

“NEXT GENERATION EU” CITIES

LOCAL COMMUNITIES IN A POST-PANDEMIC FUTURE

edited by **Anna Lisa Boni** and **Andrea Tobia Zevi**

introduction by **Paolo Magri**



ISPI



**EURO
CITIES**

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IN A POST-PANDEMIC FUTURE**

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“NEXT GENERATION EU” CITIES. LOCAL COMMUNITIES
IN A POST-PANDEMIC FUTURE
Edited by Anna Lisa Boni and Andrea Tobia Zevi
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Overview of the strategic objectives

The strategic objectives will be reviewed after five years.

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Introduction

As the world enters a new year, the Covid-19 pandemic is still upsetting our daily lives. The pandemic has changed our relationships with the people around us, be they our family, relatives, friends, colleagues, or acquaintances. In doing so, it has also changed the way in which we experience the space we live in.

As 75% EU citizens today live in urban areas, cities are changing and adapting to the reality of a with-Covid world, rewiring themselves to a present of lower social contacts, safer spaces, but also resilient social experiences (in stadiums, museums, cinemas, concert halls, ...). Whether big or small, cities are the most prominent stage both for the tragedy of the pandemic, and for many opportunities to recover, and to move forward.

Meanwhile, last year EU countries embarked in the biggest effort since the second world war, agreeing to the Next Generation EU, a €750 billion recovery package to be financed (at least initially) through the issuance of common EU debt. This represents a once-in-a-generation opportunity. Not because the EU is slowly inching towards a more federal fiscal union, where common debt is issued to finance joint endeavours or to protect countries from asymmetric shocks; but because the NGEU package comes with strings attached that are almost exclusively bent on pro-growth reforms, rather than pushing towards fiscal consolidation and austerity later on.

In fact, the NGEU legislation requires that, by 2058, all loans and grants allotted to EU Member States will have to be repaid into the EU budget, one way or another, and therefore the debt issuance is meant to be one-off and to be reabsorbed over the decades. But it also entails significant net fiscal transfers from one Member State to another: Germany, for instance, will be a net contributor to the NGEU package to the tune of €68 billion, while Italy will be a net recipient of €33 billion. Because of this, countries awarded funds from the NGEU have been required to submit and receive approval for their National Recovery and Resilience Plans (NRRPs), big documents detailing how they would spend the money they received – something they did over the course of 2021.

On the back of all this, it is only logical to expect that – given their overwhelming role in European societies – cities would take centre-stage in leading most recovery projects within NRRPs. In fact, it is not so: negotiations for NRRPs, and their subsequent implementation, are mostly delegated to the national level. This Report tries to look beyond the current reality of how national plans are expected to be managed and enforced, and to take a closer look at their implementation. It argues that it is inevitable that cities, big and small, will play an outsized role in the implementation phase of the NGEU package. This is why, the Report argues, cities should be given more voice and more say over how national plans pan out between today and 2026, when all projects are supposed to be executed and wrapping up. Indeed, an argument could be made that the success of the whole effort will hinge upon what cities do, or they don't do over the next five years.

In the first chapter, Anna Lisa Boni and Tobia Zevi underline many city mayors' dissatisfaction with their low involvement in the design process of the NRRPs, and stress the need to give cities a leading role in the implementation phases of this pan-European process. In support of this claim, Boni and Zevi introduce several examples of innovative solutions implemented by local authorities to cope with the crisis. These include

short-term actions (such as protecting to public workers, ensuring social inclusion and healthcare, or supporting to local businesses), but also long-term actions to draw the path to a just and sustainable recovery.

The report is then divided into two parts: the first collects essays on the role of cities in implementing the EU's future agenda. It highlights the need to achieve climate neutrality, create more sustainable communities, as well as finance the green transition, as key aspects in the implementation of the Next Generation EU programme. The second part, "Cities at work", provides several examples of successful projects implemented at the local level in different fields.

"Rethinking EU Cities" opens with a chapter which focuses on the possibility to foster simultaneous and coordinated actions to achieve the ecological transition towards climate neutrality. According to the authors, the European funds provided by the recovery plan should be regarded as a chance to lay foundations for the generation of new models to strengthen society socially, environmentally, and economically. From this perspective, climate contracts are indicated as the right instrument for driving urban transformation, while the experience of multi-stakeholder partnerships are analysed as successful incubators for transformative projects.

Next, Eddy Adams turns to the long-standing and growing challenge of inequalities within European cities. According to him, the pandemic has shone an unforgiving light on urban inequality, but at the same time it galvanised cities into more creative responses. The shapeshifting challenge of the pandemic has required an agile, creative response from city authorities. This chapter includes several inspiring examples of the way in which City Hall has mobilised a cross-sectoral response during this period of crisis.

The first section ends with a chapter on the investment needed to implement the low-carbon transition and the connected provision of finance. According to Steve Turner and Grant Aaron, the up-front investment pledges are unprecedented and

daunting from multiple perspectives. Several limitations are currently holding back the scale of private financial flows, but the authors claim that private finance may become a critical tool for achieving the transition towards net-zero emissions. However, unlocking this potential will require new models of co-ordinated delivery and combined financing from multiple sources, and the chapter provides examples of the tools required to bolster private investor confidence and allow the scaling-up of investment.

Moving on, Laia Bonet Rull explores the role of digital innovation in responding to the challenges posed by the pandemic, while also emphasizing digital inclusion as a form of social rights to ensure decent living conditions. The chapter assesses the initiatives launched in the city of Barcelona to address digital inequalities, and it underlines the need to tackle this issue through multi-stakeholder partnerships. Finally, the chapter concludes with examples of local challenges connected with the utilization of sensible data, underlining that regulation of digital platforms, or Artificial Intelligence, is not up to local institutions, which face the constraints imposed by the current governance models.

In her chapter, Marina Hanke then turns to gender equality. After a brief overview of the current situation, the article focusses on the potential for cities to promote gender equality at local level, envisioning future cities where women are self-determined, equally visible, and equally represented. According to Hanke, tackling gender inequality requires structural changes, starting from the labour force. In fact, the labour market is one of the main areas reproducing gender inequality patterns, with wide-ranging consequences: for instance, self-determination and safety for women are only possible when there is no economic dependence. The chapter provides several examples of housing and healthcare policies implemented by local authorities which improved women’s living conditions and paved the way to a more gender-equal future.

The Report concludes with a chapter on culture, and the reasons why a vibrant cultural life is essential to the future of cities. According to Susanna Tomilla and Stephan Hoffman, the cultural sector contributes widely to city economies and affects the very core of how we live together as humans. Culture has a uniquely important role in building and developing sustainability and making cities inclusive, safe and resilient. Hence, the necessity to include culture at the core of urban recovery.

In conclusion, European cities already play a pivotal role as actors of social change and inclusion. It is only logical that, in moving towards the “Next Generation”, they played a pivotal role in shaping the current and future implementation of the NRRPs, as well.

Paolo Magri
ISPI Executive Vice President

1. The Place of Cities in a Recovering Europe

Anna Lisa Boni, Andrea Tobia Zevi

This chapter introduces a report dedicated to the role of cities in the EU recovery and resilience strategy from the Covid-19 crisis. The authors of this text believe that no European or national recovery is possible without the active contribution of cities, meant as local authorities, the citizens they represent and the local ecosystems they revolve around. It therefore adopts a “pro-city” approach aiming to demonstrate, through best practices and policy recommendations, why the upcoming European efforts to shape a more sustainable Europe after the pandemic need strong engagement on the part of mayors and their urban systems, both in the design and in the implementation of the “Next Generation EU” fund.

It is widely acknowledged that cities were disproportionately affected by the Covid-19¹ health crisis and have been at its forefront from the outset.

They very courageously faced the emergency phase, even when no one, at any level, knew how to deal with its impact and ramifications. While most of the population was locked at home, cities had to ensure business continuity, including essential public services like transportation, hospitals, and social care. Moreover, they had to tackle new challenges due to the pandemic: the loneliness of many elderly people or the

¹ “Urban Solutions: Learning from cities’ responses to COVID-19”, UNESCO, 2020, <https://unesdoc.unesco.org/ark:/48223/pf0000373940.locale=en>

difficulty to supply them with food or medicines; the problem of testing and tracing the homeless, as well as the risk of having outbreaks in the streets; the rise of poverty aggravated by the lockdown, and the scarcity of public resources especially in the first phase of the crisis. In this very challenging context, cities reacted promptly and creatively, developing new solutions and responding as effectively and efficiently as possible to the pressing demands of their citizens. They shared experiences and practices with their colleagues, both at the national level and across Europe and the world. Eventually, European cities were able to maintain strong links with each other thanks to several well-established city networks, such as Eurocities.

Together, they called on the EU institutions and national governments to be involved in the design process of the National Recovery and Resilience Plans (NRRPs). While these institutions were concentrating on drafting the plans as fast as possible and were not always responsive to such calls, most mayors across the EU expressed their concern that their ideas and project proposals were not sufficiently taken into consideration.

This is why European cities did not wait for their national governments to involve them. They acted. Many of them were guided by the UN Agenda 2030 and its sustainable development goals, the European Green Deal, the New European Bauhaus, the Next Generation EU, and used the crisis as an opportunity to rethink their future as more resilient and sustainable places for all their citizens.

Nevertheless, they have not given up calling on the EU and national governments to be involved in the current implementation phase of the EU recovery and resilience strategy. While meaningful involvement was difficult in the design phase due to the time constraints, it is now not only feasible, but essential to work with urban and metropolitan authorities to help ensure the effective use of the recovery funds.

Europe is about to shape its future with an unprecedented quantity of resources and debts and needs to invest them fast

and well. This may not happen if urban systems are at the core of this effort.

This chapter is divided in four sections: the first one outlines the role cities played during the health crisis through a selected set of examples and experiences. It is followed by a description of the rationale behind cities' dissatisfaction with their low involvement in the design process of the NRRPs. The third section details a few cases of European cities making the most of the recovery framework to stand for a more sustainable strategy. In the last section, we advocate for a stronger engagement of cities in the implementation phase of the NRRPs by proposing policy recommendations to make this happen.

Bare-handed Against the Pandemic: The Reaction of European Cities

The state of emergency that European cities found themselves in between March and April 2020 can be described as overwhelming: national authorities enforced heavy restrictions on people's mobility and imposed lockdowns for offices, shops, schools, sports plants, factories, and every other kind of public structure. Events and gatherings could not take place, and even private meetings were not allowed. Normal life was not possible anymore, and this unbelievable situation forced local communities and their leaders to react on many different levels.

Essential services, such as public transportation and waste collection, were ensured throughout the lockdown but they had to be redesigned in light of the risks associated with the pandemic. Other longstanding problems, such as poverty or homelessness, were heavily exacerbated by the quarantine and the economic crisis; in response, welfare programs had to be extended and their target groups broadened. Many companies and economic activities shut down permanently, while sectors like culture and creativity – which have a deep influence on people's wellbeing – were also forced to stop their activities and had to be supported.

City authorities had to develop innovative solutions and implement measures that had not been mainstreamed before. Several examples of these initiatives can be found on the website “covidnews.euocities.eu”, a platform imagined by Eurocities right after the spread of the coronavirus to share experiences among cities and their political leaders across different contexts. As mentioned before, city leaders and their administrations made the most of their networks to connect to each other: conference calls, mobile chats, informal contacts happened daily and were useful, not only to share concrete actions but also to get first information while the virus was moving quickly from country to country.

Protecting public workers

The first task for city authorities was to guarantee the continuity of essential services without putting public workers at risk. We all remember how many drivers and employees in NYC’s subway were infected and lost their lives in the first week of the pandemic. European cities were overall more cautious in many ways and immediately decided to change some of the normal rules to reduce the danger: parking became free in most public areas, while fees and congestion charges were suspended. The goal was of course to reduce crowds on public transportation and protect both passengers and workers. For the same reason, many cities were forced to decrease the level of waste collection and to concentrate their efforts in the disinfection of public areas, buses, and trains, and again to frequently clean plants and spaces where front-line workers were on duty.

Social inclusion and healthcare

As national funds took months to get to municipalities, the gap in resources for social services quickly became evident. This is why cities such as Lisbon decided to create a public “Social Emergency Fund” that in the case of the Portuguese capital

started with an amount of 25 million Euros.² Other cities, like London and Milan, chose a public-private model, where social funds earmarked by the municipality were augmented with private donations. Such experiments had great success thanks to the generosity of many private sponsors and a collective feeling of “battle” that united people in our cities during the first months of the pandemic. The Milan “Mutual Aid Fund” was able to involve many private companies, while the “Community Response Fund” in London collected the impressive amount of 16 million pounds.³

But funding was not the only way. Volunteers played a crucial role in all European cities, especially among young people who wished to help fragile citizens. To make the most of this powerful human contribution, many cities designed digital platforms to receive, select, and organize the volunteers. For example, the city of Paris created “jemengage.paris.fr” (“I commit”) and Milan “Milano Aiuta” (“Milan helps”), identifying a few areas of intervention: food supply, care for the elderly and vulnerable groups, home delivery and people just willing to help.

One of the worst ramifications of the crisis turned out to be loneliness, especially for older people. Many cities organised remote assistance under various forms. In Tallinn – one of the most digitally innovative cities in Europe – a phone number and a specific platform (“Community Helps”) were established to provide psychological support to the elderly and other vulnerable people. Something similar happened in Lyon (according to local data, receiving 650 calls a day), while the city of Amsterdam gave thousands of laptops, free internet connections, and Wi-Fi hotspots to older people who could not meet their relatives and friends. In Paris, the municipality asked VIPs to call lonely people in the framework of “Paris en Compagnie” (“Paris together”). In Nicosia, the

² “Local and regional finances in the aftermath of COVID-19”, European Committee of the Regions, 2021.

³ <https://londoncommunityresponsefund.org.uk/news/mayor-provides-funding-help-londons-community-organisations>

municipality thought about using hand-written letters to create connections through the program “Write it. Pen pals in the Age of Quarantine”.

Even food supply became an issue on three levels: cities had to ensure it would be healthy, affordable, and deliverable. To foster local agriculture and provide healthy food, the city of Lyon launched a project to help local farmers reach consumers, and ordinary people to save some money. In Tallinn, an agreement between the local government and the local association of shops allowed vulnerable people to shop at lower prices during specific hours of the day (before 11 am). In Lisbon, the municipality collaborated with taxis and bike-sharing companies to have them helping with food deliveries throughout the city.

Domestic violence also increased rapidly during the lockdown.⁴ Many cities responded with dedicated hotlines or services: “All Women Safe” was the name Athens gave to its initiative, one of many taking place across Europe.

The situation of homeless people was very hard in many ways: impossible to trace and be taken care of on the street, fewer beds in the shelters due to Covid-19, fewer resources in general because of the pressure on social services⁵. Many cities decided to rent hotels to host homeless people instead of tourists. In Paris, 14 schools were opened to welcome more people while the shelters had a reduced capacity, and in Athens a “Multi-Purpose Homeless Centre” for 1,000 people was set up.

In many cities rental fees were suspended in social housing facilities owned by public bodies.

Supporting small and medium enterprises

SMEs represent the “soul” of any city: shops, restaurants, and cafes are the most vibrant part of the urban economy, and they all collapsed during the lockdown. Many local governments

⁴ “The Covid-19 pandemic and intimate partner violence against women in the EU”, EIGE, 2021.

⁵ “City measures to support homeless people in times of covid-19”, Eurocities, 2020.

tried to support them concretely: Amsterdam set up a dedicated 50 million euro fund, and the same was done in Lyon with twice that amount.

In Lisbon, a specific team was put together to interact with economic actors and help them through the challenges caused by the sudden pandemic.

Many cities stopped the rentals for companies working in public facilities and cancelled the local fee to cover public space for commercial reasons.

Rescuing culture and education to rescue the whole community

As we all know, the lockdown was a tragic experience for children living in tiny apartments, with difficult families, poor conditions, and no access to the internet. Figures were astonishing in many cities in this regard (for example, according to the NGO Saint Egidio, in the city of Rome 61% of children did not have any access to e-learning through the entire lockdown period⁶). Many cities, therefore, tried to provide children and students with digital devices and connections.⁷

Public libraries helped in different European cities with free access to specific services: in Paris every citizen got 6 e-books per month for free, and all school and training books for free; in Tallinn library employees read books and newspapers on the phone both to elderly people and children. In Nicosia the project “Nicosia 2030” invited children to draw their city of the future according to the Sustainable Development Agenda they had been taught at school.

Often, however, schools even had to supply meals at home, since so many children relied on school meals for their nutrition.

Finally, cities acted to support the culture and creativity sector, which is crucial to preserve the community’s integrity

⁶ “Inchiesta sulla dispersione scolastica”, Comunità di Sant’Egidio, 2021.

⁷ [Overview of city measures to respond to the impact of the COVID-19 pandemic on children](#), Eurocities, 2020.

and people’s wellbeing. In London, a specific “Culture at risk” emergency fund with 2.3 million pounds⁸ was created to support cultural and nightlife enterprises. In many cities, grants were paid even if events and projects did not take place. In Amsterdam, the municipality tried to stimulate artistic projects that could have a direct link with the pandemic, so micro-grants between 1,500 and 5,000 Euros were given to artists and creators to maintain the urban artistic fabric and help the whole community.

No Seat at the Table for Cities

While the EU Treaty mentions the regional dimension in a clear way,⁹ and Member States have always wanted urban policy to be nationally driven and not a competence of the EU, cities have been calling for a formal role within the European institutional framework for a long time. For instance, although most European citizens (around 75%¹⁰) live in urban and metropolitan areas, the funds of the EU cohesion policy have been mainly addressed and managed by regions.

Some progress has however occurred in recent years, both thanks to the approval of the Amsterdam Pact, which established the Urban Agenda for the EU in 2016, and the renewal of the Leipzig Charter in 2020, which recognised the transformative power of cities for the common good. The same goes for the decision of earmarking 5% (in 2014-20) and then 8% (in 2021-27) of cohesion policy funds for integrated urban development, as well making other EU programs such as those for research and innovation, environment and culture more accessible to city authorities.

⁸ MAYOR OF LONDON: <https://www.london.gov.uk/press-releases/mayoral/new-fund-to-support-londons-at-risk-culture>.

⁹ I. Bache, The extended gatekeeper: central government and the implementation of EC regional policy in the UK, *Journal of European Public Policy*, 6(1), 1999, pp. 28-45.

¹⁰ STATISTA: <https://www.statista.com/statistics/270860/urbanization-by-continent/>

As we saw, cities and local communities played a crucial role in facing the fiercest initial phase of the pandemic. However, when the EU adopted and started to fine-tune the details of the Next Generation EU in the second part of 2020 together with national governments, cities and their representatives did not have a meaningful seat at the decision table. Moreover, national governments had to define their NRRPs by the end of April 2021 and did not give priority to involving cities. We all remember how complex this exercise was in many countries, due to the lack of time and the strictness of the EU's framework and expectations, which meant that the engagement of cities in the NRRPs' design was largely insufficient.

On this subject, Eurocities promoted a first survey among its members in December 2020. The questionnaire used for the exercise deals with the process of interaction between cities and their national governments. 45 cities across 18 Member States answered, providing interesting insights on the aspirations of local actors in Europe. The numbers speak clearly: 70% of respondents rate the consultation phase of their governments as "insufficient", 25% as "sufficient" and 5% as "good (interesting enough, just Italian cities), while none as "very good". It must be underlined that according to the study, 75% of the cities tried to build a direct interaction with their governments during the NRRP's development.¹¹ The low involvement is also reflected by the widespread perception (42%) that the specific contribution the single city gave was not considered (only 12% was confident of this). Beyond numbers, it is obvious that urban areas are crucial to achieve many of the goals defined in the principles of Next Generation EU: green transition (smart and sustainable mobility, building renovation); digital transformation; social inclusion; healthcare.

During the summer 2021 period, Eurocities carried out a second round of inquiry to assess the involvement of cities in

¹¹ "Briefing note on the involvement of cities in the preparation of National Recovery Plans and Operational Programmes 2021-2027", Eurocities, 2021.

NRRPs after the plans had been submitted to the European Commission. This time 30 cities across 16 Member States replied. Unfortunately, the perception did not change significantly: 63% of the respondents still consider the consultation process as “insufficient”, 32% as “sufficient” and 5% as “good”. Even worse, disillusionment about the governance arrangement for the NRRPs grew higher: 53% perceived that they had not been sufficiently informed or involved in the discussion concerning the governance. Among those who got the information, 34% stated that they would not fulfil any formal role, while a minority – 23% – evidenced a limited role contributing as an observer or in a consultative capacity. Not a single city believed they played a substantial role. As explained before, most of the projects proposed by cities fitted perfectly with the priority Agenda of Next Generation EU: according to the survey, 79% proposed projects related to public transportation; 53% to energy renovation of housing stocks, 47% of education and public services, 32% to public health and 26% to soft mobility.¹²

Missing out on the contribution cities can give both in the design and the implementation phase of the recovery strategy means diminishing the potential for an effective and impactful use of the funds. For this reason, we will outline some policy recommendations in the last section of this chapter. Before that, we believe it would be useful to describe some of the strategies that European cities have already put in motion to shape a more sustainable and resilient future.

¹² “Briefing note on the involvement of cities in the governance of National Recovery and Resilience Plans (NRRPs)”, Eurocities, 2021.

EU Recovery Cities

Turning the crisis into an opportunity via bold recovery strategies

Cities were quick to react to the crisis. From its very beginning, they responded by creating dedicated task forces to come up with emergency response strategies. These included short-term actions, for instance to support local businesses, but also long-term actions to outline the path towards recovery. In a sense, the past two years have been a unique opportunity for many city administrations to think out of the box and reshape their future. Their bold approach should serve as an inspiration to all levels of government.

Just a very few examples are outlined below.

A doughnut approach to recovery:
Amsterdam's circular economy strategy

The City of Amsterdam decided that the 'Doughnut model' was the right one for its post-crisis economy. The principle of the model developed by Oxford economist Kate Raworth is that the goal of economic activity should be about meeting the core needs of all people, within the means of the planet. To this end, the city of Amsterdam approved a Circular Economy strategy to reduce the use of new raw materials and, over time, create an economy that reuses raw and other materials over and over again. In the coming years, the municipality will map out various material flows, from entry to processing, in order to preserve valuable raw materials. The aim is to halve the use of new raw materials by 2030 and to achieve a fully circular city by 2050. An Amsterdam Doughnut Coalition had the important role to bring forward the strategy and stimulate collaboration across sectors. Amsterdam's pioneering approach became very popular and inspired many other cities to consider a similar approach. Brussels, for example, has already taken steps to integrate it in its city strategy, while Copenhagen is considering following suit.

Barcelona never stops: the recovery pact

While the usually busy tourist areas like Las Ramblas were quiet, Barcelona was busy reinventing its city centre and looking to the future. With the pandemic providing an opportunity for change, the Catalanian city used it to go beyond the tourist economy and broaden its economic prospects. The Barcelona pact for recovery emphasises the importance of diversifying the economy and taking a phased approach. Through the Economic Response Coordination Centre (CECORE), the city focused its resources on minimising the immediate effects of the crisis, by supporting workers, small firms, and businesses. At the same time, a more strategic approach was also developed, with the launch of medium- and long-term projects to diversify the economy, create new jobs, attract talent, boost digitisation, and provide the city with more added value. Barcelona is not alone in this effort to use the crisis to rethink its economic development strategy. Cities like Dublin or Florence have used this opportunity to reassess their growth strategies and steer them towards a more sustainable path.

15-Minute city model: from Paris to Milan, leading the way to stronger local communities

The 15-Minute city model was popularised by the current mayor of Paris during her electoral campaign in 2020. The pandemic and the lockdown gave a strong impetus to the implementation of the 15-minute city, and it is safe to say that after two years the model has drastically changed Paris. Barcelona and London have also been implementing policies based on this concept for some years. The arrival of the pandemic and its restrictions brought further stimulus to the development of this model in many European cities.

The mayor of Milan is championing the model for the Lombard capital. In this context, the polycentric development of the city would make it possible to move beyond the division between downtown and the suburbs to produce a greater

intrinsic balance among all the different neighbourhoods. Additionally, Milan wants to further develop this model, and guarantee its citizens essential services, such as healthcare facilities within walking distance, and has also put several actions in place to build more bike lanes and enable a more flexible use of street spaces.

USING THE RECOVERY FUNDS TO BRING CHANGE IN CRUCIAL SECTORS

While recovery strategies can be crucial in setting up a clear vision for the future of cities, it is the allocation of resources for its implementation that can make the difference. This is where EU support for cities recovery becomes crucial. Most, if not all, EU cities have proactively asked to be involved in the national recovery plans or for direct allocations of resources. Mayors made concrete proposals, both at the strategic level and with ideas ready to be developed, often drawing on their local recovery strategies. They brought forward specific projects on mobility, building renovation, digital innovation, as well as social cohesion that can have a systemic impact and that are strongly aligned with the digital and green priorities of the EU Recovery and Resilience Facility.

A crucial opportunity to localise the Green Deal in Eastern Europe: Budapest

In Eastern Europe, and in the Visegrad countries more specifically, cities are very important ambassadors of the localisation of the European Green Deal, but so far most of their proposals have not been considered in the respective national plans. For Budapest, for example, the most important priority is climate mitigation. The city would like to finance energy efficiency at the household level: retrofit, building renovation, insulation projects, heating, and reconstruction. This would be a large-scale project focussed on providing citizens with the means to do so, in line with the proposed New European Bauhaus principles.

The second priority is transport decarbonisation. The city intends to improve its public transport network with new tramlines, greening its public transport fleet with low emission busses or vehicles, and in turn improving air quality in the city. A third priority is water management: with the Danube river at the heart of the city, there is a pressing need for flood barriers to save the existing flood plains and develop dikes, without damaging local ecosystems.

RETHINKING MOBILITY AT METROPOLITAN SCALE: THE CASE OF RIGA

The city of Riga has been very eager to learn lessons from the pandemic and use the proposed EU recovery funds to continue its evolution as a green capital, namely by easing the travel burden for commuters. Without this type of project, urban sprawl will continue and the quality of life in Riga deteriorate: residents are likely to continue leaving the central part of the city and moving to nearby municipalities, coming to Riga only for work by using their private cars. The plan submitted by Riga to the national government, which amounts to almost €150 million, focuses on the creation of a joined-up city network of transport and mobility infrastructure, including for instance the creation of a single-purchase transport ticket applicable across the various services and regional municipalities. The reform of the current public transport system will also foresee a reduction of the carbon dioxide emissions of the transport sector, and will significantly improve the sustainable, safe, and efficient public transport services available to Riga's residents and visitors.

TURNING INTO A NET PRODUCER OF ENERGY BY 2025: ZARAGOZA'S BIG PLAN

When it comes to renewable energy, Zaragoza is a true El Dorado. Blessed with three rivers, year-round sunshine and

open, wind-swept plains, the capital of the region of Aragon plans to become a net producer of green energy by 2025. Renewable energy is already available, but the city needs to transform the usage of this energy into clean energy. Through a mix of wind and solar power, the city hopes to produce 400% of its own energy demand through renewables in four years and drive down CO₂ emissions by 40% by 2030. This will be achieved through public transport fleet electrification, a roll-out of pedestrian and bicycle access to 100% of the city, on-demand mobility, CO₂ absorption through reforestation, and much more.

Implementing NRRPs: The Crucial Role of Local Communities

In the light of the above-mentioned examples and challenges, we would recommend three actions to improve the European Recovery and Resilience strategy in the current phase. First of all, define a structured dialogue between the different stakeholders of the European Union involved in the implementation of Next Generation EU, including local actors; secondly, promote city-driven pan-European projects to support post-Covid action (this proposal is strongly pushed by Eurocities and some MEP's); thirdly, but most importantly, reinforce the role of cities and their representatives in the overall governance of the EU.

A structured dialogue

The European Commission could set up a structured dialogue with all relevant stakeholders at the EU level - such as networks of local and regional authorities, and possibly civil society, on the NRRPs. The national plans could be monitored in terms of their investments being in line with EU strategic priorities and codes of conduct, particularly as regards the partnership principle, subsidiarity, and the right level of competence. In particular, the dialogue could help monitor:

- the contribution to green and digital priorities, as well as EU flagships and EU added value (including through multi-country and cross-country projects)
- the complementarities with EU cohesion policy, as well as EU direct programmes, also looking at synergies and policy interlinkages at large
- the social and territorial cohesion dimension, through ex-ante territorial and social impact assessment as regards to measures, but also ex-post monitoring, which contributes to evidence-based policies and looks at how measures improved quality of life
- potential bottlenecks, bureaucratic burdens and red tape related to the implementation of the plans. In relation to local administrative capacity, it can also serve as a platform to discuss investment/capacity gaps and best practices and link with the Technical Support Instrument.

Such a structured dialogue could be in-built informally in the EU governance of the RRF, linking it to concrete feedback mechanisms, for instance those connected to the annual and mid-term reviews. This would allow intermediate and ex-post assessments with opportunities for re-adjustment and policy learning (e.g. mid-term review). This is particularly crucial as during the design phase the plans were developed in an emergency and time-constrained context, which did not always allow for adequate ex-ante analysis and need assessment or for the satisfactory consultation of stakeholders. This could be achieved by establishing a regular exchange at the technical level between the European Commission and city stakeholders represented by their EU associations. This could consist of biannual meetings, as well as ad-hoc exchanges and meetings throughout the rest of the year through a dedicated desk office. This should be linked and complementary to the structured dialogue between the Commission and the European Parliament (and its working group) on the RRF, as well as the existing ESIF structured dialogues.

This mechanism would also provide opportunities for cities to report regularly also on a political level with relevant EU Commissioners and members of the European Parliament to discuss strategic priorities for the EU recovery.

We believe that such structured dialogue would be a win-win as it would support the implementation, coherence, and achievement of the NRRPs targets.

City-driven Pan-European projects

Our second proposal is about establishing city-driven pan-European projects to support post-Covid recovery. European cities can build on long-lasting cooperation: they have been working on the development of city-to-city alliances that can drive pan-European projects in the context of the recovery and contribute to the seven flagships of the RRF, identified as common challenges for all Member States. These cover issues such as digitalisation, energy efficiency, skills and education, renewable energies, etc. Member states have been invited to explain in their NRRPs how they intend to tackle these challenges and meet the 2025 objectives. The Regulation that is at the basis of these texts clearly states that flagships can be implemented through multi-country projects benefitting the Single Market, e.g. energy interconnectors or transport networks, or forward-looking digital and green projects, which would provide tangible benefits to the Single Market. The plan also asks the Member States to indicate if their proposed reforms or investments contribute to any cross-border and multi-country projects. It is therefore clear that cities could help support this trans-national dimension and demonstrate that recovery for Europe is not going to take place solely through national approaches and plans.

In the design phase of the national plans, it was unthinkable for Member States to develop such projects due to the short time available before submission. The mid-term review foreseen by the Regulation in 2022 seems to be an excellent opportunity to take stock of this debate and recalibrate the efforts of the

plans towards greater impact, and redirect some of the resources for joint projects that can strengthen an EU wide ecosystem driving innovation and sustainability in our cities.

Besides the framework provided by the RFF, this period could also be a significant opportunity to investigate how other EU funding opportunities (e.g. ERDF, Horizon Europe, Digital Europe programme...) could be mobilised to drive the recovery via pan-European projects and how they could be set up to provide incentives for cooperation.

To this end, many actors proposed the nomination of a Vice-President of the European Commission with responsibilities for urban affairs. This position would certainly contribute to a change in the perspective of the continental institutions, and it would also free the urban agenda from its current strict link with EU cohesion policy. Building on Europe’s experience in tackling the Covid-19 pandemic, it is essential to grant urban and metropolitan areas a central role. If the EU is serious about becoming closer to its citizens and effectively improving their existence in crucial areas, then cities are fundamental: social inclusion, environmental sustainability, innovation, integration of migrants and refugees. These are all challenges that are generated in cities but are also mainly solved at the local level.

PART I
**RETHINKING EU CITIES/
THE FUTURE OF CITIES**

2. Accelerating Urban Climate Neutrality Through National Multi-Stakeholder Platforms: The Case of Spain

Valentina Oquendo-Di Cosola, Julio Lumbreras,
Jaime Moreno Serna

Change usually happens for two reasons: necessity or conviction. The Covid-19 health crisis has served to bring these two reasons together and has therefore helped us to take advantage of opportunity in catastrophe, in other words, to accelerate the profound changes required by other invisible, medium-term threats like climate change.

The pandemic has been a condenser of crises in politics, science, environmental integrity and conservation, social inequality, and human health. However, it has also shown us that, by using ingenuity and turning catharsis into incentive, we can recover the economy sustainably, accelerate ecological transition and make our societies fairer, more resilient, and more sustainable. The lessons learned in recent years can serve us well in building models that bring about real and profound transformations in urban planning, energy, mobility, construction, education, and sustainability.

In this sense, the EU political project has entered a new stage of maturity as a result of an agreed joint response, namely the approval of the recovery and resilience package, which calls on states to demonstrate that their own goals are aligned with those agreed by the EU and, in particular, that they contribute

to green and digital transition, economic growth, employment generation, and economic and social resilience. As a result, the EU is likely to emerge from the crisis caused by Covid-19 better prepared for the challenges of the XXI century.

This EU venture presents an opportunity to correct errors, fix structural deficiencies, and define a roadmap that fits the aspirations of our society and the needs of the planet. European funds should therefore be regarded as a chance to lay foundations for the generation of new models to strengthen society socially, environmentally, and economically. While recovery suggests a return to earlier models, regeneration means improving social welfare systems, building fairer and more resilient cities, and ensuring the creation of green employment.

Following these transformational ideas, a profound revision of urban planning has been taking place for more than a decade at the European and global level. This has led to a change of paradigm in urban planning, in which the coordinated and transversal inclusion of interdisciplinary and multi-stakeholder perspectives, as well as citizen participation, are seen as levers of change towards a new, more desirable model of city.

There is plenty of evidence that urban environments, as complex, living, changing entities, require tools that transcend classical urban planning. Consequently, the alignment of urban policies with European strategies like the Next Generation EU funds and the Green New Deal, and global commitments like the 2030 Agenda, will require attention to acceleration vectors such as systemic innovation, multi-stakeholder partnerships, open and shared knowledge, and multilevel governance.

To introduce these accelerators successfully in the transformation of cities, it is essential to establish spaces for dialogue that stimulate collective learning among the territorial actors involved. Only in this way can we overcome the inertia of technical and sectoral urban planning and satisfy the real needs of citizens as outlined by the European Cities Mission “100 climate-neutral cities by 2030: by and for citizens”.

This chapter focuses on the possibility to foster simultaneous and coordinated actions to achieve the ecological transition towards climate neutrality. Firstly, we discuss how climate contracts can be seen as an instrument for driving urban transformation. In the second part of the article, we provide two examples of multi-stakeholder partnership developed in Spain, which worked as incubators of transformative projects, as well as on the first network for urban transformation created in Sweden.

Urban Transformation

Cities as a field for experimentation and direct action

In September 1962, President John F. Kennedy announced that the American government would launch “the most hazardous and dangerous and greatest adventure on which man has ever embarked”, landing a man on the moon and bringing him back safely by the end of that decade. The US succeeded in doing so seven years later. The situation facing us today invites us to have the same level of audacity in experimenting solutions to the urgent problems of our time, from public health to the environment, climate change, economics, and education.

The great challenges we face as a society require not only a technological approach, but also the development of social, organisational, and political innovations. So-called “wicked problems” have no a priori solution and are also interlinked with other dilemmas: they therefore need to be tackled simultaneously and from different perspectives. The interdependence and complexity of these challenges make it impossible to adopt conventional approaches. Traditional incremental solutions will simply not achieve the necessary goals: instead, profound systemic and structural changes are required in all areas of society.¹

¹ J.D. Sachs, G. Schmidt-Traub, M. Mazzucato, D. Messner, N. Nakicenovic, and

The mission approach, proposed by economist Mariana Mazzucato and implemented by the European Commission in its 2021-27 research, development, and innovation programme (Horizon Europe), adopts a model that directs innovation efforts towards achieving a single goal while allowing freedom in choice of process and methods. Objectives must be broad enough to involve the public and attract cross-sectoral investment, but specific enough to engage industry and achieve real impact. This produces growth and development that is sustainable because it is in line with planetary boundaries; inclusive because it leaves no one behind; and intelligent because it puts science, technology, and innovation at the service of humanity.

Efforts made in recent years have proven to be insufficient to drive transformation on the scale and at the speed needed. Given this reality, the European Commission has adopted the mission approach to ensuring that its Horizon Europe programme addresses key social challenges, has a greater impact on problem-solving, and engages unconventional stakeholders. To this end, it has established five mission areas to be researched over the next decade: cancer; healthy oceans, seas, and coastal and inland waters; soil health and food; adaptation to climate change, including social transformation; and climate-neutral and smart cities.

The mission of the Climate Neutral and Smart Cities area is to achieve “100 climate neutral and smart cities by 2030”.² This mission aims to accelerate urban transformation by fulfilling the Paris Agreement and the 2030 Agenda, to act as a catalyst for the European Green Deal, and to demonstrate that climate neutrality is indeed possible by 2050. In addition, urban decarbonisation encompasses a broad concept that includes several co-benefits related to improving air quality, health, and well-being, creating new jobs, and fostering social cohesion.

J. Rockström, “Six Transformations to achieve the Sustainable Development Goals”, *Nature Sustainability*, vol. 2, pp. 805-14.

² European Commission, *European Mission - 100 Climate neutral and smart cities by 2030*, 2021.

The EU Cities Mission's approach to city transformation is a clear example of what systemic change entails. Transforming a city towards climate neutrality requires simultaneous action in all urban sub-systems and the fostering of collaboration between all stakeholders in the territory. Such an approach constitutes a binding prerequisite on initiatives under which local, regional, and national governments, private companies, civil society, and the world of research and innovation work to develop roadmaps for triggering levers of transformation and orienting current economic and social models towards decarbonisation.

Systemic transformation or innovation in cities involves the generation of profound structural and targeted changes in financing models, regulatory and public policy frameworks, social perceptions and norms, skills and capacities, technologies, citizen participation, business models, and production systems. In this field, the government plays a fundamental role in decision making, acting as a facilitator of urban transformation processes through which public policies can be developed to respond to current challenges, integrate scales of action, and align measures ensuring long-term economic and social development.

Implementing this approach and providing solutions to complex problems that demand investment and collaboration between different actors demands the establishment of policy instruments that focus on results and experimentation. Therefore, the European Cities Mission has identified the signing of climate contracts as an instrument for driving urban transformation. These contracts are living documents, based on the needs of each city, and aimed at unlocking priority transformation vectors: (i) new forms of participatory and innovative governance; (ii) new economic and financial models; (iii) integrated urban planning; (iv) digital technologies; and (v) innovation management.

In addition to climate contracts, it is proposed to develop structured roadmaps based on interconnected transformative projects. This requires the establishment of distinct

organisational models, responding to a multi-stakeholder approach, launched through stable exchange spaces. This approach relies on collaboration to increase the capacities of the actors involved in city transformation, and to lead to new organisational forms and ideas that offer integrative solutions.

The mission as an instrument of city transformation can become a catalyst for deep collaboration and partnership by developing systemic innovation platforms where local, regional, and national governments, private companies, civil organisations, research centres, and citizens can connect existing initiatives to new approaches and coordinate them to significantly increase their impact.

Acceleration vectors

Achieving ecological transition requires the ability to work differently and change mindsets. The regeneration ecosystem, on the one hand, requires simultaneous and coordinated actions by diverse actors and, on the other, anticipation exercises that allow for trial and error and facilitate the development of innovative solutions with the capacity to be replicated in different contexts. From this perspective, the city as a living and complex entity requires tools – or what is referred to as “vectors of acceleration” – to put these premises into action.

The mission will stimulate the development of a decarbonisation roadmap involving a series of interconnected transformative projects that require systemic innovation and multi-sectoral collaboration for their design and implementation. To bring about such a shift in focus and to enable the collaboration of diverse stakeholders, it is necessary to create spaces for radical and continuous collaboration. This means dedicating resources to horizontal and vertical articulation and coordination between all involved actors, public, private, and social, both at national and regional levels, to support shared and complementary strategies that are immune to political and economic cycles.

Efforts must therefore be made to apply a model of multi-stakeholder and cross-sectoral collaboration to drive the

necessary transformations. In this regard, multi-stakeholder partnerships are the tool that best enables stable and deep collaboration between people and organisations from different sectors,³ because of their potential to trigger socio-technical transformations through elements such as: linkage to public policy; articulation of the aspirations of a diverse set of partners for transformative change; the tackling of problems that have no a priori solution; the generation of conditions of homogeneity and symmetry; and impact on singular points in a system under the premise that when windows of opportunity open, levers of action can be identified that will influence the conditions under which that system operates.

The sharing of learning and open knowledge is essential to continuous effort. The complex problems we face require us to deal with uncertainty and trial and error as part of the learning process. The exchange of learning, lessons learned, as well as good and “next” practices will therefore be the main assets for feedback on, and refinement of, transformation strategies capable of fulfilling the mission and achieving urban transformation.

A special mention should be made of the involvement of citizens, who must play a central role in these spaces of collaboration, as they constitute an unequalled source of innovation and a means of enriching proposed projects, given their capacity to adapt them to real needs. This implies, on the one hand, an understanding that citizens are not passive recipients of institutional actions but proactive agents in finding solutions, and, on the other, recognition that all actors, including citizens and social organisations, must be open to participation and diversity of ideas.

Effective collaboration between actors, and the design of spaces and dynamics that stimulate work between diverse parties, requires the capacity to promote complex and

³ L. Stott and D.F. Murphy, “An Inclusive Approach to Partnerships for the SDGs: Using a Relationship Lens to Explore the Potential for Transformational Collaboration”, *Sustainability*, vol. 12, no. 19, p. 7905, 2020.

innovative methodologies, work processes, and dynamics of concertation, as each of the actors involved will have their own incentives, needs, languages, and codes. Facilitation and intermediation spaces between actors are essential to ensure the coherence of processes, homogeneous and sustained interaction between diverse actors, and a holistic and systemic common perspective.⁴ Just as the Apollo Mission relied on the US space agency NASA as its articulating vehicle, European missions will have to equip themselves with their own "NASA" to promote the systemic changes that our society needs.

The case of the EU Cities Mission Mirror Group in Spain and citiES 2030

The EU Cities Mission Group in Spain

The definition and co-design of each mission in Spain is being led by the Ministry of Science and Innovation which, through "mirror groups", that represent the Spanish context and develop proposals and suggestions for the implementation of each mission at the national level. These multidisciplinary and multisectoral group include actors from the scientific, technological, economic, regulatory, and social fields, with the intention of defining proposals and solutions that respond to the interests of the agents pursuing the objectives of each mission.

⁴ D. Horan, "A New Approach to Partnerships for SDG Transformations", *Sustainability*, vol. 11, no. 18, p. 4947, 2019; the types of partnerships that may be needed and their enabling environment. It introduces transformation effectiveness as a criterion to evaluate a portfolio of partnerships and pathways as a tool to frame discussion of required partnerships. Guided by energy decarbonization and using a simple model of partnership formation, I highlight a (potential) J. Moreno-Serna, W.M. Purcell, T. Sánchez-Chaparro, M. Soberón, J. Lumbreras, and C. Mataix, "Catalyzing Transformational Partnerships for the SDGs: Effectiveness and Impact of the Multi-Stakeholder Initiative El día después", *Sustainability*, vol. 12, no. 19, p. 7189, 2020.

In the case of the Cities Mission, the process has been orchestrated by the *Universidad Politécnica de Madrid* (UPM), who created with the Barcelona Global Health Centre (ISGlobal), Iberdrola and the Spanish chapter of the UN Sustainable Development Solutions Network (Red Española de Desarrollo Sostenible) a multi-stakeholder partnership called “El Día Después” (EDD).⁵ Based on an innovative organisational model, it was set up to provide a response to the crisis caused by the Covid-19 pandemic based on Sustainable Development Goals (SDGs). Since its creation in March 2020, EDD has become a space for connection, learning, generation of meaning and shared narratives, and incubation of innovative projects through the stable and deep collaboration of a large number of actors from different sectors of society. It is organised around multi-sectoral communities of practice, one of which focuses on the transformation of cities and has become the Spanish embodiment of the EU Cities Mission.

In particular, the “Urban Transformation Community”, is the “mirror group” of the cities mission in Spain, working as an “incubator of transformative projects”. It is composed of high-level decision-makers from more than twenty Spanish towns and cities, as well as representatives of the government, private companies, technology centres, universities, and civil society. The Community’s main objective is to provide a space for multi-stakeholder collaboration aimed at experimenting and coordinating work towards the definition of solutions for implementing the EU Cities Mission in Spain. To achieve this, it provides cities and other stakeholders with shared working guidelines and methodologies that promote continuous interaction, exchange of learning, and the co-creation of multi-stakeholder alliances with a common purpose: that of achieving climate neutrality in cities through the regeneration of economic, social, and environmental fabrics.

⁵ Moreno-Serna et al. (2020).

The goals of the EU Cities Mission currently represent the Community’s roadmap, within which the drafting and signing of climate contracts with cities has been established as the main instrument for transformation. In Spain, the signature of these contracts represents an added value for the community, both for the traction that brings together different Spanish cities working toward the common goal of accelerating decarbonisation, and for the ability to offer a long-term perspective of work and collaboration in the context of a transformation process likely to take 10 years.

The community constitutes a hub where specialists and decision-makers come together to develop a collective interpretation of urban challenges based on the ideological diversity and heterogeneity of their organisations of origin.

In addition, processes are put in place to enable the following goals:

- **To design and implement an open systemic innovation platform** as a tool for the transformation of participating cities.
- **To promote a portfolio of innovation projects** directly linked to the aspirations of local citizens.
- **To create a network of public and private actors** that will work as an open innovation platform.
- **To identify a set of principles, criteria, and methodologies** for urban transformation in Spain and Europe (learning by experimentation, a demand-driven portfolio approach, and the use of transformation levers).
- **To attract potential funding partners** for such processes.

To achieve its objectives, the Urban Transformation Community aims to fulfil two main functions: firstly, *orchestration* of a broad group of actors, facilitating strategic conversations that favour the establishment of a shared long-term vision such as implementation of the European Mission of Cities in Spain; and secondly, *fostering the exchange of learning*, which contributes to

establishing a space that inspires generosity, avoids competition and profit-seeking, and attempts to address complex problems from a systemic perspective. Both functions are reinforced by a team of *facilitators* who create a flexible and organised context to accelerate dynamics and ensure compatibility with the actors involved.

citiES 2030: accelerating climate neutrality

With the European Cities Mission providing an opportunity to reach a clear climate neutrality target, and mobilisation of the unprecedented volume of investment proposed by the Next Generation EU Recovery Fund, the “citiES 2030: accelerating climate neutrality” initiative has been launched within the framework of the “Urban Transformation Community”.

The “citiES 2030” initiative aims to position Spain at the forefront of European climate action and drive systemic innovation with a mission-driven approach, accelerating the implementation of solutions that deliver social, economic, and environmental benefits while implementing collaboration, shared learning, multi-stakeholder partnerships and strengthened multilevel governance models, and communicating impact in a way that connects and engages citizens.

The added value of this platform is related to the above-mentioned acceleration vectors:

- **Collaboration:** a context is created for cities and actors involved in urban transformation to collaborate stably and continuously, by introducing systemic vision into the definition of projects to ensure their transformative capacity and scalability to other contexts.
- **Shared learning:** learning generated through action and experimentation is facilitated to accelerate urban transformations initiated in other cities.
- **Multi-stakeholder partnerships:** institutional and administrative capacity is strengthened to articulate networks of actors around key transformative projects for climate neutrality.

- **Multi-level governance:** local innovations are channelled and communicated to national and European administrative levels to ensure policy coherence.

Following the EU Cities Mission’s proposal, “citiES 2030” has initiated a process to transform Spanish cities that will articulate political commitment to decarbonisation and accelerate the development of roadmaps towards climate neutrality. To this end, the initiative is developing two complementary processes that contribute to implementing the mission in Spain.

- **Development and signing of climate contracts:** these are designed to form a living tool driven by the needs of each city to determine scope, activities, and timing, that will help unlock priority transformation vectors such as new forms of participatory and innovative governance, new economic and financing models, integrated urban planning, new digital technologies, and improved innovation management. citiES 2030 has initiated this process with the four largest cities in Spain: Barcelona, Madrid, Seville, and Valencia, in three phases: (i) securing the political backing of the city councils of each of the cities involved; (ii) defining the commitment made by the cities, which consists of adherence to a transformation process and the design and approval of a roadmap toward decarbonisation; (iii) incorporating national and regional stakeholders to sign the contract. As multi-level governance is essential to the success of the mission, the contract must be signed by the city council and by relevant national or regional authorities, together with a representative of the European Commission. A first pre-contract has already been signed by the four cities and the Spanish government on September 8, 2021 (Ministerio para la Transición Ecológica y el Reto Demográfico, 2021).

- Design and implementation of a portfolio of transformative projects** that will help ensure that all actions under the climate contract contribute to the objectives of the EU Cities Mission. Actions must therefore be linked to the local, regional, and national agenda for climate neutrality and ensure that measures implemented will not be disconnected or stop working once the time horizon has been reached. For this purpose, citiES 2030 is conducting a continuous reflection on the notion of transformative projects and, in lockstep, has defined a series of criteria to ensure that selected projects have transformative capacity, are fully scalable, and are aligned with local, national and European public policies. These two processes are currently being developed in collaboration with the city councils involved in the citiES 2030 initiative. Several co-creation sessions have been held to ensure that the commitment made by cities has political backing and is adapted to the characteristics of each territory. To develop portfolios of transformative projects, citiES 2030 collaborates with the technical staff of city councils to identify synergies, exchange learning, and involve external actors.

TAB. 2.1 - TRANSFORMATIVE CRITERIA
FOR URBAN PROJECT ASSESSMENT

Transformative criteria	Questions
<p>The project contributes to one or more Sustainable Development Goals (SDGs).</p>	<p>With which SDG would you identify this project?</p>
<p>The problem it addresses does not have an a priori solution, is interrelated with others and must be approached from different perspectives.</p>	<p>What are the different edges of the problem to be addressed?</p>

It requires the collaboration of different actors and enhances public-private partnerships.	What actors would we need to involve in the project in order to achieve the stated objectives?
The solutions it generates are scalable or transferable to other contexts.	In what other contexts could the results of this project be beneficial?
The project is directly connected to one or more public policies.	To which public policies (local, regional, national) can this project contribute?
It contributes significantly to the mission of carbon neutrality within the framework of the SDGs and the Urban Agenda.	How does this project contribute to the city's strategy to achieve the EU Cities Mission?
It develops new ideas, new practices, or new forms of organisation and governance.	What type of innovation does the project promote (organisational, product, process, technological etc.)?
It incorporates a systemic perspective in both its design and implementation and articulates several policy toolboxes.	What are the changes that the project intends to bring about in the different sub-systems of the city (behaviour, regulation, participation, education etc.)?
It incorporates a multi-stakeholder perspective based on dialogue and co-creation.	What space does the project offer for interaction with the different parties that make up the climate contract and with citizens?
It has a demonstrative effect and catalyses political and social support.	Which sectors and decision-makers within the city support this project?
The people involved have the background and legitimacy to deal with the issues addressed by the project.	Which people in the network have experience with this issue and might be interested in collaborating?
There is a context beyond this project that is being engaged to respond to the problems it addresses.	What other projects can contribute to the objective of this project?
The resources provided by the project are sufficient to ensure its development.	What capacities and financial resources area available to implement the project?

It guarantees the inclusion of citizens in the whole process.	Which processes and methodologies of listening and citizen participation are being used in the project?
It can be implemented in the short term.	What is the time frame of the project? Does it fit the criteria of the new funding instruments?
It is possible to estimate its socio-economic, environmental, and health impacts.	Is there an innovative indicator framework to measure impacts?

A multi-stakeholder approach is part of the citiES 2030 strategy to involve a wide range of actors and strengthen networks based on reciprocity, trust, and collaboration. Therefore, in addition to cities, the following actors are involved:

- **Ministries**, as representative parts of the national sphere, fulfilling the fundamental role of offering a broad perspective that connects national and European urban strategies with regional and local ones. Most of the political, fiscal, and regulatory frameworks likely to accelerate transformative initiatives come from the national and European governance levels. It is therefore essential to ensure that the technical, financial, and social efforts made to achieve climate neutrality in Spanish cities have ministries' support.
- **Universities**, as catalysts and accelerators of systemic change in cities. Collaboration between cities and universities leads to an increase in critical mass for the development of truly transformative and systemic projects, as well as the co-creation of solutions between people from different fields of knowledge and environments with a common purpose: climate neutrality.
- **“El Día Después” (EDD) alliance**, as an articulator and facilitator between the different actors in citiES 2030 and other transformational initiatives in the Spanish context, with a view to generating synergies that share

the aims of citiES 2030. The alliance also coordinates the incorporation of actors from private, academic, and civil society sectors independent of citiES 2030, to continuously enrich and improve work processes.

- **Urban Transformation Community**, a unique space for advancing a collective understanding of the challenges faced by cities and identifying opportunities and initiatives to accelerate the mission.

Working with such diverse actors and ambitious goals requires a strategic, inclusive, and cross-cutting governance model, working at different scales and levels and with a long-term framework. To achieve it, citiES 2030 proposes a model centred on the following components: (i) multilevel governance that promotes the coordination and alignment of actions at different levels of government; (ii) a multi-stakeholder nature that ensures the inclusion of all relevant stakeholders in the urban transformation process; and (iii) distributed leadership among the actors involved in the platform.

The above-mentioned cities (Barcelona, Madrid, Seville, and Valencia) have already participated in this initiative, but a total of 12 Spanish cities are expected to join to achieve a massive transformation of the Spanish urban context. Not only large cities (more than 250,000 inhabitants) but medium-sized towns (between 50,000 and 250,000 inhabitants) and small towns (up to 50,000 inhabitants) will participate.

Other initiatives in Europe: Viable cities

Other countries in Europe are working on similar processes. The first country to create a multi-stakeholder network for urban transformation was Sweden in 2016 with Viable Cities.⁶ The mission of this network is to speed up the transition to climate neutral cities by 2030 "with a good life for all within the planetary boundaries".

⁶ <https://en.viablecities.se>.

Viable Cities is a catalyst for new forms of cooperation between cities, industry, academia, research institutes, and civil society, with more than 80 members. The network strives to mobilise societal actors to change the way Swedish cities work in line with national environmental and climate objectives and international commitments linked to global sustainability goals – Agenda 2030 and the Paris Agreement.

Viable Cities is one of Sweden's 17 Strategic Innovation Programmes (SIPs). Its time frame is 2017-2030. It is being implemented with concerted support from Vinnova,⁷ the Swedish Energy Agency,⁸ and Formas,⁹ in which the Swedish Energy Agency is the principal authority. The KTH Royal Institute of Technology is the organisation hosting the initiative.

Over the last year, nine cities/municipalities signed a city climate contract similar to those proposed by the Spanish cities mission. Signatories include the country's three largest cities (Stockholm, Gothenburg, and Malmö) plus four university towns (Uppsala, Lund, Umeå, and Växjö), one Stockholm suburb (Järfälla), and one smaller municipality (Enköping). In October 2021, nine additional towns selected from a group of 30 that expressed interest in a recent open call will join the initiative and start the process to sign a city contract.

Viable Cities has provided significant input to the Spanish platform and is also inspiring other national networks across Europe. Specifically, Austria, France, Germany, Greece, and Italy are working on similar initiatives, as far as we know.

Accelerating Urban Climate Neutrality

Financial plans to overcome the crisis generated by the pandemic provide an opportunity for Europe to accelerate ecological transition and drive recovery and transformation through investments that steer states towards a new productive

⁷ <https://www.vinnova.se/>

⁸ <https://www.energimyndigheten.se/>

⁹ <https://formas.se/>

model based on sustainability. New funding programmes such as Next Generation EU are an excellent opportunity to mobilise states’ governance structures and promote transition towards sustainable growth.

Successful funding will depend largely on the ability to choose smart investments, and this is where strategic vision and multi-level governance make sense. Shared decision-making at different levels will guarantee impact and agility in implementation. It will therefore be necessary to build spaces with the capacity to design and implement strategies that anticipate risks and propose real transformative solutions. Making concrete commitments in national transformation plans and implementing actionable measures that offer a long-term response to the threats of climate change and rising inequality and poverty will be fundamental to effective urban transformation.

To this end, the mission-driven approach will be a crucial element in directing innovation investments towards addressing the challenges facing cities. This will ensure sustainable, inclusive, and smart growth. The effort of the Spanish Urban Transformation Community to build a network of public and private actors that works as an open innovation platform to identify principles, criteria, and methodologies for the transformation of cities in Spain, together with the rationality of “citiES 2030”, an initiative representing the political commitment of Spanish cities toward decarbonisation, constitute early steps towards implementation of the EU Cities Mission in Spain and achievement of major global commitments on sustainable development.

However, knowledge and new ideas lie in people. Nowadays, there is no doubt that the road to decarbonisation must be travelled by everyone. Working with all sectors involved in cities and their territories is a critical aspect that we must consider in our plans to transform the current model and transition towards sustainability. Citizens must be a central part of the transformation process, not only as co-designers of solutions

through participatory processes but also as agents of change.

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3. A Fork in the Road: European Cities and Widening Inequalities

Eddy Adams

Europe's Cities at the Crossroads

Europe's cities find themselves at a crossroads at the start of this new decade. The arrival of Covid-19 in spring 2020 represented the third systemic shock of the century. As well as posing a huge test for cities' resilience, the pandemic has also shone an unforgiving light on structural weaknesses that were already well-documented.

At the most fundamental level, the experience has challenged the hitherto seemingly relentless process of urbanisation. Even though Europe's urbanisation rates had slowed, compared to other parts of the planet, 83.7% of Europeans are expected to live in cities by 2050.¹ To what extent has the rise in digital working uncoupled the need to live in the city to access employment? What will the impact of the pandemic be on city office space and urban planning, as notions of density are re-examined under the light of this major health scare?

Writing in mid-2021, it is too early to know. However, what we do know is that the levels of urban inequality which

¹ The picture within the EU is mixed. The European Commission anticipates overall population growth in urban areas to rise by 6.8% by 2050. However, half will lose population, with 12% of cities losing one quarter of their population between 2012 and 2050. *The Future of Cities*, European Commission, 2019.

continue to blight Europe's cities can no longer be overlooked. The precarious existence of so many city dwellers has been highlighted by the fallout from the pandemic. As the economy ground to a virtual halt, public subsidies have been mobilised to support employees. However, a significant number of workers have missed out on these: they include freelancers and the notionally "self-employed" in the gig-economy as well as the invisible workers in the informal economy.

What has also been evident is that whilst the shift to digital has benefited many middle-class white-collar workers, it has not been an option for many lower down the economic ladder. People working in front line jobs – amongst them bus-drivers, social care assistants, cleaners – were often in low paid sectors where they could not afford to stay home, and therefore they became ill.

This brutal exposure of structural problems was not confined to the labour market. The pandemic pointed an unforgiving finger at the perilous state of housing, especially in Europe's largest cities. The heightened risks of being homeless during a pandemic were all too evident, as were the consequences of urban housing markets which are increasingly unaffordable for many city residents.

In short, the day-to-day realities of life for our most vulnerable people was exposed for all to see. As the pandemic moves to the rear-view mirror, that crossroads approaches for Europe's cities. The scale of urban inequality has been exposed in a way that makes it much harder to ignore. The options at this junction are either to commit to addressing them, or to knowingly proceed without doing that. Pretending they are not there has been removed as an option.

This chapter will explore the state of play in relation to inequalities in Europe's cities. It will consider the evolving EU urban policy framework that provides the context for the political choices that lie ahead. At a more practical level, it will also consider where the inspiration for a different approach to tackling inequalities might come from, identifying

some lighthouse examples across the continent. Finally, the chapter will set out some headline conclusions to feed into the continuing debate.

Booming but Unbalanced: Europe's Cities Today

Although the wealth gaps between EU Member States have decreased in the past two decades, inequality levels *within* them have risen.² This shift is particularly evident in Europe's cities, where it has been accompanied by rising social segregation. This means people at either end of the socioeconomic spectrum occupying separate parts of the city, with the wealthy increasingly closing themselves off in secure gated private communities. In this respect, European cities are becoming more like those in the United States, where this polarisation is long-standing.

Eurostat data shows that in 2017 112 million EU citizens were at risk of poverty or social exclusion, accounting for 22% of the total population. This represented an increase of 13 million people compared to the previous snapshot taken in 2014 – a 13% jump. In 2017 42% of citizens at risk of poverty or social exclusion were living in cities. The same data show different patterns between parts of Europe. Generally, cities in north and western Europe are the least inclusive, with high levels of unemployment and a prevalence of low work-intensity households. In these countries (including Denmark, Germany, France, the Netherlands and the UK) there is less risk of exclusion living in rural areas. This pattern applies less in Eastern and Southern Europe.

Several drivers affect the trend of widening inequalities in Europe's cities. One is the relatively slow rate of wage growth, affected by the rise in non-standard forms of employment,³ including the growing incidence of insecure employment,

² *The Future of Cities...*, cit.

³ Between 2002 and 2017, the share of part-time employment in the EU27 and UK rose from 15.6% to 19.4% according to the European Commission.

facilitated by a shift to the service economy and the advance of disruptive digital platforms.⁴ As Piketty⁵ clearly showed, the rate of inequality is likely to be significantly higher when taking wealth into account in addition to income. Women also continue to fare less well in the labour market due to structural inequalities reflected in the continued gender pay gap. The most recent data show that women in Europe earn 14.1% less than men,⁶ despite equal rights legislation.

It is in urban areas that the accumulation of capital is most visible, for example in the rapidly rising house prices that increasingly characterise Europe’s cities. Digital platforms, like Airbnb have facilitated this through removing housing from the local rental sector, but other factors are also at play – such as overseas investment in urban property – particularly in larger cities. In July 2018, in a joint statement⁷ to the United Nations, the cities of Amsterdam, Barcelona, London, Montreal, Montevideo, New York and Paris declared that citizens’ rights to affordable housing are being jeopardised following the growing influence of speculators, investors and mass tourism on urban property markets.

Real estate markets appear least accessible in Paris, Stockholm, Helsinki, Amsterdam, Copenhagen, Luxembourg, Berlin, London and Dublin, where more than 80% of citizens are pessimistic about finding good housing at a reasonable price.⁸

Low quality housing is associated with poor health, and the growing spatial segregation in Europe’s cities reinforces widely reported existing health inequalities.⁹ An increasingly evident aspect of this is the exposure to poor air quality prevalent in

⁴ M. Heikillä, “On the job but unprotected – why European welfare is failing gig workers”, *Politico*, 2020.

⁵ T. Piketty, *Capital in the Twenty-First Century*, Cambridge, MA, The Belknap Press of Harvard University Press, 2014.

⁶ *The Gender Pay gap Situation in the EU*, European Commission, 2021.

⁷ *Cities for Adequate Housing*, Municipalist Declaration of Local Governments for the Right to Housing and the Right to the City, New York, 16 July 2018.

⁸ *The Future of Cities...*, cit.

⁹ R. Wilkinson and K. Pickett, *The Spirit Level*, Allen Lane, 2009.

many deprived urban neighbourhoods.¹⁰ The European Court of Auditors¹¹ estimates that this is responsible for the premature death of around 400,000 European per annum, with a largely urban impact. This specific issue is indicative of the way in which the urban population – especially its poorer residents – is at greater risk from the consequences of the climate emergency.¹²

Priority neighbourhoods are where the most vulnerable citizens are often found. One notable group amongst these is migrant communities, particularly the most recent arrivals who are most likely to gravitate to neighbourhoods which are more affordable, and where there are members of their own community to provide support and access to employment as well as cultural and other facilities.

Sadly, Europe's children are also amongst the most vulnerable in society. The most recent Eurostat data shows that Europe's children are more likely to be living in poverty than adults. In 2019 an estimated 22.5% of minors were at risk of poverty compared to 21.5% of working-age adults and 18.6% of older people (65+). Eurostat analysis¹³ identified a number of factors influencing the risk of poverty which included:

- Household composition – for example family size, single parent families etc.
- Employment situation
- Levels of parental education
- Migrant background

As we have already noted, the Covid pandemic has exacerbated the situation for many of the most vulnerable, highlighting the precarity of their basic rights to health, housing and stable employment. In the short term, national governments have established short-term interventions to cover lost wages, but this

¹⁰ G. Cesaroni *et al.*, *Long term exposure to urban air pollution and mortality in a cohort of more than one million adults in Rome*, National Library of Medicine, 2013.

¹¹ European Court of Auditors, Special Report No23, 2018.

¹² *The future we don't want*, C40 Cities, 2018.

¹³ Eurostat, [Children at risk of poverty or social exclusion](#).

has failed to mask the deeper structural issues, which include the erosion of welfare provision in many parts of Europe.

It remains to be seen whether the recovery will involve a shift away from the pre-pandemic trend of reducing welfare provision. The significant levels of public finance allow this provision, with much debate about welfare reform¹⁴ and a shift towards minimum-income models. There is no guarantee however that such reforms will be widely taken up at the Member State level in future.

How Are Cities Responding?

The shapeshifting challenge of the pandemic has required an agile, creative response from city authorities. Across Europe there are inspiring examples of the way in which City Hall has mobilised a cross-sectoral response during this period of crisis. From pop up bike lanes to food distribution hubs, to outreach programmes tackling loneliness, many city authorities have stepped up and demonstrated the art of the possible, working closely with civil society. Often, they have done so with diminished human resources as front-line local authority staff have been taken ill and others have been redeployed.

This section focuses not only on these examples, but on cases where cities are implementing innovative approaches to addressing the deep-seated structural issues already discussed, which Covid has illuminated.

Inclusive Employment and the Skills Mismatch

The tectonic shift driven by digital trends and the need for decarbonisation presents cities with opportunities as well as challenges. One of the biggest amongst the latter is that the

¹⁴ S. Börner, *Is the Coronavirus going to reshape the European welfare state?*, *Social Europe*, 2020.

process will further widen existing inequalities. That was one of the headline conclusions from Rotterdam's Roadmap Next Economy process, which mapped out the journey ahead for Europe's largest port, with its historic associations with fossil fuels.

This association is strongest in Rotterdam South, formerly the port district and now home to the most deprived community in the Netherlands. Composed of 74% first- or second-generation migrants, the neighbourhood has long been a byword for intergenerational poverty, triggering a twenty-year priority investment programme co-ordinated by the city and national governments.¹⁵

An important instrument to address the cycle of intergenerational poverty has been the innovative BRIDGE project.¹⁶ Its focal point has been very young children in Rotterdam South, who are required by the Dutch education system to make significant career choices at a relatively early stage of their schooling. The aim of BRIDGE was to encourage these pupils to make these more informed choices linked to the city's future growth sectors, therefore increasing their likelihood of accessing employment and high-income levels than their parents. This highly ambitious approach mobilised city employers, school pupils, teachers, parents and civil servants. It also provided a powerful example of the integrated approach to sustainable urban development, by breaking down traditional departmental silos and involving the city's Welfare, Education and Employment divisions.

At the heart of BRIDGE's 20 interventions is a pioneering *Career Start Guarantee*, effectively an agreement between an employer and a young person from Rotterdam South. Over 700 of these have been established since the start of the project. The success of BRIDGE has influenced the city's development of a wider pact between City Hall, skills providers and employers,

¹⁵ Nationaal Programma Rotterdam Zuid.

¹⁶ Rotterdam, Jobs and skills in the local economy, BRIDGE - Building the Right Investments for Delivering a Growing Economy, <https://www.uia-initiative.eu/en/uia-cities/rotterdam>

in the shape of their Work Learning Agreements, which extend some of BRIDGE’s key components to support adults as well as young people.

Rotterdam’s logic sequence has been to foresight the city’s economic trends, then explore the skills implications and then to design the interventions required to support those who are most vulnerable. Foresighting is, of course, increasingly difficult as digital developments – and catalysts like Covid – accelerate labour market developments, making it harder for employers to accurately assess future skills needs.

It is clear however that digital skills requirements will only increase – across all sectors and at all employment levels – and many cities are showing how this challenge can be addressed. Not so far from Rotterdam, another Dutch city, Eindhoven is designing digital applications to support job-seekers and to address the supply and demand skills mismatch.¹⁷ Further west, another Member State with an encouraging cluster of city examples is Portugal, which is forging a reputation as one of the continent’s digital hotpots.

Aveiro is demonstrating that small and medium sized cities can develop a profile as front runners here.¹⁸ Working across traditional industry sectors is also a feature of their approach, which also places great emphasis on the upstream skills supply chain by working closely with schools, ensuring that children will not be left behind as the city’s economy transforms. A little further north, Porto is also focussed on nurturing – as well as attracting – digital talent,¹⁹ and an important element of their strategy is to ensure that locals – particularly those in the city

¹⁷ Eindhoven, Jobs and skills in the local economy, P4W - Passport4Work an intersectoral skills passport with gamified skills assessment and improvement, <https://www.uia-initiative.eu/en/uia-cities/eindhoven>

¹⁸ Aveiro, Jobs and skills in the local economy, AVEIRO STEAM CITY - Urban Network for Upgrading STEAM Skills and Increasing Jobs Added-Value through Digital Transformation in a new economic context, <https://www.uia-initiative.eu/en/uia-cities/aveiro>

¹⁹ Porto, Tech Hub, Creating a Strong Tech Community, <https://portotechhub.com/about/>

suburbs, more reliant on traditional industry sectors – can access those opportunities.²⁰

A specific priority around digital is to improve prospects for women. 53% of companies trying to recruit ICT specialists report difficulties²¹ finding qualified women. In 2020 the European Commission launched its Women in Digital Scoreboard as a tool to highlight and address this issue,²² and its research noted that in this sector women earn 19% less than men, part of a wider gender pay gap issue.

Eurocities has highlighted the pivotal role of cities in promoting gender equality,²³ highlighting examples which include:

- Barcelona’s development of gender clauses in its public procurement procedures
- The ‘girl empowerment workshops’ offered by Vienna’s Department for Women’s Affairs
- Lyon’s gender equality awareness training for all municipal staff

In March 2021, the city of Bilbao ran a public campaign highlighting the additional pressures that Covid had placed on women in the city, under the strapline of “And you... how are you doing it?”²⁴

Affordable Housing and Homelessness

Ensuring sufficient levels of affordable housing has become a principal challenge to urban policy makers across Europe. Finite supply of land, increased property speculation and the

²⁰ E. Adams, *Digital Gamechanger?: How Europe’s cities are adapting to the impact of COVID-19*, European Commission, 2021.

²¹ *Women in Digital*, Shaping Europe’s digital future, European Commission.

²² *Women in Digital Scoreboard 2021*, Shaping Europe’s digital Future, European Commission.

²³ Eurocities, News, “[Cities are leading the way to gender equality](#)”, 6 March 2020.

²⁴ Eurocities, News, “[And you... how are you doing it?](#)”, 8 March 2021.

digital platforms removing properties from the local market have been amongst key drivers creating this effect. The practical implications are that the poor become displaced, pushed to the extreme periphery, often travelling long distances to their low-paid jobs in the centre, particularly in Europe’s larger cities.

Again, Covid highlighted the structural cracks in Europe’s urban housing edifice. The plight of homeless people – too often airbrushed out of the city consciousness – became harder to ignore as their vulnerability was exposed. Emergency legislation was activated to address a feared avalanche of evictions as jobless people struggled to pay their rent. At the same time, cities like Barcelona, long in the vanguard of the anti-eviction movement, joined other cities in campaigning for change.

Yet the structural drivers that have created this problem remain in place. Consequently, what can cities do to arrest this seemingly unstoppable escalation of city housing costs?

Let’s explore three main challenges individually.

The newest of them is the rise of digital housing platforms like AirBnB. Since its arrival in Europe, the platform has removed significant chunks of rented housing from the local market. For example, a 2015 study²⁵ found that 9.6% of all Barcelona properties were on Airbnb – a figure rising to 16.8% in the old Gothic quarter. The rapid escalation of this disruptive business model has posed a variety of challenges for regulators, triggering a cascade of lawsuits lodged by city authorities against the US business.

However, it was the pandemic, rather than the judges, who brought this to a halt. As the business model is predicated on a highly mobile international customer base, the collapse in international travel stymied Airbnb’s business from the spring of 2020. Of course, this is merely a hiatus, with the likelihood that it will be business as usual once the world returns to some kind of normal. But in the meantime, several cities have used this welcome breathing space to rethink and recover.

²⁵ A. Cocola-Grant, *Holiday Rentals: the new gentrification battlefield*, University of Lisbon, 2015.

Amongst city policy makers, attitudes to Airbnb vary in the way that they do to the virus. The hardliners still look to stamp it out altogether, continuing to explore legal channels to prevent its operation – and that of its digital platform siblings – in their city. Paris, Barcelona and Berlin have been amongst the most proactive in this space, creating a series of landmark legal decisions.²⁶ Others adopt a more pragmatic view, exploring ways to co-exist with the platform, acknowledging that these – and other – digital business models are here to stay and accepting that it is the regulators’ duty to keep abreast of them.

Amongst the latter, several have used the pandemic period as an opportunity to assume a more proactive role in the city’s housing market. One of the most eye-catching of these has been the city of Lisbon, which experienced a huge rise in Airbnb’s scale following deregulatory measures imposed on Portugal after the financial crisis of 2008. As a consequence, on the eve of the pandemic Lisbon had 22,000 Airbnb listings, even more than Barcelona (18,000).

The net effect of this has been the removal of a significant proportion of the city’s rental sector from the local market, resulting in rising social housing costs and a lack of affordable homes for the city residents. Lisbon is using the opportunity provided by the suspension of normal tourist travel to rebalance this picture and to bring properties currently on the digital platform back into civic use.

The big idea is to persuade property owners to move away from the volatile Airbnb market through a deal with the city authority that will guarantee them an income over a five-year period. Lisbon’s aim is to bring 1,000 properties back into the local social rental as part of an ambitious programme that it has set aside €4 million to fund. However, even the scale of Lisbon’s activities will leave a significant number of properties in the Airbnb portfolio, and it is likely that as these platforms evolve and mature, a relationship of

²⁶ “EU top court backs crackdown on short term home rentals”, *Reuters*, 22 September 2020.

coexistence will develop, as city regulators design ways to mitigate against the most acute challenges.²⁷

A more familiar and long-standing driver of urban housing costs is the growing levels of property and land speculation. Since the late 2000s, market globalisation, low interest rates and incentives designed to attract institutional investors have fuelled the financialisation of housing in cities of all sizes across Europe.²⁸ Research²⁹ has noted that the shape of this plays out differently amongst cities. For example, levels of institutional investment were highest in Amsterdam and Stockholm, whilst the Golden Visa programme had been a factor in attracting individual overseas investment in cities like Athens and Lisbon. The commodification of city housing – perceived as an investable asset rather than a basic human right – is the core driver behind these patterns.

It’s important to say that cities need private investment, which creates jobs and other social and economic benefits when properly regulated. As we have already seen, city authorities continue to explore ways to strike the right regulatory balance. Although the focus is on limiting short-term rental activity and promoting affordability, there has been a wide perception that incentives are prioritised at potential investors rather than city residents. For example, examining the case of Amsterdam the JRC study noted:

that private individuals systematically pay more per square meter (buy to live) than investors. This fuels the assumption that professional buyers have better deals, based on better access to capital, and possibility to buy in bulk.³⁰

²⁷ In September 2020 Airbnb launched its City Portal designed as a tool to aide collaboration with city authorities.

²⁸ See for example, *Who owns the city? Exploratory research activity on the financialisation of housing in EU cities*, European Commission Joint Research Centre, 2020.

²⁹ The transformation of housing into financial assets normalises misery in the cities of the Americas, Saskia Sassen, *Open Democracy*, 2020.

³⁰ *Who Owns the City...*, cit.

What can cities do in response? Their powers are limited, and city authorities' responsibility for housing has been eroded since the 1980s. However, there seems to be some shift³¹ towards public authorities having a more active role, which provides an opportunity to make change where there is political commitment.

Cities are responding to this by exploring innovative ways to limit land speculation in order to increase the supply of affordable housing. Brussels is one city which has run with the Community Land Trust (CLT) model, a concept that buys and removes land from the private market. CLTs provide affordable housing (20-50% of the open market rate) primarily aimed at the most vulnerable citizens. Since the late 1990s there has been a steep rise in the formation of CLTs in Europe, with more than 170 now in place.

The Brussels CLT provides an insight into the operating model. In the Belgian capital there is a lack of social housing, which accounts for only 7% of the total stock. With prices rising, low-income citizens have been priced out of home ownership, as in other major European cities. Under the Community Land Trust model, land is purchased and removed permanently from the private market, then held in trust, ensuring it cannot be resold. The housing units on that land are then offered to priority tenants, using an agreed formula.

The CLT brings together public authorities, civic organisations and citizens in a combined governance structure, formulated as a not-for-profit organisation. Here, the initial use of public funds to purchase the land is the key to ensuring affordable costs going forward, and the model is gaining traction across Europe, including Berlin where the first CLT has recently been established in the city.³²

These creative public-led approaches are being implemented in a period when access to high quality affordable housing is

³¹ [Social housing in the UNECE region](#), UNECE 2015.

³² [Community-Led Housing, a key ingredient of urban housing policy](#), URBACT article by Laura Colini and Levente Polyak

increasingly precarious. Levels of homelessness have almost doubled in Europe over the past ten years,³³ with urban areas most badly affected. Consequently, the innovation in relation to housing options needs to be supported through local political commitment to tackling the scourge of homelessness.

In the past decade the most significant development in terms of interventions has been the roll out of the housing first approach, initially pioneered in Finland.³⁴ The concept, developed by the Y-Foundation, turned the established model of supporting homeless people on its head. Where previously, access to housing was granted after a homeless individual had addressed a series of other barriers in their lives, with housing first, as the name suggests, people were housed and then other service supports followed afterwards. The success of this approach has led to widespread replication across Europe, including the establishment of an URBACT network (ROOF³⁵) tackling homelessness led by the Belgian city of Ghent.

Sadly however, the success of housing first has not led to eradication of homelessness in Europe. In June 2021 the European Commission established the European Platform to Combat Homelessness,³⁶ as a space to coordinate efforts, inform investment and share evidence of effective interventions. Alongside this, Eurocities has coordinated efforts calling upon national governments and the EU to do more to support cities struggling to meet the scale of this challenge,³⁷ enshrined as one of the key EU pillars of Social Rights.³⁸

³³ Kim van Sparrentak, [Tackling Europe’s Housing Crisis](#), MEO, OECD, June 2021.

³⁴ Housing First, Europe Hub, [Finland](#).

³⁵ <https://urbact.eu/roof>

³⁶ European Commission, [“European platform to combat homelessness is launched”](#), Press Release, 21 June 2021.

³⁷ Eurocities, [Inclusive Cities for All, City Pledges to the Pillar](#)

³⁸ European Commission, [“The European Pillar of Social Rights in 20 principles”](#).

Rising Inequalities and Social Polarisation

Child poverty

Childcare and support to children is another of the key EU Social Rights pillars. This complements the newly established European Child Guarantee,³⁹ which includes a commitment to breaking the cycle of intergenerational poverty. However, as we have already seen, deprivation levels are high amongst Europe's children, and most concentrated in cities.

Breaking this cycle requires a systemic focus on the challenges and political commitment to designing effective solutions. Rotterdam's BRIDGE project has already been cited as one example of this. Another is taking place in the city of Milan, which has 230,000 minors in an overall population of 1.4 million people. A city with widening inequalities, Milan has a Gini index of 53.2% compared to a national rate of 38.2% nationally. Almost one third (30%) of the city residents live below the poverty line, and an estimated 1 in 10 minors were in absolute poverty in 2018, a figure likely to have risen since the pandemic.⁴⁰

Milan has embarked on a radical strategy to improve the wellbeing of its young people, through an innovative approach that will redesign the format of and access to public services. The outputs will include a mix of online and physical hubs co-designed with young people, offering support and facilities selected by young people themselves. An important aspiration is to redesign the relationship between the city authority and its youth, as well as to encourage collaboration across departmental silos and with external service providers. The objective is to provide a universal offer to all Milan's young people, which will be of particular benefit for those who are less familiar with the system.

³⁹ European Commission, "The EU Strategy on the Rights of the Child and the European Child Guarantee".

⁴⁰ E. Adams, *Milan WISH-MI Journal* 1, Urban Innovative Actions (UIA), 2021.

Milan’s approach to collaborating with young people has been informed by the experience of other European cities which have invested in the empowerment of children and their active participation in policy making and service design. Most notable amongst these have been Vienna’s participative approach to their children and youth strategy, Braga’s pioneering work around youth assemblies⁴¹ and participative budgets and Finland’s Ohjaamo guidance centres.

Civic engagement

This corresponds to a wider interest in participative methods as a way to mobilise marginalised communities. This is evident in the wave of processes addressing the well-documented breakdown in trust between citizens and the public authorities. One of these examples is the Nantes Grand Debats⁴² which engaged citizens on a series of *wicked* issues and which inspired Eurocities’ principles of citizen engagement.⁴³ Others include the experience of Gdansk⁴⁴, with its Citizen Assembly process, and Lisbon’s well-established BIP-ZIP model that provides a framework for citizens in priority neighbourhoods to determine the use of regeneration funds.⁴⁵ This mechanism has now been transferred to seven other EU cities via the URBACT network, Com.Unity Lab.⁴⁶

Alongside The Hague, Lisbon is one of a handful of cities that have successfully implemented the EU’s Community Led Local Development (CLLD) instrument in an urban context.

⁴¹ Eurocities, An Initiative of, [A Voice and a Vote](#).

⁴² Eurocities, [Urban playground](#), 19 December 2019.

⁴³ Eurocities, [Citizen engagement at local level EUROCITIES principles on citizen engagement](#), July 2020.

⁴⁴ M. Gerwin, [Designing the process delivering recommendations by the citizens’ assembly](#), 2019.

⁴⁵ [Good Practice Summary](#), Lisbon Local Development Strategy for Neighbourhoods or Areas of Priority Intervention (BIP/ZIP): An integrated toolbox, Developed for URBACT III – Good Practice Call, March 2017.

⁴⁶ URBACT – European Union, [Com.Unity Lab](#), Empowering Local Development.

The challenges to using this have been closely examined⁴⁷ and it remains part of the Commission's urban policy ecosystem in the 2021-28 programming period. It remains to be seen whether it will gain more traction in future. In the meantime, other mechanisms seem to be more effective in mobilising citizens to actively participate in priority neighbourhoods to address issues of social polarisation.

Key amongst these has been the rise of the Commons movement, which has had particular success in Italy. The term can be misleading, as it is employed in different ways in the urban policy context. On the one hand it refers to the cultural and natural resources which belong to everyone. The German EU Presidency team had this in mind when it referred to 'urban policy for the common good' in the New Leipzig Charter.⁴⁸ However, a narrower and more specific notion of the term refers to the active involvement of citizens in the repurposing of community assets. These are normally underutilised or redundant publicly owned buildings and space, and this revitalisation model has become an increasingly effective focal point for asset-based community development.

A good example of this can be found in Turin,⁴⁹ where the city authority introduced a regulation which helped formalise the procedure and to stipulate its focus on specific buildings and public spaces. This model was underpinned by a series of (50) collaborative pacts between neighbourhood citizens and the city authority, and through a mix of digital and physical spaces, which includes eight *Case del Quartiere* (Neighbourhood Houses). This empowering approach to the utilisation of public assets

⁴⁷ E. Adams and P. Ramsden, [Reflection on participation in Europe's cities](#), URBACT, 2019

⁴⁸ Eu20 20.de, [The New Leipzig Charter. The Transformative Power of Cities for the Common Good](#), Adopted at the Informal Ministerial Meeting on Urban Matters on 30 November 2020.

⁴⁹ Urban Innovative Action (UIA), [Turin](#), Urban poverty, Co-City - The collaborative management of urban commons to counteract poverty and socio-spatial polarisation.

in priority areas has created energy and momentum amongst practitioners and policy makers and the Turin model is currently being adapted for use in Gdansk, Budapest and Cluj-Napoca.

The utilisation of digital tools evident in the Turin experience is a growing feature of cities’ efforts to recalibrate their relationships with priority neighbourhoods and those who live in them. Designing and navigating digital space provides fresh ways to reframe the old debates about community regeneration. Although concerns about the digital divide still hold, it is evident that the clever mix of physical and digital approaches can be especially useful when reaching out to communities like young people and migrants.

One of the longest standing and most effective approaches like this has been the Synathina platform in Athens,⁵⁰ established in the wake of the financial crisis as a new way to facilitate cross-sectoral collaboration. Initially focused on neighbourhood regeneration and the need for a new dialogue with citizens after the de facto collapse of the municipality, Synathina has also proven to be an effective mechanism to engage new arrivals to the city. As such, it has helped nourish Athens’ innovative approach to migrant integration, which has attracted much attention across Europe.⁵¹

Financial insecurity

In an era of experimentation and reflections on tackling inequity in our cities, it would be an oversight not to talk about money, particularly income levels. At the most basic level, widening inequalities means wealthy people earning more whilst those at the other end of the scale earn less or stand still. For sure, interventions to support deprived people into better paid employment is part of the solution, as we have seen. But so too is improving financial support for those facing employment barriers or outside the labour market.

⁵⁰ synAthina, <https://www.synathina.gr/en/>.

⁵¹ Urban Innovative Action (UIA), “Athens Curing the Limbo”.

The erosion of welfare provision in many EU Member States combined with the pandemic's exposure of the precariousness of many citizens has catalysed an increased focus on ways to provide a minimum safety net for the most vulnerable. At the city level, a major challenge here is that welfare provision is the reserve of national governments, but this has not prevented cities experimenting with new solutions.

Perhaps the most eye-catching of these is the Universal basic Income (UBI) model, whereby all citizens are guaranteed a certain level of income. Attracting support from the left and right of the political spectrum, a number of EU cities and Member States have piloted UBI models⁵² although none of these has been implemented to date. Conversely, 12 US cities are presently piloting UBI models, and feasibility work is under way in a number of EU Member States including Germany, whilst cities including Glasgow, Leeds, Utrecht and others have also investigated the concept.

Barcelona has taken a slightly different route by designing an innovative pilot where residents of two priority neighbourhoods were guaranteed a minimum level of income.⁵³ This pilot, funded through the EU's Urban Innovative Actions initiative, differed from the UBI concept in that the income guarantee was conditional on participants engaging in a series of activities such as community participation and volunteering. The results of the pilot are currently under assessment.

Reasons to be cheerful?

The city case studies shared in this chapter provide grounds for optimism as Europe confronts the long-standing and growing challenge of inequalities. Often, as in the Barcelona minimum income experiment, the motivation stems from an

⁵² S. Holder, "2021 will be the year of guaranteed income experiments", BloombergCityLab, *Bloomberg*, 2021.

⁵³ Urban Innovative Action (UIA), *Barcelona*, Urban poverty, B-MINCOME - Combining guaranteed minimum income and active social policies in deprived urban areas.

acknowledgment of the limitations to established patterns of urban public infrastructure investment. This can transform neighbourhoods, but in doing so it may only displace its poorest residents. Without new approaches, nothing will change.

It is likely that this wave of innovative urban policy responses has been stimulated by the speed, scale and complexity of the challenge. The pace of digital developments, combined with the pressing enormity of the Climate Emergency, had already galvanised cities into more creative responses – and that was even before Covid-19 blasted onto the scene. This seems to have provided even greater incentive for bold solutions at the city level, supported by new forms of cross-sectoral collaboration.

However, it is important not to overstate these positives. The examples cited in this chapter remain lighthouse cases which are by no means the norm. They can provide inspiration, but Europe needs many more like them if it is to reach its ambitious commitments to tackling societal inequalities, which are most pronounced in urban areas.

At the European and Member State level the resources are there. The key question is whether cities will have access to them and have permission to implement them effectively. At the city level this requires political commitment, which has already been noted. It also requires a willingness to take risks, experiment and learn.

But cities do not operate in a vacuum. At the EU level there is a growing acknowledgement⁵⁴ of the need to have cities at the decision-making table. There is also, within the European Green Deal,⁵⁵ acknowledgment of the need for Just Transitions, ensuring that no one is left behind in the shift to low carbon. However, the major funding decisions on the dispersal of EU Cohesion (and now also Recovery) Funds lie with Member States. The framework of multi-level-governance is a strength of

⁵⁴ This is reflected most recently in the [Urban Agenda for the EU Partnerships](#) and the *New Leipzig Charter*. ... cit.

⁵⁵ European Commission, [A European Green Deal](#), Strategy, Priorities 2019-2014.

the EU urban acquis, however it works best when priorities and perspectives are aligned. In those parts of Europe where this is not the case – most notably where there are significant tensions between levels of government – then cities remain much less able to shape their own destinies.

So, although cities stand in the front line and are closest to citizens as a form of government, their options remain restricted. Spurred by the Covid-19 experience, cities are applying increased direct pressure on the EU to review the state of Europe’s urban inequalities on a regular basis. For example, with the co-ordinated support of Eurocities, they are also lobbying for a new EU pact with cities, focused on a just and sustainable recovery.⁵⁶

In the meantime, lighthouses across the continent provide shining examples of what can be done, showing that inequality is a political choice, not a fact of life.

⁵⁶ Eurocities, “[Cities call for new EU pact for just and sustainable recovery](#)”, 6 May 2021.

4. Financing the Low-Carbon Transition in Cities

Grant Aaron, Steve Turner

Whilst there is widespread acknowledgement of the scale of the challenge associated with achieving a low-carbon transition, far less consideration has been given to how the necessary infrastructure will be practically implemented. The provision of finance is a crucial component of this delivery and is the focus of this chapter.

The low-carbon transition will require significant up-front investment to transition our existing carbon-intensive system, such as how we heat our homes and how we travel, to a lower-carbon alternative. The up-front investment needed to address climate emergency pledges is unprecedented and daunting from multiple perspectives:

- **Scale:** The cost of undertaking work will run into trillions of euros. This falls well beyond the financing capacity of the public sector.
- **Urgency:** Implementation must accelerate as soon as possible to meet carbon reduction deadlines and mitigate temperature increases.
- **Complexity:** The systemic transitions required within cities are complex and interlinking and are unlikely to be achieved successfully through individual decision-making.
- **Just Transition:** Already stretched social inequalities will risk being exacerbated if the outcomes of policy changes are not appropriately considered.

Whilst low-carbon infrastructure presents some opportunities for private-sector investment, there is a range of limitations to ongoing revenue streams, which are currently holding back the scale of private financial flows. Unlocking private finance to deliver climate change reduction will require developing a method to combine investment opportunities so they are at an investible scale and maximise efficiency, by delivering a number of enabling actions that make the economic case for certain interventions more viable, and creating the structures that can enable this investment, specifically the development of collaboration between public and private sectors.

In this context, the UK Climate Change Investment Commission (UKCCIC) sees private-sector finance as a critical tool for achieving the Net Zero transition. Alongside supporting substantial GHG reductions, integrating private finance into the Net Zero transition will support the UK’s levelling-up agenda, create local jobs, deliver clean and inclusive places to live, and prompt greater collaboration between all stakeholders in local places. The scale of private finance available is sufficient to support substantial progress towards Net Zero. However, there is a need to understand where private finance can play an effective role, and where hurdles must be overcome to unlock this resource. New approaches are therefore required to deliver this multi-intervention and place-based transition.

Investment Principles

Typically, significant up-front spending is required to change the way an existing system operates, whether that is transitioning a bus network from diesel buses to battery electric (more expensive vehicles and the charging infrastructure required) or making buildings more thermally efficient by investing in insulation.

Once that up-front spending has been made, the new system may be cheaper to operate, delivering cost savings. For example, electric buses are cheaper to fuel per mile travelled and

maintenance costs are lower, given fewer mechanical moving parts. Similarly, energy costs to achieve a comparable comfort level in a house are lower once that house is thermally insulated.

In some instances, whilst investment in new infrastructure may not reduce operating costs, opportunities to generate additional revenue streams may be created. For example, payments to use bike-hire schemes, or from sales of electricity generated through PV installations, provide an ongoing revenue stream to contribute to repayments on borrowing.

Sufficient savings to ongoing costs and/or additional revenue streams combine to produce the business case for the up-front spending. A primary consideration is whether the low-carbon infrastructure being considered presents sufficient cost-saving or revenue-generation opportunities to warrant borrowing for investment. If this is not the case, additional sources of finance – such as grants or payments for co-benefits – are required to repay up-front capital borrowing.

Bringing private finance will require a change of mindset away from grant funding towards returns-based investment and innovation in financial structures. An investment mindset means looking at the positive cash-based returns from projects, then capturing, de-risking and using these revenue streams to raise and then repay finance as part of the up-front capital requirement.

Scale of the Challenge

The costs of investing in low-carbon technologies to achieve transition will run into trillions of euros. Research undertaken by the UK Cities Climate Investment Commission¹ demonstrates a total investment requirement to support the transition to Net Zero for the UK's Core Cities and London of approximately €234bn (within a range of €146bn-€487bn). To put the scale

¹ UK CCIC, Katapult, [Connected Places](#), [UK Cities Climate Investment Commission](#).

of these numbers into some context, UK GDP is around €585 bn per annum, UK domestic household net savings are around €59bn (having increased from almost zero pre-pandemic), central government annual spending in 2020 was around €819bn, and local authority combined annual spending was €210bn. While the latter numbers feel large, many core services are still recovering from the period of austerity that followed the financial crisis.

The quantity of expenditure required to deliver a low carbon-transition is therefore very significant compared to public resources, particularly when it is considered that much of the implementation of the transition will occur at the local level. The private sector presents a logical route to expand the pool of available finance.

Most cities, however, are restricted to forms of public-sector grant finance, the potential to encourage citizens to contribute through various means, and the potential to encourage local businesses to contribute. All of these are effectively forms of non-repayable capital. These sources will not be sufficient to deliver the scale of infrastructure investment required.

Some city authorities are engaging with the green bond market. If these green bonds are used as a form of direct local government borrowing for general purposes, as is the case in the municipal bond market in the US, a couple of important issues arise. In terms of cost these green bonds will be competing against the keenly priced borrowing rates which city authorities are often able to access, and secondly, they will still be limited by overall public-sector fiscal borrowing caps and therefore are unlikely to be of sufficient scale.

Private-Sector Finance

There has been a considerable change in the private-sector financial services industry over the last few years, led globally by firms in Europe, to fully embrace the Environmental, Social and Governance (ESG) impact of their business models. This

change is occurring at different paces in different parts of the industry, but is arguably being led by the pension funds and insurance funds, with, outside of some notable individual exceptions, others such as bank lending, private equity and sovereign wealth funds.

This change is being driven by the ultimate asset owners (i.e., individual pension holders, policy premium payers and savers) putting direct pressure on the organisations that manage their funds, as well as increasing pressure from regulators. That “push” is now being augmented by a ‘pull’, as many asset managers realise that sustainable investments may actually perform better in the longer term as a result of negative impacts of unsustainable assets starting to be reflected in valuations and access to capital.

This means there is an increasing quantity of capital which, while still seeking a return commensurate with the risk being taken, is also seeking demonstrable positive social and/or environmental impact. To put some context on the scale of this, the UK asset management industry managed €10.6tn at the end of 2018 and there were €3.3tn of funds in the UK pension fund industry.

A key enabler to capital flow into low-carbon infrastructure projects will be the ability to demonstrate impact as well as de-risked returns. Co-ordination and collaboration on data will be key. In the first instance there is the importance of baseline measurement from which any impact can then be measured. The metrics will of course depend on the individual funders, but are likely to include the likes of air quality, local healthcare outcomes, water quality, biodiversity, community engagement and wellbeing, in addition to the obvious ones of energy consumption and carbon footprint reduction. It will be important to design and adopt consistent frameworks across projects and geographies for data collection and reporting, to enable investors to aggregate and report across their portfolios of funded projects in an efficient way, thereby reducing the barrier to invest.

Investment horizon

In addition to the overall scale of capital, another key consideration is investment horizon. The financial services industry seeks to match the tenure of assets to liabilities. Short-term lending by banks is funded by short-term borrowing by the banks and longer-term assets such as infrastructure are matched with long-term liabilities such as pensions. The changes required to drive the low-carbon transition are long-term in nature. For example, a deep building retrofit creates small energy savings that repay over a long period. This alignment of timescales between certain long-term finance sources and low-carbon infrastructure pay-back periods enhances their compatibility.

Project scale

The capital within these funds is also aggregated with individual funds running into tens of billions. Large-scale investment opportunities are preferred, often with a minimum ticket size of €35-€59m per investment. Investing smaller amounts requires a similar level of due diligence per investment from the fund manager for a much smaller relative impact on the overall fund.

By their nature, many low-carbon transition projects at the city level tend to be fragmented. A domestic retrofit spend per property somewhere in the region of €11,700-€17,550 is clearly unviable for individual consideration by large private-sector funding sources. Solar farms on public land might scale to tens of millions, but are still below a typical minimum pension fund investment.

Therefore, the ability to aggregate net-zero transition projects together to match minimum investment sizes will also be important to unlocking private finance. Aggregation does not necessarily mean local authorities combining to run large-scale projects over wide geographical areas with a combined source of funding. It can also mean co-ordinating on structures and reporting so that the investor can easily aggregate multiple smaller individual projects into one investment process through

common frameworks. It may also mean exploring fund structures to aggregate funding and then invest at a local level in a variety of projects meeting overall return requirements.

Financing structure

Engaging private finance will require borrowing some of the up-front capital to deliver low carbon infrastructure. Whilst there are patient sources of capital that can be repaid over the long term, they will still need to be repaid eventually. In making the transition from a “funding” to an “investment” mindset, the key point is that the interventions required to deliver low-carbon outcomes typically manifest as long-term annual benefits. These benefits can be separated into cash returns and co-benefits.

Cash returns

Some of the benefits have the potential to occur as cash flows. As an illustration, they might be energy savings, energy sales, or transport revenues. If a house is retrofitted with an up-front capital cost, the energy requirements are lower, resulting in an annual energy saving. This looks very similar in cash-flow terms to many financial products.

Co-benefits

In addition to cash returns, many of the outcomes associated with low-carbon infrastructure accrue as more distributed societal benefits, also known as “co-benefits”. These co-benefits can be benchmarked using frameworks like the Green Book to help determine their NPSV (Net Present Social Value), indicating the impacts felt beyond financial measurements. Understanding these societal benefits can help shape the offering to ensure a just transition, which not only considers the impact of climate but ensures that existing inequalities are also reduced.

Nonetheless, these co-benefits have very real financial value – local economic stimulus, improved healthcare outcomes reducing the ongoing cost of healthcare services, improved biodiversity outcomes, alleviation of fuel poverty, job creation, mitigation of water run-off, avoidance of flood damage etc. The challenge is that the financial value is often difficult to quantify, may not be realised immediately, and may not accrue to the financing organisation.

It is reasonable to assume that the low-carbon transition for the whole economic system will be a positive investment. The aggregate economic value of the cash and co-benefit outcomes could be considerably larger than the up-front investment required to achieve them (particularly when the economic costs of climate change are accounted for). Successfully pricing these co-benefits into our economic system will enable them to be more readily recognised in investment cases and ultimately help drive private finance towards lower-carbon infrastructure.

The Principal-Agent Problem

Successfully harnessing cash returns and co-benefits requires any **principal-agent issues** to be addressed.

To illustrate a principal-agent issue, consider public investment in low-carbon mass transport options. If delivered to a sufficient standard, the new public transport system may provide an incentive for a car owner to give up their car. The car owner would make cost savings, including insurance, services, maintenance and fuel. However, the amount recouped by the transport system through incremental ticket sales will typically be significantly less than the savings that accrue to the individual who gave up their car. These savings therefore do not become a revenue source for repaying the up-front capital requirement.

It should also be stated that there can be a clear tension between using the savings that accrue from a low-carbon intervention to support repayment of finance or delivering a socially just transition. For example, a local-authority-funded

retrofit of social housing may deliver significant energy savings for residents. That energy saving reduces resident fuel expenditure, which is clearly a positive social outcome. However, if this saving is passed onto the tenant, it is not then usable to help raise the finance.

Connecting cash returns to the entity that will spend the up-front capital presents the potential to harness these returns to raise funding for that capital either as simple debt or asset equity. Innovation in contracting and legal entity/finance structures may be required to capture those benefits in a way that allows this. This in turn will create governance requirements to ensure alignment of commercial, civic and public sector interests, but these are solvable issues.

Blended Finance – Solving Poor Cash Returns

As stated, there is a strong case that the low-carbon transition will, on aggregate, be economically beneficial to society. However, given the current lack of scaled implementation, and in some cases immature technologies, the cash benefits from decarbonising our cities are often not sufficiently compelling, on their own, to attract private-sector investors.

The solution is to blend finance together. By covering part of the up-front capital through grant-type, non-repayable funding, the remaining financing component of the capital can then be supported by the available income streams. The worse the cash returns are, the more grant funding is required to subsidise the initial investment.

Risk plays a role as well. The lower the return that the lender requires the more capital they can lend for a given absolute income stream and, therefore, the greater the portion of up-front capital which can be delivered by private finance. Given this dynamic, there is a potentially crucial role for central governments, European institutions and the insurance industry to provide guarantees or insurance on future income streams, particularly for innovative or pilot-stage low-carbon projects.

The lower and/or riskier the cash returns are, the higher the amount of subsidy that is required in the model. This type of simple approach therefore carries the risk of cherry-picking. The best-returning technologies can occur with reasonable levels of grant financing, leaving the most challenging interventions unfinanced. It follows that there is an opportunity to combine multiple projects with different return profiles, so as to achieve a reasonable overall return profile. This can be termed "place-based investment".

One of the more recent examples of successful blended financing is by Bristol. Bristol is leading by example in taking action on climate change. They were the first UK city to declare a climate emergency and have committed to being a carbon-neutral city by 2030. To meet the 2030 target, Bristol needs to increase the pace of delivery and created the City Leap initiative. This is an ambitious new approach partnering the public and private sector, designed to attract £1bn of new investment into Bristol's energy projects and support the creation of a zero-carbon, smart-energy city by 2030. The initiative will focus on a range of project types, including low-carbon heat networks, renewable energy from wind and solar, as well as energy efficiency, electric vehicles and smart energy systems using emerging technology. The Council is creating a joint venture company, which will be co-owned with a private Strategic Partner to deliver and fund low-carbon energy projects across the city. The Council will be forming a partnership with a company that has the scale, resources and capacity to deliver in a way the Council would not be able to on its own. City Leap will seek to leverage its work on the Council's estate to deliver projects in the domestic and commercial sectors, as well as working with other Local Authorities. As well as tackling the city's environmental challenges, City Leap will deliver significant social and economic benefits for the people of Bristol and its businesses, including investment in local facilities and jobs, clean air and warmer, healthier homes. City Leap is a world first and a game-changer. Building on the £60 million of

investment that the Council has already made into renewable and low-carbon technologies, it has the potential to completely transform Bristol's energy system, creating a replicable model for others to follow.

The Birmingham District Energy Scheme is a use of blended financing by Birmingham City Council, which has been successful at both reducing carbon and providing the repayment of investment for the private sector. They were able to leverage public funding through a grant from the Community Energy Programme, alongside £24 million in capital from EQUANS to create an investible proposition which has ultimately saved >15,000 tonnes of CO₂ annually. Due to the significant financial and carbon savings that have been achieved, it has rapidly expanded to new third-party developments.

Blended financing has been used for climate-friendly development around the world, and has met with success. Climate Investment Funds (CIFs) have been one of the most successful use cases of galvanising private investment for low-carbon development. They have been able to finance 325 projects in 72 countries globally. This method has enabled them to leverage US\$6.5bn dollars in government funding to open nearly 60 billion in co-financing.

The OECD in particular has been looking at ways to use blended financing to help meet UN sustainable development goals (UNSDG), particularly in view of the UN's 2030 Agenda. These sustainable development goals provide a useful way to benchmark the co-benefits contributed by the investments, showcasing the dynamism of this transition to Net Zero which can help maintain focus on providing a just transition. This in turn can help unlock social impact investment, which would help diversify the financing further beyond grants and other public funding sources.²

² Climate Investment Funds, <https://climateinvestmentfunds.org/>; OECD, "Making Blended Finance Work for the Sustainable Development Goals", 2018; OECD, "Social Impact Investment. Building the Evidence Base", 2015; United Nations, Department of Economic and Social Affairs, Sustainable Development,

Place-Based Investment

There is a strong tendency to think about the low-carbon transition in isolated technological chunks. How to encourage domestic heat pump installation? How to bring investment into hydrogen as a fuel?

The reality when implementing solutions in practice is that these occur in local places, and multiple infrastructure needs are required simultaneously. For example, the transition of a residential neighbourhood to a low-carbon community will require several interventions. The building fabric will need to be made more thermally efficient, new heating sources will need to be provided, localised renewable energy generation could be rolled out, charging/refuelling infrastructure will need to be provided for new mobility options, green infrastructure will need to be planted and maintained, and potentially new community assets will need to be funded to allow residents to obtain goods and services closer to their homes. In other words, a wholesale investment into communities is required.

One example of this place-based approach having been used effectively is the London Borough of Bromley’s Carbon Offsetting Fund (COF). Their COF has been established through developer (s106) contributions, in the form of payments to the local authority by developers to meet the needs of their development. These contributions can be used on a variety of different carbon reduction initiatives across the borough, including improving the energy efficiency of council housing and improving the efficiency of streetlights. Through this method they have already been able to accrue £250,000 for carbon reduction in Bromley and have forecasted a further £800,000 from currently approved planning applications.

Another recent example is Newcastle’s focus on decarbonising its schools, using a place-based approach rather than a segmented one. Newcastle City Council is working with 15 schools as part

“The 17 Goals”.

of its Net Zero Schools programme to develop and implement retrofit programmes for GHG reductions. These include solar PV installations, energy efficiency measures, lighting and Low or Zero Carbon Heating systems to a range of schools, from some of the city's largest academies to its smallest primary schools, including PFI schools. Newcastle City Council is deploying around £9m to deliver these projects to take them to a near Net Zero position using a whole-building approach to deliver a cost saving to the school by using 30-year cash flows capturing DEVEX, CAPEX and REPEX. A key element of the project lies in demonstrating the feasibility for private-sector investors, such as PFI operators and lenders, to play a key role in investing in their own estate. Successful implementation is expected to catalyse the availability of large-scale financing for school retrofit interventions across Newcastle. Works have now started on-site across 11 of the 15 schools and are expected to be completed by March 2022, with the next batch of 10 schools entering the programme shortly.

In the same way that frustration ensues when a particular road is dug up and re-surfaced in succession by the gas company, the broadband provider and then the water company, implementing these changes piecemeal in an uncoordinated way is liable to create a backlash from the people living in the community, and also overlooks potential economic efficiencies. It is cheaper to dig up the road once than three times in succession.

In addition, different interventions can have multiplying effects when combined. A commonly cited example is that it is more cost-effective to combine heat-pump installation with solar PV and building fabric thermal efficiency improvements, the latter helping offset the relatively higher cost of electricity (rather than gas) used by the heat pump.

Combining a range of complementary interventions together in a single place makes it possible to consider aggregated financing requirements and the multiple benefits that will accrue, while blending various sources of grant finance together and using the cash returns to support a layer

of private finance. In addition, orchestrating these systemic neighbourhood changes facilitates procurement at scale, improving economic efficiencies and providing more certainty to a supply chain which will itself be required to invest and upscale. These structures can also ensure that the borrowing stays away from local government balance sheets – segregated against the future income streams rather than against the general revenue budget.

An important practical consideration of the place-based approach is that it cannot simply be done “to” communities and residents. At least, not without significant and controversial policy to force action, and potentially regressive economic impacts.

The place-based approach would operate much more effectively “with” communities, where the necessary steps are taken to enable communities to embrace the positive changes to the places that they live and increasingly work in. The behaviour change required by individuals to facilitate low-carbon investment will not be an insignificant hurdle to overcome and will need to be an important area for further consideration around these financing models.

Quantifying Net Zero Investment Need

Delivering Net Zero will require substantial quantities of finance and an understanding of the different aspects that need to be funded to deliver Net Zero. Below are some of the different aspects that need to be considered in the six different sectors identified under our approach.

- Commercial Decarbonisation: energy-efficient buildings, low-carbon heat sources, decarbonising industrial processes
- Domestic Decarbonisation: energy-efficient buildings, low-carbon heat sources
- Renewable electricity generation: roof-top solar PV, some wind generation

- **Transport:** a variety of measures, such as EV bus roll-outs and creation of cycling infrastructure
- **Waste:** a variety of measures, e.g., improving recycling rates and removing plastic from residual waste
- **Green Infrastructure:** inclusion of parks and gardens, implementing green walls. This level of investment will not be payable by the public sector alone. It requires the coordination of public and private-sector actors, as well as private financing. This goes well beyond “business-as-usual” public funding capacity.

Conclusion

Throughout this paper we have identified four key findings, which have built the basis for the outlined approach to incentivising private investment into Net Zero challenges.

1. Economic incentives across most sectors are challenging on a stand-alone basis. Financial benefits must be aggregated to support repayable finance and significant improvements in fuel poverty, health care and even carbon emission reductions must be evaluated and harnessed together in a precise financial framework. In our six defined segments of commercial decarbonisation, domestic decarbonisation, renewable electricity generation, transport, waste and green infrastructure, only some of them provide sufficient financial returns on their own, so aggregating finance is the only way to ensure Net Zero commitments are met.
2. Implementation requires delivering interventions across multiple sectors in single places. ‘Sector-by-sector’ consideration of Net Zero interventions is inefficient, impractical and lacking in vision. It overlooks the potential for aggregating revenue streams and therefore finance, delivering economies of scale, and maximising the climate benefits of implementation through a multi-intervention, place-based approach. Collectively,

transitioning a neighbourhood to Net Zero will deliver financial returns in the form of direct savings, additional revenue streams and a wide range of other social and environmental co-benefits. Aggregated and monetised in the right way, these returns can attract a blend of large-scale capital sources. The transition has the potential to create overall economic value while also delivering better, healthier places to live and work.

3. Capacity and capability building is required for delivery. There is a gap in available headcount within Local Authorities to deliver this work, as well as some gaps in capability and skills across a number of specialist areas, such as low carbon technology and financing. Nor are there centralised resources adequate for Local Authorities to draw upon.
4. Policy changes will be necessary to maximise the role of private finance. Even in scenarios where the economic incentives of projects are more attractive, stronger policy incentives for lower-carbon infrastructure would further enhance their attractiveness for private-sector investment.

If cities are to successfully achieve a low-carbon transition and accrue the economic, social and environmental benefits that would result, the following approaches should be considered, in order to maximise the potential for the private investment that is so desperately needed.

Pilot the implementation of multi-intervention, place-based Low-Carbon delivery models. In practice this would be likely to include local electricity generation, local renewable heat provision, more efficient buildings, increased green infrastructure, electric charging infrastructure, provision of local service provision to reduce travel requirements, access to lower-carbon travel options and improved waste management services. Piloting these models will demonstrate whether it is possible to wrap interventions together to obtain an overall package that can attract private investment.

Develop the necessary structures and services to enable collaboration between local public bodies, private-sector investors, local businesses and local residents. Whole neighbourhood change of the type that would maximise the possibility of investment requires effective partnership working. At present there are few examples of structures and services that enable the type of collaboration necessary between all the relevant stakeholders. This is critical for enabling any investment to be a success.

Allocate further resources to understanding Low-Carbon infrastructure needs and developing plans to advanced stages. Whilst Local Authorities have developed climate action plans, due to limited resources these have so far had to be high-level in nature. They set out the direction of travel, but will need to be augmented by much more detailed planning of projects so that they can then be financed. This requires resources to enable this and to support Local Authorities in this next step.

Accelerate policy to deliver the enabling actions identified. Attaching financial disincentives to activities associated with higher GHG emissions and enabling co-benefits to be effectively monetised and deliver real revenue streams. These will often drive the economic case for action.

This chapter concludes that there is a positive economic case for investing rapidly in the decarbonisation of neighbourhoods, which will contribute to levelling-up through significant investment in place-making. The Net Zero transition offers UK cities the opportunity for green jobs, increased demand for UK businesses and suppliers, and further enhancement of the UK's thriving urban environments.

Unlocking this potential will require new models of co-ordinated delivery and combined financing from multiple sources. Financial benefits must be aggregated to support repayable finance and significant improvements in fuel poverty, health care and even carbon emission reductions must be evaluated and harnessed together in a precise financial framework. Standardisation of reporting, governance, billing

and legal structures will be required to encourage private investor confidence and allow aggregation for scaled investment.

The Net Zero transition can deliver an economic outcome that will attract both financial, return-driven capital, and capital with socio-economic outcomes as its core focus. A model for delivering a multi-intervention, place-based route to decarbonisation is mapped out in this report.

PART II
CITIES AT WORK

5. Towards a Just Digital Transition: Urban Digital Policy in Europe After Covid-19

Laia Bonet Rull

The Covid-19 crisis has turned European cities upside down: it has challenged their institutional, social and economic fabric in an unprecedented way. It has stressed the need for strengthening solidarity networks and socioeconomic policies and exposed the worst effects of urban inequalities. Digitalisation has been part and parcel of this process. In fact, estimates suggest that, during 2020, digital transformation progressed as much as in the previous seven years taken together.¹ European city governments have built on the work done on digital policies over the past two decades to reinvent themselves, ensure the continuity of municipal governance, and respond to the socioeconomic crisis caused by the Covid-19 pandemic. As Europe enters a new phase of this pandemic, with vaccination progressing steadily, cities across the EU are seizing on the results of accelerated digitalisation and developing new policies to match.

This comes at a particular moment for the continent. Before the initial Covid-19 outbreak, the European Commission had already unveiled a digital roadmap to address the major challenges linked to digital transformation. Proposed legislation – from Artificial Intelligence (AI) to data governance, and the

¹ McKinsey, “[How Covid-19 has pushed companies over the technology tipping point – and transformed business forever](#)”, 5 October 2020.

regulation of digital services – aims at both consolidating the block as a regulatory powerhouse and solidifying Europe’s “strategic autonomy” from China and the United States. In this context, European local governments are joining forces to shape regulation that will necessarily define our capacity to govern cities in the digital age.

This chapter first explores the role of digital innovation in responding to the challenges posed by the pandemic in European cities – with particular reference to Barcelona. From lending laptops to ensure students’ access to online education, to cooperating with the “maker” community to digitalise health equipment production, or managing large-scale transition to telework in city administration, cities have innovated practices that ensure the continuity of local government and essential services during the worst months of the pandemic.

The chapter then moves on to discuss the long-term consequences of the crisis: accelerated digitalisation and increased urban inequalities. The defining role of digital tools in accessing basic social rights (education, public services, work) means that digital inclusion has become key to ensuring decent living conditions in cities. This section describes the incipient responses that local governments are deploying to address the digital divide.

The third section puts all this in the context of the broader changes that digitalisation was already bringing about before the pandemic. Cities need to manage the long-term consequences of the pandemic and do more besides. We also must govern the impact of emerging technologies, the data economy, and digital services on urban life and citizens’ rights. This section therefore explores the state of play in urban regulations, policies and strategies for regulating digital platforms, governing data as a common good, promoting an ethical model of AI, and building bridges between digital transformation and the green transition.

Finally, the last section constitutes a call to action. EU local governments are directly concerned by the effects of

digitalisation in their cities. Cities like Barcelona, Amsterdam, Milan and London are therefore becoming politically engaged to promote an inclusive, rights-based digitalisation. Fora and alliances such as the Eurocities' Knowledge Society Forum and the Cities Coalition for Digital Rights are leading the quest for a just digital transition, and will be key to finding a European route to digitalisation that fosters both inclusion and competitiveness.

Digital Innovation During the Covid-19 Crisis: Guaranteeing Essential Services and Social Cohesion

By the beginning of April 2020, a majority of EU nations had already declared a state of national emergency and put lockdown measures in place. As cities entered on a socially distanced lifestyle, the continuity of local governments' functioning and the delivery of public services became a top priority.

This meant effectively transitioning to a digital work environment to allow working from home. From increasing the availability of safe access to virtual municipal environments to providing public workers with laptops and adequate work conditions, technology was key to success. A process that would have taken months and multiple pilot projects under other circumstances was successfully undertaken in just a few weeks.

Digital tools not only allowed for ensuring the continuity of public services, but also for providing a more social and community-based response to the crisis.

A clear example of this is how public digital 3D printing facilities were used to produce personal protective equipment in Barcelona.² With digitalisation as the enabling tool, a

² H. Abdullah and J. Reynés, "Barcelona's CoronavirusMakers: Co-producing local solutions to a global pandemic", in A. Fernández de Losada (ed.), *Managing a global pandemic: Towards more sustainable and resilient urban futures*, CIDOB – Barcelona Centre for International Affairs: Barcelona, 2020.

solidarity network between the city government, the “maker” community, social organisations and professional groups (taxi drivers, for instance) was formed to produce and distribute health equipment to essential front-line workers affected by the initial scarcity of such resources.

Not only this: technology further allowed for the provision of social services in the context of social distancing. In Barcelona, for instance, the *Vincles* programme helped senior citizens living alone to manage their social relationships – with family, friends, health providers, etc. This programme uses its own app to facilitate access to social and emotional assistance services through a tablet or smartphone, and users get training and social services accompaniment to use it. “Vincles” means “links” in Catalan – and this is precisely its core value: during the worst months of the pandemic, it prevented loneliness and social isolation in the most vulnerable group – senior citizens.

Another major challenge in the early days of the pandemic was to ensure that everyone could smoothly transition to online education as schools closed. In many European countries, education does not fall within local governments’ jurisdiction, yet cities acted swiftly to provide support to students in need. Most times, such support meant setting up special programmes to lend a laptop with an internet connection to students who did not have one or could not afford to buy one.

In many cities, however, such ad-hoc programmes were part of a broader emergency plan to rapidly address the effects of digital inclusion as cities endured lockdown measures.³ Some cities put in place financial schemes for community organisations combatting the digital divide for specific, particularly vulnerable groups such as migrants and low-income women. Others focused their efforts on providing support for key activities, such as accessing e-administration procedures or following online education.

³ See all measures taken by cities on digital inclusion on the Eurocities’ “Live updates Covid-19” website (under the “digital” tag), <https://covidnews.eurocities.eu/tag/digital/>

In Barcelona, for instance, the city provided municipal offices in low-income neighbourhoods, with trainers to teach people basic digital skills, e.g. requesting government benefits online, using video-conferencing software, sending emails, etc. Additionally, a small, multi-cultural team of digital trainers was set up to assist families in need of support with their children's online education.

These measures proved useful in providing an emergency response to critical obstacles in the way of adequate living conditions in the city during the pandemic. However, they also made it clear that structural digital inclusion policies at all levels of government will be needed to build back better.

What the Crisis Leaves Us: Accelerated Digitalisation and an Exposed Digital Divide

The pandemic has affected low-income urban areas disproportionately. Poor housing conditions and physical work models have caused a higher infection and mortality rate in neighbourhoods that were already worse off. The socioeconomic crisis is also hitting low-income communities and informal workers harder.

The digital divide is built around these same urban inequalities. Communities without access to the internet have been most affected by the consequences of lockdown – socially and economically. The intersection between digitalisation and human rights is now clearer than ever. The digital divide shapes access to work, quality education, gender equality and equal opportunities, housing, etc. Addressing it and promoting digital inclusion is therefore a major challenge if we are to foster cohesive societies and protect rights in the post-Covid era.

The pandemic prompted emergency responses that targeted sensitive areas of urban life, as we have seen. However, more structural policies for digital inclusion are needed if we are to address digital inequalities effectively. Based on the experience of Barcelona and exchanges with other cities, three main

components can be identified for local government strategies aimed at addressing the digital divide.

The first is merely a clear understanding of what exactly constitutes the digital divide. Traditional approaches have focused on access to the internet only. Although this covers key issues that certainly have socioeconomic implications – like affordability and the quality of internet connections – it does not suffice to prevent the effects of digital exclusion, as we have seen. In fact, the critical situation in which low-income students found themselves in Spring 2020 was not necessarily due to connection issues but rather to devices. The possibilities for participating and actively contributing to an online class are radically different depending on whether you join from a laptop or through a smartphone.

Even if connections and devices are good enough, having the ability to use the web and the apps in which activities take place, and to critically engage with technological processes, is key to determining the extent to which users will be able to benefit from their digital experience.

Hence, the first element of any urban digital inclusion policy must be a thorough and complete understanding of what constitutes the digital divide and, therefore, what such policies need to target. If we look at learnings from the pandemic, it becomes clear that digital exclusion is defined not just by internet connection (or lack thereof) and the kind of devices available, but by the skills needed to use them.

A second element, which builds on the first one, is measuring the digital divide in the city. Urban inequalities can only be placed at the heart of the public debate if they are rendered visible. Measuring them will determine the type of policy intervention that is best suited, according to observed differences among neighbourhoods, genders, age groups, education levels, income levels, and other socioeconomic factors that shape people’s access to the benefits of digitalisation.

Finally, policy needs to be put in place. Addressing the digital divide is complex not only in terms of the dimensions to be

considered, but also the sectors involved. At the neighbourhood level, community organisation, private technology providers and social services coalesce in shaping the reality of digital exclusion. The goal of addressing it will therefore be best served if digital inclusion policies are built on a framework of multi-stakeholder partnerships that bring together all the different sectors involved.

The Challenges Ahead: Governing Urban Digitalisation for the Common Good

The pandemic has exposed the stark inequalities that digitalisation brings. A European digital agenda in the post-Covid era must address the digital divide and support cities in fostering digital inclusion, so that inequalities in internet access, use and capacities do not amplify existing social inequalities.

However, the issues of urban data, privacy, artificial intelligence, the use and regulation of emerging technologies and urban innovation were high on local and European agendas even before the pandemic, and remain key issues for the future of cities today. As public buyers, as facilitators of local innovation ecosystems, and as the level of government closest to the people, city administrations are ethical powerhouses and hold the local insights which the EU needs to develop a truly European digital model. This dependency also works the other way around: cities striving to control the effects of digital technologies find themselves reliant on EU legislation that has only just started to be discussed.

Europe finds itself at a crossroads between a technological model that fosters innovation, rights and inclusion in cities, and one that reduces the ability of governments to shape urban life. Faced with this reality, European cities are increasingly working to promote a vision of human-centred digitalisation that lives up to the European values of equality, human rights, rule of law and shared prosperity.

Based on the work that Eurocities’ Knowledge Society Forum and its member cities have been doing in recent months and years, four policy areas have emerged – beyond digital inclusion – that will shape the future of digitalisation in cities: the ability to govern the urban activities of digital platforms; the struggle to place data produced in cities at the service of urban development; the ethical regulation of Artificial Intelligence, and the mutual reinforcement of the digital and green transitions.

The next sections describe what these challenges mean for cities and depict the reality that local governments face: way too often, governing digitalisation is not up to local institutions, but to European Union law. Our efforts are, therefore, increasingly focused on influencing EU institutions to advance cities’ interests.

Governing digital platforms

City governments are responsible for most of the regulation and services that define our public space and urban life. From housing to urban planning, water and sanitation, mobility and transport, retail, etc., local authorities enact and enforce regulation and policies that establish what people and companies can and cannot do in cities. However, when these services are bought and sold through digital platforms, they slip outside the control of local regulations – though their impact on the city remains intact.

This is the case, for instance, with digital platforms for renting apartments for short-term stays, buying clothes or books, or requesting a cab. When a digital platform mediates economic exchange, what happens on it passes out of the reach of local government – even though it may impact housing regulation or facilitate unfair competition between local retailers and multinational companies.

In 2019, over 20 cities from all over Europe, including Amsterdam, Barcelona, Berlin, Paris and Florence, among others, started to work together to implement the principle

that what is illegal offline must be illegal online.⁴ The initial reason for this move lay in the effects of platforms like Airbnb on the housing rental market. Nevertheless, it was soon realised that the same European laws (the E-Commerce Directive) that prevented local governments from regulating the activity of platforms in the real estate market, also affected other sectors like mobility, local retail and many other activities. It was not just a matter of whether we could adequately regulate the housing market, but rather of whether we could govern the data economy in cities and its impact on urban livelihoods.

The Digital Service Act is the proposed European bill that will set the rules of the game when it comes to providing online services.⁵ Eurocities has developed an intense, political lobbying activity aimed at making sure that the final text adopted by the Parliament and the Council includes adequate tools for local governments to control the activities of digital platforms' in their cities.

The initial response of cities to the bill as proposed by the European Commission was rather good:⁶ we thought it could provide the legal framework needed to ensure that the platform economy does not harm livelihoods in cities, mainly, because it established mechanisms to take down illegal content and impose information-sharing obligations. However, it also presented relevant weaknesses in terms of enforceability by local governments.⁷

The final provisions of the Digital Services Act, as well as further secondary legislation, will define cities' ability to recover their regulatory capacity, and will hopefully reset the balance of

⁴ J. Henley, "Ten cities ask EU for help to fight Airbnb expansion", *The Guardian*, 20 June 2019.

⁵ European Commission, *Proposal for a regulation of the European Parliament and of the Council on a Single Market For Digital Services (Digital Services Act) and amending Directive 2000/31/EC*, 2020.

⁶ Eurocities, "Stricter control on Airbnb & Co. – cities support EU proposal", 15 December 2020.

⁷ Eurocities, "Digital Services Act, why should you care", 4 May 2021.

power between multinational digital platforms and democratic local governments.

Data for the common good

A second element that defines the role of urban areas in the digital age is the concentration of citizens-as-data-producers. With about 75% of the EU population currently living in urban areas, cities are hubs of data production. In cities, people, smart connected devices, sensors and objects produce, collect and transmit an ever-growing amount of personal and non-personal data.

Yet, most of the data generated in cities is collected and owned by private businesses. Current governance models do not allow full and fruitful access to or use of this data by city governments. This has clear implications for citizens’ privacy: too often we see data being collected without knowing what will happen to it and without our consent being asked.

However, there is another side to this story. Private companies in the data economy have built productive business models around the commodification and privatisation of citizens’ data. This data could serve a purpose different from making profit out of profiling: data as a public good has the potential to radically improve urban policies and democratic control.

By accessing mobility and energy data, local governments can deliver sustainable and efficient public transport services and improve district heating systems. Through data from online platforms, city governments can enforce housing and tourism regulations.⁸ Quality and timely data proved to be crucial to the effective response of cities to the Covid-19 pandemic. By combining and analysing cross-sector big data, city governments can adopt a more innovative and proactive approach for the delivery of public services while preserving citizens’ privacy. This can lead to the development of more personalised and effective

⁸ Policy paper on the digital Services Act, <https://eurocities.eu/wp-content/uploads/2020/09/Eurocities-Policy-Paper-on-the-Digital-Services-Act.pdf>

childcare services and more sustainable food consumption, for instance. The democratic and public benefits of using data for the common interest are immense.

Again, we find the response in EU regulations. At the time of writing, the European Commission is preparing to unveil a Data Act that will lay the foundations for Common European Data Spaces. Our aim is for city governments to be recognised and empowered as “data intermediaries”. This means ensuring that citizens can access and manage their own data in local ecosystems, and also that cities are able to set up local data exchange infrastructures, both technically and regulatory-wise.

In other words, cities need Data Spaces that are not only aimed at increasing European industrial competitiveness – though this is indeed important – but also at permitting solid business-to-government data-sharing arrangements that enhance democratic policymaking in cities.

Towards an ethical model of Artificial Intelligence

Artificial intelligence systems are powering radical transformations in the way people live, work and interact. These systems are based on the massive collection and analysis of data combined with the use of algorithms. When unchecked, AI systems can easily reproduce already existing biases and amplify old and new inequalities – impacting disproportionately on marginalised and vulnerable groups while benefiting a few.

Artificial Intelligence indeed has the potential to transform public service provision in cities. Local governments stand to benefit from integrating AI systems into health, education, transportation and social services. The opportunity is clear: AI technology can support the transition from a reactive administration to a proactive one, from public services that react to citizens’ needs, to a local administration that anticipates them, proposes personalised solutions and increases its own efficiency.

On the European level, it has been noted that up to 30% of potential beneficiaries of public aid do not apply for them because

they are unaware of their existence.⁹ If an administration has a good understanding of the reality of its citizens based on data gathered with prior consent, it will be capable of anticipating and offering citizens needed services without having to wait for citizens to request them.

European cities like Amsterdam, Barcelona, and Helsinki have already presented their own municipal AI strategies, aimed both at regulating the use of AI in municipal services and promoting ethical AI standards to be followed by private companies operating in the city. They have even gone as far as creating a municipal registry of algorithms, to lead by example in setting up a transparent and accountable model of urban AI.

Most of the cities working on AI have so far developed only a few AI systems, focused on non-risky activities such as the thematic classification of administrative proceedings in the city council. But, as deployment of AI systems scales up, other activities may prove far riskier for our fundamental rights and for social justice. There are plenty of examples of failed AI systems applied to public services that have resulted in rights being violated.¹⁰

To prevent this, Amsterdam, Barcelona and others are implementing ethical AI strategies based mainly on principles such as (i) the democratic monitoring of AI by public institutions and citizens; (ii) transparency and auditability, meaning that algorithmic models and their databases must follow human-rights and public-interest criteria, and (iii) the establishment of liability regimes to compensate for any harm or loss that may arise from the creation and use of AI-based solutions.

City governments are already starting to deploy AI in their public services and coming out with strategies to ensure their technologies abide by human rights principles. For those cities

⁹ Eurofound, *Access to social benefits: Reducing non-take-up*, Publications Office of the European Union, Luxembourg, 2015.

¹⁰ Human Rights Watch, “[Submission to the Special Rapporteur on Extreme Poverty & Human Rights Regarding His Thematic Report on Digital Technology, Social Protection & Human Rights](#)”, 21 May 2019.

that are just starting to use AI and striving to deploy it ethically, information is scattered. Some topics related to AI, such as facial recognition in public spaces, require more detailed studies that municipalities do not have the resources for. To bridge this gap, Barcelona, Amsterdam and London have teamed up to form the Global Observatory on Urban AI, as part of the Cities Coalition for Digital Rights (see section 4 for further information about the Coalition).

The Global Observatory on Urban AI is registered with the UN-Habitat partnership and benefits from the research done by the Barcelona-based think tank CIDOB. It is a city-led initiative that aims to support members' AI policy work with evidence-based knowledge. The Observatory will monitor AI policy, produce and update policy standards for ethical AI, identify obstacles facing the deployment of trustworthy AI and set the contributions of cities against broader technological trends.

This initiative comes about at a particular time for EU discussions on AI. In April 2021, the European Commission presented a proposal for a risk-based European regulation of AI that will need to be debated at the Parliament and among member states.¹¹ However, cities have already started to assess potential effects on city governance and human rights.

The initial response of cities stresses three main concerns¹² related to the approach to mass biometric surveillance systems, to the assessment of AI providers' compliance with standards, and to the role of cities in further defining at-risk applications of AI.

The issue of biometric surveillance systems has been a matter of intense debate and has prompted strong responses from civil society and even EU privacy regulators.¹³ There is ample

¹¹ European Commission, *Proposal for a regulation of the European Parliament and of the Council laying down harmonised rules on Artificial Intelligence (Artificial Intelligence Act) and amending certain Union legislative acts*, COM/2021/206 final, 2021.

¹² Eurocities, “[First AI regulation: cities left with mixed feelings](#)”, 22 April 2021.

¹³ M. Heikkilä, “[EU data protection authorities call for ban on facial recognition](#)”,

evidence that facial recognition and other surveillance systems do not work well for specific demographics – in fact, high levels of accuracy are only achieved for light-skinned males.¹⁴ Defining exceptional circumstances in which biometric mass surveillance would be allowed under EU law means leaving the door open to social control schemes. European cities are therefore calling for a ban on all systems of mass biometric surveillance in the AI Act – at least until there is evidence of their ability to comply with human rights.

Cities have also expressed concern¹⁵ with regard to the self-assessment approach to the compliance of AI providers (public and private) with the AI standards defined in the bill. Self-assessment mechanisms generate risk when there is a contradiction between ethical standards and private business models. Public, independent control is particularly relevant as AI systems and ethical standards are starting to be rolled out across Europe. This is why cities have called on EU institutions to invest in independent authorities to validate whether AI systems comply with such standards.

Finally, cities have also requested an inclusive role in the European AI Board that will be set up to define the risk level of future AI applications – and hence what standards will follow. The participation of cities on this board is important not only because local governments are democratically elected institutions, but also because they can contribute first-hand experience of the effects of AI on public service delivery and citizens’ lives.

Addressing the twin transitions through digital twins

A fourth challenge we have – not only as cities, but as society – is to start addressing the digital and ecological transition as one.

Politico Europe, 21 June 2021.

¹⁴ J. Buolamwini and T. Gebru, “Gender Shades: Intersectional Accuracy Disparities in Commercial Gender Classification”, *Proceeding of Machine Learning Research*, vol. 81, pp. 1-15, 2018.

¹⁵ M. Heikkilä, “Cities want to make AI rules too”, *Politico Europe*, 28 June 2021.

Environmental and technological challenges require integrated solutions because they present risks and opportunities to one another.

Digital tech can effectively support climate mitigation and dematerialisation of the economy. But, at the same time, the rising demand for cloud computing and energy-intensive devices by urban populations and industries has a substantial carbon footprint, without losing sight of the fact that the world is getting hotter. Coastal cities are more prone to flooding, and of course this puts internet connectivity and data centres first in line as potential casualties.

Breaking down silos between climate and digital policy is essential if we are to successfully transition to a carbon-neutral, digitalised society. Breaking down silos in public administration always require a lot of effort and shared political willingness, and needs to build on concrete projects that encapsulate the benefits of such effort. Digital twins are one such project.

Digital twinning involves setting up a digital version of the city upon which the city government – and broader local organisations – can test the potential effects of policies and projects. This allows cities to implement better policies, anticipate their effects and test expected outcomes. It provides a particular focus on sustainability and mitigation policies. It further allows measurement of how other policies (such as mobility, industry, housing, etc.) affect carbon emissions.

Digital twins build on urban data, and the better the data quality, the better the predictions will be. A few cities across Europe, including Helsinki, Rennes, Rotterdam and Bologna have already set up their own digital twins. Barcelona is also developing one. In this context, the European goal of strategic autonomy and full de-carbonisation by 2050 takes on another dimension: imagine how good predictions would be if data on urban dynamics could be shared among these cities. City models would be greatly enriched by a myriad of additional data from all over Europe and this would consolidate Europe as a front-runner in data- and impact-driven climate action in cities.

European Cities as Political Actors: Towards a Just Digital Transition in Europe

As the European Union strives for strategic separation from the United States and China, it is increasingly clear that digitalisation will be a defining pillar of the model we want to project to the world. Europe lies between the Silicon Valley model of platform capitalism and data economy, and the Chinese model of digital development at the service of social control. One thing is clear: in both cases, digitalisation is creating winners and losers. The European road to digital transformation can and must offer an alternative to this dichotomy. European cities are already paving the way.

Eurocities is the organisation representing Europe's largest cities, and its Knowledge Society Forum (KSF) provides a space for cities to work together on digital policy. Eurocities offers a platform for policy and technical exchange, but also for targeted advocacy activities seeking to influence the EU political process. Through this platform, European cities are already advocating for strengthening Europe's industrial innovation capacity, developing Common Data Spaces with a focus on business-to-government, and promoting ethics-based artificial intelligence regulation. But the platform's main contribution is to continue pushing for a just digital transition that lives up to the European values of democracy, human rights, equality, and social cohesion.

Most cities active in the KSF are also working at the global level, with their American and Latin-American counterparts, through the Cities Coalition for Digital Rights.¹⁶ Formed in 2018 by the cities of Amsterdam, Barcelona and New York, this group now has 50 members, and is registered with the UN-Habitat partnership and the Eurocities and UCLG city networks.

¹⁶ See the Cities Coalition for Digital Rights' website, <https://citiesfordigitalrights.org/>

In short, the Coalition advocates for the respect of human rights in the digital age. This means that cities must be able to regulate the impact of digital platforms on the urban realities in which they operate. Emerging technologies – especially artificial intelligence – must adhere to ethical criteria so as not to reproduce existing social inequalities. At a time when digital connection and skills determine equal opportunity and access to social rights such as education, work, healthcare, and public services, they must be available to everyone.

These learnings derive from the shared experience of the Covid-19 pandemic in Europe, and are its main contribution to the European digital model. Cities are already paving the way, but including them in national and European political agendas is key to consolidating Europe's progress towards a just digital transition.

6. The City of the Future for Women – The City of the Future for All

Marina Hanke

*Each Member State shall during the first stage ensure and subsequently maintain the application of the principle that men and women should receive equal pay for equal work.*¹

Treaty Establishing the European Community, 1957

With this passage in the Treaty establishing the European Community in 1957, one of the first fundamental commitments was set at European level to establish a European community of gender equality. Other important milestones followed, like the European Charter for Equality of Women and Men in Local Life or the recently passed European Gender Equality Strategy 2020 – 2025, framed by broader strategies such as the European Union Fundamental Rights, the United Nations Sustainable Development Goals or the European Pillar of Social Rights.

On a normative level, those frameworks are key, as they oblige political actors on all levels to take action in fighting discrimination and creating inclusive and equal societies. Despite this long history of political commitment and even though women make up more than 50% of the population, we still have a long way to go.

After a short check on where we stand, this article will focus on the potential for cities to promote gender equality at local

¹ Treaty Establishing the European Community, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:11992E/TXT&from=EN>

level, envisioning future cities where women are free and self-determined and can live a life in safety – cities, where women are equally visible, represented and which they create and build equally.

Half of the Population, Half of the Power, Half of the Resources?

The European Union is at least 60 years away from reaching complete gender equality, according to data collected by EIGE (European Institute for Gender Equality) through their Gender Equality Index – a tool that measures the progress of gender equality in the EU.² Only one manager out of three in the EU is a woman – even less in senior management positions. In regional assemblies, women are highly underrepresented with only 29% of female members. Women’s hourly pay in the EU is on average 14.1% less than men’s – which equals almost two months’ salary, while they shoulder the responsibility for most of the unpaid work that must be done.

The Covid-19 pandemic and its associated economic crisis have further aggravated gender inequalities. While women have been overrepresented in the frontline of the pandemic, equal access to the economy has decreased. The high amount of unpaid work has increased – we have seen the double burden triple, the triple burden quadruple, and at the same time, higher unemployment rates put more women at risk of poverty. The pandemic and the social and economic crisis have also exacerbated domestic violence against women, particularly intimate-partner violence. To sum up: “Even if gender issues have never been so high-up in the European political agenda, the effects of the Covid-19 crisis are putting in jeopardy the progress achieved in the past decades in terms of the reduction of gender inequalities in European member states.”³

² European Institute for Gender Equality (EIGE), [Gender Equality Index](#).

³ “COVID-19 and its economic impact on women and women’s poverty. Insights

The European Union as a Union of peace, prosperity and decent life for all can only be successful if we end gender inequalities at all levels. Not least, the Covid-19 pandemic has proven that we need to put this at the top of the political agenda.

Cities As Key Players

City representatives are the level of government closest to people, their actions directly affecting the everyday life of their citizens. Therefore, cities are key actors in the implementation of national and European strategies and policies as they are powerful players in pushing innovation and progress.

We need the political commitment and efforts at all political levels in establishing a gender equal society. In many aspects, of course, the national level is required to take legislative action in fighting discrimination, but cities play a crucial role in creating an environment that supports, empowers and protects women. Gender equality has been actively addressed by cities all over Europe, taking action in all areas of daily life. City networks like Eurocities and Femcities have done a great job in working together, exchanging best practices, monitoring recent challenges and putting forward their demands at national and European level. In 2019, URBACT Knowledge Hub published an outstanding report, the authors Sally Kneeshaw and Jenna Norman presenting various strategies for policies creating Gender Equal Cities and best practices from all over Europe, some of them mentioned in this article.

from 5 European Countries”, Policy Department for Citizens’ Rights and Constitutional Affairs, 2021.

Tackling Gender Inequality Needs Structural Changes

Nevertheless, we need to intensify our efforts if we do not want to wait 60 more years to, maybe, guarantee every woman in the European Union a decent, equal life. We are in need of truly transformative action.

Gender inequality is still deeply based and structurally anchored in our society. Outdated role models position women in the private sphere, caring for children, the elderly, husbands, fathers and brothers. The place for men is in the public sphere – in the labour market for the family income, in politics for designing society, in academia, sports and culture. Although this strictly segregated mindset seems outdated today, it is still strongly rooted with a high impact on our daily life and – finally yet importantly – it restricts all of us – women and men.

Tackling structural inequality is a mammoth task, particularly regarding emerging changes in society that may foster inequality or jeopardise achievements. The Covid-19 pandemic is the most profound setback in the last decades, confronting us with a massive backlash in gender roles and gender division of labour. Austrian economist Katharina Mader states that we have clearly seen – again – that women are like the “social airbag”, cushioning the effects of crises. Alongside home schooling, home cooking, supervising children, women are working at the forefront of the pandemic or working from home but additionally carrying the burden of coordination and looking after young and old dependants. Within hours, the responsibility for all of this was passed on to women (again). As shown by a recent study requested by the European Parliament’s FEMM committee, published by the Policy Department for Citizens’ Rights and Constitutional Affairs, the negative effects on equal access to the economy have been stronger in countries not prioritising gender mainstreaming in the years prior to the pandemic.

Hence, to guarantee progress and long-lasting changes, we are in need of truly transformative action. Gender

equality is a crosscutting issue that needs to be integrated in all aspects of politics. Tackling gender inequalities requires considering different perspectives and the struggles facing women, keeping in mind that gender-based discrimination intertwines with other forms of discrimination, creating even more marginalised and therefore more vulnerable groups. We will now set out the vision of future cities for women – cities, where all women can lead self-determined, independent and safe lives, and where they are visible, participating and leading.

Self-determined. Independent. Safe

The fight for a self-determined, independent life for all women is a long-standing cause of women's rights movements all over the world. Self-determination covers several aspects – beginning with the right of women to have control over their own bodies, to decide where to live, what work to do, or whether to have a family. Self-determined life for women is only possible if there is no economic dependence on other people or institutions, and if we can overcome outdated gender-roles, limiting the opportunities for women.

Gender wage gap

The labour market is one of the main areas reproducing gender inequality patterns with wide-ranging consequences. The gender pay gap, even worse if we take into account weekly working-hours, leaves women with blatantly less money. Sectors with a high number of women in the workforce are paid less, although women make up the majority of key workers, they often face adverse working conditions and precarious employment. Additionally, women still shoulder most of the unpaid work – caring for children, ill or elderly relatives, cleaning, cooking, and so on. Vulnerable groups of women like migrant women or less-skilled women often work in low-paid, precarious jobs,

leading to a life in poverty or at risk of poverty, limiting their opportunities of leading a self-determined life, leaving them dependent on their husbands or families and excluding them from participating in society.

In our future cities, all women have equal access to economic resources, all of them working in decent jobs with equal pay. Each woman has the opportunity to get the best education, outdated gender roles do not keep away women from STEM or ICT fields, while men are no longer afraid of entering the care or educational sector – all of them offering decent working conditions and wages that reflect their social value. Gender equality is seen as a benefit for our cities because we have access to the available potential. In our future cities, we focus on the creation of enabling infrastructure through investment in public services. Kindergartens and schools educate our little ones in high quality institutions like youth centres offering the youth of our cities space to grow, engage and help when needed. In our educational system, gender-sensitive pedagogy makes gender roles, discrimination and women’s rights a subject of discussion, supporting our youngest in all their skills and interests. Nursing homes and care centres offer professional care for ill or elderly citizens, with community centres offering various activities for citizens of all ages to tackle isolation. The sector of unpaid work at home decreases and is no longer shouldered by women alone, because men take their responsibilities – offering more spare time for women and enjoyable family time for all.

With Project Nordost, **Gothenburg** targets foreign-born women of working age who live in the northeast to support them in entering employment or education. With a female employment rate of 50% in the northeast district, the city has taken action, offering individual and group experiences in a project lasting about 18 months. Job coaches, rehabilitation counsellors or health coaches accompany women – but most importantly, they empower each other in trustful group settings. For the local administration, employment is critical to independence, therefore an especially vulnerable group is

targeted in this project, to guarantee a self-determined and independent life.⁴

Nantes is fighting against the gender pay gap at the local level by empowering women. #NégoTraining, a free 3-hour training course for women, works on strategies for being successful in salary negotiations. Impact studies show the success of #NégoTraining: 60% of women trained are confident when applying for a raise or promotion one year after attending the workshop. When they do, the workshop experience helps them to raise their salary: 7 out of 10 women have used the tools proposed in the training and have obtained an improvement in their salary or professional situation.⁵

Housing

To guarantee a self-determined, independent and safe life, cities of the future guarantee their citizens access to good quality, affordable housing and recognise specific housing needs. Given the extensive rise in rents and the urgent need for housing space all over Europe, housing policies must be at the centre of attention. Especially marginalised groups lack secure and good quality housing, women who are the head of most single-parent families often cannot afford decent housing.

Affordable housing of the future has to be guaranteed for all citizens, recognising housing as a basic right. It also offers diverse residential models that fit the needs of diverse groups of citizens. Gender-sensitive planning creates housing concepts for single-parent families where their own spaces and shared spaces with other residents are guaranteed. Intergenerational residential models prevent isolation and encourage intergenerational connections.

In **Villiers-le-Bel**, after a city survey found severe problems among single mothers due to their housing situation, the city decided to create new housing models especially for this group

⁴ More information on <https://eurocities.eu/stories/why-gender-equality/>

⁵ More information on <https://negotraining.org/> (French).

of residents. Single mothers are an especially vulnerable group, they often have a low income because they have to care for their children alone and cannot afford decent living. The result is a lack of privacy because of small flats and negative effects for their mental health. The new housing for single mothers guarantees personal space in the flats for children and mothers and is also designed to tackle social isolation by making use of shared spaces. All spaces are well lit and open in order to increase wellbeing and combat feeling unsafe in the dark alone.⁶

Gender based violence

Being economically independent is a necessity for women to be able to live a self-determined and safe life. Unfortunately, not even thousands of euros can guarantee ultimate protection from male violence against women. Gender-based violence is not a question of income, religion, culture or level of education. It is deeply rooted in our society, in a male mindset of possession over women. The – sadly nowadays sometimes questioned – Istanbul Convention is a clear mission to guarantee women protection and support when they become victims of violence. In the city of future, sufficient and adequate women’s shelters and easily accessible hotlines or consultation centres are in place. Our aim, moreover, is that no one will suffer from violence in the future. Therefore, awareness campaigns and prevention work will always be on the political agenda. If we want to tackle gender-based violence, we must tackle toxic masculinity right from the start – working with everyone, beginning with our youngest citizens – on non-violent behaviour, women’s rights and stating an unambiguous zero tolerance policy on violence. We also have to be alert to new forms of violence, emerging with new technologies and changes.

Madrid City Council launched a campaign against gender violence at the beginning of the pandemic to give visibility to the suffering of women who live with their abuser 24 hours

⁶ Best practice in URBACT and European Union, *Gender Equal Cities report*, 2019.

a day in the period of confinement due to the coronavirus – “NoEstásSola” (= you are not alone). The campaign provides information via TV, radio and digital media about where victims of violence can get support. Institutions that support victims of violence are treated as essential services and therefore have been available for the victims.⁷

Digitalisation has produced new forms of gender-based violence. Mobile phones, smart homes and social media allow stalking, hate and threats to move to a higher level. Women who are living in abusive relationships are often under the control of their harasser 24/7 via digital devices. The City of **Vienna** has established a competence centre against cyber-violence. Municipal IT experts support the Viennese women’s hotline against violence and the women’s shelter organisations in cases of cyber-violence in identifying spy-software, gathering evidence and providing secure devices.⁸

Healthcare

Living a self-determined, independent and safe life also requires being in good health. In our future cities, every woman has access to high quality, free healthcare, medical treatment and preventative healthcare. Gender medicine guarantees precision healthcare for men and women of all ages in physical and mental health, taking into account their different needs. We recognise that these needs “arise not only from biological differences, but also from differences in living and working conditions and from stereotypical attitudes and assumptions.”⁹

⁷ More information on <https://www.madrid.es/portales/munimadrid/es/Inicio/Igualdad-y-diversidad/No-estas-sola/?vgnextfmt=default&vgnextoid=8984ee63dc271710VgnVCM2000001f4a900aRCRD&vgnnextchannel=c426c05098535510VgnVCM1000008a4a900aRCRD>

⁸ More information on https://www.ots.at/presseaussendung/OTS_20200925_OTS0035/frauenstadtraetin-kathrin-gaal-cybergewalt-start-fuer-neue-kompetenzstelle-der-stadt-wien (German).

⁹ European Charter for Equality of Men and Women in Local Life, <https://charter-equality.eu/good-practices/role-de-prestataire-de-services-en.html>

Being healthy is defined not only as the absence of illness but rather as a condition encompassing wellbeing. Therefore, health promotion is present everywhere in our cities – in the workplace, in our educational system and in our public space. Health education actively works against health myths and taboo topics, thus supporting especially women in their right to have control over their own bodies.

The City of **Bilbao** has focused on communitarian prevention through the empowerment of migrant women in a project on women, health and violence. The programme focuses on health self-management, sexual and reproductive health promotion and the prevention of gender-based violence. “Officers for Empowerment” are trained to work in their communities, bringing up topics such as self-esteem, conflict resolution, family planning, women’s rights and gender-based violence. Another element is information and raising awareness of stakeholders in workshops, supporting them in their work and bringing knowledge for the effective use of the public services network.¹⁰

Visible. Participating. Leading

In a city of the future, women and men are represented equally – in politics, in public administration, in management positions, academia and in the public space. Our cities are no longer designed exclusively from a male perspective, policies include the perspectives of all citizens who can engage and participate in city life.

Only 16% of mayors in Europe are women and only 29% of members of regional assemblies in Europe are female, whereas women make up half of the population. If women are underrepresented in political assemblies, in local administration

¹⁰ More information on https://charter-equality.eu/exemple-de-bonnes-pratiques/women-health-and-violence-programme-womens-health-in-womens-hands.html?ref_id=164

or leading positions in general, their perspectives and needs are missing in the actions taken. This not only prolongs gender inequality, it also calls into question the credibility of our democratic system.

In our future cities, women must be equally visible, participating and leading in all areas. Not only is there a 50/50 representation in mandates, but we also make sure that women and men are equally represented in different policy areas – economy, finance and urban planning are no longer male dominated, whereas socio-cultural fields are no longer the only policy fields where women can engage.

The Association of **Basque Municipalities** tackles this underrepresentation of women through a combined, two-pronged approach, with quotas and a Welcome Manual for Women Elected Officials. Quotas applied to local elections ensure a minimum participation of women of 40%, sanctioning parties who do not comply. The quota law is complemented with an empowerment programme for female politicians, supporting them in entering local politics but also trying to establish new ways of working – moving away from the traditional (male) policymaking norm. The “Welcome Manual for Women Elected Officials” is available for everyone interested.¹¹

To promote women’s participation and representation, cities need to act at several levels. Equal representation in boards, committees, private companies and public administration hierarchies has to be addressed with binding commitments, like quotas. At the local level, empowering women and offering them opportunities for participation is another crucial aspect. In our cities of the future, we support and fund women in different areas, like culture, sports and academia. Working together with young female researchers or artists, supporting them with the resources they need not only empowers them. We also create a city of role models, changing the mindset regarding where

¹¹ [THINKING ABOUT POLITICS. Welcome Manual for Women Elected Officials](#), Virginia Woolf Basqueskola, December 2015.

women and men belong and what they can achieve. Last but not least, we make use of all the potential and creativity of our citizens, bringing together different perspectives and designing cities that are more diverse, more inclusive and more liveable.

On the occasion of International Day for Women’s Rights on 8 March, the City of **Strasbourg** implemented an easily accessible way for citizens to participate in the fight for gender equality. Recognising that although equality between women and men exists in law, inequalities remain present at all levels and dimensions of daily life, a free phone line was set up, inviting everyone to share their ideas and propose actions to tackle gender inequality.

Bristol established a Women’s Commission in 2013, “bringing together representatives from across the city, working in partnership to identify and address issues that impact women. It has five dedicated task groups: Women’s Safety, Women’s Health, Women in Business, Women and the Economy and Women and girls’ Education. Each task group is chaired by a commissioner and has a mix of academics, experts and women working in the field. A meeting of the full Commission takes place every two months, [...] the task groups meeting separately and bringing in non-member partner organisations and representatives to help inform the work”.¹² The Bristol Women’s Commission is an example of working together with important network partners, such as universities, police, trade unions and non-governmental organisations.

In the city of the future, we consider the different experiences and needs of all our citizens in urban planning. Our public spaces are more people-friendly, safer, pleasant – whether you are going from one place to another, taking a walk with friends or family or are spending your spare time in a cool park on a hot summer day. Most European cities were designed with a male-view, not taking into account any other needs than going from

¹² BWC, [Bristol Women’s Commission \(BWC\) brings together partner agencies and decision makers to identify and tackle issues affecting women and girls.](#)

home to work, at mostly set times, by car or public transport. Gender-sensitive planning has proven to be an effective tool in creating equal opportunities in access and participation for all citizens. It considers the needs of persons who are often overlooked, has an eye on the equitable distribution of space and time, supports a planning culture informed by everyday needs and supports the evolution of interdisciplinary planning expertise.

The design of public space in cities not only needs to cover different user groups but is also a powerful tool to make women visible. Monuments and street names mostly remind us of powerful men, creating the impression that women do not belong in the public sphere. Who and what is represented in public spaces sends a message to all citizens about what is valued and who belongs. In our future cities, the diversity of our population is equally visible and represented in public spaces, in cultural events, art and communication of the government and administration. Citizens of marginalised groups no longer get the feeling of being unseen and unheard, of not belonging. Young women are inspired and empowered because women are equally represented as great thinkers, creators and leaders.

Vienna has a longstanding tradition of gender mainstreaming, with an integrated gender perspective in all the city's strategies – including Urban Planning and Urban Development. With *Frauen-Werk-Stadt* (Women-Work-City) in 1997, the first housing complex planned by women with women's everyday life at the centre of the planning process was realised and started a success story of gender sensitive urban planning and development. Wider pavements, improved street lighting, traffic lights prioritising pedestrians and gender-sensitive playgrounds are only some examples of what are now standard features of the Viennese public space. The City published a guide on Gender Mainstreaming in Urban Planning and Development to share their experiences with other cities.¹³

¹³ STEP 2025, [Gender Mainstreaming in Urban Planning and Urban](#)

Until recently, only 6.6% of street names in **Brussels** belonged to women, making women and their achievements nearly invisible in the public space. In 2020, the upheaval to demand racial justice across Europe also made the public space into the focus of attention in Belgium. Former King Leopold II, whose name is very prominent in the streets of Belgium, is one of the key figures Belgium is confronted with in discussions about the country’s colonial past. After the establishment of a working group on the decolonisation of public space in November 2020, the public was later invited to choose from a shortlist of women gathered from a consultation to re-baptise a tunnel named after King Leopold II.¹⁴

Local Governance and Public Administration as Role Models

To overcome gender inequalities, we need structural changes in all parts of society. We need a fundamental rethink in all minds, in the economy, sports, culture, education, media, academia and many more spheres. Municipalities can take a key role in initiating transformation by offering examples for gender equality.

Cities as employers

Cities as employers can take the lead in creating gender equal workplaces. Eliminating the gender pay gap in administration is obviously one crucial aspect, but gender equal workspaces include far more. Designing flexible working arrangements, supporting family-related leave equally for men and women, mentoring women and offering career advancement equally are other ways to show how working conditions can be designed as fair and decent.

[Development](#), Manual, Werkstattbericht NR. 130 A, City of Vienna.

¹⁴ More information on Euro Cities, News, “[City news: Brussels – what’s in a name?](#)”, 8 February 2021.

Gender mainstreaming

Gender mainstreaming as a strategy pursued to achieve gender equality in society based on equal structures, settings and conditions for both women and men is increasingly common in European cities. Nevertheless, it must still be mentioned in this article about the future of cities for women. Gender mainstreaming, like gender budgeting which we will address later, has to be implemented in governments and administration nowadays to tackle gender inequalities. The aim of gender mainstreaming – that everyone is to enjoy the life they determine in accordance with their individual skills, their needs and desires – demands gender equality. But even once this is achieved, gender sensitive working practices will still be an element in policy. Our citizens will no longer be seen as a uniform group of human beings, but will have their social, ethnic, age-related and many more differences taken into account. Gender mainstreaming processes have to be reflected upon constantly to measure progress and to be able to react to emerging changes in society. Services and products must be assessed as to their different effects on women and men on a regular basis, and men and women must be involved equally in decision making at all levels in every new working group, commission or advisory board. One crucial aspect of gender mainstreaming is the collection and analysis of gender-specific data.

Data-collection

To work effectively towards a more gender equal society, governments and administration need to target the groups specifically affected by inequality. Data collection and analysis is key to improve public services and must be conducted with a gender sensitive perspective. Gender disaggregated data helps to identify areas of gender inequality, and to develop appropriate, evidence-based responses and policies. Gender-sensitive data collection is not only about specific equality monitoring – although of course this can serve to regularly determine where

we stand – but also about adding gendered aspects in data collection in other areas.

The City of **Ljubljana** has adopted two Gender Equality Action Plans (2016-2018, 2019-2022) to strengthen their endeavours towards an inclusive society for all genders. The second Action Plan is based on previous activities, setting priorities and goals for the upcoming years. Ljubljana’s Action Plans have been implemented in numerous activities – like encouraging employees in the local administration to use gender sensitive language, organising exhibition projects addressing traditional gender roles and making women visible in the public space via the naming of streets and parks. Ljubljana has also established a group for implementing gender equality in the City Administration, comprised of representatives of different bodies within the administration.¹⁵

In **Vienna**, the Gender Equality Monitoring Report uses available empirical data to make the state of equality between women and men in Vienna and changes over time measurable and visible. 12 topics – e.g. political participation, education and training, paid and unpaid work, leisure time and sports – and 123 indicators reflect a broad understanding of equality, focused on concrete equality goals developed by the Municipal Department for the Promotion and Coordination of Women’s Issues. Vienna also launched a publication on gender-sensitive statistics in 2014.¹⁶

Gender budgeting

Gender Budgeting is an important steering instrument to guarantee equal treatment of men and women, by applying gender mainstreaming in the budgetary process. “It means conducting a gender-based assessment of budgets, incorporating

¹⁵ More information on Wednesday, 3 July 2019, [New gender equality action plan adopted](#), City of Ljubljana.

¹⁶ 2nd Vienna Gender Equality Monitor, 2016; <https://www.wien.gv.at/statistik/pdf/genderstatistics-english.pdf> - Gender sensitive statistics: Making life’s realities visible.

a gender perspective at all levels of the budgetary process and restructuring revenues and expenditures in order to promote gender equality”¹⁷ Gender budgeting includes the lives of women and men in budgets and is therefore a tool to meet the needs of our citizens with a more precise, higher-quality approach. While gender budgeting is a way of making existing inequalities visible, it is a powerful tool to analyse the often unintended outcomes of new political actions that even increase inequality. The URBACT Report on Gender Equal Cities adds another important aspect: “The lasting impacts of the economic crisis and austerity measures have put pressure on public services that women depend on more than men. [...] Gender budgeting gives us a tool to highlight how cuts in services impact women and men disproportionately and seeks to redress this”.¹⁸

Ixelles, one of the 19 municipal districts of Brussels, is one of many towns that have already implemented a gender perspective in their budgeting process. The gender-responsive budget of Ixelles is divided into three categories of expenditures: *neutral* – internal functioning and expenditures that do not have a gender dimension; *gendered* – the funding of specific actions aimed at promoting gender equality; and *genderable* – expenditures that may have a differentiated impact on women and men. The initiative has led to adapted actions in several political fields, e.g. recruiting more women or men in gender “untypical” occupations or changes in the design of public space.¹⁹

Procurement

Another tool for cities to initiate transformative processes in society is procurement. Public authorities have immense spending power as they have to purchase services, works and supplies. Being aware of this power on the one hand and

¹⁷ CEMR, “The European Charter for Equality of women and men in local life”, 2006.

¹⁸ URBACT, “Report on Gender Equal Cities”, 2019.

¹⁹ More information on Observatory (European Charter for Equality Women and Men in Local Life), “Gender-responsive budgeting in Ixelles”.

committing to supporting gender equality on the other hand can lead to social changes. Gender equality must be implemented in procurement strategies. Accompanying measures can range from training of public service staff and raising awareness to supporting private stakeholders to guarantee equal pay and gender equality in their company, via model equity-clauses or software to check on gender equality standards.

Bern uses procurement contracts as a way of pushing forward equal pay in their city. Suppliers are required to prove that there is equal pay in their company and submit to random checks. Simultaneously, the city offers a self-check tool for employers, a software program which enables employers to check on their salary practices and identify existing gender wage disparities. In the action plan for equal pay, the city also ensures wage equality in the municipal administration and asks for proof of equal pay also in service agreements.²⁰

Conclusion

Our future cities as outlined in this article not only improve the life of women but improve the living conditions of all our citizens. Tackling outdated gender roles opens opportunities for people of all genders, integrating different perspectives in our politics and enabling participation of all our citizens, creating stronger identification with our cities and increasing the sense of belonging and engagement for society. Exploring new ways in urban planning and development transforms our streets, parks and squares into thriving, vibrant public space where citizens come together and get connected.

A lot has to change to achieve that vision. This is hard, often demanding, seldom rewarded work. Adherence to traditional role models and behaviour are often the key to social recognition, while gender mainstreaming policies are often seen as “nice to have but not necessary” or even worse, as a threat.

²⁰ Best practice in [Gender Equal cities report](#)... cit.

Cities are committed to creating a gender-equal future; there is a lot of expertise not only to empower women, but to initiate transformative processes in society. If we want cities to be key players of transformation in the future, they need support at the national and European level. The Covid-19 crisis and its effects have hit cities the hardest. State aid in many cases fell far short of meeting their needs, there is still no direct and rapid access to European funding, and investments in the public sector are often made impossible by current investment rules. The pandemic and its long-term effects threaten gender-equality if we do not immediately start to tackle inequalities at their roots. European cities are ready to play their part in this.

As we do not want to wait for 60 more years, there is no alternative to working towards gender equality. Or as Sally Kneeshaw sums it up: “Gender Equal Cities must continue to be addressed and communicated as a fundamental question of justice: an equal right to the city for all”.²¹

²¹ URBACT, “[Report on Gender Equal Cities](#)”..., cit.

7. Culture and Public Space

Stephan Hoffman, Susanna Tommila

A Vibrant Cultural Life Is Essential to Cities for Two Reasons (at Least)

The Covid-19 crisis has given us a glimpse of life without culture. It is up to us to decide whether this is indeed our future, or whether we can achieve a meaningful recovery.

Try to imagine life – or even one day – without art and culture: no music from the morning radio, no pictures in the newspaper, no design-inspired coffee cups, no films, no commercials, no books, no theatres, and so on. Today, after one and a half years of cultural lockdown in our cities, this game of imagination is no longer amusing. Because of Covid-19, our cities have been living without culture for a long time now, and the effects go far beyond the mere scenario of a life without theatres, museums, concert halls and cinemas. Perhaps most importantly, there are no spaces to meet and mingle, to share our experiences with others, friends and neighbours, or even total strangers – the others we may not know, but who inhabit the same physical space as us and who share our cities with us.

Some of the more pessimistic minds are of the opinion that this is a realistic vision of future dystopian city life, with no more open, shared public spaces, only hyper-individualised, bodiless entities wandering in the endless realms of the digital world.

In this article, when we talk of culture, we use the word in its broadest meaning, covering cultural institutions like museums and exhibitions, everyday city life with its festivals, flea markets and musicians on street corners, creative industries and start-ups, students and resident artists. Culture is equally about the active participation of citizens in developing their own environment through city gardening, public art and local events. This is what makes a city come alive. Art and culture keep cities lively and on the move. Things happen, new ideas emerge, diversity engenders discussion and different voices are heard. This means that a city’s leaders and politicians have to be bold enough to enable an atmosphere of experimentation, trial and error. If we think of Europe’s liveliest cities, like Berlin, Amsterdam or London, it is not big corporate headquarters or even good street infrastructure that makes them so vibrant and vital. They are so because of their own heartbeat and a constant crush of people – in a positive sense – that gives birth to innovations and new ideas. Flourishing cities are hubs where work, participation, activity and home all come together in a vivid, contemporary harmony.

The past year and a half has shown us the meaning of urban culture in its widest definition. The total lockdown of art and culture has made our cities sad and empty. While a few stressed citizens may have appreciated a moment of breathing space, lockdown has, at the same time, made even their hectic lives insecure and hollow. No wonder many European countries are seeing a sharp rise in mental health issues, especially among the younger generation.

Reasons Why a Vibrant Cultural Life is Essential to the Future of Cities

Reason One: The cultural sector contributes to city economies

The cultural and creative sector has been the second worst affected branch of the economy during the pandemic, right after air transport, with a loss of 31% of its turnover (*Rebuilding Europe*, January 2021, GESAC; see below for more detail). Culture creates jobs and wellbeing, and is central to a city's image and branding. A vital city means jobs, good services, housing and an active cultural life. Culture also makes an economic contribution through the events industry, festivals and other such activities. Cultural institutions likewise generate income in conjunction with hotels, restaurants, transport and all other services used by visitors and audiences. The innovation and vitality that the creatives and artists bring to business is also economically important. City planners are well acquainted with the phenomenon of gentrification in cities around the world. Old factories are initially transformed into maker spaces, mainly for the creative sector, and old warehouses are acquired as spaces for creation, rehearsal and living by artists. This makes an area attractive to upper-middle class citizens. If the process goes too fast too far, however, the artists are soon pushed out and forced to seek alternative spaces to work and live. This phenomenon is not new: it occurs all over the world and is typical in cities where economic development proceeds rapidly. In Europe, examples can be found in Berlin, Stockholm, Paris and many other urban centres.

Art, by definition, has a right to exist for its intrinsic value – “*art an sich*”. In a democracy, one of the most important roles of art is to inspire discussion. Art raises questions, queries the rights of the majority, finds hidden signs and mirrors society. Cities need art and artists, and artists need support and enabling from the public sector. It is, however, crucial

that we avoid using political programmes and strategies to ensure that artistic content only serves the aims of municipal councils (*Rapport 2021:1; Så fri är konsten, Myndigheten för kulturanalys*, Sweden). We need to challenge ourselves and our thinking when offering grants or other economic support to local or regional artists and cultural institutions. There is a fine line between setting criteria for the disbursement of grants and laying down strategic requirements for content. Should we perhaps change our way of thinking totally and allow ourselves to be guided only by artistic content? It may seem obvious, but since populist questioning of artistic freedom has become part and parcel of political reality in Europe today, it needs to re-asserted that art must be free. Municipal funding must support and promote unfettered creativity and expression and must defend it at all times. To this end, decisions about funding must be taken without aesthetic guidelines. One key aspect of artistic freedom is the freedom of expert juries and commissions to make funding recommendations without taking into account individual judgments of taste or personal acquaintances.

The task and goal of municipal funding for art and culture must be to enable artistic freedom and artistic processes without regard to commercial success. Freedom from the laws of the market is an essential aspect of such artistic freedom. The municipality or state need not fund what can be commercially successful anyway. The plain fact that municipal cultural budgets are often themselves insufficiently funded is another issue that has been highlighted by the Covid-19 crisis.

Artists' intuition, and their ability to see what others cannot, need to be held in greater regard. Artists should not therefore be viewed as a group of people living off the municipal budget, but as professionals who bring insight through experiences, hobbies, identities and learning skills – people who act as entrepreneurs and who help create new jobs and services.

In the summer of 2021, the German Federal Government announced a programme for the recovery of the artistic and creative sector, funded by €2.5bn. That sounds like an

enormous amount of money but, at the same time, a study commissioned by the Federal Government and undertaken by the *Kompetenzzentrum Kultur- und Kreativwirtschaft des Bundes* (Federal Centre of Competence for Culture and Creative Industries) estimated the total loss accumulated by the CCI Sector in 2020 to be as much as €22.5bn. For 2021, the Centre projects a loss between €11.5bn and €31.8bn.²² The study commissioned by GESAC and undertaken by EY is by far the most comprehensive of its kind. Its key findings are devastating, and the details are revealing.

In 2020, the cultural and creative economy lost approximately 31% of its revenues. The total turnover of CCIs in the EU28 was reduced to €444bn in 2020, a net drop of €199bn from 2019. With a loss of 31% of its turnover, the cultural and creative economy is one of the most affected in Europe, slightly less than air transport but more than the tourism and automotive industries (-27% and -25% respectively). The shockwaves of the Covid-19 crisis are felt in all CCIs: performing arts (-90% between 2019 and 2020) and music (-76%) are the most impacted; visual arts, architecture, advertising, books, press and AV activities fell by 20% to 40% compared with 2019. The video games industry seems to be the only one to hold up (+9%). The crisis has hit Central and Eastern Europe the hardest (from -36% in Lithuania to -44% in Bulgaria and Estonia).”
(*Rebuilding-europe.eu*)

We are only beginning to grasp the psychological impact of this Europe-wide economic downturn!

Reason Two: Culture, by definition, affects the very core of how we live together as humans

Let's take a closer look at the value of culture for cities – a value that can never be expressed in euros. A former German president used a slightly awkward but vivid metaphor to

²² https://kreativbund.de/wcontent/uploads/2021/03/Themendossier_Betroffenheit_KKW2021.pdf

illustrate this value when he claimed that culture is like the "yeast" that makes dough come to life and rise: it is not the creamy decoration on the finished cake. Though many city dwellers hardly ever go to a concert, visit an exhibition, or join a club in their neighbourhood cultural centre, this "dough" works for everyone. No city can thrive without spaces that are open to everyone and provide meeting places for strangers. Cultural life offers experiences that are open to interpretation. Whether you are a fan or not, whether you like or dislike a particular exhibition, whether an image or a piece of music touches you or leaves you cold, is not a question of life and death. It is something you can easily disagree on with your neighbour. This provides an extremely valuable experience: it teaches us that we are all different one from another and that diversity is part of life. Culture provides an opportunity for us to disagree peacefully and inhabit the same space anyway. And if we do agree on something, we can wonder how, against all the odds, we are touched and moved in unison. Either way, we learn what it means to be human.

By the year of 2050, 70% of the world's population will be living in cities (*UN, Department of Economic and Social affairs, 2018*). Cities therefore have a massive responsibility to their future citizens. The wellbeing of society will depend on how we plan and build our future metropolises today.

Cities need to be ecologically, economically, socially and culturally sustainable.

Cities are created by and through culture. That is why culture has a uniquely important role in building and developing sustainability and making cities inclusive, safe and resilient. Culture must be at the core of our future thinking as it forms an important part of sustainable development at local, regional, national and international levels. Culture is key if cities are to create new markets, promote new partnerships, rebalance urban density and deepen engagement in global networks (*Kearney Global Cities Index 2020*).

Fortunately, we have the United Nations' SDGs to guide us and provide a framework for progress in urban administrations and organisations. Sustainability goals and digital innovations are essential for the future of cities and must be implemented in every employee's and citizen's daily life. The sustainability dialogue must also be accessible to all: it must not be limited to strategic jargon and the agendas of high-level meetings.

Culture is a significant area of business for cities. The cultural sector provides work for 7.6 million people in Europe. By way of examples, Amsterdam's creative sector represents 10% of local employment while in Stockholm 20% of local companies work in the cultural sector. In Finland, the average cultural budget is approximately 2.5% of a city's total budget. These figures are small, especially compared to the healthcare or education sectors, but cultural services are of major relevance when people are choosing where they want to live. According to the Deputy Mayor of Ljubljana, 11% of the city budget has been earmarked for culture. The city of Lyon informs us that their total cultural budget is 20% of the municipal total. It is, however, difficult if not impossible to compare cultural budgets across cities and countries, given that economic structures differ so widely. It becomes even more complex when we try to compare northern European cities with those of central Europe. Economic structures involving old money, new money, private money and welfare society thinking are simply not comparable without breaking cultural budgets down into tiny fractions.

Another interesting survey (*Eurostat statistics; Culture statistics - household expenditure on culture*) tells us that, on average, 3% of household expenditure in the EU is devoted to cultural goods and services. This means that people are indeed willing to pay for cultural services and that money therefore flows both ways.

It is of the greatest importance to understand that investments in culture will indeed be recouped with interest. There are valid arguments for believing that an investment of 1 euro in culture will give a return of 6 euros. This may or may not be true, but culture is certainly not only an expense, even if it is not easy

to calculate its impact in terms of hard cash and cold statistics.

Participatory governance that engages citizens on the local level is a key driver of sustainability in cities. Today’s metropolises and communities are diverse, and the cultural sector facilitates an understanding of this social complexity by creating shared experiences. To safeguard the heritage of a locality and its people, it is essential to foster a climate of inclusion, following the overarching EU slogan “Unity in Diversity” (*Voices of Culture, Brainstorming report, February 2021*).

People working in the cultural sector and those facilitating the engagement of citizens through smart governance models need networks and organisations where they can meet and exchange ideas with colleagues and partners. They need shared policy-making goals, especially on the European level. Eurocities is an excellent example of a network in which all major European Cities have adopted the strategy of “A better quality of life for all” (*Eurocities’ strategic framework 2020-2030*). Within this extended framework, strategic goals find implementers in city organisations and communities. When working on missions and objectives common to all European cities, it is clear that culture cannot be an isolated goal or task. Culture transcends barriers both socially and economically, and therefore needs to be at the heart of all strategic goals.

Networks and meeting places are crucial: they bring decision makers together to share their thoughts and ideas and to decide on common actions. It is important for civil servants to learn together and from each other. Discussions within the cultural sector are just as important as cross-sectoral learning and collaboration. Especially during the pandemic, networks and international associations have shown their importance by sharing knowledge, providing comfort and showing a degree of unity seldom found previously. In this way, the pandemic has brought us closer together than ever.

Sustainable Urban Recovery Must Have Culture at Its Core

Many urban strategies talk about wellbeing, equality, diversity, sustainability and meaningful lifestyles. Because we consider these things to be extremely important, we imagine that they must cost a great deal of money. Cities therefore face a dilemma when acting on such major strategic issues. Mariana Mazzucato has written and spoken about what really creates value and has pointed out that from the perspective of the public sector, it would be useful to start thinking of these concepts as values rather than missions. Mazzucato tells us that value is produced collectively. We should therefore start thinking about what kind of life we want to live and how much are we prepared to invest in it. If we fail to invest now, the long-term impact of our failure will be much greater – if not impossible – to remedy. The Covid-19 crisis has shown a glimpse of the future in this regard too. So, let us invest in culture as central to the strategic development of our cities. We can only secure the future of our cities if we face the imminent crisis that has been largely overshadowed by Covid-19. This crisis is, of course, climate change and the urgent need to achieve the Sustainable Development Goals (SDG) of the United Nations.

If we want to clarify the role of culture in working towards SDGs, we must focus on the accessibility and vitality of our cities. Accessibility means that artistic and cultural services must be accessible to all. Our increasingly diverse city populations must have access to such services regardless of where they are born, where they live or what their family income is. Accessibility means that culture for children and art education must be made available to all urban youngsters. Learning new skills, reading, creative activities and lifelong learning must be for everybody, irrespective of age or background. Accessibility means that culture and art need to go to the people, to hospitals, suburbs (areas beyond the city centre), kindergartens and schools. We must have free and easily accessible outdoor events to bring

people together and promote wellbeing through culture. With the aid of art and culture, we can widen our understanding of others and foster empathy. This point is much underrated: in today’s fast-changing world, with its rapidly developing technology and digitalisation, we need empathy more than ever and therefore must focus on fostering it. After all, we are socially dependent on each other as humans living together.

To quote Ása Richardsdóttir (Secretary General, International Network for Contemporary Performing Arts) speaking at the Culture Forum meeting in October 2020: “While so many nation-states are fighting against their own stiffness, cities have a huge opportunity to create common goals, to be able to unify people. Cities and the cultural sector need to unite their forces and put forward progressive agendas for change.”

Cultural strategies therefore need to be seriously integrated into the general strategies of cities. Administrators need to listen to artists and cultural actors while the culture sector needs to see itself in a broader perspective – not as a cultural “bubble”.

Ása Richardsdóttir also talks of resilience – the capacity to cope with changing situations and surroundings, and more importantly to learn from change. In today’s rapidly changing world, we need to be flexible and cope with insecurity on many different levels: individual, social and societal. Art, however, has always been insecure. Artists have always lived and worked in a precarious environment, not only because of uncertain income, but because uncertainty is the nature of art. Art is changeable and unpredictable. That is probably why artists and cultural groups and institutions are so resilient. It would be useful for other sectors to learn how to change insecurity from a weakness into a strength and use it to innovate in the same way.

Resilience is also about dealing with the unforeseen and adapting to new situations. Cultural strategies are therefore important roadmaps for city councils. Artistic methods and content and cultural services are all important elements that urban development strategies must use to build resilient communities.

Future cultural strategies in cities must focus clearly on the sense of community, accessibility, participation and collaboration. Only a sincere belief in working together and “leaving no one behind” will guide us towards a sustainable future. Strategies must likewise consider the importance of urban public places – “third places” between work/school and home. Such spaces allow us to meet friends, learn, have hobbies, do schoolwork or just relax. Safe public buildings like libraries or museums also provide essential living space and must therefore be art-oriented. Society needs more common places to experience diversity and to cultivate understanding.

These strategic goals were important before the pandemic and will be even more so after it. Resilience in this context means that after the crisis, communities must have the capacity to bounce back and follow a new path towards the future.

Even after this second summer of pandemic, we remain severely challenged. Not only have we seen a dystopian vision, but we have also endured great economic loss. Artists and institutions have been kept from collapse only by hastily created aid programmes, sometimes not entirely thought through in their consequences. We have also seen the sector’s resilience, the creativeness and the potential of arts and culture. As in many other ways, Covid-19 has acted as a magnifying glass.

Only the future will tell how long it will take us to repair the societal destruction caused by the Covid-19 lockdown. For the moment, our concern must focus mainly on the young and elderly. The latter have been isolated at home for a year and a half: many feel afraid or at least insecure about going out. Conditions have changed and the concerts, association activities and gymnastic groups that used to be of interest are now out of reach. The young are likewise of concern because of the distances involved in getting to school, college or work. Young people have been studying without physical contact, student activities and group work. Art, dance and theatre schools in particular tell unfortunate stories of students that have never returned after extended lockdowns. This has long-term consequences both for

the young people who now have nothing meaningful to do, and for the art, music and dance schools that have lost pupils and essential income. Culture is not just for fun: it is essential to our wellbeing and economy. It must therefore be recognised as key to the recovery of Europe’s cities and of life for all of us.

NextGenerationEU, which aims to help European countries recover from the pandemic, is the European Union’s largest ever support package, providing over €800bn. The programme provides essential funding for social and economic rebuilding and renewal and promotes a healthier, greener and more digital Europe.

As we have seen, the cultural and creative sector has been one of the worst affected by the pandemic and its consequences. It is now up to its stakeholders to ensure that support is obtained from *NextGenerationEU* instruments. While there is no specific money allocated for culture, instruments like *Recovery and Resilience* and *InvestEu* are of special interest to the cultural sector.

KEA European Affairs, an international policy thinktank, has analysed the socio-economic damage caused by the pandemic. In particular, its experts have provided the cultural and creative sector with useful instructions and a toolkit for benefitting from NGEU funding. There are therefore very clear steps that cultural and creative sector stakeholders can take.

Let us hope that this enormous recovery package will help organisations in European cities and benefit the artistic, cultural and creative sectors.

Preparing for Future Crises

We are slowly recovering from the pandemic, the lockdown, and the subsequent depression and crisis in the cultural sector. Should we, then, merely return to the status quo or should we adopt new methods to approach changed and different circumstances? If our cities and cultural administrations have the capacity and understanding to renew their strategies and

the way they work, we believe we can recover more effectively. It is clear that we cannot go back to the way things were before Covid-19 appeared, even if we wanted to.

So, what have we learned from the crisis? How can we adapt our policies and programmes at city level?

1) Act now!

We are living today in an era of transformation. This is what our strategising and mapping of the future has been leading to. The megatrends we once theorised about, like climate change, demographic change and digitalisation, have all materialised. In Europe, polarisation, the refugee crises and the pandemic mean that “the shit has finally hit the fan”. Cities have been trying to prepare for these changes, but have definitely been too slow and maybe too security-oriented. Organisations have not been willing to act on strategies boldly enough. The big lesson learned from the past 18 months is that we need to act faster in implementing strategic steps. For example, during the worst period of the pandemic, our cities should have been able to close things down immediately for, say, one or two months. Because the authorities took different lockdown decisions every two weeks, the work of cultural organisations became impossible: they booked and cancelled, booked and cancelled. This caused much frustration and, at the end of the day, artists suffered most as a result of *force majeure*. No one is to blame. It is simply that human nature has proved slow in adapting to today’s rapid changes. Strong leadership, a clear vision and a working strategy would be a great help.

2) Develop scenarios!

Megatrends and their effects on cities must be studied more closely as part of our strategy development. Future “what if” scenarios need to be identified, not only at city level, but for the entire cultural sector and even at service level, meaning artistic and cultural institutions. We cannot afford to get caught napping again.

We need to understand what steps to take when the next pandemic or other crisis comes upon us. We need the knowledge, support and courage to take decisions faster and to understand which changes take time. Being over-careful can be compared to taking a sticking plaster off very slowly... sometimes bold decisions are less painful in the end. They also free up our minds to focus on the next step and allow us to look ahead.

Artistic and cultural institutions, for example, often have excellent artistic strategies and action plans, but are not really prepared for the worst. This probably derives from the old days when artists made art and crisis managers managed crises. But the world is not like that anymore: in future we all need to be aware and ready to act on whatever happens. As city policy makers and leaders, it is important that we help cultural stakeholders to develop proper plans and strategies for coping with possible future crises.

3) Develop solidarity and cooperation across the sector!

Solidarity arises from fair and respectful cooperation. Communication and funding policies should therefore aim to negotiate and strengthen solidarity across the cultural sector. Only in this way will it be possible to move forward, strengthen culture as a whole and present common arguments as cultural actors. The budget negotiations of many cities have come under considerable strain. For example, the city of Dresden in Germany, like many cities in Europe, is considering a budget cut due to the Covid-19 crisis (12% in Dresden's case). However, so far, thanks to a shared commitment to art and culture, one part of the sector has avoided turning against the other, though it would have been easy enough for independents to turn against publicly funded institutions or individual interest groups against each other. Internal squabbles and cannibalisation would only weaken culture further. Smart administrators and policy makers must avoid such friction. Neither publicly funded cultural institutions nor independents will have an easy time in the post-pandemic period, when local and national

government budgets will come under even greater pressure to repay loans and compensate for revenue losses. However, the Covid-19 pandemic has shown us where our economic and social systems need change and improvement. Cultural institutions and independents alike will be of great social relevance in future processes of transformation, which must be lived as opportunities for vision, discussion and agreement.

4) Develop solidarity across Europe!

Cultural leaders in European cities must maintain open dialogue and foster mutual understanding. Only then can we increase harmony between peoples, cultures, cities and countries in Europe and beyond. This is vital to the fostering of a European spirit and the nurturing of European unity and solidarity. Since Europe is built on such a variety of traditions, ideals and aspirations, we need dialogue to keep its spirit alive.

On 18 May 2021 culture ministers from the 27 Member States adopted the Council's conclusions on recovery, resilience and sustainability for the cultural and creative sectors. These conclusions clearly recognised that the cultural and creative sectors are among the hardest hit by the effects of the Covid-19 pandemic and that there is a clear need for decisive policy actions to support them.

The Council invited Member States to encourage links between cultural scenes, local communities, authorities and cultural professionals, recognising the clearly bottom-up nature of culture and creative ecosystems, and asked the Commission to provide a common "one-stop shop" for clear and tailored information on funding opportunities for the cultural operators.

These are clear and positive signals from the European Union. Cities should therefore make the most of European funding schemes and should also exchange knowledge between themselves through dedicated networks. We are too small to act alone; our thinking is too narrow and our goals are too many. We therefore depend on each other as coaches, colleagues and human beings. Cities must continue working together in

these challenging times. By learning, sharing and networking, European cities can face issues head on and plan for a brighter future. Culture is our glue and art our tool in accepting diversity and overcoming taboos.

5) Digitalise but keep it real!

The closure of cultural services in the spring of 2020 was a terrible blow. The psychological impact was particularly severe and will continue to affect us for a long time. It felt unfair that professionals chosen to promote wellbeing were unable to do their work. As a result, many institutions and cultural actors, e.g. the Digital Culture House in Finland²³ started to stream concerts and performances. Though it was obvious that a performance seen from your computer or television is not the same as a live experience, streaming provided an initial answer to the absence of popular daily culture. During the first few months, the public showed great interest in these new digital services. Very soon, however, it became clear that concerts and plays recorded by simple digital devices simply could not compete with the impressive videos and programmes made by big production and film companies. The cultural sector needed something new, another way for professionals to work, other than performing to a digital device. Audiences definitely needed new cultural services: something to do and something else to think about. It took time, but eventually the experiments began. Some boldly adopted digital solutions while others strove to satisfy demand for live cultural experiences. For example, the Finnish city of Espoo, like many other European cities, put on hundreds of open-air cultural events in kindergartens and schools last year. Concerts, theatre pieces and workshops were performed for children as live experiences throughout the winter.

The cultural sector has taken an enormous digital step forwards over the course of the pandemic. There has been a shift from the streaming of performances to the innovative

²³ <https://www.urban espoo.fi/>

use of digital tools for new cultural experiences. Today, there are many good examples of cultural events that combine both live presence and digital solutions. These innovations have been seen in various areas of art and as support tools for schoolwork and art education. Museums have arranged guided tours with outdoor digital backup along with virtual indoor visits. Performing arts like dance, circus and theatre have found innovative ways of involving the audience and have actually managed to recreate the feeling of a live artistic experience without real presence. This is something we need to foster in our cities. The combination of digital solutions and art is likely to be even more pervasive in the future.

Neither must the importance of streaming be underestimated. It has definitely increased the accessibility of art. To take just one example, concerts by city orchestras have become accessible to audiences all over the world irrespective of location, ticket price, or physical restrictions.

However, in the present day if not in the dystopian future envisaged above, human beings come with physical bodies. From the distinguished, perfumed halls of opera intermissions to the sweaty dancefloors of clubs in the early hours of the morning, our bodies are an essential ingredient of our cultural life: not only those of dancers, actors and performers, but those of the audience too.

Covid-19 has turned the bodies of strangers into potential threats. One of the challenges facing us as we rebuild our cultural life is how to redefine physical proximity.

6. To sum up

The lessons learned from Covid-19 offer us a chance to prepare for future crises. First of all, there must be a willingness to recognise threats and to take action. Only from a state of preparedness can we develop scenarios that offer positive incentives for development, instead of returning to the status quo. In our cities and in Europe in general we must strive to keep everybody on board in these scenarios. The continent and

its cities must therefore offer solidarity and foster it among citizens and across nations.

We cannot go back to where we were. We have to move on. We need to convert our learnings to wisdom and develop guidelines for future planning. We must be open to new solutions and build back our cultural life in closer collaboration. Cultural life must be reborn if we are to make our cities attractive and vibrant again.

About the Authors

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