

City-Regional Development Agencies.

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1. Introduction.

The quest for effective means for cities and regions to pursue economic, physical, and social development is accelerating. The context is an increasingly open global economy, major changes in demographic and social trends, and renewed interest in the devolution (or de-centralisation) of powers and responsibilities from national, and state, tiers to more local and regional entities. The central intention is that nations will be better off if their cities and regions perform better in economic, social, and environmental terms. This is based on the observation that the knowledge economy favours cities as preferred locations in the way that the industrial economy (especially in the last 50 years when technology altered the established geography of production) may not have done. But the assumption is that for cities and their regions to increase their contribution to national prosperity and welfare, there will need to be improvements in the way that cities and regions address persistent barriers such as high costs and poor environments, underused assets, co-ordination failures, weak leadership, and low investment. At the same time, there will need to be an improved incentive structure to encourage cities and regions to really succeed, rather than to just manage what they have.

This interest is backed up by real experience. Haven't some cities started to forge real alliances with neighbouring authorities to promote their growth? Isn't this the case in Manchester, Frankfurt, and Washington DC? Hasn't strong city leadership started to improve the ways cities deliver services such as in Chicago (Schools), New York (Crime), Barcelona (Planning), and Turin (Environment)? Aren't new forms of investment in infrastructure starting to re-connect cities with their regional context in London, Copenhagen, Milan, and Melbourne? And, surely, attention to culture and the creative environment is re-making cities such as Amsterdam, Toronto, Miami, Dublin, and others.

Something is observably happening for cities and for metropolitan areas. Some say a new urban age is upon us. This is giving rise to a widespread interest in some interlinked questions. These include:

- Can cities and city-regions be a useful locus for certain policies and interventions that promote development?
- Can development agencies offer a potential means for organising interventions at this level?

This paper reflects on practical insights from attempts to deliver 'city-regional development approaches', 'development agencies', and 'metropolitan development agencies'. It is principally a review of practical issues, based on practical international experience. It is drawn from experience of working with over 100 city and regional development agencies, established in different and distinct contexts.

In particular, this paper offers an opportunity to explore three key interrelated themes:

The role of **city-regions/metropolitan areas** as a key **scale** for initiatives to benefit cities and wider regions, especially interventions aimed at improving economic performance, development, and regeneration.

The role of **development agencies** as an economic and/or governance **tool** for intervention in cities and regions, again with the aim of improving development performance.

The roles that **development agencies** might play in fostering **city-regional** strategies and programme, where these are considered an optimal scale at which to intervene.

The overall aim is to present some insights about the important roles that Development Agencies might play in helping city-regional stakeholders to work together, whilst raising some cautionary notes about how to do it.

2. Cities and Regions.

2.1 Identifying the trends.

It is important to begin this discussion with the recognition that cities and regions have become a focus for renewed efforts to promote development over the past 20 years. There are multiple reasons why this has happened, and the mix varies by economic and institutional context.

For example, in the upper income countries of the developed world there has been an increasing recognition that participation in the international economy has given rise to greater, rather than less, spatial concentration of activity, and there have been spatial variations in how growth patterns have emerged (some cities and regions are doing better than others at attracting, fostering, and retaining growth). Earlier assumptions that the introduction of ‘new generation’ information and communication technologies (ICTs) would give rise to the end of the agglomeration benefits of cities have proved to be wrong. In many different senses we may now be living in a ‘new urban age’, where cities have re-emerged as drivers of economic performance and population change at the local level. The new economy favours city locations in the way that the industrial economy favoured large factory floor plates.

At the same time, national urban and regional hierarchies have begun to break down in favour of continental systems of exchange. The flows of activity between cities and regions, across and within national borders, have become a significant focus of how well those cities and regions are doing. The focus of growth is also no longer simply economic, nor focussed on narrow goals of attracting foreign investment. The attraction and retention of talented skilled people, entrepreneurs and innovators, as well as visitors of multiple kinds, are now parallel goals for cities and regions. This has placed emphasis on a wider range of factors of city and regional attractiveness.

We might illustrate this with reflection on the spatial economy of Europe. Over the past 20 years, EU integration has had the effect of:

- concentrating advanced economic activity in the north west central sphere, a ‘golden ring’ bounded by London, Amsterdam, Frankfurt, Brussels, and Paris.
- unlocking the established national urban hierarchies within EU member states, and opening up a new continental system, so that cities like Barcelona, Lyon, Frankfurt, Helsinki, and Dublin can now play new continental roles in addition to national ones.
- rewarding those cities that make the adjustments necessary to offer a competitive platform within the new economy, by facilitating new flows of people, investment, and trade through freer and more open markets.

These changes are important for cities and regions. They are mirrored in different ways in the upper income countries of North America and East Asia. The precise spatial manifestation of these changes does vary, but the general theme of the opening up of a continental space in which cities and regions can re-define themselves is common. The realisation that effective re-engineering of the city, or regional, foundations is now a central task, is also common. Cities and regions have to re-orientate themselves to the end of industrial decline, the growth surge in the knowledge economy, and the new climate of trade and mobility. Re-organising a city's transport, housing, and land uses, along with its skills base and pool of investment and entrepreneurs is the key imperative.

This has given rise to a major focus on what makes a city or region competitive, or productive, and what balance of tools, investments, and powers are needed at more local levels to hasten and further this quest.

An extended 'narrative' has therefore emerged that reflects on the comparative tools and powers that cities and regions can bring to this task of re-engineering themselves for the new economy. This might be articulated thus:

- i. in the internationally open knowledge economy, **cities and regions appear to compete with each other** across national borders for increasingly mobile firms and facilities, talented people, investment, trade, and visitors. The cities and regions can also be generators of new economic value by fostering endogenous growth, which in turn will attract external investment of multiple forms. The advantages of cities, as locations for firms and workers alike, in the new economy appear to outweigh the negative features and costs of cities, and can be optimised if sound policies are pursued to improve their long term economic performance. A **key spatial scale is the city-region** where the economic geography is more inclusive of all the territorial dimensions of economic performance, and reflects the geography of local markets, public goods and fixed territorial assets.
- ii. cities and regions can therefore **offer important advantages to national growth** if they can succeed in becoming more productive, more attractive, more innovative locations, providing a better platform for entrepreneurial success. Larger cities and regions with a critical mass of assets and resources can play a unique set of roles (as 'hubs' of activity) offering the national economy connectivity to, and interaction with, global markets and firms that can't be provided easily by many other places (eg through inter-firm interactions, proximity to decision taking elites, airports, and diverse populations). There are advantages of scale, as well as the costs that scale brings.
- iii. this involves cities and regions '**re-engineering**' **their offer and assets** for an internationally open knowledge driven economy; including fostering the skills of their labour pool, the productivity of their infrastructure, the attractiveness of their business environment and quality of life, etc. It also involves explicit efforts to 're-position' the city within international markets for competitive locations. This involves cities needing to understand their existing, and potential future, customers much better and to communicate with them in clear and precise ways. Understanding markets and branding is essential. Cities have become knowledgeable and concerned about the customers they don't yet have, as well as working out how to serve better those they do.
- iv. administrative geography doesn't work. Tackling the challenges of **labour markets, housing markets, retail and entertainment markets, and the catchment areas for airports, universities, and other assets almost always exposes the difference between political geography (administrative units) and economic geography (the functional space in which the local economy and its markets actually operates).**

Most cities do not have a political boundary which equates with an urban economy, and this increases the risk of poorly formulated local economic policies. The imperative is to try to take measures at various levels, from where the local market might be more effectively addressed and encouraged without intervening simply in one small part of it (eg at the municipal level). Market failures are more visible and explainable from the level of a functional urban economy, rather than within a municipal boundary. **Tackling poverty** involves strengthening the market as well as connecting people to it, and hence a city -regional (a functioning urban economy) approach is also suitable. The urban economy spreads beyond the city into a wider metropolis through labour markets, supply chains, and the catchment areas for public goods like airports, shopping centres, and universities.

- v. it also requires that cities and regions **address market opportunities and failures fully and tackle failures in policy, co-ordination, and leadership**. They have to stimulate and support improved working of markets, and reduce activities which have the effect of simply shifting the location of economic activity without adding real additional value.
- vi. **the tools and resources required to effect this ‘re-engineering’ are multiple**. Garnering the tools and resources becomes an important feature of what city and regional authorities need to do. This involves working more closely with the private sector to share and reduce risks and costs in new ways, acquiring powers from higher tiers of government, changing the rules of engagement at the local level, and relentlessly pursuing new sources of resource and opportunity. It nearly always requires some financial and fiscal empowerment.
- vii. the scale and effectiveness of the tools and resources available to cities and regions to promote their own development becomes an important source of **comparative advantage for cities and regions** in their pursuit of growth and development. The quality of leadership and governance of cities and regions is emerging as a critical factor in how effectively such tools and resources are deployed. Indeed, effective leadership and governance of cities and regions is itself a factor of comparative advantage that cities and regions compete for (eg through the external competitive recruitment of city managers and highly capable civic leaders, such as University Vice Chancellors, Airport Chief Executives, Transport Commissioners, Chief Planners, City Architects, and many others).
- viii. national and state governments are recognising the need to empower cities and regions so that they can take the decisions and interventions needed to optimise their relative economic performance, and thus contribute more to national growth and development. National governments have become interested in supporting the optimal performance of all of their cities and regions in the international context, not merely in addressing wide area spatial disparities (and the needs of ‘lagging’ cities and regions) within a national framework, **but also spatial disparities within and between cities**. An old set of regional policies
- ix. in some contexts this has led to a **renewed impulse for devolution of power** and authority to city and regional Governments, and in others it has led to efforts by state, national, and federal governments to better support city and regional initiative. **It is not necessarily a central plank of city-regional activity that it should involve devolution**. Indeed, some of the most effective innovations do not involve devolution. As we shall see, development agencies, and other intermediation vehicles, have become adept at getting round the rigidities of central control of city and regional governments by building ‘entrepreneurial’ rather than ‘devolve approaches to investment and asset management. Creating corporate entities to pursue public

policies is one way of building new tools and accelerating re-investment outside of public finance regimes.

This basic framework of ideas underpins many of the trends in both national development policies, and more localised territorial strategies, in the developed world. In middle and lower income countries this framework is also starting to be reflected in distinctive ways. Rapid urbanisation in middle and lower income countries over the past 30 years has produced a significant number of mega-cities which are rapidly acquiring new economic roles in the current context. Larger cities such as Sao Paulo, Mexico City, Johannesburg, Cairo, Istanbul, Seoul, Hong Kong all offer new opportunities to their national governments as potential locations for greater scale of agglomeration of advanced knowledge based and creative activities. They are potentially a new generation of world cities. The 'metropolitanisation' of these cities means that their development and management is now regional, rather than local, in scope.

A significant second string of larger cities in middle income countries is becoming an important focus for new attention and development potential. The larger metropolitan areas of lower income countries are critical to addressing major challenges of poverty and growth, health and environment.

2.2 What drives cities and regions?

There is a much improved understanding of the drivers and factors of city and regional development success. This might be best expressed as the lessons from a wide range of recent research. These are briefly outlined below:

i. Drivers of productivity in regional and city economies.

Work in the UK on the Growth and Productivity framework (2002)ⁱ has recognised that city and regional economies are influenced by the same drivers of growth as national economies. The drivers are identified as skills, entrepreneurship, employment, innovation, investment, and competition. Local and regional action, as well as national frameworks and policies, can add or detract from how these drivers function. Market failures and policy/co-ordination failures (including failures of leadership) can have important local and regional dimensions, especially where markets (eg a labour market or retail market) span multiple local administrative units (a region or metropolitan area). City-regional level action to support the drivers of growth, and overcome such co-ordination and policy failures, may be important.

ii. Cities and competitiveness.

A study undertaken by Parkinson et alⁱⁱ in 2003 identified that 6 common features of city competitiveness appeared to underpin the successful performance of the EU's most competitive non-capital cities. These 6 features were; a diverse economic base, connectivity: internal and external, quality of life, skills and human capital, innovation in firms and institutions, leadership and strategic decision taking capacity. This study also emphasised that the key focus for many effective city strategies was the city-regional, or metropolitan, scale where these ingredients could be most effectively brought together.

iii. Cities in the knowledge economy

Work undertaken by Gudgin and Gibson (2005)ⁱⁱⁱ for Belfast City ably demonstrates how cities can increase their contribution to regional economic performance. It observes that the period of industrial decline is coming to an end, that the knowledge economy utilises the trade and

export of specialist services, and that cities are able to offer a productive platform for such services, effectively reversing the locational priorities of the industrial economy, repositioning centre cities as the renewed engines of growth. Tracing the changing role of Belfast in the economy of N Ireland this work observes that improvements in the basic framework of Belfast's productivity is having the effect of increasing the city's contribution to regional economic performance by enabling it to become a locus for internationally traded services. The work also sets out an important agenda for continued improvement in the city's economic performance to further enhance this contribution.

iv. Investment return in cities.

Research sponsored by Morley Fund Management and English Partnerships in 2004^{iv} identifies the growth in the return on investment for private capital in urban regeneration areas of UK cities. Comparing the 'investment return' performance of urban regeneration areas with the UK as a whole across the retail, office, and industrial property markets, the study reveals that urban regeneration areas out-perform all areas in aggregate and have substantial leads in the office and industrial markets. Urban regeneration areas now offer a comparative advantage in terms of returns to investment over other areas.

v. Productivity in cities.

Work on the productivity of cities for the State of the Cities Report in England 2005^v identifies that size, location, and connectivity to growth poles appears to be important to productivity in cities. Tracking cities with below and above English average GVA per employee in 2001, cities with above average are highly concentrated in the South East of England (close proximity to London) or are cities with good connectivity to London. Cities with below average are highly concentrated in the north and west of England, and/or have poor connectivity to London.

vi. Metropolitan governance and competitiveness.

Recent work by the OECD on reviews of metropolitan economic performance (2005) has focussed upon the important link between competitiveness and governance of metropolitan and city-regional economies. This work has emphasised the importance of economic governance at the metropolitan level to marshal effective territorial development strategies.

vii. Cities in the global system

Work by Erasmus University in Rotterdam 2005^{vi} identifies that cities are responding to the opportunities and challenges of globalisation according to their emerging position in a new global typology of cities. Reflecting on the EU urban system, the research identifies 8 groupings of cities including 1st and 2nd tier 'world stars', established and emerging 'national stars', 'metropolises in transition' in the two forms of 'comeback kids' and 'strugglers', and the 'niche players' and 'university cities'. One appealing strength of this research is the recognition of distinctive development agendas for the cities in each group, recognising their different territorial assets, immediate development imperatives, and competitive pressures.

viii. Cities and the competitive advantage of diversity

Work by Clark^{vii} identifies one important aspect of new mobility within the economy and its interaction with cities. This work reflects upon the new clients and opportunities for cities created by increased mobility in the economy, citing the potential for international students, migrant knowledge workers, and mobile innovative entrepreneurs amongst others. The work highlights the role that ethnic and linguistic diversity can play, resulting from increased immigration, in promoting factors of growth such as innovation, trade, entrepreneurship, and quality of life. The work observes that factors of 'city openness' can be identified which affect

how successfully cities attract and retain diverse populations in order to fully embrace the advantages they bring.

This quick tour of recent work is presented here to underpin the observation that cities and regions can now take well informed steps to enhance their development and growth, underpinned by clear frameworks that offer guidance on what might work, and what might not.

2.3 Cross-cutting themes on cities and regions.

Emerging from this work there are also a number of horizontal themes that can be summarised. These include:

i. The functional role of cities in the new economy.

Understanding why cities might now be important contributors to regional and national growth is helpfully explained by the work on cities in the knowledge economy, but can also be identified in functional terms. This may seem obvious, but it is not usually articulated directly. Cities are the locations in which knowledge driven services are increasingly located, because there are agglomeration advantages in cities that outweigh the costs and other negative externalities that they bring. What underpins this is:

- The impact of agglomeration of consumers and firms in cities, creating dense and sophisticated domestic demand which spurs competition and innovation in the city economy.
- The dense and competitive labour pools and supply/service chains that congregate within and around cities, making them the most productive places to site advanced activity.
- The ability of cities to offer supportive locations to 24 hour trading through managed business districts and ICT infrastructure.
- The role of culture and creativity hubs in cities that drive quality of life and contribute to innovation.
- The renewed role of cities as visitor destinations, responding to new trends in urban tourism, conventions, and international study.
- The enhanced role of city identities in fostering appealing territorial brands which can lead the attractiveness of national economies for external investment.
- The location of cities as host of an expanding system of higher education expansion.
- The combined roles of airports, sea ports, rail interchanges, low cost international travel, and expansion of affordable hotel facilities in re-positioning cities as gateways and entrepots, and the wider role of cities in offering the competitive infrastructure, logistics, and ICT platforms for commercial success.
- The growing role of cities as the location of commercialisation of intellectual capital and property through incubation systems, specialist laboratories, media, creative, and digital content hubs.
- The enhanced fiscal contribution of cities, in this context, state, provincial, and national exchequers.
- The role of cities as the entry point for new populations into many nations.

This features of how cities now interact with the contemporary economy are variously observed in the research, and form a conscious part of how cities now view the potential to enhance their contributions to economic performance.

ii. The need for cities to re-engineer their productive platform.

A second major horizontal theme concerns the need for cities to re-engineer such assets and capabilities to increase this performance. In this context urban regeneration activities, along with other local and regional improvements such as transport investment, land use planning, school performance, and cultural endowments have taken on renewed economic roles. The rationale for urban regeneration, including the tackling of concentrated disadvantage and dereliction, has widened so that economic imperatives are now considered more central, alongside social and environmental goals. Urban regeneration is now an important means for cities to re-engineer their assets so as to make a better offer to market players in the knowledge economy. This is a major theme to which we will return.

iii. The recognition of a city and regional ‘development tool box’ and how it works.

If cities are to re-engineer themselves, tools and resources are required to do it. The literature variously observes important tools and resources. These include:

- **Investment tools** such as finance and incentives for private investment, land use planning and asset management, renewal of infrastructure and logistical orientation, and improvement in the capability of human capital. Tackling the investment deficit that was feature of the industrial economy is key.
- **Governance tools** such as strong local and regional leadership bringing vision, prioritisation, and decision taking capability, effective partnership and alignment between public bodies and with private sector players, cost and risk sharing mechanisms, and asset pooling. Tackling the co-ordination and leadership failures is also essential.
- **Implementation tools** such as complex project management capacity, focussed development entities, capable intermediaries in market processes, and the ability to take interventions at scales which will have multiplier and catalytic impacts. An important dimension of this implementation capacity is the ability to use existing intervention tools well and fully, and to create new tools when they are demanded. Intervening to promote market success and to tackle market failure is necessary.

Assessment of the ‘latent capacity’ of cities to re-engineer their productive base involves both a basic review of whether cities have the right tools available, and some examination of how well those tools are now being used. An important insight has been that different constitutional and institutional contexts produce cities with very different intervention tools. Equally, there are clearly differences in how effectively cities do use the tools that they have available. The quality of local leadership is observed as a key ingredient here. In an internally open economy different national systems of sub-national governance provide distinctive tool boxes for cities. Thus, cities with apparently comparable territorial assets, and similar goals, but existing within different national contexts can find that their tools widely vary, and one city experiences their tools as a comparative advantage over the other.

A common example of this is the comparison between cities in Canada and USA. Canadian cities view the fiscal and financial freedoms enjoyed by many US cities, that are not open to them, as a comparative advantage that they do not enjoy in leveraging investment to attract and retain productive companies. But, Canadian cities often do better on quality of life measures which reflect better planning and relatively better territorial co-ordination (in part of function of reduced fiscal incentives to compete with neighbouring municipalities for tax base).

iv. The spatial dimension of growth; the importance of regional reach and city-regions.

A final cross cutting theme concerns overcoming the limitation of local administrative geography. Many cities have administrative boundaries that were defined and crystallised in

previous periods when the economic geography of the city had a different scale and shape. The functional economic geography of today is often metropolitan or city-regional. The geography of public goods, supply and distribution chains, labour, housing, retail, property, investment, and other local service markets does not respect administrative boundaries. Travel to work areas, retail catchment areas, and others tend to cover much wider areas than core or central cities, and span multiple administrative boundaries in a 'variable geometry' of overlapping spaces with different and blurred boundaries. This presents obvious co-ordination and leadership challenges. It also presents major challenges in designing and implementing policies at the most appropriate spatial scale.

Work by Cheshire and Gordon^{viii} identifies the potential for competitiveness policies pursued at the local level to become zero sum, or wasteful, at the level of functional urban regions when their impact is simply to increase inter-municipal competition within the functional region rather than to enhance the productivity and competitiveness of the region as a whole in the wider economy. They diagnose that different kinds of policies work best at different spatial scales.

What emerges is the imperative to pursue appropriate policies at different spatial scales and to make more interventions at the level of the functional urban region. This is the subject of the next section of this paper.

3. City Regions.

3.1 The metropolitan imperative.

There are important spatial dimensions to the economic development challenges faced by cities and regions. The relatively long histories of cities in Europe and elsewhere, and their pre-eminence in the pre-industrial, the industrial, and the new knowledge economy eras, means that the townscapes and infrastructures of cities are often mature and settled. They have established central business districts and town centres, inner and outer suburbs, industrial corridors, transport hubs and terminuses, logistics platforms, and well defined sports, entertainment and retail locations. There is very rarely any central land that is not already fully developed, legally protected, caught in a site assembly problem, or being deliberately 'land-banked' for future profiteering off other anticipated investments.

But whilst this old 'physical geography' of urbanisation is in place, the new economies of the past 20 years have emphasised rather different 'spaces of flows' at the local level, with a new metropolitan or city-regional dynamic emerging in various ways within industrial and commercial locations, labour markets and travel to work areas, supply and distribution chains, retail, logistics and transportation, and external investment. In many cities within the OECD member countries, the urban economy has outgrown the city limits, taking on a more organic shape with 'variable geometries' of space surrounding different functions.

A 'metropolitan imperative' frequently emerges that can express itself in terms of the need to address the 'sprawling' of activity over ever increasing distances with social and environmental costs and consequences, or can be viewed as the challenge of regulating an internal competition between neighbouring municipalities for tax yielding investments, or might give rise to a need for a new growth management endeavour, for which there is no obvious champion or authority.

Meanwhile the traditional centre cities must reinvent their economic roles and purposes. The cities are frequently land-locked resulting in the requirement to recycle urban land effectively and to be able to re-organise the local economic geography to support new growth, industries, and firms, or new housing and community development. However, in the context of very

fragmented land ownership patterns, and costly 'sunk investments' (or 'fixed territorial assets') in infrastructure and utilities, and 'sunk liabilities' in contaminated sites and derelict buildings, this recycling of land is far from being simple and affordable in all cases. Poorer families and communities are often much less mobile than companies and are often less able to respond positively to such changes of use.

The complex calculus of generating new urban locations which are attractive and accessible to their intended users is one that requires the co-ordination of a very unwieldy mesh of land owners, infrastructure providers, tenants, regulators/planners, financiers, service providers, and other functionaries. This co-ordination does not come easily, and is rarely in the hands of a single development agency or regional government, as it might be elsewhere (in a 'green-field' or fresh location).

3.2 Cities and regions together.

An important aspect of the 'old geography/new economy' challenge in cities is the city/region dynamic. The functional economic region for labour, investment, supply and distribution in most such cities is now well beyond the old municipal political boundaries, which have become frozen in time. The challenge is to try to develop city competitiveness policies that have regional coherence so as to both minimise unhelpful intra-regional competition, and to avoid 'displacement' (where the impact of policies is merely to move an activity, job, or firm, from one part of the region to another with no net benefits, and the imperative to site new investments in optimal locations for regional impact). The difficulty of achieving this kind of regional coherence in economic development policies between cities and their outer suburbs, or outlying smaller cities and town, is acute, and even more so in the fiscally empowered local governments of USA without regional governments, than in the regionally empowered governments of some parts of Europe, and the centrally financed municipalities of the UK.

To have the best chance of success in promoting city competitiveness, there needs to be:

- a city boundary, or formal partnership of neighbouring municipalities, that is wide enough to approximate nearly to a functional economy without leaving important suburbs or industrial districts outside.
- some 'regional reach' that enables cohesive economic action between cities, suburbs, and outlying areas.
- direct control of key powers to plan land-use and infrastructure, raise investment, housing and education, police and transport, and the authority to make them work together.
- influence over other important public sector bodies in health, higher education, culture.
- ability to 're-write the contract' between the city and its business community through shaping and focusing the municipal and metropolitan tax system.
- ability to bring forward necessary investment through borrowing against assets and anticipated revenues, and the ability to be in partnership with financiers sharing risks and returns to the benefit of the city and metropolitan region as a whole.
- capability to create new executive agencies that can operate in the margins between public sector services and mature market economies.
- ability to create long term programmes that can be stewarded by civic partners to get away from the cyclical reversals of political seasons.

Many of these factors lead to a series of metropolitan imperatives, where effective actions can only be taken at the metropolitan or city-regional level, despite the fact that there is frequently no ready made vehicle to design and implement such actions at this scale, or there are relatively weak vehicles that must be strengthened to be able to do it.

3.3 Different kinds of city-regions.

Choosing the right spatial scale: how the city-region concept helps.

Mounting sub-national policies for growth and tackling poverty might therefore benefit from analysing and understanding the workings of the economy at a functional regional level (a city-region or functional urban region) and by developing some interventions that are best suited to addressing the challenges and opportunities that appear at this level.

What are the benefits of choosing a city-regional spatial scale? These can therefore be summarized as:

- i. The City-region is seen to be the **'right space'** to understand the economy at local and sub-national level. It is the space at which the dynamics of the labour market, property and housing markets, retail and local service/distribution markets are most clearly revealed. At this space therefore, strengthening these markets to make them more attractive for business growth can occur (eg through supportive infrastructures and incentives to collaboration between firms).
- ii. The city-region **aligns economic and political spaces**, providing scope for alliances and co-operation between both public sector and private sector organizations as well as NGOs and others whose primary geographical reach is not municipal.
- iii. The city-region enables **integration of 'top down' (national and international) programmes with 'bottom up'** (local and regional) efforts. In the best examples this can lead to effective local economic development, combined with strong national and inter-governmental support.
- iv. The city-regional approach can help to make choices about how to intervene: it focuses **on doing the right things at the right spatial scale**. For example:
 - It can make **territorial branding** more effective by ensuring that a national market geography is promoted rather than only a portion of it, thereby assisting marketing activities to properly address information asymmetries.
 - It can ensure that labour market, housing market, and related interventions are designed with **'a full market effect'** in mind, not simply to adjust the local share of wider market activity.
 - In the context where resources and capacity are scarce it can offer a **critical mass of activity** and an optimum scale for resource mobilization, effectively aggregating otherwise disparate local initiatives.
 - It can promote **effective and efficient economic** tools by addressing the whole portfolio of assets and opportunities across a wide area, sharing and pooling the risks and costs of intervention effectively.
- v. City-regions can offer a suitable scale for economic development and poverty alleviation to **align with other key strategies and interventions** (eg environment, transport, utilities, property and land use).
- vi. City-regional alliances can help **avoid zero sum and wasteful competition** between neighbours who pursue the same potential investments and drive down the cost for business and contribution of businesses to local fiscal revenues. The city-regional

approach is less likely to focus on narrow cost base competition between neighbouring municipalities and is more likely to promote policies that will help the whole city-region become more competitive and productive in the international and open economy.

- vii. At its best city-regional working can therefore help achieve national development through collaboration of multiple partners at the sub-national level.

Different types of city regions.

There are important differences in how city-regions might be classified and defined.

- One simple approach is to observe that a **single primate city** is surrounded by an area which includes people, firms, and facilities that depend upon the city and the infrastructures it supports, for their principle economic interactions. This brings such people, firms, and facilities within the functional economy of the city and redefines its economic geography as the wider sphere of influence in those places where it interacts. This kind of mono-nuclear city-regions offers particular challenges. Achieving alignment of goals and interests and good working relationships horizontally across the city regions is notoriously hard in all circumstances, but worth while when managed. But alongside this basic challenge of policy alignment lies other imperatives to tackle such as finding the right name and branding for the enlarged space, improving the connectivity across the area to make the benefits of collaboration more tangible, and overcoming potential social and environmental costs from sprawl and segregated land uses. A typical primate city-region might be Vienna in Austria; a large central capital city dominating its national hinterland playing a powerful role in how the country develops.
- A second form of city-region is a **bi-polar city-region** with two major poles within it. Such as city region can often take shape only incrementally or can cross national and regional borders (eg, Tijuana-San Diego). Improved or reduced connectivity between the two leading poles can have dramatic effects on who the city region works. The introduction of a new highway or a fast train that reduces travel time between the cities can promote economic inter-dependence which give rise to new growth and poverty reduction opportunities. Challenges here include how to continue to exploit functional specialization between the two main centres, how to plan for growth in the areas between them, how to reduce environmental degradation resulting from increased travel, how to avoid social segregation and to achieve a coherent territorial brand. A typical example might be Minneapolis/St Paul or Budapest, but the more interesting ones are places where the distance is getting smaller such as Vienna/Bratislava, Milan/Turin, Tchwane/Johannesburg, or Glasgow/Edinburgh.
- A third kind of city-region has multiple nodes and centres (**the poly-centric city-region**). This kind of city region offer multiple opportunities for functional specialisation by runs high risks of environmental degradation and social segregation. It requires complex working relationships and a high degree of trust and confidence if it is to succeed. A good example is leadership. We know that leadership failures can be a negative effect of complex systems. In poly-centric city-regions leadership is often hard to furnish 'bottom-up' as few people are seen to represent all interests in the region, and 'top down', or 'non-aligned' (usually private or civic sector) leaders, are favoured. A typical example here might be the Randstad in the Netherlands, Emilia Romagna in Italy, or the conurbations of the Rhur and the Rhine.

It is important to stress that urban economic geographies are not static. As the nature of technology and trade changes, so city-regions have the tendency to stick together and they become increasing integrated and inter-dependent. Thus two separate neighbouring nuclear

city-regions can find that over the course of 2-3 business cycles, their economies become so integrated that they emerge as a single bi-polar city-region over time. Equally a large primate city will gradually integrate smaller faster growing metropolitan areas on it's outskirts. In creasing these integrations will have a transnational dimension in smaller countries.

There are multiple means to construct city-regional approaches and they are not all bottom up and collaborative. The table below is a lose characterization of some different approaches.

City/City-region	Form of leadership	Nature of city-regional activity.	Tools of city region working.
Athens	National Leadership	Capital City Region	Direct intervention
Helsinki	National/Regional Partnership	Capital City Region	Development Agencies and Planning Commissions
Melbourne	State Leadership	Metropolitan Planning	Partnerships with local Government
Seattle	Public/Private Coalition	Regional Development	Partnerships and Commissions
Frankfurt	Private Sector Growth Coalition	Regional Development	Development Agency and Territorial Marketing
Phoenix	Public/Private Coalition	Regional growth and planning	Economic growth council.
Lyon	Inter-municipal co-operation	Economic development	Metropolitan commission
Toronto	Consolidated centre city	Wider regional collaboration	Alliances and Boards
Miami	Metropolitan country Gov	Collaboration with municipalities	Multi-level planning & Development agency
Johannesburg	Consolidated metropolitan city	Growth and regeneration management	Various boards, companies, and development agencies.
Turin	City and Provincial co-operation.	Metropolitan planning, investment, and marketing.	Joint planning, projects, and development agencies.
Milan	Disparate regional, local, and provincial tiers.	New joint planning and alliance building.	Missed opportunity but new efforts in train.
Berlin	State led.	Attempted consolidation through plebiscite (failed)	Almost none. Missed opportunity.

This simple table is not scientifically constructed and it is largely descriptive. The intention is to demonstrate the different ways in which city-regional activity can be constructed in support of a functional urban economy.

3.4 Drivers, enablers, and inhibitors of city-regional working.

What helps City-regions to work?

The chief 'drivers' of city-regions have already been identified as metropolitanisation resulting form globalization and the knowledge economy, technology development, public sector reform (including de-centralisation and devolution), increased mobility, and the new logistics of trade and exchange. These are joined by other imperatives such as the fruits of success in terms of population growth, the new frontiers of urban regeneration, and the needs to reengineer and renew housing markets. These drivers all push towards cities having a larger foot print than previously whilst they can also emphasise re-concentration within central cities as well. Fundamentally, city-regions offer a scale and critical mass of resources at the sub-national level, combined with a sufficiently coherent geography to address the interaction with these wider drivers of change in which might yield additional value.

But city-regions seem to prosper when other local factors are present also. These 'enablers' include:

- Political or policy alignment horizontally and vertically in the public sector (including active national/federal policies).
- Active and constructive regional media.
- Vocal private sector leadership.
- Sustained and consistent leadership locally, which inevitably seek partnership with neighbours.
- Increased/improved city-regional or external connectivity.
- De-centralisation process in the public sector.
- New or expanded private investment.
- Local population growth.
- Active civic sector partners.
- Incentives for co-operation and supportive state/national/federal Government.
- Crisis, or fear of pending crisis.
- Sudden change in circumstances.
- A major event or opportunity that is too large for any single municipality.

Where a number of these enablers are present there appears to be good chances of mounting a sustainable city-regional effort, if they are used well to construct city-regional resources. Where they are absent, it is generally much more difficult.

Conversely, arrange of city-regional **inhibitors** can also be identified. The absence of the enablers is one set but others include:

- Excessive intra-local competition
- Multiple jurisdictions such as city-region spread across 3 states (eg New York Metropolitan Area).
- Failed connectivity projects, or major events/initiatives (nobody wants to associated with failure and it tends to turn people back into hyper localism).
- Governance system which are entrenched in political geography (eg State or Regional Government which is reluctant to recognize new economic and social geography).
- Existing city-regional apparatus is very weak (eg Planning Commissions that are not bold, or development agencies that appear to have little impact).
- Lack of leadership of the city-region is an obvious inhibitor, but this is frequently a major problem because it is often no person's role to lead an entity that has limited form and often no competence.

What does city-regional success involve?

When a city-region starts to develop effective initiatives to promote growth and tackle poverty it uses new tools including:

- Incentives for collaboration and co-operation.
- Co-operation agreements/horizontal contracts and coalitions.
- Joint planning, visioning, and goal setting.
- Joint ventures and mounting of larger catalytic projects.
- Shared capacity and infrastructure.
- Governance reforms such as:
 - Amalgamation.
 - Special purpose vehicles (eg Development Agencies)
 - Leadership groups and alliances.
- Shared marketing programmes for key audiences.
- Larger scale economic development interventions including in asset development, financial intermediation, and infrastructure.

City-regions don't just happen because the economics are right. Firms will inter-trade and travel to work areas will expand, and major assets like airports, retail centres, and universities, will serve a wide catchment area. But unless these market processes are both supported, and importantly, not undermined, by local, regional, and national policies, opportunities will be missed to expand and manage growth to achieve wider goals.

So we turn our attention to one means of making the city-region work in practical ways.

4. Development Agencies.

4.1 Overview of Development Agencies.

There is not a vast literature about development agencies per se, but there is a growing bank of insights gleaned from practitioner exchanges in the context of rapid growth of development agencies as a means to promote territorial development and competitiveness.

An important starting point is the recognition that development agencies have become an increasingly popular organisational vehicle for shaping and pursuing development strategies at the sub-national level. However, there is no common understanding, or rigid formula, of what a development agency is.

No global census of development agencies has been undertaken but there are probably more than 15,000 development agencies now world wide, with more being created every month. They vary in size, scale, and function and there have been different starting points. Several waves of development agencies might be identified:

- In Europe after WW2 to aid post war re-construction.
- In north America in the 1960s and 1970s to address the impact of de-industrialisation in the 'rust belt'.
- In east Asia in the 1980s and 1990s to help plan and manage rapid urbanisation and industrialisation.
- In the current era in Latin America, South Asia, Africa and East Europe to promote economic development in the newly integrating economies.

There has also been a continued process of re-inventing development agencies in places where they already existed, changing their focus of intervention and tools applied, or disbanding the old generation of development agencies and creating new ones. The shift to city and regional growth policies in many countries of the OECD, rather than the pursuit of 'old style' regional policies seeking to address only the challenges of lagging regions, has given rise to a new expansion in the number of development agencies.

Prior to WW2 there existed a range of developmental bodies in several parts of the world that had some of the features of development agencies today. Transport development bodies and public interest companies were widely used to promote urbanisation and industrialisation prior to WW2, but were not consciously part of a development agency peer group, and were usually nationally sponsored projects or enjoyed a national franchise.

It is important to note that whilst development agencies are the products of national policies in some countries, this is not universally the case. In some countries, Italy for example, development agencies are the products of local bottom-up efforts which are not subject to national co-ordination or planned programmes of national resourcing. In the USA and Canada, most city and regional agencies are fostered by city and state/provincial governments acting with private sector partners, not by federal governments. In Mexico, federal government has played a key role in establishing development agencies. Equally, whilst development agencies

at city-regional level are less common in countries that have rigid regional political geography, there are quite common in countries where there is no political regionalism (this may seem ironic, but the absence of competing entities in alternative conception of 'region' is quite important).

4.2 Distinctive features of development agencies.

Not all development agencies play the same roles or do the same things. We can identify four different elements of development agency activity.

- **Economic roles:** where development agencies seek to build markets within their territories by acting within them. These roles including the development agency acting in a risk and cost sharing manner using entrepreneurial approaches. Such roles involves intermediating with investment, assets, infrastructure, land, property, finance, planning, and marketing/promotion. The development agency derives its unique role by taking on task that are normally outside of Government due to the nature of commercial disciplines and focus required, the risks that have to be managed, and the creativity involved. This often allows fiscally disempowered local governments to sponsor an agency which can operate outside of tight controls and leverage more than the local government is allowed to. Business is frequently the partner and/or client of this activity, and although it is accountable to Governments, the agency has to mirror the 'business-like' behaviour, processes, and time-scales of commercial players if it is to be successful. This is a case of overcoming policy and investment failures.
- **Leadership roles:** where the development agencies play a key role on fostering a long term plan and vision for the territory, galvanising the instincts of multiple leaders, setting out a new future around which resource mobilisation can coalesce. The development agency is often here an 'independent' forum in which distinctive interests can be brought together, and aligned, to shape a long term purpose beyond the specific limitations of electoral cycles and partisan policies. This is a case of addressing leadership failures.
- **Governance and co-ordination roles:** where the development agency helps to facilitate practical co-ordination towards the pursuit of the development strategy, helping to overcome the limitations of fragmented multiple jurisdictions and responsibilities in the public sector, and providing a means for practical engagement with the private and civic sectors. In this role the development agency is the chief practical mechanism for co-ordinated multi-lateral action. This is case of addressing co-ordination failures.
- **Implementation roles:** where the development agency can assemble dedicated and capable teams to focus solely on pursuing the development strategy. This will involve complex project management and finance skills, business/investor facing services, and the ability to design and use new tools quickly. The distinctive dimension of this role is often in how development agencies can attract and develop expert and specialist staff that are suited to pursuing public goals in a commercially sensitive manner, and are capable of implementing co-operation between public and private sectors in ways which work for both cultures. This is not an insignificant capability, and it frequently distinguishes development agency staff from public officials more generally. This is case of addressing capacity constraints in the public sector.

As a 'quasi governance vehicle' development agencies can offer a unique means to assemble both the resources (or assets) and the authorities (or permissions) required to undertake certain territorial development activities. In these roles development agencies can become the means to overcome complex administrative geographies which may not align with the natural

economic geographies that are the focus of sound territorial development. Neighbouring local and regional governments can work together through the development agencies, or simply sponsor projects that they undertake. Equally, the development agencies may play a role in pooling resources between different 'tiers' of government (local, regional, state/provincial, national, federal) and between 'spheres' of government (departments, agencies, authorities, commissions, educational institutions, and others). Lastly, they can play an important role in bringing together public, private, and civic sectors, either through joint ventures, partnerships, service agreements, compacts, or other vehicles.

Territorial development activity focussed towards city competitiveness requires the use of economic development tools which can ultimately influence market behaviours through both exogenous and endogenous players. Such tools often require careful calibration and management if they are to achieve net positive outcomes without distorting basic market functioning. Development agencies are seen as capable of designing and implementing such interventions using unique skills and insights from public policy and from market economics/commercial disciplines.

But perhaps most importantly, development agencies appear to offer a politically acceptable form of co-investment between other wise disparate partners. This might be for several reasons:

- As sole purpose vehicles there is little chance of resources being used for the wrong purposes, and development agencies can be held to account.
- As corporate entities development agencies can be branded to reflect joint ownership (and joint credit!).
- As time limited vehicles, development agencies can be closed down if necessary (unlike tiers of Government which it is hard to close down).

This begins to explain why development agencies can really help city-regions to develop some momentum.

4.3 Development Agencies need distinctive rationales.

There have been many different starting points for development agencies, at different points, and in different countries. But understanding the particular purpose, or mixture of purposes, that an agency was established for is both key to assessing how well it is doing, and essential for estimating how it might contribute to city competitiveness and metropolitan development. A development agency is usually set up because one, or more, of the following reasons is suggested. A development agency will be:

- i. Able to quickly address a crisis in the city economy and to organise different actors to take urgent actions together. It is able to respond to a crisis or challenge for which there is no other logical agent (eg the closure of a key site or facilities), and is not distracted by other mandates. This is the **'crisis response' mandate**.
- ii. Able to act as an organising vehicle for territorial development activities when they are new or under developed, giving visibility to the work programme, and distinguishing it, organizationally, from other activities. This is the **'initiating territorial development' mandate**.
- iii. Potentially more 'investor facing' and 'business like' in it's style than a municipal office or department of regional/national government, including the ability to negotiate

directly with developers and investors, deliver services to businesses, manage commercial funds, and interface with other commercial actors. In some cases this might include having some delegated local/regional government functions (eg Land Use Planning, or financial assistance, decisions) delegated to it. This is the **'business interface' mandate**.

- iv. Able to focus on the specific needs of an identified redevelopment area or a major project, which may not cover a whole municipality, or may cover multiple several jurisdictions. It may be able to organise a programme for a geographical area, or a new initiative, for which no other 'ready' governance structure exists. This is the **'special zone/ un-served territory' mandate**.
- v. A new and 'independent' (and more flexible) vehicle for strategy making, partnership co-investment, and may be capable of integrating the inputs of diverse range of public and private partners. This is the **'aggregator' mandate**.
- vi. Able to fulfil an 'outward facing' or promotion role for the city or region, promoting its appeal and attractiveness for external investment in a targeted manner to key audiences, distinct from the public debate on how the territory needs to be improved. This is the **'marketing and promotion' mandate**.
- vii. Able to develop more flexible procedures and human resource arrangements, enabling it to do things more quickly or efficiently than other organisations. This is the **'flexibility' mandate**.
- viii. Able to undertake a focussed task over a defined time-period unencumbered by other missions and goals. This is the **'sole focus' mandate**.
- ix. Able to achieve a legal or fiscal status which will allow it to utilise or develop additional tools, incentives, investment, asset management and interventions that are otherwise absent, or not available to local governments. This is the **'leverage' mandate**.
- x. Able to manage a transparent process for delivering financial assistance and incentives to businesses, or critical resource allocation decisions, in ways which are not directly politically controlled, and may be therefore seen as more impartial, or not the responsibility of local politicians. This is the **'transparency' mandate**.
- xi. Able to share risks and costs effectively across a range of interested parties, by negotiating and allocating a clear and novel agreement about how they will be apportioned. This is the **'risk and cost sharing' mandate**.

Few development agencies will be operating all of these 'mandates' simultaneously, but many will have more than one to pursue. This discussion of 'mandates' may appear a little arcane, but it is useful in helping to crystallise how development agencies may differ from the local, regional, and national governments who sponsor them. They stress the unique things that are needed from a development agency, how its impact should be assessed, and whether its mandates should be revised and change over time.

Given that the work of development agencies is often contentious (taking the pursuit of certain public policy goals out of the direct and singular control of public officials and leaders) it is important to be clear about why this is done and what is expected as a result. There is often a democratic cost which has to be repaid with enhanced outcomes that make the cost justifiable.

However, development agencies often suffer from ‘mission creep’; they are asked to continuously increase the range and scale of their activities in ways which can confuse the overall clarity of the mandate and lead to tensions internally and externally for the agency. Clarity about mandate is key to success and to sustainability of agencies, and this includes knowing when the mandate needs to change and why.

4.3 What do Development Agencies do?

The range of tasks that development agencies pursue will vary enormously. There is a growing menu, and not all development agencies will pursue the same tasks. The menu will usually include some of:

- i. Foster coalitions for growth initiatives
- ii. co-ordination/leadership of local actors
- iii. co-ordination/leadership of regional, national, and international investors/donors
- iv. monitoring the city/metropolitan economy
- v. strategic planning for economic and territorial development
- vi. infrastructure and investment advocacy
- vii. land and property redevelopment and management
- viii. fund management and direct lending/investment in firms and/or investment projects
- ix. other forms of financial intermediation and income/resource generation
- x. promotion of technology, creativity, and innovation
- xi. workforce development, skills development
- xii. employment creation and job brokerage
- xiii. fostering entrepreneurship and SMEs
- xiv. sector and cluster development programmes
- xv. management of grant aid for businesses and other organisations
- xvi. territorial marketing and facilitation of foreign investment
- xvii. promotion of other forms of external investment (tourism, events, trade, sports, etc)
- xviii. project management and design of major projects
- xix. capacity building and technical assistance for other local organisations
- xx. identification of good practices and learning models,
- xxi. cross-border, inter-regional, and international co-operation

Not all development agencies will pursue anything like the same tasks, and very few will pursue all of those listed above. Indeed, one of the most interesting aspects of development agency activity is that different approaches are used to foster developmental outcomes. The range of tools available to the agencies do influence the scale of the ambition and the nature of the intervention that is feasible, but they do not determine whether an agency will succeed.

Tools are created by the interplay of rules and regulations, constitutional and institutional arrangements, and the scale of the local assets and the opportunities within local and wider markets. Skilled agencies constantly create and build new tools, and use existing tools fully. Less skilled agencies may have a range of tools but not use them well.

There are many different kinds of ‘development agencies’. The term is used in different ways in different places. Other terms are also often used. These include: Development Agency, Local Development Agency, Regional Development Agency, Economic Development Agency, Economic Development Corporation, Development Authority, City Development Agency, Urban Development Corporation, or City Development Corporation. The different names do not suggest distinctive activities, they are often inter-changeable, and agencies with the same names frequently do very different things. Different legal structures and linguistic preferences determine the names used.

An important, though obvious, observation is that most territories have more than one development agency operating within them at any one time, usually with multiple and overlapping geographies. This phenomenon is worthy of some discussion on its own, and will be returned to later. At this point it is important to note that this might be a source of advantage or disadvantage depending upon the clarity of the distinctive roles of the agencies and the readiness of effective means and incentives to collaborate where that is useful.

So, not all development agencies are the same, and there are very different models in different countries. We have identified that:

- there is a large menu of things that development agencies can do, and few do all of these
- some development agencies are established in response to a crisis, or to a problem of under-development, and others are established simply to promote territorial competitiveness in all contexts (both for 'successful' and 'unsuccessful' places).
- some are established 'bottom-up' by local actors, and others 'top-down' by Governments and donors, some are wholly private sector sponsored, some are bilateral with a focus on enabling neighbouring entities to work together .

One consequence of this mix of different factors in the establishment of development agencies is some very basic differences in the scale, shape, size, and resourcing of the agencies produced. To put this simply:

- Some development agencies cover very wide geographies of several thousand square km, and others cover very narrow geographies of less than 1 km sq.
- In terms of budget and staff, some development agencies are very large and some are very small (More than 2,000 staff in some regions and less than 10 in others).
- Some development agencies are principally locally accountable and others are accountable to national and international bodies.
- Some development agencies have long term budgets allocated to them by national and international bodies, others have almost no ongoing budgets at all, and are only funded by the projects they run.
- Some development agencies have a very wide range of roles, others a very narrow range

and lastly,

- There are major variations and mixtures between these poles and factors.

Putting these simple observations together we can see that development agencies are an interesting phenomenon within the territorial development efforts of many countries. In particular, cities, city-regions, and metropolitan areas, that are pursuing competitiveness strategies have found it attractive to foster development agencies as a means to intervene, but not always for the same reasons or for the same tasks.

5. Development Agencies and Metropolitan Areas.

5.1 Linking city-regional 'imperatives' with development agency 'mandates'.

Considering now the links between development agencies and city-regions/metropolitan areas it will be clear that there are some important potential links. To summarise these simply we might observe that:

- City-regions have strong co-operation and governance imperatives that development agencies might assist with.
- City-regions needs to assemble economic and implementation tools that are not simply induced by existing institutional and constitutional arrangements, and do have to be ‘invented’ to serve city-regional geographies. Development agencies might do this.
- City-regions have to construct leadership models and long term visions and goals that are not normally provided by the political leadership of existing tiers of government. Development agencies might offer help here.

In principle, the match between city-regional imperatives and development agency functions could be direct and effective, so some important questions arise:

- Can a development agency, through it’s governance role, add some metropolitan coherence to city competitiveness efforts which is otherwise absent?
- Can a development agency, through it’s economic and implementation roles, add some city competitiveness interventions which are not otherwise possible at the metropolitan level?
- Overall, can a metropolitan level development agency foster the leadership and incentive structure for wider metropolitan collaboration? and offer insights about other forms of metropolitan development that are desirable?

5.2 City-Regional and Metropolitan Development Agencies in Practice.

We observed earlier that there might be as many 15,000 development agencies now world-wide. Given that many of these are the direct creations of singular local and regional governments focussed on delivery of economic development services and programmes, few of them are city-regional in their reach.

We also observed that there very different ways in which city-regional agendas are constructed and pursued. Development agencies tend to reflect these different contexts and offer a range of models at the city-regional level.

To illustrate this point quickly, some examples may be useful:

Metropolitan City Government Development Agencies: Johannesburg.

Johannesburg is an example of a city where a new metropolitan government has been created through the amalgamation of five municipal governments. The metropolitan city of Johannesburg has it’s own directly sponsored development agency, the Johannesburg Development Agency (JDA). This agency is largely dedicated to the task of urban regeneration and is pursuing the redevelopment of several districts within the metropolitan city in pursuit of new land uses, productive locations, and job creating investments. In the process the JDA is helping to overcome some of the land use legacy of the Apartheid system that created segregated and contested spaces, between racial groups. It is also helping to re-engineer the city for knowledge driven and creative economy, and is fostering civic pride through building a new urban iconography of post apartheid South Africa (The Nelson Mandela Bridge, The Constitutional Hill, the SOWETO CBD at Klip Town).

The JDA is a development agency with a strong urban regeneration purpose and is both public and private sector facing, delivering major projects that transform the city-scape of the city, by translating policy drivers into deliverable partnership projects. It is not a quasi-governance

vehicle for the metropolitan region, it is a specialist implementation vehicle for major projects, though it does play a unique role in 'blending' different sources of sponsorship (city, provincial, national funds) and it is a key catalyst in bringing public and private sectors together in the city around the projects.

One key element of this is to galvanise public sector activity around the key ingredients needed to deliver the projects concerned. As the city of Johannesburg takes on larger scale projects such as the hosting of the World Cup in 2010 and the arrival of fast train (the Gautrain) and its urban redevelopment impact, the JDA is becoming an important vehicle to steering and driving these projects, and for capturing local benefits from them.

There are many other kinds of development agencies created by metropolitan city governments. Such metropolitan governments operate usually within a two tier system (where there are municipalities 'below' them) or a unitary system (where they are the products of municipal amalgamation). In the first group, Greater London and Miami/Dade County offer insights about different approaches. The Beacon Council in Miami/Dade County serves the whole metropolitan county with business & sector development and investment/trade promotion services, leaving physical development work to others. The London Development Agency works to the Mayor of London and provides a comprehensive programme of economic development and urban regeneration across the whole city.

In the second group, 'amalgamated' metropolitan cities like Johannesburg, Toronto, and others tend to create development agencies with strong implementation roles, but little role in leadership and governance which is the preserve of the political leadership and the metropolitan government.

An important observation is that where metropolitan Governments have been established, and created development agencies, this does not usually mean that the geography of the functional city-region is wholly addressed by the new metropolitan boundary. Development agencies working with metropolitan governments also need to look for collaboration on key issues beyond their geographical border.

Equally, in each of the metropolitan cities cited there are local development agencies and state/provincial development agencies that are also active in the metropolitan area. The 'metropolitan development agency' does need to establish a working relationship with them.

Metropolitan Coalitions and Development Agencies: Greater Washington.

In the absence of a Metropolitan Government, metropolitan coalitions often emerge to pursue their objectives of city-regional development. Whether these are principally inter-municipal associations or wider public private partnerships they do frequently set up development agencies to help deliver their goals.

A good example would be the Greater Washington Initiative, an association of cities and counties combined with Universities and Private companies in the region of Washington DC. This 'agency' focuses on marketing and business development within the region and on promoting trade and investment for the region. It also provides advocacy in improving the quality of the region's infrastructure and commercial platform, but does not directly manage land use or infrastructure projects. Similar agencies exist in many parts of north America including the Greater Phoenix Economic Council,

This agency might be contrasted with one like Torino Internazionale which is also the product of a city-regional coalition, but is resourced and supported directly by the city of Turin, and enjoys active support for the Province of Turin and many of its municipalities. Its aim is to foster a long term plan for the redevelopment of the city of Turin and its metropolitan area

through engagement of a wide range of stakeholders across the city-region. These include the local, provincial, and regional governments, but also private sector and civic sector actors who want to contribute to building and realising the long term vision of the city-region.

These examples are illustrative only. There are many other cases of both metropolitan governments and coalitions creating and sustaining development agencies.

National Development Agencies with City-Regional effects.

There are no obvious examples of where city-regional development agencies have been created by national/federal governments, except, one could argue, in small countries where the nation is in effect a city-regional national economy. It could be argued that the development agencies that support the Republic of Ireland conform in part to this pattern, along with national agencies in smaller countries such as Austria and Wales. This kind of logic would also apply to agencies supporting city-nations such as Singapore or city-Territories such as Hong Kong.

However, in few cases do such national development agencies have the approach of encouraging a city-regional or metropolitan development programme, except in the unusual cases of places ('city-region-nations') like Singapore and Hong Kong.

The Singapore Economic Development Board is a well known example of a highly effective city-state development agency that plays the role of strategist and implementer for Singapore and especially brings the private sector into collaboration with the Singapore government.

State/Provincial Development Agencies with City-regional effects.

There are many more cases of state, regional, and provincial Governments establishing development agencies that accrue city regional functions by virtue of the close match between the administrative boundary of the state/province and the natural over-lapping geographies of the city region. Examples include Georgia (Greater Atlanta), Catalonia (Barcelona), Lazio (Rome).

Great benefits can be accrued from this close alignment between state/regional/provincial geography and city-regional spaces. Development agencies set up to serve geographies frequently find that the strong 'match' between optimal territory and the strong powers of intervention of a state/provincial/regional government is a helpful mix in taking forwards development.

5.3 Factors of effectiveness of Metropolitan Development Agencies.

We can isolate from this some factors of effectiveness for metropolitan development agencies.

The first observation is that different development agency roles produce different factors. Referring back to 4 kinds of roles initially defined we might observe that:

Economic roles: city-regional development agencies with strong economic roles which have active metropolitan governments can be very powerful, and tend to pursue major land use and asset management roles. That is, they are empowered on the economic roles of development agencies, but within a strategic framework set by metropolitan government.

If they are the product of a city-regional coalition they tend to focus more on working with business and investors, and in setting in train some shared economic strategy.

Critical in both sets of role are the skills of the people involved and the clarity of the agenda they are pursuing.

Leadership roles: where metropolitan governments have been created the leadership role in terms of policy/strategy setting is usually taken at the political level and the leadership role of the agency is more about leading on translating that agenda into definable and deliverable interventions.

Where a city-regional coalition exists the leadership role is essentially one of defining and building a common agenda between multiple parties, many of whom will be in competition with one other on some matters. There is more active mediation over agenda setting.

Governance and coordination roles: in the context of Metropolitan Government such roles are generally operating at the level of co-ordination for implementation of defined development projects and interventions rather than for a wider quasi governance role.

However, where no metropolitan or regional government exists development agencies can take on the role on a developed governance role which usually leads to the longer term establishment of a regional commission or some such separate forum.

Implementation roles: these roles are strong under both the scenarios described, but within metropolitan Governments, or in the isolated cases where state / provincial / regional government boundaries approximate well to city-regional spaces this can lead to major tooling up of the development agency and the vesting of the agency with significant (and risky) responsibilities for interventions.

In the context of city-regional coalitions implementation roles are likely to be acquired more gradually as trust and confidence in the coalition develops, and as the development agencies proves and builds it's capacity.

5.4 Observations.

This paper is not a scientific evaluation of how far development agencies can be an effective tool for supporting city-regional working. It aims to raise issues and questions that need to be considered and it points to the need for more thorough research.

Some general observations arising from the assessment are:

- Interest in metropolitan and city-regional development agencies is likely to grow for three reasons:

they are one means to make city-regional interventions without the large scale costs of municipal re-organisation, consolidation, and amalgamation.

they are a clear means through which metropolitan government can take forwards an economic agenda which is essential to make the metropolitan concept work, but they also work to support collaboration between different spheres and tiers of government vertically and horizontally.

they are potentially a means to overcome weak local investment regimes.

- Development agencies are a means to tackle the basic challenges of metropolitan economies in terms of building market success and tackling market failures, addressing co-ordination, leadership, and policy failures, enhancing fixed assets and public goods, tackling weak investment regimes, and fostering the transition to a knowledge economy.
- Equally, there is some political attractiveness to development agencies in a metropolitan or city-regional context. They offer a means to test city-regional working without embarking on large scale change, they can be time limited, and they can be close down quickly if necessary. In this context they offer an incentive to untried city-regional working.
- Establishing development agencies purely as a governance vehicle for city-regions with no metropolitan government is probably unwise because development agencies need a parallel political and public/private alliance in place if they are to succeed, and because development agencies appear to succeed best when they can deliver tangible outcomes quickly.
- Development agencies can offer different and distinctive interventions on behalf of city-regions and some clarity and conscious choice of what they should do is required. Identifying what is required in terms of outcomes and then crafting the developing agency to meet such needs is very important. We can isolate different rationales, tools, and organisational form that need to be considered.

Bibliography and Notes.

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- ⁱⁱⁱ Gudgin and Gibson, Regional Forecasts Ltd, The Case for Belfast 2005.
- ^{iv} A Regeneration Investment Index, EP, London, 2004.
- ^v State of the Cities Report, Progress Report to the Sustainable Communities Summit, Parkinson et al, ODPM, London, 2005.
- ^{vi} Globalisation and Urban Competitiveness: Challenges for Different Types of Urban Regions. Van Winden, OECD, 2005.
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Further Reading and Review:

Development Agencies.

- i. www.worldbank.org/urban/led
- ii. www.ILSLEDA.com
- iii. www.EURADA.org
- iv. www.iedonline.org
- v. www.INTA-AIVN.org
- vi. www.oecd.org/departement/0,2688,en_2649_34417_1_1_1_1_1,00.html
- vii. www.waipa.org

A website of the International Liaison Services for Local economic Development Agencies (ILSLEDA) provides many useful publications and links. The main ones that have been used in preparing this document are:

Publications:

- i. Local Economic Development Agencies ILS-LEDA, ILO, UNOPS, EURADA, Cooperazione Italiana, 2003.
- ii. Setting Up a Development Agency, EURADA, 1996 and 1999 update.
- iii. Trends in Economic Development Organisations, CUED, 1996, and 2000 update.
- iv. Managing Economic Development Organisations CUED, 1998

Wider Reading.

- i. Cities in the Developing World
Overman, Venables, LSE. May 2005.
- ii. The City-Regional Approach to economic development
Andres Rodriguez Pose, LSE, May 2005
- iii. Competitive European Cities.
- iv. Cities and Regions: a literature Review.
Michael Parkinson, EUIA, LJMU, March 2003.

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- v. The contribution of Urban Development to economic Growth and Poverty Reduction: with a special focus on Sub-Saharan Africa.
Christine Kessides, World Bank, July 2004.
 - vi. Innovation and effectiveness in Territorial Development Policy.
OECD Territorial Development Committee, June 2003.
 - vii. Poverty and Place: Policies for tomorrow.
Bruce Katz, Brookings Institution, July 2004.
 - viii. Globalisation and Urban Competitiveness: Challenges for Different Types of Urban Regions.
Willen van Winden. EURICOR. Rotterdam, March 2005.
 - ix. The State of the World's Cities, Globalisation and Urban Culture.
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 - x. Review of Economic Development in South African Cities.
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