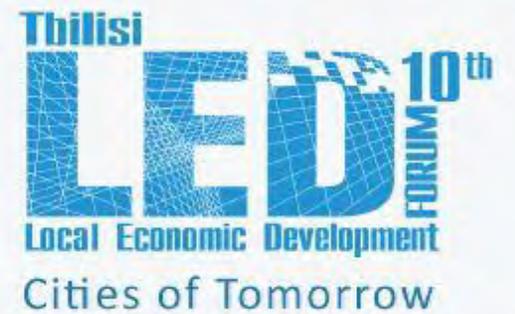


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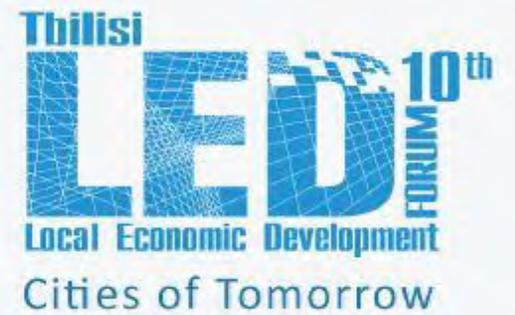


Learning from success: What fast growing cities in Europe and globally do

Austin Kilroy
Senior Economist
World Bank Group

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Three questions:

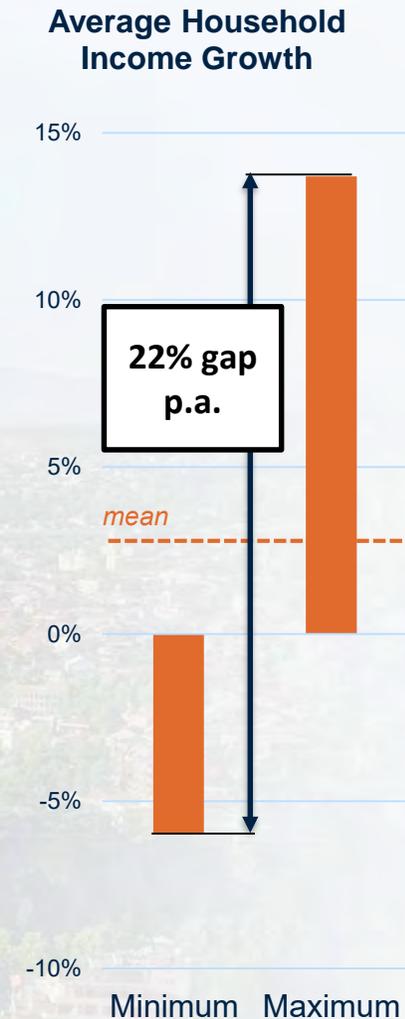
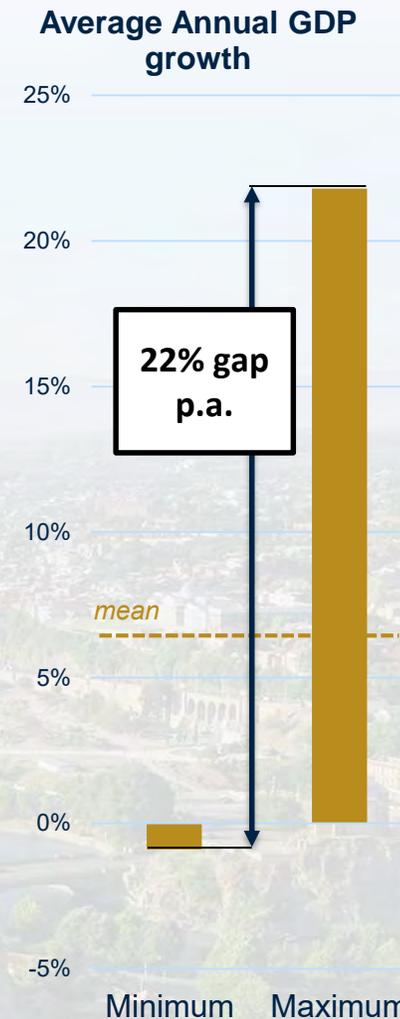
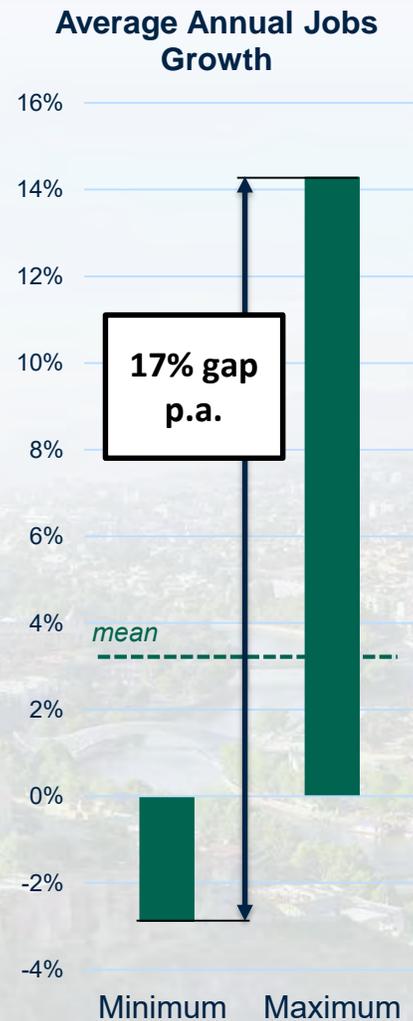
- 1. How much local economic growth can we expect?**
- 2. What does it look like?**
- 3. How do cities help it happen?**

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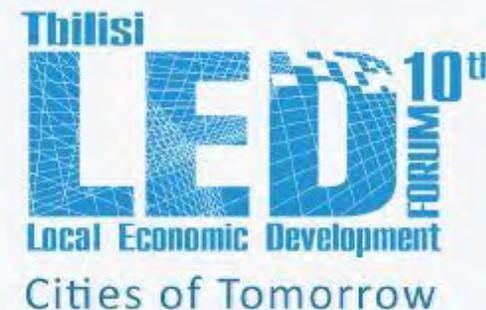
1. How much growth can we expect?

Economic performance varies a lot...



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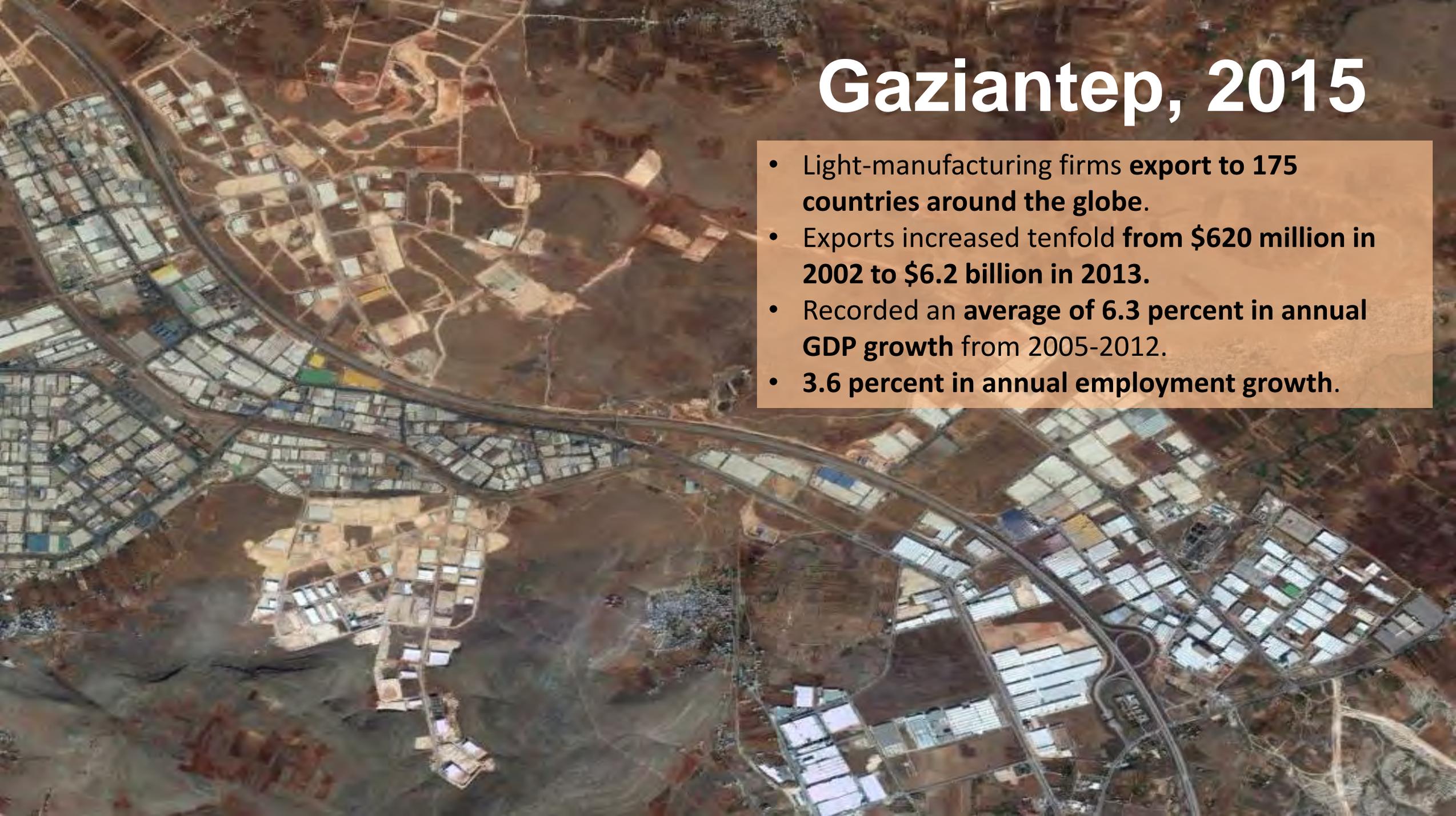
1. How much growth can we expect?

...but local regions can grow very fast

	EUR per capita in <u>2004</u>	EUR per capita in <u>2014</u>	Average yearly growth in income (2004-2014)	Population (2014)
Miasto Wroclaw (Poland)	7 500	17 600	8.9%	633 000
Legnicko-Glogowski (Poland)	7 200	15 800	8.2%	453 000
Trnavský kraj (Slovakia)	6 800	15 700	8.7%	558 000
Gliwicki (Poland)	5 800	13 000	8.4%	478 000
Nitriansky kraj (Slovakia)	5 700	12 200	7.9%	686 000
Klaipėdos apskritis (Lithuania)	5 600	13 100	8.9%	328 000
Zilinský kraj (Czechia)	5 200	12 100	8.8%	690 000
Kauno apskritis (Lithuania)	5 100	12 300	9.2%	585 000
Constanta (Romania)	3 700	11 200	11.7%	684 000
Lõuna-Eesti (Estonia)	4 800	10 500	8.1%	321 000
Piotrkowski (Poland)	4 800	10 200	7.8%	594 000
Prahova (Romania)	2 700	9 800	13.8%	750 000
Brasov (Romania)	3 300	9 000	10.6%	551 000
Salaj (Romania)	2 100	5 900	10.9%	220 000
Giurgiu (Romania)	1 700	4 900	11.2%	278 000

Gaziantep, 2005





Gaziantep, 2015

- Light-manufacturing firms **export to 175 countries around the globe.**
- Exports increased tenfold from **\$620 million in 2002 to \$6.2 billion in 2013.**
- Recorded an **average of 6.3 percent in annual GDP growth** from 2005-2012.
- **3.6 percent in annual employment growth.**

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Cities of Tomorrow

2. What does growth look like?

Driven by goods &
services that can be
exported from local
economy (or can
substitute for imports)



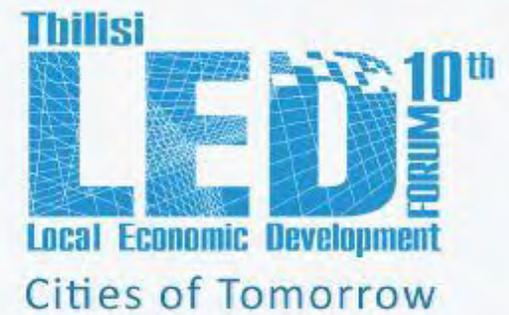
2. What does growth look like?

Driven by goods & services that can be exported from local economy (or can substitute for imports)



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2. What does growth look like?

This is not always jobs
intensive,
unfortunately...

```
-----  
--  
ln_pers_emp | allregions    lagging    leading  
-----+-----  
--  
All years   |   .619***    -.299***    1.105***  
Pre-2008   |   .814***    -.034       1.171***  
Post-2008  |   .607***    -.053       1.216***  
-----
```

*** denotes significant at 99% level.

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INTERNATIONAL CONGRESS AND CONVENTION ASSOCIATION

3. How do cities help it happen?

City rankings are everywhere...

AT Kearney

2016 Global Cities Index

London unseated to take the #1

by strong performance in cultural exchange, business activity

Hot spots
Benchmarking global

Top 20 cities

Rank	City	Score
1	New York	100
2	London	97.4
3	Singapore	97.3
4	Paris	97.2
5	Hong Kong	96.6
6	Tokyo	96.6
7	Zurich	96.1
8	Washington	96.0
9	Chicago	95.9
10	Seoul	95.7
11	Frankfurt	95.7
12	Luxembourg	95.7
13	Washington DC	95.7
14	Toronto	95.7
15	Chicago	95.7
16	Montreal	95.7
17	Vancouver	95.7
18	Shenzhen	95.7
19	Vienna	95.7
20	Shanghai	95.7

Overall score

- 1 New York
- 2 London
- 3 Singapore
- 4 Paris
- 5 Hong Kong
- 6 Tokyo
- 7 Zurich
- 8 Washington
- 9 Chicago

Centre	GFCI 15		GFCI 14		CHANGES	
	Rank	Rating	Rank	Rating	Rank	Rating
New York	1	786	2	779	▲ 1	▲ 7
London	2	784	1	794	▼ 1	▼ 10
Hong Kong	3	761	3	759	—	▲ 2
Singapore	4	751	4	751	—	—
Zurich	5	730	6	718	▲ 1	▲ 12
Tokyo	6	722	5	720	▼ 1	▲ 2
Seoul	7	718	10	701	▲ 3	▲ 17
Boston	8	715	7	714	▼ 1	▲ 1
Geneva	9	713	8	710	▼ 1	▲ 3
San Francisco	10	711	12	697	▲ 2	▲ 14
Frankfurt	11	709	9	702	▼ 2	▲ 7
Luxembourg	12	707	13	696	▲ 1	▲ 11
Washington DC	13	706	17	689	▲ 4	▲ 17
Toronto	14	705	11	699	▼ 3	▲ 6
Chicago	15	704	14	695	▼ 1	▲ 9
Montreal	16	699	18	688	▲ 2	▲ 11
Vancouver	17	698	19	686	▲ 2	▲ 12
Shenzhen	18	697	27	660	▲ 9	▲ 37
Vienna	19	695	20	685	▲ 1	▲ 10
Shanghai	20	695	25	675	▲ 5	▲ 20

Quality of Living Index*

out of 140 cities, 100=ideal

City	Score
Perth (Australia)	97.5
Vienna (Austria)	97.4
Montreal (Canada)	97.3
London (Canada)	97.2
San Francisco (Canada)	96.6
Perth (Australia)	96.6
Perth (Australia)	96.1
Helsinki (Finland)	96.0
Perth (Australia)	95.9
Wellington (New Zealand)	95.7
Perth (France)	94.8
Osaka (Japan)	94.7
Frankfurt (Germany)	94.0
Washington, DC (US)	91.2

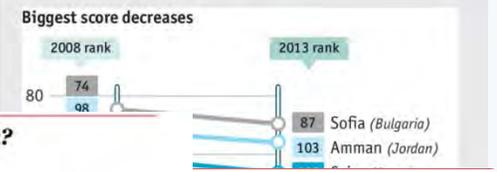
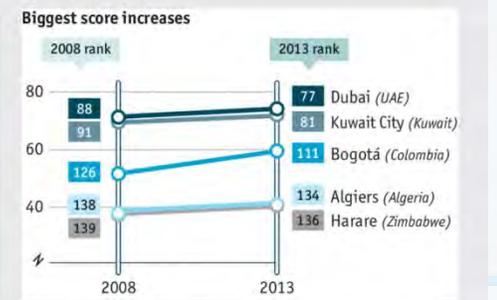


Figure: Leaders around the world

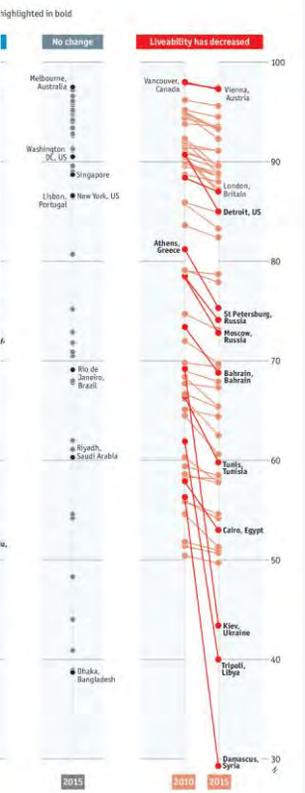
Business activity

Human capital

New York

Subdimension leaders

Subdimension	Leader
Bloomberg 500	Tokyo
Top 40 global	New York, London
Capital markets	New York
Air freight	Hong Kong
Sea freight	Shanghai
ICCA conferences	Vienna
Foreign-born population	New York
Top universities	Boston
Population with tertiary degree	Tokyo
International student population	Sydney
Number of international schools	Istanbul



Note: ICCA is the International Congress and Convention Association.
Source: A.T. Kearney Global Cities Index

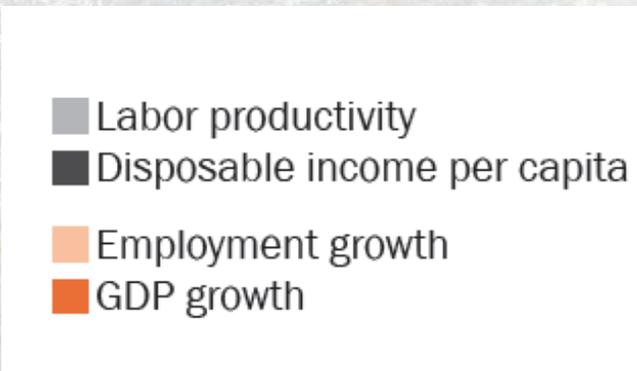
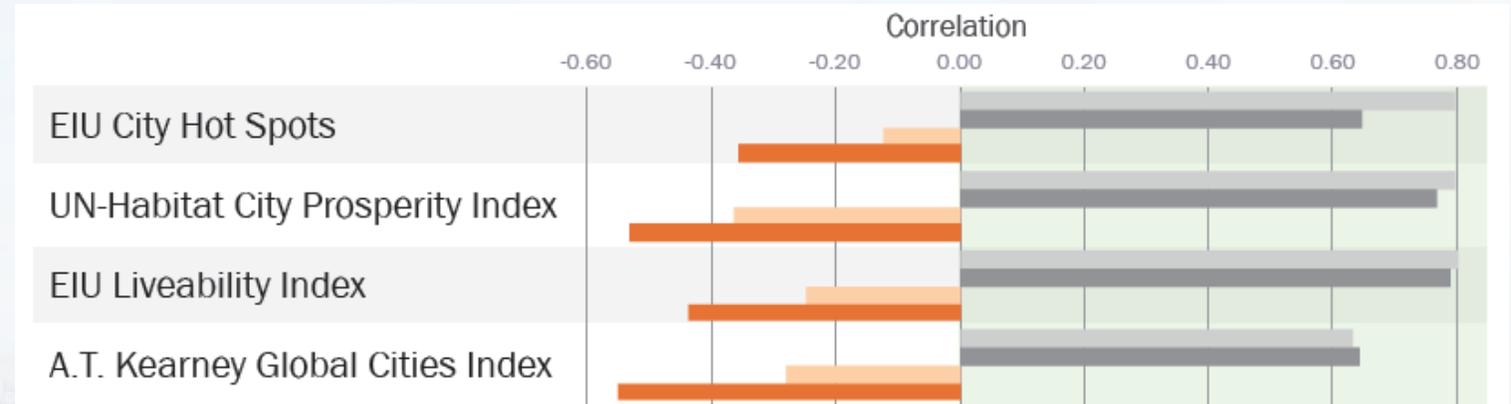
*Based on 30 factors spread across five areas: stability, infrastructure, education, health care and environment

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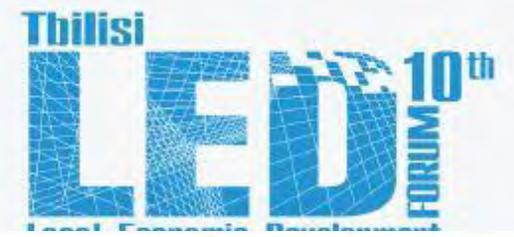
3. How do cities help it happen?

...but they are higher for richer cities— not correlated with growth rates.



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3. How do cities help it happen?

Cities have multiple levers, policies, and investments available

	Institutions and Regulations	Infrastructure & Land	Skills and Innovation	Enterprise Support and Finance
National government				
District / city / local governments				
Private sector				

Source: World Bank.

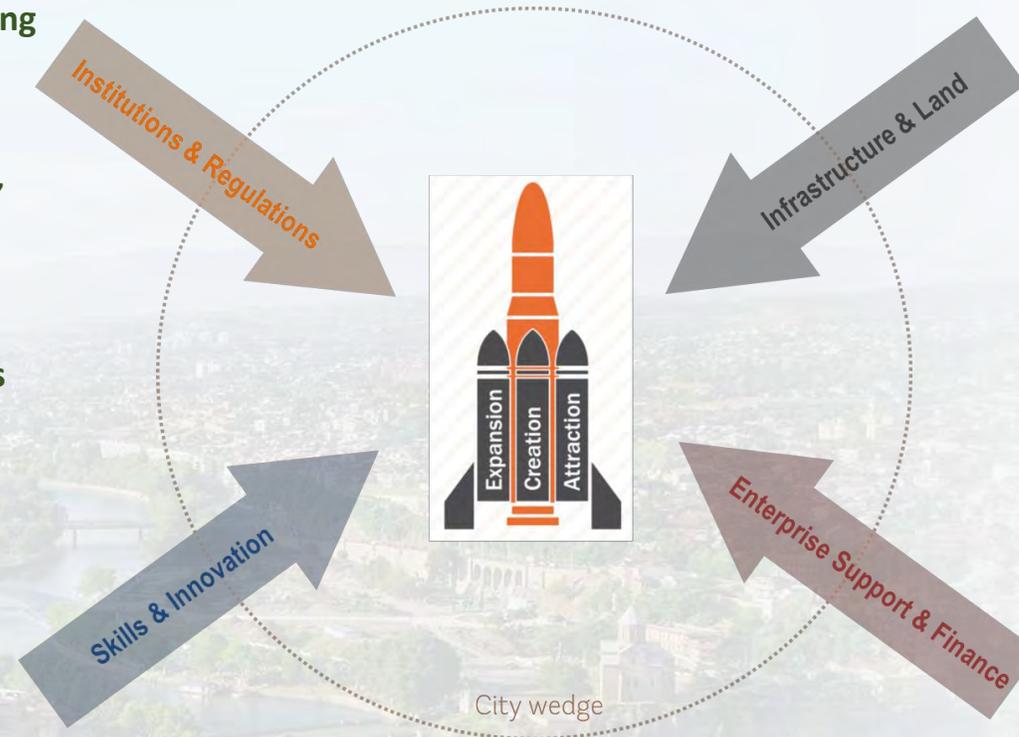
Note: PPP = public-private partnership; R&D = research and development.

Source: World Bank (2015) *Competitive Cities for Jobs and Growth: What, Who, and How*

3. How do cities help it happen?

Policies and investments for the needs of local firms and investors

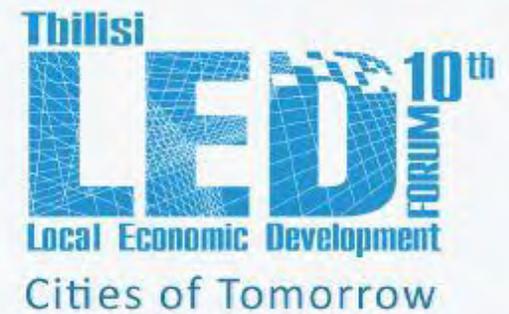
- **Support to firms** in navigating the city's regulations
- **Business-friendly zoning** and land-use policies
- Streamlined **business licensing**
- **Online** 'e-government' services
- Special governance regimes for **organized industrial zones/parks**
- **Worker training and talent attraction** programs
- Improvements to the **educational system**
- University-business **networks**
- **R&D grants**



- Subsidized land or office space for **priority industries**
- Concerted effort to ensure **essential services** available for industries
- Co-location of similar firms (**clustering**)
- **Market intelligence** and business information
- **Investment facilitation, promotion and aftercare**
- **Financial incentives** targeted to priority industries or sectors

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3. How do cities help it happen?

This means talking to your firms and investors

(Example: Gaziantep, Turkey)

Credible individuals with a track record of success (e.g. President of Sanko Holdings, one of the largest firms in Turkey).

Local firms:

- Rivals, but come together on common interests, (e.g. infrastructure upgrades)

Two business chambers:

- Large professional staffs, budgets, and political influence.
- Help determine priorities, build consensus, and advocate on behalf of business.

Municipality:

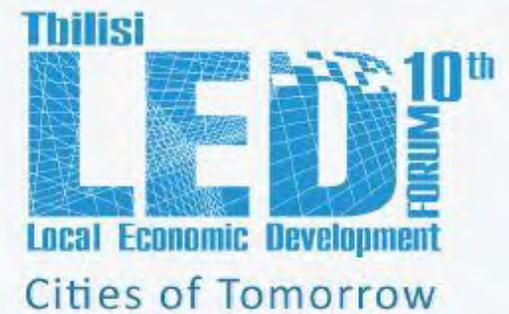
- Supportive, not dominating
- Business-friendly

City Council:

- Forum for information sharing and consensus.
- Members: 80% private sector, universities, or civil society
- Several thematic working groups issuing recommendations.

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3. How do cities help it happen?

In practice... >>

1. **City / local authority** *may* be in a good position to:
 - Diagnose strategic segment(s);
 - Convene economic stakeholders;
 - Lobby regional and federal governments.

2. What **differs between countries**:
 -scope for action (legal and practical);
 -devolution legislation;
 -capability of city staff for economic analyses.

3. **Typical problems....**
 - (i) Unstrategic approach (too many priorities);
 - (ii) Distorted consultations (capture rather than consensus);
 - (iii) Emphasis on a written plan/strategy, rather than action;
 - (iv) Not fully budgeted;
 - (v) Implementation without structure to resolve problems.

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Trade & Competitiveness

CIIP Competitive Industries and Innovation Program

Financed by      in partnership with  WORLD BANK GROUP

Austin Kilroy
Senior Economist
World Bank Group
akilroy@worldbank.org