

## Chapter 7

### **The operational features of development agencies: governance, operations, resources and accountability**

*Operational features of development agencies are fundamental to their success. This chapter identifies key trends and choices that support organisational effectiveness. Because development agencies are usually not organisations that are statutorily mandated, there are many choices about how they are internally structured, what tools they use, and how they operate. This chapter seeks to illuminate some of these choices giving reference to the 16 development agency case study evidence base. Some of the key issues illustrated in particular include: development agency boards and leadership; organisational structures; financial strategies; resource and asset management; accountabilities; performance review and best-practice sharing.*

In this chapter we assess the operational features of development agencies (DAs), seeking to identify key trends and choices that support organisational effectiveness. Because DAs are usually not organisations that are statutorily mandated, there are many choices about how they are internally structured, what tools they use, and how they operate. This chapter seeks to illuminate some of these choices with references to our case study DAs.

## **Governance and leadership**

### ***The role of leadership in the local development system***

Local development systems are complex, dynamic, multi-faceted and multi-stakeholder in nature. As a result, the quality of the leadership and governance of local development systems is emerging as a critical factor in how effectively its tools and resources are deployed. Just as weak cities present challenges, success also brings problems like congestion, price rises and shortage of amenities such as housing, green space, high-quality urban realm or office space. How well local and national leaders solve these “growth challenges” is central to success in the longer term.

Consequently, effective leadership and governance are now themselves a factor of comparative advantage that cities and regions compete for. This occurs 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.

As fundamental elements of local development systems, the effective leadership and governance of DAs is a major contributing factor to city development success. The evidence shows that the leadership style of key individuals both at the management and operational levels of DAs has a significant impact on the effectiveness of the organisation. It is no secret that effective leadership can galvanise an organisation to realise its potential, and DAs are no different.

### ***Key leaders and leadership teams within development agencies***

In the paragraphs that follow, we build on accepted principles for effective organisational leadership by isolating a list of principles which are particular and specific to key leaders within DAs.

Before proceeding, it is important to highlight that, though there is considerable common ground, different types of DAs can require different leadership styles to match the necessities of the tasks they perform. Table 7.1 summarises the operational style of DAs by DA type.

Table 7.1. Operational styles of selected development agencies, by development agency type

Development agency typology	Development agency	Operational style
Development and revitalisation agencies	HafenCity Hamburg GmbH	Surgical, business-like, ambitious
	Johannesburg Development Agency	Technical, effective, entrepreneurial
Productivity and economic growth agencies	Barcelona Activa	Responsive, innovative, entrepreneurial
	AucklandPlus	Agenda-setting, collaborative, networking
Integrated economic agencies	New York City Economic Development Corporation	Corporate, professional, powerful
	Milano Metropoli	Non-corporate, innovative, entrepreneurial
Internationalisation agencies	Madrid Global	Strategic, networking, savvy
	Invest Toronto	Informed, business-like, nimble
Visioning and partnership agencies	Cape Town Partnership	Diplomatic, inclusive, diligent.
	Bilbao Metropoli-30	Visionary, collaborative, agenda-setting

This table essentially shows that to perform at an optimal level, different DAs require and develop different operational styles. Because the operational style of a DA is tightly linked to the leadership style of its chief executive, and other key individuals, the recruitment of the right leadership team is a prerequisite for success.

It can take time to recruit the right team and secure the right chief executive. Though the start-up process for Invest Toronto was initiated in the summer of 2008, it was not until 24 February 2009 that a new permanent board was appointed by the mayor. Following external advertising and internal searches, the appointment of the new Chief Executive was not announced until 25 May 2009 – almost a year after the idea for Invest Toronto was conceived.

Despite the need for a degree of sensitivity to the style of leadership required, there are a number of common principles which can underline effective DA leadership and the skill set required in a DA chief executive and senior staff. It is recommended that DA leaders:

- **Be open to people, business and ideas.** DA leaders can, for instance, play a key role in attracting the multi-lingual populations that are a competitive advantage of diversity in serving firms in a global economy. The atmosphere a DA leader and his/her organisation can create can permeate through to how the city is viewed from outside – a key feature of city success.
- **Lead through active influence.** Cities have different direct competences and powers. DA leaders must both provide their own inputs well (services, investment, and facilities), but they must also influence those provided by others (such as transport authorities, energy providers, and airports).
- **Understand that leadership teams are key.** Local economies are led by teams, not just by individuals. DA leaders have to galvanise other leaders in business, institutions (such as universities), at higher levels of government around the competitive strategy and performance of the local economy in order to succeed.
- **Tell the story of their city.** Cities increasingly offer a brand platform which is a key part of the branding of firms located there. DA leaders can lead the articulation and co-ordination of the brand and communicate with active commitment and enthusiasm.

- **Communicate with business.** Leadership is at the heart of cities making the most of the opportunities and challenges of a global knowledge-driven economy, and how well cities provide a platform for business success. This involves the DA leaders knowing and communicating what business the city is in. Being clear about the city economic rationale and unique advantages is the first step. DA leaders should be proactive about communicating with business to solve problems and to capitalise on opportunities. This will help attract and retain key employers and productivity drivers to, and in, the city.
- **Organise the “real” economy.** Because local economies are bigger than local boundaries, metropolitan or local regional leadership and co-ordination is key. DA chief executives together with other local, regional and national leaders should look to lead their cities and bring the key business assets of the regional economy together despite multiple authorities. There must be robust mechanisms for doing this.
- **Deliver effective services to business.** Some local services are more important to firms than others, and firms are differently sensitive to local services. So planning, sanitation, education, transport, policing are important to firms in different sectors, and at different points in their lifecycles. DA leaders should be sensitive to the changing needs of their key stakeholders such as the business community.
- **Build investment readiness.** Attracting external investment is a key task for some DA leaders because public finance alone is not enough for local success, either in quantity or orientation. External investment is needed in the productive platform of the local economy. The DA leader should look to provide the investment prospectus and reduce the costs and risks of investing in their local economy by better facilitating external investment and improving the pace and quality of the local and national response to investment. Public assets are also important ingredients in investment attraction and should be managed actively to leverage investment.
- **Pay close attention to key nodes.** City centres, central business districts, airport zones, and major development areas are key places of production, exchange and leisure. They must be led and managed well as they contribute to the productivity of place.
- **Address the climate change agenda.** Investment can be sensitive to the environmental performance of cities. Cities have to adjust to a low carbon economy and enable businesses to accrue the benefits in sustainable investment. DA leaders should look to lead change from within by promoting green work practices.

The chief executive of a DA is the figurehead of the organisation. His, or her, style sets the tone for how the DA operates internally and operates with clients and partners externally. At best they are experienced and knowledgeable and can leverage a wide range of contacts, both domestic and international. Good DA chief executives, like senior members of most organisations, public or private, are talented leaders. They are equally comfortable initiating or shaping new and emerging agendas as well as decisively delivering against existing projects and priorities.

Box 7.1 speaks to the impact effective DA leadership can have.

### **Box 7.1. The impact of effective individual leadership at the Cape Town Partnership**

Qualities such as diplomacy, openness and humility, which have been attributed to the Cape Town Partnership's leadership, have been significant in the DA's success. Not only have these qualities improved the effectiveness of the organisation's steering, cheering and coaching roles as a visioning and partnership DA, they have also helped create a very positive internal culture within the organisation. Staff members are motivated and empowered in this enabling atmosphere, which can, in large part, be associated to excellent leadership.

Given the complex steering function of the Cape Town Partnership against a backdrop of stakeholders which don't often speak the same institutional languages, the style of the Cape Town Partnership's leadership is critical. In many ways the style of the organisation mirrors the leadership styles of Chief Executive Boraine and Deputy Chief Executive Makalima-Ngewana.

It is deliberately designed to be a small organisation focused on a delivering on a clear and concise mandate in a manageable spatial area. In line with the style of its leadership team, the Cape Town Partnership fulfils this role diligently, diplomatically and in an inclusive manner. The notion that all work done is for the betterment of the Central City and the wider City of Cape Town continually underlies the Cape Town Partnership's work and helps contribute to the success of the organisation.

### ***Board of Directors***

A DA's Board of Directors plays an important role in both supervising the work of the organisation, and in communicating its impact and effectiveness to the wider community in which it operates. The International Economic Development Council (IEDC) isolates a range of important roles for Boards of Directors and for individual officers of the board. It considers key board roles to be: (1) financial oversight; (2) strategic planning; (3) raising funds; (4) developing policy; (5) community relations; (6) monitoring and evaluation; (7) hiring/firing the executive director; and (8) providing counsel.

Additionally, IEDC views the Board of Directors as potentially bringing a vast array of other skills and knowledge to the organisation. These range from expertise in economic development to leadership and management techniques, to clout and persuasion.

IEDC also provides a wide range of guidance on how to recruit and develop the role of the board, including the designation of committee roles and the effective management of oversight. It stresses the importance of the composition of the board in achieving representativeness and accountability. It also identifies particular roles for the chair of the board including that of leading on community relations, and ensuring compliance of the agency with its constitutional and legal framework. There are specific roles identified for deputy chair, treasurer, secretary, and the executive director (or chief executive).

Table 7.2 and Box 7.2 display the diversity of DA board structures, compositions and sizes.

Table 7.2. **Board composition and size in selected development agencies**

Development agency	Composition						Number			
	Public sector: local	Public sector: regional	Private sector	Third sector	Mayor or Council CEO	DA CEO	0-5	6-10	10-15	15+
Abyssinian Development Corporation	■		■	■						■
AucklandPlus	■		■			■		■		
Barcelona Activa	■		■		■				■	
Bilbao Ria-2000	■	■			■	■				■
Creative Sheffield	■	■	■	■	■	■				■
Liverpool Vision	■	■	■		■			■		
Prospect Leicestershire	■	■	■		■				■	

### Box 7.2. Dual boards with dual responsibilities: HafenCity Hamburg GmbH

HafenCity Hamburg GmbH's Supervisory Board consists of five ministers (for urban development, economics, finance, culture and education) plus the State Councillor at the Senate Chancellery. In 2005, an Advisory Board was set up. Its nine members include the President of the Chamber of Commerce, the President of the Chamber of Architects, the president of the Chamber of Crafts and four academic members.

## Operations

### *Organisational structure*

Comment can be made on DA organisational structures in two particular ways. Firstly, there are a range of prescriptions about the internal organisation of DAs. These principally focus on good management principles, such as the separation of audit functions from expenditure functions; the need for clear accountability for risk management; the responsibility for cost control; and effective techniques of project management. Secondly, there are no principles that are unique to DAs *per se*, but the basic principles common to all not-for-profit public-purpose organisations apply to DAs.

What is difficult for DAs is to generate effective understanding from external sponsors and “overseers” of what the economic development business is. Therefore, the need for DAs to pay attention to communication and liaison functions is paramount.

In practice, the structure of a DA tends not to vary a great deal between organisations. In many ways it mirrors private sector companies in that it tends to:

- be two-tiered with a strategic Board of Directors above an operational team;
- be run by a chief executive who reports to the board on a regular basis through clear channels of communication;
- have a senior management team to support the chief executive;
- divide personnel into separate teams to reflect different work streams and priorities;

- have a clear chain of command and communication with each team having a clear leader; and
- provide capacity for business support and administration.

Figures 7.1, 7.2 and 7.3 present the organisational structures of selected DAs, pointing out, if relevant, interesting features. We have chosen three examples which display the diversity of structures which can be found:

- **Prospect Leicestershire:** conventional two-tier structure with clear divisions and chains of command as well as sufficient administrative capacity.
- **New York City Economic Development Corporation:** two-tier structure but with a defined senior leadership team operating between board and operational levels. High level of labour division and administrative capacity, including an internal and external policy, strategy and public relations teams.
- **Bilbao Metropoli-30:** conventional two-tier structure, but the strategic board level of the organisation is divided into three units which have some overlap. They include: (1) the General Assembly, which comprises all the founding, full and associate members that attend its meetings. It is the supreme debating and decision-making body of the association and its resolutions govern the life of Bilbao Metropoli-30. The General Assembly is composed of all the members, with one representative per member. It meets once or twice a year; (2) the Board of Trustees, which acts as the governing body of the association, and sets its specific aims and targets. Its members are designated by the General Assembly, but some of them are proposed by the Basque Government, the Regional Government of Bizkaia, the Bilbao City Council and the Association of Basque Municipalities. It meets twice a year, often organised at the same as the General Assembly, to allow the presence of top leaders such as the mayor; and (3) the Board of Directors – using power delegated to it by the Board of Trustees, the Board of Directors is the association’s administrative and management body. It is made up by delegation among founding and full members and is designated by the General Assembly.

Boxes 7.3 and 7.4 demonstrate the approach taken in Toronto.

#### Box 7.3. **Building a new senior leadership structure: options for Invest Toronto**

Two main options were considered for the leadership structure of Invest Toronto: (1) a conventional board and operational team model; and (2) a distinctive two-tier board.

Option 2 involved the strategic level of the board being populated by a range of Torontonians chief executives, acting as champions of the city through the mechanism of Invest Toronto. The other board tier would oversee the strategic direction of Invest Toronto as an organisation.

Option 1 – a conventional board and operational team model – was chosen.

**Box 7.4. Building an organisational structure from scratch:  
imperatives for Build Toronto**

Key objectives for the new organisational structure included:

- Structure is designed to achieve major shareholder goals.
- Provides ability to develop and effectively manage public-private partnerships.
- Capital-intensive business requires additional resources and expertise in Development, Finance and Treasury functions.
- Provides capacity to engage stakeholders effectively.
- Ensures that primary focus is on real estate development and maximising financial and non-financial value from surplus lands.
- Cohesive and “lean-launch” management structure that can build in the future.

The size, composition and quality of the staff base are three fundamentals which underpin the successful operation of a DA.

## **Staff size, composition and quality**

### *Staff size*

Though they can display a degree of overlap, the scale of the human resource base of DAs is representative of a number of factors: (1) the scale of activities undertaken; (2) how labour intensive these activities are; (3) how institutionally mature the DA is; and (4) the level of funding available. Of the 16 DAs profiled in this book, the range of staff employed varied between 9 and over 400.

Staff numbers tend to stay relatively stable for mature organisations. However, should any of these four factors show variation, numbers may change. The following examples are not definitive; the case studies are merely illustrative.

### *Change in the scale and labour intensiveness of activities*

As a nimble and responsive organisation, Barcelona Activa is able to be highly flexible and responsive to the rapidly changing needs of the city. The DA exhibits a fluid and constantly evolving organisational structure according to the scale of the most-needed and tailor-made programmes. As a result, though Barcelona Activa has a permanent staff of 109, it purposefully builds in a degree of human resource flexibility which allows it to employ temporary staff according to the demands of its work streams. This can increase staff numbers by up to 221 people.



Figure 7.1. The organisational structure of Prospect Leicestershire

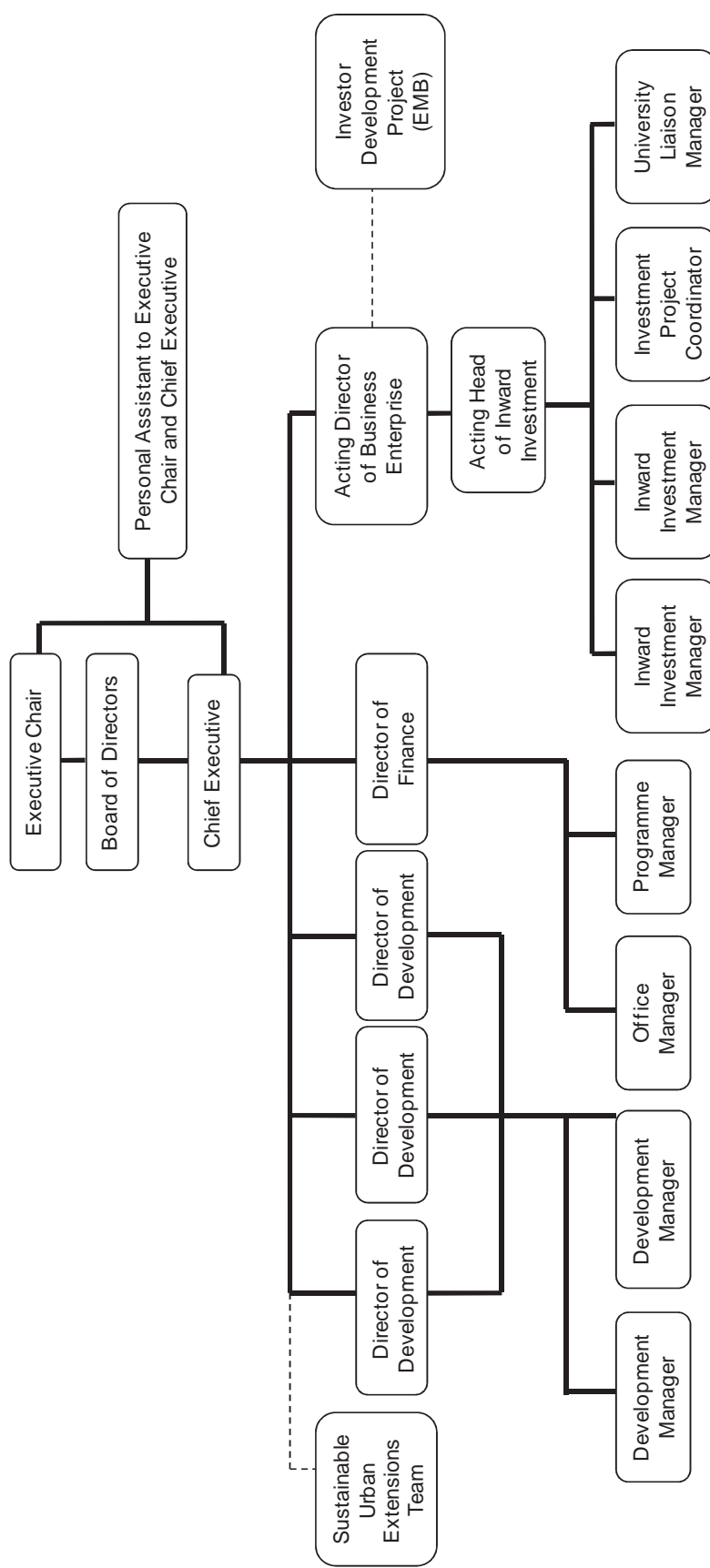


Figure 7.2. The organisational structure of the New York City Economic Development Corporation

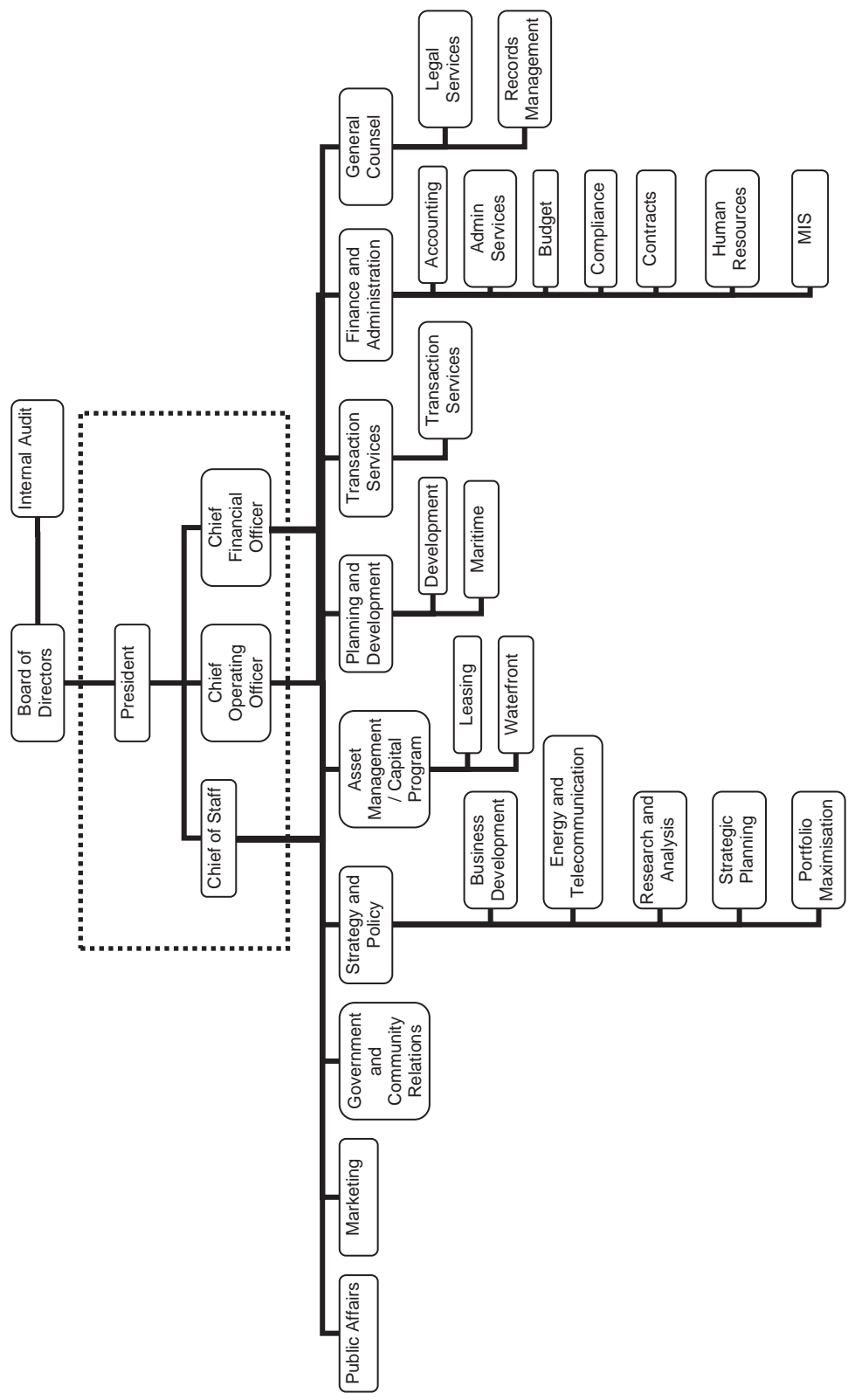
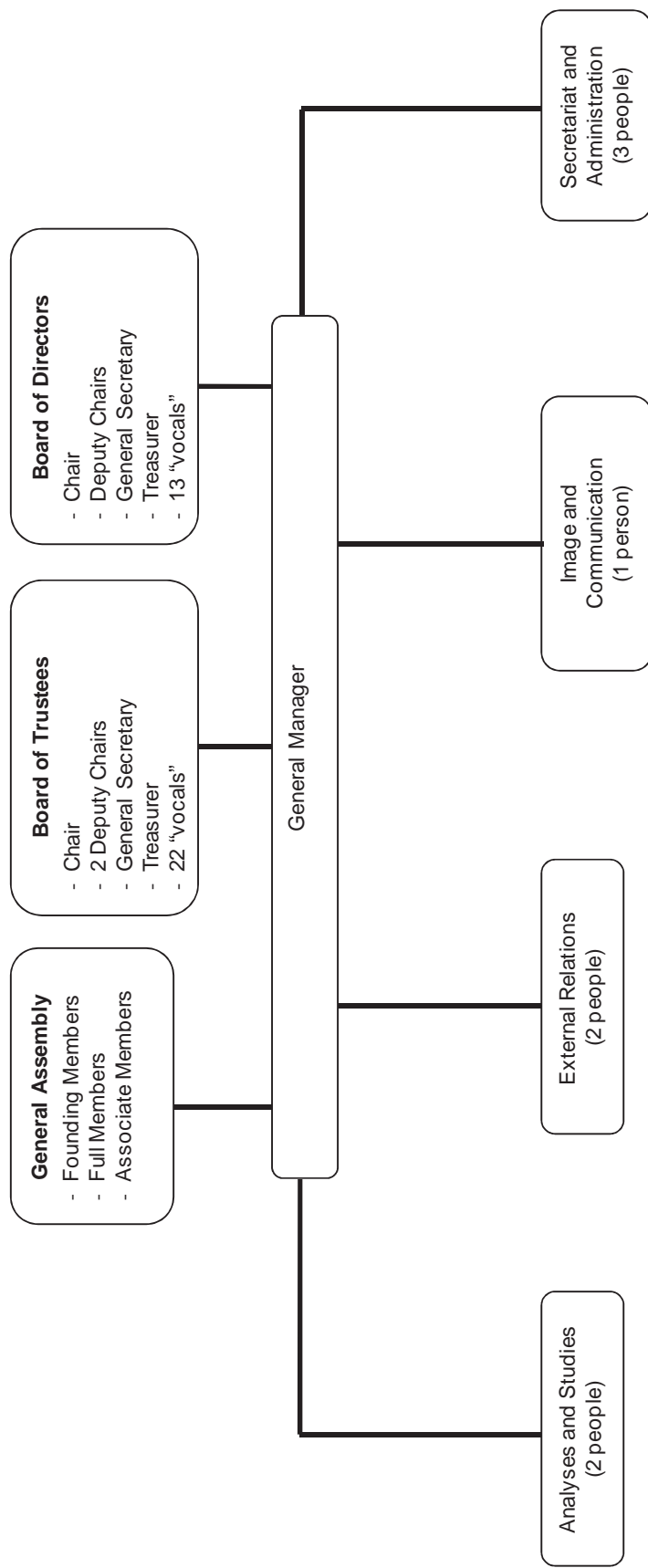


Figure 7.3. The organisational structure of Bilbao Metropoli-30



### *Changes in institutional maturity*

Build Toronto has a starting staff of approximately 30-35 people. This could rise to around 50 within two years as the organisation matures and workloads increase. These figures show that Build Toronto will be a larger organisation than both Invest Toronto and the Toronto Economic Development Corporation (TEDCO).

### *Changes in the level of funding*

Operational costs such as staff wage costs of the Johannesburg Development Agency are met predominantly by both a year-on-year City of Johannesburg operating grant and the retention of 5% of all capital spend. As a result, the amount of funding available depends on the nature of the projects undertaken. Towards the future, there will likely be a shift away from capital intensive projects as the Bus Rapid Transit System and the 2010 World Cup as these projects move to completion. Because 5% of capital expenditure is retained for costs, this shift will erode an important pillar of revenue for the organisation. This could stimulate a change in staff numbers.

### *Staff composition*

As has been discussed earlier in this chapter, the divisions of labour within a DA are an important component of how well it functions. There is very little here which is distinctive to the operational success of DAs compared to many other organisations. It is important, however, that DAs have clear priorities, objectives and work streams which are reflected by the composition of the workforce and the way the DA divides and allocates its labour.

Nonetheless, such divisions can provide a clarity of purpose within the DA and a single point of contact for other organisations when they want to liaise with the DA on a particular subject. Dividing human resources in this way can also facilitate the hire of specialist staff which can drive forward the success of the DA as a whole. Another positive aspect of division is that it can create smaller, more cohesive communities within a larger structure. This can boost morale.

As organisations grow, however, it is important that functions which support the smooth operation of the organisation also grow. Auxiliary support teams such as public relations, legal, administrative, internal strategy, human resources and accounting teams, among others, can develop. It is also essential as the organisation grows that lines of communication between departments remain clear and open. This can avoid work duplication to maximise resource use. It also facilitates information exchange and the cross-fertilisation of ideas.

### *Staff quality*

It is a consistent feature of DA success that these organisations recruit the highest quality individuals they can find. Given the complexity and diversity of the roles and functions that DAs undertake, attracting and retaining talent and experience can underpin the impact a DA has within its local development system.

It is, therefore, important that DAs develop effective human resource strategies, both internal and external. Some of these will be discussed in later chapters. The following examples highlight the importance of human resources to successful DAs.

### *Johannesburg Development Agency*

The Johannesburg Development Agency has built up a highly skilled and experienced team of strategists and practitioners over a number of years. In a highly pressurised working environment (due to budget and time constraints and demands), the quality of its staff are a key reason why the Johannesburg Development Agency is considered effective.

### *Creative Sheffield*

Creative Sheffield recruits the best talent it can find. This process has been aided by the fact that the organisation is semi-autonomous, dynamic and action-orientated. The fact the organisation recruited a foreign-born chief executive with excellent links to networks outside the United Kingdom facilitated the identification, attraction and acquisition of talented individuals.

### *New York City Economic Development Corporation*

New York City Economic Development Corporation is able to effectively contribute to local economic development because of the broad range of expertise and commitment of its leadership and staff. New York City Economic Development Corporation has real estate professionals, engineers, management consultants, economic analysts and attorneys, among several other professionals on its staff, allowing it to look at a policy or real estate challenge across several different dimensions, which allows it to tackle economic development challenges in a thoughtful and innovative way. In these ways, the organisation has a breadth and depth of talent.

## **The relationships between the operational teams and the board within development agencies**

Effective communication between the strategic and operational sides of a DA is a regular feature of the internal operation of these organisations. Strong relationships here can cause tight alignment behind a series of objectives which maximises the potential for effective delivery against them. Weak relationships can cause an internal tension which can have a destabilising effect on the DA.

Table 7.3 lists a number of mechanisms which DAs commonly employ to ensure strong relationships between operational teams and strategic boards. Figure 7.4 presents a schema of the relationships between the Johannesburg Development Agency, its board and key stakeholders, by way of example.

Table 7.3. **Internal communications between strategic and operational teams in selected development agencies**

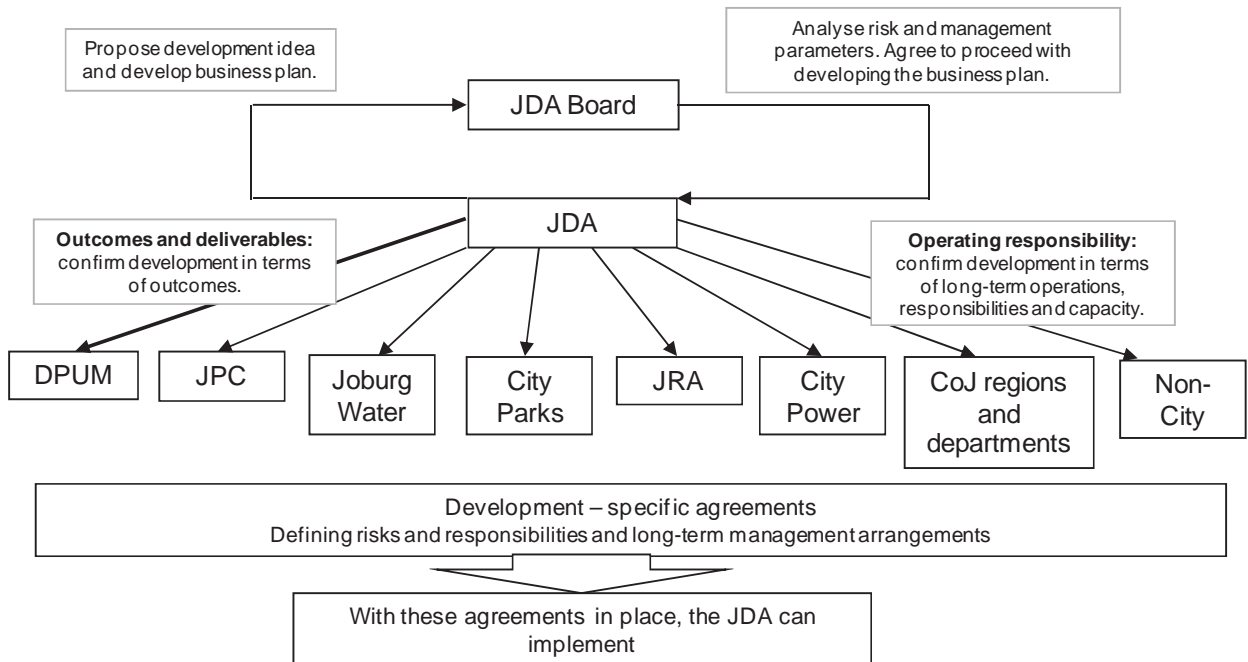
Development agency	Mechanism	Frequency					
		Weekly	Bi-weekly	Monthly	Bi-monthly	Less often than bi-monthly	When the need arises
Bilbao Metropoli-30	CEO discussions with the board			■			
	Production of written reports			■			
Bilbao Ria-2000	Meetings on the strategic direction of the organisation					■	
	Presentation of projects by staff for approval						■
Madrid Global	Meeting of a "Direction Committee"	■	■				
	Meeting of "Direction Committee" Madrid Global Departments			■			
Milano Metropoli	CEO presentation to the board				■		
	Review of working budgets				■		
Prospect Leicestershire	Transactional discussions between the board and senior management team			■			
	Formation of board member-led working groups						■

## Development agency resources

### *Business strategy and financial models*

The business model a DA employs will clearly incorporate its financial strategy. Depending on the regulatory framework, DAs more or less have the freedom to develop a model which is more than an income and expenditure account. Most DAs do seek to find ways to generate additional income and there are a range of economic development interventions which offer scope for the DA to generate some income. The European Association of Development Agencies (EURADA) list these as: (1) participating in the capitalisation of SMEs; (2) invoicing small and medium-sized enterprises (SMEs) for consultancy and support; (3) real estate and property management/development; (4) consultancy services to municipal and national governments; (5) providing training; (6) organising seminars; (7) attracting sponsorship; (8) management fees; (9) trade missions; (10) services for foreign investors; (11) management of incubators and industrial parks; and (12) sale of books.

Figure 7.4. The relationships between the Johannesburg Development Agency, its board and key stakeholders



JDA: Johannesburg Development Agency  
 DPUM: Department of Planning and Urban Management  
 JPC: Johannesburg Property Company  
 JRA: Johannesburg Roads Agency  
 CoJ: City of Johannesburg

Source: JDA (2009), "Business Plan, 2009-10", Johannesburg Development Agency.

In some countries, where DAs have been recently established (*e.g.* Poland), they have been designed so as to build commercial income strategies from the outset. There are some examples of DAs that are wholly commercial in their approach, but these are not alternatives to the comprehensive public DA function, they are complementary.

The building of greater investment and financing capacity is very important in order to move from a low-investment/low-return equilibrium to a high-investment/high-return equilibrium through engagement with the private sector, better use of financial innovations and assets, and the capturing of value to support long-term investment. In many cases, it also requires raising additional levies and taxes for specific purposes. But it often also requires using existing economic development tools better and more confidently.

Implementation capability has to be built at a scale required to make decisive interventions on the major challenges facing the locality or sub-region. This may require the development of new DAs or entities, the disposal of existing ones or more ambitious priorities for those that exist already. It nearly always involves using existing tools in bolder and more imaginative ways, as well as creating new ones. It is helpful to identify catalysts that can accelerate progress on solving key problems and utilise them to foster momentum fully.

These might be projects or events that have the ability to deliver immediate and short-term outcomes, but can also foster momentum on longer term goals – for instance, the hosting of major events. A further issue is to measure and benchmark progress regularly against agreed goals and engage media attention in the long term on issues and trends facing the locality or sub-region. Support should be given to those leaders that have taken the longer term, bigger picture view of what is in the best interests of the interdependent region and celebrate success. And it is important to build a local or sub-regional identity that represents the essence of the region and promote it effectively through major channels. This may involve building champions for the region, from both within and outside, and encouraging them to present the region positively through key media channels. The region should be open to the world and ready to make adjustments to benefit from international opportunities.

### *Financing development agencies*

While a myriad of arrangements exist for financing DAs, five basic approaches suggest themselves, with a range of hybrids between them.

These five approaches to financing DAs include:

1. The DA is wholly public-sector funded/owned, and its balance sheet is tightly publicly controlled through either detailed control of budget lines and project finances, or annualised budgeting and resources accounting processes.
2. The DA is wholly public-sector funded and owned but has freedom to vary the use of capital receipts, trading income, fees, and levies (for example) to generate an “internal financial engine” which is subject to public sector accounting rules, but provides for a complementary commercial strategy to help achieve public policy goals.
3. The DA is funded from a range of public and private sector sources and there are clear rules and processes for setting financial strategy and for the reapportioning of income and expenditure to different sponsors.
4. The DA is largely, or wholly, private-sector funded and operates principally as a not-for-profit business with extensive control over its internal financial strategy.
5. The DA has created its own “subsidiary” or “intermediary” for engaging in more complex financial transactions/arrangements and this is separately governed and accounted for within approved rules. Freedom may, or may not, exist to wire resources between the parent agency and the additional vehicle.

Many DAs are hybrids of more than one of these approaches and it is not at all uncommon for a DA to gradually acquire the features of several of these as it makes progress on its key mission. Indeed, it is often a necessity that the DA should do so in order to take forward the particular requirements at specific stages of the redevelopment effort.

Building on the theory introduced earlier in this chapter, the Tables 7.4 through 7.8 illustrate these funding mechanisms in practice and by DA type. They highlight that: certain agencies are better financed than others; some have more diversified funding sources and mechanisms; there is innovation around DA finance; and many agencies are underfunded, yet still deliver very effectively.



Table 7.4. The financing and balance sheets of development and revitalisation agencies

Development agency	Budget	Key income source	Key expenditure	Finance mechanism
Abyssinian Development Corporation (2008/09)	EUR 6.01 million	Government contracts EUR 2.47 million (41%)	Salaries EUR 3.15 million (52%)	<ul style="list-style-type: none"> <li>• Government contracts (41%)</li> <li>• Grants and contributions (5.5%)</li> <li>• Development fees (24.9)</li> <li>• Special events (6.1%)</li> <li>• Management fees (4.2%)</li> <li>• Social service fees (0.8%)</li> <li>• Equity investment (1.1%)</li> <li>• Net gain on sales (5.5%)</li> <li>• Rental incomes (0.9%)</li> </ul>
BILBAO Ria 2000 (2009)	2009 budget forecast of EUR 116.60 million. Managing over EUR 83 million of development			<ul style="list-style-type: none"> <li>• Original contribution of EUR 1.8 million by the shareholders.</li> <li>• Receipt of land in areas it operates from company shareholders for free.</li> <li>• BILBAO Ria 2000 upgrades the plots of land and the company then invests in building and infrastructure work.</li> <li>• Resultant plots are then sold off, generating surpluses which are used to purchase more land.</li> <li>• Develop-sell-purchase model is then repeated.</li> <li>• European Union subsidies have accounted for approximately 9% of the budget in recent years.</li> <li>• Occasional contributions from shareholders in return for specific investments complementary to the main intervention.</li> </ul>
Build Toronto	Long-term budget TBC	TBC	TBC	<ul style="list-style-type: none"> <li>• Initial start-up grant and free donation of high-quality land assets from the city.</li> <li>• Nominally self-funded recycling surplus from a purchase-develop-sell or rent model to cover operational costs.</li> <li>• Surplus likely also to fund Invest Toronto.</li> </ul>

Table 7.4. The financing and balance sheets of development and revitalisation agencies (*continued*)

Development agency	Budget	Key income source	Key expenditure	Finance mechanism
HafenCity Hamburg GmbH (1997-2025)	EUR 6.53-7.03 billion	EUR 5 - 5.5 billion private sector investment (78%)	<ul style="list-style-type: none"> <li>Special "City and Port" fund expenditure EUR 800 million (11%) on business relocation and selected infrastructures.</li> <li>Grants from Hamburg government ministries to cover site remediation U4 subway link, infrastructure links to CBD and public amenities EUR 730 million (11%)</li> <li>EUR 5–5.5 billion private sector expenditure (78%)</li> </ul>	<ul style="list-style-type: none"> <li>Initial "City and Port" fund established.</li> <li>Stream of land donated to the fund by municipality free of charge.</li> <li>Lend against "City and Port" fund a public sector loan rates to finance infrastructure (EUR 750 million) (10%).</li> <li>Sale of land as freehold to repay loans.</li> <li>Grants from Hamburg government ministries (EUR 1.13 billion excluding "City and Port" Fund Contributions) (15%).</li> <li>Private sector investment leveraged (75%).</li> </ul>
Johannesburg Development Agency (2009/10)	EUR 116.64 million (Capital: EUR 109.35 million, Operating: EUR 7.29 million)	<ul style="list-style-type: none"> <li>City of Johannesburg Transportaiton (BRT and non-BRT) (EUR 90.21 million)</li> <li>City of Johannesburg capex allocation (EUR 2.64 million)</li> <li>Inner city fund (EUR 3.82 million)</li> <li>2010 Office (EUR 10.85 million)</li> <li>Neighbourhood Development grant (EUR 2.14 million)</li> <li>City of Johannesburg operating grant (EUR 1.81 million).</li> <li>Retention of 5% capital expenditure (EUR 5.47 million)</li> </ul>	<p>Employee costs (2007) EUR 1.54 million</p>	<p>Capital:</p> <ul style="list-style-type: none"> <li>Yearly City of Johannesburg capital expenditure grant (2.3%)</li> <li>Inner City Fund grant (3.3%)</li> <li>City of Johannesburg Transportation grant (77%)</li> <li>2010 Office grant (9.3%)</li> <li>Yearly Neighbourhood Development Programme Grant (NDPG) (1.8%)</li> </ul> <p>Operating:</p> <ul style="list-style-type: none"> <li>City of Johannesburg operating expenditure grant (2.1%)</li> <li>Retention of 5% total capital spend (4.7%)</li> <li>NDPG cost recovery allowance of one salary per project per year</li> </ul>

Table 7.5. The financing and balance sheets of productivity and economic growth agencies

Development agency	Budget	Key income source	Key expenditure	Finance mechanism
AucklandPlus (2008/09)	EUR 2.57 million	Private sector and university sponsorship (54%)	Key regional projects (61%)	<ul style="list-style-type: none"> <li>Local and national government grants (46%)</li> <li>University and private sector sponsorship (54%)</li> </ul>
Barcelona Activa (2008)	EUR 24 million (2008)	City Council (51.8%)	Access to and improvement of employment (19%)	<ul style="list-style-type: none"> <li>Public funding from the European Union, Spanish Government, Catalanian Government, City Council and other through winning open tenders (86.5%)</li> <li>Management of own assets (13.5%)</li> </ul>

Table 7.6. The financing and balance sheets of integrated agencies

Development agency	Budget	Key income source	Key expenditure	Finance mechanism
Creative Sheffield (2008/09)	EUR 4.83 million	Government grants EUR 3.3 million	Salaries and wages EUR 2.31 million	<ul style="list-style-type: none"> <li>Government grants (Yorkshire Forward and Local Enterprise Growth initiative) (68%)</li> <li>Member contributions (Sheffield City Council and English Partnerships) (30%)</li> <li>Other income (ERDF objective one) (0.7%)</li> </ul>
Liverpool Vision (2008/09)	EUR 5.46 million	Liverpool City Council EUR 4.07 million	-	<ul style="list-style-type: none"> <li>Liverpool City Council (74.7%)</li> <li>Northwest Regional Development Agency (12.1%)</li> <li>English Partnerships/HCA (9.9%)</li> <li>Working Neighbourhood Fund (3.2%)</li> </ul>
Milano Metropoli (2007)	EUR 3.5 million	-	-	<ul style="list-style-type: none"> <li>Match funding from EU programmes and initiatives, the Italian national government and public local authorities (70%)</li> <li>Provision of services directly to clients such as SMEs, local municipalities, local agencies and other public bodies (30%)</li> <li>(New EUR 1.5 million sponsor for 2008-2010 is a private not-for profit foundation in the Lombardy region)</li> </ul>
New York City Economic Development Corporation (2008)	EUR 562.77 million	Reimbursements and other city grants EUR 391 million	Project and programme costs EUR 410.63 million	<ul style="list-style-type: none"> <li>Real estate sales, property rentals (14.4%)</li> <li>Power sales (8%)</li> <li>Reimbursements and other city grants (69%)</li> <li>Fees and other income (9%)</li> </ul>
Prospect Leicestershire (2009)	Approximately EUR 1.49 million	TBC	TBC	<ul style="list-style-type: none"> <li>National government, regional DA, and Homes and Communities agency grants.</li> </ul>

Table 7.7. The financing and balance sheets of internationalisation agencies

Development agency	Budget	Key income source	Key expenditure	Finance mechanism
Invest Toronto	Long-term budget TBC	Build Toronto donation	TBC	<ul style="list-style-type: none"> <li>High proportion intended to come from Build Toronto surplus. Exact dimensions TBC.</li> </ul>
Madrid Global (2009)	EUR 8.48 million excluding private sector contributions	City Hall grant EUR 8.48 million	<ul style="list-style-type: none"> <li>EUR 3.1 million for human resources</li> <li>EUR 3.9 million for existing projects</li> <li>EUR 1.4 million for operational costs</li> </ul>	<ul style="list-style-type: none"> <li>Grant from City Hall (100% of EUR 8.48 million)</li> <li>Funding from the private sector in support of the Madrid 2016 Olympic bid</li> </ul>

Table 7.8. The financing and balance sheets of visioning and partnership agencies

Development Agency	Budget	Key income source	Key expenditure	Finance mechanism
Bilbao Metropoli-30	-	<ul style="list-style-type: none"> <li>Member organisations, 50% public and 50% private.</li> </ul>	-	<ul style="list-style-type: none"> <li>Core funding from member organisations.</li> <li>Additional income achieved by approaching Regional Government with innovative projects which are commissioned.</li> </ul>
Cape Town Partnership (2008)	CTP EUR 0.75 million CTP and CCID combined EUR 3.61 million	City of Cape Town grant EUR 0.5 million (66%)	Salaries and wages (52%)	<ul style="list-style-type: none"> <li>City of Cape Town annual grant (66%)</li> <li>Management fee from the CCID (9.8%)</li> <li>Annual donations from private corporations</li> <li>Parking and filming (14.8%)</li> <li>Sea Point improvement district fees (3.2%)</li> <li>Interest</li> </ul>

### *Asset management*

The role and remit of a DA with regards to asset holding often reflects the position on financing. In order to promote local economic development, most DAs need to own or manage land and redevelopment processes. It is in the nature of local economic development that the promotion of the re-use of land and sites for new purposes (as the old ones have become obsolete) is a critical aspect of how well the locality is responding to new economic realities.

However, DAs do not always own the land they are redeveloping outright; it is frequently in the ownership of the main sponsoring authorities. Where a DA is largely owned by municipal government, it is typically the case that the municipal government itself remains the owner. How far a municipal government goes in endowing its lands to the ownership of the DA usually reflects a considered decision to empower that agency to both manage redevelopment and to secure internal capital receipts, rents, and other revenues from doing so. Equally, the re-organisation of municipal and metropolitan government, or the agreement to consolidate the control of publicly owned lands in one place, often results in DAs owning land themselves. A municipal government should generally review which option will best suit long-term purposes.

### *Financial strategies of development agencies*

The various approaches to assets and financing of DAs were defined earlier. We noted five basic approaches as being distinguishable, but not mutually exclusive. The fundamental issue for DAs that are largely sponsored by municipal governments is how to develop a long-term business model and financial strategy in the context of annualised funding agreements, or even the individual appraisal and approval of projects and initiatives. This is difficult to do. The basic challenges can be summarised as follows:

- Local economic development requires multi-annual strategies and programmes, but these are hard to develop and deliver within annualised funding.
- DAs have to prepare and develop more initiatives than will go ahead each year, and the precise timing of implementation may be effected by market conditions outside of the agency's control (making annualised spend targets a problem). Local economic development implementation is not usually linear and does not conform very well to annual budget settlements, or equally to monthly expenditures.
- Risk cannot be mitigated totally, and indeed risk sharing is a requirement for many local economic development initiatives.
- Assessing value for money is extremely difficult as most local economic development interventions are unique, and therefore unit cost comparisons are rarely available.
- Over the long term, local economic development activity should be classed as an investment rather than an expenditure, but the systems of public finance and accounting models required to do this are not readily available.

These challenges combine to make life hard for DA staff and municipal finance officers alike.

In its reports, EURADA advocates a strategy of financial diversification for DAs. This is built on analysis that shows that DAs with several sponsors are more likely to achieve long-term sustainability. They cite DAs with up to six basic income lines, including the: (1) municipality; (2) province; (3) region; (4) state; (5) sales; and (6) others.

Of the 16 DAs surveyed for this book, over half had income lines from three sources or more.

A second strategy is to try to move towards a multi-annual funding programme set against a business plan or investment plan for the locality. This is the settlement that most of the mature DAs have come to. In this scenario, a budget is proposed by the agency within a business planning document that has a detailed one-year programme, but a clear three-to-five-year horizon, showing the links between the programmes and expenditures over the whole cycle. Fundamentally, financial strategy is linked to business planning in DAs that are largely public sector sponsored. The general model for this among DAs in Europe includes the following elements:

- The DA develops and proposes: (1) a multi-annual local economic development strategy; and (2) an annual corporate plan/business plan incorporating multi-annual financial and investment strategy.
- Municipal government provides an annual approval of corporate plan budget and programme with indicative commitments made to future year budgets.

This model has the benefits of separating the local economic development strategy from the business plan of the DA, recognising that the DA may not be the only organisation that is delivering the plan.

## Accountabilities

The overall thrust of the current practices is not to suggest that one model of a DA is necessarily more accountable and effective than any other, but it does indicate that sound management of the DA's business and its relationships is essential in achieving both. Differing accountability regimes exist, related, in particular, to the range of stakeholders engaged in the DA and the public finance system in which it operates.

Most often these regimes follow the form of annual reporting against the business plan combined with sound monitoring and evaluation systems, effective communication and relationship management throughout the operational year, and a performance management system which allows for activities to be monitored in a timely manner and then recast if they are not performing well. Good consultation mechanisms are also highlighted as essential to achieve accountability so that there are ways for stakeholders to engage in:

- setting the overall economic development strategy for the locality;
- building the annual and multi-annual plans for programmes of work;
- considering the impacts or consequences that certain actions may have; and
- enabling those directly affected by developments to register their position.

Of the 16 DAs profiled in this book, the range of stakeholders to which these organisations are accountable varies greatly from the local community and other key

clients to government regulatory bodies and members. By far and away the most important body to which DAs are accountable is the City Council in the form of the Mayor's Office, the City Manager's Office, the Deputy Mayor for Economic Development's Office or Planning Clusters. Because most DAs are funded by City Councils and many have their priorities set by them this is unsurprising. The example of the Johannesburg Development Agency shows the tight relationship of co-ordination, compliance and reporting that this DA has with its City Council (see Figure 6.1 in Chapter 6).

Overall, an effective DA has to undertake quite a wide range of effectiveness and accountability activities in order to maintain momentum and support. These mechanisms will be explored in the next section about performance review, but almost half of the DAs we studied were accountable to more than one type of body. Details can be found in Table 7.9.

## Key performance indicators and responding to change

Before discussing the topic of performance in greater detail, it is important, first, to distinguish between operational effectiveness (a measure of the day-to-day efficiency of the DA) and strategic impact (a measure of the value-added of the DA to the development activities in the local development system).

### *Operational effectiveness and strategic impact measures*

The importance of creating a clear rationale, mission, strategic framework, and some deliberate choices of tools and programmes for any DA is clear (as discussed in Chapter 4). This is, in part, important because DAs need to demonstrate their effectiveness, and this is hard to do without clear measures of progress.

It is desirable to have both measures of progress (milestones), as well as ultimate goals in terms of the outputs and impacts of the interventions of the DA against which to measure performance. Each of these (milestones, outputs, impacts) requires careful specification and definition. A basic process of quarterly (milestones) and annual review (outputs and impacts), with multi-annual assessment (impacts and achievement of mission) is key to keeping DA performance well monitored.

Tables 7.10 and 7.11 highlight how different DAs can report performance indicators over different timescales: Barcelona Activa on an annual basis and HafenCity Hamburg GmbH since project inception and guaranteed future success. It is important also to complement tangible performance with the intangible impacts of the work of a DA to achieve a true sense of the total impact of the organisation. Intangible success is often not well articulated or understood.

Table 7.9. Development agency accountabilities and performance review mechanisms

Typology	Development agency	Accountable to	Performance review mechanism
Development and revitalisation agencies	Abyssinian Development Corporation	<ul style="list-style-type: none"> <li>Board members</li> <li>Local community and clients</li> <li>Funders and partners</li> <li>Government regulatory bodies</li> </ul>	<ul style="list-style-type: none"> <li>Management Dashboard and Operations Overview Report</li> <li>Annual executive team retreats and quarterly business reviews</li> <li>Performance management reviews</li> </ul>
	BILBAO Ria 2000	<ul style="list-style-type: none"> <li>Board members - comprises members of various tiers of government</li> </ul>	<ul style="list-style-type: none"> <li>Board involvement in strategic decisions</li> <li>External reviews every two to three years</li> <li>Audited externally for accounts, in quality assurance and from institutions such as FEDER (European) or <i>Tribunal de Cuentas Vasco</i></li> </ul>
	Build Toronto	<ul style="list-style-type: none"> <li>City Council</li> </ul>	<ul style="list-style-type: none"> <li>Success measured against financial and non-financial key performance metrics</li> </ul>
	Johannesburg Development Agency	<ul style="list-style-type: none"> <li>City Council (Department of Development Planning and Urban Management), Planning Cluster (Member of the Mayoral Council) and Shareholder Unit</li> <li>Central Government (National Treasury's Neighbourhood Partnership Development Grant) and Board</li> </ul>	<ul style="list-style-type: none"> <li>Contractually obliged to the Department of Development Planning and Urban Management to undertake compliance reporting in respect of key performance indicators</li> <li>Co-ordination and alignment with Planning Cluster on strategic development issues</li> <li>Annual report and key performance area setting and reporting</li> <li>City-wide integrated performance scorecard</li> </ul>
Productivity and economic growth agencies	AucklandPlus	<ul style="list-style-type: none"> <li>Auckland Regional Economic Development Forum</li> </ul>	<ul style="list-style-type: none"> <li>"Level of Service" targets accompanied by a more precise set of "Measures"</li> <li>Performance also measured against Meiro Project objectives</li> </ul>
	Barcelona Activa	<ul style="list-style-type: none"> <li>City Council (Economic Promotion Sector – Deputy Mayor for Economic Promotion is Barcelona Activa's President)</li> <li>Clients and citizens</li> <li>Management Board</li> </ul>	<ul style="list-style-type: none"> <li>Internal performance review and monitoring system measured against Action Plan aims</li> <li>OECD LEED Programme review</li> <li>Measurement of activity indicators for project impact</li> <li>Benchmarking against other DAs worldwide</li> </ul>



Table 7.9. Development agency accountabilities and performance review mechanisms (*continued*)

Typology	Development agency	Accountable to	Performance review mechanism
Integrated economic agencies	Creative Sheffield	<ul style="list-style-type: none"> <li>Board members (City Chief Executive, two Senior City Council and two Regional DA representatives)</li> <li>Funders (Regional DA and City Council)</li> <li>City Council and Government regulatory bodies</li> </ul>	<ul style="list-style-type: none"> <li>Funders undertake regular audits of activities, financial management and outputs.</li> <li>Statutory audit</li> <li>Annual report on performance against the Economic Masterplan</li> </ul>
	Liverpool Vision	<ul style="list-style-type: none"> <li>Three public sector membership organisations</li> </ul>	<ul style="list-style-type: none"> <li>Bottom-up individual project monitoring</li> <li>Strategic outcome indicator monitoring (progress measured against key objectives and to help assess wider impact of the Liverpool Vision Programme on the economy of the city)</li> </ul>
	Milano Metropoli	<ul style="list-style-type: none"> <li>Internal Board of Control</li> </ul>	<ul style="list-style-type: none"> <li>End of Mandate Board Report</li> <li>Project specific review mechanism based on parameters set at project initiation</li> </ul>
Internationalisation agencies	New York City Economic Development Corporation	<ul style="list-style-type: none"> <li>The Mayor, City Controller and City Council</li> <li>Public advocate</li> <li>Boroughs presidents</li> </ul>	<ul style="list-style-type: none"> <li>Under Local Law 48, an annual report which profiles selected projects is obligatory</li> <li>Performance against internal and project-based benchmarks is reviewed every 90 days</li> <li>Internal Strategic Planning and Strategic Operations departments evaluate progress</li> <li>Internal research group to audit the company's real estate portfolio</li> </ul>
	Prospect Leicestershire	<ul style="list-style-type: none"> <li>Two founding members (Leicester City and Leicestershire County Councils)</li> </ul>	<ul style="list-style-type: none"> <li>Performance measured against business plan targets which incorporate the MAA targets plus other funding partner targets</li> </ul>
	Invest Toronto	<ul style="list-style-type: none"> <li>City Council</li> </ul>	<ul style="list-style-type: none"> <li>Internal key performance indicators</li> <li>Annual report and external review every two to three years</li> </ul>
Visioning and partnership	Madrid Global	<ul style="list-style-type: none"> <li>City Council (Deputy Mayor's Office)</li> </ul>	<ul style="list-style-type: none"> <li>City-wide and integrated review system based on mayoral policy goals and objectives</li> <li>Results reviewed and acted upon on a month-by-month basis</li> </ul>
	Bilbao Metropoli-30 Cape Town Partnership	<ul style="list-style-type: none"> <li>Members</li> <li>Board and city leaders</li> <li>Wider partners</li> </ul>	<ul style="list-style-type: none"> <li>All funding and project information offered through governing bodies</li> <li>Annual reports and open dialogues with City of Cape Town staff</li> <li>Company reviews by external consultants</li> </ul>

Table 7.10. **Key performance indicators for Barcelona Activa in 2008**

Theme (initiative)	Tangible impact	Intangible impact
Boosting entrepreneurship	<ul style="list-style-type: none"> <li>c.1 400 businesses received advice. Over 700 companies were created and the estimated new employment from these companies was c.1 400 new jobs per year.</li> </ul>	<ul style="list-style-type: none"> <li>Reference centre for entrepreneurship in Barcelona and model transferred to other international environments (Bogotá, Medellín, Santiago de Chile, Buenos Aires, Rome, Andorra, etc.)</li> </ul>
Business growth	<ul style="list-style-type: none"> <li>350 companies received growth coaching through the agency's business growth programmes.</li> </ul>	<ul style="list-style-type: none"> <li>Hub of business growth initiatives promoted by different agents in the city.</li> <li>Network of businesses that co-operate amongst each other.</li> <li>Top level incubation infrastructures and services</li> </ul>
Human capital development	<ul style="list-style-type: none"> <li>More than 48 000 participants received attention in Porta22.</li> </ul>	<ul style="list-style-type: none"> <li>Reference centre for professional guidance and progress in the metropolitan area of Barcelona. Being transferred to other national environments (Mataró, Bidasoa Region, etc.)</li> </ul>
Employment	<ul style="list-style-type: none"> <li>The agency dealt with over 30 000 participants and the rate of job market insertion reached 72%.</li> <li>More than 800 unemployed people were contracted to develop their skills through apprenticeship arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>Reference entity in the city for support, coaching and training for the employment</li> <li>Co-ordination of the agreement on quality employment in Barcelona 2008-11</li> </ul>
Technological skills acquisition and diffusion	<ul style="list-style-type: none"> <li>53 784 participants attended Cibernarium.</li> </ul>	<ul style="list-style-type: none"> <li>Reference centre for digital literacy and training in Barcelona and model transferred to other international environments (Sao Paolo, Porto Alegre, Brussels, Tampere, San Sebastián, etc.)</li> </ul>

Source: Barcelona Activa (2009), "Barcelona Activa", homepage, [www.barcelonactiva.cat](http://www.barcelonactiva.cat).

Table 7.11. **Key performance indicators for HafenCity Hamburg GmbH since project inception**

Theme (initiative)	Tangible impact	Intangible impact
Investment leverage	<ul style="list-style-type: none"> <li>For EUR 1.53 billion of public funding, HafenCity Hamburg GmbH has managed to leverage EUR 5.5 billion of private sector investment.</li> </ul>	<ul style="list-style-type: none"> <li>High visibility of the project in the international arena.</li> </ul>
High-quality public space	<ul style="list-style-type: none"> <li>20% of HafenCity's space will be developed as open areas, and public access rights exist for an additional 20%. 34 hectares of water surface will be used to a certain extent as well (HafenCity Hamburg GmbH, 2008).</li> <li>A range of waterfront urban spaces has been open since autumn 2007: Marco Polo Terraces, Vasco da Gama Plaza and Dalmannkai Promenades. They were joined by the Tall Ship Harbour in autumn 2008. Large pontoons form a floating walkway over the water, with permanent moorings for about 20 historic tall ships and steamers (HafenCity Hamburg GmbH, 2009).</li> </ul>	<ul style="list-style-type: none"> <li>Improved quality of urban space.</li> <li>Serve as public encounter spaces due to different character and allow for a high degree of social integration.</li> </ul>
Linkages with the City Centre	<ul style="list-style-type: none"> <li>Construction of the new U4 underground railway line is of extreme importance, as its two stops - Überseequartier and HafenCity University - will provide the connecting link to Hamburg's underground and urban railway network.</li> </ul>	<ul style="list-style-type: none"> <li>Opening up the development opportunities in the Speicherstadt area and the southern inner city. Pushing also competition to improve existing buildings.</li> <li>Socially and economically integrating lower profile urban quarters via employment opportunities and new traffic links.</li> </ul>

### *Achievement of mission*

Initial missions established for DAs should have concrete goals. The vision for local economic development might stress a 20-year horizon, but a mission should be broadly achievable within five to ten years. Where a mission focuses on redevelopment of a specific area, this can often be achieved in five years.

It is important to have an explicit process for reviewing the DA comprehensively every five years. This will enable some reflection on how far the mission has been achieved, and the work that remains to be done. It can also address the extent to which: (1) the DA has completed its task and should be closed down; (2) the DA needs additional or new tools and resources to complete its task; and (3) certain achievements have been made and it is time for the DA to develop new or additional goals, as demonstrated in Box 7.5.

#### **Box 7.5. Completing the mandate: the evolving functions of the Cape Town Partnership**

The case of the Cape Town Partnership provides an excellent example of how DA roles and functions can evolve to fulfil mandates.

A comprehensive review process in September 2008 in preparation for the tenth anniversary of the organisation's incorporation produced a series of performance indicators. It suggested that in ten years, the Cape Town Partnership has fulfilled its core business of stabilising the Central City by reducing crime and grime to make the area an attractive investment proposal. In doing this the Cape Town Partnership has crafted and delivered a number of strategic initiatives that add significant value to the Central City and foster a strong future for the city as a whole.

The present moment represents an evolution in the activities of the Cape Town Partnership. Having fulfilled its *management* and *promotion* role (as mandated) in the Central City, the Cape Town Partnership is moving to fulfil the third pillar of its core mandate – the *development* of the Central City. Seeing the 2010 World Cup as a potential catalyst the Partnership adapted and promptly formalised its new 45-page Central City Development Strategy, the details of which can be found in Chapter 4 of this book.

Nonetheless, the organisation recognises that Central City management and promotion is an ongoing task and, without continued regular attention, the work completed in the past ten years could be undone. The role of Central City management and promotion also becomes more important given the global recession. If the Central City is not occupied fully there is a risk, for instance, that vacant buildings will otherwise become obsolete – something which the Cape Town Partnership should focus strongly on avoiding.

### **Sharing best practices**

Sharing of best practice is now common for most DAs. DAs tend to undertake best practice sharing on an as-needed and project-specific basis and through the regular participation in networks. Information sharing can enhance the operation of a DA, particularly when faced by difficult challenges or significant opportunities such as global economic recession, regional de-industrialisation or the hosting of major events, for instance. Below we have codified a number of the principal ways in which DAs share

best practice, giving practical examples from a range of DAs. The examples aren't prescriptive; they are illustrative.

### ***Participation in national networks***

#### *Economic Development Company (EDC) Network, Department for Communities and Local Government (CLG), UK Government*

CLG has established an EDC national network to “share knowledge, best practice and discuss issues and concerns that may arise throughout the process of establishing and operating an EDC. The network meets approximately every three months and is open to any authority with an interest in EDCs” (Department for Communities and Local Government, 2009). A number of UK DAs participate, such as Hull Forward, Creative Sheffield, Prospect Leicestershire, Plymouth City Development Company and Liverpool Vision. Regional DAs also participate in these meetings to reinforce relationships and facilitate exchanges of helpful information.

### ***Participation in international networks***

#### *The International Economic Development Council (IEDC)*

IEDC is the “world's largest professional organisation for economic development practitioners” (IEDC, 2009). IEDC has more than 4 500 members world wide and many DAs have taken up membership to collaborate, share information and learn from best practice cases.

### ***Participation at strategic events***

#### *Bilbao Metropoli-30*

Since its incorporation, one of the main objectives of Bilbao Metropoli-30 has been to study other metropolis and regions that could be of interest for the metropolitan area's Revitalisation Plan. As a consequence, a long list of international networks and contacts has been developed and has proven to be very fruitful in the definition of the future vision of metropolitan Bilbao. Of particular importance have been conferences and forums. At these events, Bilbao Metropoli-30 attempts to tell the Bilbao story as a way of building contacts with other regions and cities and to promote the case of Bilbao as a symbol of urban success.

### ***Participation in keynote publication***

#### *Liverpool Vision*

Liverpool Vision was the lead contact for the preparation of a Liverpool City case study for the OECD LEED book, *Recession, Recovery and Reinvestment: The Role of Local Economic Leadership in a Global Crisis* (Clark, 2009). This book showcased how 41 local economies had been impacted by, and were recovering from, the economic recession.

## *Hosting visiting delegations*

### *Barcelona Activa*

Hundreds of delegations (33 national, 26 from the European Union and 41 from the rest of the world – a total of more than 750 representatives to date) have visited Barcelona Activa since its creation in 1986. They look to learn and exchange ways of doing things to improve and extend their own services to the public in relation to providing support to entrepreneurs, policies for business growth, promoting innovation and boosting quality employment (Barcelona Activa, 2007).

## *Bilateral collaboration*

### *HafenCity Hamburg GmbH*

This DA has clearly stated its wish to be a reference point for urban development for other European cities. As part of attempts to share its best practice, the organisation signed co-operation agreement with Stadshavens Rotterdam and the Thames Gateway in March 2009.

### *AucklandPlus*

Box 7.6 is an example of the effectiveness of bilateral agreements between DAs and governments.

**Box 7.6. The partnership agreement between AucklandPlus and the Ministry of Economic Development “directorate” located in the Government Urban and Economic Development Office in Auckland**

This agreement seeks to provide a firm foundation for the mutually supportive relationship to continue to develop and mature between Ministry of Economic Development “directorate” located in the Government Urban and Economic Development office in Auckland, and AucklandPlus, the region’s/Auckland Regional Council’s economic development unit.

Both parties wish to recognise their shared agenda of positioning and supporting Auckland to be a truly world-class city and their existing strategic relationship. By adopting this partnership agreement they wish to galvanise their strategic partnership by agreeing:

- shared values,
- operating principles,
- priorities for actions / focus of collaboration, and
- supporting processes.

It is intended that each organisation maintains a strong individual identity and mandate while gaining strength in their delivery efforts by working in partnership.

## *References*

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