world development report 2009

Reshaping Economic Geography
Contents

Foreword xiii
Acknowledgments xv
Abbreviations and Data Notes xvi

Geography in motion: The Report at a Glance—Density, Distance, and Division xix

Overview 1
Place and prosperity 1
The world is not flat 8
Markets shape the economic landscape 12
Putting development in place 20

Navigating This Report 33
Scope 34
Terms 34
Structure 39

Geography in motion: Overcoming Distance in North America 44

Part One Seeing Development in 3-D 47

1 Density 48
Defining density 49
Economic concentration—the richer, the denser 56
Convergence—rural-urban and within cities 62
What’s different for today’s developers? 70

2 Distance 73
Defining distance 74
Economic concentration in leading areas 81
Divergence, then convergence—between leading and lagging areas 84
What’s different for today’s developers? 93
CONTENTS

3 Division 96
   Defining division 97
   Economic concentration 105
   Divergence, then convergence 109
   Geography, globalization, and development 115
   What’s different for today’s developers? 120

   Geography in motion: Overcoming Division in Western Europe 122

Part Two  Shaping Economic Geography 125

4 Scale Economies and Agglomeration 126
   A guide to scale economies 129
   A different realm 132
   A portfolio of places 135
   Apprehension of market forces 140

5 Factor Mobility and Migration 146
   From mercantilism to globalization to autarky, and back again 147
   Labor mobility: learning from a generation of analysis 158
   Practical policies for managing migration 168

6 Transport Costs and Specialization 170
   What has happened: two centuries of experience 173
   Transport costs and scale economies: two decades of analysis 181
   What to do: transport policies in the developing world 184
   Transport: an increasingly important sector 192

   Geography in motion: Distance and Division in East Asia 194

Part Three  Reframing the Policy Debates 197

7 Concentration without Congestion: Policies for an inclusive urbanization 198
   Principles for managing a portfolio of places 200
   A framework for integration 202
   The framework in action 216
   A strategy for inclusive urbanization 229

8 Unity, Not Uniformity: Effective approaches to territorial development 230
   People seek opportunities 231
   Countries seek unity 234
## Boxes

1. Three geographic scales: local, national, and international  
   3
2. The three dimensions of development: density, distance, and division  
   6
3. Intraindustry trade and intermediate inputs  
   20
4. New insights from a generation of analysis  
   21
5. Concentration without congestion in western China: Chongqing and Chengdu  
   26

0.1 What this Report is not about  
   34
0.2 This Report’s regions are more detailed than the World Bank’s  
   36
0.3 This Report’s message is not anti-equity  
   39
0.4 Fresh insights from economic geography: concentration, convergence, and integration  
   41

1.1 Two laws and a rule: the empirical regularities of a country’s city-size distribution  
   52
1.2 The Republic of Korea’s portfolio of places  
   53
1.3 Computing the agglomeration index  
   55
1.4 Africa’s urbanization reflects industrialization  
   59
1.5 Urbanization and narrowing rural-urban disparities in the Islamic Republic of Iran  
   63
1.6 Slums, then and now  
   68
1.7 Many of today’s world-class cities were littered with slums  
   69

2.1 Defining an area: impossible or NUTS?  
   78
2.2 How developed and developing countries define lagging areas: a quick survey  
   79
2.3 Dangerous disparities: when divisions aggravate distance  
   80
2.4 Correcting geographic disparities in postwar Japan  
   87
2.5 Spatial inefficiency and the downfall of the Soviet Union  
   90
3.1 A country’s neighborhood matters: regional integration and growth spillovers  
   102
3.2 Bolivia and Chile’s border—from wide to narrow?  
   102
3.3 The benefits of size  
   103
3.4 Artificial states?  
   105
3.5 Market access and per capita incomes  
   108
3.6 Neighborhoods matter: Southern Cone versus Southern Europe  
   115
3.7 The influence of first-nature geography: is it possible to eradicate malaria?  
   117
3.8 Integration takes a long time, and its benefits do not come overnight  
   119
4.1 Scale economies in an almost unreal world: the story of Dongguan, China  
   127
4.2 Sharing, matching, and learning  
   129
4.3 Agglomeration economies in Indonesia  
   132
4.4 When sowing and reaping happen in different places: rising interdependence of cities  
   139
4.5 Cities continue to thrive as telecommunication costs fall  
   140
4.6 Hong Kong, China: market forces led the way, government followed  
   142
4.7 Reinvention and renewal: how New York became a great city  
   143
5.1 Regional labor mobility has been falling in Sub-Saharan Africa  
   152
5.2 Cross-border migration in the Greater Mekong Subregion  
   153
5.3 From facilitating to restricting to (again) facilitating labor mobility in China  
   154
5.4 Labor and social policies restrain migration in Eastern Europe—not good for growth  
   160
5.5 From Lewis to Lucas: the economic perspective on migration has changed  
   161
5.6 Implicit barriers to mobility: place-based entitlement and divisions in India  
   163
5.7 Why did the U.S. South take so long to catch up? Division.  
   165
5.8 Migrating to economic density: rational decisions or bright lights?  
   167
5.9 Too early to tell? The impact of African emigrants on Africa  
   168
6.1 Biggest in the world: size and social obligations of Indian Railways  
   175
6.2 The jet engine  
   177
6.3 The big box  
   178
6.4 Italy’s intervento straordinario: an unexpected response to falling transport costs  
   184
6.5 Mobility with density in Hong Kong, China  
   185
6.6 Neighborhoods matter, but so do trade and transport policies  
   188
6.7 Unclogging Latin America’s arteries: transport costs now matter more than tariffs  
   192
7.1 Are the policy messages of this Report antirural? No.  
   200
7.2 Land reform to jump-start urbanization: aiding villeins in Denmark  
   203
7.3 Bombay fights the markets, and more than half of Mumbai’s residents live in slums  
   205
7.4 Widening the reach of New York City  
   208
7.5 Promoting concentration in Japan between 1860 and 1980: spatially connective policies for Tokyo-Yokohama and Osaka-Kobe  
   209
7.6 Climate change calls for a different urban form, not slower urbanization  
   211
7.7 Speeded up, but still in sequence: spatial integration in twentieth-century Hong Kong, China  213
7.8 Singapore: from slums to world city  215
7.9 Titling land for a sustainable rural-urban transformation  219
7.10 Land markets in transition  219
7.11 Strengthening land market institutions for rural-urban integration  220
7.12 Retrofitting transport infrastructure in Bangkok  223
7.13 New cities: escapes from urban jungles, or cathedrals in the desert?  224
7.14 Rural-urban integration in Beijing, Guangzhou, and Shanghai  227
7.15 Slum upgrading and prevention: what works?  229

8.1 Are the policy messages of this Report "anti-decentralization"? No.  231
8.2 The German integration: convergence and concentration with mobile labor  235
8.3 Constitutions call for unity, not uniformity  236
8.4 An instrument per objective: Ireland used EU funds for international convergence  237
8.5 Taxation against spatial inequality? The U.S. federal income tax system  239

8.6 Low market access in Mexico’s lagging south  244
8.7 Universal primary education in Uganda increased access to schools in the northern areas  248
8.8 Improving the spatial progressivity of Nigeria’s intergovernmental transfers  249
8.9 Exporting by mail in Peru—connecting small producers to markets  251
8.10 Special economic zones bring growth if they exploit advantages in natural and economic geographies  254

9.1 Are the policy messages of this Report anti–global integration? No.  261
9.2 Diversifying production through regional cooperation  263
9.3 Economic partnership agreements between the EU and African, Caribbean, and Pacific countries can be made better  265
9.4 Integration in Central Asia  278
9.5 Integrating the small and distant Pacific Islands with world markets  278
9.6 A contract with Africa? The give and take of the world’s biggest development challenge  282

Figures
G0.1 The Report can be read by part or by policy xxi
1 At all three geographic scales, the patterns of concentration of economic activity are similar  9
2 At all three geographic scales, the patterns of convergence in living standards are similar  11
3 Later developers face a different world  13
4 Intraindustry trade is high in North America, Western Europe, Oceania, and East Asia  19
5 In charted waters: the pace of urbanization today has precedents  24
6 Quicker geographic convergence in basic living standards in Malaysia  27
7 Northeast, Southeast, and South Asia have been catching up to developed nations  30
0.1 A navigational aid for the reader  43
1.1 From dichotomy to continuum: a portfolio of places  51
1.2 Almost a law: relative size distributions of settlements remain stable over time  51
1.3 The agglomeration index helps to compare urbanization across regions  57
1.4 The richer a country, the more concentrated its economic mass  58
1.5 Developing countries have a pace of urbanization similar to that of early developers  58
1.6 Density intensifies rapidly in the early phase of urbanization before leveling off  59
1.7 Shares of population living in urban agglomerations rise with the level of development  60
1.8 Geographic concentration of population, gross product, and household consumption rises sharply with development, then levels off  61
1.9 Rural-urban disparities in GDP per capita tend to be smaller in richer OECD countries  63
1.10 Rural-urban gaps in per capita consumption become smaller with urbanization  65
1.11 Even at the subnational level, rural-urban disparities fall as density increases  66
1.12 Slums grow with the pace of urbanization, and fall with its level  66
1.13 Urbanization’s speed has precedents  70
1.14 The population increment in urban areas of today’s developing countries is much larger  71
2.1 Manufacturing activity flourishes in areas with shorter economic distance to density  77
2.2 Rising density of economic mass accompanies development over decades, even centuries  83
2.3 Measures based on national accounts, household surveys, and geoscaled economic data confirm the historical pattern of a rising concentration of economic mass with the level of development 84

2.4 Spatial inequality rose and remained high before slowly declining as economies approached $10,000 in GDP per capita 86

2.5 Subnational disparities in income and wages persisted for more than 70 years in Canada and France 86

2.6 Spatial disparities have narrowed slowly in Europe since World War II 87

2.7 Contemporary comparisons of countries indicate that disparity in welfare among subnational areas fall with economic development 88

2.8 Economic growth in East Asia and Eastern Europe is faster than the world’s growth 89

2.9 Disparities in per capita gross product have been rising between leading and lagging areas in Southeast Asia 89

2.10 Steady rise in inequality of per capita provincial gross product in China since 1990 89

2.11 Income disparities between areas widened as Eastern European nations moved from plan to market 91

2.12 In Malaysia, geographic convergence in basic welfare accompanied economic growth 92

2.13 Today’s developing countries face a more integrated world 93

3.1 The number of borders between nations tripled in the past 50 years 97

3.2 Rich countries tend to have lower border restrictions 99

3.3 Tariffs are highest in Africa, South Asia, and Western Asia 99

3.4 Capital restrictions are highest in Africa, South Asia, and Central Asia 100

3.5 Residents of richer countries face fewer visa requirements 101

3.6 Globally, language diversity is highest near the equator 104

3.7 Concentration increases at the global level, then a leveling off 106

3.8 Only Asia’s share in world GDP has risen noticeably since 1980 107

3.9 The effect of distance between Brazil and its trading partners has remained considerable 109

3.10 Education outcomes have improved 110

3.11 East and South Asia have been the only regions catching up 110

3.12 Life expectancy decreased significantly in many African countries 111

3.13 Education has become more equal since the 1980s 111


3.15 Divergence, then convergence in East Asia, 1950–2006 112

3.16 The East Asian growth experience had two distinct phases 113

3.17 Western Asia and Eastern Europe have had little integration—and little convergence 114

3.18 Mexico and other LAC countries have not been catching up with the United States 114

G2.1 The stairway to success 123

G2.2 Border effects between the European Union and the United States remain more than twice that within the European Union 123

4.1 The urban premium for household consumption can be considerable 141

5.1 International capital flows have surged since the 1970s 148

5.2 A large share of capital now flows as direct investment 148

5.3 Migrants from East Asia, Latin America, and the Middle East and North Africa go mainly to OECD countries, but most in South Asia and Sub-Saharan Africa stay close to home 151

5.4 In Latin America and the Caribbean internal migrants are more educated than those who stay behind 156

5.5 Internal migrants are more schooled than workers in the places to which they move 157

5.6 Migration from developing countries is becoming more skilled 158

5.7 Internal labor mobility and economic growth often go together 162

5.8 Internal migrants are more likely to work than natives 164

6.1 Intraindustry trade is becoming more important for all types of goods, but not in all world regions 171

6.2 Air freight costs are down less than ocean freight costs 179

6.3 The costs of communicating have fallen to a fraction of what they were a decade ago 180

6.4 Distance has become more of a deterrent, divisions less 182

6.5 Global intraindustry trade is no longer confined to rich countries 183

6.6 Transport accounts for about one-seventh of CO₂ emissions 191

7.1 The growth of cities has been grossly overestimated 199

7.2 The dimensions increase with the level of urbanization 201

8.1 France has benefited from increasing concentration of economic production and declining spatial disparities in disposable income 238

8.2 Living standards can vary considerably between leading and lagging areas 247
Tables

1 Density is most important locally, distance nationally, and division internationally 7
2 Agglomeration, migration, and specialization are the most important forces—and land, labor, and intermediate inputs the most sensitive factor markets 22
3 "An I for a D?" A rule of thumb for calibrating the policy response 23
1.1 The size of urban settlements grows with development 61
1.2 Rural-urban disparities in earnings, wealth, and consumption characterize development over the last two centuries 64
1.3 Rural-urban disparity in basic services narrows with development 65
2.1 Administrative, statistical, and geographic area measures all point to rising spatial concentrations of economic activity with development 85
2.2 Spatial inequality varied through different phases of development 86
2.3 Household survey and subnational gross product data corroborate the pattern of declining spatial disparities in welfare with development 88
3.1 The concentration of GDP and population growth shifted between 1820 and 1998 106
3.2 GDP per capita increased tenfold, 1500–1998 109
4.1 A dozen economies of scale 128
4.2 Internal scale economies are low in light industries and high in heavy industries 130
4.3 Scale economies amplify with density and attenuate with distance 135
4.4 Thirty years of theoretical advance recognize the importance of scale economies 136
4.5 Agglomeration economies vary by city size and profile, and by the industry life cycle 137
5.1 In the late-nineteenth century most international migrants came from better-off Europe 149
5.2 Close to home: the largest international flows of labor are between neighboring countries 150
5.3 Rates of labor mobility vary widely across countries in the developing world 156
5.4 Most migrants move for economic reasons, but many are pushed out by poor services 166
5.5 What does a practical policy toward migration do? Recognize agglomeration benefits. 169
6.1 Prices, costs, and profit margins are all high on Africa’s transport corridors 187
6.2 Time costs for crossing borders are highest in Central Asia, Central Africa, East Africa, and Southern Africa 189
7.1 An instrument per dimension—a simple framework for urbanization policies 216
7.2 Interventions to integrate the urban poor 228
8.1 An instrument per dimension—a framework for area, territorial, or regional development policies 246
8.2 The OECD’s experience with incentives to stimulate lagging areas has been evolving 256
8.3 A range of instruments has been used by governments to create economic mass in lagging areas, with modest results 257
8.4 Assessing the performance of area development policies 259
9.1 Few regional agreements provide for full mobility of labor 266
9.2 Sub-Saharan Africa, South Asia, and the Middle East and North Africa are most affected by unreliable infrastructure, East Asia the least 267
9.3 Regional “club goods” can easily be provided because costless exclusion is possible 269
9.4 An instrument per dimension—a simple framework for regional integration 273
G4.1 The most distant and divided regions—trading and transport are expensive 286
Production concentrates in big cities, leading provinces, and wealthy nations. Half the world’s production fits onto 1.5 percent of its land. Cairo produces more than half of Egypt’s GDP, using just 0.5 percent of its area. Brazil’s three south-central states comprise 15 percent of its land, but more than half its production. And North America, the European Union, and Japan—with fewer than a billion people—account for three-quarters of the world’s wealth.

But economic concentration leaves out some populations. In Brazil, China, and India, for example, lagging states have poverty rates more than twice those in dynamic states. More than two-thirds of the developing world’s poor live in villages. A billion people, living in the poorest and most isolated nations, mostly in Sub-Saharan Africa and South and Central Asia, survive on less than 2 percent of the world’s wealth.

These geographically disadvantaged people cope every day with the reality that development does not bring economic prosperity everywhere at once; markets favor some places over others. But dispersing production more broadly does not necessarily foster prosperity. Economically successful nations both facilitate the concentration of production and institute policies that make people’s living standards—in terms of nutrition, education, health, and sanitation—more uniform across space. Getting the benefits of both economic concentration and social convergence requires policy actions aimed at economic integration.

Integration should begin with institutions that ensure access to basic services such as primary education, primary health care, adequate sanitation, and clean drinking water for everyone. As integration becomes more difficult, adaptive policies should include roads, railways, airports, harbors, and communication systems that facilitate the movement of goods, services, people, and ideas locally, nationally, and internationally. For places where integration is hardest, for social or political reasons, the response should be commensurately comprehensive, with institutions that unite, infrastructure that connects, and interventions that target, such as slum upgrading programs or incentives for producers to locate in certain areas.

Using these principles, World Development Report 2009, the 31st in the series, reframes the policy debates on urbanization, territorial development, and regional integration. The report analyzes the early experience of developed countries and draws practical implications for urbanization policies in today’s developing countries. For the poorest countries in Africa and Asia that are landlocked or otherwise isolated from world markets, the Report discusses promising approaches to regional integration that combine institutional cooperation, shared infrastructure, and special incentives. In growing middle-income economies, general prosperity can camouflage areas of persistent poverty. For such countries, the Report outlines strategies to foster domestic integration and help the poor in the least fortunate places.

I expect that Reshaping Economic Geography will stimulate a much-needed discussion on the desirability of “balanced growth,” which has proved elusive. And by informing some important policy debates, it will point the way toward more inclusive and sustainable development.

Robert B. Zoellick
President
Acknowledgments

This Report has been prepared by a team led by Indermit S. Gill, comprising Souleymane Coulibaly, Uwe Deichmann, Maria Emilia Freire, Chorching Goh, Andreas Kopp, Somik V. Lall, Claudio E. Montenegro, Truman Packard, and Hirotugu Uchida. Important contributions were made by Homi Kharas, Marisela Montoliu Munoz, Andrew Nelson, Mark Roberts, Sebastian Vollmer, and Fang Xu. The team was assisted by Eduardo S.F. Alves, Brian Blankespoor, Maximilian Hirn, Siobhan Murray, and Catalina Tejada.

Bruce Ross-Larson was the principal editor.

The maps were created by the World Bank’s Map Design Unit under the direction of Jeff Lecksell. Book production and printing were coordinated by the World Bank’s Office of the Publisher, under the supervision of Stephen McGroarty, Susan Graham, Rick Ludwick, and Andres Méneses.

World Development Report 2009 is co-sponsored by the Development Economics Vice Presidency (DEC) and the Sustainable Development Network (SDN). The work was conducted under the joint guidance of François Bourguignon, Alan H. Gelb, and Justin Yifu Lin, DEC Senior Vice Presidents at various stages of the production and dissemination of this Report, and Katherine Sierra, SDN Vice President. Jean-Jacques Dethier, Jeffrey Lewis, Claudia Paz Sepulveda, Laszlo Lovei, and Antonio Estache also provided valuable comments.

World Bank Presidents Robert B. Zoellick and Paul D. Wolfowitz provided guidance and advice, and Managing Directors Ngozi Okonjo-Iweala and Graeme Wheeler have been invaluable sources of encouragement to the team.

Two panels of advisers provided excellent advice at all stages of the Report. The Academic Panel was chaired by the Chief Economist and DEC Senior Vice President and consisted of François Bourguignon, Paul Collier, Masahisa Fujita, Vernon Henderson, Philippe Martin, Ravi Kanbur, Lord Nicholas Stern, and Anthony Venables. The Policymaker Panel was chaired by the SDN Vice President and consisted of Lobna Abdellatif Ahmed, Newai Gebreab, Jerzy Kwiecinski, Shantong Li, Katharina Mathernova, Charbel Nahas, Enrique Peñalosa, Carolina Renteria, Kamal Siddiqui, Jorge Wilheim, and Natalia Zubarevich.

Many others outside and inside the World Bank contributed with comments and suggestions. The team benefited greatly from many consultations, meetings, and regional workshops held locally and in Côte d’Ivoire, Finland, France, Germany, India, Japan, Norway, Russia, South Africa, Sweden, Tanzania, Turkey, and the United Kingdom. The team wishes to thank participants in these and other workshops, videoconferences, and on-line discussions, which included academics, policy researchers, government officials, and staff of nongovernmental, civil society, and private sector organizations.

The team would like to acknowledge the generous support of the United Kingdom’s Department for International Development, the multi-donor Knowledge for Change Program, the Government of Norway, the Japan Policy and Human Resources Development Trust Fund, the Institute for Environment and Sustainability in the Joint Research Centre of the European Commission, Germany’s Federal Ministry for Economic Cooperation and Development, and the William and Flora Hewlett Foundation.

Rebecca Sugui served as senior executive assistant to the team, Ofelia Valladolid as program assistant, and Jason Victor and Maria Hazel Macadangdang as team assistants. Evangeline Santo Domingo served as resource management assistant.
## Abbreviations and Data Notes

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACP</td>
<td>Africa, Caribbean, and Pacific</td>
</tr>
<tr>
<td>AMU</td>
<td>Arab Maghreb Union</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association Southeast Asian Nations</td>
</tr>
<tr>
<td>BELDES</td>
<td>Municipal Infrastructure Support Project (Turkey)</td>
</tr>
<tr>
<td>CACM</td>
<td>Central American Common Market</td>
</tr>
<tr>
<td>CARICOM</td>
<td>Caribbean Community</td>
</tr>
<tr>
<td>CEFTA</td>
<td>Central European Free Trade Agreement</td>
</tr>
<tr>
<td>CESIN</td>
<td>Center for International Earth Science Information Network</td>
</tr>
<tr>
<td>CKLN</td>
<td>Caribbean Knowledge and Learning Network</td>
</tr>
<tr>
<td>DR-CAFTA</td>
<td>Dominican Republic–Central America Free Trade Agreement</td>
</tr>
<tr>
<td>EAC</td>
<td>East African Community</td>
</tr>
<tr>
<td>EAP</td>
<td>East Asia and the Pacific</td>
</tr>
<tr>
<td>ECA</td>
<td>Europe and Central Asia</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>Economic Community of West African States</td>
</tr>
<tr>
<td>ECSC</td>
<td>European Coal and Steel Community</td>
</tr>
<tr>
<td>ECTEL</td>
<td>Eastern Caribbean Telecommunications Authority</td>
</tr>
<tr>
<td>EEC</td>
<td>European Economic Community</td>
</tr>
<tr>
<td>EMU</td>
<td>European Monetary Union</td>
</tr>
<tr>
<td>ENEA</td>
<td>École Nationale d’Économie Appliquée (Dakar)</td>
</tr>
<tr>
<td>ENSEA</td>
<td>École Nationale de Statistique et d’Économie Appliquée (Abidjan)</td>
</tr>
<tr>
<td>EPA</td>
<td>economic partnership agreements</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FDI</td>
<td>foreign direct investment</td>
</tr>
<tr>
<td>FEU</td>
<td>forty-foot equivalent units</td>
</tr>
<tr>
<td>GATS</td>
<td>General Agreement on Trade in Services</td>
</tr>
<tr>
<td>GDP</td>
<td>gross domestic product</td>
</tr>
<tr>
<td>GIS</td>
<td>geographic information system</td>
</tr>
<tr>
<td>GNI</td>
<td>gross national income</td>
</tr>
<tr>
<td>GRP</td>
<td>gross regional product</td>
</tr>
<tr>
<td>GRUMP</td>
<td>Global Rural-Urban Mapping Project</td>
</tr>
<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>ICT</td>
<td>information and communication technology</td>
</tr>
<tr>
<td>IDA</td>
<td>International Development Association</td>
</tr>
<tr>
<td>IIED</td>
<td>International Institute for Environment and Development (UK)</td>
</tr>
<tr>
<td>INEGI</td>
<td>Instituto Nacional de Estadística y Geografía</td>
</tr>
<tr>
<td>IOM</td>
<td>International Organization of Immigration</td>
</tr>
<tr>
<td>ISSEA</td>
<td>Institut Sous-Régional de Statistique et d’Économie Appliquée (Yaoundé)</td>
</tr>
<tr>
<td>IT</td>
<td>information technology</td>
</tr>
<tr>
<td>KÖYDES</td>
<td>Village Infrastructure Support Project (Turkey)</td>
</tr>
</tbody>
</table>
Abbreviations and Data Notes

MERCOSUR  Southern Common Market (Latin America)
NAFTA     North American Free Trade Agreement
NEPAD     New Partnership for Africa's Development
NSDP      National Slum Development Program (India)
NUTS      Nomenclature of Territorial Units for Statistics
OECD      Organisation for Economic Co-operation and Development
OEEC      Organization for European Cooperation
PAFTA     Pan-Arab Free Trade Area
PPS       purchasing power standard
R&D       research and development
RASCOM    Regional African Satellite Communication Organization
SADC      Southern African Development Community
SAR       South Asia region
SASEC     South Asia Sub-regional Economic Cooperation
SEZ       special economic zone
SIC       Standard Industrial Classification.
SPARTECA  South Pacific Regional Trade and Economic Cooperation Agreement
TEU       twenty-foot equivalent units
TFP       total factor productivity
UPE       universal primary education
VAMBAY    Valmiki Ambedkar Awas Yojana
WAEMU     West African Economic and Monetary Union
WTO       World Trade Organization

Data notes

The countries included in regional and income groupings in this Report are listed in the Classification of Economies table at the beginning of the Selected World Development Indicators. Income classifications are based on gross national income (GNI) per capita; thresholds for income classifications in this edition may be found in the Introduction to Selected World Development Indicators. Group averages reported in the figures and tables are unweighted averages of the countries in the group, unless noted to the contrary.

The use of the word *countries* to refer to economies implies no judgment by the World Bank about the legal or other status of a territory. The term *developing countries* includes low- and middle-income economies and thus may include economies in transition from central planning, as a matter of convenience. The terms *industrialized countries* or *developed countries* may be used as a matter of convenience to denote high-income economies.

Dollar figures are current U.S. dollars, unless otherwise specified. *Billion* means 1,000 million; *trillion* means 1,000 billion.