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Bridging Urban Practice and Economic Thinking

| A Political Economy Framework for Urban
Development

COLLABORATIVE PUBLICATION

About this publication

Extended thematic publications developed by a small group of contributors exploring a specific topic in greater depth.

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Abstract

This publication proposes an integrated framework for understanding how urban development outcomes are shaped by the interaction between land governance, institutional structures, decision-making processes, public finance, and private investment. It explores how fragmented governance and limited institutional capacity influence how decisions are made and implemented, shaping territorial outcomes. The work aims to bridge urban practice and economic thinking through a place-based political economy perspective.

Keywords

Urban Development; Land Management; Public Finance; Private Investment; Governance; Political Economy; Territorial Development

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ABOUT CITIES FORUM

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CONTENTS

Table of contents

Introduction	4
Bridging Urban Practice and Economic Thinking: An Integrated Perspective	4
Why this matters for real-world territorial development	5
Scope and contribution of the publication	6
Chapter 1 • The Conceptual and Operational Gap	8
Conceptual gap	8
Why integration is needed	9
1.1 Land Management as the Operational Interface / Land Governance	10
1.1.1 Where policy breaks down in practice	10
1.1.2 Land as economic, institutional and territorial system	10
1.1.3 Territorial and institutional differentiation	13
1.2 Governance and Institutional Architecture	15
1.2.1 Decision-making structures	17
1.2.2 Capacity and coordination challenges	21
1.3 Public Finance and Market-Shaping Dynamics	24
1.3.1 Role of financial signals	25
1.3.2 Interaction with private investment	26
Chapter 2 • “Best Practices”	29
2.1 Why replication fails	29
2.2 Need for place-based approaches	31
Chapter 3 • Toward an Integrated Political Economy Framework	34
3.1 Aligning land, finance, governance, and territory	34
3.2 Systemic perspective	36
Chapter 4 • Conclusion	38
4.1 From fragmented interventions to integrated systems	38
4.2 Implications for policy and practice	39
References	41
About the Authors	44

INTRODUCTION

Setting out the argument

This Introduction is structured around three main dimensions. First, it presents an integrated perspective on the relationship between urban practice and economic thinking. Second, it explains why this integration matters for real-world territorial development. Third, it outlines the scope, analytical focus, and contribution of the publication.

Bridging Urban Practice and Economic Thinking: An Integrated Perspective

This publication argues that urban development outcomes are shaped not merely by the quality of urban planning and urban design interventions, but by the interaction between land governance, institutional structures, decision-making processes, public finance, and private investment. These interactions are examined through an integrated, place-based political economy perspective. This perspective provides the analytical basis for understanding how cities and territories evolve and how development outcomes are ultimately produced.

In this publication, urban practice is understood as the broader field of action through which cities and territories are planned, designed, governed, managed, financed, and transformed. It encompasses urban planning and urban design, as well as the policies, institutions, governance arrangements, implementation processes, and stakeholder interactions that shape the built environment and influence social, economic, and territorial change.

Within this perspective, urban planning provides strategic, regulatory, and development frameworks, while urban design focuses on the physical configuration, functionality, and lived experience of urban environments.

However, urban development outcomes cannot be explained by urban planning and urban design alone. They are also shaped by the interaction between land governance, institutional structures, decision-making processes, public finance, private investment, and broader political economy dynamics.

For this reason, the publication adopts the broader concept of urban practice rather than focusing exclusively on urban planning. This perspective makes it possible to examine how land governance, institutional structures, decision-making processes, public finance, private investment, and broader political economy dynamics interact across multiple scales and actors, ultimately shaping urban and territorial development outcomes.

In today's era of rapid urbanization, the gap between urban practice and economic thinking is visible in the disconnection between master planning, municipal finance, infrastructure investment, land-value capture, governance and institutional accountability.

Bridging this gap requires an integrated framework that treats land not only as a territorial resource, but as an economic asset, fiscal resource, political instrument and institutional arena.

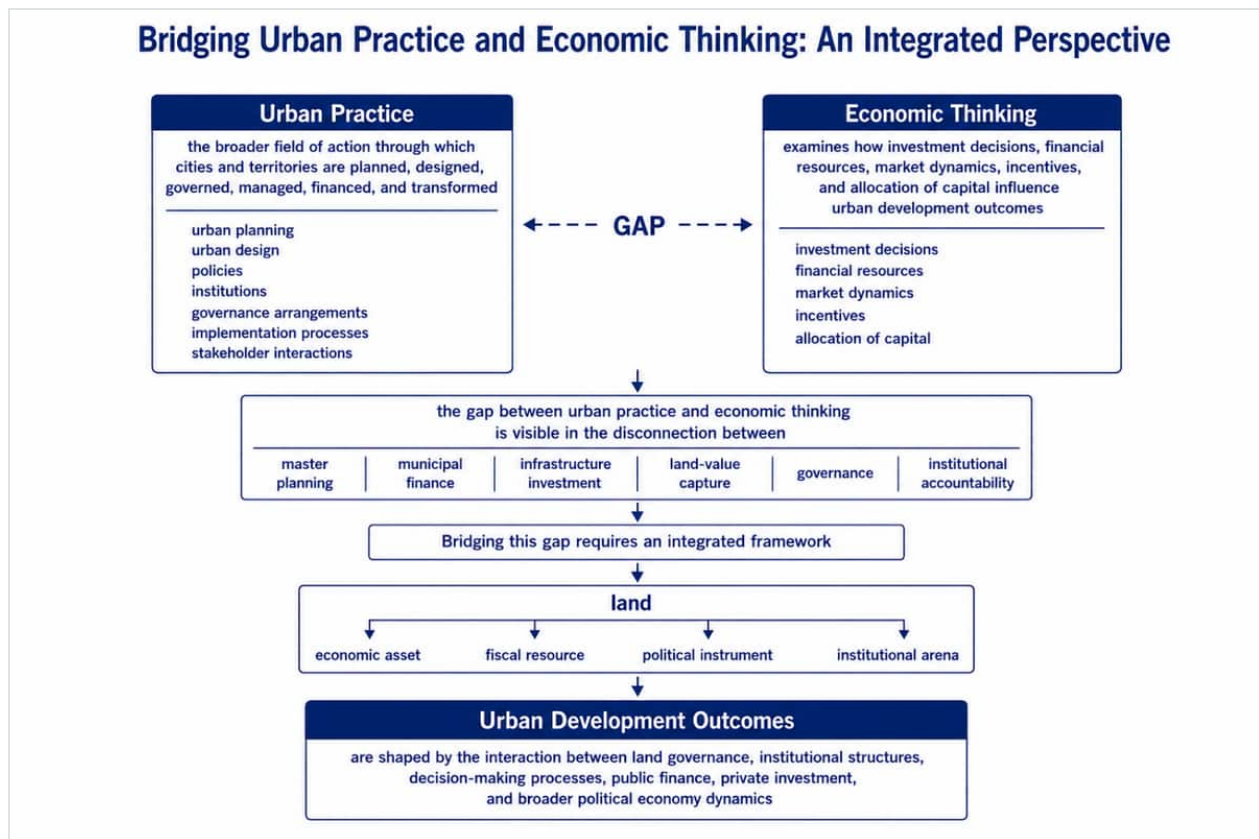


Figure 1. Bridging Urban Practice and Economic Thinking: An Integrated Perspective

Many urban challenges are rarely the result of a single policy failure. More often, they emerge from fragmented decision-making, disconnected institutional frameworks, competing priorities, and the limited integration of planning, governance, financial, and institutional considerations.

Urban planning decisions also generate significant economic consequences. Choices regarding transport corridors, infrastructure

investments, housing areas, public spaces, and land-use regulations influence land values, accessibility patterns, investor behaviour, and public fiscal responsibilities. When these economic implications are not explicitly considered, planning frameworks risk remaining aspirational or producing unintended market responses, reinforcing the disconnect between urban practice and economic thinking.

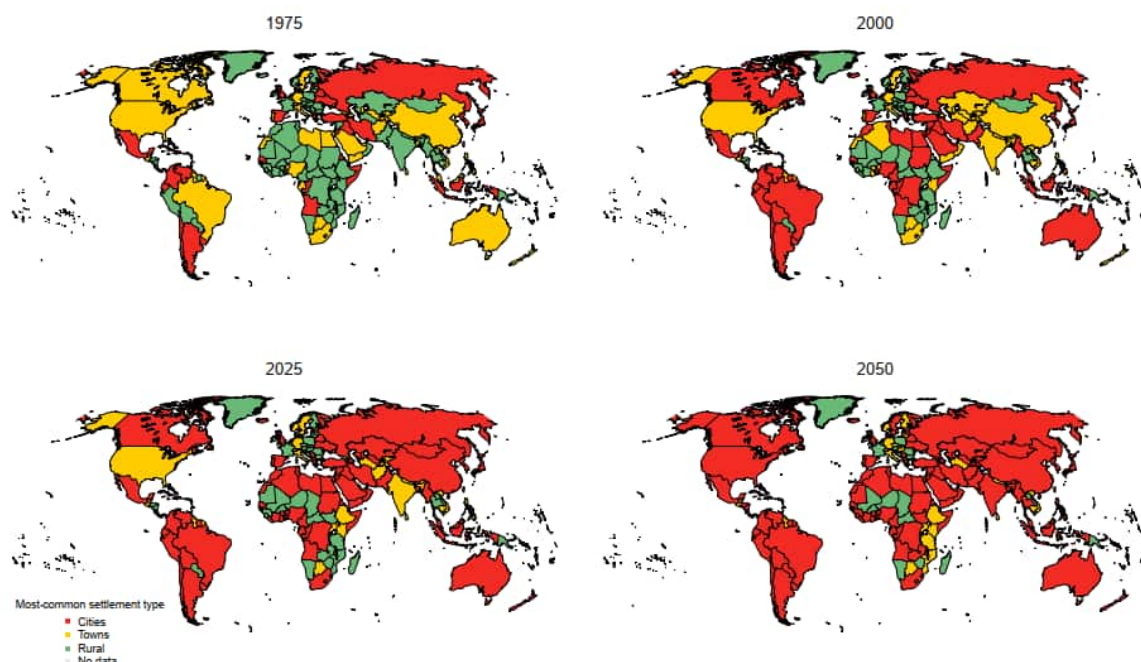
Why This Matters for Real-World Territorial Development

As urbanization accelerates, today 55% of the global population are living in urban areas and it is projected to increase to 68% by 2050 as per the UN estimates. To accommodate this growth, cities will require massive infrastructure investment. The Global Infrastructure Hub, a G20

initiative, estimates that the world will need about USD 94 trillion in infrastructure investment by 2040, more than half of which will be required in Asia (Heathcote, 2017). These figures highlight why bridging urban practice and economic thinking is becoming a critical global concern.

Map 1.1

Most common settlement type by the Degree of Urbanization, cities, towns or rural areas, estimates for 1975, 2000, 2025 and projections to 2050



Source: *World Urbanization Prospects 2025* (United Nations, 2025).

Disclaimer: The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations. Dotted line represents approximately the Line of Control in Jammu and Kashmir agreed upon by India and Pakistan. The final status of Jammu and Kashmir has not yet been agreed upon by the parties. Final boundary between the Republic of Sudan and the Republic of South Sudan has not yet been determined. A dispute exists between the Governments of Argentina and the United Kingdom of Great Britain and Northern Ireland concerning sovereignty over the Falkland Islands (Malvinas).

Figure 2. Most common settlement type by the Degree of Urbanization, 1975–2050. Source: Author.

Without effective mechanisms to align governance, finance, investment, and implementation, cities may face severe challenges related to congestion, inadequate housing, pressure on utilities, environmental stress, and declining quality of life. Territorial

development outcomes are shaped not only by policy objectives, but also by governance arrangements, institutional capacity, financing mechanisms, and implementation processes, which influence how those objectives are translated into practice.

Scope and Contribution of the Publication

This publication therefore examines the integration challenge across different global contexts: how planning systems are shaped, where coordination breaks down, and why integration remains difficult across different territorial and institutional contexts. In many contexts, major infrastructure investments and strategic development projects are advanced through sectoral programmes, specialised

agencies, special-purpose vehicles, or public-private partnerships operating with limited integration into statutory planning systems, illustrating how implementation can become institutionally fragmented even when planning frameworks formally exist.

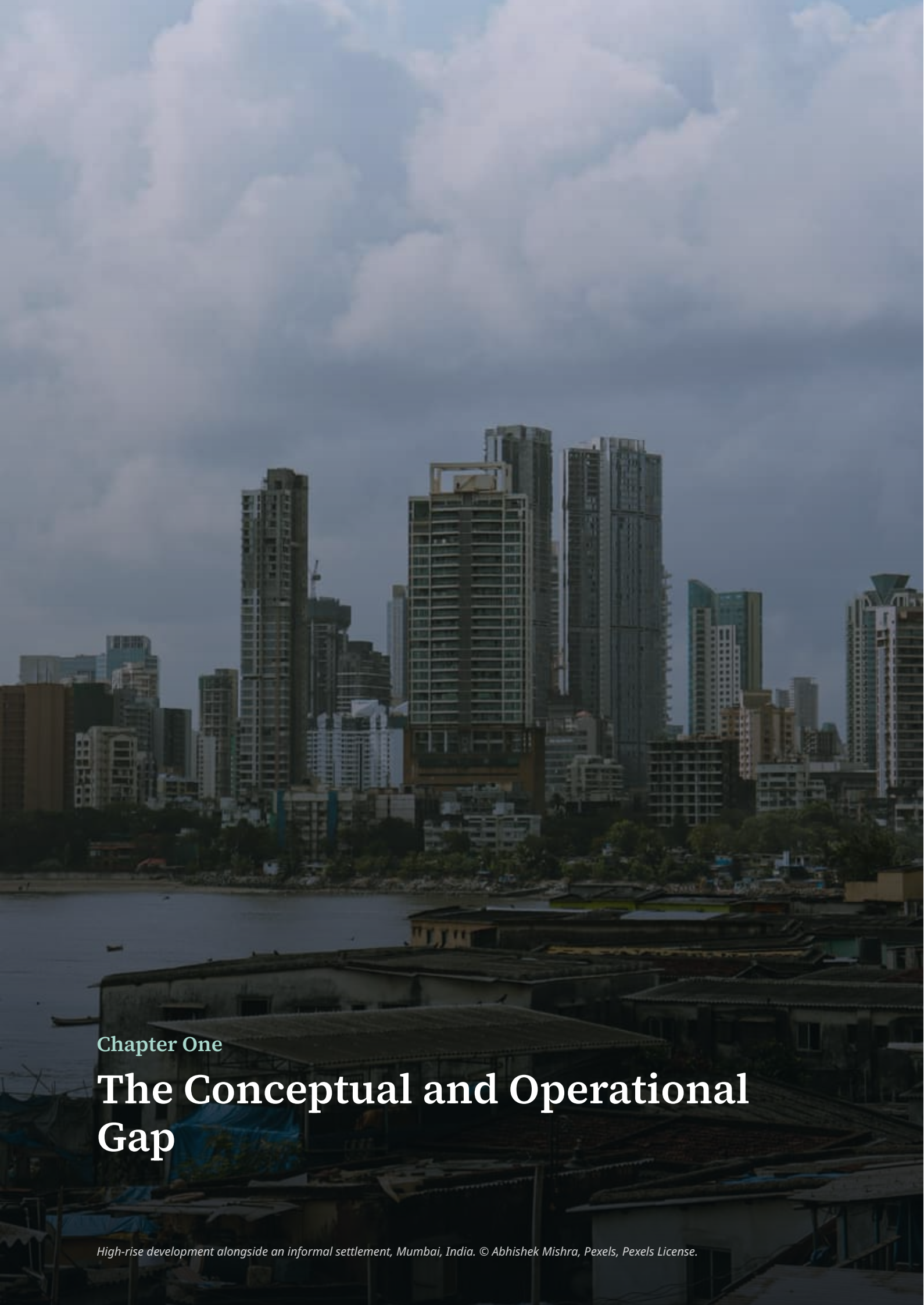
It argues that urban planning cannot be understood only through the formal design of plans, regulations, and institutions. Instead, it

must also be analysed through a place-based political economy framework that allows us to examine not only the formal design of planning instruments, but also the institutional incentives, fiscal dependencies, land-market dynamics, and power relations that shape actual urban development.

Drawing on reflections related to land governance, institutional structures, public finance, private investment, and territorial

context, this publication explores how these dimensions interact to shape urban and territorial development outcomes.

It also offers recommendations for building more integrated planning systems that are responsive not only to technical requirements, but also to the political, economic, and institutional realities that shape cities.



Chapter One

The Conceptual and Operational Gap

High-rise development alongside an informal settlement, Mumbai, India. © Abhishek Mishra, Pexels, Pexels License.

Conceptual Gap

Urban development outcomes are often analysed through separate and disconnected perspectives. Urban practice commonly focuses on planning, design, governance, land management, and implementation processes, while economic thinking tends to concentrate on investment decisions, financial resources, market dynamics, incentives, and the allocation of capital. Although both perspectives influence how cities and territories evolve, they frequently operate through different analytical frameworks, institutional structures, and professional traditions, limiting a systemic understanding of how these dimensions interact to shape development outcomes.

This may result in policies that are spatially coherent but economically disconnected, or economically ambitious but insufficiently integrated with spatial planning.

This separation creates a conceptual gap in the understanding of urban development. As discussed in *Bridging Urban Practice and Economic Thinking* (Giménez Franco, P., 2026, Part 1), urban planning and design are often treated as technical and spatial exercises, while economic decisions related to public finance, private investment, and market behaviour are analysed through separate lenses. In practice, however, urban development outcomes emerge from the interaction between these dimensions rather than from any single intervention operating in isolation.

The consequences of this separation become visible when policies, plans, and projects fail to translate into expected outcomes. Urban challenges rarely result from a single policy failure. More often, they emerge from fragmented decision-making, weak institutional coordination, short-term financial logics, and the absence of an integrated vision capable of connecting land, housing, infrastructure, finance,

and governance, as highlighted in *Bridging Urban Practice and Economic Thinking* (Giménez Franco, P., 2026, Part 1).

The disconnect does not remain abstract. As further developed in *Land Management as the Missing Link between Urban Policy and Economic Outcomes* (Giménez Franco, P., 2026, Part 2), it materializes through the processes that shape how land is regulated, managed, valued, serviced, and transformed, making land the operational interface through which policy objectives are translated into territorial outcomes. Policy objectives related to accessibility, sustainability, inclusion, housing, or infrastructure often fail to materialize when land governance and management systems are not aligned with broader development goals.

This perspective also highlights that land, infrastructure, and housing should not be understood solely as physical or functional components of urban development, but also as economic assets shaped by investment dynamics, value creation, and institutional decisions.

This challenge extends beyond technical planning instruments. As discussed in *Who Decides, and With What Capacity? The Governance Architecture Behind Land Outcomes* (Giménez Franco, P., 2026, Part 3), urban outcomes are also shaped by institutional arrangements, governance structures, decision-making processes, and the distribution of authority among public and private actors. Policies, regulations, and planning instruments operate within institutional environments that influence how decisions are made, implemented, coordinated, and sustained over time.

The conceptual challenge therefore lies not only in understanding individual sectors or policy instruments, but in understanding the relationships between them. As argued throughout the series and reinforced in *Why "Best Practices" Fail Across Territories: The Case*

for Place-Based Political Economy (Giménez Franco, P., 2026, Part 6), urban development outcomes are produced through the interaction between territorial conditions, institutional contexts, governance arrangements, financial mechanisms, stakeholder incentives, and implementation processes. Understanding these interactions requires moving beyond fragmented perspectives and adopting a more integrated framework capable of explaining how urban development is produced.

Why Integration is Needed

Bridging the gap between urban practice and economic thinking is necessary because urban development outcomes do not emerge from isolated interventions. Cities and territories are shaped through the interaction of multiple systems that influence one another continuously throughout the development process. Planning decisions affect investment behaviour. Financial signals influence land markets. Governance arrangements shape implementation capacity. Institutional structures determine how decisions are coordinated and translated into action.

As the series progressively demonstrates, understanding urban development requires examining these interactions rather than analysing each dimension independently. Land Management as the Missing Link between Urban Policy and Economic Outcomes (Giménez Franco, P., 2026, Part 2) shows how land operates as the interface through which policies, investments, and governance decisions materialize in the territory. Who Decides, and With What Capacity? The Governance Architecture Behind Land Outcomes (Giménez Franco, P., 2026, Part 3) highlights how institutional structures and decision-making arrangements influence implementation and territorial outcomes. Public Finance and Private Investment: Designing

Signals That Shape Urban Markets (Giménez Franco, P., 2026, Part 4) further demonstrates how financial decisions generate signals that shape market behaviour and investment patterns.

Taking together, these reflections demonstrate that urban development outcomes are shaped by the interaction between land governance, institutional structures, decision-making processes, public finance, private investment, and broader political economy dynamics. None of these dimensions operate independently. Their interaction influences how resources are allocated, how priorities are established, how stakeholders respond, and how development unfolds across territories.

This integrated perspective also helps explain why similar policies frequently produce different outcomes. As discussed in Why Do the Same Policies Produce Different Outcomes? A Place-Based Perspective (Giménez Franco, P., 2026, Part 5) and Why "Best Practices" Fail Across Territories: The Case for Place-Based Political Economy (Giménez Franco, P., 2026, Part 6), policy instruments do not operate in neutral environments. Their results are filtered through territorial conditions, institutional capacities, governance arrangements, stakeholder incentives, and implementation processes that vary across contexts.

For this reason, understanding urban development requires moving beyond sectoral approaches and examining how these dimensions interact within a broader political economy framework. This integrated perspective provides the foundation for the analysis that follows, focusing on land management, governance architecture, public finance, private investment, and their role in shaping urban and territorial development outcomes.

1.1 Land Management as the Operational Interface / Land Governance

If the conceptual gap reflects the separation between urban practice and economic thinking, land management represents one of the points where this disconnect becomes most visible in practice. As discussed in *Land Management as the Missing Link between Urban Policy and Economic Outcomes* (Giménez Franco, P., 2026, Part 2), urban development outcomes are not determined solely by plans, policies, or investments, but by how these are translated into decisions regarding land use, regulation, servicing, valuation, and development.

Land functions as the operational interface between policy objectives and territorial outcomes. Decisions related to housing, infrastructure, mobility, environmental management, and economic development ultimately materialize through land. As a result, the effectiveness of urban interventions depends not only on their technical design, but also on how land governance and management systems support implementation. When land management is poorly aligned with policy objectives, the gap between planning intentions and territorial outcomes tends to widen. This helps explain why similar policies often produce different results across contexts and why urban development outcomes cannot be understood independently from the institutional, governance, and financial systems that shape land-related decisions.

1.1.1 Where Policy Breaks Down in Practice

The disconnect between policy objectives and development outcomes becomes visible when implementation processes fail to translate strategic intentions into territorial change. As discussed in *Land Management as the Missing Link between Urban Policy and Economic Outcomes* (Giménez Franco, P., 2026, Part 2),

many urban policies struggle not because they are poorly conceived, but because land-related decisions, institutional arrangements, and implementation mechanisms are not aligned with their objectives.

In practice, goals related to accessibility, inclusion, sustainability, housing, or infrastructure frequently encounter barriers during implementation. The result is often a widening gap between policy intent and territorial reality, revealing the operational challenges that shape urban development outcomes.

1.1.2 Land as Economic, Institutional and Territorial System

Land cannot be understood solely as a physical resource or a regulatory category. As argued in *Land Management as the Missing Link between Urban Policy and Economic Outcomes* (Giménez Franco, P., 2026, Part 2), land simultaneously operates as a territorial, economic, institutional, and political system through which urban development is produced.

Decisions regarding land use, servicing, valuation, access, and development influence housing provision, infrastructure delivery, investment patterns, and broader territorial dynamics. Because these dimensions interact continuously, land provides a useful entry point for understanding how governance arrangements, financial decisions, and development objectives become translated into urban outcomes.

Land is therefore not only regulated and managed, but also continuously produced, valued, traded, and transformed through the interaction between public policy, infrastructure investment, and market dynamics. This interaction is also reflected in how public

infrastructure provision, and regulatory decisions simultaneously reshape land markets, fiscal opportunities, and urban development trajectories (Smolka, 2013).

The relationship between land management and urban development becomes particularly evident when examined through different national contexts. The following Indian and Paraguayan contexts illustrate how land governance,

institutional arrangements, public investment, and market dynamics interact to shape territorial development outcomes.

Indian Context

Urban India today faces complex and interconnected challenges that go beyond simple infrastructure shortages. Increasing exposure to climate risks such as urban flooding, water scarcity, and droughts—has highlighted the limitations of existing planning approaches (Bank, 2021).

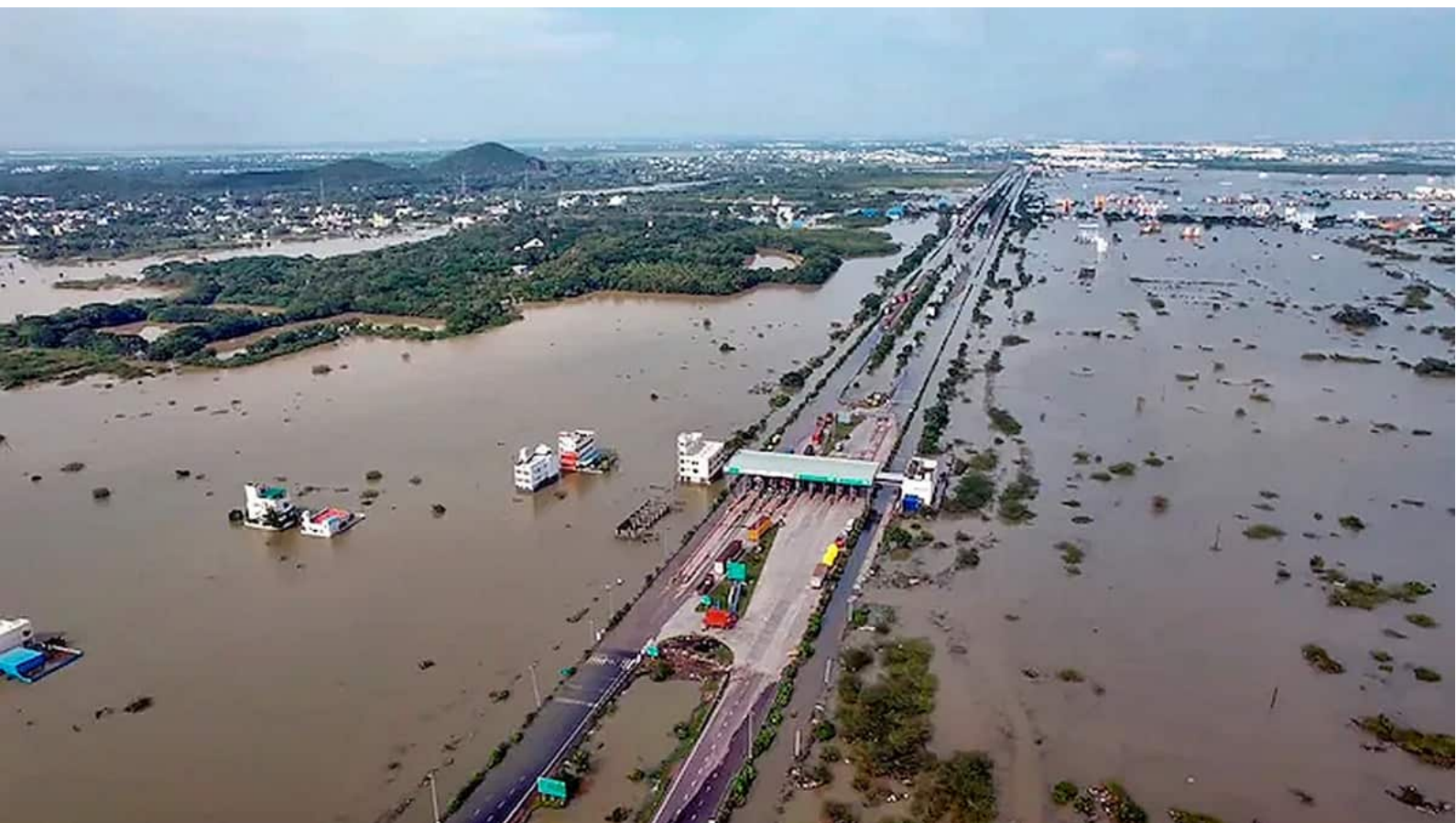


Photo 1: A drone visual shows an area that is flooded after the landfall of Cyclone Michaung, in Chennai, Wednesday, Dec. 6, 2023. (PTI Photo)

A key issue lies in the disconnect between urban planning frameworks and broader economic realities. The statutory planning system in India, largely based on the traditional master planning approach, focuses on long-term land-use regulation through Development Plans (Aayog,

2021). While these plans aim to guide orderly spatial growth, they often remain static, sectoral, and insufficiently linked to investment dynamics and market behaviour. In principle, urban planning is a multidisciplinary and even transdisciplinary field, addressing land

development in the context of climate change, ecological pressures, and socio-economic transformations (Pinson, 2015). However, in practice, this integrated vision is rarely achieved. Instead, planning and implementation tend to occur in silos, leading to fragmented outcomes.

This gap becomes evident in the uneven coverage and limited effectiveness of planning instruments. A significant proportion of Indian urban settlements still lack statutory master plans, leading to piecemeal and uncoordinated development characterized by urban sprawl, pollution, and inefficient land use lead to reduction in economic productivity and quality of life.

Paraguayan Context

Land management in Paraguay cannot be understood solely as a technical or regulatory function. As in the Indian context, the country's urban challenges extend beyond the existence of planning instruments to the way land is governed, serviced, valued, and transformed through the interaction of public policy, infrastructure investment, institutional arrangements, and market dynamics. When these dimensions remain disconnected, planning objectives become increasingly detached from economic processes and territorial development outcomes. Paraguay's late urbanisation and ongoing metropolitan expansion provide an opportunity to adopt a more integrated approach to land management before fragmented development patterns become further consolidated (Development Plan for the Urban Strategy for Poverty Reduction and Social Development, Secretaría Técnica de Planificación, 2015).

Although municipalities are legally responsible for land-use planning and urban regulation, land-related decisions are influenced by a broad institutional landscape involving multiple

national agencies, infrastructure investments, fiscal policies, environmental regulations, housing programmes, and private market dynamics. In practice, these dimensions frequently operate in parallel rather than as components of an integrated land management system, limiting the capacity to align planning decisions with investment priorities and long-term territorial objectives (Support for the Formulation of Urban Densification Instruments in the Asunción Metropolitan Area (AMA) with the Identification of Real Estate Opportunities in Relation to Employment Poles – Final Report (Product 3), Giménez Franco, 2025).

The consequences of this fragmentation are reflected in continued low-density metropolitan expansion, inefficient land consumption, and the growing disconnect between planning intentions and territorial outcomes. Rather than functioning as an integrated territorial, economic, institutional, and political system, land continues to be managed through fragmented sectoral approaches, constraining opportunities to improve urban productivity, infrastructure efficiency, fiscal sustainability, and equitable territorial development. These conditions contribute to inefficient land use, reduced urban productivity, higher infrastructure costs, and diminished quality of life, demonstrating the importance of understanding land as an integrated territorial, economic, institutional, and political system rather than as an isolated planning instrument (Study of Urban Densification Instruments in the Asunción Metropolitan Area (AMA) Based on Urban Footprint, Growth Process and Densification Patterns, Goetz, 2024; Support for the Formulation of Urban Densification Instruments in the Asunción Metropolitan Area (AMA) with the Identification of Real Estate Opportunities in Relation to Employment Poles – Final Report (Product 3), Giménez Franco, 2025).

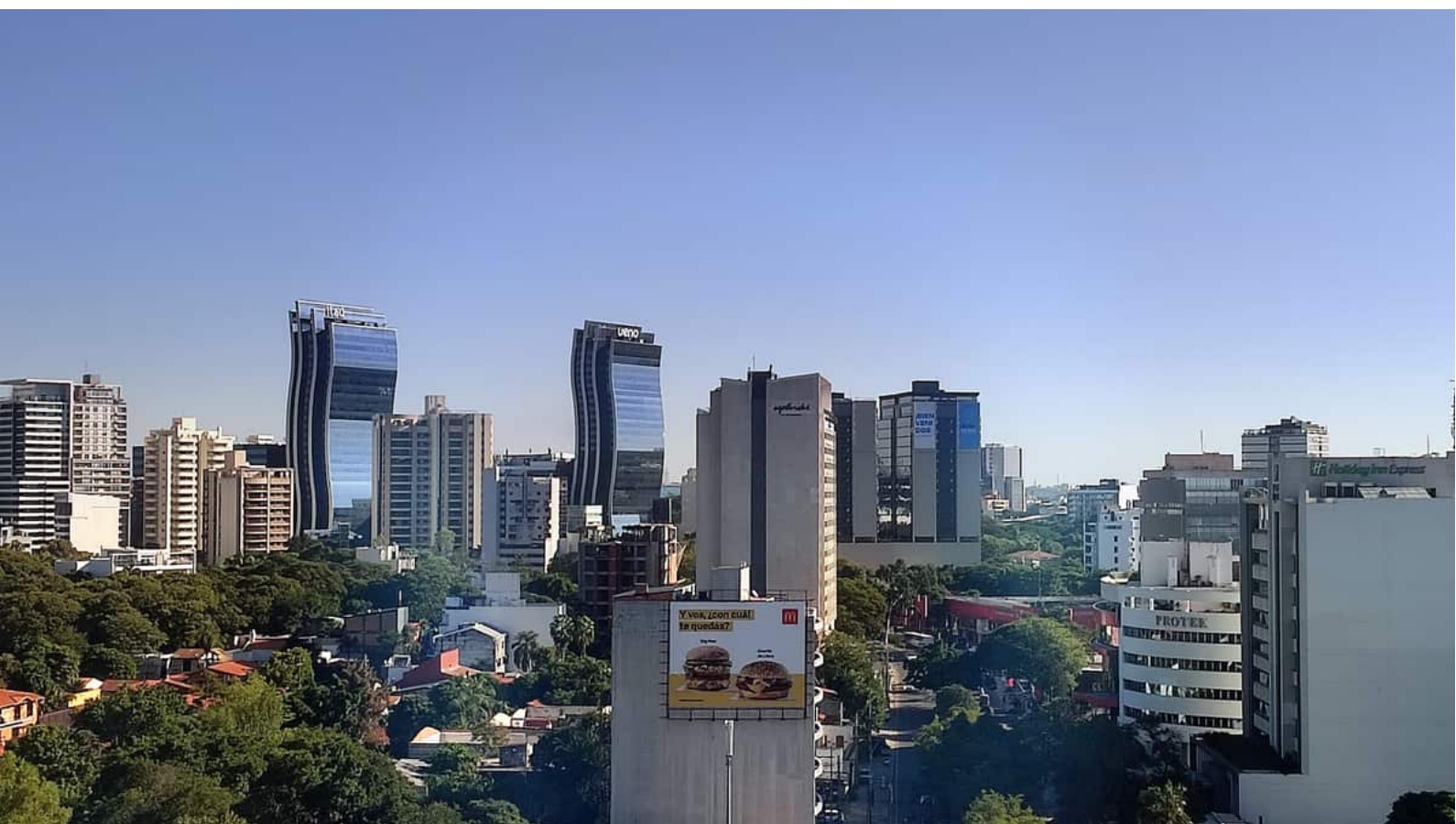


Photo 2: Avenida Aviadores del Chaco, Asunción, Paraguay. © Cmasi, Wikimedia Commons, CC BY-SA 4.0.

1.1.3 Territorial and Institutional Differentiation

Land management does not operate within uniform conditions. As highlighted in *Why Do the Same Policies Produce Different Outcomes? A Place-Based Perspective* (Giménez Franco, P., 2026, Part 5) and *Why "Best Practices" Fail Across Territories: The Case for Place-Based Political Economy* (Giménez Franco, P., 2026, Part 6), territorial and institutional contexts influence how policies are interpreted, implemented, and sustained over time.

Differences in governance arrangements, institutional capacity, regulatory frameworks, stakeholder incentives, land structures, and development conditions contribute to diverse outcomes across territories. Consequently, understanding urban development requires recognising that land management systems

operate within specific territorial and institutional contexts rather than through universally applicable models.

The importance of territorial and institutional contexts becomes particularly evident when examined through a national example. The following Paraguayan context demonstrates how differences in territorial conditions, institutional capacity, and governance arrangements influence the implementation of land management and ultimately shape urban development outcomes.

Paraguayan Context

Paraguay illustrates how territorial context conditions the implementation of urban policies and land management practices. Although the country is organised under a unitary administrative structure, its territorial realities vary considerably between Greater Asunción, the

secondary urban poles of Ciudad del Este and Encarnación, intermediate cities, and predominantly rural municipalities. These territories differ in demographic dynamics, economic functions, infrastructure provision, land markets, and institutional complexity. Planning and land management therefore require context-specific approaches rather than uniform solutions capable of responding equally to every territorial reality (Development Plan for the Urban Strategy for Poverty Reduction and Social Development, Secretaría Técnica de Planificación, 2015).

Although the Municipal Organic Law establishes a common legal framework and recognises municipalities as autonomous local governments, institutional conditions differ significantly across the country. Municipalities exhibit substantial asymmetries in technical capacity, financial resources, administrative structures, and their ability to regulate and manage urban development. These differences directly influence the implementation of planning instruments, land management practices, and public investment decisions, generating distinct development trajectories even under the same national regulatory framework (Support for the Formulation of Urban Densification Instruments in the Asunción

Metropolitan Area (AMA) with the Identification of Real Estate Opportunities in Relation to Employment Poles – Final Report (Product 3), Giménez Franco, 2025).

As a result, similar planning instruments do not produce uniform urban outcomes across Paraguay. Their effectiveness depends on the interaction between territorial characteristics, institutional capacity, governance arrangements, and local implementation conditions. Recognising these territorial and institutional contexts is therefore essential for designing place-based land management strategies capable of responding to local realities rather than relying on universal planning models. This reinforces the need to understand urban development as a context-dependent process in which territorial diversity shapes both policy implementation and development outcomes (Study of Urban Densification Instruments in the Asunción Metropolitan Area (AMA) Based on Urban Footprint, Growth Process and Densification Patterns, Goetz, 2024; Support for the Formulation of Urban Densification Instruments in the Asunción Metropolitan Area (AMA) with the Identification of Real Estate Opportunities in Relation to Employment Poles – Final Report (Product 3), Giménez Franco, 2025).

Dimension	Possible variations across territories	Influence on urban development outcomes
Territorial Context	Metropolitan areas, intermediate cities, rural municipalities	Shapes development needs, implementation priorities, and spatial opportunities.
Institutional Capacity	High, medium, or low technical, administrative, and financial capacity	Determines the ability to implement policies and sustain long-term development processes.
Governance Arrangements	Centralized, decentralized, metropolitan, or fragmented governance	Influences coordination, decision-making, and implementation effectiveness.
Land Conditions	Differences in land availability, ownership structures, land markets, and development patterns	Affect the feasibility and effectiveness of land management and urban development strategies.
Economic and Fiscal Context	Different investment dynamics, fiscal capacity, and market conditions	Shapes investment responses and the financial feasibility of development initiatives.

Table 01. Territorial and Institutional Factors Shaping Urban Development Outcomes

1.2 Governance and Institutional Architecture

Urban development outcomes are shaped not only by plans, regulations, and investments, but also by the governance and institutional systems through which decisions are made and implemented. As discussed in *Who Decides, and With What Capacity? The Governance Architecture Behind Land Outcomes* (Giménez Franco, P., 2026, Part 3), institutions influence how priorities are defined, how responsibilities are allocated, and how development objectives are translated into action.

Effective urban governance therefore depends not only on institutional responsibilities, but also on sustained coordination across sectors, agencies, and levels of government to translate planning objectives into coherent territorial outcomes.

Understanding urban development therefore requires examining not only what decisions are made, but also who makes them, through which institutional arrangements, and with what capacity to implement and coordinate action across different sectors and levels of government.

The relationship between governance and institutional architecture and urban development outcomes becomes particularly evident when examined through different national institutional contexts. The following Indian and Paraguayan contexts illustrate how governance arrangements influence the capacity to coordinate planning, allocate responsibilities, and translate development objectives into effective territorial outcomes.

Indian Context

In Indian cities, the challenge is not simply the absence of plans or instruments, but the fragmentation of responsibilities across institutions that plan, finance, execute, regulate, and maintain urban development. This chapter therefore shifts the analysis from land as an economic instrument to the governance arrangements that enable or constrain the translation of planning into development outcomes.

The constitutional basis for urban decentralisation in India was laid by the 74th Constitutional Amendment Act, 1992, which gave Urban Local Bodies constitutional status. However, the implementation of decentralisation has remained uneven, with many critical functions continuing to be controlled by state departments, development authorities, parastatals, and special-purpose agencies rather than elected municipal governments. This gap between constitutional intent and institutional reality is central to understanding why urban planning in India often remains disconnected from economic decision-making (Jha G., 2024).

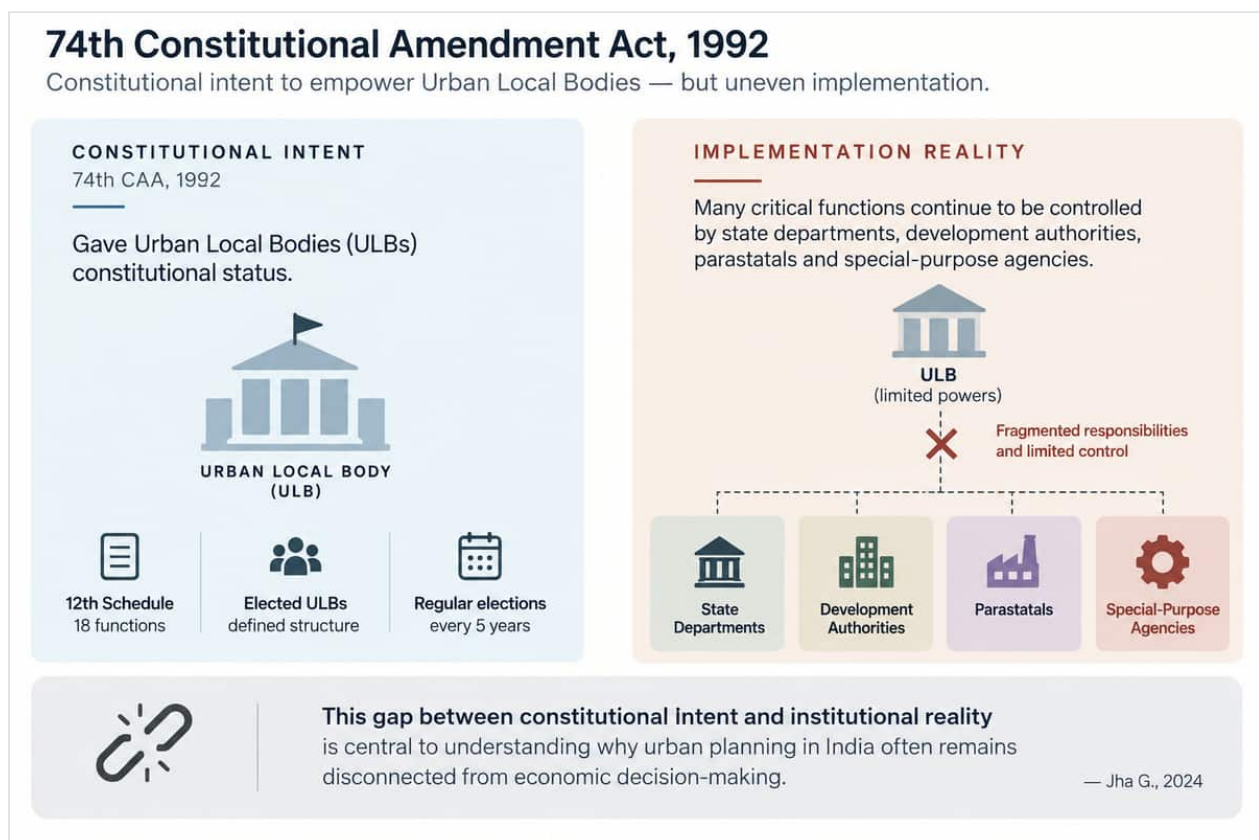


Figure 3. The 74th Constitutional Amendment Act, 1992: constitutional intent and implementation reality. Source: Author.

Paraguayan Context

Paraguay remains one of the latest countries in Latin America to undergo urbanisation. While this delayed urban transition has contributed to persistent territorial imbalances, it also provides an opportunity to anticipate urban challenges

and adopt more integrated governance approaches before current patterns of metropolitan expansion become further entrenched. Today, the country exhibits a markedly macrocephalic urban structure, with Greater Asunción concentrating its principal demographic, economic, institutional, and

administrative functions, while Ciudad del Este and Encarnación constitute the other two major urban poles. Beyond these agglomerations, the limited network of intermediate cities constrains regional economic diversification and reinforces territorial disparities (Development Plan for the Urban Strategy for Poverty Reduction and Social Development, Secretaría Técnica de Planificación, 2015). Within this context, Paraguay's urban challenges are shaped less by the absence of planning instruments than by the governance architecture through which urban development is coordinated and implemented.

As a unitary State that promotes decentralisation through its constitutional framework, Paraguay recognises municipalities as autonomous local governments with political, administrative, and financial autonomy under the Municipal Organic Law (Law No. 3966/2010). They are legally entrusted with responsibilities for urban planning, land-use regulation, infrastructure, and local development.

In practice, however, limited institutional, technical, and financial capacities, together with overlapping sectoral mandates and the absence of a metropolitan governance authority to coordinate planning and development across municipal boundaries (Support for the Formulation of Urban Densification Instruments in the Asunción Metropolitan Area (AMA) with the Identification of Real Estate Opportunities in Relation to Employment Poles – Final Report (Product 3), Giménez Franco, 2025), constrain the effective exercise of these responsibilities. This fragmented governance architecture weakens institutional coordination and limits the capacity of planning systems to guide coherent territorial development.

Although Paraguay has progressively strengthened its planning framework through municipal legislation, national urban strategies, and sectoral planning instruments, it still lacks a comprehensive national territorial planning law

capable of integrating these instruments within a shared territorial vision (Support for the Formulation of Urban Densification Instruments in the Asunción Metropolitan Area (AMA) with the Identification of Real Estate Opportunities in Relation to Employment Poles – Final Report (Product 3), Giménez Franco, 2025). Consequently, land management continues to be addressed through fragmented sectoral approaches rather than as an integrated territorial system linking governance, planning, infrastructure, housing, mobility, environmental management, and economic development. This institutional gap weakens policy coherence, constrains implementation capacity, and limits the ability to align public investment and urban development around land as the strategic platform through which territorial outcomes are produced. Recent metropolitan evidence—including continued low-density expansion and fragmented urban growth—reflects these structural governance limitations (Study of Urban Densification Instruments in the Asunción Metropolitan Area (AMA) Based on Urban Footprint, Growth Process and Densification Patterns, Goetz, 2024).

1.2.1 Decision-Making Structures

Urban development decisions are rarely concentrated within a single institution or actor. Instead, they emerge through decision-making structures involving multiple levels of government, public agencies, private actors, and other stakeholders with different mandates, interests, and responsibilities. As discussed in *Who Decides, and With What Capacity? The Governance Architecture Behind Land Outcomes* (Giménez Franco, P., 2026, Part 3), these structures influence how priorities are established, how resources are allocated, and how development objectives are translated into action.

The distribution of authority across institutions shapes not only decision-making processes but also the capacity to coordinate actions across sectors and territories. As a result, urban development outcomes are influenced not only by the quality of policies and plans, but also by the governance structures through which decisions are negotiated, implemented, and

sustained over time. When planning, infrastructure delivery, financing, and implementation are managed by different institutions with limited coordination, the capacity of planning systems to guide investment and achieve coherent territorial outcomes is significantly reduced.



Photo 3: Viaducto Madame Lynch, Asunción, Paraguay. © Overkill53, Wikimedia Commons, CC BY-SA 4.0.



Photo 4: Puente Héroes del Chaco, Asunción, Paraguay. © Overkill53, Wikimedia Commons, CC BY-SA 4.0.

The relationship between decision-making structures and urban development outcomes becomes particularly evident when examined through different national institutional contexts. The following Indian and Paraguayan contexts demonstrate how the distribution of authority, institutional responsibilities, and governance arrangements influence the capacity to coordinate decisions and translate planning objectives into effective territorial outcomes.

Indian Context

Urban development in India is marked by a layered institutional structure. Municipal corporations and municipalities are expected to provide basic services and maintain urban infrastructure, while land-use planning, infrastructure finance, transport systems, water utilities, housing, and regional development are frequently governed by separate institutions or departments. Development authorities may

prepare master plans; state departments may approve and finance projects; parastatal agencies may execute infrastructure; and municipal governments may ultimately inherit responsibility for operation and maintenance.

In practice, the institution preparing a city's plan is often not the institution controlling land, financing infrastructure, or managing implementation. This institutional fragmentation limits the ability of plans to guide investment decisions and can reduce planning to a procedural exercise.

The hierarchy of urban institutions in India also reflects a broader political economy of control. Although municipalities are constitutionally recognised, urban governance remains a state subject, and state governments retain decisive influence over municipal powers, finances, staffing, and planning legislation.

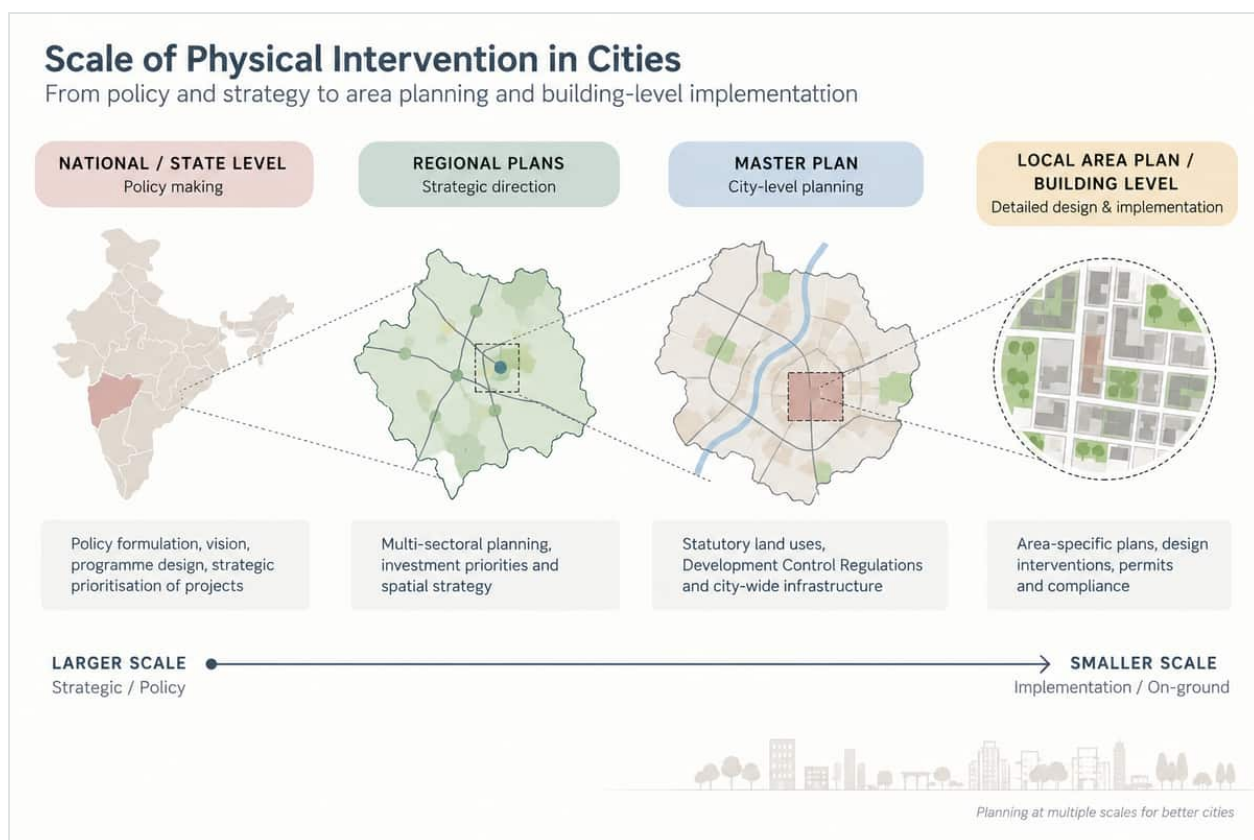


Figure 4. Scale of Physical Intervention in Cities: from policy and strategy to area planning and building-level implementation.

Source: Author.

Paraguayan Context

Urban development in Paraguay is also characterised by a multi-level decision-making structure in which responsibilities are distributed across national institutions, sectoral agencies, departmental governments, municipalities, public service providers, and private actors. Although municipalities are legally responsible for urban planning and land-use regulation, decisions affecting urban development—including infrastructure investment, housing, environmental management, transport, and major public works—are frequently shared across institutions with different mandates and decision-making powers. This institutional architecture requires continuous coordination to translate planning objectives into coherent territorial outcomes (Development Plan for the

Urban Strategy for Poverty Reduction and Social Development, Secretaría Técnica de Planificación, 2015).

In practice, the institutions responsible for preparing planning instruments are often not the same as those financing infrastructure, implementing projects, regulating strategic sectors, or managing land-related investments. This separation of responsibilities weakens the capacity of planning systems to influence investment decisions and frequently reduces planning instruments to regulatory documents with limited implementation capacity. The absence of a metropolitan governance authority further reinforces institutional fragmentation by limiting coordination across municipal boundaries (Support for the Formulation of Urban Densification Instruments in the Asunción Metropolitan Area (AMA) with the Identification

of Real Estate Opportunities in Relation to Employment Poles – Final Report (Product 3), Giménez Franco, 2025).

Although Paraguayan municipalities enjoy constitutional recognition as autonomous and self-governing local authorities, effective decision-making authority remains constrained by institutional, technical, financial, and administrative limitations, together with the continued influence of national sectoral institutions over key areas of urban development. Consequently, urban governance depends not only on the formal distribution of

responsibilities but also on the ability of institutions to coordinate decisions across sectors and levels of government. These governance structures ultimately shape how urban policies are implemented and sustained over time, producing different territorial outcomes despite operating under the same national legal framework (Support for the Formulation of Urban Densification Instruments in the Asunción Metropolitan Area (AMA) with the Identification of Real Estate Opportunities in Relation to Employment Poles – Final Report (Product 3), Giménez Franco, 2025).

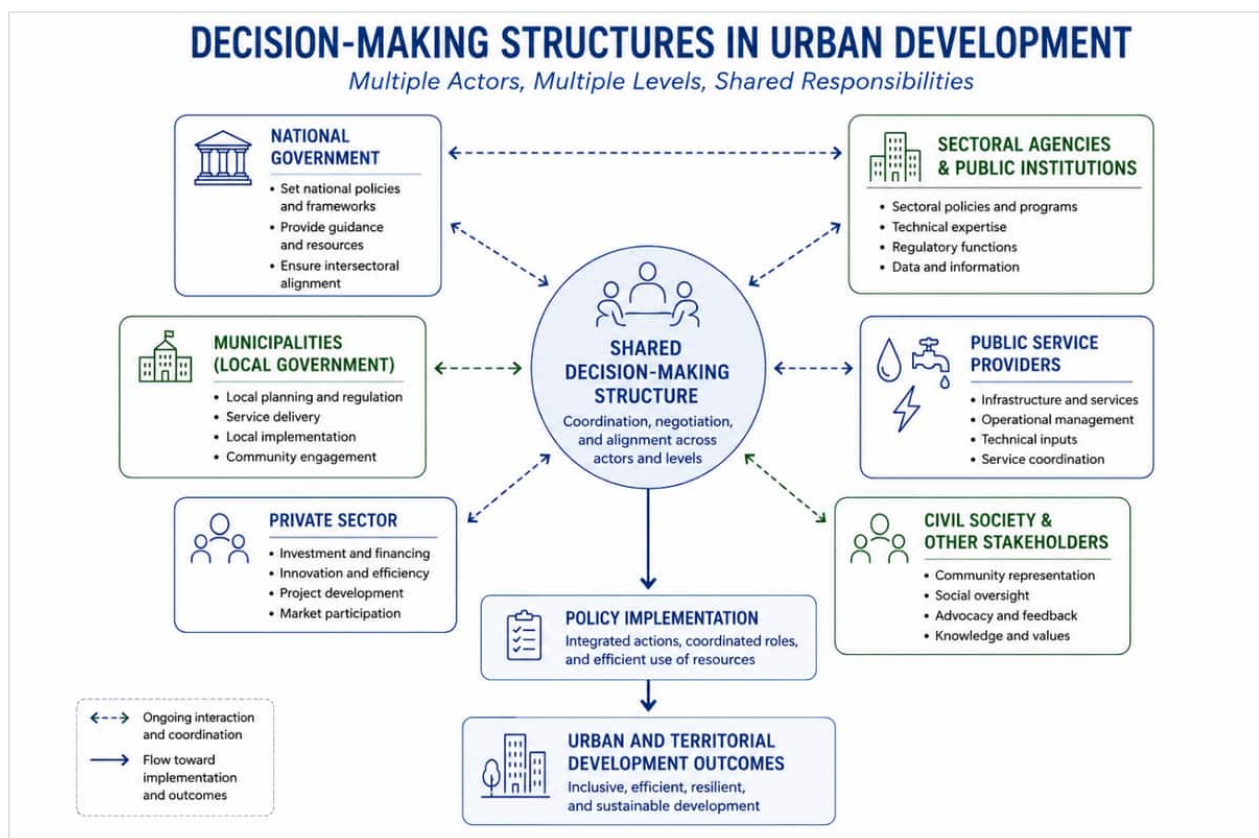


Figure 5. Governance and Decision-Making Structure: How Institutional Coordination Shapes Urban Development Outcomes

1.2.2 Capacity and Coordination Challenges

The effectiveness of decision-making structures depends not only on how authority is distributed, but also on the capacity of institutions to coordinate actions and sustain implementation over time. As discussed in *Who Decides*, and With

What Capacity? The Governance Architecture Behind Land Outcomes (Giménez Franco, P., 2026, Part 3), urban development outcomes are influenced by technical capacity, administrative continuity, access to information, and the ability of institutions to align objectives across sectors and levels of government.

The OECD (2025), *Governance of Place-Based Policies Now and in the Future*, likewise emphasizes that effective implementation depends on coordinated multi-level governance, institutional capacity, and clearly defined responsibilities across actors.

In many contexts, fragmentation extends beyond organizational arrangements. Planning, housing, transport, infrastructure, land management, and finance often operate under separate mandates, timelines, and priorities. As evidenced in *Government at a Glance: Latin America and the Caribbean 2024* (OECD, 2024), limitations in coordination, institutional capability, and strategic governance continue to constrain effective implementation across the region. These conditions can limit coordination, weaken implementation, and reduce the effectiveness of otherwise well-designed policies and interventions.

Understanding these challenges is essential because urban development outcomes are shaped not only by what institutions are expected to do, but also by their capacity to coordinate decisions, manage competing priorities, and maintain a coherent territorial vision over time.

Indian Context

Institutional capacity is often understood in administrative terms, such as staffing, technical expertise, or procedural efficiency. However, from the perspective of bridging planning and economic thinking, it must also be understood as economic capacity. A city's ability to assemble land, mobilise finance, negotiate with private actors, and implement planning decisions ultimately determines whether planning can generate sustainable urban and economic outcomes.

Weak institutional capacity has direct consequences for urban development. It limits coordination across sectors, weakens implementation, increases dependence on higher-level funding and project-based interventions, and reduces the ability of local governments to manage long-term territorial development.

In India, programmes such as JNNURM, AMRUT, and the Smart Cities Mission illustrate how project-based implementation can accelerate investment while also reinforcing fragmented governance when planning, financing, and implementation remain insufficiently coordinated. This highlights that effective urban development depends not only on financial resources, but also on institutional arrangements capable of integrating planning, governance, and implementation over time.



Photo 5: Revitalization of Chappan Dukaan market into a “Smart Food Street” in the city of Indore under Smart City Mission.
Source: Indore Smart City.

Paraguayan Context

Institutional capacity in Paraguay extends beyond the formal responsibilities assigned to public institutions. Effective urban development depends on the ability of national and local institutions to coordinate their respective responsibilities for planning, land management, infrastructure, housing, and public investment while respecting the constitutional autonomy of municipalities. In this sense, institutional capacity should be understood not only as administrative capability, but also as the capacity to integrate governance, planning, finance, and land management into coherent territorial action (Support for the Formulation of Urban Densification Instruments in the Asunción Metropolitan Area (AMA) with the Identification of Real Estate Opportunities in Relation to Employment Poles – Final Report (Product 3), Giménez Franco, 2025).

Where institutional capacity is limited, the consequences extend beyond administrative performance. Weak coordination across sectors, discontinuity in planning processes, limited technical and financial resources, and fragmented institutional mandates reduce the capacity to implement long-term urban strategies. At the national level, responsibilities for urban development are also distributed across multiple institutions. While the Ministry of Urbanism, Housing and Habitat (MUVH) leads national housing and urban policy, the Ministry of Public Works and Communications (MOPC) is responsible for selected urban development and infrastructure projects, and the Ministry of Economy and Finance (MEF)—through functions formerly exercised by the Technical Secretariat for Planning (STP)—has historically been responsible for territorial planning instruments and local planning processes, including Ordenamiento Territorial.

This institutional distribution reinforces the need for sustained coordination around a shared territorial vision. These conditions increase dependence on sector-specific investments and isolated projects while limiting the ability of municipalities to guide coherent territorial development and sustain integrated urban policies over time (Development Plan for the Urban Strategy for Poverty Reduction and Social Development, Secretaría Técnica de Planificación, 2015).

Recent experience in Paraguay demonstrates that urban investment alone is insufficient to produce coherent territorial outcomes when planning, financing, infrastructure delivery, and implementation remain institutionally fragmented. Strengthening urban development therefore requires not only greater financial

resources, but also institutional arrangements capable of coordinating decisions across sectors and levels of government over the long term. This, in turn, calls for institutional missions and governance frameworks that are better aligned around shared territorial objectives, enabling planning, investment, and implementation to operate as mutually reinforcing components of urban development rather than as fragmented sectoral functions (Study of Urban Densification Instruments in the Asunción Metropolitan Area (AMA) Based on Urban Footprint, Growth Process and Densification Patterns, Goetz, 2024; Support for the Formulation of Urban Densification Instruments in the Asunción Metropolitan Area (AMA) with the Identification of Real Estate Opportunities in Relation to Employment Poles – Final Report (Product 3), Giménez Franco, 2025).

1.3 Public Finance and Market-Shaping Dynamics

Urban development is influenced not only by planning and governance systems, but also by the financial mechanisms and market dynamics that shape investment decisions. As discussed in Public Finance and Private Investment: Designing Signals That Shape Urban Markets (Giménez Franco, P., 2026, Part 4), public finance and private investment play a central role in

determining how development opportunities are created, distributed, and implemented across territories.

Understanding urban development therefore requires examining how financial signals influence the behaviour of public and private actors, how investment decisions are shaped, and how these dynamics contribute to territorial outcomes.



Photo 6: Aerial view of the Costanera Avenue, Asunción, Paraguay. © Cmasi, Wikimedia Commons, CC BY-SA 4.0.

Urban development is supported through multiple and interconnected financing channels, including public finance, development finance, market-based instruments, and private finance. Rather than operating independently, these mechanisms interact according to institutional capacity, project characteristics, financial risks, and territorial priorities, shaping both investment decisions and development outcomes.

1.3.1 Role of Financial Signals

Financial systems do more than provide resources for development. They also generate signals that influence where investment occurs, which projects become viable, and how land and urban assets are valued. As discussed in *Public Finance and Private Investment: Designing Signals That Shape Urban Markets* (Giménez Franco, P., 2026, Part 4), public investment

decisions, infrastructure provision, taxation mechanisms, incentives, and financing instruments all contribute to shaping the behaviour of market actors.

These signals influence development patterns by affecting expectations, opportunities, and risks. As a result, financial decisions play an important role in shaping urban growth, land development, and territorial transformation.

It is also important to distinguish between funding and financing. While funding refers to the ultimate source of repayment, financing provides the upfront capital required to implement projects before those revenues are generated. This distinction helps explain how financial mechanisms influence the feasibility, sequencing, and implementation of urban development.

As discussed in *Value Capture and Land Policies* (Lincoln Institute of Land Policy, 2012), public investments and regulatory decisions can generate land-value increments that, when appropriately captured, reinforce the fiscal capacity required to sustain urban development.

The OECD (2022), *Global Compendium of Land Value Capture Policies*, shows that land-value capture instruments operate most effectively when financial mechanisms are aligned with governance arrangements, legal frameworks, and institutional capacity. As documented in the OECD's *Global Compendium of Land Value*

Capture Policies (2022), public investment and land-use regulation influence land values while institutional capacity largely determines whether those gains can be mobilized for public purposes.

As noted by the Inter-American Development Bank in *The Potential of Land Value Capture for Financing Urban Projects: Methodological Considerations and Case Studies* (2017), infrastructure investments generate measurable land-value effects that can become an additional source of urban financing when supported by appropriate institutional mechanisms.



Photo 7: Business district skyline, Asunción, Paraguay. © Cmasi, Wikimedia Commons, CC BY-SA 4.0.

1.3.2 Interaction with Private Investment

Private investment represents a major force shaping urban development outcomes. However, investment decisions do not occur independently from public policies, governance arrangements, infrastructure provision, and regulatory frameworks. As discussed in *Public Finance and Private Investment: Designing Signals That Shape Urban Markets* (Giménez Franco, P., 2026,

Part 4), public and private actors continuously influence one another through a combination of incentives, constraints, risks, and opportunities.

Understanding this interaction is important because urban development outcomes emerge not from public objectives or private interests considered independently, but from the relationship between them. The way institutions design financial signals, regulatory frameworks, and investment conditions can influence how private capital responds and how development unfolds across different territorial contexts.



Photo 8: Business District skyline, Asunción, Paraguay. © Cmasi, Wikimedia Commons, CC0 1.0.

The interaction between public and private investment also depends on the financial capacity of institutions. Concepts such as bankability and creditworthiness influence whether cities and projects can attract long-term capital, affecting not only investment flows but also the implementation of planning objectives.

Similarly, Public-Private Partnerships should be understood not merely as financing mechanisms but as governance arrangements that distribute risks, responsibilities, incentives, and long-term

obligations between public and private actors. Their effectiveness therefore depends on appropriate institutional capacity and regulatory frameworks.

Ultimately, public finance does more than fund urban development. It shapes what becomes feasible, attractive, and politically prioritised, influencing how planning objectives are translated into investment decisions and territorial outcomes.

Analytical dimension	Central question	Main focus	Role within the integrated framework
Land Management	How are policy objectives translated into territorial outcomes?	Land governance, implementation, territorial context	Serves as the operational interface through which policies, investments, and governance decisions materialize in the territory.
Governance & Institutional Architecture	Who decides, through which institutional arrangements, and with what capacity?	Decision-making structures, coordination, institutional capacity	Shapes how priorities are established, responsibilities are allocated, and development objectives are implemented and sustained.
Public Finance & Market-Shaping Dynamics	How do financial signals influence urban development?	Public finance, private investment, market incentives	Influences investment behaviour, land markets, and the financial conditions that shape urban development outcomes.

Table 02. Building Blocks of the Integrated Political Economy Framework



Chapter Two

“Best Practices”

Bus Rapid Transit System (BRTS) corridor amid modern office development, Ahmedabad, India. © Ranjeet Chauhan, Pexels, Pexels License.

2.1 Why Replication Fails

The discussion developed throughout Chapter 1, including the contrasting Indian and Paraguayan contexts has shown that urban development outcomes emerge from the interaction between land governance, institutional structures, decision-making processes, public finance, and private investment. These dimensions do not operate independently; rather, they interact within specific territorial and institutional contexts, shaping how policies are interpreted, implemented, and translated into outcomes. Building directly on this integrated perspective, this leads to a fundamental question: if similar planning approaches, policy instruments, and financial mechanisms are implemented across different cities, why do they often produce markedly different outcomes, even when they are based on the same underlying principles?

The concept of best practices has traditionally promoted the transfer of successful urban experiences from one context to another, assuming that policies and instruments proven effective in one territory can be replicated elsewhere with similar results. However, this assumption overlooks the fact that urban development is inherently place-dependent. As argued in *Why Do the Same Policies Produce Different Outcomes? A Place-Based Perspective* (Giménez Franco, P., 2026, Part 5) and *Why "Best Practices" Fail Across Territories: The Case for Place-Based Political Economy* (Giménez Franco, P., 2026, Part 6), the same policies often produce different outcomes across diverse territorial, institutional, economic, and political contexts.

Urban policies and financial instruments operate within complex and dynamic environments. Their implementation is shaped by different territorial, institutional, economic, political, regulatory, and fiscal contexts and conditions, as well as by the

incentives influencing both public and private actors. Consequently, the effectiveness of any policy depends not only on its technical design but also on the context in which it is embedded. Instruments that perform successfully in one city may therefore generate limited, unintended, or even contradictory outcomes when transferred to another territory without adaptation.

The challenge of policy replication lies not in the instruments themselves, but in understanding the context in which they are implemented. Even well-designed policies may produce different outcomes when implemented without adequately considering the urban and territorial context and the institutional conditions that shape their implementation.

The limitations of replication become clearer when the institutional foundations of frequently cited practices are examined. Ahmedabad's Town Planning Schemes depend on compatible land legislation, cadastral systems, administrative capacity, and mechanisms for negotiating with landowners. Singapore's land governance model reflects the distinctive conditions of a city-state with extensive public control of land and strong institutional coordination. Medellín's integrated urban interventions relied on sustained political leadership, public investment, and interinstitutional coordination, while municipal bond initiatives require fiscal credibility, project structuring, and investor confidence. These conditions form part of the practices themselves and cannot be separated from the outcomes they produced.

The following examples illustrate that urban practices cannot be understood independently of the territorial, institutional, governance, and financial conditions in which they operate.

Case	Land	Finance	Governance	Territory	Key institutional lesson
Ahmedabad, India Town Planning Schemes	Land is pooled, reconstituted, and partly reserved for public purposes.	Infrastructure costs are partly recovered through betterment and land value gains.	Requires statutory planning authority and negotiation with landowners.	Works in expanding urban peripheries where land readjustment is feasible.	How land can become the operational bridge between planning and economic outcomes, while also revealing inclusion limits.
Indore, India Green municipal bonds	Land supports renewable infrastructure linked to water supply operations.	Green municipal bonds mobilise market finance through a cost-saving logic.	Requires credible municipal financial management and investor confidence.	Responds to local service geography: long-distance water pumping from Jalud.	How finance can convert recurring municipal costs into climate-aligned infrastructure investment.
Medellín, Colombia Integrated Urban Projects	Land and public space are used to reconnect underserved neighbourhoods.	Public investment is territorially targeted toward underserved areas.	Strong interinstitutional coordination supports mobility, social infrastructure, and public space.	Targets underserved hillside settlements and socio-spatial inequality.	Shows that integration must include redistribution, not only value creation and market finance.
Singapore Land Governance & Long-Term Planning	State land ownership and land administration support planned development.	Land auctions and value capture help finance infrastructure and public goods.	Strong institutional clarity links planning, land administration, and implementation.	City-state context with scarce land and high institutional capacity.	Demonstrates how long-term institutional alignment enables the integration of land governance, infrastructure investment, and public finance.

Table 03. Comparative analysis of selected international cases

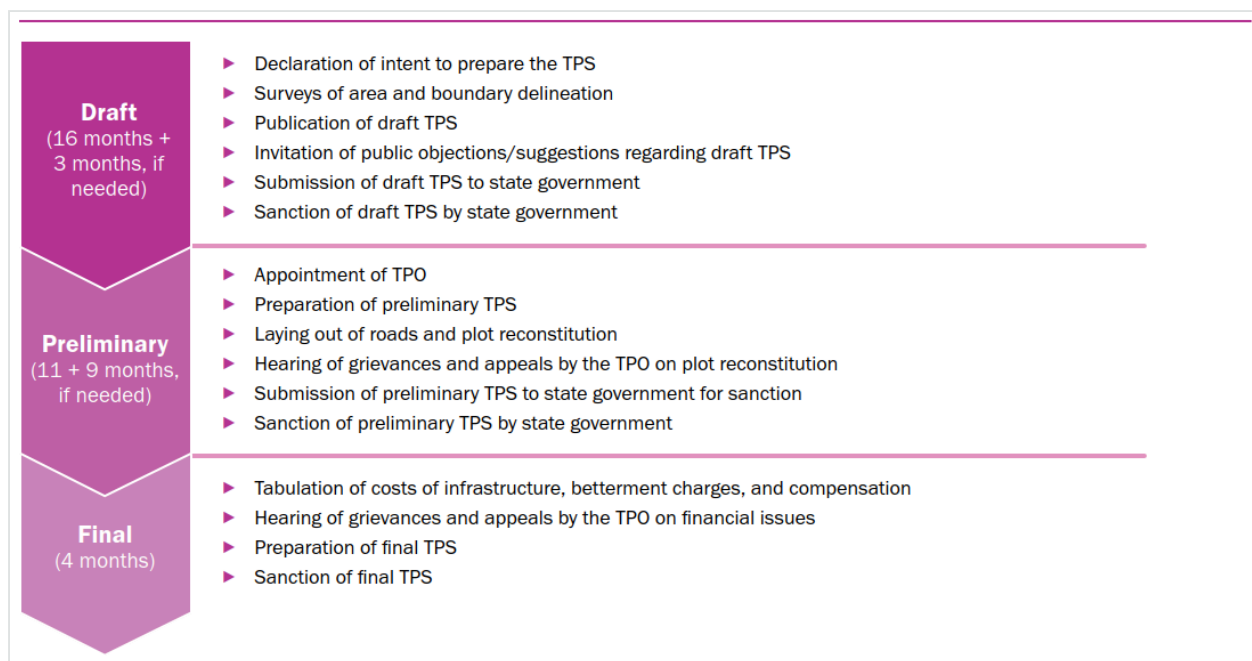


Figure 6. TP Scheme Process and Timelines. Source: [Ahmedabad: Town Planning Schemes for Equitable Development—Glass Half Full or Half Empty?](#) | [World Resources Institute](#)

The objective, therefore, is not to replicate best practices mechanically, but to understand the principles that underpin their success and assess how they interact with the specific characteristics of each territory. This requires an integrated analysis of the urban context, considering not only its spatial and physical conditions, but also its institutional, governance, economic, financial,

political, social, and cultural dimensions. Best practices should therefore be understood as reference frameworks rather than universal models, providing transferable principles that must be carefully adapted to the realities of each place. This perspective provides the foundation for the place-based approach developed in the following section.

2.2 Need for Place-Based Approaches

Similar urban policies and financial instruments often produce different outcomes because they are implemented within specific urban-territorial contexts. Their results are shaped by the way territorial, and institutional conditions influence how instruments are interpreted, how actors respond, and how decisions are implemented.

This means that instruments must be adapted to the contexts in which they operate, or designed to address gaps within those contexts, as discussed in *Why Do the Same Policies Produce Different Outcomes? A Place-Based Perspective* (Giménez Franco, P., 2026, Part 5).



Photo 9: View of Asunción from Herrera neighbourhood, Asunción, Paraguay. © Overkill53, Wikimedia Commons, CC0 1.0.

As argued by the OECD in *Place-Based Policies for the Future* (2025), policies achieve stronger outcomes when they respond to differentiated territorial conditions, local assets, and institutional capacities rather than relying on uniform approaches.

A place-based approach starts with the recognition that context has both territorial and institutional dimensions. At the territorial level: land structure, location, infrastructure, accessibility, and urban form shape how policies and investments translate into development. At the institutional level: governance arrangements, regulatory frameworks, coordination capacity, and decision-making structures influence how those policies are implemented and sustained over time.

Consequently, territorial diagnosis should precede instrument selection. The suitability of planning, governance, and financing instruments depends on the specific characteristics of each territory and its institutional conditions. Instruments that perform effectively in one context may prove inappropriate in another if differences in land structures, institutional capacity, fiscal conditions, or governance arrangements are not adequately considered.

The OECD (2025), *Place-Based Policies for the Future*, similarly highlights that territorial characteristics and institutional arrangements jointly determine the effectiveness of place-based policy interventions.



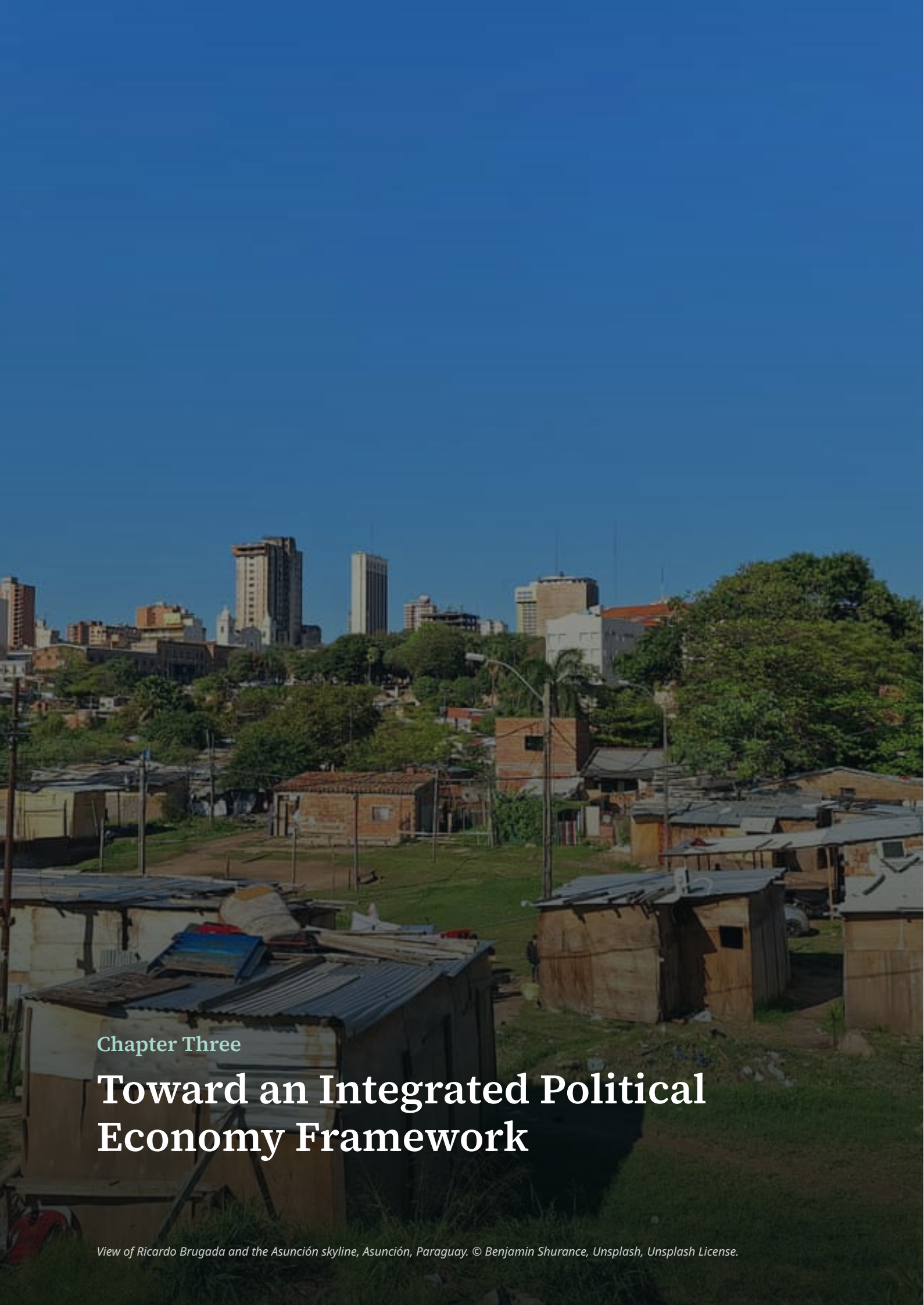
Photo 10: Skyline of the new centre of Asunción, Paraguay. © Overkill53, Wikimedia Commons, CC BY-SA 4.0.

This approach also requires understanding how public agencies, private investors, and communities respond to different incentives and constraints. Policy implementation is therefore shaped not only by the instrument itself, but by the interaction between territorial conditions, institutional capacity, stakeholder incentives, and governance arrangements. When these dimensions are not aligned, even well-designed interventions can generate unintended outcomes.

As Walker and Nolan argue in *Why Local Economic Evidence Has Become Essential for Stakeholder Decision-Making* (Oxford Economics, 2026), place-based decisions require geographically specific evidence that reflects local economic structures, stakeholder incentives, and distributional outcomes.

For this reason, best practices should be understood as reference frameworks rather than universal models. Their value lies in the principles they provide, not in their direct replication. Applying them effectively requires adapting those principles to the specific characteristics, capacities, and conditions of each urban-territorial context. This shifts the focus from replication toward understanding how territorial conditions, institutional contexts, governance arrangements, stakeholder incentives, and financial dynamics interact in practice, as argued in *Why "Best Practices" Fail Across Territories: The Case for Place-Based Political Economy* (Giménez Franco, P., 2026, Part 6).

A place-based approach therefore provides the conceptual bridge to the following chapter, which develops an integrated framework linking land governance, institutional capacity, public finance, private investment, and territorial context.



Chapter Three

Toward an Integrated Political Economy Framework

View of Ricardo Brugada and the Asunción skyline, Asunción, Paraguay. © Benjamin Shurance, Unsplash, Unsplash License.

3.1 Aligning Land, Finance, Governance, and Territory

The previous chapters have progressively shown that urban development outcomes cannot be adequately explained through isolated sectoral perspectives. Chapter 1 examined how land governance, institutional structures, decision-making processes, public finance, and private investment interact throughout the development process. Chapter 2 further demonstrated that policies and financial instruments do not produce uniform outcomes because they are implemented within distinct territorial and institutional contexts. Together, these discussions establish the need for an integrated framework capable of explaining how these dimensions operate collectively rather than independently.

This integrated political economy framework does not introduce new components to urban development. Instead, it provides a coherent analytical perspective for understanding the relationships among dimensions that are frequently examined separately. Rather than treating land governance, institutional arrangements, public finance, private investment, and territorial context as independent variables, the framework considers them as mutually reinforcing elements that continuously shape urban development outcomes.

Accordingly, the framework may be understood as a planning-led institutional system in which urban development outcomes improve when land-based value creation, finance mechanisms, governance capacity, and territorial priorities are aligned. Rather than introducing additional components, it emphasizes the coherence of their interaction as the basis for more effective urban development.

Within this perspective, land provides the territorial interface through which policies, governance arrangements, and investment decisions materialize. Institutional structures define how authority is distributed, how decisions are coordinated, and how implementation capacity is organized. Public finance generates the financial signals that influence expectations, shape market behaviour, and guide investment decisions. Private investment responds to these signals within regulatory and institutional environments that influence opportunities, risks, and expected returns. Territorial context conditions how these interactions unfold, reflecting differences in land structure, infrastructure, accessibility, governance capacity, and broader institutional settings.

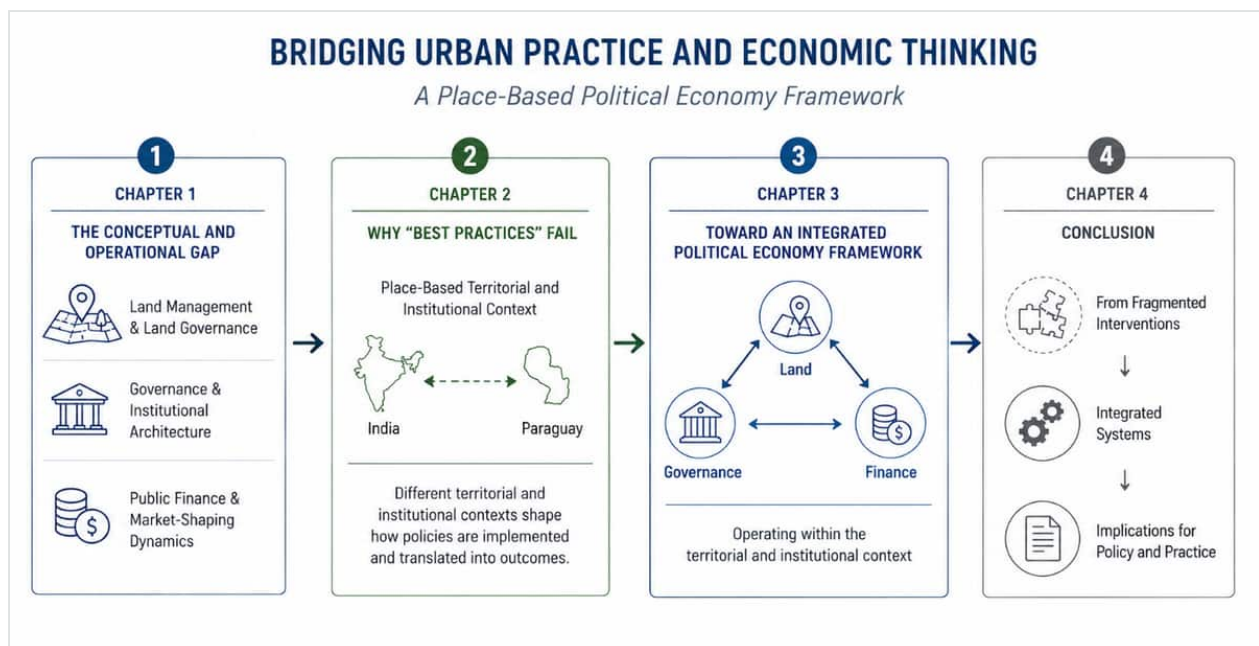


Figure 7. Bridging Urban Practice and Economic Thinking: A Place-Based Political Economy Framework

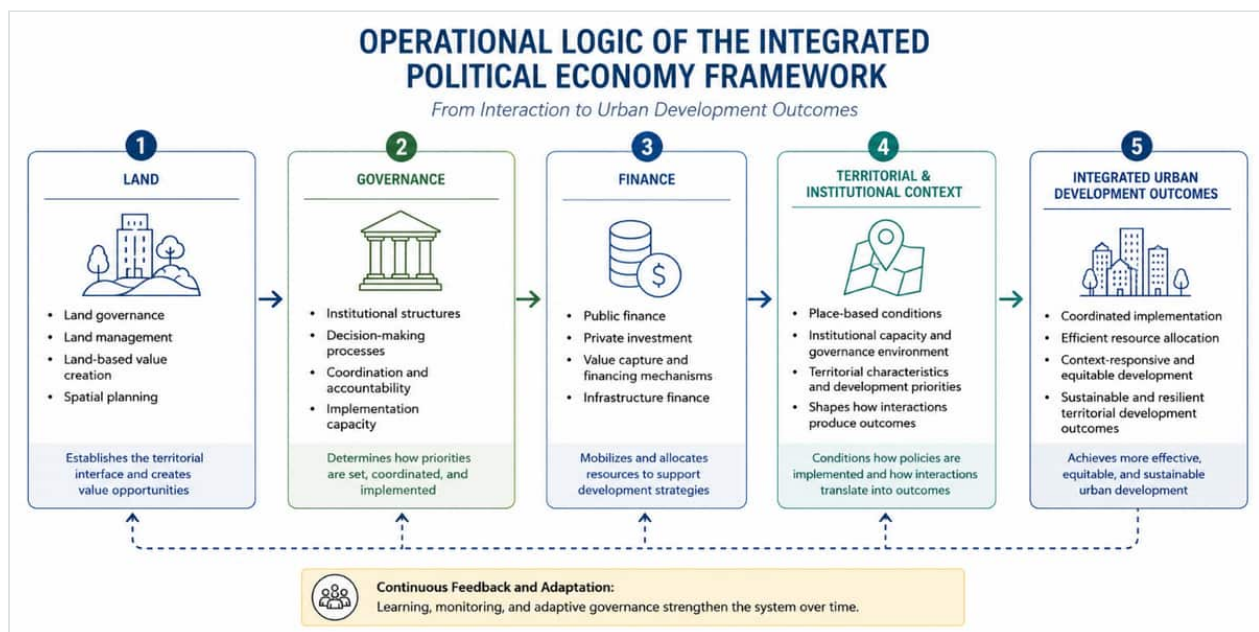


Figure 8. Operational Logic of the Integrated Political Economy Framework

The framework therefore emphasizes that urban development emerges from the interaction of these dimensions rather than from the independent performance of any single component. Changes in one dimension influence the others. Public investment decisions affect land values and market expectations; governance arrangements shape the effectiveness of planning and implementation;

institutional capacity influences coordination across sectors; and territorial conditions mediate how policies and financial instruments are translated into development outcomes. Understanding these interdependencies provides a more comprehensive explanation of how urban systems evolve over time.

From this perspective, integration should not be understood simply as improved coordination among sectors. Similarly, *Transforming Habitats and Cities: Towards Urban Development in Latin America and the Caribbean* (Economic Commission for Latin America and the Caribbean (ECLAC), 2023) emphasizes that sustainable urban development depends on the coordinated integration of housing, land, governance, finance, and territorial policies rather than fragmented sectoral action. Instead, it requires recognising that planning, governance, finance, investment, and territorial development are part of the same urban system. Decisions made within one domain inevitably generate consequences across the others. An integrated political economy framework therefore offers a means of examining these relationships systematically, providing a common analytical

structure through which urban development can be understood as the product of interconnected institutional, territorial, and economic processes rather than as the outcome of isolated interventions. This perspective consolidates the central arguments developed throughout the publication and provides the conceptual foundation for a systemic understanding of urban development developed in the following subsection.

The Economic Commission for Latin America and the Caribbean (ECLAC, 2023), in *Transforming Habitats and Cities: Towards Urban Development in Latin America and the Caribbean*, similarly frames urban development as requiring the coordinated interaction of housing, land, finance, governance, and sustainability rather than isolated sectoral interventions.

3.2 Systemic Perspective

The integrated political economy framework proposed in this publication ultimately adopts a systemic perspective on urban development. Rather than interpreting planning, governance, finance, investment, and territorial development as sequential or independent domains, it views them as interdependent components of a single urban system whose interactions continuously shape development outcomes.

This perspective shifts the analytical focus from individual policy instruments or institutional arrangements toward the relationships through which they influence one another over time.

Within this system, no single dimension operates in isolation or determines outcomes independently. Land governance, institutional structures, decision-making processes, public finance, private investment, and territorial context continuously interact through reciprocal relationships. Planning decisions influence financial priorities; public finance shapes investment expectations; governance

arrangements affect implementation capacity; institutional structures determine how decisions are coordinated; and territorial conditions influence how these interactions materialize in practice. Urban development outcomes therefore emerge from the cumulative effects of these interconnected processes rather than from any individual intervention considered separately.

Viewing urban development through a systemic perspective also helps explain why fragmented interventions frequently fail to achieve their intended objectives. From this perspective, integrated urban systems not only coordinate planning, governance, finance, and territorial development but also strengthen the capacity to create, capture, redistribute, and reinvest the value generated through urban development. These reinforcing processes help sustain implementation over time while linking public action more directly to long-term territorial outcomes.

Policies designed within sectoral boundaries may perform well within their respective domains while producing unintended consequences elsewhere in the urban system. Similarly, improvements in one component cannot fully compensate for weaknesses in others. Well-designed planning instruments cannot overcome fragmented governance arrangements; effective public investment cannot consistently achieve intended outcomes without coherent land governance; and institutional reforms alone cannot substitute for coordinated interactions between governance, finance, investment, and territorial development. The effectiveness of individual components therefore depends on the coherence of the system within which they operate.

This perspective reinforces the central argument developed throughout the publication: urban development should not be understood as the result of isolated technical, financial, or institutional decisions, but as the product of an integrated system shaped by the continuous interaction between territorial, institutional,

governance, and economic dimensions. Adopting a systemic perspective provides a more comprehensive basis for analysing how urban development is produced and for understanding why similar interventions generate different outcomes across contexts. Rather than seeking universally applicable models, the framework encourages analysis of the relationships, interactions, and conditions through which urban systems evolve.

The integrated political economy framework presented in this chapter therefore provides the conceptual synthesis of the publication. By bringing together the relationships among land governance, institutional capacity, public finance, private investment, and territorial context within a single analytical framework, it offers a coherent perspective for understanding how urban development is shaped in practice. Building on this synthesis, the concluding chapter considers the broader implications of moving from fragmented interventions toward more integrated approaches to urban policy and practice.



Chapter Four

Conclusion

4.1 From Fragmented Interventions to Integrated Systems

The analysis developed throughout this publication has argued that urban development cannot be adequately understood through isolated sectoral perspectives. Rather, development outcomes emerge from the continuous interaction between land governance, institutional structures, decision-making processes, public finance, private investment, and territorial context. Examining these dimensions independently provides only a partial explanation of how cities and territories evolve. The integrated political economy framework developed in Chapter 3 brings these relationships together within a coherent analytical perspective, demonstrating that urban development is fundamentally a systemic process.

This perspective also helps explain many of the persistent challenges discussed throughout the publication. Fragmented governance arrangements, sector-specific planning, disconnected financial decisions, and limited institutional coordination are not isolated weaknesses but manifestations of a broader lack of integration across the urban system. As the preceding chapters have shown, interventions designed without considering these interdependencies frequently produce unintended consequences, reinforcing rather than reducing territorial fragmentation.

Moving from fragmented interventions toward integrated systems therefore requires more than improving individual policies or institutions. It requires recognising that planning, governance, finance, investment, and implementation are mutually dependent components of the same development process. An integrated systems perspective also emphasizes that urban development should strengthen the capacity not

only to coordinate these dimensions but also to create, capture, redistribute, and reinvest the value generated through public action. In this way, integration contributes to reinforcing both territorial development and the institutional capacity needed to sustain it over time.

Strengthening one dimension while neglecting the others is unlikely to produce coherent territorial outcomes. More durable improvements depend on strengthening the relationships among these dimensions so that decisions become better aligned across sectors, institutions, and territorial contexts.

An integrated systems perspective also reinforces the importance of place-based approaches. Because urban systems operate within different territorial and institutional contexts, integration cannot be achieved through standardized models alone. The same planning instruments, governance arrangements, or financial mechanisms may produce different outcomes depending on the characteristics of the territories in which they are implemented. Consequently, integrated urban development requires understanding not only the components of the system but also the context within which their interactions occur.

The framework presented in this publication does not propose a universal model for urban development. Instead, it offers an analytical perspective that can support more integrated approaches to policy formulation, institutional coordination, and implementation. By examining urban development through the interaction of land governance, institutional structures, public finance, private investment, and territorial context, it provides a broader basis for understanding how development outcomes are produced and why they differ across places.

4.2 Implications for Policy and Practice

For policy-makers, the framework highlights the importance of moving beyond sectoral decision-making toward greater alignment between planning, governance, finance, and implementation. Policies are more likely to achieve their intended objectives when they are developed with an understanding of how these dimensions interact throughout the urban system rather than being designed as independent interventions.

For institutions, the framework underscores the importance of coordination, implementation capacity, and coherent decision-making structures. Institutional effectiveness depends not only on technical expertise or formal responsibilities but also on the ability to coordinate actions across sectors and levels of government while maintaining a shared territorial perspective. Strengthening these relationships contributes to more coherent implementation and greater consistency between policy objectives and territorial outcomes.

For professional practice, the publication suggests that urban development should increasingly be approached through interdisciplinary perspectives that connect planning, governance, finance, investment, and territorial analysis. This also requires recognising how planning decisions influence the creation of urban value, how institutional arrangements

determine its capture and distribution, and how public policies can reinvest that value to strengthen long-term territorial development. Integrating these dimensions expands the capacity of professional practice to connect spatial, institutional, and economic considerations within a coherent analytical framework. Such integration expands the analytical capacity to understand complex urban systems and supports more informed decision-making throughout the development process.

Ultimately, bridging urban practice and economic thinking is not simply an academic exercise. It represents a means of improving how urban development is understood, analysed, and implemented. By bringing together the relationships among land governance, institutional capacity, public finance, private investment, and territorial context within an integrated political economy framework, this publication contributes to a more comprehensive understanding of the processes that shape cities and territories. Rather than offering a universal model, it provides an analytical framework through which these interactions can be understood across different territorial and institutional contexts. It is hoped that this perspective will support continued dialogue, research, and practice aimed at developing more coherent, place-based, and integrated approaches to urban development.

Audience	Key Implication
Policy-makers	Move beyond sectoral decision-making by aligning planning, governance, finance, and implementation within an integrated urban system.
Institutions	Strengthen coordination, implementation capacity, and coherent decision-making across sectors and levels of government.
Professional Practice	Adopt interdisciplinary approaches that connect planning, governance, finance, investment, territorial analysis, and the creation, capture, redistribution, and reinvestment of urban value.

Table 04. Implications of the Integrated Political Economy Framework for Urban Practice

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