



# Urban Development Agencies: Potentials for the Sustainable Management of Cities in the Global South

General ideas & Summary of key findings from the study

## Background

Urban Development processes need to be well-planned and managed in an integral manner to be sustainable in the long run. Urban planning and other sectoral departments, local or state governments can often be overwhelmed and overburdened with the large number of tasks they need to fulfil. For that reason, many countries and cities have created Urban Development Agencies (UDAs), which can support them in their work and focus on specific tasks. Depending on a city's framework condition, Urban Development Agencies can be one possible solution to increase efficiency in managing urban development processes. According to their specific mandate, they can plan and/or implement projects as well as assist city administrations in strategic planning and/or in accessing additional funding for interventions. All UDAs build upon the same basic methodological pillars, but they do not necessarily have the same operational characteristics or institutional settings. The study *Urban Development Agencies: Potentials for the Sustainable Management of Cities in the Global South*, elaborated in cooperation with "Bürogemeinschaft Gauly & Volgmann" and published by the Deutsche Gesellschaft für Entwicklungszusammenarbeit GmbH (GIZ) provides an overview of different types of Urban Development Agencies in different countries, describes their distinct characteristics, reveals some challenges that these agencies face in their operations but also shows their potential to address key issues within a city.

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## What is an Urban Development Agency?

Urban Development Agencies are public companies, founded and owned by public authorities like municipal or state bodies. They are often established under the assumption that they can combine technical expertise and economic efficiency, pursuing the common good (opposed to the self-interest of private developers). UDAs vary in their mandate and functions. While some UDAs have a key role in project development, others are responsible for securing financing for the implementation of projects or focus on planning and strategy development for a state/region, city, or an area within a city. They can advise city administrations or play an active role in planning and implementation of projects. They can have a sectoral mandate or pursue an integrated approach. Urban Development Agencies often deal with complex urban and social transformation processes through renovation, expansion, or rehabilitation of parts of the city and/or with infrastructure development. In many cases, they might focus on deprived or vulnerable areas within a city. Topics such as inequality and community vulnerability require targeted and joint efforts of different stakeholders to achieve an inclusive development which makes Urban Development Agencies with an integrated mandate an ideal support for national, state, regional or local administrations. A key function of UDAs is often to facilitate the dialogue between the various stakeholders, such as the administration, private developers, and res-

idents, and their different interests and demands within urban development projects. Another focus is to raise awareness for the importance of certain projects and to increase stakeholders' sense of ownership.

Funding sources for UDAs include transfers, public-private partnerships, and international institutions. UDAs are most effective if enabling framework conditions, such as reliable funding, a clear mandate and stakeholder support, are in place.

## **What are advantages of an Urban Development Agency?**

Depending on the type and purpose for their creation, UDAs can take on different roles. Their mandates can evolve over time. Many UDAs are created with and operate with a special focus. This can be a technical focus on planning and strategy development, improving public participation and social impact, the implementation of specific projects or innovation, and experimentation on a variety of different urban topics. They usually have highly specialized staff from different disciplines and specific place-based knowledge to support their city. Their specific mandate and focus allow them to work more efficiently and goal-oriented than many public administrations. While Urban Development Agencies can sometimes have a sectoral mandate and focus, they are most effective when they develop an integrated approach. Some Urban Development Agencies might expand their focus from sectoral to integrated over time.

Operating as private entities, in many ways UDAs are more flexible and agile than public institutions or administrations. In the facilitation of processes and implementation of projects they are often known for applying innovative approaches. An Urban Development Agency can establish alliances and partnerships with different actors in a more flexible and effective way than the city or state administration. UDAs are often taking the role of a facilitator and coordinator for the integration of different stakeholders and sectoral departments and organize participation processes, engaging the private sector as well.

Being a private institution also allows UDAs to receive funding for their work and the implementation of projects from different sources and thereby achieve financial sustainability. When engaged in project management, UDAs can be more efficient in steering planning and implementation processes, and thus, attract investors and developers by minimizing delays or the risk of corruption, which are more frequent when contracts are made directly with cities and states. They can thus serve as a "one-stop shop" for investors. In many countries corruption and private interests can undermine the trust in public institutions. As private institutions, it is therefore crucial for UDAs to build strong relationships based on mutual trust with the different stakeholders involved in urban planning and management processes. Ensuring accountability and public participation is vital for the legitimacy of an Urban Development Agency.

Image 1: Advantages of Urban Development Agencies (UDAs)



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