

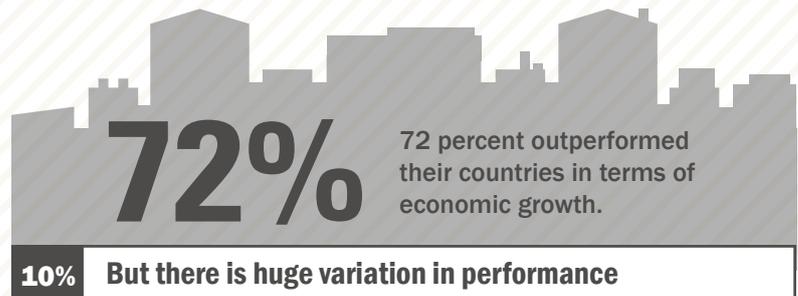
# COMPETITIVE CITIES FOR JOBS AND GROWTH

A 'competitive city' successfully facilitates its firms and industries to grow jobs, raise productivity and increase incomes of citizens. Improving the competitiveness of cities is a pathway to eradicate poverty and increase shared prosperity. While three quarters of cities grew faster than their national economies since the early 2000's, there is still room for improvement: millions of additional jobs could be created every year if more cities performed at the level of the world's most competitive cities. This report aims at understanding what makes a city competitive, and how more cities can be competitive.

## WHAT, WHO AND HOW

### COMPETITIVE CITIES DRIVE DISPROPORTIONATE JOB GROWTH AND INCREASED INCOME AND PRODUCTIVITY

Looking at data on 750 cities for 2005 to 2012:



- Top 10 percent of cities achieved 9.2% annual job growth, compared to 1.9% in the other 90 percent of the cities.



Often these cities are under the radar: Secondary cities rather than household names.

These competitive cities were not a foregone conclusion: many of them exhibited success amidst adversity - e.g. landlocked and in a lagging region of the country. What can we learn from their growth?

### WHAT DO THEY DO?

Competitive Cities Leverage Key Interventions To Increase Competitiveness

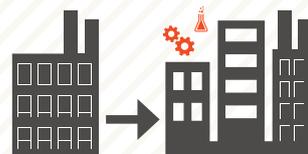
**A**

Cities do not always need to overhaul their economies—sometimes it is enough to do what you already do, but do it better.



#### Market towns to Industry

At GDP per capita below \$2,500, cities are typically 'market towns' that will need to industrialize and transform to increase their incomes;



#### Increase Production Centers

At GDP per capita from \$2,500, cities are typically 'production centers' that can grow to around \$20,000 GDP per capita by increasing the value of their existing industry mix;

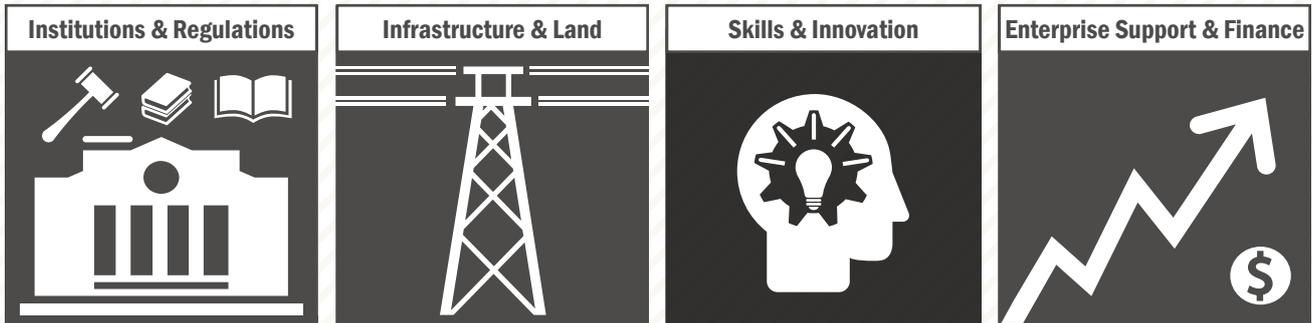


#### Increase Creative & Financial Services

To rise above GDP per capita of \$20,000, cities will typically need to move towards higher value creative and financial services.

**B**

**Cities Can Facilitate The Growth of Jobs, Productivity and Incomes Through Four Categories of Interventions:**

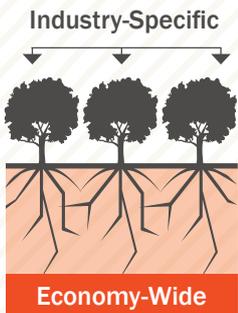
**C**

**Cities Become Competitive By:**

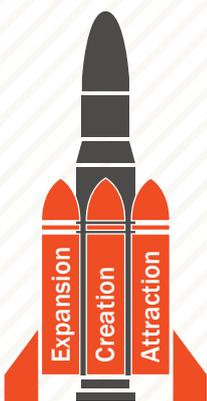
Leveraging their comparative advantages, especially in tradable sectors that can be sold in other cities and exported to other countries.

**2.5**

In the fastest-growing cities tradable sectors grew 2.5 percentage points faster than non-tradable sectors;



Pursuing general reforms as well as specific initiatives (targeted to particular industries and investors);



Focusing on all three sources of growth: expansion of existing firms; creation of new firms; and attraction of investors.

## WHO DOES IT AND HOW?

Competitive cities use three channels to get things done:

### Mayor's Wedge

Make economic development an explicit priority. Cities need to focus their efforts and prioritize according to the outcomes they care about most. (They also need both the power and capacity to ensure successful interventions).

### Growth Coalitions

Nurture public-private coalitions to solve particular problems. It doesn't matter who carries out the key interventions, as long as someone does.



### Intergovernmental Relations

Use external leverage with neighboring jurisdictions and other tiers of government. These can expand the city's reach and engage with problems that one city alone cannot solve.

## Competitive Cities Focus on Turning Strategies into Real Action - Through:

- 1. Strategic Budgeting**
- 2. Problem-Solving During Implementation**
- 3. Ensuring Quality Delivery Through Accountability**

## CIIP Competitive Industries and Innovation Program