order to negotiate or control new territory, e.g. Monrovia, Tbilisi), or as arenas for insurgency from within (e.g. urban terrorism, guerrilla warfare, in Karachi, Kinshasa, Cali)—(Dufour, 2002; Dessimoz & Levron, 2004: 39-51; CSRC, 2006: 18). For this last one, as warfare increasingly targets and terrorises civilians as an intrinsic part of strategy, it makes logical sense that such abuses will take place where an ever-increasing proportion of developing-world populations live—i.e. in cities. Cities may be targeted as the loci of the enemy’s cultural, historical and religious symbols—perhaps most memorably in the burning of the National Library in Sarajevo—or to destroy the very ideals on which cities were built, particularly of social heterogeneity and exchange (‘urbicide’ as termed by an increasing number of authors—see, for example, Coward, 2004). Finally, cities may also serve as the arenas for warfare designed to be most visible to the outside world; in Somalia, for example, militias sought to bolster their numbers in Mogadishu in order that their strength might be observed by the international community (including aid donors): whoever controls the capital city is perceived as the legitimate representative of the Somali state and receives international support (Marchal, 2006: 214, 215).

⁵ Secondary sources in UN-HABITAT, 2006: 135. This preference for urban areas is particularly disproportionate in a country where only 40 percent of the total population reside in urban areas.

⁶ US Committee for Refugees, cited by Jacobsen, 2005: 41.

its own problems—such as the explosive growth of informal settlements—but it also brings resources of human capital to cities. Furthermore, where diasporas have begun to return to post-conflict countries, they have often played a key role in economic recovery—for their own knowledge and skills, but also through international social networks through which they can foster trade⁷. Returning diasporas are much more likely to choose to settle in cities than rural areas.

Security: Economic activity and investment tends to concentrate in cities, for the usual reasons of urbanisation economies, but also because physical security may be too uncertain in the countryside. In Somalia, for example, the relative anonymity afforded by the urban environment of Mogadishu has been an effective survival strategy in the face of clan-based threats in the countryside⁸. In Sierra Leone, many of the country's ex-combatant youth, and those who worked in support of combatants, did not return to their villages either because they preferred life in urban centres or because they feared retribution on return to their home villages in rural areas, even if many have not yet found sustainable sources of income⁹. Furthermore, urban areas have tended not to be afflicted by landmines, which might prevent access to rural land.

Beyond these security considerations for domestic actors, foreign investors and international development institutions have also preferred cities—particularly capital cities—because investment risks have fallen in cities long before the rest of the country. This has been the case, for example, in Kabul (Afghanistan), Luanda (Angola), Kinshasa (DR Congo), Abidjan (Cote d'Ivoire), and in Bogotá compared with smaller Colombian cities and rural areas. Urban security risks may still be present—especially because of the prevalence of small arms, socialisation into violence and unemployment which war normally fosters—but they are often managed more easily in urban than rural areas. In Mogadishu, for example, the lack of security has generated a market for it, and many businesses pay local militias who effectively protect them¹⁰. It should be noted, however, that the recent trend, particularly in Islamic countries, towards suicide bombings in urban areas may change the balance of risk.

Infrastructure: Infrastructure has tended to be rebuilt more quickly in urban areas than rural areas, even where the state itself has not been able to resurrect public utilities and foreign

⁷ For example, see Marchal, 2006: 222 for Somali examples; Fitrat for a quantitative assessment of the role of diasporas in Afghanistan's economic recovery; or multiple sources in Lucas, 2005: 145.

⁸ Marchal, 2006: 217.

⁹ ARC et al., in Sommers, 2006: 15.

¹⁰ Marchal, 2006: 226.

investment is not forthcoming. Recovery is manifested most often by the appearance of small-scale private firms. Indeed of all countries worldwide with small-scale private service providers in water and electricity, around half are in post-conflict countries¹¹. In Mogadishu, for example, households in some neighbourhoods can choose between daytime, evening or 24-hour electricity service, and are charged according to the number of lightbulbs installed in their house¹². Even classic public goods such as street lighting have sometimes been installed by improvised private-service providers¹³. One of the most consistently popular sectors for post-war FDI has been telecommunications, with investments concentrated particularly on installing cellphone networks in urban areas¹⁴. Post-war urban infrastructure may still be incredibly deficient, but it is likely to be better than in rural areas¹⁵.

Continuity of urban institutions during conflict: Urban areas have tended to maintain a greater continuity of institutions during conflict. International trade links have tended to be maintained more easily in urban areas, and particularly in capital cities, than in secondary cities and rural areas (to the extent they existed there in the first place). In Angola, for example, the bustle and traffic jams of Luanda stop suddenly at the city boundaries, and small towns less than 50 kilometres away are desolate; it is reportedly easier to send a letter to Houston, Texas, or to Paris (which have direct air links) than to a nearby town or a provincial capital¹⁶. City-level institutions (both formal and informal) have tended to be more robust, and indeed the autonomy of urban administrative institutions has often been strengthened during intra-state conflict¹⁷. The most striking manifestation is the emergence of ‘city states’ (often the capital cities) during and after warfare, or amidst surrounding state fragility, which seem able to survive, cope and even prosper even when the rest of the country is stagnant or regressing.

What are the policy implications of these findings?— Should cities be further supported in the sense of picking winners; or do post-conflict rural areas deserve extra development assistance? During war and in the immediate aftermath, NGOs and international organisations have mostly based their operations in cities, precisely because of some of the constraints on logistics and security identified above. Thus cities have grown yet faster, since even those households not able

¹¹ Schwartz et al., 2004: 7.

¹² Nenova & Harford, 2004: 2.

¹³ Winter, 2004.

¹⁴ Bray, 2005: 1, 4.

¹⁵ See UNDP, 2008 for a fuller investigation.

¹⁶ Jenkins, Robson & Cain, 2002: 121.

¹⁷ CSRC, 2006: 20-21.

to generate their own income in the city find that it is the best place to gain access to financial and humanitarian aid from the authorities or from NGOs¹⁸. Policy priorities might focus on reducing the impediments to rural growth after war—particularly insecurity, lack of rural infrastructure and the destruction of institutions—but meanwhile recognise that the best opportunities for poverty reduction during the early stages of post-war recovery may be found in cities.

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¹⁸ e.g. De Passos, 2004: 125; Marchal, 2006: 215-6.

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