

# An Agenda for Research on Urbanization in Developing Countries

A Summary of Findings from a Scoping Exercise

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## Abstract

This paper assesses the state of research and examines priorities for future work in the area of urbanization and growth. This is done by reviewing and summarizing the findings of five scoping papers covering the

following topics: urban poverty, the political economy of urban poverty, urban real estate and housing, urban infrastructure finance, and external assistance for urban development.

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This paper—a product of a collaboration of the Finance, Economics and Urban Development Department, Sustainable Development Network and the Wolfensohn Center for Development at the Brookings Institution—is part of a larger effort in the department to inform the agenda for research on urbanization in developing countries. Policy Research Working Papers are also posted on the Web at <http://econ.worldbank.org>. The authors may be contacted at [pannez@worldbank.org](mailto:pannez@worldbank.org) and [jlinn@brookings.edu](mailto:jlinn@brookings.edu).

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# **An Agenda for Research on Urbanization in Developing Countries:**

## **A Summary of Findings from a Scoping Exercise**

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In 2010, half the world's population lives in cities; by 2030, it will be 60 percent. (Population Reference Bureau, 2010) Today, around three-quarters of the poor in developing countries live in rural areas; by 2030, 50 percent will likely live in cities. (Ravallion et al., 2007) The number of slum dwellers is projected to double from 1 billion to 2 billion over the next 25 years (CARE, 2006). The number of mega-cities (with populations over 10 million) will have risen from 19 in 2007 to 27 in 2025, most of them in developing countries. (United Nations, 2008)

This phenomenal urbanization process will create many challenges for the developing countries. The problems of cities are well known: cities are congested, polluted, energy-intensive, ridden by crime, corruption and poverty, and difficult to manage. The financing needs to meet the investment requirements of public infrastructure in cities are enormous: To achieve the modest slum improvement target under the MDGs, the UN estimates that about \$4 billion per year are needed. (U.N. High-Level Panel on Financing for Development, 2001). More generally, meeting the investment requirements of overall urban infrastructure needs in developing countries could be as much as \$120 billion a year. (Kharas et al., 2010)<sup>1</sup>

And yet, cities are the hubs of economic growth and development opportunities, as the report of the Growth Commission (Commission on Growth and Development, 2008) and *World Development Report 2009: Reshaping Economic Geography* (World Bank, 2009a) have demonstrated convincingly. Kharas et al. summarize the core argument as follows: "Cities are recognized for their capacity to provide scale economies, efficiencies in logistics and in the provision of public services, dense labor markets that foster training and skills acquisition, innovation and creativity, diversification of production, lower environmental footprint through densification, and ultimately greater freedom for the individuals who inhabit them." (Kharas et al., 2010, p. 1)

Whether the urbanization glass is seen as half empty or half full, there is universal agreement among those who deal with urbanization in developing countries that it presents a set of issues that development practitioners and researchers need to grapple with urgently, if an inevitable and key development challenge/opportunity is to be met in the coming decades. At the same time, there is a pervasive sense among urban experts that not enough attention has been paid to the urbanization process by policy makers in developing countries and by the international aid agencies. (Kharas, et al., 2010; Linn, 2010) Recent efforts by the International Housing Coalition to call for recognition of the importance of urbanization in

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<sup>1</sup> This number may well be conservative. The Growth Commission has estimated that countries that wish to grow rapidly need to invest about 5% of GDP in infrastructure. If one were to assume that only one fifth of this requirement would be for urban infrastructure, based on 2008 GDP for lower and middle income countries (World Development Indicators Online puts it at \$17.3 trillion) the requirement would be roughly \$173 billion.

developing countries and for greater attention by U.S. Congress and the American aid agencies are a reflection of this concern. (Struyk and Giddings, 2009)

Against this backdrop, the Wolfensohn Center for Development at Brookings with the support of the Rockefeller Foundation undertook an initiative during 2009-2010 to scope out a long-term research agenda for addressing the urban development challenge and opportunity in developing countries. This scoping exercise focused on five principal areas: urban poverty; urban land markets; urban infrastructure finance; external assistance and partnerships for urban development; and the political economy of urban development. The audience for the proposed research agenda is national and city-level policy makers, planners and managers, as well as the operational staff of aid agencies; it is not principally designed for an academic audience. The Center has published five Working Papers on these five topics that present the detailed findings of this scoping effort.<sup>2</sup>

This paper summarizes the key findings of the individual papers. In summarizing the results of the individual research scoping exercises we could not be exhaustive, but we have tried to highlight what we regard as key results. Where appropriate, we have also added our own insights and perspectives, based on our research and operational backgrounds. We urge our readers to consult the individual working papers for their rich analysis and full set of references.

One caveat: the scope of urban development issues is huge. The urban poverty paper (Linn, 2010) sets out a broad framework for analyzing a comprehensive range of issues and provides a summary overview of them, especially as they relate to urban poverty reduction. The rest of our scoping exercise was however more narrowly focused on what we regarded as core issues (land, infrastructure finance, aid, and political economy). This leaves uncovered many topics that will be of interest to some of our readers (for example, urban transport, urban management, the impact of climate change on cities, etc.). These issues will require further scoping work.

### **An anatomy of potential urban research issues**

Today's generation of urban experts believes that a new paradigm is needed for understanding and addressing the urban growth of developing countries: Rather

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<sup>2</sup> Alm (2010), Bertaud (2010), Desai (2010), Kharas et al. (2010), and Linn (2010)

than regarding urbanization as an evil to be stopped by slowing down migration, blocking the expansion of low income settlements and biasing development in favor of rural areas, they call for improved efficiency, equity and participation in the way urbanization and the growth of cities is managed.<sup>3</sup> While this view in many ways parallels the approach advocated by the World Bank's *World Development Report 1979* – but not widely followed in intervening years by national and city governments on the ground – there are distinctive new aspects to the urbanization process which are highly relevant to today's urban research agenda, different from what were prevailing conditions 30 years ago.

To help establish the universe of today's potential urbanization research issues, Linn (2010) looks in a broad sweep at the new, the old and the forgotten issues by creating a simple framework shown in Figure 1 to help organize the manifold issues and their relationships. He distinguishes and briefly highlights urban issues under six separate categories:

- Challenges/opportunities<sup>4</sup>
- Instruments
- Analytical and planning tools
- Data and benchmarks
- Institutions
- Regions/countries/cities

Among the new challenges – i.e., issues now in the forefront of urban analysis or policy, but not so 30 years ago – the focus on poverty and inequality<sup>5</sup>, on women, on crime and insecurity, on governance and on the political economy of urban issues stand out. Among the old challenges still regarded relevant today, are slums, urban land management, housing finance and the role of the investment climate. The

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<sup>3</sup> See for example the World Bank's WDR 2009 (World Bank, 2009a) and the Bank's new urban strategy (World Bank, 2009b)

<sup>4</sup> Throughout the remainder of this section we will use the term "challenge" to represent both challenges and opportunities.

<sup>5</sup> In fairness, poverty was a concern 30 years ago, but the approach to the issue was much less comprehensive and in-depth compared with today.

**Figure 1: Urbanization Issues – New, Resurrected or Forgotten**

	<b>Challenges</b>	<b>Instruments</b>	<b>Analytical and Planning Tools</b>	<b>Data and Benchmarks</b>	<b>Institutions</b>	<b>Regions/Countries/Cities</b>
<b>New Issues</b>	Poverty and Inequality	Land tenure/titling	Happiness/life satisfaction analysis	MDG Target 11 on slums	Decentralization	China
	Gender perspective/Women	Micro-credit finance	Citizen Report Cards	Socioeconomic and demographic information (SDI)	Ministerial coordination	India
	ECD/Youth/Old Age	Special approaches/targeted intervention (water, toilets, cement floors, street addressing, etc.)	Urban Poverty Assessment (World Bank)	Poverty definition and measurement	UN-HABITAT	Africa
	Crime and insecurity	Private sector engagement/social entrepreneurs	Asset-based poverty analysis		Cities Alliance	Fragile and conflict-ridden states
	HIV/AIDS	Community Driven Development (CDD)	Longitudinal studies		Civil Society Organizations	
	Climate change (CC) mitigation and adaptation	Comprehensive slum upgrading programs	GIS poverty mapping			
	Compound global crisis (financial, food, energy)	Multi-stakeholder alliances (incl. public-private partnerships (PPPs))	Impact evaluation			
	Cultural heritage preservation	Conditional cash transfers (CCT)	Cost of doing business etc.			
	Governance (supply and demand driven)	Policy-based interventions	City quality indicators			
	Political economy of urban policy	Incentive based instruments (output-based aid or tournament approaches)	ICT in public administration			
		Climate change funding	PRs, National Urban Strategies, City Development Strategies (CDS)			

**Figure 1: Urbanization Issues – New, Resurrected or Forgotten (continued)**

	<b>Challenges</b>	<b>Instruments</b>	<b>Analytical and Planning Tools</b>	<b>Data and Benchmarks</b>	<b>Institutions</b>	<b>Regions/Countries/Cities</b>
<b>Old Issues Revived</b>	Urbanization as an opportunity (as well as problem)	Slum Upgrading and Sites and Services Projects			Ministerial coordination	Latin America
	Slums	Capital subsidies for urban services for the poor			Decentralization	
	Scaling up	Special assessment fees/land readjustment for infrastructure finance				
	Urban land management	Sub-national borrowing				
	Urban housing finance	Urban/Municipal Development Funds				
	Investment climate					
<b>Old Issues Forgotten</b>	Employment and labor markets		Cost-benefit analysis			
	Managing urban transport/automobiles					
	Small and medium city development					



forgotten issues include urban employment and labor markets, urban transport and the future of small and medium-size cities.

A plethora of new instruments are available today to deal with old and new issues, including comprehensive slum upgrading schemes, land tenure, titling and regulatory reform, micro-credit finance, private sector engagement, community driven development, multi-stakeholder alliances, conditional cash transfer programs and other incentives based approaches, and climate change funding. There also remain a number of instruments available that were already in play 30 years ago, such as slum upgrading and sites and service projects, capital subsidies for the urban poor, special assessment and land-value based revenue tool, sub-national borrowing and urban/municipal development funds.

In addition a whole ream of new analytical and planning tools are now available: happiness and life satisfaction analysis, urban poverty assessments, asset-based policy analysis and longitudinal studies, GIS mapping, impact evaluation, metrics of the investment climates, ICT in public administration and various national, urban and city planning tools. Many of these analytical tools are the result of four relatively recent developments in analytical methods which have been developed to underpin evidence-based policy making: “development of survey techniques, including large-scale, even world-wide surveys; development and management of comprehensive data bases; development and application of advanced statistical and econometric methods; and ease of access by analysts to much enhanced computing capacities.” (Linn, 2010, p. 15)

In addition, data and benchmarks have become more important in urban policy making. This includes a systematic focus on socio-economic and demographic information, measurement of poverty according to a broad spectrum of dimensions, tracking of the achievement of MDG targets, and measuring urban land use, prices and regulatory interventions.

A number of new institutional issues are now the center of attention: decentralization of responsibility to sub-national levels of government, coordination of ministerial competencies in country, and effectiveness of aid to urban areas. New institutions have appeared on the scene focusing on urbanization in developing countries at the international level (U.N.-Habitat, the Cities Alliance), and manifold civil society organizations (CSOs) have sprung up involved in supporting especially the poor communities in cities.

Finally, the framework allows for a consideration of the geographic dimension in which urbanization takes place. Thirty years ago, urbanization in Latin America was already relatively far advanced and much of the urban policy debate focused on the experience of that continent. Since then Africa, China and India have moved into the forefront of the debate, along with a focus on fragile and conflict-ridden states; moreover, selected cities (among them Bogota, Mumbai, and others), have been subjected to much study and analysis.

A number of the dimensions and issues highlighted in Figure 1 are relevant specifically to urban poverty reduction and explored in Linn (2010), but others are of general significance for the policy and management of urbanization. Many of these are addressed in the other scoping studies which we have undertaken under this project: land related issues are addressed in Bertaud (2010); issues of revenue mobilization, local borrowing and decentralization in Alm (2010); aid effectiveness, the role of CSOs, the growth of multi-stakeholder alliances/partnerships in Kharas et al. (2010); and matters of political economy in Desai (2010).

### **Urban poverty<sup>6</sup>**

The first question to address is “why worry about the urban poor”? Since a large majority of the poor in developing countries today live in rural areas and average per capita income levels of the urban populations are usually far in excess of average incomes in rural areas, one may be tempted to treat urban poverty reduction issues a low priority. We already cited the dynamics of urbanization, urban poverty and slums, which make it clear that urban poverty issues will present major challenges in the coming decades. In addition, however, the battles against rural and urban poverty are mutually reinforcing, as efficient urban growth and reduced urban poverty will create demand for rural products and opportunities for rural-to-urban migrants; and rural growth and poverty reduction will create demand for urban products and reduce migration pressures. China is a prime example for how the interaction of rural and urban development creates a beneficial cycle that supports exceptionally rapid growth and poverty reduction overall.

Turning to the research agenda on urban poverty, Linn (2010) selects a few issues for priority research attention from the long list of urban poverty issues in Figure 1, by applying a number of criteria: The issue should

- be a major challenge, an instrument or analytical tool with special promise, a data issue of high importance, an institution or institutional issue of particular significance to urban poverty reduction, or a region/country/city with particularly relevant experience;
- have a specific urban dimension and lend itself to spatially distinct interventions in urban areas;
- lend itself to evidence-based policy analysis leading to action; and
- not have been exhaustively researched to date.

The application of these criteria to the issues in Figure 1 is by necessity subjective; others may prefer a different selection of issues, by choosing different criteria, or applying different weights to each, or judging the conditions applying to a particular issue differently. The framework of Figure 1 allows one to combine different issues from different dimensions: For example, if one focused on the analytical instrument of happiness analysis, this could be applied to the challenge of slum upgrading and to a particular instrument in a particular country, such as the “Piso Firme” program

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<sup>6</sup> This section summarizes the findings in Linn (2010)

in Mexico. In fact, this was the focus of an evaluation by Catteno et al. (2009). With these caveats, Linn (2010) selected the following research issues.

### 1. Slum improvement

The prevalence and growth of slums remains a major challenge, as reflected in the fact that slum improvement is the only urban target included in the MDGs. While much has been learned over the years, there remain major unresolved issues, including whether or not to focus on the urban poor where ever they are, or specifically on slum areas; whether slums are predominantly a problem or an opportunity; whether targeted interventions to improve or reduce slums are worth pursuing; whether one should focus on improving existing slums or on preventing the growth of new slums; whether to focus on large or rather on small and medium cities, etc. Linn (2010) explains how the slum improvement research agenda could be shaped to consider

- different challenges (e.g., gender issues, crime and violence, employment creation and access to transport services),
- different instruments (comprehensive versus narrowly focused slum improvements, relying on community participation and multi-stakeholder alliances, or employing conditional cash transfer programs),
- different analytical tools (happiness analysis, impact evaluation, longitudinal analysis, GIS and poverty mapping, and different planning tools),
- different institutional constraints and opportunities (fragmentation of governmental responsibility, the role of international partners, the effectiveness of aid), and
- different geographic dimensions (a special focus on Africa, or on South Asia; or learning from the decade-long experience of Latin America)

Among the highest priorities from these choices for research would in our view be an assessment of African slum growth and improvement, bringing to bear the international experience with comprehensive slum improvement programs, combining various tools of impact analysis, longitudinal studies, and life-satisfaction approaches, with a special focus on the role of participatory planning. Of particular interest is the impact of policies on housing affordability and slums and could include an examination of the huge South African low-income housing program that was able to meet ambitious targets, albeit with big subsidies.

### Employment

In contrast to slums, employment is rarely a focus of attention in today's debates about urbanization, even though lack of employment and uncertain, dangerous, low productivity employment are key determinants of urban poverty and surveys show that employment – or lack thereof – is a key determinant of peoples' life satisfaction in cities.. The relative lack of focus of research and policy on urban employment issues could be due to the perception among economists that labor markets generally work relatively well in developing countries and that employment issues need to be treated as “spatially neutral”. (World Bank, 2009a) However, Linn (2010)

argues that urban and rural employment and labor market conditions are fundamentally different, that there are serious issues of segmentation of urban labor markets into formal and informal employment, that urban housing, transport and social (education, health, and social protection) policies can have significant effects on how urban labor markets work, especially for the poor, and that community based civil society organizations (CSOs) have demonstrated a special capacity to generate employment for the poor.<sup>7</sup>

An alternative reading of the economists' argument suggests that long term trends in employment generation depend on the development of competitive industries that demand labor. This in turn depends from a number of national policies and institutions to support that growth, in addition to local supporting measures. Local job creation actions and policies that help people live in desirable locations and healthy environment can create limited employment benefits, but they cannot compensate for a tepid job generation. In the end it appears to us more a question of interactions of multiple causality rather than one of competing hypotheses about what drives the labor market. Research should help to understand these interactions better.

As in the case of slum improvement, Linn (2010) explores how a research design on the employment challenge can be tailored to consider specific other related challenges (the gender dimension, the functioning of land markets, the investment climate, etc.), specific instruments (micro-credit schemes, multi-stakeholder alliances, conditional cash transfer programs, etc.), analytical tools (happiness analysis, cost-of-doing-business surveys, etc.) and institutions (especially the role of CSOs), with again perhaps a special focus on Africa and South Asia.

## 2. Small and medium-size cities

Over half the world's urban population lives in cities with less than 500,000 inhabitants, and almost 2/3 in cities below 1 million, with only 4 percent in "hyper-cities" with populations over 20 million. Small and medium size cities are projected to grow most rapidly among all city-size categories, and all of the core problems of urbanization (including poverty and slums, lack of employment and services, poor governance, management and financial resources) are prevalent in spades in small and medium-size cities. Moreover, national policy makers and international community have often neglected their problems, compared to the prevalent focus on the more visible plight of the large and mega-cities.

Linn (2010) argues that a greater research focus on the small and medium-size cities is therefore warranted. He points out that while the hurdles to research are severe, mostly due to lack of data and the multiplicity of locations, there are special instruments (such as tournament based approaches, conditional cash transfer programs, policy-based and wholesaling lending approaches by aid agencies) and

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<sup>7</sup> Santiago Levy's work on the Mexican conditional cash transfer program and social protection system is particularly relevant in documenting how policies and institutions can interact to affect urban employment and incomes in unexpected and potentially detrimental ways. (Levy 2007, 2008)

analytical tools (survey and census-based approaches, comparative investment climate indices, etc.) that can be explored. Moreover, targeted institutional options are available, such as urban development funds. Special attention needs to be focused on the issues of political economy and national-sub-national fiscal relations, with the fragmentation of ministerial responsibility again a major issue to be considered. Finally, the policy and institutional challenge of small and medium-size cities (as distinct from larger cities) is likely to be particularly pressing for large countries, and countries with high urban population growth and relatively poor institutional capacities (i.e., much of Africa).

### 3. Research on selected instruments

In addition to the instrument of comprehensive slum improvement programs (see above), Linn (2010) gives special priority to further research on two sets of instruments: conditional cash transfer programs and incentive-based approaches:

Conditional cash transfer (CCT) programs have been widely used in Latin America to combat poverty and to provide incentives for activities that create better human development (education, health, nutrition, etc.). However, many of the schemes have a rural focus and special problems have been encountered in implementing these schemes in urban areas. Exploring how such programs can best be designed and implemented to meet the needs and conditions of the urban poor is therefore an urgent priority as many countries are exploring the possibility of developing or expanding their CCTs.<sup>8</sup>

CTTs are a special example of a broader set of instruments that employ incentives to change individual, community or institutional behavior. Tournament approaches, output-based aid, innovation and replication funding mechanisms are other examples. A key potential benefit of their use is that, if properly designed, they can achieve improvements in performance on a significant scale and by large numbers of institutions or jurisdictions.<sup>9</sup> Research is needed to determine how and where these incentive-based approaches can be best brought to bear on various aspects of urban poverty reduction.

### 4. Research on selected analytical and planning tools

Three analytical and planning tools deserve further research in how they can best be brought to bear on the problems of urban poverty: happiness and life satisfaction analysis; impact analysis; and strategic planning tools.

Instead of using the traditional economic tools of looking at revealed preferences as expressed in per capita income and consumption and their composition, happiness and life satisfaction analysis bases its measurement of well being on people's

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<sup>8</sup> Linn points out that the example of CCTs in developing countries has also spurred their application in some industrial countries, including New York City.

<sup>9</sup> See Zinnes (2009) for an exploration of the tournament approach in a number of urban settings, including some initiatives dealing with urban poverty reduction.

personal assessments as revealed through surveys. According to Linn (2010) this tool could be useful in analyzing urban poverty issues, policies, instruments and political economy. So far the method has not been widely applied to inform policy and program design in developing countries and there are only few cases in which urban and specifically urban poverty issues have been addressed.<sup>10</sup> Linn therefore proposes a research study that systematically reviews and evaluates the happiness and life satisfaction literature to see whether and how the instrument can be effectively applied to address key urban poverty policy and political economy issues.

Impact analysis is a relatively new tool with which to measure in a scientifically reliable way the impact of policy, program and project interventions, by using an experimental approach in which treatment groups are compared with control groups without treatment after the implementation of an intervention (the treatment) against a common baseline before treatment was applied. This approach has been advocated and widely used in the health and education areas, much less so to date in the area of urban and urban poverty interventions. A research initiative to explore the potential for this tool in evaluating the impact of urban poverty programs represents a well-defined and potentially high pay-off undertaking.

Lastly, strategic planning tools are now widely employed to support improved urban development at the national and city level, but their links to broader national planning and poverty reduction strategy mechanisms are poorly articulated, and little is known about how effectively these planning tools serve the objective of addressing urban poverty issues. Therefore, a review of commonly used planning tools would provide useful inputs into national and urban strategy development and implementation.

##### 5. The imperative of scaling up in the fight against urban poverty

In conclusion, we follow Linn (2010) in stressing the need for scaling up successful interventions in the fight against urban poverty. Too often, projects, programs and policy or institutional initiatives are one-time and short-lived, only to be replaced or superseded by other new interventions. Replication and scaling up of interventions that have been shown to work is something that needs to be pursued much more persistently by all actors on the ground: by national and local governments, by CSOs and by aid organizations. Research on urban poverty reduction should incorporate a search for an answer to the scaling up question: If an intervention is successful, how can it be replicated and scaled up to achieve comparable positive outcomes across a broader universe of the poor in a city, in a country and world-wide.

After this overview of priority research issues related to urban poverty reduction, we now turn to review selected priority areas of research that were analyzed in greater depth as part of our urban research scoping exercise: land and housing

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<sup>10</sup> See Graham (2008) for further explanations of the approach and some applications to urban issues in Latin America.

markets; financing of urban infrastructure; aid and partnerships for urban development; and the political economy of urban policy.

### **Land and housing markets<sup>11</sup>**

According to Bertaud (2010) the concern about urban land and housing in the cities of developing countries started with a focus on solutions in building technology in the 1950s and 1960s, followed by a concern about rural-urban migration and efforts to limit it during the 1960s and 1970s, succeeded in turn by a focus on low-cost, affordable sites and services programs during the 1970s and 1980s. Only in the 1990s did urban analysts begin to focus on the functioning of land and housing markets. Government policy regarding urban land and built space is an essential element in ensuring that urbanization functions as a supporting process for rapid economic growth. (Spence: 2009) This is because of the advantages that firms and individuals derive from locating in cities. To constrain arbitrarily the supply of built space through constraints on either land use or the availability of land thus constrains firms or households from locating where they can be most productive. In scoping out options for research on urban land and housing policy, Bertaud focuses on two areas where land markets and government action intersect: the role of land and housing regulations, and the conversion of rural to urban land. Throughout he stresses the importance of an effective supply of network infrastructure to support density and connectivity in cities.

#### **1. The role of regulations**

Throughout the changing history of thinking about urban land policy and management, Bertaud finds that the fundamentals of urban land and housing policies on the ground in many countries didn't change much. Urban planners and managers sought to achieve desirable densities by imposing regulations that tried to limit the scope to build high rise and high density modern development and tried to constrain low quality, low cost and very dense private low-income housing development. A regulatory instrument of particular importance has been the limitation on the maximum allowed ratio of floor space to land area<sup>12</sup>, which often has been kept to levels much below what the unconstrained land and housing market would have dictated. Since this limits the scope of substituting capital (invested in multi-storey construction) for land, it constrains legal construction of floor space especially in central locations. Such rules drive up the market price of land. This imposes a particularly harsh burden on very low-income households (under about US\$800 per year), since they cannot even afford the cost of basic building materials for a multi story dwelling. As such they are consigned to consuming more land than higher income buyers. Since the poor cannot afford to spend much on transportation, they are often driven into informal/illegal slums, or in flood areas, on steep mountain sides, far away from the city center, and hence

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<sup>11</sup> This section is based on Bertaud (2010).

<sup>12</sup> Known as the "floor area ratio" or FAR for short. FARs regulate how much floor space can be built in relation to the total plot size.

employment opportunities, in areas with low or no security, with no or poor public services, etc. When land prices are high, even the middle classes who can pay for transport often can only afford distant locations from the city center.

Countries where urban governments have not imposed binding ceilings on the floor area ratio (FAR) have done better in terms of providing affordable living space to their urban citizens (e.g., Thailand). In Bangkok, in spite of rapid urban expansion and defective transport infrastructure, slums declined as a share of the housing stock from 23% in 1974 to 13% in 1988. On the other hand, countries that have very restrictive FARs (such as India, where FARs are particularly low) tend to have serious problems of inadequate formal housing supply and a preponderance of illegal slums. By way of comparison, Mumbai limits the FAR to 1.33, while in Bangkok the FAR was 10 all over the city.. Due to the distorted spatial development patterns (low density development especially in the city centers) transport requirements and costs rise. In Mumbai, the percentage of slum population has risen steadily over the last thirty years, in spite of increasing incomes. For Bangalore, India, Bertaud reports that “the low FAR regulatory values in the core city cost households on average around 3.5 percent of their yearly income in additional transportation costs.” (Bertaud, p. 18)

Other common regulations limit the supply of urban land and housing available for private consumption, including large tracts of urban land owned by government or state enterprises and large set-asides for roads or green belts. On average only about 40 percent of urban land is available for private construction in the cities of developing countries. Government owned land and land set aside for transport and for open space preempts the rest. In addition, the floor space supply response (elasticity) is limited by restrictive zoning regarding gradient or land use. For example, requirements for setbacks, coverage ratios, and parking requirements, set asides for public space or reservations for public facilities (that may or may not be built) are among the many regulations that require formal developers to use more land than lower income clients may wish to pay for. These regulations are rarely, if ever, reviewed in light of the rising cost of land in many fast-growing cities. Finally, cumbersome land registration and building permit requirements represent additional constraints to efficient floor space development.

## 2. Conversion of land for urban use

Another factor which influences land and housing prices is the conversion of agricultural land into urban land and the concomitant investment in infrastructure to service the land. The more, and the more efficiently, municipal authorities and private developers provide these investments the lower the price of land and the more efficient the development of urban space. Bertaud reports on four cases where this conversion process and investment in infrastructure has proceeded with varying degrees of success.

The land readjustment programs in South Korea and (more recently) the town planning schemes in Gujarat are promising methods of self-financed development at



the peripheries of cities. In each case, land is taken from the original landowners by a public agency and developed for urban use. A portion of the improved land is returned to the original owners; some of it is dedicated to transport, open space and public use; the remainder is sold, with the proceeds covering the investment costs. In the case of South Korea, in the late 1970s it became clear that the land readjustment schemes could not keep pace with fast growing urban incomes and housing demands and urban real estate prices rose rapidly. The government then resorted less to land pooling less and instead moved to direct acquisition of land and provision of infrastructure. They successfully developed large tracts of urban land with services and transport infrastructure and provided lots with subsidies to developers. Unfortunately, although developers achieved productivity improvements, price controls on apartments ended up constraining the type of living space supplied to levels that are below what one would expect from an unconstrained market solution in a upper middle-income country. It is as yet too early to judge the success of the Gujarat initiative, and how well it will respond to the very rapid growth, over 10%, experienced in Gujarat.

In China urban land development is the prerogative of local authorities. For years they were able to fund dramatic infrastructure expansion and improvement using their control of municipal lands. This provided critical support to the housing reform in the 1990s, which shifted from an enterprise-provided housing model to private supply. The housing reforms implemented over 20 years established a functional private real estate market that improved spectacularly housing quality and the floor space consumed by households (5 fold in twenty years). This took place in spite of a rapid shift of population to urban areas (on the order of 1 percent of total population per year) and in spite of rapid income growth and the ensuing increase in demand for more living space. However, the process became more complicated when local authorities moved to acquiring agricultural land on the urban periphery. The system for establishing compensation for land purchased from farmers was based on a complicated and opaque formula that took no account of location and the value of land in urban use. As such, the authorities who have an incentive to convert agricultural land, since they benefit from the difference between the price of agricultural land acquired and the value of land for private urban development. This has led to concerns about excessive conversion of agricultural land, farmer protests and resistance in some cases. The regulatory backlash by the central government is an effort to protect agricultural land and reduce the risk of protests by farmers who feel pressured and cheated in the process.

Finally, in Thailand, while, as reported above, regulatory constraints were largely absent, the city's development has been hampered by inadequate investment in urban infrastructure, especially urban roads. This has resulted in tremendous congestion and high density and land prices at the city center, as households and businesses bid for limited central city space in order to minimize the transportation costs.

### 3. Case studies

Bertaud reviews case studies for India, South Korea, China and Thailand to examine how urban land development evolved in the face of rapid urbanization and income growth. The successful cases exhibit considerable variety, and no one country did everything 'right'. However, in the cases where households experienced rapid improvements in housing quality and quantity assembled a few key ingredients are always present as part of a consistent and mutually reinforcing strategy. They are: primary infrastructure investments; supportive land use regulations; efficient taxation, fares and fees; and modest supply and demand side subsidies.

### 4. The research agenda

Against this backdrop Bertaud calls for a research agenda for urban land and housing that focuses on

- specific regulations and their quantitative impact on land and housing prices and consumption in specific urban locations, rather than the common academic approach that involves cross-city and cross-country analysis relying on broad dummy variables to estimate the impact of regulation in a generic form;
- urban land and housing affordability which considers “(1) removing supply regulatory constraints, and (2) subsidizing demand for the poor for safe water, health and education”; (Bertaud, 2010, p. 40)
- the existing urban land and housing stock as much as on the conversion of land to urban use and the supply of new housing.

In addition, Bertaud proposes four specific operational research tasks:

- Land use audits: few cities maintain an inventory of land use; land use audits would collect spatial information on land use, on land and floor supply and consumption, and on land values, disaggregated by types of land tenure and land utilization.
- Regulatory audits: cities generally have a slew of land use regulations that have haphazardly grown over decades; the regulatory audit would assess the status of all existing land regulations, assess their mutual consistency and their implied costs and benefits, and project the application of regulations onto citywide maps to test the spatial impact of regulations.
- Study of the affordability thresholds set by regulations and the limits between the formal and informal land markets: This would involve the establishment of the consumption curve relating household income to land and floor area consumption; calculate the affordability threshold between the formal and informal markets, identify the regulatory and/or productivity barriers that prevent low-income households from gaining access to the formal market; and project the number of beneficiaries and their income if regulatory or productivity barriers were removed.
- Study of the costs and benefits of limiting FAR: As described, above FARs are frequently set by regulations at maximum levels substantially below market

clearing levels. The study would assess the benefits and costs of a removal of FAR limits or of the introduction of a less binding FAR ceiling. This would involve the estimation of benefits of such a regulatory change on the price of land, on transport costs, on the supply of formal housing, and the improved access of the poor to affordable housing. It would also assess possible costs associated with this regulatory change, such as increased congestion.

### **Urban infrastructure finance<sup>13</sup>**

Investment in urban infrastructure is critical for the efficient development of cities and of the urban land and housing market. It is also expensive. As mentioned earlier, estimates of annual urban infrastructure needs are around \$120 billion for the developing countries.<sup>14</sup> Although some of this can be funded from external assistance (see next section below), much of it will have to be funded from resources mobilized nationally and locally.

Following Alm (2010), urban infrastructure investment decisions involve a few deceptively simple questions: (a) Is the project justified? (b) Who is responsible for the investment activity and subsequent maintenance (O&M) of the infrastructure asset? And (c) how to finance the investment and O&M?

The first decision is one of technical project selection, but involves generally many alternative options and complex tradeoffs between different objectives (including environmental, social and political aspects). In practice, project selection is often subject to very limited and often imperfect tests.

The second decision involves the much debated issue of intergovernmental decentralization, with the well established subsidiarity principle<sup>15</sup> requiring in theory that the responsibility for urban infrastructure is lodged at the local level, while in practice many different variants of division of responsibility between the national, provincial and local levels apply, often to good effect considering the alternatives, but without clearly articulated rationales. Over the last few years, much effort has been made to explore how municipal-level governments can be strengthened in terms of management and financial capacity to take on more responsibility for urban infrastructure.

The third decision involves a weighing of alternative funding methods for the high capital costs of urban infrastructure investments, including (a) borrowing by municipalities or the issuance of municipal bonds, for which Alm thinks there is limited scope due to the poor development of capital markets in many developing countries<sup>16</sup>; (b) capital grants by the national government, which have to be

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<sup>13</sup> This section is based on Alm (2010).

<sup>14</sup> [But see earlier question in fn. 2]

<sup>15</sup> "This principle states that government services ought to be provided by the lowest level of government that can do so efficiently." (Alm, 2010, p. 4)

<sup>16</sup> A special problem not mentioned by Alm is that local governments cannot and should not take on foreign exchange risk when borrowing, considering their inability to hedge that risk effectively.

nationally funded, often come with strings attached and raise questions of “ownership” by the local authorities which can later create problems with poor O&M performance; (c) public-private partnerships or private responsibility and funding for the project, which have a checkered record in developing countries; (d) land related taxes and betterment charges, which have worked successfully in some countries, including the land readjustment scheme in South Korea (see above), but require considerable administrative capacity and political will, and (e) local taxes and user charges, which may be able to fund the O&M costs, but rarely will cover outright the upfront capital costs of urban infrastructure investments.

Based on his review of actual practice around the globe, Alm (2010) concludes that there is no simple principle or model of expenditure and revenue assignment for urban infrastructure and that despite decades of practical experience and academic research a number of gaps remain in our knowledge about urban infrastructure finance:

1. Data: What is the extent of municipal infrastructure spending? What are the funding mechanisms, including municipal borrowing? What are the assets municipal governments have which could be mobilized to fund infrastructure investments (e.g., through sale of public land assets, or through capture of land value increments on private land)?
2. Municipal borrowing: How can the long-run borrowing capacity of local governments be strengthened? How can national capital markets be developed for municipal borrowing, including development of rating agencies? Are there proven institutional solutions that can help raise funds for urban infrastructure, such as the creation of Urban Development Funds?<sup>17</sup>
3. Capital grants: What is the impact of such grants on local investment decisions? How should they be designed for optimal investment decisions? How to ensure “ownership” for O&M by the local authorities?
4. Cost recovery through user charges: What is the contribution of user charges to capital and O&M finance so far? How can their contribution be strengthened as part of an effort to strengthen the financial viability and efficiency of urban infrastructure?
5. Distributional effects: What is the impact on different income groups, and especially on the poor, from different funding schemes? How can infrastructure financing be structured to ensure affordable and effective service provision for the poor?
6. Governance and administrative capacity: What are the current prevailing governance practices and administrative capacities of local and (where appropriate) national authorities for assuring effective urban infrastructure service provision? How can they be strengthened? This covers such issues as the appropriate assignment of expenditure and revenue responsibility to different levels of government, the strengthening of tax administration and

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<sup>17</sup> For at least partial answers to these questions, see Annez et al. (2008).

costs recover capacity, and the appropriate engagement with private and non-governmental actors.

Overall Alm (2010) is quite pessimistic that theory has much to add to our understanding of the practice of urban infrastructure finance, or that it will tell us which approach is superior relative to others in specific contexts. He is also pessimistic about the extent to which local governments can finance urban infrastructure by themselves. And he concludes that a fundamental lack of data is an obstacle to effective research and learning in this area.

Nonetheless, he recommends further research to promote a better understanding on the six gaps summarized above and the related questions that they raise. Specifically, he suggests the following four avenues of research:

- Data: Generate more and more reliable data on the various dimensions of infrastructure finance and on the administrative capacity of local governments.
- Project decisions: Explore the use of modern private project appraisal methods in selecting urban infrastructure investments.
- Institutional and political analysis: Include institutional and political factors explicitly in the analysis of urban investment and finance decisions.
- Civil society organizations (CSOs): Explore the role of CSOs in urban infrastructure service delivery.

### **External assistance and partnerships<sup>18</sup>**

Foreign assistance can help developing countries in creating an efficient and equitable urban development pathway, with funding for infrastructure investments and with technical advice and exchange of experience on technical and institutional aspects of the urban management process. Kharas et al. (2010) review what we know about two aspects external assistance: (a) the amounts and effectiveness of external aid for urban programs; and (b) the potential for external-domestic partnerships to respond effectively to the urbanization challenge.

#### **1. Urban aid and aid effectiveness**

Figuring out how much aid goes to fund projects in cities turns out to be difficult, since readily available aid data do not permit a simple identification of urban aid. Kharas et al. (2010) have combed through the available data and with some clever assumptions have calculated that about US\$ 1 billion per year or less than 1 percent of overall official development assistance (ODA, equal to about US\$120 billion per year) goes to urban projects.<sup>19</sup> This is a quarter of what has been estimated is needed to meet the urban slum reduction target under the MDGs (US\$4 billion) and

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<sup>18</sup> This section is based on Kharas et al. (2010)

<sup>19</sup> Note that ODA numbers do not include the lending by the multilateral development banks (the World Bank and regional development banks) for urban projects in middle-income countries. No estimate of how much this amounts to is available at this time.

less than 1 percent of urban infrastructure investment finance needs (US\$120 billion).

Over the last decade, this aid flow has at best been stagnant and possibly on the decline. The number of aid agencies providing significant funding is relatively small with only 10 donors accounting for 83 percent of all urban ODA. Kharas et al. see some signs of division of labor among principal donors, e.g., with the Asian Development Bank focusing on mega-cities and city clusters, while the World Bank has focused on secondary cities. At the same time the number of urban projects has risen from about 200 in 1995 to almost 1,400 in 2007, while the average size of projects has dropped from US\$1.9 million to US\$1.3 million, with the median project cost in 2007 at only \$90,000. This is about average for the various sectors of aid, but still reflects a remarkable degree of fragmentation into a proliferation of small projects.

In sum, urban engagement by donors has been relatively small and stagnant compared to other sectors and relative to financing needs, with relatively few donors, but with a highly fragmented set of interventions judging by the number of projects. Kharas et al. (2010) explore the reasons that might account for this apparent neglect of urban challenges by the donor community and identify four principal ones: (a) the now popular results orientation of donors, which is difficult to implement for urban programs, in view of the difficulty of measuring progress against difficult to quantify aggregate goals; (b) the focus of many donors on poverty reduction, which drives them towards a preference for rural programs; (c) donors' stress on ownership, or alignment programs with local priorities, where in the past at least national governments have tended to neglect the urban agenda; and (d) donor agencies' risk aversion in the face of difficult governance and social safeguard challenges in urban areas, which is particularly the case for projects requiring land acquisition and resettlement of people.

Urban advocates will have to find ways to overcome these obstacles to urban aid and research may be helpful in doing so, by focusing on the development of better urban aid data, development of clearer urban development results metrics, demonstration of the importance of urban poverty, articulation of a national-level rationale for effective urban development and investigation of better means for urban land management.

## 2. Design of partnerships in support of urban development

One area in which the urban sector appears to have an advantage over other areas of donor engagement is in its track record of development of innovative and effective coalitions of diverse partners. "Partnerships intuitively offer a way around some of the problems associated with today's aid architecture, such as fragmentation and coordination. New urban partnership models have, at different times, combined the efforts of a range of different stakeholders: urban residents including slum dwellers, often arranged in community-based organizations (CBOs)

or other informal alliances; charities and NGOs; the private sector; local and central government; and international foundations.” (Kharas et al., 2010, p. 16)

Partnerships are no panacea, since they may involve high transactions costs and prove unstable over time. Moreover, Kharas et al. find that there is no analytical framework and strong evidence base on how and how effectively these partnerships work in practice. To remedy this shortcoming, Kharas et al. propose a two-step framework for analyzing urban partnerships, considering in step 1 three aspects of coordination (harmonization, comparative advantage, and bridging the gap between service providers and customers), and addressing in step 2 four dimensions of finance for urban service provision (allocation of risk, capital markets, incentive compatibility and hybrid options).

For step 1 (coordination), harmonization and comparative advantage of partners involves relative obvious, if practically not always easy actions (such as sharing of information and division of labor). Bridging the gap is perhaps a less obvious, but often important aspect of coordination. In settings where cultural, ethnic and physical divides make it difficult for service providers to interact with low-income customers, finding intermediary organizations or actors as partners has been very helpful in practice. NGOs and CBOs are particularly well suited for this purpose and have been highly effective in developing innovative approaches to reach low-income and slum-based customers in ways that make it possible for the customers to benefit from and even pay for the services provided.

For step 2 (finance), Kharas et al. describe different methods that partnerships offer to improve the access to and utilization of finance. This includes the creative sharing of risks among partners (e.g., through private-public partnerships) and improved access to capital markets (e.g., floating of municipal bonds with the assistance of private investment companies, or providing public subsidies for the fixed costs of privately provided services). Using financial incentives to create and sustain partnerships is another way of assuring effective urban service delivery, whether it is through inter-jurisdictional competitions or through the tools of transferable development rights<sup>20</sup> and of output-based aid. Finally, hybrid partnerships are those that involve the beneficiaries and their communities themselves, enrolling and incentivizing them as active partners in the delivery and maintenance of urban services.

For each of these dimensions of partnership Kharas et al. cite examples from cities and urban communities in developing countries. However, they also stress that little is known on this critical area of urban development engagement (partnerships with or without external participation) and that more research is needed to understand the contribution which partnerships can make and what can to be done to help ensure that they function effectively. They further stress that “[m]ore specifically,

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<sup>20</sup> It should be noted that tradable development rights have been controversial in places like India. They are seen by some to give incentives to tighten real estate regulations, to raise revenues and encourage densification without attention to infrastructure.

NGOs and CBOs remain little understood (Buckley and Kalarickal, 2006), and a great deal more empirical work will be required before the gap between service providers and the urban poor can be consistently overcome.” (Kharas et al., 2010, p. 21)

### 3. The research agenda

Against this backdrop, Kharas et al. (2010) propose six specific items for an urban research agenda: three items for enhancing the effectiveness of urban aid, and three for a better understanding of urban development-oriented partnerships.

For effective urban aid:

- Results measurement: Develop indicators, measure results and provide metrics for urban development that can be readily collected at a city level and aggregated to the country level.
- Political economy: Understand the political economy of urban interventions, develop tools to assess and deal with risks of corruption and elite capture, and explore how to scale up local initiatives into national urban development programs.
- Urban management: Explore how to build capacity and professionalism of urban and city management at the national and local levels, including the development of think tanks, research centers and urban management graduate programs.

For a better understanding of urban partnerships:

- Hybrid partnership models: Investigate viable cost structures for hybrid partnership models, which allow an effective, scalable and socially acceptable sharing of costs among partners and customers.
- Municipal bond markets: Research where and how the development of municipal bond markets is feasible and could serve as an effective financing instrument for urban investments.
- Inter-city competitions: Explore new models for inter-city competition, which would be “designed to give incentives to municipal authorities, working in partnership with other urban stakeholders, to improve the standard of living in cities and towns.” (Kharas et al. 2010, p. 29)

### **The political economy of urban development<sup>21</sup>**

One common theme running through the exploration of research issues in the four papers reviewed so far is the importance of understanding the political economy of urban development. The fifth and last paper by Desai (2010) scopes out some of the research issues regarding the political economy of urban poverty, by way of example of how political economy issues might be explored more generally.

Economists and urban planners tend to assume that because they can demonstrate that some intervention is for the public and social good, their arguments will carry

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<sup>21</sup> This section draws on Desai (2010).



the day in program design and implementation. In reality, of course, the weight and pursuit of different stakeholders' interests – including politicians and bureaucrats, as well as a wide range of interest groups – will determine whether or not program design and implementation correspond to the direction prescribed by economic and planning analysis. To understand how policy and program decisions are made and implemented one will have to establish who benefits and who loses as a result of actions taken; how different winners and losers pursue their interests; how their often divergent interests are mediated by inter- and intra-institutional political processes; and what can be done to create the conditions and incentives in which collective action leads to overall desirable social outcomes.

In order to understand better how political processes support or impede urban poverty reduction, Desai (2010) explores what he calls the “political agency of the poor”, which he defines as the capacity of the poor to select, reward and sanction the leaders, institutions, policies, formal rules and informal norms that directly affect their lives.” (Desai, 2010, p. 2) Desai postulates that a key reason for the persistence of urban poverty and the inability of the poor to bring about conditions that improve their lives substantially, is that they lack in political agency. This is despite the fact that in many countries the poor are perhaps the single largest interest group (if seen as a cohesive group) and that they may have in principle democratic or representative political means to pursue their collective interest.

Desai explains this lack of political agency of the urban poor by a number of possible factors, commonly explored in the political science literature:

- Economic resources, and hence political processes, are controlled by the non-poor. The poor don't have the resources, time and energy to participate in the political processes. Instead they need to focus on their physical survival.
- A “culture of poverty” prevents the poor from pursuing their group interests. A self-perpetuating, self-destructive, self-excluding tendency is deeply ingrained in the culture of poor societies and prevents active pursuit of their common interests.
- A lack of social capital (defined by dense social networks) among the poor is reinforced by a lack of trust in corrupt, brutal and untrustworthy public institutions.
- Voting systems, even where they exist, fail the poor, due to lack of information, seeming irrelevance of an individual vote, a perception of a lack of impact of elections, and non-economic voting habits among the poor.

The implication of this lack of agency is that the urban poor do not operate on the national policy level and have little ability to influence the national urban policy agenda. To the extent they are engaged, it is at the local level where their political activity is geared to secure minimal public services for their communities. Even then there is a risk that local power structures get taken over by gangs or political machines that exploit rather than support the interests of the urban poor. In contrast to the industrial countries, where labor unions grew and successfully represented lower income wage earners' effective labor union movements either do

not exist in many developing countries or do not represent the poor, informal sector workers. Finally, the legal system, which might be designed to protect the rights of the poor, often does not do so by design or implementation. In any case, most urban poor operate in an “informal” environment, which means they de facto live outside or at the margins of the legal system.

In sum, Desai concludes that “[c]onstraints on the ability to coordinate action, to exercise effective influence over policy decisions, to join membership organizations, to advocate for better social services, and to resist depredations of police and bureaucrats, are among the features of political life for the urban poor in developing countries.” (Desai, 2010, p. 17). The only silver lining in this rather gloomy analysis of the politics of urban poverty is Desai’s acknowledgment that in some countries and cities participation and mobilization by the poor is actually happening despite the many obstacles and that “[r]ecent years have shown that the political attitudes and behavior of the urban poor are more sophisticated than once thought.” (Desai, 2010, p. 10)

In conclusion Desai (2010) proposes three areas for research into the political economy of urban poverty:

- Decentralization: To what extent can decentralization of decision-making to municipal authorities address the main problems of political agency of the poor and what can be done to address the risk of capture by the local elites.
- Membership organizations for the urban poor: Under what conditions do membership organizations for the urban poor form, how can they function effectively, and how can they be enrolled and strengthened as partners in the pursuit of urban poverty reduction.
- Microfinance programs: How can microfinance programs, which have been more successful to date in rural areas, be developed for the urban poor?

## **Conclusion**

Based on the analysis of the five papers, a rich palate of research options emerges. We are left with a wide range of issues flagged for investigation, even after all authors applied rigorous standards of selectivity in their respective areas of the scoping review. Going back to Figure 1 above, it is clear that many cells in the matrix were identified as deserving further research attention. As one moves forward to design an urban research program much will depend on the scale of resources available, the academic or operational focus one may wish to pursue, and where in the universe of the matrix in Figure 1 one wants to be engaged with research – on challenges, instruments, analytical tools, data and benchmarks, institutions and geography, and how to combine elements from the various dimensions of the matrix into a meaningful research design. The good news for urban researchers today is that there are so many opportunities for meaningful research on pressing issues, on potent instruments, using much enhanced analytical and planning tools, improved

data sets, and exploring exciting institutional options as they apply in and across many different geographic locations at a global, regional, national and city level.

In conclusion, it may help highlight some commonalities among the very diverse research areas on which each author conducted the scoping exercise. These areas of common interest emerge:

- All authors focused their recommendations on issues of relevance to the practitioners' audience, rather than to an academic audience. This is important, since there is a great gap between academic research and practical application in the area of urban development. As a result many of the key findings of academic research have not found their way into practical application (e.g., the market oriented regulation of land and housing markets, the principle of subsidiarity, etc.).
- Related to the first commonality is a second one: All authors stressed the need to focus on specific country and city contexts and on the specifics of the interventions, rather than pursuing general theories and testing them against cross-country data sets. Still, all probably would subscribe to Alm's statement, which stands somewhat in contrast of what otherwise is his pessimistic attitude towards the relevance of theory: "This does not mean, I believe, that our theories---in this domain and elsewhere—are not useful: they provide a necessary framework in which we can think about these issues, and they often allow us to identify specific policies that are clearly inconsistent with our theories and whose implementation would clearly lead to inefficiencies and inequities. However, practical implementation requires that we also incorporate the specifics of any country's institutional structure in devising and implementing specific policies." (Alm, 2010, p. 38)
- All authors called for improvements in data: data on urban assets, regulatory practices, urban finances, the capacities of urban institutions, or the nature of aid activities.
- They further stressed the need for a better understanding of the role that institutions play and of the political economy of urban development. One of the problems here is that the instruments of policy-relevant and implementation-oriented institutional and political analysis as applied to urbanization issues do not appear to be well developed. Much exploratory research will be needed to help develop the relevant tools.
- Various authors noted the importance of the quality of urban management and the need to explore ways to develop stronger management capacities.
- All authors noted the importance of civil society and community engagement and hence the need to learn more about the capacities and potential roles of CSOs and CBOs, and about how to integrate them into effective partnerships with other key players.
- And various authors commented on the need to scale up successful interventions in the urban area, rather than just moving from one innovative pilot to the next.

- Finally, none of the authors called for more analysis of and justification of the importance of urbanization process for growth, development and poverty reduction. In their minds at least, this debate seems to be settled by the recent report of the Growth Commission and by the World Development Report 2009, among other sources. Of course, it might be expected that urban experts take the importance of their field for granted; but then not all the authors are urban experts in their professional grounding.

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