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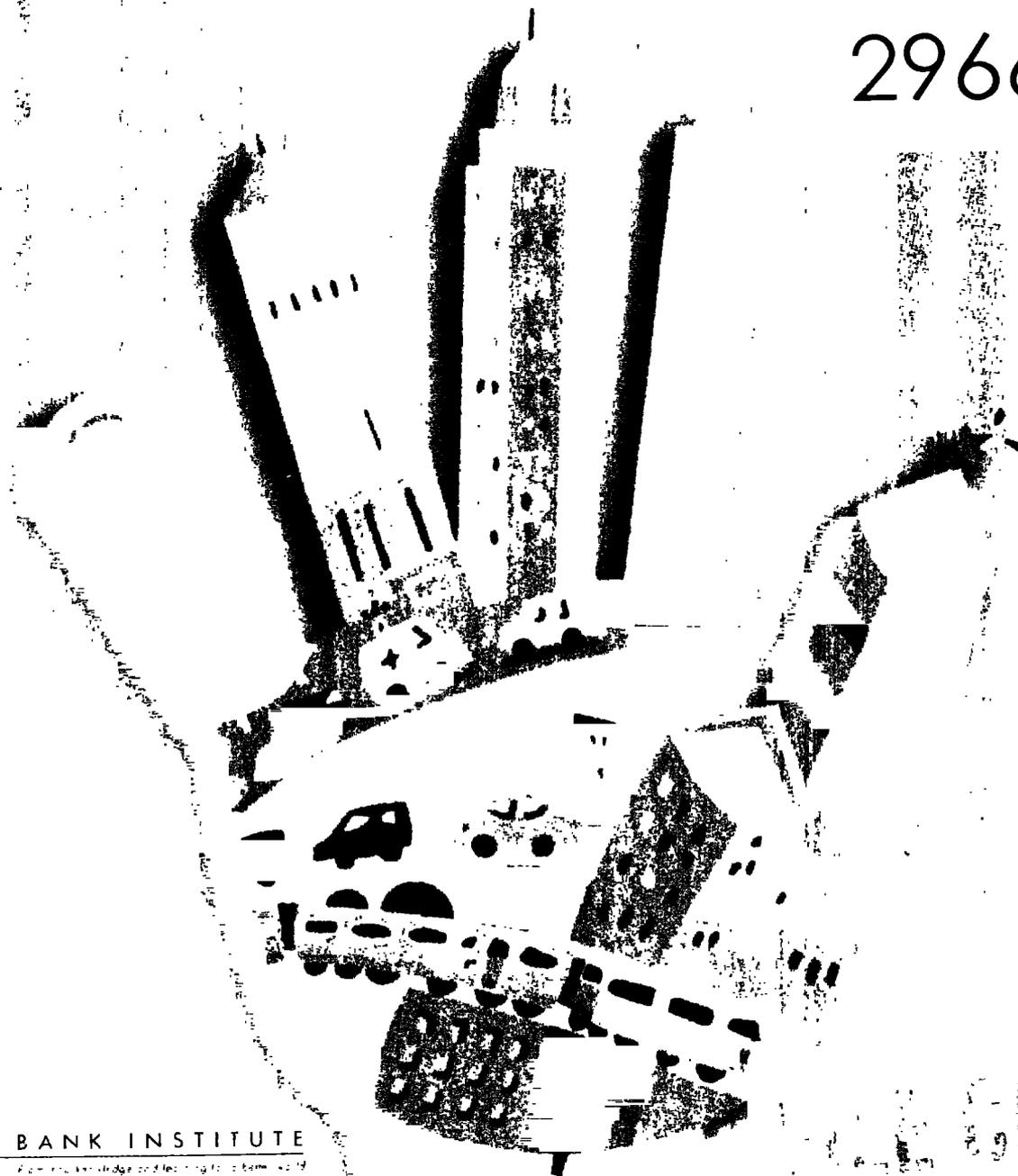
DEVELOPMENT

# Outreach

PUTTING KNOWLEDGE TO WORK FOR DEVELOPMENT NOVEMBER 2003

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## ABOUT THIS ISSUE

**T**his issue of *Development OUTREACH* looks at the "unknown" quality of cities in the face of rapid decentralization, democratization and globalization in the developing world. The role of cities in the development agenda cannot be underestimated. As engines of economic growth in many countries, cities also face dire problems—a rapid rise in the numbers of urban poor, environmental degradation caused by increasing air pollution, and city-to-city migration that is changing the political landscape of both developed and developing countries.

Of these three challenges, the rapidly increasing numbers of urban poor is perhaps the most startling. In Africa, urbanization is growing at well over 6 percent per annum, twice as fast as the growth rate in Latin America or East Asia. Such rapid population growth is overwhelming city managers and making sustainable poverty reduction difficult. While urban migration is increasing the labor force and leading to economic growth, such growth is not reflected in quality of life of urban migrants who live without secure shelter, access to basic services, or voice in the political system. How do city managers and urban planners cope with this scenario? While most alarming in Africa, the situation is repeated in every region of the world.

As James Wolfensohn points out in his introduction, in the next 25 years, two billion more people will move into the world's cities and towns. Mayors, and other city officials therefore have an integral role to play in the pursuit of global poverty alleviation. In this issue we hope to capture some of the innovative strategies and actions now being undertaken by the world's urban leaders. We look forward to your comments and suggestions as they move ahead.



Mary McNeil  
EXECUTIVE EDITOR

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**PHOTO CREDITS** Cover: Nigel Sandor/Illustration Works; Pages 4-5: The World Bank/ Julio Etchart; Page 6: The World Bank/Alan Gignoux; Page 8: The World Bank/Alan Gignoux; Page 11: Zuma Press/Ruaridh Stewart; Page 12: Getty/Peter Rogers; Page 14: Michael Foley; Page 16: Michael Foley; Page 18: Michael Foley; Page 19: Reuters/Sergio Moraes; Page 22: Stone/Keren Su; Page 25: American Planning Association; Page 26: Sergio Sade; Page 27: Paranacidade; Page 29: Photodisc; Page 30: The Image Bank/Grant Faint; Page 33: Athens: Taxi/Jerry Driendl; Istanbul: Photodisc/Andrew Ward; Pages 36-37: Emmanuel Koro.

This magazine is printed on recycled paper, with soy-based inks. ♻️

ISSN 1020-797X © 2003 The World Bank Institute

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# Cities and Citizens

BY JAMES D. WOLFENSOHN

BEFORE SEPTEMBER 11TH, many people in the United States thought that there were two worlds: the rich world and the developing world, separated by a wall. Then, the World Trade Center collapsing conveyed the image of that "wall" coming down. The image of terror traversing borders and intruding in Wall Street, made us aware that there are not two worlds. There is only one world, which is linked by trade, finance, crime, drugs, trade, banking, and migration. The education of our children in the developed world cannot just rest with education about European and American history. As adults, we need to know about Islam, about India, about China, and about Africa. We need to understand that our planet has changed. We need our children to be trained for a different, more diverse and rich world.

Our leaders must look at the future because in the next 25 years the world will grow from six billion to eight billion people, seven billion of whom will live in the current physical space we call the developing world. In 50 years, there will be eight billion out of nine. Europe, as we know it today, will be smaller and older. We are becoming increasingly aware of the fact that we are not just citizens of Europe, or of a single country, but that we are planetary citizens and that we have to think in terms of global considerations.

At the World Bank, we conducted a study of 60,000 people who live in poverty in 60 countries. We did not collect statistics. We collected stories of individuals who relate to hope, opportunity, equality, and freedom from corruption. These stories reveal a picture of people who want a chance for their children, a chance for women to be safe from physical abuse, a chance to express their views. They want a sense of community, the opportunity to live together in peace. These are not statistical issues. These are human requirements. These poor people used to live in rural areas, but are now surfacing in ever increasing numbers in cities and towns. The issues that affect them cannot be dealt with by national or federal administrations.

In the next 25 years, two billion more people will move into cities and towns, whose administration will not be by prime ministers and presidents, but by mayors. The delivery of services will occur in local communities. The voices of poor people will be heard in local communities. The help will be created in communities, not at the level of national or federal governments.

It just stands to reason that engaging the administrations of cities and towns in the pursuit of poverty alleviation will leverage the people who know how to deliver the services, who can interface with communities and build a passion for development. A few extra billion dollars in aid, or the miniscule improvement in trade conditions, will not be effective if they are not accompanied by passion and commitment to development and human

relationships. If we can build a sense of hope and love in communities, we will have a chance to alleviate poverty and bring about peace. We cannot build these conditions statistically. To do so requires people, commitment, and passion.

There are now in the world many associations of cities and of mayors, of sister cities' programs, and others, all seeking to foster knowledge sharing and understanding of how to better handle the human condition, as well as serve the needs of people in cities. The one thing that distinguishes the Glocal Forum—an international NGO that has entered into a partnership agreement with WBI—is that it recognizes the relationship between development, hope, and peace. That is what is special about this group. The Glocal Forum is not about just exports and imports, important as they are; it is not about charity. It is about peace, about hope, and about individuals.

It is about partnership, and commitment of rich to poor, of developed to developing, of city to city. We need to understand that if we want enduring peace and hope for our world, then institutions like the Glocal Forum need our support. We should think of our cities as part of a global family, and we should think that peace will come only if we give that family love and commitment.

James D. Wolfensohn is President of The World Bank

Adapted from Keynote Address: Second Glocalization Conference, Rome, May 2003.

FIGURE 1—Burden of Air Pollution (disability adjusted life-years per 1,000 people)

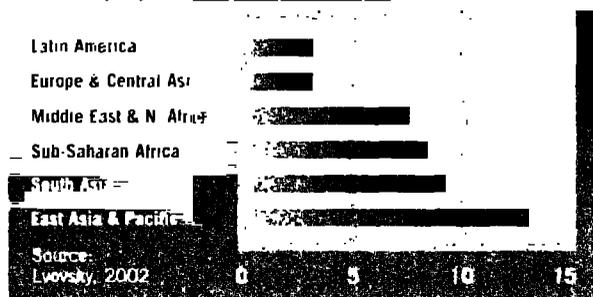
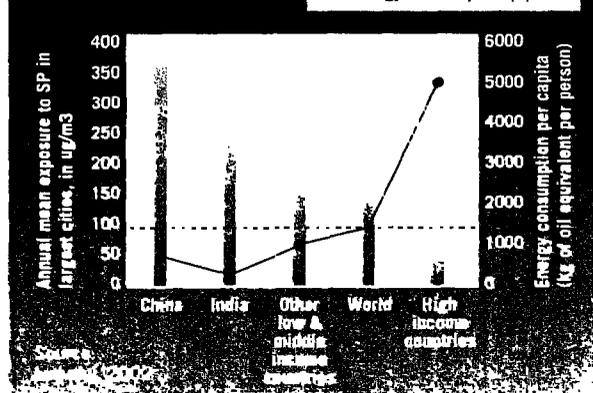


FIGURE 2—Urban Air Pollution: Global Perspective



# Urban Air Pollution Management

## *The Role of the International Community*

BY FRANNIE A. LÉAUTIER

URBAN AIR POLLUTION is a serious problem worldwide. It is especially serious in the many mega-cities of Asia. The gravity of the urban air pollution problem is largely attributed to the complex and multi-sectoral nature of everyday air polluting activities as well as the inadequate actions of governments. The lack of actions by governments is further due to poor information and weak understanding of the air pollution problems and, in addition, lack of institutional capacity and coordination among government agencies in the various sectors contributing to air pollution. Driven by the Millennium Development Goals (MDG), the international community is fighting global development problems including air pollution and other environmental problems.

### WHY CARE ABOUT AIR POLLUTION?

The health impacts of air pollution are very serious and, currently, second only to the impacts of water and sanitation in urban areas. As shown in Figure 1, air pollution imposes a heavy burden on the health of urban populations throughout the developing world. Every year, there are an estimated 0.5-1 million premature deaths by air pollution worldwide.

### AIR POLLUTION CONTROL

Because air pollution disproportionately and negatively affects the poor, the international development community is targeting air pollution as one of its efforts to achieve the Millennium Development Goals (in this case, Goal #7: Ensure Environmental Sustainability). The *World Development Report 2003: Sustainable Development in a Dynamic World* (World Bank 2003) identifies the impact of air pollution on the quality of life and links it to poverty reduction.

### URBAN AIR QUALITY MANAGEMENT

While the international community has recognized air pollution as one of the environmental problems that need to be resolved, solutions to air pollution, do not come easily, and results are not visible within the length of a political cycle.

Figure 2 shows that countries in Asia like China and India face extremely high pollution exposure levels that call for immediate action. This figure also shows that as economic development and income increase, air pollution exposure decreases. The pollution exposure in high-income countries is much lower, providing hope that solutions can be found.

### THE ROLE OF THE INTERNATIONAL COMMUNITY

The international community should be committed to work together and assist countries to achieve development goals by assuming the following roles:

1. Advocacy role: Raising awareness and learning from past experience to leapfrog development.
2. Knowledge creation and sharing role: Exploring and documenting the relationship between policy, technical, institutional, and cultural aspects of pollution management
3. Brokering role: Coordinating activities at local, regional and global levels and promoting public-private partnerships to resolve problems.
4. Financing role: Assisting the development and implementation of action plans to manage air quality in developing countries and cities.
5. Skills building role: Helping countries get the skills they need to effectively manage air quality problems through technical assistance, training programs, twinning arrangements, and site visits.

In addition, the international community can be advocates of and support sustainability of the private sector, and promote environmental, social, and corporate responsibility.

As for partnership programs that help countries enhance the capacities of collaboration among different stakeholders, the Cities Alliance formed in 1999—a partnership between the UN Habitat, the World Bank, and others—provides examples of horizontal city-to-city cooperation maximizing development assistance from multi-laterals and bilaterals. Another example is The Clean Air Initiative for Asian Cities, which was jointly launched in 2001 by the World Bank and ADB and other partners (Visit: [www.citiesalliance.org](http://www.citiesalliance.org) and [www.worldbank.org/cleanair/caiasia/index.htm](http://www.worldbank.org/cleanair/caiasia/index.htm)).

The World Bank uses a variety of tools to achieve its goal and focuses on 1) promoting information dissemination (e.g. Website, Open discussion list server); 2) providing air quality management training; and 3) developing pilot studies (diesel pollution reduction strategies for cities). By carrying out these activities, the World Bank promotes real actions and investments on the ground.

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Frannie Léautier, Vice President, The World Bank Institute.

Based on keynote speech the author made at the Regional Conference on Better Air Quality in Asian and Pacific Rim Cities, Hong Kong, December 2001.

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*WOODSTOCK*

# CITIES

## Metropolis, Identity and Governance in a Global World

*Guest Editorial*

BY TIM E. CAMPBELL

**T**his issue probes some of the new ground laid for city regions by the shrinking nation state and the quickening pace of exchange—in business, financial affairs, and cultural ideas—taking place among the cities and nations of the world. Cities are thrust into new territory in economic and political terms with the waves of powerful change—decentralization, democratization, and globalization—now washing over the globe. The authors—roughly half from outside the Bank on the front lines of urban development—illustrate some of the new roles cities are assuming as they create a local identity, strengthen regional coherence, shape national strategy, and even play a role in international peace issues. Many common features underlie the urban search for new roles. President Wolfensohn singles out one key factor in his opening to this edition—the nearness of cities to the most difficult issues for nations to resolve, like poverty, AIDS, and sustained peace. Another common theme is that far from shrinking back from pressures of globalization, cities are eagerly stepping into voids created by the decline of national boundaries. Still a third theme, one seen in many ways, is that cities are increasingly relying on each other for knowledge exchange and inspiration. All of these themes, as well as urban air pollution management covered by Frannie Léautier, the World Bank Institute's Vice President, hold implications for the work of WBI and the Bank.

"Unknown Cities" aims to capture different perspectives on what cities are becoming under this strikingly new, open environment. Three perspectives are singled out here, the economic process, internal reform, and external relations.

### Urban economic process

ONE DEFINITION of the unknown city refers to urban economic processes, that is the economic evolution within cities, a transformation that is inextricably tied to political and social change, as cities awaken to the possibilities and challenges presented by democratization and decentralization. Jeffrey Sachs and Shahid Yusuf with Kaoru Nabeshima identify some of the trends and conditions for success in this struggle. Sachs, viewing the urbanization of the planet as "good news," poses many as yet unanswered questions about the mechanics in the transmission of wealth and the delivery of services from prosperous coastal areas to the interior. Sachs outlines a way forward, as much as by inquiry as by policy prescription, to explore opportunities, questions, and constraints cities and nations face in their quest for creating wealth and extending it to all citizens. Shahid Yusuf and Kaoru Nabeshima narrow the economic focus on cities by examining the creative industries—visual arts, communications, video and computer games, and literary productions—that successful cities in Asia have mobilized to propel their growth forward. Yusuf's work has examined the many experiences of fast growing cities, pinpointing the role of these industries as a contributor to, and bellwether of, successful factors in urban economic expansion.

Francesco Bandarin examines another, broader and more subtle aspect of this drive forward: cultural industry as a platform for identity. The cultural source of identity is perhaps one of the most important, and least understood, areas of urban development precisely because it is so culturally rich, rooted in local history and tradition, and tricky in application. Yet a city that finds pride and a source of strength in its own past, coupled with those attributes that Yusuf and Nabeshima identify as so important, the openness and transparency of innovation, are the keys to continued learning and innovation needed for cities to compete in a globalized world. Interestingly, these same

qualities, broadly speaking, differentiate the successful, sustainable cities of all ages.

## Cities and inward reform

A SECOND PART OF THE DEFINITION of 'unknown' is about how cities will respond to these challenges in terms of the structure and internal dynamics of governance and management. The term governance refers to the mandate and form of managing urban affairs, and the mechanisms of participation and accountability. Lubomir Ficinski describes the growth of a new intermediating agent for urban governance, Paranacidade, at the level of the state in Brazil. Paranacidade has developed one unique, but by all appearances a replicable, model for an engine of governance. This institution began by offering assistance to the cities and towns, later extending it to associations of cities in the state. Tracing its roots to Bank assistance in the 1970s, but adding much of their own imagination and ingenuity, Ficinski, one of the chief architects and directors of Paranacidade, suggests that the model can be scaled up and expanded for application not only elsewhere in Brazil, but in Latin America and Africa as well.

Still another aspect of this internal management is illustrated by the development strategy of the city of Nanjing. Cities around the globe—more than 75 of them—have responded eagerly to the idea of city development strategies, a new tool of Bank assistance which encourages cities to assume a kind of corporate strategic stance, to take a longer, strategic view of its problems and economic prospects, along the lines suggested by Sachs. In this feature interview, the governor of Jiangsu Province exemplifies this effort. While Nanjing once sought to emulate Shanghai's modernization in its growth

strategy, Nanjing changed direction as a result of its soul-searching planning effort. The city now sets its sight on preserving more of its cultural past and developing institutions of learning, objectives which are both home-grown and authentic.

Partly because the largest fraction of cities is built by the poor themselves, the unknowns about shelter and land use in the global world depend greatly on the poor themselves. Vitor Serra shows that some of unknowns about shelter are at least becoming visible. Gaining control over the single most powerful asset of cities—its urban land and largest tax base—is the fulcrum over which cities will be able to leverage their drive to financially feasible realities. The key obstacle still—property rights and property markets—is only partially within city control: much of the issue is a matter for nations to resolve.

## Outward looking cities

THE THIRD ASPECT of the meaning of 'unknown' refers to the external relationships cities are now forging with other cities and regions around the world. This outward looking process is fostered by what Uri Savir calls a failure of states in the era of globalization. Both Savir and Dimitri Avramopolous make compelling, if contentious, points about the new role of cities in diplomatic affairs. Calling the city as this Millennium's only socio-political unit that is gaining in power, Savir asks what other national or supranational power has the ability to connect in cultural and political ways as effectively as cities? The very concept of citizen takes on new meaning in global cities. Avramopolous, former mayor of Athens, offers evidence for the veracity of this proposition. Eager responses and rapid progress was made between Istanbul and Athens when a disastrous earthquake provided a pretext for cooperation.



Tensions in the Middle East, post-conflict Africa, and South Eastern Europe, have extended this opportunity.

On another, less diplomatic plane, cities are already engaged in widespread, sometimes high volume, exchanges with other cities in the areas of governance, management, and technical matters. A WBI study of Seattle revealed that that city alone had hosted 159 delegations in 2002 involving 700 visitors and somewhere in the neighborhood of 3,000 participants from Seattle (Blanco, 2003). Interestingly, the motivations are not simply in the commercial domain, as is sometimes supposed. The rule of law, governance, administrative techniques were cited as much or more as business reasons for visits. Environmental, services, and other technical matters also represented motives for cities to visit Seattle. We have little doubt that this volume of exchange could be multiplied a hundred-, perhaps a thousand-fold, between and among cities.

City congresses provide more evidence of this external exchange. City exchanges are becoming more visible, more coherent, and more effective as subjects and actors in the development scene. The first three world Competitive Cities Congresses held at the Bank beginning in 1999 doubled in size and private sector sponsorship each year. The predecessor to the WCCC, the Inter-American Congress of Mayors, completed its ninth consecutive year with over 400 city officials from Latin America in attendance last June in Miami. An equal number preparing for the fourth consecutive Asian Pacific Cities Summit in Brisbane this year. Next year in Paris, several thousand participants will witness the merging of diverse international city organizations into a single unified voice for cities, the World Union of Local Authorities and Cities.

## Trends in the knowing

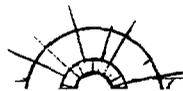
THE ARTICLES IN THIS ISSUE show that contrary to shrinking back, rejecting, or criticizing globalization, as street demonstrations and some international NGOs would have us think, many cities are embracing the process of change and moving quickly to create new identities in the political and institutional space that has been created with globalization. This is partly because the ebbs and flow of power leave many potential, but undefined, roles for cities. It is also because democratization creates new incentives to incorporate public inputs into city decisions. To take full advantage of these opportunities, the entropic effects of the constant pulling in different directions by cities, provinces, and national ministries must be overcome.

From one, only slightly exaggerated, perspective, this view of cities moves us closer to the idea of city state of ages past, particularly the emergence of metropolitan cities—the 500 to 600 cities now on the planet that have more than a million people—as they seek out and assume new roles in the development process this century. In this urban transition, cities and their place in the development of nations, represent many unknowns, far more than have been touched on in these pages. Much is left unanswered, even unquestioned, about inter-generational poverty, economic growth, services, corruption, and the competing demands across local boundaries and sectors.

## Working with knowing cities

WHAT DO THESE IMPULSES for new identities and roles signify for nations and international development assistance agencies? Much of the fate of nations, and therefore the role of international development assistance agencies, hinge increasingly on the coherence of action and effectiveness of performance by cities with growing autonomy operating in the global trading environment. National institutions and multi-lateral donors should be ready to respond to cities that feel a need for new and higher professional standards in governance, management, and planning; national and international agencies can also help cities meet a need for new tools to liberate the energies of the poor; stronger control over the cities' most fundamental asset, land; for new sensitivity to the idea of culture as the defining dimension of urban pride. Most of all, they can facilitate the exchange among peer cities. The authors in this issue have explored many of these angles, suggesting some of the tools and techniques nations and cities might employ, and pointing to modalities of assistance that WBI might offer, to help reduce the unknowns of urban development in the Millennium of an urbanized world.

Tim E. Campbell, Lead Specialist, The World Bank Institute, and  
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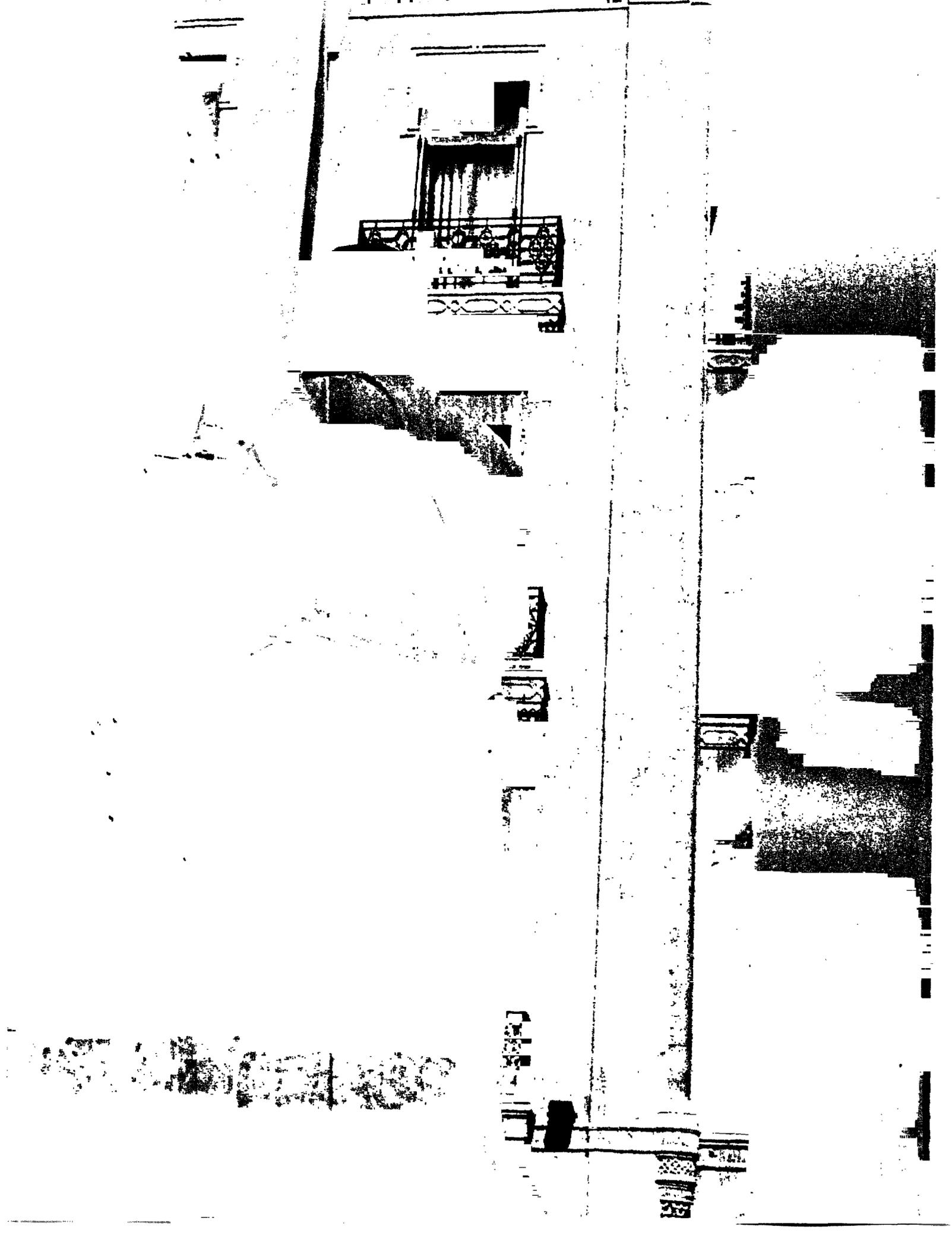
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# The New Urban Planning

BY JEFFREY D. SACHS

THE PROCESS OF URBANIZATION, taking place around the world with such dynamism, is one of the most promising aspects of global economic development. The world has just crossed the point at which 50 percent of humanity lives in urban areas. By around 2020, more than half of the population of developing countries will be urban. This is good news. Urban areas have outperformed rural areas during the last century on almost every dimension of economic development, whether the rate of innovation, speed of demographic transition, levels of education, health, life expectancy, infant mortality, or access to clean water and sanitation.

Although urbanization opens up countless opportunities for economic development, the process also creates challenges that can prevent the urban promise from being fulfilled. Many urban areas in the world are not functioning well, especially where cities are growing not because they are themselves economically dynamic, but because their rural hinterlands are in such distress. In those cases, impoverished rural people flood to cities to find work and emergency income support, but often become a part of an extreme urban poor. And of course, with the high densities of urban populations, environmental risks—disease contagion, urban blight, chemical pollution—pose another profound challenge.

The urban applied research and policy agenda is therefore to make the urbanization process work more effectively, so that urban areas become true engines of growth and livable environments for the rising proportion of humanity that will be in cities in this century.

## Research and policy areas

EFFECTIVE URBANIZATION has three distinct policy dimensions: urban planning, urban development strategy, and urban governance. Each has its own research agenda as well as practical policy implications.

The first of the policy dimensions is urban planning. The failure of the communist centrally planned economies, as in

the cases of the ex-Soviet republics, has made "planning" a taboo word in economics during the last 20 years. However, it is dangerously incorrect to conclude that all planning is adverse to economic development. This is particularly true in the case of urban planning, which includes carefully laying out the underlying infrastructure systems of water, sanitation, public health, transport, and energy that make cities viable.

The major coastal cities in Africa, for example, have yet to fulfill their potential as their region's engines of growth. First and foremost, those cities need urban planners, rather than macroeconomists. The cities lack effective infrastructure systems; energy reliable enough to attract foreign investors; a port authority that can maintain the dredging needed for effective shipping operations and a port-based export center; and a public health system needed to rid the urban area of malaria or other epidemic diseases, which are major blockades to foreign investment in many of Africa's potentially leading cities.

These infrastructure systems cannot be put in place by market forces alone. They are necessarily planned components of effective urbanization that are prerequisites for functioning urban and regional markets. Without the infrastructure base, these major cities—such as Dar es Salaam (Tanzania), Accra (Ghana), and Dakar (Senegal)—will continue to perform economically far below their potential. This is a point seldom understood by macroeconomists; sound macroeconomic advice for achievement of development must include provisions for the urban planning in key cities, in order to ensure the effective buildup of the underlying infrastructure systems.

In addition to planning, urban areas need development strategies tailored to the geographical and demographic specificities of their local areas. In this regard, China's economic development has been spectacularly successful. As is widely known, the Chinese created special economic zones and special port cities to take advantage of their coastal locations in order to develop bases for export-led development. Their strategic view was looking to target foreign investors in combination with domestic suppliers, in order to make major inroads into world markets, first in light manufacturing and

now in much more advanced technologies. General measures of macroeconomic stability, social peace, and adequate predictability of policies and property rights were all important, but the Chinese clearly did more. They framed, and successfully implemented, a development strategy designed to integrate their major coastal urban areas into the world economy. Their specific development strategy included the use of export processing zones, industrial parks, science parks, and tax incentives, to attract international business.

The Chinese experience actually followed directly upon the successful urban-based development strategies that had been pioneered earlier in Hong Kong, Singapore, Pusan (Korea), Penang (Malaysia), and many other urban centers of Asian exports. All of these urban areas had conscious and articulated development strategies. Policymakers understood the importance of taking advantage of the coastal and regional location. In addition, the urban governments understood the necessity of providing urban services including basic infrastructure, physical security, and connections with the ports and airports to make the urban environment attractive for domestic and foreign investors.

Researchers have not spent enough time understanding which incentives are most important, and in what combination. What role is played by tax holidays? By export processing zones? By special industrial parks? By government grants of urban land for development? In what ways should these various instruments be combined? In truth, the frequent opposition over the years of the IMF and World Bank to the use of many of these instruments has been on the level of ideology rather than evidence.

Of course, a large part of the development strategy must use market mechanisms, including tenure rights for local land construction, a mortgage market for urban construction of residential housing, and microfinance for urban, small-scale entrepreneurship or even urban housing finance.

The third aspect of successful urbanization, related to the first two, is the need for appropriate urban-level govern-

nance. There are differentiated and complementary roles of governments at the local, regional, and national levels, but there is no doubt that effective urban governance requires enough autonomy so that local government can provide the necessary tailored infra-

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**As an example of empirical research, the Earth Institute at Columbia University has established the "21st Century Cities Project." The intellectual energies and resources of the Project will be dedicated to understanding the interconnected dynamics of infrastructure, economic bases, and risks due to natural hazards in selected cities around the world including Accra (Ghana), Kampala (Uganda), Delhi (India), and others in Africa, Asia, and the Americas. The goal is to bring together the interconnected knowledge of hydrologists, energy specialists, civil engineers, agronomists, public health specialists, development economists, climatologists, and in some cases seismologists, to help these cities to become major poles of growth for their countries and regions.**

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structure and development strategies.

Using China as a case of highly successful urban development, success indeed depended on granting an important measure of autonomy to urban governments for them to design specific solutions to the urban challenge that they face. Similar examples of local

innovation exist in Brazil, Malaysia, and many other countries. Local participation, as well as the role of NGOs and civil society, all play a role and need to be engaged for an urban development strategy to be successful.

## Three additional problems

NONE OF THESE THREE DIMENSIONS of urban policy—urban planning, development strategy and urban governance—can solve the problems alone, since it is the interconnection of the three that gives the best chance of success. In addition, however, there is another set of obstacles that can prevent urban areas from becoming dynamic poles of growth even if these three dimensions are managed well.

The first problem is physical isolation. There is a big difference between an urban area in the highlands, like La Paz (Bolivia), or one in the center of Asia, like Kabul (Afghanistan) and Ulan Bator (Mongolia), and urban areas on or near the coastline, like Shanghai (China), Santo Domingo (Dominican Republic), and San Pedro Sula (Honduras). Physical isolation is a huge barrier to investments and dynamic growth. Very few examples of effective strategies have been devised for development of places like Kabul or Ulan Bator, since they face tremendous challenges of high transport costs to the international trade routes.

The second issue is the lack of an adequate technological base to get started in export-oriented manufactures and services. Why is it that so many of Africa's leading coastal urban areas, like Dar es Salaam, Maputo, Beira, Mombasa, Dakar, Accra, and Abidjan, are not dynamic manufacturers and export zones as are comparable coastal urban areas in other parts of the world? Indeed, one of the great challenges of African economic development strategy is how to get these great urban centers, some with rich traditions and human capital, oriented to become dynamic exporters of manufactures and services.

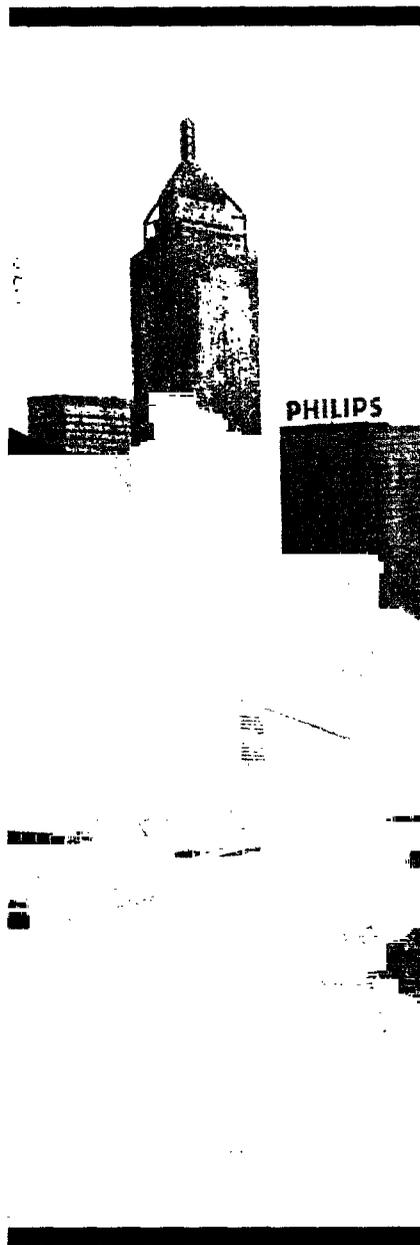
Economic development is a technological catch-up phenomenon. Cities can catch up and become regional growth poles by integrating the local

economy and the international economy, thus putting them in the global production system and facilitating the import of technology from abroad. The integration of these technology-deficient regions into the global technological network requires a two-part strategy. First, world-class technology must be brought in (even if only for a small proportion of the country), so that the city joins the global production system. Secondly, part of production must be oriented towards exports, since they provide foreign exchange to purchase imported technology that is unavailable from the local economy.

One can identify many barriers to creating an effective, integrated international base in cities such as Dar es Salaam or Accra, for example. As already noted, these places need a much more effective planning process to establish the infrastructure. The ports do not work very well, the physical infrastructure is unreliable, and so are the power systems. There are few, if any, physical spaces for good industrial parks that have been set aside by government. There is too little attention to the human capital investments needed to ensure a skilled workforce. There is too much malaria transmission. And most importantly, there has simply been too little attention to the potential role of these cities in national and regional growth. During the 20 years of the structural adjustment era, from roughly 1980 to 2000, none of Africa's urban coastal areas became a self-sustaining pole of growth for their respective countries or regions.

The third kind of risk includes physical risks that go beyond the question of geographical isolation. These are the risks of physical changes in the environment that undermine cities' development, including risks of extreme weather events, coastal erosion, and the collapse of various marine ecosystems such as the coral reefs due to long-term climate change, and destruction of fisheries. Many of the urban areas live at least partly on the basis of the marine ecosystems. Coastal pollution has worsened, particulate pollution from diesel fuel and leaded gasoline in the atmosphere is leading to continued public health problems, and the incidence of extreme weather events

may be increasing in frequency and severity as a result of long-term anthropogenic climate change—perhaps including a growing number of extreme hurricanes in the Caribbean in recent years. There is a strong connection between these physical environment risks and



urban areas that have failed in achieving sustaining long-term economic growth.

## Conclusions

TO CONCLUDE, urban economic development requires improved planning, strategies, and governance, and estab-

lishing solid economic bases in manufacturing (including export-oriented manufacturing) and services, especially in the large coastal urban areas. While many of Asia's coastal urban areas are highly successful poles of growth, most in sub-Saharan Africa and many in the Americas are not. The urban agenda of the coming years is to make a breakthrough towards successful development in these lagging areas, and to do so in an environmentally sustainable manner.

The developed world could and should play an important role through creative new policies. For example, an "international enterprise zone" strategy could offer tax and other incentives to multinational firms to operate in the major cities of the least-developed countries. Such a scheme could greatly benefit, for example, a selected number of urban agglomerations in the least-developed countries desperately in need of foreign investment and job creation. In general, new global strategies to make the cities in the poorest countries work effectively should be explored.

Second, there need to be strategies to meet the Millennium Development Goals pertaining to cities. These strategies must include serious plans for the scaling-up of infrastructure for provision of water, sanitation, public health, and education. Improvement of the conditions of slum-dwellers requires implementation of well-thought-out strategies to make basic infrastructure work more effectively and to create jobs while integrating cities with the global economy.

Finally, a global strategy should include a globally-networked research strategy as well. Satellite mapping and imagery, remote sensing and geographic information system (GIS) data can provide great insights into the dynamics of urban areas over time. The research agenda is fascinating and crucial for global development, and it will attract leading minds worldwide. It's time to give a major push forward to research on urban sustainable development in the poor countries of the world. ■

Jeffrey D. Sachs, Director, The Earth Institute at Columbia University

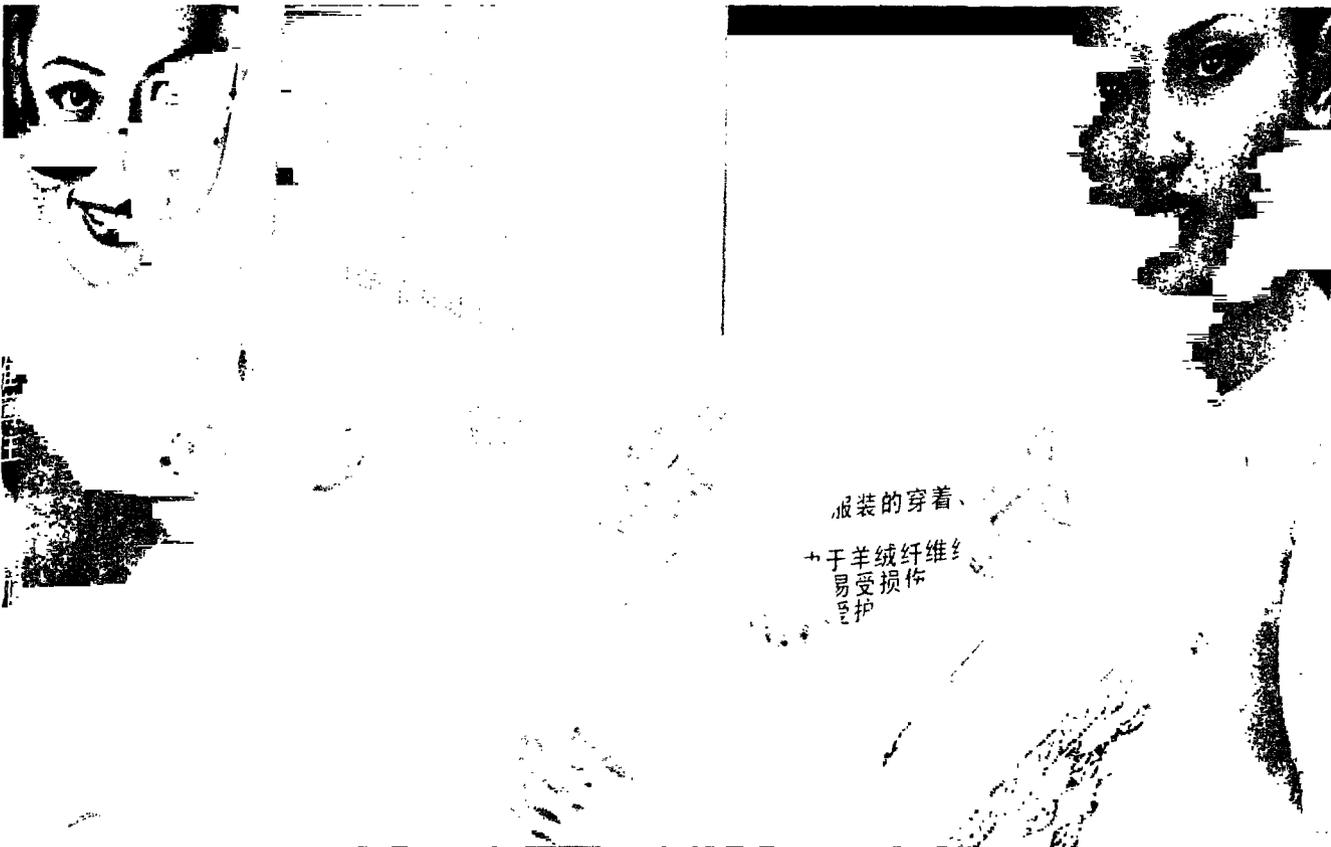
# Urban Development Needs Creativity

## *How Creative Industries Can Affect Urban Areas*

BY SHAHID YUSUF AND  
KAORU NABESHIMA

THE CLOSE CORRELATION between urbanization and rising incomes has long been noted. It has been ascribed to the transfer of labor from agriculture into industrial activities that are induced by agglomeration effects to concentrate in cities, which have been among the principal beneficiaries of techno-

logical advances and of scale economies (Henderson 2000; Glaeser and others 1992). This experience of the advanced nations is being replicated in countries now moving up the ladder of development. In the emerging economies where incomes are rising most rapidly, growth is frequently the outcome of success in building competitive and outward-oriented manufacturing industries in urban areas. Whether we take Brazil or Chile or China or Malaysia, the story is the same. The



share of the agricultural sector is shrinking in step with the expanding economic role of the urban-industrial economy where an ever-increasing share of the population now resides.

## Urban trends

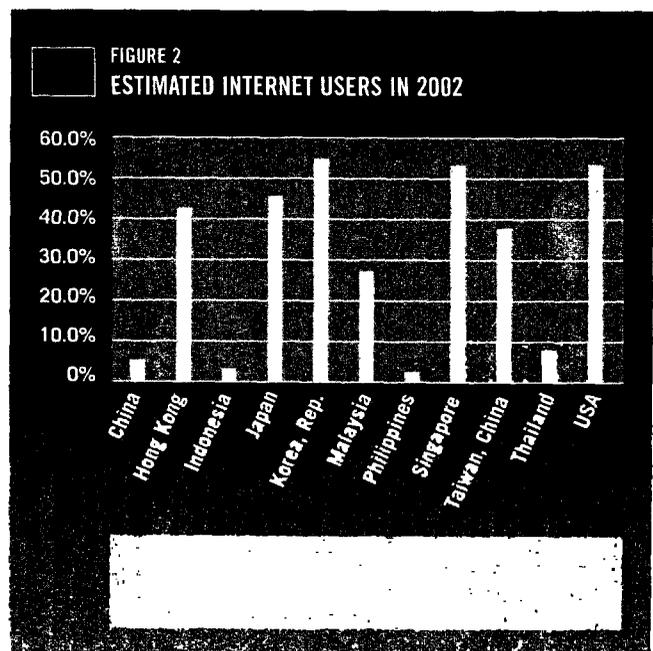
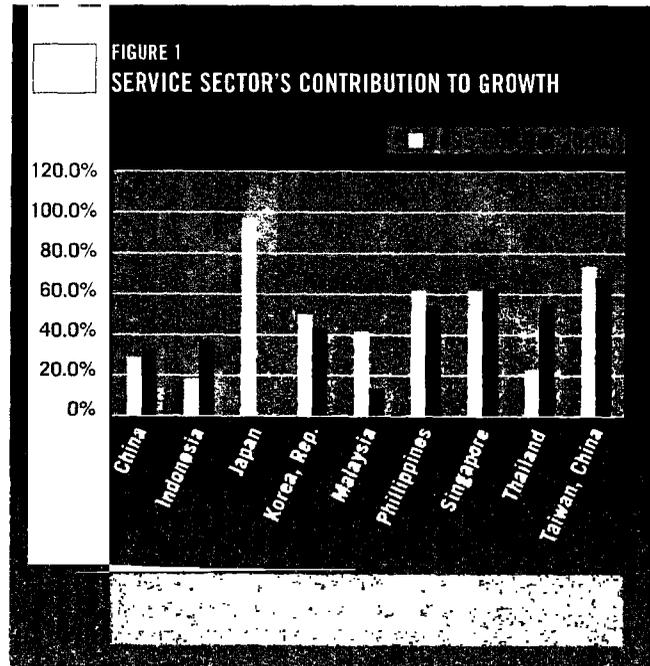
WITHIN THIS BROAD OVERALL TREND, some other tendencies have recently become noticeable in the emerging economies. There are four such tendencies we would like to point to and explore.

First is the rising contribution of services to GDP in the economy as a whole and in particular, to output and employment in urban areas (see Figure 1). A second and still debated trend concerns the relative economic growth rates—and dynamism—of cities in different size classes (Glaeser and others 1992, Zu and Henderson 2002, Markusen and others 2001). The third tendency of note, whose dimensions and trajectory are subject to considerable controversy, is the increasing significance of creative industries. Products and services produced by creative industries are those most frequently seeking protection from infringement by means of patents, copyrights, or trademarks. Such industries include software, publishing, design, music, video, movie-making, and electronic games. They in turn are closely linked to suppliers of ICT-based hardware, and heavily dependent on a range of mainstream services such as finance, legal, accounting, management, headhunting, advertising, and marketing. More than 50 percent of consumer spending is now on outputs from creative industries in G-7 countries (Ryan 2003). This trend will be equally true for the middle and higher income economies of East Asia. Globally the creative industries are estimated to account for 7 percent of world GDP (see Table 1 for the size of creative industries in the U.S.). While creative industries produced close to 8 percent of GDP in the United States in 2001, their combined output is still less than 3 percent of GDP in Singapore (MDA 2003) and 3.3 percent in Japan, suggesting that there is a considerable room for future expansion (Ryan 2003). This shift toward creative industries, and the implied income elasticity of demand for their products, is likely to persist (Bresnahan, Gambardella, and Saxenian 2001). Creative industries, being among the most skill intensive and IT intensive of the fast growing subsectors will continue to gravitate towards those urban areas perceived as being most desirable by their select and globally footloose body of knowledge workers. Hence, a fourth and related tendency is for the economies of urban areas better supplied with human capital to grow faster (Moretti 2003). This has been observed for some time and it does jive with the growth literature that documents a causal relationship running from increasing supplies of skills to economic expansion.

## Urban policies and institutions

FOR CITIES ASPIRING to become the hubs of their regional economies, three local and one set of national conditions must be satisfied. At the local level there is first the need to achieve

and sustain a high level of efficiency in the provision of infrastructure such as communications and social and protection services. Such baseline capability is strikingly evident in Singapore. For the increasingly footloose high-tech producers and suppliers of services, the quality of such inputs is a prime determinant of competitiveness in a demanding global environment. For example, Singapore's superb Changi airport dramatically improves the mobility of those workers in the high-tech manufacturing and services industries whose business calls for frequent short- and long-haul trips. Likewise, a state-of-the-art telecoms system and convenient internet access is a



**TABLE 1: THE SIZE OF CREATIVE INDUSTRIES IN 1999 (billions)**

	Global	US
Advertising	45	20
Design	140	50
Film	57	17
Music	70	25
Publishing	506	137
R&D	545	243
Software	489	325
Video Games	17	5
Other	371	138
<b>Total</b>	<b>2246</b>	<b>860</b>

Source: Hawkins (2001)

**TABLE 2: ESTIMATED SOFTWARE PIRACY RATES AND LOST REVENUE IN 1998 (billions)**

Countries	Piracy Rate	Lost Revenue
USA	25	2875
East Asia	49	2955
China	95	1193
Japan	31	597
Korea	64	198
Thailand	82	49

Source: Maskus (2000)

powerful asset for firms that depend on a continuous exchange of information for their survival. As Figure 2 shows, internet use is high and rising in economies that are focusing on producer services and the creative industries.

A second attribute of the dynamic megacity is the nature and plenitude of social and cultural amenities that affect the quality of the urban environment. Quality as exemplified by green spaces, recreational facilities, restaurants and shopping, as well as by schools and medical care, has acquired priority.

Third is an institutional milieu that protects individual rights and is tolerant toward diversity (Florida 2002). Almost by definition, creative activity requires freedom of thinking and expression and wide scope for experimentation. Such freedoms exist within a framework of rules, but the nature and flexibility of this matrix deeply influences individual

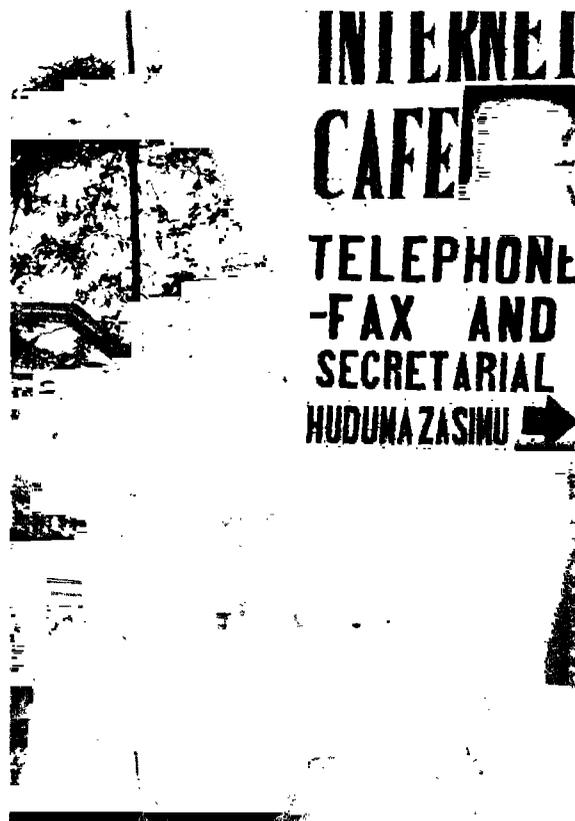
initiative as well as the readiness to test permissible limits whether defined by law or by social norms. The innovativeness of Tokyo, San Diego, Boston or London derives both from the protection afforded by individual rights (buttressed by independent judiciaries) and from a culture where the boundaries of permissible expression are not tightly delineated and fixed but are somewhat fuzzy and subject to slow change over time. In other words, individual creativity thrives more in environments where the perceived room for maneuver is greater.

Hong Kong was ranked high on indices of international competitiveness by the business community because individual freedom was well protected and market institutions were developed and effectively regulated. The remarkable transition within the space of a decade from a light manufacturing powerhouse to one of the world's leading providers of business services occurred in part because of the opportunities presented by the opening of China. But of equal importance was the strength of market and legal institutions, which rendered the environment hospitable to advanced service industries. In principle, the persistence of such an institutional environment in conjunction with Hong-Kong's cosmopolitan social mores could also provide the basis for creative industries that are currently at an early stage of development and await an infusion of skills, which we discuss below.

Local attributes need to be reinforced by national policies which maintain macroeconomic stability, promote openness to trade and foreign direct investment, uphold property, including intellectual property rights, and sustain the institutions that contribute to the effi-

cient functioning of markets. Metropolitan governments can voice demands for such policies, but it is largely up to the center to introduce and enforce them. In East Asia for example, most countries have successfully pursued macroeconomic stability, steadily dismantled barriers to trade and encouraged the inflow of foreign investment. These have created an environment conducive to urban industrialization. However, they need to sustain the ongoing efforts to strengthen financial and other market institutions, regulations governing the markets, and the legal system to further support economic changes leading to urban development in the direction described above. As an illustration, even though most East Asian economies have adopted the rules defined by TRIPS, enforcement of intellectual property rights is not yet at par with that in the high-income countries (see Table 2).

National policies, when bolstered by measures implemented by metropolitan authorities can facilitate the growth of clusters of high tech and creative industries along with supporting casts of producer services. However, these actions



can only have their desired effects if they lead to the concentration of critical masses of skilled workers in a few strategically situated urban centers. Although the physical infrastructure for an efficient modern city is highly capital intensive, as is the plant and equipment for high-tech manufacturing, the performance and growth of high-tech and creative industries as well as producer services largely depends upon the ready availability of skilled workers. Silicon Valley, Boston, Tokyo, Osaka-Kyoto, and Taipei-Hsinchu Park are all hosts to world-class university systems and research institutes, generating pools of knowledge workers. However, such pools of skilled workers generated locally alone are not enough. For an urban area to grow and sustain its momentum, domestic and international circulation of these workers is also needed. For instance, 25 percent of the population in Shanghai is from other provinces; increasingly these are highly trained professionals and managers, rather than low-skilled migrant workers (Leman 2002). And one-third of scientists and engineers in Silicon Valley are foreign born (Ryan 2003). This brings us back to the characteristics of the urban environment that will serve as attractors for the type of knowledge workers that will help build innovative and competitive industries.

## Conclusion

THE EXPERIENCE from across the U.S., Western Europe, and East Asia is unequivocal in this regard: highly skilled workers have become increasingly mobile, and as their range of choices have multiplied so have their expectations. Workers and the companies which hire them are coming to view strategic location and the efficiency of urban services as a baseline requirement. But that alone is insufficient. The workforce of the high-tech and creative industries is also looking for an urban milieu well endowed with recreational amenities and with world class education and health services. They are, moreover, drawn most strongly by a culture where tolerance for openness and some experimentation is underpinned by a legal system that credibly protects individual rights.

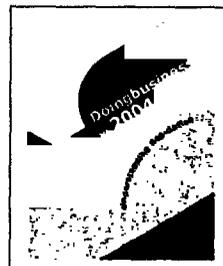
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### DOING BUSINESS IN 2004: UNDERSTANDING REGULATIONS

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- What are the best regulatory models?
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# Our City, Ourselves

## *Place as a Factor in Urban Economic Development*

BY FRANCESCO BANDARIN

*Kabul, Spring 2002.* Just weeks after the fall of the Taliban regime and at the end of two decades of war and civil unrest, Kabul looks at itself. The predominant landscape is made of ruins. Hundreds of buildings levelled by years of crossfire. The major urban infrastructures, roads, waterways, public buildings, chopped and torn into pieces. Monuments and museums devastated and ransacked. Groups of homeless people wander around the ruins and squat wherever possible for

survival. Life is but misery and deprivation. And yet, in spite of the critical situation, the new government indicates among its priorities the conservation and reconstruction of one cultural symbol of the city, the Gardens created in the XVIth century by Emperor Babur, the founder of the Moghul Empire. Babur was from Kabul, and he created here his summer Palace, on a slope overlooking the city. Later emperors enriched his tomb. With the famous Kabul Museum, obliterated by the wars and the destructive fury of the Taliban, the Gardens were the most important cultural icons of the city.



KABUL'S ROYAL PALACE

Their restoration, supported by the Agha Khan Foundation, symbolizes the hopes for a rebirth of Kabul and provides its people with an essential ingredient of their development effort: the sense of identity and continuity.

## Cultural heritage at the core of development

PRESERVING THE IMAGE OF THE PAST cannot alone solve the dramatic social and economic problems of cities, but can become the pivot of an urban development strategy. Many cities in the developed and the developing world have learned this lesson and are defining a new development models based on the conservation of their cultural identity.

Bilbao and Turin, as an example, were cities associated with an image of industrial decline. Both have now completely renovated their image: the first with the creation of a major cultural attraction—the new Guggenheim Museum; the second by restoring its historic centre and its magnificent royal palaces and by attracting contemporary artists and performers to enrich the museums and to give the city a new look.

Curitiba, in the State of Paraná in Brazil is not known for its artistic character: and yet, a careful and consistent conservation policy has strengthened its image as a "quality" place, a place people like and want to invest on. This year, St. Petersburg used its 300th anniversary to present to the world its restored monuments and museums, alongside with its new image of a world tourist destination and dynamic city. And this pattern is not limited to urban centres, but may concern entire regions.

In the Yang-Tse river delta in China, one of the fastest growing regions in the world, cities like Suzhou or the Canal towns have built their image on their historic gardens and structures. The entire region of the Loire valley, in France, is organising its development strategy on its recent World Heritage listing, a designation that triggered the mobilisation of its institutions, its entrepreneurs and its people. Pride is a force, and therefore it is a powerful factor in development, as much as other essential inputs: skills, capitals, technical and managerial innovation. Pride and the sense of identity can trigger many positive changes: they will attract political attention and public investments, they can generate the mix of initiatives that can attract visitors and tourists, and start a virtuous cycle of investment and income generation. Furthermore, the sense of identity is strongly associated to the quality of life, and is an increasingly important location factor of many new productive structures.

Building on the past to ensure a better future is not, however, an easy task. In every city, there are strong forces pushing for the transformation of the physical and the social struc-

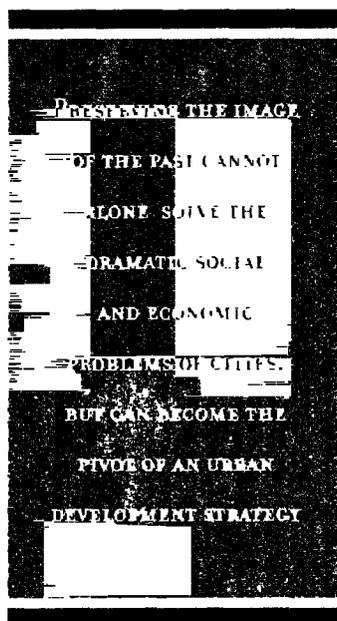
ture and strong interests triggered by land speculation, commercial development, building renovation. In many parts of the world, the urban structures inherited from the past have simply vanished, under the pick of private or public developers. The traditional urban fabric of Kyoto has been severely altered by street widening and building substitution. The settlements of the Kathmandu Valley, an awesome group of intact urban historic centers until 30 years ago, have been turned into a disfigured and anonymous metropolitan tangle. Important historical cities such as Historic Cairo or the Casbah of Algiers are threatened by lack of maintenance and social transformations. The development pressures are affecting the last remaining parts of historic Beijing. How many time urban managers regret, at a later stage, the loss of important parts of the urban fabric or of important historic buildings? Often these destructions are opposed by groups of concerned citizens, easily overruled by the force of the interests at stake.

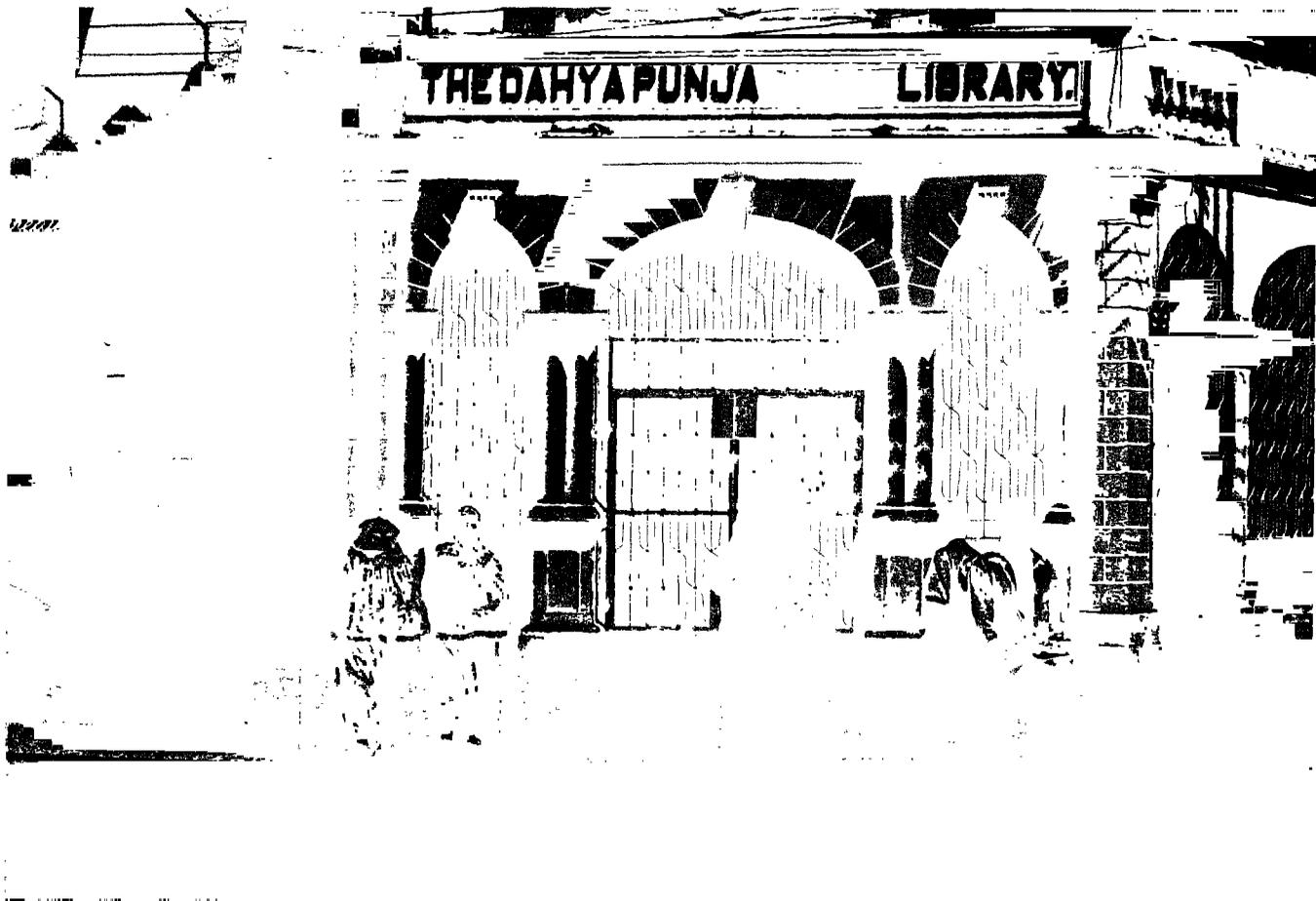
Conserving the past and turning into a development factor requires therefore not only strong political awareness and firm commitment, but also specific planning and urban management discipline. While the political and technical chemistry depends very much on local conditions and traditions, one can sum up in three words the key elements of this development strategy: conservation, valorisation, education.

## Conservation: a challenge for decision makers

CONSERVING A CITY requires the preservation of the historic fabrics and of the traditional building processes. Modernity has invariably impacted on both elements, mostly because of the increase of circulation and parking space for cars and the widespread diffusion of

concrete as a basic building material. The result has been a rapid and dramatic growth of the uniformity of our urban landscape. A proper conservation strategy requires attention not only to the monumental areas or buildings, but to the entire urban fabric. Too often monuments are singled out as examples of the past, while the urban fabric that was formed during history as an integral part of that built environment is wiped out even before attempting to adjust it to modern needs. Furthermore, a proper conservation strategy has to include policies to preserve the social structure. Cities are places of personal and family networks that are an essential part of the social stability, and they are a source of jobs. Disrupting the social fabric is often the factor triggering the decay of the physical structures. These policies are not easy: they have to be decided and implemented against powerful transformation trends and interests: high-rise building, invasion of cars, commercial developments. They requires strong political will and vision, technical skills, and the support of all institutional levels.





## Valorization: a challenge for the public and private sectors

CONSERVATION is often seen as an expensive choice: restoring and maintaining monuments and buildings requires investments, preserving traditional architectural forms is –albeit rather incorrectly– considered an extra burden to families and local administrations. While it is true that a conservation strategy requires commitment of resources, for technical skills, assistance schemes, and controls, a wide experience shows that on the medium terms these costs can be matched by economic development linked to tourism, commercial uses, and higher land values. The public and private actors play different but complementary roles in this strategy. The public has the task to set up the objectives and the regulatory and incentive tools. The private sector has to adjust its strategy and understand the opportunities offered by the choice of a higher quality standard of the built environment. Sustainability requires a well thought system of goals, tools and practices, shared by all.

## Education: the long-term view

CONSERVATION MAKES LITTLE SENSE if it is not done for the long term. The long term is a difficult dimension for urban

managers, as it spans beyond political and financial time frameworks, and often beyond carriers and even our own lives. This is why the challenge of conservation has to rely on a consistent effort to educate all the partners involved—first and foremost, the population involved in the process. One cannot but emphasise the importance of public consensus in the development of an urban conservation strategy. Secondly, education is the essential tool for transmitting the values to the future. Young people are the basic resource of every conservation strategy: creating the sense of identity and pride is the most effective investment a city can do for its own future.

## Conclusions

IDENTITY, PLACE, PRIDE, VALUES, FUTURE—these are the products of urban historic conservation. A city with no past and no beauty is a non-place, a place that exists today but can disappear tomorrow. A city rooted in its past is a place where people want to remain, to invest, to grow their families and to see their future. It is a cradle for social, human, and economic development.

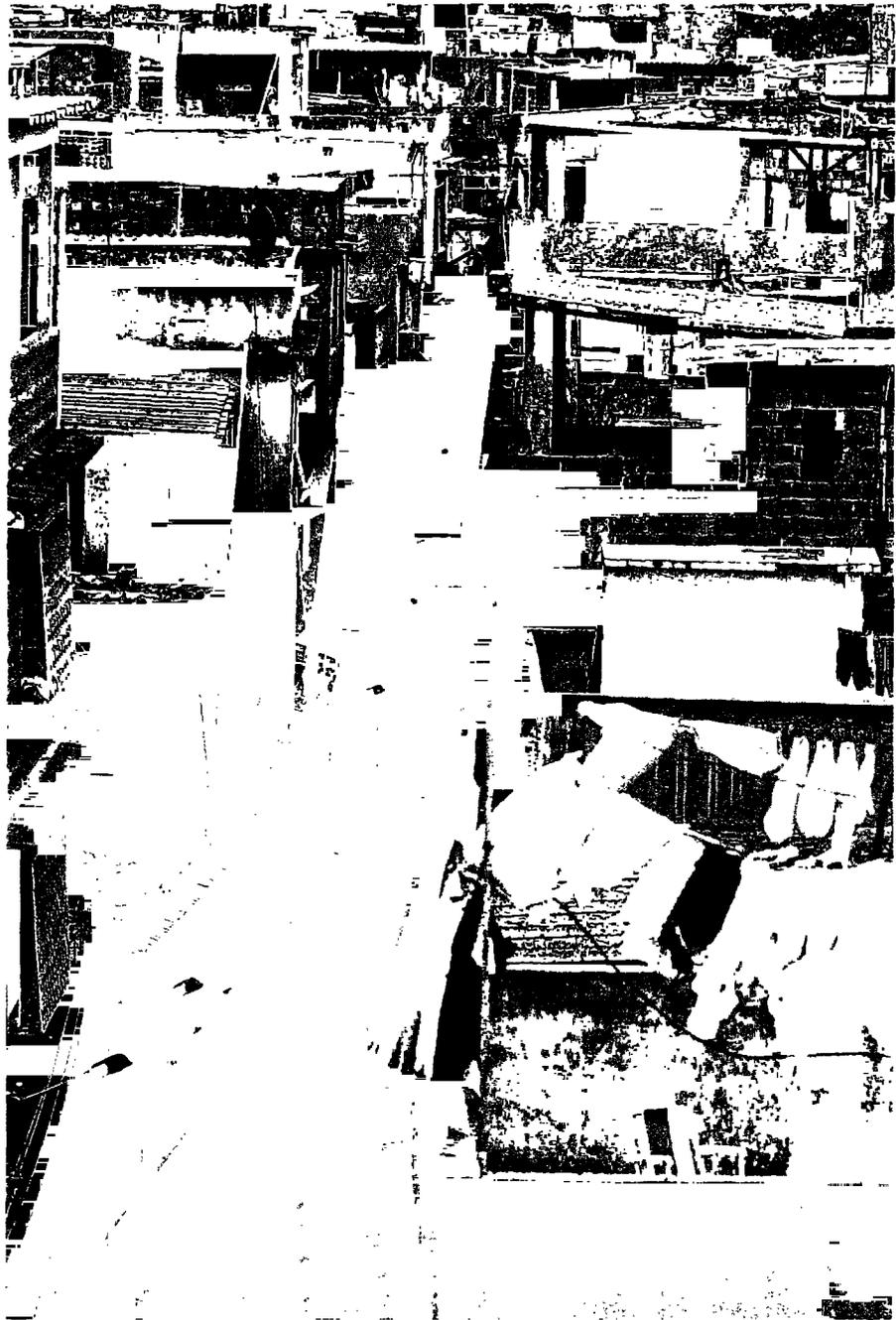
Francesco Bandarin, Director, World Heritage Centre, UNESCO

# Learning from the Poor

## *Housing and Urban Land Markets*

BY M. VITOR SERRA

THE POOR, WORLDWIDE, resort to all sorts of means to house themselves in the face of a housing industry and policies that fail to provide them with affordable options. In the last fifty years, as rural to urban migration expanded across all regions, the practice of self-help housing resulted in vast housing settlements which have baffled governments and society. At times, urbanization itself was put to blame for exacerbating this problem. However, a better understanding of the long-term urbanization process—and of its increasing pace in the last century—has shown it to be universal, unavoidable and even desirable. Also, throughout this period, except for a few enlightened cases, public policies with respect to these housing settlements have swayed from open hostility, physical removal, and open denial, to, at best, piece-meal and reluctant introduction of a few urban services. Very often, sheltering the poor was looked at as if it were a problem of insufficient commercial housing supply to be resolved via complex financing schemes and granting of subsidies. In most cases, such approaches have proved ineffective. In the last decade, public policies with respect to the housing settlements of the poor changed significantly. Increasingly, governments as well as multilateral and bilateral organizations are learning lessons—on the importance of good governance, and on allowing housing markets to work unimpeded—as the poor make efforts to house themselves.



## The housing of the poor

*Self-help and informality.* It is common knowledge that the vast majority of the urban poor, and indeed the very poor, live in dire physical conditions, of which vulnerable and crowded dwellings and a deficiency, or absolute lack of urban services are the most apparent features. Indeed, the living conditions of the poor are tough and varied. They may simply live in the streets, sometimes in such large numbers that communities are formed such as in central Bombay; they may squat on public land, commons, or land with undefined or disputed property rights, frequently as permanent solutions, as in the rapidly expanding cities of most of the developing world; they may settle in legal or illegal land subdivisions on the peripheries of cities where they gradually build their houses and may eventually obtain provision of urban services; they may rent rooms in subdivided formal housing which were previously inhabited by higher income groups, in the center of large cities; or they may occupy precariously functioning and large high-rise housing complexes, conceived and implemented through governmental programs more common in but not unique to non-market economies, as can be observed in many large cities of Asia and Latin America. Of the above types, squatters and peripheral subdivisions constitute the vast majority of housing for the poor and are frequently termed informal settlements due to their lack of property titles and their non-conformity to municipal urban plans, norms, and regulations.

*A solution, not a problem.* Despite its physical conditions, the housing of the poor may be seen as an important expression of human ingenuity and effort, reflecting important strategies to cope with an environment that is negligent, if not hostile, to the needs of the poor. These strategies, pursued individually or in groups, are the means through which the poor, rationally, strive to fulfill their housing preferences in a least-cost manner, within the limitations of their budget. Given the prevailing levels of income and other constraints, informal settlements can therefore be said to be solutions, not problems (in the classic expression of John Turner).

*The housing of the poor is not static.* There is plenty of evidence that gradualism and sweat equity—the use of their own labor in constructing their houses and settlements—given time, transform the housing of the poor into acceptable housing solutions. Markets are quite active in informal settlements; realtors are not uncommon; renting of smaller spaces or of full houses, is normal practice. Housing units are frequently bought and sold, though these carry a discount due to the lack of property titles and the presence of negative exter-

nalities. In fact, there is also evidence that processes such as gentrification and filtering—the movement of the housing stock across income groups—which are part of the development of cities everywhere, are also common to informal settlements. In this sense, informal settlements tend to emulate the formal city of which they are part not only physically but also in its social transformations.

*Negative externalities.* However, as a number of analysts have pointed out, many informal settlements carry a number of problems related to the way they were originated and developed. Squatters chose locations which are environmentally sensitive, such as the shores of bodies of waters, or risky, such

as hilly slopes and rights-of-way for public services (transmission lines, gas pipelines, or transport corridors). Also, informal settlements develop in a haphazard way, without definition of proper rights-of-way for vehicular circulation and infrastructure. These ubiquitous negative externalities indicate, on the one hand, the lack of will or power of governments to enforce environmental legislation and, on the other, the lack of mechanisms of collective action or the presence of some level of regulation to guide the development of informal settlements.

## The nature of housing policies for the poor

*Learning from the poor.* All formulators of policies increasingly agree that the design of more appropriate urban policies for the poor requires that a set of elements be culled from the experience of the poor themselves. This must

include the acknowledgement of the role played by sweat equity; the acceptance of the gradual nature in which the housing and the settlements of the poor grow, guided by the changes in family structure and in the short-term fluctuations and long-term increases in family income; a clearer definition of property rights; the creation of mechanisms to support collective action and control externalities; and the creation of poor-specific financing mechanisms, which take into account the need for loans of small amount, poor credit records of borrowers, and the short-term fluctuations of their incomes.

*Governance.* They also agree that attention ought to be paid to three basic governance issues: i) decentralization of responsibilities to local governments; ii) introduction of private sector participation in the provision of urban infrastructure; and iii) the increasing participation of civil society in the definition and implementation of housing policies for the poor. Finally, most parties would also agree that the role of central governments remains extremely important in "scaling up" local experiences. The Cities Alliance is conducting a study in which it evaluates important "scaling up" efforts that

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are being attempted in Brazil, Chile, Mexico, Mauritania, Morocco, South Africa, Tunisia, Thailand, and Vietnam.

## A broad and country-specific set of solutions

There is no single solution to the problem of providing housing for the poor. Most countries ought to adopt a number of approaches in order to satisfy different sub-markets; for example, the segment of households with incomes high enough to jump the frontier between informality and formality, squatters or slum dwellers who require the continued gradual improvement of their homes, or new poor households, whether these be migrants or existing urban dwellers. The emphases to be given to each of the above will, of course, depend on the country's level of income, rate of urbanization and proportion of poor.

*Formal housing solutions.* Ideally, the formal, commercial housing sector produces a diverse range of commercial housing solutions (including land parcels) that respond to the price demands of all types of households, including the poor. However, historical experience demonstrates that the range of solutions is, in fact, very limited. The housing industry operates above both the capacity and the willingness to pay of the poor (this being one of the reasons why the poor house themselves).

Measures that contribute to lowering the average costs of housing production would then permit the poor, at the margin of the formal housing markets, to jump the frontier of formality to be served by a supply of low-cost formal, finished housing units. Such an approach seems to make sense in highly urbanized, middle income countries with few extremely poor citizens. Chile has lead the world in taking this approach with a consistent, long-term, and successful formal housing program which was, more recently, complemented by a set of programs directed to the informal sector.

*Slum and squatter upgrading.* These are measures oriented to the improvement of existing informal settlements, the so-called upgrading of slums or urban areas. They consist of a number of initiatives aimed at correcting negative externalities in these settlements, planning their future growth, providing urban services, rectifying and/or providing property titles, and providing technical assistance and micro-credit to improve individual housing units. The frontier of slum upgrading practice in many countries lies on the methods and means through which investment and operation costs are to be recovered, communities are to be involved in the upgrading process and governments are to finance these actions. Decentralization of responsibilities and revenues to local governments have played an important role in making Brazilian municipalities—with little support from the central government—become an important innovator in terms of slum and squatter upgrading, with hundreds of small and large experiences being attempted by municipalities all over the country. Two of the world's largest metropolitan area programs of upgrading are currently being implemented in Brazil: the frequently cited Favela-Bairro, in Rio de Janeiro, and the Recife Pro-Metropole.

*Land policies to promote the access of land to the poor.* Land is the initial step in the gradual process of self-production of housing. The means by which it is developed or partitioned and, then, acquired, whether legally or illegally, has profound consequences for city development in years to come. In most developing cities, the poor locate either by squatting in public or private land, or buying land plots in informal subdivisions at the periphery, as seen in most of Latin America; by negotiating fractions of lots that are subdivided increasingly, as seen in much of Asia; by buying second (or third) story roof slabs in existing slums, as again seen in the large cities of Latin America; and by making use of various governmental programs of provision of access to land, among them the classical sites-and-services projects.

All of the above have consequences, both at the level of the individual families as well as at the level of the city, which are not completely understood. This makes the proposing of land policies particularly difficult. However, in general one would think that the overall desirable policy goal would be to increase the supply of affordable land with minimum negative structural consequences for city development. And to do this one would have to resort to the appropriate use of regulation, land taxation, and local governmental investments. To begin with, this would rule out invasions and squatting as unacceptable. It would also suggest that governments should be more lenient with informal land subdivisions, reducing standards and requirements of installation of infrastructure accepted here, as well as, the principle of gradual housing and urban improvement. In such a context, there seems to be ample possibility of negotiation with local developers, in order to avoid, via land readjustment practices the worst consequences of this type of development, such as the coordination of main road layout. A similar type of reasoning can be applied to cases mentioned above. Finally, one should say that the current ethos is not sympathetic to making use of governmental programs, and few are indeed found that are exemplar. The World Bank Mauritania Urban Development Project is such an exception.

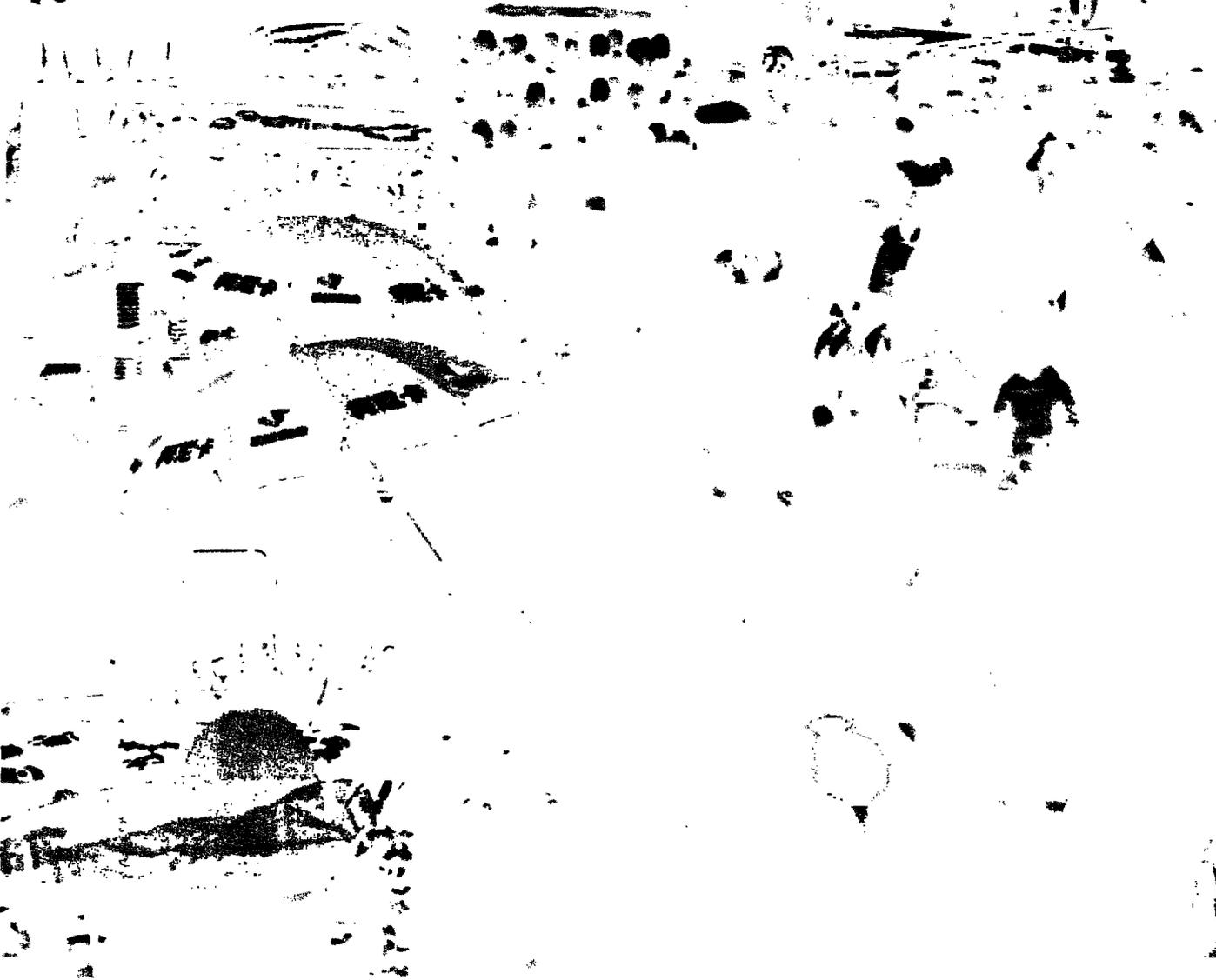
Land policies is an area in which much and urgent research is needed in order to better clarify important issues. The following are of particular interest: (i) urban and land regulation; (ii) expansion of trunk infrastructure; (iii) the concession of financing and subsidies to land purchase and cost recovery of governmental programs; (iv) land taxation; and (v) land titling. There are important examples of such research led by the World Bank in both India and Brazil. The Lincoln Institute of Land Policy is also active in this field in particular with respect to land taxation.

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Vitor Serra, Lead Urban Specialist, The World Bank

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# *An Interview with Jiangsu Party Secretary Li Yuanchao*

BY JEFFREY SOULE

**T**HE CAPITAL OF JIANGSU PROVINCE, Nanjing is an important educational, cultural and transportation center in the lower Yangtze area of Eastern China, a region rich in agricultural, industrial and cultural resources. Nanjing's policies and programs will influence other cities in both the region and the nation due to its historical and current prominence.

Entering Nanjing for the first time, visitors are struck by its wonderful sense of human scale. Its manageable street widths, trees, and abundance of historic features throughout the city contribute to an attractive quality of life. Embraced by thickly forested mountains on one side and the grand Yangtze on the other, the setting for the ancient city has been celebrated for centuries. The city also has a wealth of cultural institutions: government agencies, museums, colleges and universities. Nanjing has established a framework for growth that protects the core historical city and provides opportunities for growth and development in adjacent districts. A public transit system is under construction that will provide a variety of options for residents and visitors in addition to automobiles. Nanjing's abundance of energetic and well-educated young people interested in staying there complete the dynamic picture of a city with a unique character. How Nanjing is planning for its future to take advantage of these resources can become a new model for hundreds of Chinese cities—showing how a truly Chinese city can benefit from its long Chinese city planning history and be even more economically successful. Nanjing offers a sophisticated and humane alternative to the idea that "modern" cities are simply wide streets, skyscrapers and colossal public squares. It is a city that celebrates being urban, being human, being part of Chinese history and embodying variety.

Appointed in 2001 as Party Secretary of Nanjing, and now recently elevated to Party Secretary of Jiangsu Province, Li Yuanchao's leadership in shaping this city's



future and the very foundations of planning is critical. As the American Planning Association's (APA) representative in China and Southeast Asia, I was asked by Secretary Li to serve on behalf of APA as advisor to him and the city in 2001. Mr. Li very graciously accepted my suggestion that he share his views on city planning and the way Nanjing is charting its future.

*Secretary Li, you came to Nanjing as Party Secretary a little over two years ago. At that time, Shanghai and Beijing were largely viewed as a certain type of city model in China. What did you think about the way Nanjing should develop at that time in terms of the future?*

A model city development strategy should reflect the city's own pattern, area circumstances, and distinctive characteristics. As for China, we should also learn from successful experiences of other countries, integrate them with our own features, and establish a suitable model for ourselves. A general feeling is that Beijing is the capital and the political and cultural center of the country while Shanghai is a major economic center developing into an international metropolis. These two cities have brought us good experiences and useful models during their development. Nevertheless, Nanjing has its unique characteristics, and cannot completely copy an existing model of city development from any other city.

Nanjing has a history of being the capital for six dynasties and a major city for ten dynasties. The State Council has drawn special attention to the development of Nanjing as a waterfront city that incorporates its historical features as an old capital city and its natural features of mountains, waters, and forests. When taking full consideration of historical, practical, economic, and cultural factors, we have come up with the idea of concentrated development in several distinct districts adjacent to the ancient core. By implanting this principle, Nanjing can present its individuality in a much wider range. Otherwise, the city would grow out from the main city, resulting in formless sprawl and a loss of both efficiency and identity. The general plan of Nanjing also emphasizes open space. In our city plan, all the resources such as mountains, waters, city, and forests are integrated, forming an ecological urban system where city and nature are embraced.

The overall direction for the development of Nanjing is to implement the strategy of "one reduction and three concentrations" and to establish "one city and three districts." "One reduction" is to reduce the population in the old town. The old town has a population of 1.53 million overall and 30,000 per square kilometer, one of the most crowded areas in the country. The primary concern for Nanjing is how to remove industries and the population from the historic core city to showcase the historical and cultural legacy from the Tang, Ming, and National Republic eras. Industries in the old town area will be moved to several developing districts where new residential and civic development will also be located. The

He Xi New District, for example, is directly adjacent to the Old City and represents a compact development concept.

*You had an opportunity to visit the US shortly after you moved to Nanjing. How did that visit influence your ideas for planning in the city of Nanjing?*

When talking with some foreign friends, I realized that the reason that Nanjing attracts international attention is not the modern skyscrapers in the city but its long-standing history, human scale, culture and beautiful urban environment. This has confirmed my belief that in the process of globalization, a city has to hold tightly to its distinctive features and characteristics in order to enhance and maintain its international competitiveness. A strategy combining preservation and development together is the core mission of city planning. What I have realized is that Nanjing can use its distinctive features to attract both domestic citizens and international friends to invest, reside and pursue their career in Nanjing. In this way conservation and local identity become a strong economic resource.

*In our conversations, you have characterized Nanjing as a green city and a cultural city. You have outlined a strategy for Nanjing to create a homegrown development strategy. How do you see the role of planning to make that vision a reality?*

There are four crucial aspects for managing the city: 1) economic development, 2) city design, 3) people's living standard, and 4) cultural continuity. Although our GDP has dramatically increased for the past one decade, the annual GDP per capita of Nanjing is still behind a high standard of living—\$3,000. There are three major factors that influence a regional or city leader's decision during the period of change from under-developed stage to advanced. First is to support and improve the aspirations of the citizens. Nanjing has advanced a goal for development, "enrich the people and empower the city," focusing on the improvement of people's daily life and the employment situation. The second one is to elevate the level of modern infrastructure including a more convenient transportation system, advanced communication technology, and ability for people to have consumer goods such as automobiles, personal computers and air-conditioning among others. The third one is to retain the city's individuality. Our vision is guided by these three ideas: ancient capital, cultural city, and green city.

*You and the city entered into a partnership with APA to advise and assist in achieving the goals you set for the city. What led you to this partnership when many cities are solely relying on consultants and design competitions?*

Although the making and implementation of city planning in developed countries cannot wholly suit China's current situation, we can take lessons and experiences of urban design and city planning during

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## CALENDAR

### NOVEMBER 2003

- 3-7 ICLEI World Congress 2003  
Local Governments Implementing  
Sustainable Development  
Athens, Greece  
www.iclei.org/worldcongress
- 5-7 2nd Airtel Annual Conference  
Rome, Italy  
www.irt-neram.ca or http://airnet.iras.uu.nl
- 28-30 Euromed Civil Forum  
Naples, Italy  
info@medlab.org

### DECEMBER 2003

- 2-6 Africities Summit  
Yaounde, Cameroon  
www.pdm-net.org/africities
- 3-4 Development Marketplace  
Global Competition  
Washington, DC  
www.developmentmarketplace.org  
dminfo@worldbank.org

8-12 East Asian Seas Congress 2003  
Kuala Lumpur, Malaysia  
congress@pemsea.org

10-12 World Summit on the Information Society,  
Part 1  
Geneva, Switzerland  
www.geneva2003.org

### JANUARY 2004

7-9 Children and the Mediterranean Conference  
Genoa, Italy  
EUROMED@lynkeus.com  
www.medchild.org and www.lynkeus.com

29-30 Meeting of Science and technology Ministers:  
Science and Innovation for Economic and  
Social Priorities  
Paris, France  
www.oecd.org

### FEBRUARY 2004

12-13 OECD Global Forum on Competition  
Paris, France  
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**QUIET REVOLUTION:  
DECENTRALIZATION AND  
THE RISE OF POLITICAL  
PARTICIPATION IN LATIN  
AMERICAN CITIES,** by Tim

*Campbell. University of Pittsburgh Press, 2003.*

*Quiet Revolution* traces the growth and effects of decentralization and democratization in Latin America throughout the 1980s and 1990s. Based on first-hand accounts from mayors, local officials, and neighborhood leaders, the book focuses on those cities and towns that made the most of their new intergovernmental arrangements. The author argues that the reforms, which are vital to long-term sustainable growth in the region, are in danger of being smothered by current policy responses from national and international institutions. Campbell's research, conducted over a ten-year span, counters conventional wisdom about the role of development banks in the process of state reform and offers timely insights into similar events taking place in other parts of the world.

**CITIES FOR ALL: RECENT  
EXPERIENCES WITH  
NEIGHBORHOOD UPGRADING  
PROGRAMS,** by Jose Brakarz. *Inter-*

*American Development Bank, 2002.*

*Cities for All* examines informal urbanization in Latin America as well as the methodologies being used to design and implement programs to upgrade those neighborhoods. Such efforts constitute a new approach to urban and social policy that combines infrastructure works with the delivery of social services and intensive community participation. The experiences reviewed in the book show that these programs have significantly improved the quality of life and have become an important tool in the fight against poverty.

**PRESERVING THE WORLD'S GREAT CITIES: THE  
DESTRUCTION AND RENEWAL OF THE HISTORIC  
METROPOLIS,** by Anthony M. Tung. *Three Rivers Press, 2002.*

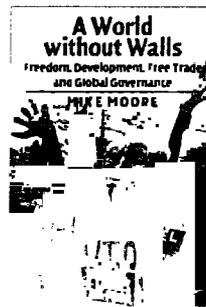
Both epic and intimate, this is the story of the fight to save the world's architectural and cultural heritage as it is embodied in the extraordinary buildings and urban spaces of the great cities of Asia, the Americas, and Europe. From Singapore's blind rush to become the most modern city of the East to Warsaw's poignant and heroic effort to resurrect itself from

the Nazis' systematic campaign of physical and cultural obliteration, from New York and Rome to Kyoto and Cairo, we see the city as an expression of the best and worst within us.

**LEADERSHIP AND INNOVATION IN SUBNATIONAL  
GOVERNMENT: CASE STUDIES FROM LATIN  
AMERICA,** by Tim Campbell and Harald Fuhr, eds. *World Bank, 2004. SKU 15707.*

This book documents dramatic reforms implemented at the local level by city leaders during decentralization in Latin America and Caribbean states in the 1980s and 1990s. Rather than focusing on best practice, this book features the process of innovation. More than a dozen case studies document in detail the discovery, application, and implementation of a new way of doing business at the local level. The book is based on a World Bank study of selected cases of more than 20 innovations.

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**A WORLD WITHOUT WALLS:  
FREEDOM, DEVELOPMENT,  
FREE TRADE AND GLOBAL  
GOVERNANCE,** by Mike Moore.  
*Cambridge University Press, 2003.*

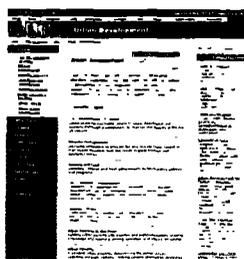
Mike Moore's reflection on his time as Director-General of the World Trade Organization is an important addition to the great globalization debate. Moore explains how a boy who left school at fifteen to work in a slaughterhouse came to head an organization charged with bringing rules and order to the world's trading system. He explains the thinking behind his reforms which helped the WTO move on from the debacle of Seattle to the successful Doha meeting and offers a robust and passionate defense of the principles of free trade.

**UNIVERSITIES AND GLOBALIZATION: PRIVATE  
LINKAGES, PUBLIC TRUST,** by Gilles Breton and Michel Lambert, eds. *UNESCO/Université Laval/Economica, 2003.*

To understand the dynamics of the globalization process and its implications for universities, the authors have asked fifteen international experts to consider how universities can meet these new global challenges. These prominent observers of higher education depict a universe characterized by discontinuity and uncertainty in a rapidly changing environment in which the state is not anymore the exclusive focus. Henceforth, knowledge is not merely a public good but is also a service bought and sold within an emerging regulatory framework (GATS).

## KNOWLEDGE RESOURCES

*Looking for development information, networking opportunities, likeminded partners, a professional exchange? Reaching those goals is as close as your computer screen. A network of development websites will take you to the four corners of the world and will put you in touch with a multicultural cornucopia of knowledge.*



### URBAN DEVELOPMENT

is a World Bank website which illustrates the various programs designed to promoting sustainable cities that fulfill the promise of development for their inhabitants—in particular, by improving the lives of the poor and promoting equity—

while contributing to the progress of the country as a whole. Links are provided to six Regional Infrastructure Units that are directly responsible for urban development lending and technical assistance worldwide, plus an additional array of Networks, Institutes, and Groups, supporting the Regional Units.

Visit: [www.worldbank.org/urban](http://www.worldbank.org/urban)

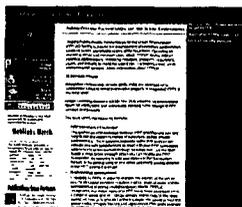


### ASIAN DEVELOPMENT BANK

is a multilateral development finance institution dedicated to reducing poverty in Asia and the Pacific. ADB provides assistance based upon considerations of economic viability, technical feasibility, and financial soundness. The

website provides links to news, events, and publications.

Visit: [www.adb.org](http://www.adb.org)



### UNDP PUBLIC-PRIVATE PARTNERSHIPS FOR THE URBAN ENVIRONMENT

UNDP's Public-Private Partnerships for the Urban Environment (PPPUE) facility supports the development of

innovative partnerships between public and private actors at the local level. Focusing on assisting small and medium-sized cities, PPPUE works with all potential stakeholders, including investors, providers, regulators, users, and experts to meet the challenge of providing basic urban environmental services. PPPUE is designed as

a complementary facility to the many existing initiatives and institutions, and works with a variety of partners at global, regional, and country levels. PPPUE offers numerous opportunities for partners, and invites interested parties to join the facility.

Visit: [www.undp.org/ppp](http://www.undp.org/ppp)

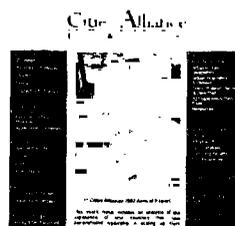


### THE DEVELOPMENT

**GATEWAY** is an interactive site for information on sustainable development and poverty reduction, and a space for communities to share experiences on development

efforts. The site has 35 topic pages. A recent web resource, the Capacity Development for MDGs, launched in partnership with the United Nations Development Program, World Bank Institute, UN Population Fund, and Millennium Project, is intended to become a diverse online community that shares knowledge on practical MDG tools, training, and best practice.

Visit: [www.developmentgateway.org](http://www.developmentgateway.org)



**CITIES ALLIANCE** is a global alliance of cities and their development partners committed to improve the living conditions of the urban poor through action in two key areas: 1) City development strategies (CDS), and 2) City-wide and

nation-wide slum upgrading. The website lists activities, publications, and application guidelines.

Visit: [www.citiesalliance.org](http://www.citiesalliance.org)



**CITY NET** is an organization that supports urban management in the Asian-Pacific region, promoting co-operation among a whole range of urban stakeholders at the local level. Members include local governments, development authorities, non-governmental organizations,

national governmental organizations, and research and training institutes. The website provides links to a variety of activities, programs, seminars, and resources, as well as publications and a databank.

Visit: [www.citynet-ap.org](http://www.citynet-ap.org)



many people in this country not only myself. It looks like with economic recession taking place at the moment, people have begun to ignore their environmental responsibility and are now concentrating on their basic survival. Issues of hygiene and environment have become secondary to them."

## Decentralization Home Page

The Online Source for Public Economics

[www.decentralization.org](http://www.decentralization.org)

The Decentralization Home Page links the World Bank's Public Sector Reform programs to capacity building in intergovernmental fiscal relations, local financial management, and poverty reduction via:

- An electronic library of 1,500 downloadable entries
- A series of "core" course modules to complement classroom teaching
- Special pages on gender and gender budgeting
- A complete set of decentralization course materials in Russian
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- Newsletters in English, French and Spanish

Websites: <http://www.decentralization.org>  
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Eight years ago, a local NGO, Environment Africa successfully led a Clean and Beautify Harare campaign, with private companies adopting streets where they would grow flowers and grass. "The Clean and Beautify Harare campaign is still running well, with a lot of support from the private sector but the main problem is that Harare City Council is not collecting refuse," said Ms. Charlene Hewat, Environment Africa's Executive Director.

Harare's litter problem might not go away soon, considering Zimbabwe's disqualification from benefiting from IMF loans, which bring much-needed forex and very low foreign investor confidence. But Harare residents say if other businesses and public institutions can continue delivering services that justify their existence despite the forex and fuel shortage, Harare City Council should try its best to do the same.

**Emmanuel Koro is President of Sub-Saharan Africa Forum for Environment Communicators (SAFE)**

## Joint World Bank Institute/Private Sector Development Investment Climate Program

The World Bank's overall development strategy emphasizes two pillars for long-term growth and poverty reduction: improving the investment climate and empowering and investing in people. Investment climate has been identified as one of the seven corporate priorities at the 2003 Implementation Forum. The **Joint WBI/PSD Capacity Building Program in Investment Climate** was started this year and is designed to support the implementation of this corporate priority.

The program's objectives are:

- To familiarize clients with the importance of investment climate to growth and poverty reduction.
- To promote new thinking, share knowledge and disseminate best practices on how to incorporate investment climate issues in policy formulation.
- To enhance clients' capacity in assessing and improving investment climate.
- To train local trainers and researchers to build capacity for policy research and training in investment climate.

The target audience for the program includes: policy makers, practitioners and stakeholders in client countries, trainers and local partners, representatives from the international donor community, and Bank staff.

For more information, please email [icprogram@worldbank.org](mailto:icprogram@worldbank.org).

[www.investmentclimate.org](http://www.investmentclimate.org)

# Harare Loses Status of Cleanest City in Africa

BY EMMANUEL KORO

ONCE PROUDLY KNOWN as The Sun Shine City, Harare was recently described by an actor from a local environmental drama group, Chevhundechevhu, as a "litter shine city," in reference to the severe refuse collection problem that the city is currently facing.

Harare residents have appealed to the city's administrators to collect litter from residential areas and public places regularly but litter can go more than two months without being collected. This has forced residents to dump litter in open spaces, defacing the city, and led to the loss of its reputation as one of the cleanest cities in Africa.

Dr. Stanley Mungofa, Harare City Council's Deputy Director of Health said, "The whole issue about refuse collection in the City of Harare should be taken into context. The issue that critics of Harare's litter problem are missing is that there are a lot of people who recently rushed to the city from the rural areas in search of a better life, after Zimbabwe was hit by a severe drought. These people failed to get jobs and are now engaged in informal trading, resulting in excessive generation of litter."

However, residents from both poor and rich neighborhoods said the people who came from the rural areas in search of a better life are not the major cause of the litter crisis that has gripped the city. They said litter from their homes goes for even two months without being collected, because of the fuel shortage that hit Zimbabwe. The current weekly allocation of 9,000 liters of diesel to the City Council for refuse collection has resulted in litter being collected after two to three weeks from some homesteads. However, this has not eased the city's litter crisis as residents from these areas continue to dump litter on undesignated open spaces as soon as their bins fill up.

Dr. Mungofa said, "The 9,000



litres of diesel allocated to the Harare City Council weekly is enough for the city's and its private contractors' refuse collection vehicles. But we suspect that our private contractors who get diesel at more than 11 times cheaper than the market rate to deliver this essential service have chosen to use this diesel for other businesses."

The Harare City Council has its own refusing collection trucks, which are assisted by those from the private sector. Dr. Mungofa said that, on paper, the city "has 40 refuse collection trucks but only eight to 14 of them have been operational for the past three months." He said, "The number of Harare City Council's refuse collecting vehicles will be reduced in the near future, worsening the city's litter crisis." Dr. Mungofa attributed this to the fact that the City of Harare is literally broke and has lost its credit worthiness as evidenced by local banks' refusal to give it loans.

Mr. Wislon Mutinhima from Harare's upper middle income neighborhood of Belvedere said, "Litter problems are an eyesore to

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Bucharest, Kiev, Chisinau, Ljubljana, Nicosia, Podgorica, Sarajevo, Skopje, Sofia, Tirana, Vienna, and Zagreb.

- The Greek-Turkish rapprochement, demonstrated by the "earthquake diplomacy" between Athens and Istanbul in 1999-02. The two cities signed a Protocol of Agreement and Cooperation, on February 2000, in Istanbul proposing to broaden cooperation in the areas of culture, education, youth, sport, communications and the mass media, and underlying the need to show special concern for measures aiming to preserve the cultural heritage of the two cities. They also proposed—and implemented in practice—to give support to business representatives in their commercial and business dealings, and to offer their services and expertise to entrepreneurs in both cities and countries. Moreover, the two cities expressed the desire to contribute, through the encouragement of cooperation and friendly relations with other capitals of the Middle East and the Mediterranean area, as well as the capitals of the European Union, to securing and maintaining peace and cooperation in Europe and the world. The two most important megalopolis from both sides of the Aegean Sea, Athens and Istanbul, were the pioneers in establishing a new era in Greek-Turkish relations.
- A special leading cooperation role in the development and work of The Glocal Forum and the World Bank Institute, with joint activities and initiatives for the promotion of glocalization and the research of policy recommendation, built on the principles of the glocal trend of our times.
- The establishment of bi-lateral protocols of friendship and cooperation with major cities worldwide. More than 40 cities, including Paris, New York, Washington, DC, Havana, Rome, Beijing, Sidney, Toronto, Montreal, Moscow, and Kiev signed Protocols of Agreement and Cooperation, similar in nature to the one signed by Athens and Istanbul.
- The establishment of the Permanent Summit Conference of the Mayors of the World, having a plenary session every two years. The first session was organized in Paris in March 2000, the second in Athens, in September 2002. The third session will be organized in Moscow in September 2004, and the next one, in Istanbul, in September 2006. The Athens Charter of September 2002 was signed by twenty-nine mayors, participating in the Conference, in the presence of representatives of five international and regional organizations such as UN, UNESCO, Council of Europe, European Union, International Olympic Committee, and NGOs; they all approved the Conference resolutions. The cities which participated in the Conference and signed the documents were: Athens, Ankara, Banja Luka, Beijing, Belgrade, Chisinau, City of Tshwane, Florence, Havana, Istanbul, Jakarta, Jeddah, Kiev, Ljubljana, Milan, Moscow, Nablus, New York, Nicosia, Paris, Podgorica, Rishon Lezion, Sarajevo, City of Sarajevo, Sofia, Tallinn, Tbilise, Washington D.C., Yerevan.
- The special meeting of Israeli and Palestinian mayors, which took place in the context of the Athens Conference of

September 2002, with the assistance and the collaboration of Ambassador Uri Savir, President of Glocal Forum. At that time, hostilities were raging between the two sides. Mayors from Israel and Palestine agreed, at a meeting chaired by the mayor of Athens, to cooperate in the spirit of Cities' Diplomacy toward the goal of overcoming their differences and contributing to the consolidation of peace and security in the region.

- The M-4+1 Summit Meeting, scheduled to take place in Moscow before the end of 2003, of the European Leader Cities with the participation of the mayors of Berlin, London, Moscow, Paris, and the President of the World Institute of Glocal and Cities' Diplomacy. These leading political personalities will come together to think about the future of Europe, the challenges for the citizens they represent, and the responses to those challenges.

## Challenges ahead

IT IS CLEAR THAT THE MAIN CHALLENGE for the new international order is to make both urbanization and globalization work for all the citizens, making sure not to leave billions of them behind, living in need and fear. Our vision of the world, at the beginning of the third millennium and for at least twenty years to come, is that the nature of democracy is evolving in accordance with the social, economic, cultural, and political development of our era. Democracy nowadays represents the confidence that the international society places upon the principle of freedom and human rights. The democratic system of governance is facing new pressures, and extensive challenges in the environment of a globalized community, where individuals and cities arise increasingly as the foci of political activity. The need to safeguard and extend the diachronic values of democracy in a constantly changing international environment generates the groundwork for cities and local governments to act in the context of Cities' Diplomacy and glocalization, which today provides the basic functions of a post industrial society. We have to promote a policy renewal and new societies of citizens by reinventing nations and cities and strengthening new global and local partnerships; we have to promote citizens' participation and new governance to achieve global democracy for the citizens of the world.

Cities' Diplomacy is the most appropriate and modern form for promoting from the bottom peace, security, human rights, prosperity, good standards of living, and quality of life for all citizens; for renewing social culture and public space; for partnerships and actions. We will continue to work to achieve these goals with determination, pragmatism, and vision.

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**Dimitris L. Avramopoulos, President, World Institute of Glocal and Cities' Diplomacy. Former Mayor of Athens (1995-2002).**

UNESCO, to recognize the global heritage of Athens in promoting democracy and recognizing those who are today furthering the values and cause of peace and democracy.

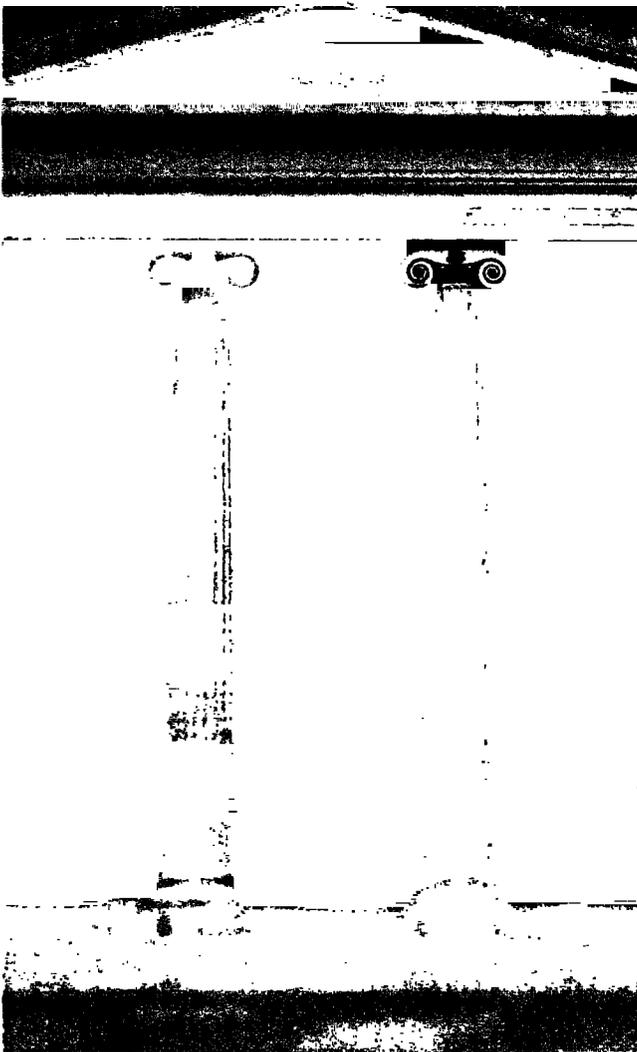
## The Cities' Diplomacy concept

THE CORE IDEA OF CITIES' DIPLOMACY is a powerful concept. The current era of globalization shows that the concept of "think globally, act locally" is not just a slogan, but the strategy that we must implement to achieve hope, peace, and democracy in our troubled world. The citizens of the world today have the tools and means to share local ideas and solutions on a global basis. It is an era of radical new possibilities where the Institute can be an important global force for peace and prosperity at the city and local levels.

This strong record of leadership is one of the key ingredients in the Cities' Diplomacy early success and development.

Its record of solid success is demonstrated by:

- The establishment of the Permanent Conference of Mayors of the Capitals of Southeastern Europe, a regional organization, consisting of all the capitals of Southeastern Europe, from Vienna to Nicosia; after a decision made in Ljubljana in September 2002, the Conference was transformed into the Union of Capitals of Central and Southeastern Europe. This organization has developed important activities and proved to be very useful, particularly during the conflicts after the disintegration of former Yugoslavia. A striking example of the work of the organization was the consensus of the mayors of Belgrade and Sarajevo, during the Founding Conference of Athens in 1995. Contrary to their governments' directions, they signed the Athens' Founding Act at a time when blood was being shed in Sarajevo. This Act was signed by all the following sixteen capital-members of the Organization: Ankara, Athens, Belgrade, Budapest,



# International Implementation of Cities' Diplomacy

BY DIMITRIS L. AVRAMOPOULOS

THE RAPID CHANGES OF THE PAST FIFTEEN YEARS, which reached a peak with the demolition of the communist bloc and the revolutionary developments in modern technology, communication, and transportation, have altered the dimensions and the correlations of our world. We have forged new paths in international politics and economy, inaugurating the era of globalization that appears either as a threat or as a challenge to cities.

At the same historical juncture, the national state is getting weaker, multinational governmental organizations are substituting for state domination, and the borders are yielding. The regions' population—75 to 80 percent of it—is concentrated in cities, which are becoming dynamic economic, commercial, cultural, and social centers, undergoing the social recomposition that migration engenders.

## The Cities' Diplomacy infrastructure

THE NEW CONCEPT OF CITIES' DIPLOMACY is that nowadays the major global challenges originate locally. Citizens are the first victims of local and regional conflicts, of phenomena of violence, intolerance, terrorism, and environmental disasters; of violations of human rights and human dignity, and of new threats to peace, security, stability, and prosperity in the world. The cities of the world are confronted with a long list of common threats, which means that rich and poor nations should find common grounds in order to find common solutions. This is the new international role of the cities—to build bridges among cities and citizens and to make cooperation, prosperity, solidarity, and mutual understanding the prevailing characteristics of our time. Cities and local authorities play this role among others, because the notion of "people" has no longer the meaning it had in the past. It has been replaced by the notion of "citizen," who is the center of attention of all local, internal, or international policies.

Cities' Diplomacy was officially ratified by the Mayors of the World, participating in the Summit Conference that took place in Athens in September 2002. As the United Nations Secretary General, Kofi Annan, affirmed in his written message, "the broadened effort to make Cities' Diplomacy a permanent instrument of the search for peace is encouraging." Moreover, the Conference adopted the Charter of Athens, declaring the will of the Mayors of the World to establish a sustainable network of cooperation. As a result, a new body was established, the World Institute of Glocal and Cities' Diplomacy.

The World Institute of Glocal and Cities' Diplomacy is an NGO with a unique and compelling core idea: "Cities' Diplomacy—beyond and above frontiers." It has many strong assets and opportunities. As a new organization with a broad focus, the challenge for the Institute is to identify, analyze, and quantify the existing and potential resources; research existing similar organizations, NGOs, and models of operation, and determine what is the unique market need in that field; and develop a strategic plan to guide the Institute's initial organization and identify the partners and organizations that will help operate, fund, and sustain the Institute on a permanent basis.

The Institute began with significant resources and with an established track record of success related to the international activity of the City of Athens, which from 1995 to 2002 established and developed innovative partnerships and initiatives. These achievements provided a solid basis for the promotion of Cities' Diplomacy. Among the most important of these resources and initiatives are the formal recognition by the United Nations of the Cities' Diplomacy concept, which led to the establishment of the World Institute of Glocal and Cities' Diplomacy under UN auspices; the establishment and recognition by the International Olympic Committee of the World Union of Olympic Cities to mobilize the resources of the Olympic host cities; and the creation of the Athens International Peace Prize for Democracy, under the auspices of

## City-to-city cooperation

THIS APPROACH can be developed not only within cities, but more importantly between them using a framework built on city-to-city relations. Local government should play an operational role in development and post-conflict situations and together with civil society contribute technical know-how to projects. Wealthy cities can support disadvantaged cities in the realm of governance, infrastructure development, rural-urban integration, youth and education, information technology, cultural heritage, tourism, and peace-building. There is no reason that New York or Rome should not assist Kabul or Kigali in the same way that the United States and Italy are aiding Afghanistan and Rwanda. Peace-building activities can become a reality within a local framework: Barcelona can, and indeed is, working with Gaza and Tel Aviv on people-to-people reconciliation; Athens and Ankara have signed an agreement on cooperation, which will probably be more effective than any such effort between the national governments of Greece and Turkey.

Such forms of city-to-city cooperation have already begun to take root through the work of various local governments, NGOs and international institutions. Rome and Kigali are engaged in a multi-sector project that represents a practical application of the concept of the "glocalization of diplomacy." It is a partnership between the Rome municipality and Kigali municipality, working in cooperation with the Food and Agriculture Agency of the United Nations (FAO) and The Glocal Forum. The initiative focuses on providing food security, job creation, and market development in the City of Kigali through a peri-urban agricultural development program. This program is accompanied by a series of peace-building projects between the cities in the fields of culture, sport, ICT, and youth, contributing to the reconciliation process following the genocide of 1994. Civil society plays a key role in all facets of the city-to-city process through a "Friends of Kigali" group in Rome and a "Friends of Rome" group in Kigali.

International institutions are beginning to see the benefits that the city-to-city approach offers—efficiency of resources, proximity to the needs of people and sustainability beyond the scope of a given program. Based on the experience between Rome and Kigali, FAO has decided to adopt this model of assistance for implementation in additional areas. A pilot project for decentralized cooperation between the cities of Sao Paulo and Maputo, based on this model is currently under exploration together with FAO and The Glocal Forum. Indeed, city-to-city cooperation between cities in developing countries that face similar challenges can go a long way in facilitating the exchange of knowledge and best practices.

As a locally rooted approach, city-to-city cooperation offers a cost-efficient and high quality alternative to many existing programs that are constrained by heavy bureaucracy and far-removed centers of decision-making. However, in order to fulfill its potential, this approach must be fully adopted by the international community as a mainstream modality for international cooperation. Financing for such initiatives

(at least 5 percent of international aid) should be allocated by national governments and the private sector, as well as by international institutions such as the World Bank and the United Nations. In particular, these two institutions should further 'localize' their efforts by significantly expanding support and encouraging intercity relations, a trend which has already begun. They should make efforts to form an operative framework of cities as a form of city diplomacy in which cities can easily interact on socio-economic and cultural issues for the sake of development and peace-building, while peace-making should remain in the realm of national governments.

Additionally, a participatory civil society should be created involving private sector investments—of at least 1 percent of their pre-tax profits over an extended period of time—into 'social venture capital' for the sake of investing in local communities around the world. Glocalization can contribute important benefits in both the developed and developing worlds, and it can set a balanced trend in the socio-economic sphere, as well as offer integration and respect to conflicting or widely differing cultures.

Projects along these lines were discussed at length during the Second Annual Glocalization Conference in Rome, in May 2003. Forty mayors, ninety youth delegates, academics, noted celebrities, and representatives from international institutions and the private sector came together with The Glocal Forum and the municipality of Rome to outline peace-building and development projects based on the idea of city-to-city cooperation. Among the planned projects for 2003-2004 are the decentralized cooperation for development in the Middle East in partnership with the World Bank, and additional peri-urban agricultural projects with FAO. In addition, web-based tools for facilitating city-to-city cooperation including worldwide e-city government and e-procurement will be developed between The Glocal Forum, the World Bank, and private sector partners.

This gathering generated powerful momentum among local and global leaders for the actualization of the new strategic vision embodied in glocalization. The mayors of New Delhi and Karachi engaged in a dialogue towards trilateral cooperation with a third city. A cultural program for peace and development in the Balkans was put forward by the mayors of Sarajevo and Belgrade. Meetings took place between Israeli mayor, Meir Nitzan, and Palestinian mayor, Ghassan Shakah, laying the groundwork for a cooperative program for socio-economic development involving other cities in the region and the World Bank. Leaders of international organizations affirmed their support for city-to-city approaches to peace and development, calling on the international community to support these efforts. Experiences were exchanged between cities and NGOs that have pioneered these efforts, with the goal of expanding their scope. Glocalization has emerged as a strategic trend for the reform of globalization and the creation of a more stable and just world.

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**Uri Savir is Founder and President of The Glocal Forum, President of the Peres Center for Peace, and architect of the Oslo Peace Accords. He formerly served as the Head of the Israeli Foreign Service.**

a time of record global prosperity nearly half of the least developed countries get less to eat than they did ten years ago and 840 million people live with daily hunger and an uncertain food supply. Almost a third of children in developing countries under age five are malnourished, and in the past decade alone, more than 2 million children have been killed in armed conflict (UNICEF 2001, State of the World's Children). Possibly as tragic are the sense of desperation and lack of hope, which darken the horizon and destabilize the international community.

The world urgently needs a more complex approach to international stability—one which contends with both the effects and the nature of globalization, and addresses socio-economic imbalances and cultural differences. Backlashes such as anti-globalization and the return to "good ole nationalism," neither redress the weaknesses of globalization, nor do they impede its momentum. Instead, a new approach should be developed to incorporate global and local interests and

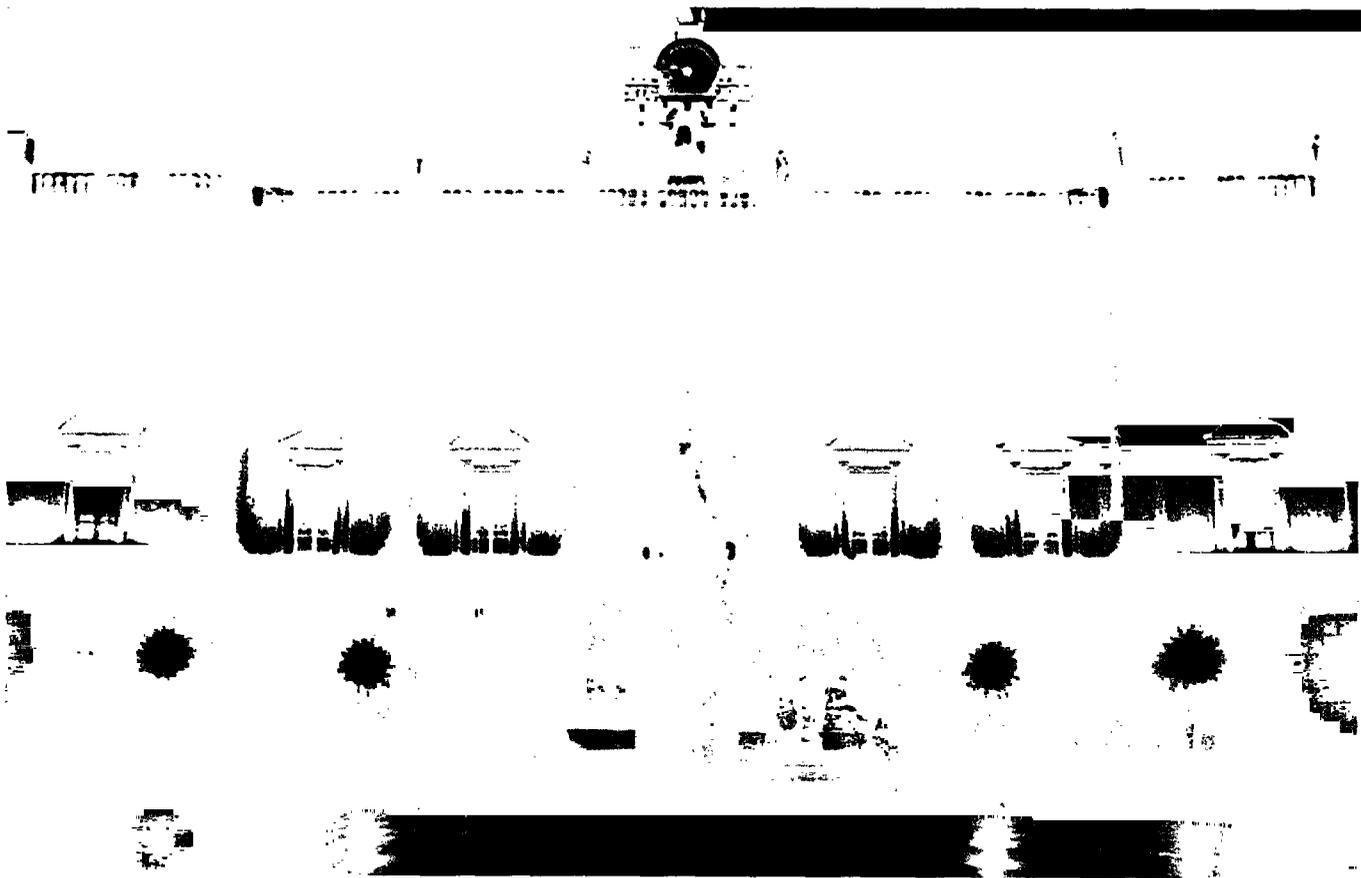
to analyze both international opportunities and dangers. Global governance is not a realistic response, and existing forms of national governance barely effect change on a global scale when acting alone. Paradoxically in the global era, the one socio-political unit growing in power is the city.

## A reformed globalization

A REFORMED GLOBALIZATION of a very strategic nature that relies on cities as the core socio-political anchor is something defined as *glocalization*—a reform placing a strong emphasis on social equity as the basis for international stability. More sensitive to social and cultural needs and closer in proximity to citizens than their national counterparts, municipal leaders and city governments are ideally suited to lead the reform of globalization. Contributing important benefits in both the developed and developing worlds, glocalization can set a balanced trend in the socio-economic sphere and offer inte-

gration and respect to conflicting or widely differing cultures.

If unified and networked, major cities can be essential players in reforming globalization. Demographic growth and the large contribution of cities to national economies attest to the growing importance of municipalities. In developing countries, for example, cities contribute an estimated 60 percent of GDP and worldwide there are over five hundred cities with a population of more than one million people. Moreover, cities can harness local civil society for capacity-building, more effectively direct peace-building activities, and take into account local labor, cultural expressions, languages, businesses, and communities at all levels of decision-making. City governments and their leaders—the mayors—are constantly expanding their span of responsibilities in relation to the citizens, but many lack a common organizational infrastructure to support these new responsibilities in the inter-city domain.



# Glocalization

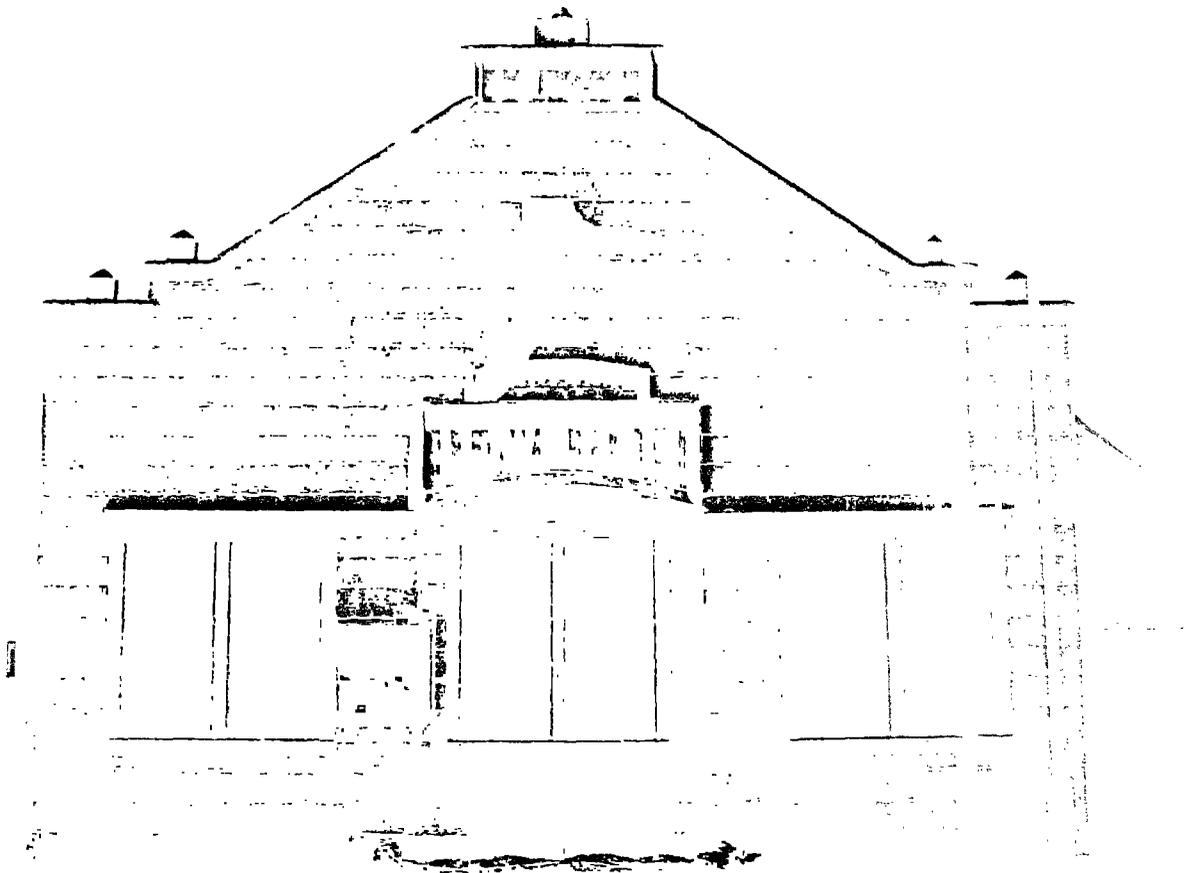
## *A New Balance of Power*

BY URI SAVIR

DESPITE HIGH HOPES FOR THE NEW MILLENNIUM, the twenty-first century has been characterized thus far by economic, social and political instability. International terrorism, corporate scandals, and various ethnic and military conflicts have flourished, whereas globalization's once-hailed

promises of peace and prosperity have failed to deliver. Globalization has left too many behind, both within and between societies, and furthermore, the increasing division of wealth is neither sustainable, nor is it humane.

Whereas technological advancements have improved life for many, the developing world still lacks basic necessities such as food, water and medicine. According to UN reports, at



would implement. Aware of the need for further strengthening, the associations established the Federation of Associations, their legitimate representative body before the state government.

## Capacity building

TO STRENGTHEN THE MUNICIPALITIES—the local power—a broad range of projects were developed including: tax codes, catasters, land use plan reviews, hardware and software purchases, cartographic databases, and geoprocessing projects. The cartographic databases, essential for municipal administration, merit special attention. Paraná's urban centers, excluding Curitiba that has his own development project, cover a total area of 4,730 square kilometers, with 5.5 million inhabitants. *Paranacidade*, on behalf of municipalities, has already made the photogrametric coverage of 3,500 square kilometers, which are home to 4 million inhabitants.

In addition to these institutional development projects carried out by consultants, *Paranacidade* also provided various municipal training programs. The associations technical staff were trained in project analysis, bidding process, works supervision, borrowing capacity determination, and tax system. The municipalities that already received the cartographic databases were trained in how to use them.

## Debt capacity

ONE MEASURE OF FISCAL ADJUSTMENT ongoing in Brazil was to limit the growth of public debt, including borrowing by local governments. Therefore, borrowing was to be cleared by the central bank. In Paraná approximately 40 percent of the municipal funds come from federal transfers,

30 percent from state transfers, and the other 30 percent comes from the municipality own financial effort. Municipalities know that federal and state transfers are automatic. However the amount of local resources each municipality is able to generate varies greatly from one municipality to another and must increase. The ability to borrow is directly linked to the ability of local governments to generate their own resources. The more a municipality can increase its own financial resources, the more it can borrow. *Paranacidade*, through the projects already mentioned, has been supporting the ability of the municipalities to increase their own resources.

## Transparency

TO ENHANCE TRANSPARENCY in its relationship with the associations and municipalities *Paranacidade* decided to set up an independent technical audit unit to verify the quality of the works and the accuracy of the measurements, and to develop a follow up and monitoring program (SAM) to handle a copious amount of data. The idea of using independent consultants to control quality and expansion of works is new for this kind of urban projects in Brazil. Supervision in the field, done at random or in response to complaints, make it possible to verify compliance with the project specifications and designs and accuracy of the measurements.

The development of SAM represented a vast effort on the part of *Paranacidade*. All of the associations are now online and connected to the system, and they are transferring information to the database. This makes it possible to track in real time the status of any work, service, or good acquired under the urban program. All kinds of data can be obtained, and reports and documents are generated automatically.

## The future

THE PROCESS INITIATED in 1980 has been sustainable over time. This made it possible to get good grounding in the subject at the municipal level and to begin influencing the development of a management culture. Despite the changes and turnover in the state governments and in the mayors' offices, the more permanent technical staff are aware that cities still have deficiencies in terms of urban and social structure and need to continue streamlining their management.

Lubomir Ficinski Dunin is a civil engineer, architect, and urban planner. From 1994 into 2002 he was the Secretary of State of the Secretariat of Urban Development and *Paranacidade's* CEO.

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the possibility of modifying and giving more flexibility to the status quo in matters concerning urban and regional development. At that time a new loan proposal, the Paraná Urban Program, was under discussion with the Inter-American Bank of Development (IDB). SEDU agreed with the Bank on the importance of institutional reform as a prerequisite for the new municipal development program. As a result, on July 30, 1996, a collaborating entity was created, which was able to ease the management of the public administration. This collaborating entity, *Paranacidade*, is an innovative concept. The new institution is described as a "non-profit corporate legal entity of public interest, classified as Autonomous Social Service," which operates under contract to the state to provide "institutional and technical services to municipalities in Paraná and to collect and invest financial resources in the state urban and regional development process." *Paranacidade* resembles a U.S. quasi public corporation.

As an autonomous social service entity, *Paranacidade* cooperates with the governor's office, but is attached to and supervised by SEDU. It has a management contract from the State to implement urban and regional development policies, provide technical and institutional assistance to the municipalities of Paraná, and manage a Public Urban Development Fund (FDU).

Since the 1980s, there have been a number of investment programs in Paraná. For the last twenty years, the State has obtained financial resources from international banks and has lent these resources to local governments, so they could implement projects and programs which they could not otherwise afford. These loans to municipalities were repaid to the state, and in 1988 the government decided that it would repay the loans to the international banks, and would constitute a revolving fund financed by the payments from the municipalities. This revolving fund is managed by *Paranacidade*, and today it has over \$150 million.

Since its creation *Paranacidade* has accelerated the urban development process by: facilitating relations and acting as a buffer between the municipalities and Federal and State institutions; allowing for greater coordination in



the use of all resources for urban development programs and projects in the State; and using effectively and efficiently the resources for technical, administrative and financial strengthening of the municipalities.

*Paranacidade* is also pursuing a program of studies and setting up a database for urban programs and municipalities. *Paranacidade* is a flexible institution which can delegate management and facilitate participation in any type of contractual agreements between local governments and the private sector.

## Decentralization

THIS NEW INSTITUTIONAL ARRANGEMENT allows for decentralization, capacity building programs, controlled debt capacity of local governments, and transparency of the urban development process. In Paraná we think of decentralization as decentralization of power—a transfer of functions and responsibilities from the highest to the lowest level, from state level to municipal level. *Paranacidade* is participating in this effort by supporting the Municipal Associations. All municipalities in Paraná belong to an association that brings together on a voluntary basis municipalities from a particular region. The association was basically used as a policy instrument for ensuring that the government serves the region's interests. As an adjunct, it provides a number of related services.

As a result of an agreement with SEDU and *Paranacidade*, the associations were outfitted with a small body of technical staff to provide support to municipalities unable to hire specialized personnel on account of their size, or because of scant resources. The urban program further extended these new

functions of the associations enabling them to analyze projects valued up to \$200,000, monitor the bidding process, and follow up on works. The association receives a fee for these services.

Thus, the process of decentralization began with functions formerly performed by the state being transferred to the associations. The associations, in partnership with the state, became centers for formulating the regional development programs that they

# Decentralizing City Management

## *A Successful Experiment*

BY LUBOMIR FICINSKI DUNIN

URBAN ISSUES IN PARANÁ are not very different from those in most countries around the world. They relate to providing services such as transportation, health, water and sewage, education, and others, which create an enabling environment for the municipalities to prosper. What may be different is the way the State of Paraná faced such issues through its State Secretariat of Urban Development (SEDU), which succeeded the State Secretariat of Municipal Development (SEDM).

The present situation is a result of many years of effort. The process began in the eighties, and my lengthy career in Paraná's urban development sector is associated with this process. In retrospect, Paraná's success in urban development was possible thanks to our efforts to create an enabling institutional arrangement, decentralize assistance to municipalities, give capacity building the highest priority, link the debt capacity of municipalities to their ability to borrow for projects and activities, and ensure that the entire process leading to projects and activities was transparent.

The key factors in Paraná's urban development were: institutional arrangement, decentralization, capacity building, debt capacity, and transparency.

### Enabling institutional arrangement

ARCHAIC, SLOW, AND BUREAUCRATIC organizational state structures are a major constraint to performing tasks and meeting daily challenges in many countries. In 1995 SEDU started to study



urbanization. Therefore, other than competitions for major planning projects, we have also invited you, on behalf of the American Planning Association, along with Mr. Liu Taige, former Commissioner of Singapore Ministry of Construction, to be our Senior Counselors of city planning. Many of your suggestions have proven greatly beneficial to the city of Nanjing. In addition, we are making an effort to discuss with the APA further cooperation in developing an international planning institute called the Nanjing International Institute of Planning (NIPP), which will serve as a base for training and exchange programs of urban planning between China and the U.S.

*What would you like to tell other leaders and decision makers are the value of planning for making day-to-day decisions about cities?*

Along with rapid economic development, urbanization in China is accelerating dramatically and improving people's living standard. The current city construction in China is a rare, special phenomenon for Chinese as well as world history. It embodies not only large scale and high speed construction but also the requirements for economic development, systematic communication, structural improvements, and social stability. Meanwhile, we have to pay particular attention to issues of development vs. preservation, economy vs. environment, and economic development vs. cultural development. Therefore, under a rapid developing urbanization, we have to very carefully coordinate all such complexities. The process of making decisions about city development and balancing long-term efforts with short-term decisions and administration is the essence of city planning.

China has entered the era of urban economy; major economic promotion and production factors are in its cities. Planning serves as a valuable urban resource to manage this process. As far as our country is concerned, urban resources include urban capital, urban land, and urban planning. Under the current market economy, most of the city capital as well as urban lands no longer belong to the government. Only planning is a prerogative of the government. City planning is a good means for the government to coordinate the use of all kinds of land, distribute construction projects in an overall scale, and realize sustainable development of economy and society. It also serves as guarantee for city's overall long-term benefits.

## Conclusion and prospects for Nanjing's future

In APA's work throughout China, we have seen first hand the result of development influence by ill conceived and outdated international planning models. The scale of streets, the emphasis on individual buildings over good urban design and the separation of land uses are not good models for the future



of cities anywhere. While Nanjing, like other Chinese cities, may value the ancient patterns of the historic city, it struggles to find a way to address the problems of a burgeoning economy, demands for improved quality of life and attention to the environment. The role of planning in achieving this balance has attracted heightened attention. As Li Yuanchao has pointed out, while China pursues a market economy, development and the management of the process need to change accordingly. Issues such as coordination among the various departments, the legal authority to enforce its plans and codes, enhanced ability to analyze options for the city, broadened scope and more participation in the development process need to be considered. Planning needs to look at the big picture of the region, the city, and the neighborhoods, and based on the vision of the city, make it clear what the impact of selecting different alternatives will be in the long run. With the leadership of Li Yuanchao and efforts underway to elevate the process and quality of city planning, Nanjing is positioned as a leader among Chinese cities.

**Jeffrey Soule, American Planning Association's representative in China and the South East Asia.**

**Li Yuanchao, Party Secretary of the Jiangsu Province.**

**Interview with Li Yuanchao translated by Rime Sun**

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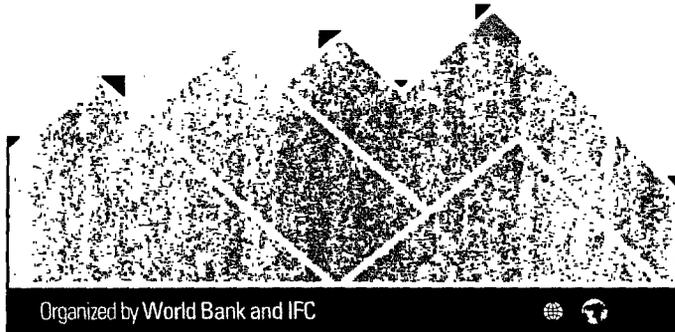
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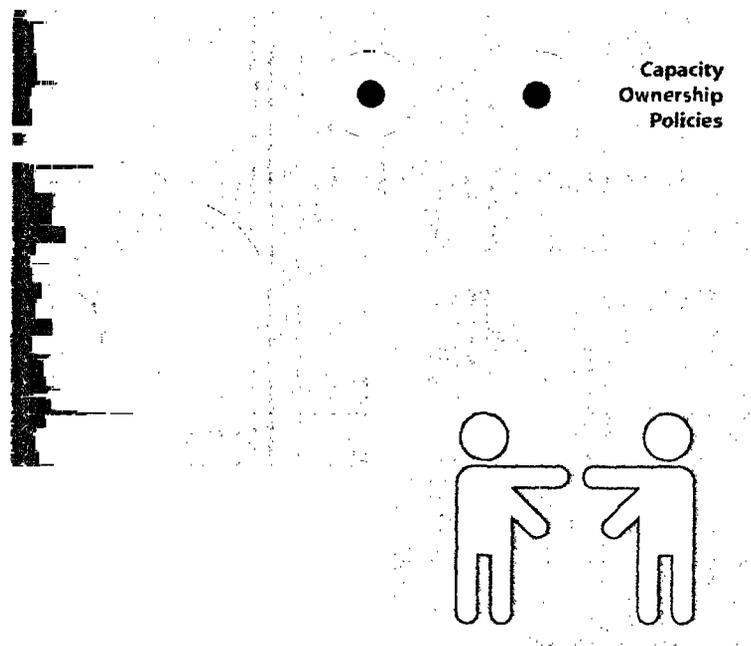
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