

Keynote Address (by Videolink)
INAUGURAL URBAN RESEARCH SYMPOSIUM
December 9, 2002, The World Bank, Washington, DC

By

Professor Jeffrey Sachs, Director, Earth Institute, Columbia University

PROFESSOR SACHS: Gobind [Nankani], thank you very, very much. I am absolutely thrilled to be with you and want to start by congratulating the Bank on having this symposium. I think it's a great sign of the Bank's leadership that you have launched this process of intensified analysis of urbanization issues. I was delighted that Jim gave such a vigorous kick-off, and together with Anna, in linking the Bank with Habitat, you've picked an ideal way to have started this.

Of course, with John Flora, we're deeply engaged in the urban issues on the Millennium Development Goals. It's a tremendous pleasure to be working with John on all of this.

Let me start by saying I think we should view the urbanization phenomenon that is so dynamically underway as one of the most promising aspects of global civilization, and specifically the global economy. I'll talk about a lot of the challenges that urbanization poses, but I also want to stress that urbanization, even more than the challenges, gives opportunities.

I think that it's not an accident that the word "civilization" itself has "civitas", the city, as its root. The fact that most of the technological advances and the endogenous growth which drives global development takes place overwhelmingly in cities has meant that the urban process and the development process are intrinsically linked.

The fact that the world has crossed the threshold now, apparently, using the definition of 50-percent-plus being in urban areas, and that the developing world during the next generation will cross the threshold from a current urbanization

rate of roughly 40 percent to more than 50 percent by the year 2025 should be viewed in a very positive light. Yes, it means new challenges for the world, new challenges for institutions such as the World Bank, and Habitat and the UN Secretary General, but tremendous new opportunities as well.

On almost any dimension of economic development, whether it's the site of innovation processes or the levels of education or the speed of the demographic transition or, in this century, certainly, the levels of health, life expectancy, reductions of infant mortality, access to essential services, access to water and sanitation, etc., urban areas outpace rural areas rather considerably. It wasn't all like this, but with the advance of technologies and the understanding of communicable diseases a century ago, cities began to outpace rural areas as healthful places to live. Now, the high density of the urban settlement, the essence of urbanization, makes it possible to deliver modern technological services in all of those areas in a far more cost-effective way.

And, of course, the whole theory of modern economic growth, which says that the dynamic interaction of individuals, especially individuals that are increasingly well-educated, leading to an endogenous or dynamic innovation process, is essentially an urban phenomenon.

We should remember, that to get a high degree of urbanization requires, of course, an adequate level of rural productivity. Urbanization more than anything reflects the fact that the world can feed itself with a reduced proportion of its population engaged in food production.

So urbanization is the flip side, no doubt, of rising rural productivity and especially rising food productivity in rural areas. It is the fact that 2 percent of the American labor force can feed 100 percent of the U.S. population and a bit more that makes it possible for the U.S. to be an overwhelmingly urban economy, and the same proposition applies in virtually all other parts of the developed world with tiny exceptions (there are cases where the urban area

simply imports food from the rest of the world, rather than from its own hinterland).

But it is also true that when that rural productivity rises sufficiently to lead to a tipping point where there's a sufficiently dynamic urban process, that's really the trigger for long-term endogenous growth within the country.

All of this is to say that we should look with great expectation, and I think great satisfaction, at the underlying urbanization trends because they stand to really allow a breakthrough in many parts of the world that have been suffering from poverty from time immemorial, but now make possible the much more rapid diffusion and adoption of technologies.

Now, that brings us to the topic of this session: "Making Urban Areas Work". It's one thing to say that urbanization is promising, but quite a different proposition to say that the urban promise has been fulfilled. We know of a lot of urban areas in the world that are not functioning well. They may be urbanizing because of the desperation of rural areas rather than attractions of the city itself. Many poor cities are growing because of the inflow of impoverished populations from rural areas, often coming in because the cities, our administrative centers, are delivering food aid to impoverished populations, rather than the cities being dynamic engines of economic growth in their own right.

I think that this is, sad to say, true of the poorest part of the world, sub-Saharan Africa, where the cities, to a very significant extent, are not yet fulfilling the great promise that they can, and I believe will, fulfill: becoming the true engines of economic development. These cities are the loci of impoverished people that are coming in from even more impoverished conditions in the countryside and looking for help and hope in the cities, but not necessarily finding jobs or income support.

So the research and policy agenda is how to make the urbanization process work, how to make urban areas true engines of growth for the population and inhabitable, livable environments for the rising proportion of the world that will be in cities.

I want to stress three different dimensions to that problem, both, again, as a research question and, even more importantly, as a policy question. The first point that I'd like to stress is that effective urbanization requires *urban planning*. Planning became a quite bad word in a lot of economies over the last 20 years. Planned economies were considered failed economies, and, indeed, I know from my own work in Eastern Europe that they were failed economies, but this doesn't mean that all planning should be thrown out, and particularly not urban planning. By urban planning I refer to the planning of basic infrastructure, planning of the underlying infrastructure systems of water, sanitation, power, public health, transport, and energy that make cities viable. This kind of planning needs, in my opinion, to be brought more into the focus than they have been in recent years.

When I have visited many of the capital cities in Africa, for example, which I've look to as potential engines of growth, but don't see much growth taking place, it has seemed to me that those cities need, first and foremost, urban planners -- rather than, say, macroeconomists -- because what the cities lack are the effective underlying infrastructure systems, whether it's the energy that is reliable enough to bring in foreign investors or whether it's a port authority that can maintain the dredging needed for effective shipping operations so that one can make a port-based export center, or whether it's the public health that is needed to rid the urban area of malaria, which is another major blockade to foreign investment right now in a lot of Africa's potentially leading cities.

Not all of these phenomena will be solved by markets. These infrastructure systems are necessary planned components of effective urbanization that will make markets work, but without them, markets, by themselves, are not going to

function, at least not in the sense of integrating these urban economies into the global economy.

So I'd like, first of all, to put stress on reestablishing a deep link of urban planning with the macroeconomic process, and putting macroeconomists, such as myself, together with urban planners, to help at the local level with the huge challenges of making these underlying infrastructure systems work.

A second thing that urban areas clearly need is a *development strategy* and in fact a development strategy that is tailored to what Gobind already referred to as the geographical specificities of the local area. I think this is an area where China's economic development has been spectacularly successful. When the special economic zones were created in China, when the open port areas were created, the notion was to take advantage of the coastal location to create bases for export-led development.

To do that requires a whole strategic view. How do you bring in foreign investors? Well, of course, general measures of macroeconomic stability, social peace, good governance, and so forth, are important, but clearly success in that kind of development strategy, of making an urban area an integrated part of the world economy, is something that goes beyond general good governance and general good economics.

It requires a specific development strategy; for example, formulating export processing zones or creating industrial parks or creating science parks that have the characteristics that can attract international business to the local scene.

This may mean tax holidays, something that I'm very often sympathetic to in the urban context. It may mean urban governments providing the basic infrastructure, the physical security, the connections with the ports, with the airports that make the urban environment attractive for foreign investors.

One thing that I've seen repeatedly in looking at how Penang succeeded in Malaysia or how Shanghai and Shenzhen succeed in China, is the importance of a coherent development strategy that starts with the right idea. The policymakers said, in effect, "We need to take advantage of our regional location, we need to take advantage of our coastal location, and we need to provide the combination of urban services that can attract both domestic and foreign investors."

I think, as researchers, we have not spent enough time on understanding what specifically are the key incentives. Is it tax holidays? Is it the export processing zones? Is it special industrial parks? Is it government grants of urban land for development that have been so critical? Is it a combination of these instruments?

And part of that development strategy, of course, is market mechanisms as well. It's not all of these special incentives it's also issues of tenure rights for local land construction. It's a mortgage market for urban construction of residential housing. It's microfinance for urban, small-scale entrepreneurship or even urban housing finance, and I was delighted to see that ACCION is going to give a presentation later on of microfinance for housing, which I think is an extremely important aspect of the problem.

So, in addition to the urban planners, I would say the urban economic strategy, the development strategy, needs to be formulated at the urban scale in a much more coherent way than has normally been done in a lot of poor regions.

And the third aspect, of course, related to the first two is the need for *urban-level governance*. This comes to the question of decentralization and to Jim Wolfensohn's observations about the differentiated and complementary roles of governments at the local, regional, and national level. There's no doubt that effective governance requires a tremendous amount of autonomy at the local level so that local government can provide the tailored infrastructure and the tailored strategies that are going to work.

We know, again, in China's highly successful development that a lot of the success of getting those coastal urban centers developed was, indeed, granting autonomy to urban governments so that they could design the specific solutions to the urban challenge that they face. We've similarly seen a lot of local-level innovation in Brazil. I would put a great stress on the questions of participation, the role of NGOs and civil society, and so forth as being in this third category of local governance, another area to think through.

Let me stress again, as I conclude, that one needs urban planning, an urban development strategy, and effective urban governance. Not one of the three of those--planning, strategy or governance--by itself is going to solve the problem. It really is the interconnection of those three dimensions, in my view, which gives the best chance of success.

Now, having said all of that, there are some urban areas in poor countries that are working beautifully, and there are many, many urban areas in poor countries that, despite a high potential, are not working effectively at all. I think it's worth underscoring some of the reasons for these high-risk areas. This is one of the high research priorities as well --understanding why certain urban areas work well and others don't.

The first problem, of course, is physical isolation. There is a big difference between an urban area in the mountains, like La Paz in Bolivia, and an urban area in the center of Asia, say Kabul or Kandahar, and an urban area on or near the coastline, like Shanghai or Santo Domingo in the Dominican Republic, or San Pedro Sula in Honduras.

Physical isolation is a huge barrier to investments and dynamic growth. We have not figured out, I don't think any of us, convincing, effective strategies for development of places like Kabul or Kandahar or Ulan Bator that face

tremendous challenges of very high transport costs to the international trade routes.

The second issue, of course, related to physical environment, but to many other things, is the lack of an urban economic base. Why is it that so many of Africa's leading coastal urban areas, like Dar es Salaam, Maputo, Beira, Mombasa (which is a little bit different), Dakar, Accra, Abidjan, are not dynamic manufacturers and export zones as are coastal urban areas in other parts of the world?

To my view, this is one of the great puzzles, and one of the greatest challenges of African economic development strategy— how to get these great urban centers, some with rich traditions, some with tremendous human capital reoriented to be dynamic exporters.

Now when I think about the situation in Dar es Salaam or in Accra, I know of many barriers to creating that effective, integrated international base. The ports don't work very well, the physical infrastructure is unreliable, the power systems are unreliable. There are few, if any, physical spaces for good industrial parks that have been set aside in a convincing way by government. There's too much urban malaria transmission and other disease transmission. These are all examples of how those needs that I highlighted a few minutes ago impede development of a local urban base.

And it's true and really odd that during the 20 years of the structural adjustment era, from roughly 1980 to 2000, it is fair to say that not one of those urban coastal areas in Africa really became a self-sustaining, self-supporting pole of growth for their respective countries or regions. This remains a major challenge for all us to understand and do something about.

The third kind of risk that I would indicate are physical risks that go beyond the question of geographical isolation. There is climatic risk, there is

coastal erosion risk, there's the risk of the collapse of various marine ecosystems such as the coral reefs which are being undermined and even destroyed by long-term climate change or the fisheries which are being destroyed, and a lot of our urban areas that we're talking about live on the basis, in part, of those marine ecosystems.

There is terrible coastal pollution underway, public health crises, and local pollution from leaded gasoline in the atmosphere, particulate pollution, and the increase of extreme weather events that may be linked to long-term climate change as well—such as the apparently growing number of extreme hurricanes that have hit the Caribbean in recent years. So we need to understand that dimension as well, but I have little doubt that if we map the successful and the failed urban areas, we're going to find a very strong connection between those physical environmental risks and the failures of sustaining long-term economic growth.

Let me conclude very briefly in the following way:

First, we need improved strategies. I want to underscore this. We need strategies on helping to establish solid economic bases in manufacturers and services, and particularly export-oriented manufacturers and services in the large coastal urban areas that have not yet succeeded in doing that.

Most of the Asian coastal urban areas are successful, most in sub-Saharan Africa and many in the Americas are not, and we need to get an economic base that is a self-sustaining pole of growth, especially through global integration. That means trade policy, tax policy and so forth. We need to think about how the donors can contribute to that.

I've been scratching my head, wondering whether the rich countries would, for example, give tax concessions for investments by their firms in the megacities of the least-developed countries; in other words, a kind of enterprise zone

strategy, but at an international scale, where we would designate 20 or 30 desperately-in-need urban agglomerations in the least-developed countries and get agreements with the donors that goods from them would come in tariff free, that profits from them would be tax free, not only within the countries, but also from the source countries as well--new global strategies, in other words, to make the cities in the poorest countries work effectively.

Second, we're going to need, and I'm going to look to the World Bank for lots of partnership on this, strategies to meet the Millennium Development Goal on improvement of slum-dwellers' conditions. We need targeting, quantification and strategy, particularly around the scale-up of infrastructure--water, sanitation, public health, and education. That's what it means to materially improve materially the conditions of slum-dwellers, getting them a job in the way that I described earlier of integrating the cities with the global environment and making basic infrastructure work more effectively.

And then, finally, as part of our global strategy, we will need a globally networked research strategy as well. There is so much information to tap, so much remote sensing and geographic information system data that we can pull together right now. We're intent in the UN Millennium Project to a great deal of mapping, using these new technologies--remote sensing, satellite mapping, and satellite imagery--which works beautifully for understanding the dynamics of urban areas over time, and I want to do that very much with the World Bank. I'm going to be at the Bank tomorrow, to meet with the Chief Economist and Jim Wolfensohn and others to talk about deepening that research strategy as well.

Finally, let me mention one thing at the Earth Institute that we're undertaking and hope that this is something that I can interest the Bank in partnering with as well and others in the room. We have established this year a "21st Century Cities Project." We've taken the view, for the reasons that I tried to explain, that urbanization in the 21st century is really where it's at in the make or break of the global development challenges, and we're going to devote a lot of

our intellectual energies and resources to understanding the interconnected dynamics of some selected cities so that we can understand the infrastructure issues, the economic base issues, the risk issues of climatic hazards and other kinds of hazards.

The leadership of the faculty will be making visits together this spring to Accra, Ghana; next fall probably to Delhi, and we're thinking about a number of other locations, where the goal is to bring this interconnected kind of knowledge together so the hydrologists, the energy system specialists, the public health specialists, the macroeconomists, the microeconomists, the microfinance specialist, really can come to view, with their local counterparts, the organic connections of all of these different facets to turn these cities into what they really can be, which is the poles of growth for their respective economies and, indeed, for the world economy.

So let me conclude there. Thank you very, very much for your time. I congratulate you once again on this important initiative, Gobind, and John, and others. I think that you're getting something wonderful on the way, and I hope that we can continue to partner with you as you undertake this exciting initiative.

Many many thanks to you all.

Question & Answer Session

MR. NANKANI: Thanks very, very much, Jeff, for that very thoughtful and strategic elaboration of your ideas on the urban issues. I think you've really set us in very good stead in terms of our discussions over the next couple of days. I think some of your examples of cities that are working, examples of cities that are under stress, as well as the issues you've stressed on planning, on strategy, on governance, will be extremely helpful in our discussions.

Thanks, also, for the suggestions about work we might do together with you in the future. Maybe tomorrow, as well as beyond, we can discuss those, but I hope we have you for about 10 or 15 more minutes for a few questions; is that okay?

PROFESSOR SACHS: Absolutely.

MR. NANKANI: So why don't we open the floor, and we perhaps can take a few questions, turn to Jeff and do that in sequence. Yes? Please identify yourself.

QUESTION: Lee Schipper from the World Resources Institute. I'm glad you mentioned transportation as one of the problems, but unlike the other infrastructure issues you mentioned, it doesn't tend to stay put. It moves around. It seems to me that the irresistibility of small, individual transportation, whether it's two-wheelers or three-wheelers or four-wheelers, or small, profitable microbus transportation is clogging most of the big cities in the First, and the Second, and the Third World.

Is there not a great risk that the state of transportation might turn some of the magnetism of cities off, might become a repelling force, because people can't get around? And because being slowed down, they're breathing the worst air more than the averages tell you.

PROFESSOR SACHS: Thanks very much.

Let me take the opportunity to stress that I'm sure that I know the least about these issues of anyone in the room, so I'm looking to you for answers, as well, and to my colleagues here at Columbia University who are transport specialists to give ideas.

I think one thing is clear. We ought to be able to think more creatively than sending cities off in the automobile-based strategy of the rich countries today, where we know that the automobile, yes, it transformed the landscape, but not without many drawbacks.

I come from Detroit. I understand the political economy against urban public transport systems, but that same political economy doesn't have to work the same way in countries now that are too poor for individual automobiles. It might be able to find better strategies with vigorous and viable urban transport systems.

So I would love to hear suggestions it, whether it's automobile-free cities--that may be too much--but definitely cities with fewer automobiles than we have right now and more reliance on mass transit alternatives that can make sense at the various income levels that we find in cities. But that does strike me as a major issue from a public health, amenities, and economic efficiency point of view.

QUESTION: Thank you. Nigel Harris, University College, London.

There's a stress in what you had to say about the making a city attractive to foreign investment, which seems to be misleading. You look at the development of South Korea or Taiwan, it was without significant foreign investment. What we need is the activation of the cities' entrepreneurs, not bending all efforts to attract foreign investment. I think it's very misleading to place that stress on foreign investment.

PROFESSOR SACHS: Thank you. Actually, let me put the stress where it belongs and then say why I don't think it was misleading the way that I put it. What I do believe is the essence, and I wonder if you'd agree with me, is that whether it was in Korea and Taiwan or in Penang today or in Shanghai, the stress does need to be on the integration of the local economy and the world economy.

So there is no doubt in my mind that, especially in regions that are very far behind in technology, that integrating those regions into a global technological network lies at the essence of the strategy. That's twofold, by the way, that I believe it:

One is to try to bring in world-class technology, although it may be technology appropriate for the faster prices and faster proportions in the country, but still technology within a global production system. That's one point; and, second, export orientation. Because I think exports really are different. They provide for foreign exchange to purchase imported technology which is often otherwise unavailable from a local economy.

So my starting point on economic development is to think about development as a technological phenomenon. For a lagging economy, it is the phenomenon of catching up in technology. You catch up either by becoming integrated in a global production system or by buying technology that you need embodied in an Internet route or embodied in a cell phone system or import of computers and the like. Therefore, this integration of a local economy and the international economy is absolutely central.

Now, how do you make that integration? You are correct, absolutely, that some countries did it not so much through foreign investment; though when you look at what a Korea did, it was through strategic alliances with international businesses. That's how, say, Daewoo, or Hyundai, or Samsung or others got started in chips, or automobiles, or home appliances or other electronics.

Whether it's a foreign investor or simply a partner that's transferring technology, functionally, you're on the same track. Where I would probably differ with you, and this is a guess right now, what Taiwan and Korea could do through licensing and strategic ventures in the 1960s and 1970s, I don't think you can do in this decade the same way you could in the past.

There was a lot of directed policy by the United States and Japan to make technologies available to both countries as part of a geopolitical strategy that is not so easy any more in the era of intellectual property rights that we live in today.

And getting high-quality technology in place today is not simply so much the local entrepreneur, supported by his government, finding a strategic partner in General Motors to teach him how to set up an assembly line, as was done in Korea. I think foreign investment is almost bound to play a much larger role than it did in the past.

What I do believe, no matter what, is whether it's a foreign investor or not, a local firm is going to make good if it's part of a global production system, and that means operating according to specs that are coming from abroad, whether it's as humble as the T-shirts that Yves St. Laurent and Polo may be ordering for London and for New York or whether it's operating according to microchip specifications and D-RAMs or whether it's the automobile components that are a major way to grow, all of those are local business production for global systems.

Therefore, I think that the protectionist route makes absolutely no sense. I put more stress on foreign direct investment than you do because I think the times have changed in terms of the balance between outsourcing and strategic alliance, on the one hand, and original equipment manufacturers (one type of process) versus FDI on the another. I do take your point, however, that I'm not so sold on FDI as I am on global integrated production processes, and I think cities are the place where that happens.

MR. NANKANI: Any other questions?

Yes, please.

QUESTION: Michael Linfield from the Asian Development Bank.

I just wanted to make an observation. I think that the challenges that Dr. Sachs has put out for us are very important for the development banks themselves. It speaks to a whole new way that we need to actually operate to look at these private-sector links, to look at the investments that we need to put into place to foster those type of things, and I think that's another area that we should be

thinking about in terms of research, not just the sort of the base research, but also into our delivery systems--just a comment.

PROFESSOR SACHS: Bravo. I couldn't be more pleased, and I think, of course, Asia has been the pioneer of this strategy, at least since the Meiji Restoration, but certainly it's the post-war pioneer of the strategy of global integration. It's the aggressive regional development authority in Penang, in Singapore, now in each of the Chinese cities.

By the way, when I visit Chinese cities, which I do very regularly, they take you to the local development authority, they show you how they're building the infrastructure, where the workers are going to go, where the businesses are to go, where the physical infrastructure is to be laid, what the physical infrastructure is that takes that to the port, and they lay out the whole vision of why you, as an investor, can come to that place and be very confident that you can operate in a global market from that location.

And I think that's the genius of the East Asian Development Strategy, actually. Whether it's FDI or joint ventures or strategic alliances or outsourcing or original equipment manufacturing, it is convincing local investors and international investors this is the place where you can do international business.

We have a lot to learn about that. They gave tax holidays. They gave a lot of concessions that I have found attractive, whereas, sometimes official advice has not found it attractive, and I think we have to understand that much better than we do. Why choose one location over another? That's a lot of what globalization really is about is the locational issue. It's also a reason why globalization is probably widening inequalities fairly dramatically right now, because the disadvantaged regions are really, really have a tough time attracting investors.

And try as I have in advising places, I've been unable to be very effective in giving ideas on how to get investors into a city a thousand miles in the interior of a continent or how to get a new export sector going in such a place.

And so as a research strategy to understand how different city dynamics, geography, public policy, infrastructure development and so forth interacts with the physical geography in the world markets, I think is an absolutely essential research program. I don't think we have the database yet in place to really be able to make that analysis adequately. I've been looking around for it myself in recent months and don't find it truly to be in place yet.

MR. NANKANI: Jeff, if I may add a last question or comment, I think a lot of what you said throws a lot of attention on coastal cities, the global environment and the like, but do you have any thoughts on secondary cities? A lot of the migration from rural areas to urban areas in many parts of Latin America, certainly, has been to secondary cities. Do we have any knowledge about what makes secondary cities more efficient and effective?

And when you think about many natural resource-based economies like Chile, and Brazil and others, perhaps some of the activities will, indeed, have to be in secondary cities, rather than in manufacturing, per se. Perhaps not, but do you have any thoughts on those?

PROFESSOR SACHS: Yes, I think it's a great issue. I think the most important dynamic for secondary cities is effective primary cities because the urban hierarchy structure is probably correct, that the regional cities outside of the coastal areas are really service centers and entrepot centers of the interior, they are trading centers that link up to the global economy in both directions, both in the export and the import center.

I've been working in China, in the west of China, in the last couple of years, and there are a number of those big regional cities that are a thousand

miles in the interior of the continent. It's a fascinating question. The Chinese government, of course, is very intent on drawing foreign investors all the way to Chengdu or Chongqing or Kunming or Urumchi or Lhasa. It's a very tough thing to do. There hasn't been a lot of success in that yet. The foreign investors come, they look, and they decide that they'd rather be in Shanghai after all.

But those interior cities are working and actually working amazingly, but generally by becoming production centers for the national economy or trading centers for the rural areas or suppliers, to an extent, for the coastal operations that trade more broadly.

The truth is though, Gobind, I've spent two years looking at this, the data on it, a kind of good input/output analysis of how the different cities actually network, is not available. So one has to just be making guesses of what's really going on, and we don't have in our normal databases the kind of economic structure of cities and interregional linkages to be able to answer your question effectively, at least I don't. There may be people in the room that do for selected places, but this is not a generally known proposition of these interior cities.

I do worry, though, about two things: One is, if the coastal urban cities are not working, it's very hard to get the national economies working, so while I love Arusha, unless Dar es Salaam is working in Tanzania, Arusha also will not be working. That's a major point.

A second point is that for the truly landlocked places in the world, it is just something we need to focus on in a very concrete and specific way right now: What are the transport conditions; what are the shipping costs; what is the time to ship; whether Internet and other kinds of connectivity can substitute; whether a local base of natural resources can substitute, and we need to think of these big cities around the world in those terms.

Kabul is, by the way, one of our biggest challenges right now. We should not pretend that Afghanistan's problems started with the Taliban and will end with the Taliban. Afghanistan's problems, I like to say, started with Vasco de Gama in 1498, when he put the silk road out of business by showing the sea route from Europe to Asia and back.

We don't have good answers for the major interior cities of Central Asia, and unless they have oil around them. We have a real issue in a region that we understand to be an incredibly difficult region. So we have to get down to the nuts and bolts of the transport linkages, transport costs, shipping time, Internet connectivity, satellite connectivity, to understand much better what kinds of industry can take advantage of the interior locations to answer your question effectively.

MR. NANKANI: Thank you. Thank you so very much, Jeff. I think you've really set us off very, very nicely on this session for the next two days, and we very much hope, in our interactions with you in the coming several weeks, we can deepen our partnerships along this urban dimension.

PROFESSOR SACHS: Perfect.

MR. NANKANI: Thank you very much, Jeff.

PROFESSOR SACHS: Thanks. Good luck to everybody. Thanks for allowing me to be with you.

-x-x-x-x-