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INSIGHT ARTICLE

SAME POLICIES, DIFFERENT CITIES

Understanding Divergent Urban Outcomes

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



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ABSTRACT

This article explores why similar urban policies and financial instruments produce different outcomes across cities. It argues that results are shaped by territorial and institutional contexts, including governance capacity, decision-making structures, and stakeholder incentives. The piece highlights how variations in governance arrangements influence how policies are implemented and materialized in space.

KEY CONCEPTS



KEYWORDS

Urban Policy / Institutional Capacity / Governance / Public Finance / Territorial Context

Introduction

Urban policies and financial instruments that appear technically sound often produce markedly different outcomes when implemented across different cities. Rather than reflecting differences in policy design alone, these variations are shaped by the territorial and institutional contexts through which policies are translated into practice. Consequently, urban policies and financial instruments are often treated as transferable models expected to generate similar outcomes across different cities, despite major territorial and institutional differences.

In this context, instruments related to infrastructure investment, land value capture, urban redevelopment, zoning reforms, or public-private partnerships are frequently implemented under assumptions of transferability. However, comparable policies often produce very different territorial, economic, and governance outcomes once implemented across different contexts.

THIS RAISES A CENTRAL QUESTION:

why do similar urban policies work effectively in some cities while generating uneven implementation, fragmentation, or unintended territorial effects in others?

Policy outcomes depend not only on technical design, but also on governance coordination, institutional capacity, and the ability to adapt interventions to territorial realities. This perspective suggests that urban policies should be understood through the interaction between territorial conditions, governance arrangements, land systems, public finance, and market dynamics rather than through policy design alone. As discussed in *Bridging Urban Practice and Economic Thinking* (Giménez Franco, P., 2026, Part 1) and *Land Management as the Missing Link between Urban Policy and Economic Outcomes* (Giménez Franco, P., 2026, Part 2), land provides the interface through which governance systems, infrastructure investment, public finance, and market responses are translated into territorial outcomes. The *Place-Based Policies for the Future* (OECD, 2025) emphasizes that policy outcomes depend not only on technical design but also on governance coordination, institutional capacity, and the ability to adapt interventions to territorial realities.

This discussion becomes increasingly relevant in rapidly urbanizing regions, where differentiated territorial conditions, uneven governance capacity, and institutional asymmetries continue to shape urban development trajectories. *Transforming Habitats and Cities* (ECLAC, 2023) highlights how fragmented urbanization patterns and governance inequalities remain central challenges across Latin America and the Caribbean.

Rather than evaluating policies only through formal design, this article examines how territorial conditions, governance capacity, stakeholder incentives, and implementation dynamics shape divergent outcomes across cities. It argues that understanding these interactions is essential for explaining why similar urban interventions generate different territorial outcomes across different contexts.

WHY SIMILAR URBAN POLICIES PRODUCE DIVERGENT OUTCOMES

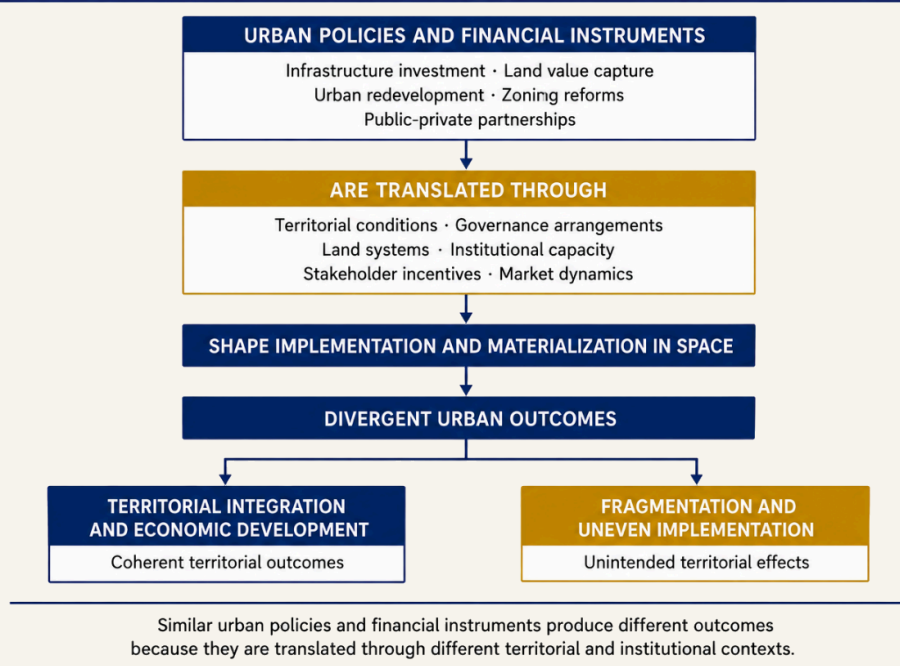


Figure 01. Why Similar Urban Policies Produce Divergent Outcomes

Source: Elaborated by Patricia Giménez Franco (2026).

01

SECTION 01

Policy Instruments vs. Context

Land systems do not simply receive policies passively; they transmit and amplify decisions through markets, governance arrangements, and investment dynamics.

Across international urban policy debates, similar instruments related to land value capture, infrastructure investment, redevelopment, and public-private partnerships are frequently promoted as replicable “best practices.” However, comparable policies often produce very different outcomes once implemented across different territorial and institutional contexts.

Place-Based Policies for the Future (OECD, 2025) emphasizes that effective implementation depends on governance coordination, institutional capacity, and the ability to adapt interventions to territorial realities.

This becomes particularly relevant in land-related policies. *Bridging Urban Practice and Economic Thinking* (Giménez Franco, P., 2026, Part 1) and *Land Management as the Missing Link between Urban Policy and Economic Outcomes* (Giménez Franco, P., 2026, Part 2) argue that land systems do not simply receive policies passively; they transmit and amplify decisions through markets, governance arrangements, and investment dynamics.

The same infrastructure investment or regulatory instrument may therefore produce different outcomes depending on governance structures, enforcement capacity, land market dynamics, and institutional coordination. In some contexts, policies may support territorial integration and economic development. In others, they may intensify fragmentation, speculative pressures, or uneven implementation.

Global Compendium of Land Value Capture Policies (OECD/Lincoln Institute, 2022), *The Potential of Land Value Capture for Financing Urban Projects* (IDB, 2017) and *Implementing Value Capture in Latin America* (Lincoln Institute, 2013) similarly show that the effectiveness of land value capture instruments depends heavily on enabling institutional frameworks, governance arrangements, and implementation capacity rather than on the technical instrument alone.

These discussions help explain why standardized urban policy models frequently encounter limitations when transferred across territories without adaptation to local governance and territorial conditions.

02

SECTION 02

Territorial Conditions

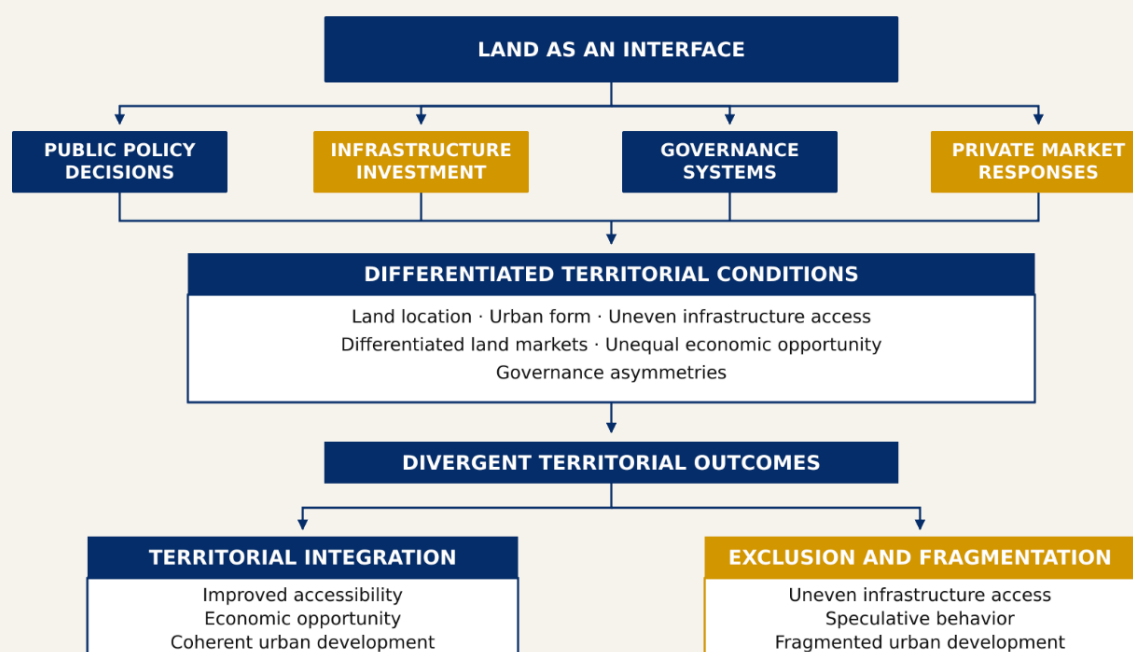
Territorial conditions strongly influence how policies materialize in practice. Land location, infrastructure accessibility, urban form, and existing market structures all shape how public interventions are absorbed within cities.

Public Finance and Private Investment: Designing Signals That Shape Urban Markets (Giménez Franco, P., 2026, Part 4) highlights that infrastructure should not be understood only as a physical planning component, but also as a market signal capable of reshaping investment decisions and territorial dynamics.

Land functions as the interface where public policy decisions, infrastructure investment, governance systems, and private market responses converge.

This becomes particularly visible in rapidly urbanizing regions, where infrastructure expansion frequently generates substantial increases in land values and development pressure.

HOW TERRITORIAL CONDITIONS SHAPE URBAN OUTCOMES



Land functions as an interface through which public policy decisions, infrastructure investment, governance systems, and private market responses interact with differentiated territorial conditions and produce divergent territorial outcomes.

Figure 02. How Territorial Conditions Shape Urban Outcomes

Source: Elaborated by Patricia Giménez Franco (2026).

Implementing Value Capture in Latin America (Lincoln Institute, 2013) and *The Potential of Land Value Capture for Financing Urban Projects* (IDB, 2017) demonstrate how public investment can generate significant land value increments, while the distribution of benefits depends heavily on institutional arrangements, governance systems, and territorial implementation capacity.

At the same time, urban territorial conditions are rarely homogeneous. *Transforming Habitats and Cities* (ECLAC, 2023) both emphasize that cities operate through differentiated spatial structures characterized by uneven infrastructure access, differentiated land markets, unequal economic opportunity, and governance asymmetries.

As a result, similar interventions may reinforce territorial integration and economic opportunity in some areas while intensifying exclusion, speculative behavior, or fragmented urban development in others.

These territorial differences help explain why similar urban interventions frequently generate divergent results across cities.

03

SECTION 03

Institutional Contexts

Institutional capacity plays a central role in shaping policy outcomes. Policies that appear technically coherent may still produce contradictory or limited results when governance systems are fragmented or coordination mechanisms are weak.

Urban development processes involve multiple institutions operating across different sectors and territorial scales. Land management, infrastructure planning, fiscal policy, housing, environmental regulation, and investment promotion are often distributed across agencies with different priorities and implementation capacities.

Effective place-based implementation requires multi-level governance mechanisms, institutional coordination, and collaborative governance structures, as emphasized in *Governance of Place-Based Policies* (OECD, 2025).

Across Latin America and the Caribbean (OECD/IDB, 2024), uneven institutional capacity, fragmented governance systems, and fiscal constraints continue to affect implementation processes, as documented in *Government at a Glance: Latin America and the Caribbean* (OECD/IDB, 2024).

Governance asymmetries and uneven institutional coordination frequently influence how urban instruments are implemented territorially, a pattern further documented in *Global Compendium of Land Value Capture Policies* (OECD/Lincoln Institute, 2022).

Who Decides, and With What Capacity? The Governance Architecture Behind Land Outcomes (Giménez Franco, P., 2026, Part 3) similarly argues that urban outcomes are shaped not only by planning frameworks, but also by governance architecture, institutional coordination, and decision-making capacity.

As a result, implementation gaps should not be understood only as technical failures. In many cases, they reflect broader governance asymmetries between planning objectives, institutional coordination, and territorial realities.

Implementation gaps should not be understood only as technical failures. In many cases, they reflect broader governance asymmetries between planning objectives, institutional coordination, and territorial realities.



Photo 01. View of Asunción from Herrera neighbourhood, Asunción, Paraguay. © Overkill53, Wikimedia Commons, CC0 1.0.

SECTION 04

04

Actors, Incentives, and Divergence Mechanisms

Urban outcomes are also shaped by the interaction between public actors, private investment, and social stakeholders. Policies generate incentives and signals that influence investment decisions, land markets, and territorial behavior.

Infrastructure investment, zoning changes, redevelopment strategies, and land value capture instruments frequently alter land market expectations. *Implementing Value Capture in Latin America* (Lincoln Institute, 2013) and *Global Compendium of Land Value Capture Policies* (OECD/Lincoln Institute, 2022) both show how public action often generates land value increments that reshape investment dynamics and territorial development patterns.

However, these dynamics do not always align with public policy objectives. Weak institutional coordination, uneven enforcement, or limited regulatory capacity may allow speculative behavior and short-term investment logics to dominate urban development processes.

Governance of Place-Based Policies (OECD, 2025) emphasizes that governance arrangements and stakeholder coordination strongly influence how policies are implemented territorially and how incentives shape development outcomes.

The Oxford discussion on local economic evidence and stakeholder decision-making further highlights the growing importance of evidence-based governance and territorial data in shaping institutional responses and investment decisions (Oxford, 2026).

This dynamic can be understood as part of a broader political economy process in which policy decisions generate market signals, these signals influence behavioral responses, and these responses ultimately shape territorial outcomes, as discussed in *Public Finance and Private Investment: Designing Signals That Shape Urban Markets* (Giménez Franco, P., 2026, Part 4) and *Why Do the Same Policies Produce Different Outcomes? A Place-Based Perspective* (Giménez Franco, P., 2026, Part 5).

Divergent outcomes therefore emerge not only from policy design itself, but from how governance systems, market incentives, institutional arrangements, and stakeholder responses interact over time.



Photo 02. Skyline of the new centre of Asunción, Paraguay. © Overkill53, Wikimedia Commons, CC BY-SA 4.0.

05

SECTION 05

Implications for Policy Design

These discussions have important implications for urban policy design.

01

PLACE-BASED APPROACHES

First, they suggest that urban policies cannot be treated as universally transferable solutions independent of territorial and institutional context.

Place-based approaches capable of adapting interventions to local governance systems, territorial characteristics, and institutional capacities are increasingly recognized as essential for effective urban policy design, as emphasized in *Place-Based Policies for the Future* (OECD, 2025).

02

IMPLEMENTATION CAPACITY

Second, implementation capacity should be considered a core component of policy design itself.

Policies must account for governance coordination, enforcement capacity, institutional incentives, and territorial realities from the outset.

03

INTEGRATED GOVERNANCE

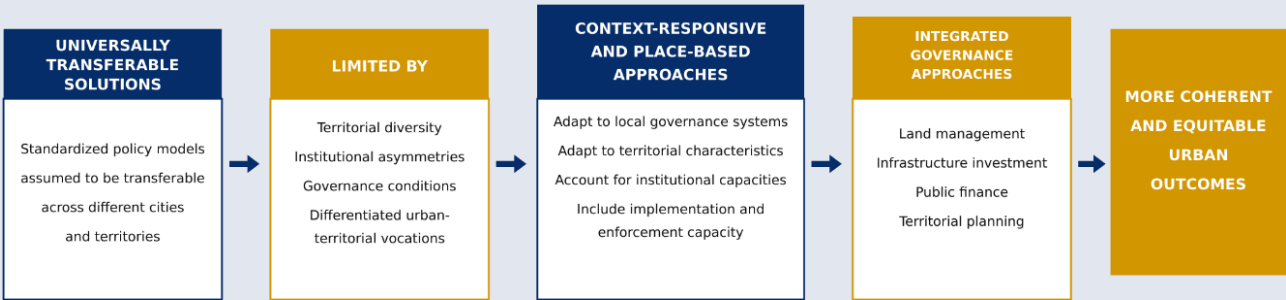
Third, more integrated governance approaches are needed to align land management, infrastructure investment, public finance, and territorial planning. *Why “Best Practices” Fail Across Territories: The Case for Place-Based Political Economy* (Giménez Franco, P., 2026, Part 6) argues that fragmented sectoral approaches frequently fail because governance, finance, infrastructure, and land systems remain disconnected.

04

CONTEXT-SENSITIVE POLICY

Finally, these discussions reinforce the need for more adaptive and context-sensitive urban policy approaches capable of responding to territorial diversity, institutional asymmetries, and differentiated urban territorial vocations across cities.

FROM TRANSFERABLE MODELS TO CONTEXT-RESPONSIVE URBAN POLICY



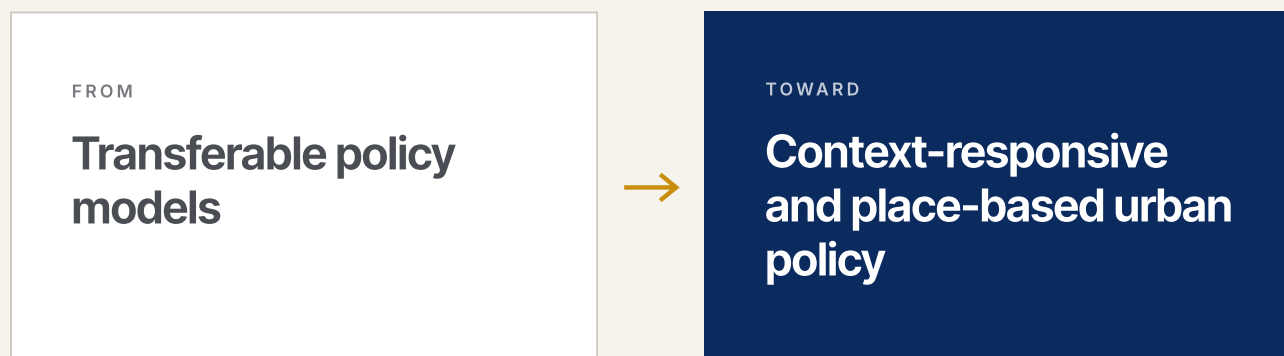
Context-responsive and place-based approaches adapt urban policy to territorial and institutional conditions and integrate land management, infrastructure investment, public finance, and territorial planning.

Figure 03. From Transferable Models to Context-Responsive Urban Policy
Source: Elaborated by Patricia Giménez Franco (2026).

Conclusion

Similar urban policies do not automatically produce similar outcomes.

Their impact depends on how they interact with territorial conditions, governance systems, institutional capacity, stakeholder incentives, and market dynamics.



OUTCOMES DEPEND ON THE INTERACTION BETWEEN

-
- | | | | | |
|------------------------|--------------------|------------------------|------------------------|-----------------|
| 01 | 02 | 03 | 04 | 05 |
| Territorial conditions | Governance systems | Institutional capacity | Stakeholder incentives | Market dynamics |

Context-responsive approaches capable of adapting policies to differentiated territorial realities and governance conditions have become increasingly important for effective urban development, as reinforced by *Place-Based Policies for the Future* (OECD, 2025), *Transforming Habitats and Cities* (ECLAC, 2023), and the Oxford discussion on local economic evidence and stakeholder decision-making (Oxford, 2026).

Governance asymmetries, institutional coordination, and implementation capacity strongly influence how urban instruments materialize spatially, as demonstrated in *Global Compendium of Land Value Capture Policies* (OECD/Lincoln Institute, 2022) and *Implementing Value Capture in Latin America* (Lincoln Institute, 2013).

Fragmented governance systems and disconnected sectoral approaches frequently prevent policies from producing coherent territorial outcomes, as further 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).

For this reason, urban policy debates should place greater emphasis on context-responsive and place-based approaches capable of adapting to local governance systems, territorial realities, and urban territorial vocation. **Understanding how policies are translated through land systems, institutional structures, and market dynamics is essential for producing more coherent and equitable urban outcomes.**

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IMAGE CREDITS

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