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2009

Reshaping Economic Geography
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Production concentrates in big cities, leading provinces, and wealthy nations. Half the world’s production fits onto 1.5 percent of its land. Cairo produces more than half of Egypt’s GDP, using just 0.5 percent of its area. Brazil’s three south-central states comprise 15 percent of its land, but more than half its production. And North America, the European Union, and Japan—with fewer than a billion people—account for three-quarters of the world’s wealth.

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

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

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

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

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

Robert B. Zoellick
President
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# Abbreviations and Data Notes

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

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

Data notes

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

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

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