

Keynote Address at the World Congress Competitive Cities Congress:
Leadership and the Competitive Wealth of Cities

by
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Well thank you very much indeed Jack Miller and I want to thank the world congress and KPMG for their partnership in making this possible, but most importantly I want to thank all of you for having decided to come and join us because this conference has its success in the interactive quality of the dialogue. Certainly so far as the bank is concerned, we do not come here with any notion or suggestion of lecturing or any suggestion that we have the solution to all the problems. We do have some experience that we want to share but we believe that the challenges that we face now are different from the ones we had in the past, different in terms of quality and therefore meetings like this become extremely important so that we can exchange ideas and get the best experience and the best commentary that is possible by having practitioners together along with those of us that try to serve them.

In the broad, the issue which we are facing at the World Bank, as you know, is the issue of poverty a very central issue in terms of the activities in cities. And we start with a global purview of 6 billion people on the planet and for us the most important segment being 4.8 billion who live in developing countries

Within that framework, we already have 3 billion people that live under \$2 a day roughly half the world and a billion two hundred million people that live under \$1 a day- in what we call absolute poverty. And in the past, absolute poverty historically has been more concentrated in rural areas than in urban areas but we are now finding that there is a move in Latin America and in South Asia towards greater concentrations in urban areas. So that in itself presents us with difficult issues in management. And if the situation of static- we are seeing a gradual development of greater concentration of power and greater electoral representation in urban areas and a growth in the dimension of centralized government in cities.

But things are not stable. In the next 25 years, the 6 billion people will grow to 8 billion and the concentration of those people will be substantially in developing countries. The 4.8 billion that I mentioned in developing countries will grow to 6.8 billion so virtually all the increase in the population will be in the developing countries- around 97%.

But the other demographic shift is that, in the next 25 years, 2 billion more people will go to cities. So as we look at the problems today and find ourselves confronted with, in some case, dramatic, in some cases, manageable, problems as we move forward we have to move to this understanding of the greater concentration.

Let me just give you the numbers: the urban population in 1900 was 33 million; in the year 2000, 2.9 billion; by 2020, it will be 4 billion 400,000; and by 2025, it will be 4.9 billion. The growth is exponential and in the number of cities that we have over 1 million people in 1950 we had 80, the year 2000 we have 365 and by the year 2020, we will have over 500. And in terms of 'megacities', there weren't any cities of ten million or more in 1950. There are 13 in the year 2000 and there will be 26 in the year 2020.

I give you these numbers not to confuse you but simply to get the message across that the scale and concentration of people and the agglomerations of poverty in terms of numbers is increasing dramatically. But it goes beyond that because it is not just the numerical increase that occurs. That also changes the quality of the problems that we need to deal with as you get more people in your cities; as you get a growth in very urban centers of people coming towards the cities without the services and without the framework of the cities to support them, we clearly are facing in the next 25 years, very different challenges than we have had before.

We used to talk of rural and urban populations; today the problems are together. The interrelationship of trade, the dependence of rural areas on urban areas, indeed the dependence of countries on city areas, in terms of being the gateway, in terms of being the motive power of the GDP of the country, all focuses on not just a quantitative increase in the challenges that face us but a qualitative increase as well qualitative because your task become much more complicated. If you have 100 people, it is different than having 100,000 people; if you have 100,000 people, it is different than having a million. I need hardly tell you since you are in the business.

And so what we need to do is to try and find new ways that we can address these questions, and there are a few things which are fairly clear to us.

At a global level, what we are discovering is that to deal with issues of poverty and to deal with issues of development, there is no sense of having top-down dynamics if you are making a decision at the federal level about what is going to happen in the country; it does not work.

What we have to do is to think about our citizens and poor people not as an object of charity, not as something that we have to deal with as a problem but as part of our resources that we can engage in the solution. We have to trust them. We have to be out there creating mechanisms in which we can reach segments of our cities and our societies in replicable ways, in human ways, in ways that we can get programs going that can draw on the strengths of the local citizens through democratic means, through local means of coming together to try and bring about development.

And in what I have seen from my travels now I regret to say in more than 100 countries now, and of course when you visit more countries you visit many many more cities, and I am just back from Ho Chi Minh city and I am just back from Bangkok - it is remarkable what you see what is happening in these cities in terms of both infrastructure improvement and decentralisation of the management process, with more and more requirements on the part of city management to have effective management structures and more requirements to have decentralized structures drawing on the strength and capacity of the cities

Not just in a single project a project here and a project there but in a much more complicated holistic way in terms of trying to regard the development of the city, in terms of the phasing of the way you do things, and the interrelation of the way that you do things, the issue of management of cities becomes a very complex problem. It is not just a question of having a budget and identifying how many projects you can do. The issue is involved in what are the interrelationships of the project. What is the sequencing of the projects? How does one thing depend on another? How do you build capacity to bring yourself along, and to bring about effective governance and development?

And it is not just one year to another because with the growth of cities you cannot be thinking in terms of one budget cycle to the next. You must now be thinking in both medium and long term at the same time. This is not just trying to give an academic approach to management which you get at a business school. It is a necessity in terms of how you effectively run a city and very often the capacity in terms of city management is not geared to that level of management expertise. People are elected; they have decided they want to give service from whatever be their local activity and then all of a sudden, they are confronted, along with city management, with management issues that would be daunting for anybody.

So the first thing that we need to think in terms of, after you have the notion of the identification of the problem, is the question of capacity-building and management capacity at the city-level. And that comes from exchange of ideas and complaints, and here, as the Chairman said earlier, we are starting to get many more opportunities as a consequence of technology and information exchange.

To give you an example, every Saturday morning, we link with 300 cities and towns in 7 countries in Latin America in a joint venture with the Monterrey Institute of technology. In some cases, this is by video-conference; in some cases, it is by radio; in some cases, it is by downloading a signal into a television set; and, in some cases, it is on internet with print.

What do we do?

We have courses which deal with how to run a fire department, and how to run a budget. What are you do in collecting garbage what are the issues in relation to paying for water? What are the problems with dealing with inner-slums and poor areas? How do you deal with problems of waste? What are the environmental problems? These are detailed and practical examples about how you run cities and towns.

And what is interesting is that this is not a process which just happens on a Saturday morning. With the 300 sites that are linked, the responses do not have to be synchronous- happening at the same time. You can come in on a Sunday or on a Wednesday and take a look at what the courses and the texts that are distributed, and then you can come back during the week with information and questions and it is now forming a community where towns speak to towns, where people are linked together where there is a possibility of using modern technology of this type to really to bring together a community of people that can together solve problems.

We are also at the Bank looking at, what we call, a Global Development Gateway. And the idea of the Gateway is to bring together, in one place, information about what is going on in development on a global basis. So if you are interested in a subject like water purification, or pre-school education or organisation of the local community groups, you will be able to come into the network to find out who are the people that are working in this and in what countries they are working, and you would be able to identify what is best-practice and worst-practice, and in fact in the prototype that we are developing, we have a segment called a mayors page.

It will be a page for mayors in three languages so that you will be able to come in, in the morning, and find out information that is of interest to mayors. What is going on in the international community. It will have a list of subjects. You will be able to interact on that list of subjects; there will be chat pages. You will be able to come in and connect with people who are in the same business, and you will build up a body of information and knowledge that is available.

Then, of course, there are the facilities for Distance Learning of other types and programs and courses that will be run generally.

The reason I am focusing on this is that no plans for cities and towns work unless you have the capacity to run it. You can have wonderful ideas but if you do not have the people and the information, it is very difficult to idealise running a city. And some of you are better at it than others. And the point is that if we can bring the information together, then there is a real chance of moving forward.

The second point is that in terms of resources, we are working at the bank to see if we can develop in terms of our interface a greater possibility of working with them and through them to enfranchise cities as part of the management structure of the national network.

This is not something just to be appealing to you this morning because you represent cities. It just makes pure common sense. The way to bring about management is to get the management groups closer to the citizens and what we have to do is to convince centralised governments that a responsible city management can be a key to national development.

And so we are seeing an increase in our own investment in cities trying to convince governments of the critical importance of cities in the management process. And this is something where you can help us you can help us, because you are an important political faction in national

debates. And you have to use that pressure in your own countries to tell the government leaders - the central, federal and national government that a parceling out of funds with accountability and transparency is the best way to get distributive management to get to the people. And you have, because of the demographics, an absolutely unanswerable, other than through positiveness, question to put.

How else are you going to deal with the 2 billion people coming into the cities

if you do not strengthen city government and the city distribution of services. It is not just a request that is made just because you are representing cities. There is no other way. You are at the front line of dealing with the questions of development and poverty.

And our task at the Bank frankly is to learn with you as to how it is in the years ahead that we can relate more to your needs and give you the services that you need and learn from you in terms of the distributing mechanisms that you have.

Together, the approach has to be holistic; it has to be one that, I have said, deals not just with projects but with integral management of your cities. It is not just a project here and a project there that does not work. You cannot forget transportation when you put in schools and business centers; you cannot build schools without teachers; you cannot build health clinics in the wrong place; you need to arrange for delivery of services; you cannot deliver water without some form of taxes to pay for it.

All these things you know are interrelated and what I am simply saying to you is that, as an institution, the services of the bank are available to you. This is the second global conference. We are looking in other ways at a cities without slums initiative, as I guess you know. We are looking at extensions in terms of city management. We are here to be of help for you but I must tell you that for us and for you, it is a new process.

I am now visiting much more city councils and mayors than I have done. As short a time ago as five years, I did not do it; I do it now. Because I have come to realise that the leadership role for many cities in terms of representing the country, in terms of creating a door in which people come to see if they are going to invest in the country; as a place where central services; as a place that gives the initial impact and now with the input of people now with the services necessary to deal with the influx of 2 billion people, to deal with the questions of the very urban areas and to deal with the newly huge relationship between urban and rural areas all makes it essential for us to be at the cutting-edge at the city-level,

My invitation to you is that we should work more together; that we should use technology for capacity-building; and that you should try to use your influence on your national authority to convince them that in terms of management and in terms of project implementation, the role of cities has never been more important than it is now.

I want to welcome you to this conference; I am sure that you will have three excellent days of discussion; and I can assure you that my colleagues and me at the Bank today are very eager to work with you in a constructive spirit as we move forward.

Let me say that in no city has there been a greater relationship between the World Bank and a Mayor than in the city of Washington, and having just survived the meetings of the committees of the World Bank and IMF as a result of the care and attention given to it by Mayor Williams, I want publicly to say that if we had not had a great city administration, the World Bank might be a different place today.

So I want to thank Mayor Williams and let me pass it over to our Chairman to introduce him and finally once again welcome you to this conference.