

world development report **2009**

*Reshaping Economic
Geography*

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Geography*



THE WORLD BANK
Washington, DC

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1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org
E-mail: feedback@worldbank.org

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1 2 3 4 5 12 11 10 09

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Softcover

ISSN: 0163-5085
ISBN: 978-0-8213-7607-2
eISBN: 978-0-8213-7608-9
DOI: 10.1596/978-0-8213-7607-2

Hardcover

ISSN: 0163-5085
ISBN: 978-0-8213-7640-9
eISBN: 978-0-8213-7608-9
DOI: 10.1596/978-0-8213-7640-9

Cover design and interior navigational graphics by Zefyr Design, info@zefyr.co.uk.

Typesetting, graphs, and page layout by Precision Graphics.

Printed in the United States by Quebecor World.

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Foreword

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.

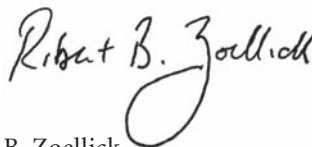
But economic concentration leaves out some populations. In Brazil, China, and India, for example, lagging states have poverty rates more than twice those in dynamic states. More than two-thirds of the developing world's poor live in villages. A billion people, living in the poorest and most isolated 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 Hirotsugu 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 Ménèses.

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 Lovéi, 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 Wilhelm, 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 Suguí served as senior executive assistant to the team, Ofelia Valladolid as program assistant, and Jason Victor and Maria Hazel Macadangdang as team assistants. Evangelina Santo Domingo served as resource management assistant.

Abbreviations and Data Notes

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

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 (GNP) 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.

