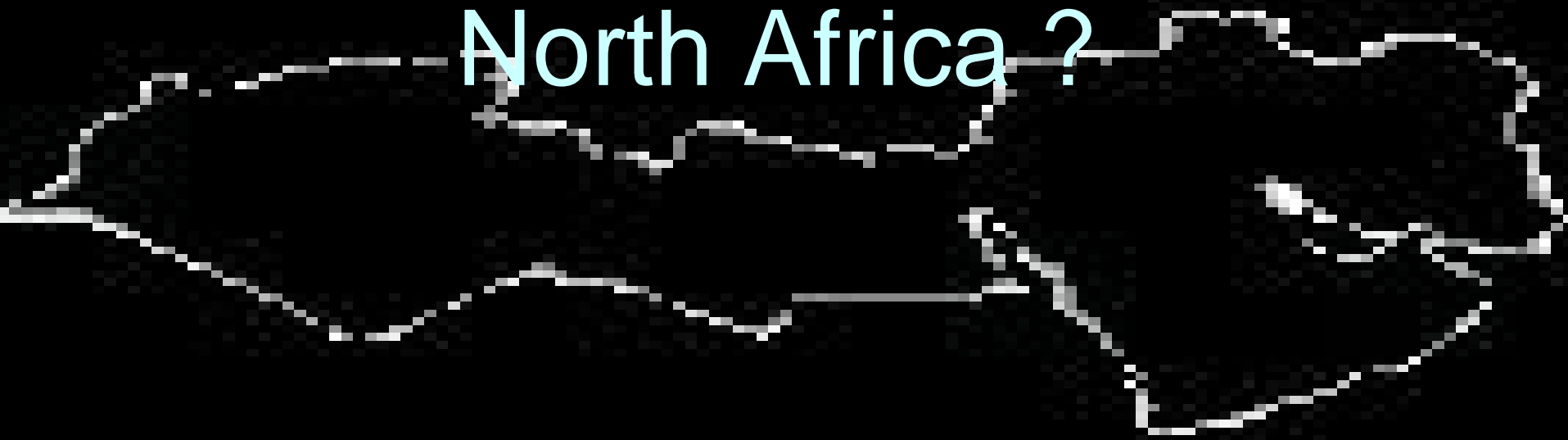


How should we study spatial development in the Middle East and North Africa ?

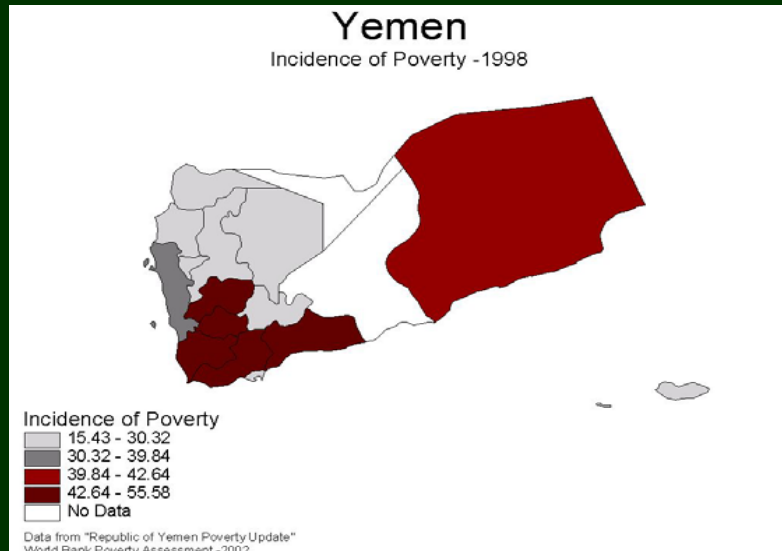


Alex Kremer
Senior Economist, Middle East and North Africa
World Bank

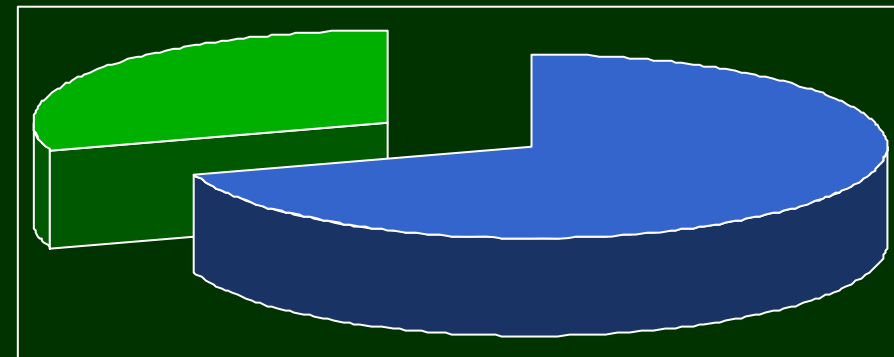
World Development Report Consultation, Marseille 5-6 May, 2008

The problem of spatial disparities

Persistently lagging regions



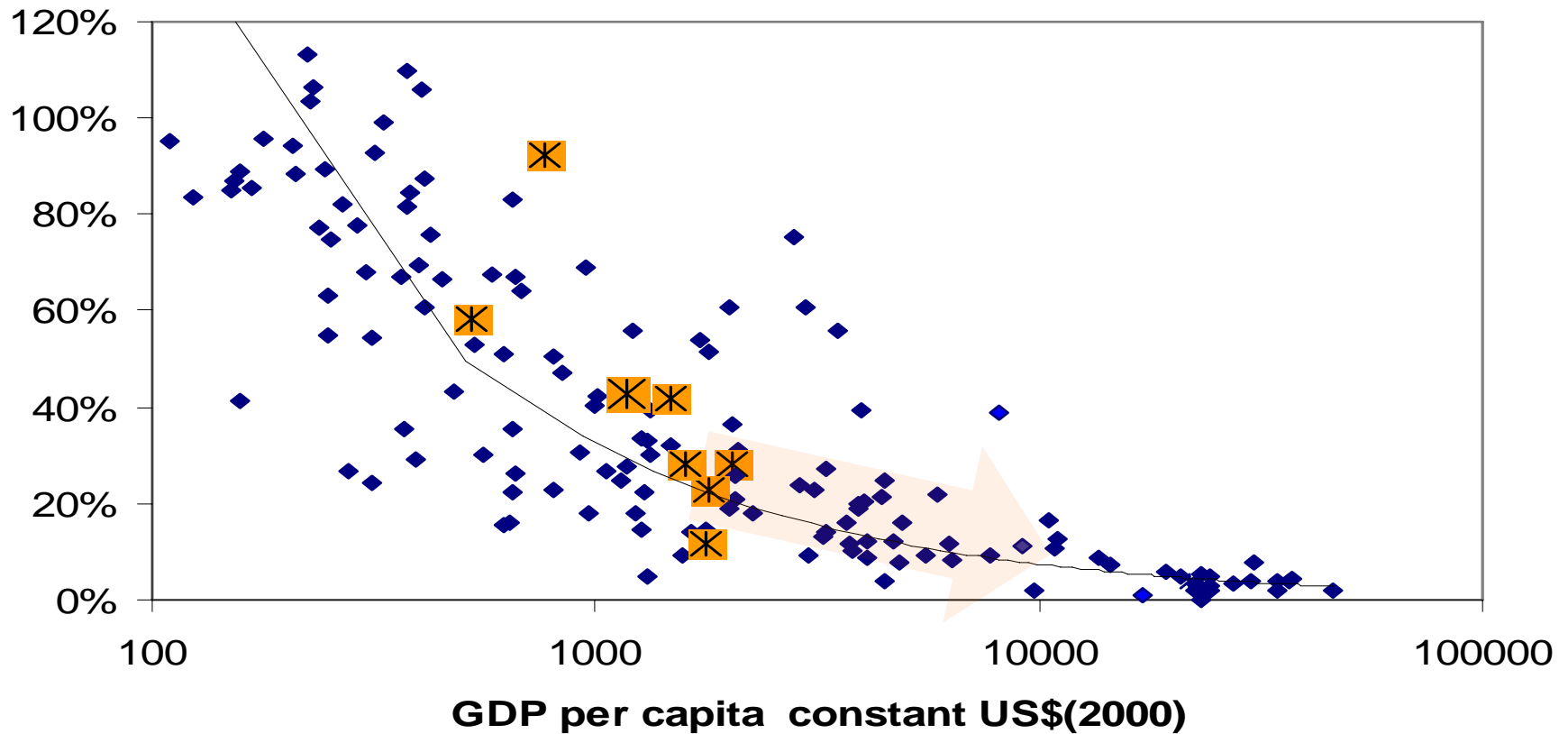
The persistent rural-urban gap



■ Rural poor
■ Urban poor

The forecast for rural areas: decades of agricultural transformation

Agricultural employment as % of labour force



Source: WB/GDI, 152 countries, 2000 data. * = non-GCC MENA country.

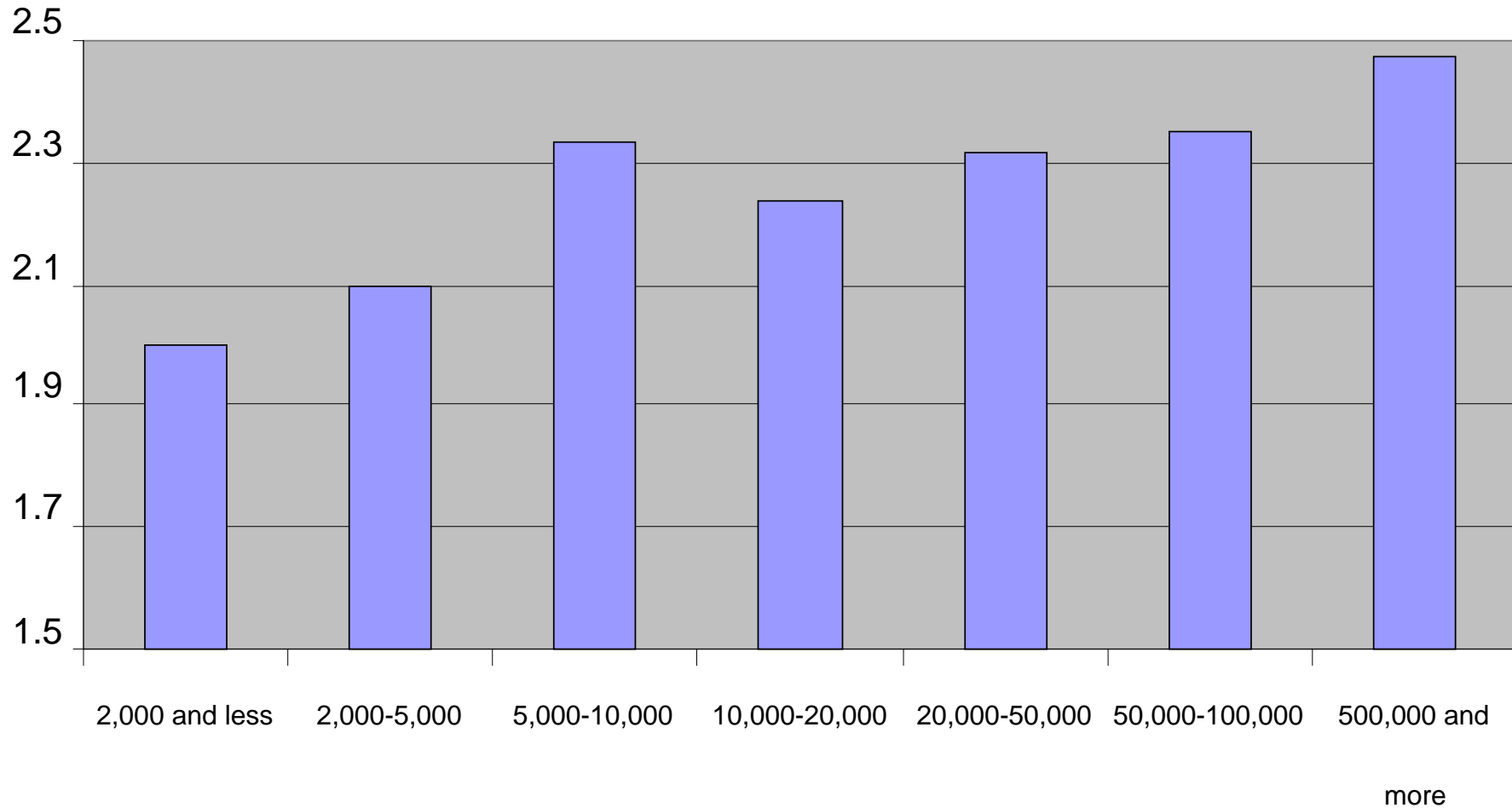
So why focus on spatial
disparities ?

Spatial disparities are a political force

Seen as :

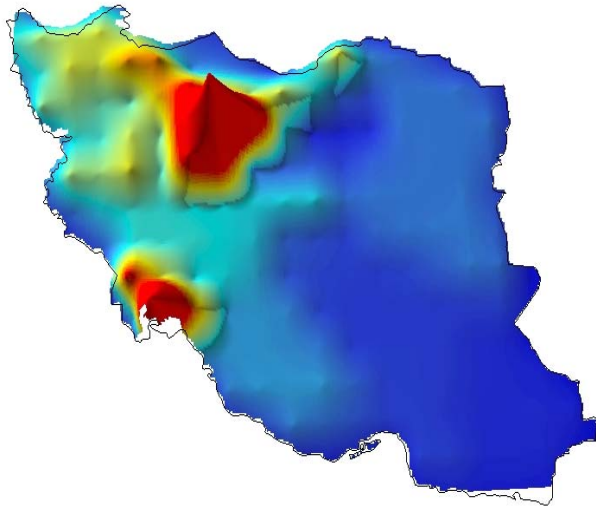
- A cause of **social fracture, urban migration, unemployment, overcrowding and extremism.**
- Unacceptable legacy of **colonialism;**
- A rallying point for **opposition;**

Egypt : stated confidence in government (1=high support)



Town size

ECONOMIC AGGLOMERATION



**What's inside
the Black Box ?**

**Politics
Policies
Institutions**

Social forces

**Labour markets
Land Markets**

SPATIAL DISPARITIES



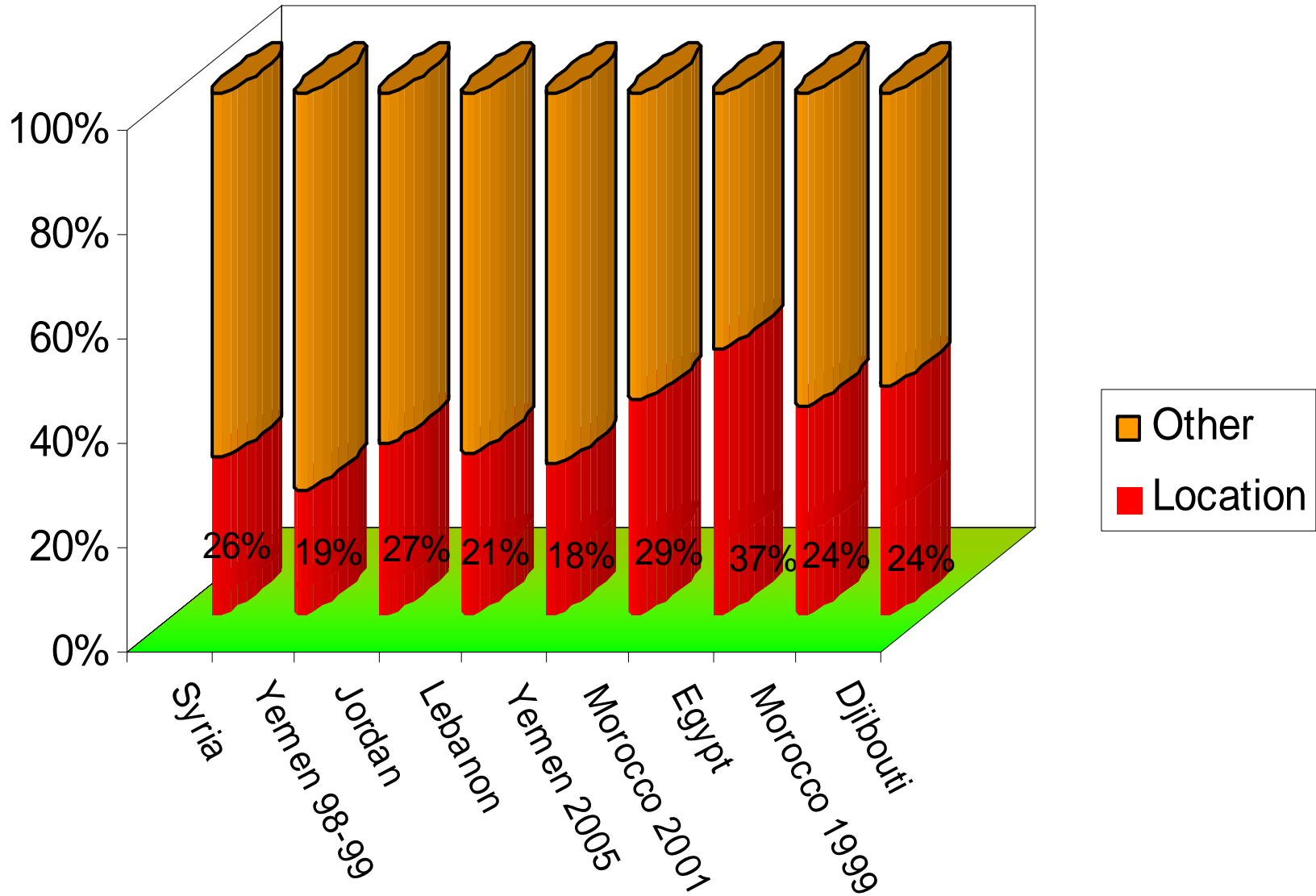
Why is our region special ?

The Region	The Question
“Strips and conflicts”	Less scope for in-region agglomeration ?
High urban unemployment	Is accelerated agglomeration of population a political option ?
Little intra-regional trade	Reinforces agglomeration in port/metropolitan areas ?
Oil / subsidy economy	Which locations benefit from spending ?
Accountability gap and centralization	Metropolitan regions favoured ? Need for business to be close to central government ?

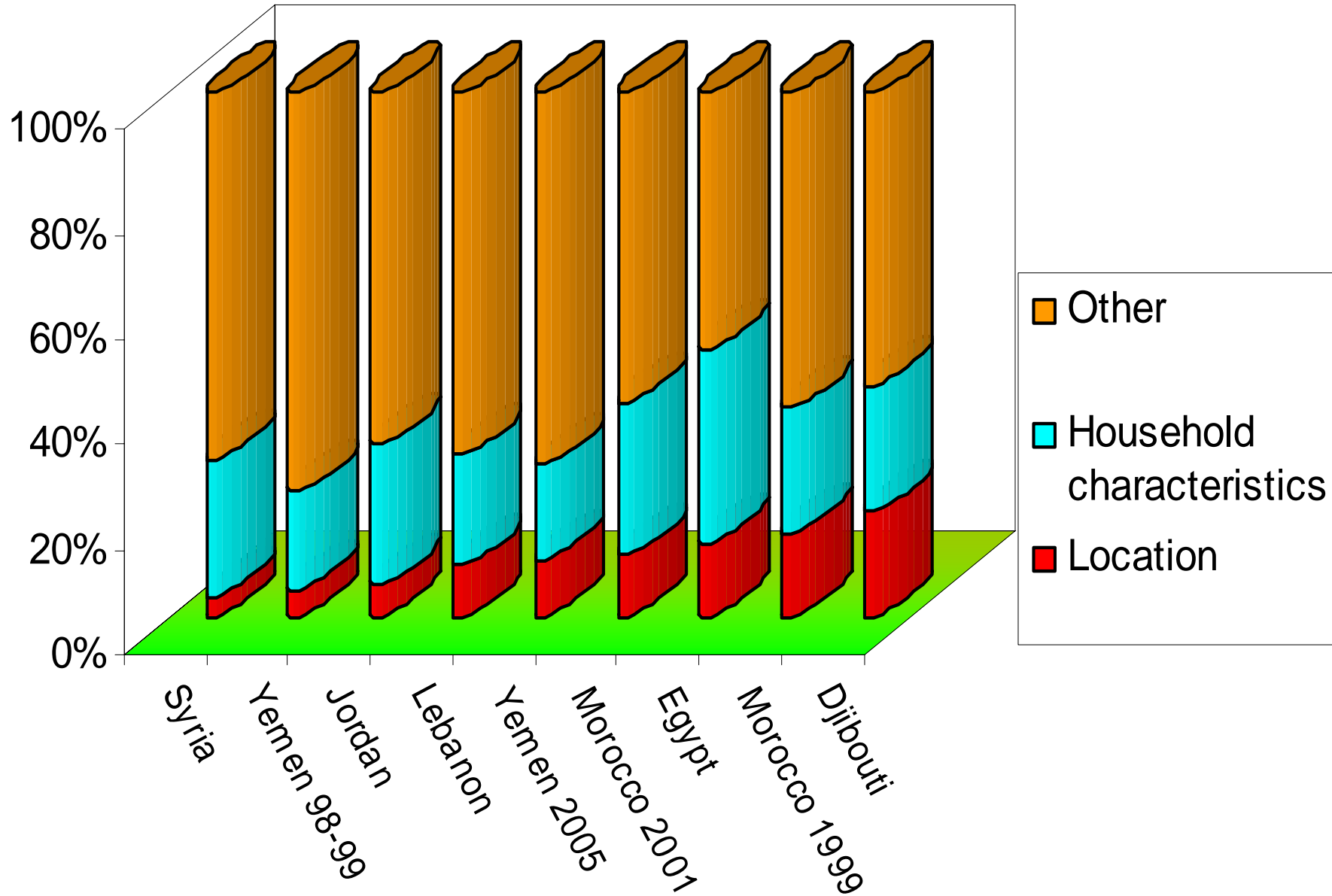
How much does location matter for household welfare ?

- **Location : urban-rural and governorate/province**
- **Household characteristics : size, education of household head**

Location seems to explain 18-37% of expenditure variation



But the "pure" location effect is smaller



Education and location

- “Sorting”. People with high opportunities move to leading areas.
- “Unequal chances”. Children in lagging areas receive worse education.

Implied questions ?

1. Most household expenditure variation is “within location”

1. Which policies target poor households most effectively ?

2. Education accounts for much apparent spatial disparity

2. How can we equalise education opportunity across space ?

3. In *some* countries there is still a significant locational effect.

3. What are the “best-bets” for regional economic development in lagging areas ?

The Spatial Policy Iceberg



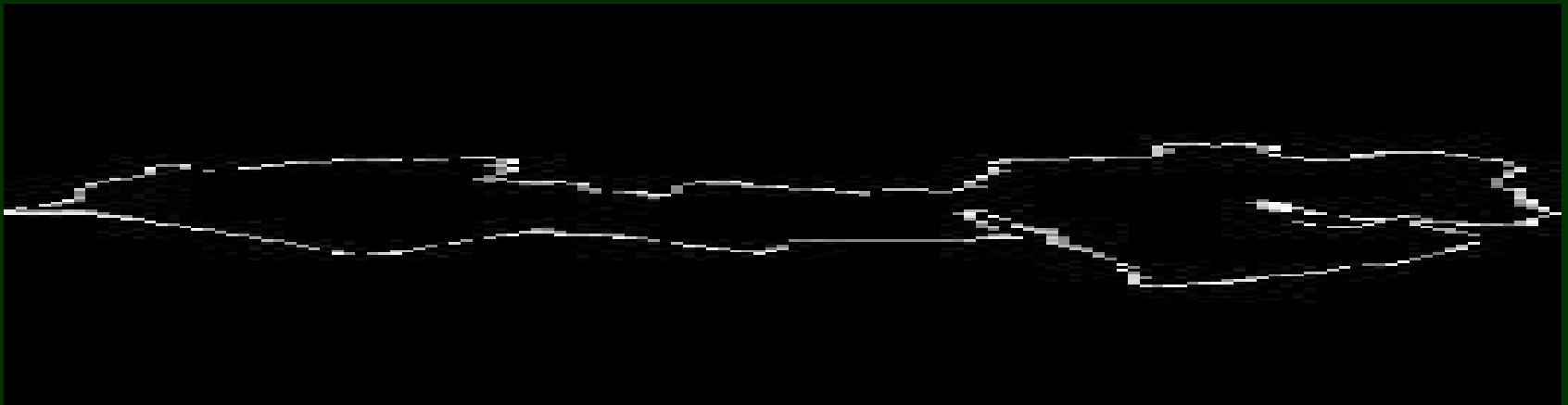
“Explicit” : infrastructure,
connectivity, incentives,
Growth poles, territorial planning,
farm subsidies.

Possible structure of study

<p>1. Spatial disparities matter and the state makes a difference</p>	<p>1.1 Spatial disparities in MENA : policy and politics 1.2 The state can make disparities bigger or smaller</p>
<p>2. Know your enemy: a profile of disparities in MENA</p>	<p>2.1 Descriptive statistics 2.2 Historical and physical origins</p>
<p>3. Markets let disparities persist</p>	<p>3.1 Migration is not always easy (gender). 3.2 Labour and land markets are sticky 3.3 Education is the core link between economic agglomeration and disparities.</p>

Possible structure of study (continued)

<p>4. The hidden part of the “policy iceberg” matters most</p>	<p>4.1 MENA governments are ever more focused on spatial development.</p> <p>4.2 The lesson from regional development experience : state co-ordination works in intermediate areas; pushing does not.</p> <p>4.3 But explicit policies are just part of the state’s spatial role</p> <p>4.4 So do public management systems, price policies and public expenditures undermine their objectives ?</p>
<p>5. The spatially-inclusive state</p>	<p>5.1 Investing in <i>quality</i> education</p> <p>5.2 Correcting biases in public sector management and expenditures</p> <p>5.3 Co-ordinating local development</p>



Are these the right questions ?

- **May 2008** Concept discussion, Marseille
- Establish network of interested people
- **January-March 2009** Consultations
- **January-March 2010** Launch and dissemination