Cities of the future

global competition, local leadership*

*connectedthinking

PricewaterhouseCoopers

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Cities of the future - global competition, local leadership

Part 1

Cities of the future

"We need new perspectives on cities, their dreams, knowledge, creativity and motivation in order to find new ways to develop strategic city management. Therefore PricewaterhouseCoopers (PwC) will develop a new arena for dialogue with leaders in cities as a tool for strategic development and knowledge sharing, resulting in added value for people in cities, organisations or companies."

Executive summary

Many of the challenges and opportunities that are coming to define the early part of the 21st century are at their most visible in the cities in which a growing proportion of the world's population now lives.

In response to the importance of cities in the global economy, PricewaterhouseCoopers (PwC) established a City and Local Government Network in 2004. The Network aims to bring together city leaders so that they can share the experience, knowledge and insights that they have gained and to develop their ideas and strategies for the future.

The City and Local Government Network's vision is:

"We need new perspectives of cities, their dreams, knowledge, creativity, and motivation in order to find new ways to develop strategic city management. Therefore PwC will develop a new arena for dialogue with leaders in cities as a tool for strategic development and knowledge sharing, resulting in added value for people in cities, organisations or companies."

In this report, the first from the network, we set out to discover the principle challenges and trends that are influencing city leaders in their strategies for delivering prosperous and socially harmonious environments for their citizens. In the course of our research, we interviewed over 40 senior figures from cities all over the world. What emerges from these interviews is a number of common themes that all city leaders, despite their specific circumstances, believe to be setting the agenda for their cities.

This report takes those themes and explores some of the strategic responses required for effective leadership. We have analysed the constituent elements of the city into a number of different asset groups, or capitals, that form the basis for developing a strategic agenda that will take a city forward. These capitals cover the people, knowledge, natural resources, technical infrastructure, finances, democratic and political aspects and cultural values that a city embodies. Using these capitals as a starting point, the report examines how different cities around the world are developing their understanding of each form of capital and assessing how they can ensure that they develop the city intelligence to make the best use of the capitals they have and develop those which may be in shorter supply.

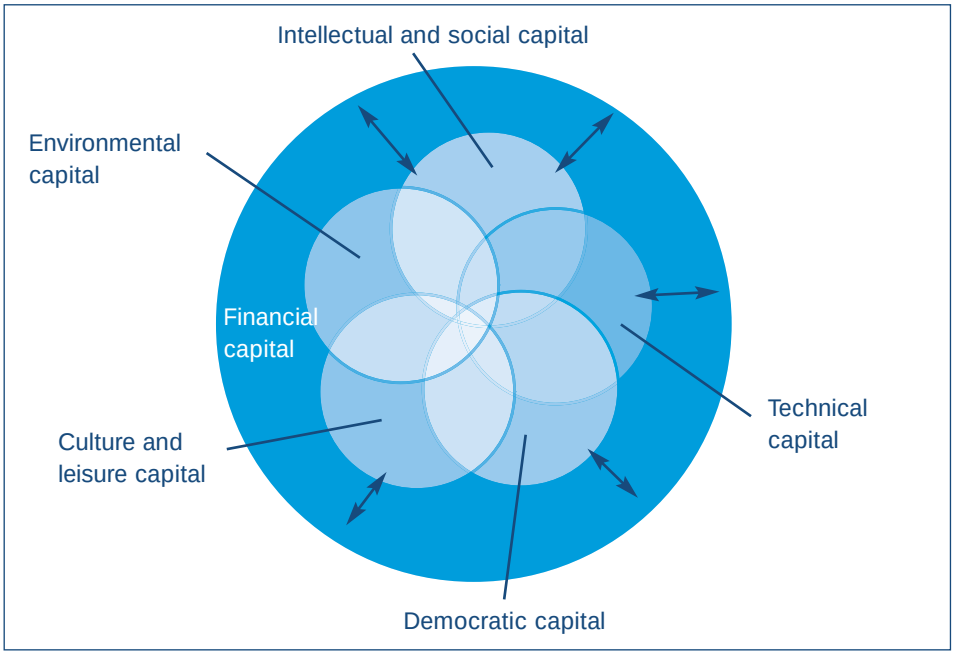


Figure 1: Integrating capitals

There are six different types of capital discussed in this report:

- Intellectual and social capital – people and knowledge;
- Democratic capital – participation and consultation;
- Cultural capital – values, behaviours and public expressions;
- Environmental capital – natural resources;
- Technical capital – man-made capital and infrastructure; and
- Financial capital – money and assets.

Navigating into the future

Managing these identified capitals effectively means taking a holistic approach, since each of the capitals depends on the others.

The necessity of taking a holistic approach is one of the themes to emerge particularly strongly from the interviews with city leaders. These city leaders are keen to stand back from meeting the day to day demands and look to the future to see how their policies and strategies can adapt to the dynamic social, economic and political environments unfolding in their cities. This process is like navigation – but navigation into the future. To make sure that cities reach their intended destination they need to be aware of their starting position. This requires them to ask some important strategic questions, identify their strengths and work towards eliminating areas of weakness.

Once cities have identified where they are, they need to decide where they want to be in the future. And to do this, they need to understand the significant trends that will influence the direction in which the future unfolds.

These mega-trends cut across the experience of all cities. The trends towards individualism, for example, or the effect that information and communications technology has had on speeding up the demand for information and dialogue, all need to be taken into account when establishing a strategic plan for the future. In addition to these trends, city leaders also identified a number of significant challenges that have to be taken into account when creating a strategic plan for the future.

Challenges for:

Intellectual and social capital

Competing in the international knowledge economy means ensuring that the appropriate people, skills and capabilities are developed, with city leaders demonstrating that they understand how these qualities can be captured and allowed to prosper.

Democratic capital

City administrations need to improve their accountability and the transparency of their dialogue with citizens in order to achieve the commitment of the whole city on its journey into the future.

Cultural and leisure capital

The competition among cities is intense, and a strong city brand is a potent weapon to maximise the visibility of a city's qualities and allow it to differentiate itself from its competitors.

Environmental capital

Environmental issues are near the top of all cities' agendas. As quality of life becomes an important source of competitive advantage, cities have to provide a clean, green and safe environment for their citizens.

Technical capital

The demands on a city's infrastructure change and expand constantly. Cities have to ensure that their physical and technological assets can support the changing needs of their citizens.

Financial capital

Growing demands on cities' budgets, combined with diminishing revenue bases mean that cities need to be creative and flexible in their financial strategies and increasingly partner with the private sector.

Managing all of these capitals together requires strong leadership. City leaders need to develop a style of leadership that is both highly consultative and directional. They need to inspire and fulfil the dreams and visions of the future that they share with the people and organisations that their city comprises. Values are a critical element of good leadership. A value-based approach is one that city leaders are increasingly adopting. Value-based leadership operates on the basis of a number of specific, shared values that are communicated clearly throughout an organisation and used by the leaders to guide their daily thoughts and actions.

Managing capitals

City governments are highly complex organisations. They need to respond to the demands of many different groups and manage the allocation of resources between different, and often competing, claims.

Developing the capabilities to ensure that cities manage their capitals effectively means looking at the people, processes and property that they need to manage in order to achieve their goals.

Cities need to make sure that they can measure the performance of each of these three categories. Without effective performance management, cities will not be able to create a culture of continuous improvement.

The pace and extent of change that cities have to cope with requires them to become particularly adept at programme and project management. To do this, they need to create the right skills that can guide and support change within the organisation. As with any programme of substantial change, effective risk management is an essential tool. City governments have to identify and understand the risks that they face, gauge their own appetite for risks and link their risk management policies to governance and compliance frameworks in an integrated way.

With the right frameworks and competencies in place, cities can start to manage the different assets they possess and begin to address the specific challenges that each type of capital presents.

Intellectual and social capital

Intellectual capital is identified by the city leaders as one of, if not the most, important assets that their cities possess. In the knowledge economy, it is the people in a city – their skills, capabilities and knowledge – that can make a critical difference to a city's ability to compete successfully for investment.

How do cities measure and map their intellectual capital? Measuring intangible assets is very difficult and the evidence suggests that, to date, very few cities have specific initiatives in place to do so. However, from our interviews with city leaders it is clear that many of them are trying to develop policies that will make their cities attractive to the skilled and entrepreneurial people that will help their cities to succeed in the economy of the 21st century. One of the key drivers of a city's attractiveness is the extent to which people feel connected to one another, in other words, the degree of social capital that exists.

Social capital is, again, hard to define but expresses itself in the quality of informal and formal relationships that characterise a city. The degree of social capital in a city is linked closely to low levels of crime, to educational achievement and to physical and mental health. Building a sense of cohesion though is not easy. Many of the city leaders we spoke to cited the challenge of ensuring that divisions and segregation were not allowed to develop between rich and poor, and between different cultures. Engaging all citizens is therefore a major challenge for cities.

Democratic capital

All of the city leaders that we interviewed in compiling this report stressed the central themes of collaboration and participation.

City governments – like other political entities – are faced with the challenge of declining participation in the democratic process. To renew the interest and activity of their citizens, cities have to develop ways to make themselves more accountable, increase the transparency of their decision making and engage citizens directly in the creation of policies and decisions.

Cities need to develop new partnerships with the different stakeholders they serve. New forms of partnership that go beyond simply listening to the views of others but take action together are a vital part of this. Citizens become more than a voter or customer – they are engaged as co-producers in the policies that will shape the city's future.

Channels for interaction are also expanding and, most significantly, the Internet is providing a new forum for real interaction. More than simply providing information, the Internet provides a platform for genuine dialogue between cities and citizens in a way that traditional channels cannot easily accommodate.

Developing accountability is a key aspect of the strategies that cities are adopting to engage their citizens. They are doing this by disclosing their own targets and recording their performance against them; by creating collaborative forums with specific interest groups (e.g. business) and by arranging their services around the needs of their citizens.

Cultural and leisure capital

A city comprises a complex array of attributes that provide it with its unique identity. Cities that have succeeded in attracting visitors, residents and businesses do so by creating a city brand that encapsulates the qualities that the city offers and generates powerful and memorable positive associations.

In building a brand, a city has to be aware of how it is seen by the outside world. What are the cultural qualities it is seen to have? What is the lifestyle associated with the city? Strategies designed to develop cultural capital need to understand how they are seen now and, from that understanding, develop the steps they need to take to move their city forward to the experience that they wish to offer. Various different strategic directions are available. Global attractions can put a city on the map (such as the Guggenheim Gallery in Bilbao) and a sporting or cultural event can act as a magnet (e.g. the Barcelona Olympics that propelled the city on to the world stage) to draw the world's attention. But a city cannot rely only on single attractions or events; it has to use these as a starting point for the beginning of a much longer journey.

A city wishing to compete for attention in the global market place needs to undertake a wide-ranging audit of all the qualities that differentiate it from others. Once these qualities are understood, they need to be developed and promoted to the type of people that the city wishes to attract. The 'experience economy' is an increasingly important concept in understanding what makes one city different to another. It goes beyond simply the institutions (cultural or otherwise) a city offers. The experience economy consists of the whole range of associations and emotions that people experience when they spend time – or consider spending time – in a particular place. Creativity – the bedrock of the experience economy – cannot be 'bought in'. Instead, city planners have to tease out their city's unique qualities, and invest in nurturing and developing them.

There is no single plan for creating a successful city brand. However, there are several strategies available that can help cities to draw attention to their qualities. For cities wishing to embark on this journey, there are some critical questions to ask. They need to consider what will attract the attention of the world to their city and, more importantly, what will keep it there?

Environmental capital

The quality of life that a city offers is a fundamental aspect of its ability to prosper. Offering citizens a clean, green, safe and attractive environment is high on the list of priorities for city leaders.

Balancing economic development with environmental impact is a significant challenge. Pollution, in all its forms, is a major problem for many cities and so city governments have to develop policies that incorporate economic and environmental considerations.

Developing policies for sustainable development necessitates a joined-up approach to decision making. This means that environmental considerations are an integral part of policy development across the spectrum of city government. Planning, transport, finance and economic policies all need to reflect the environmental goals that a city sets for itself.

Citizens, too, need to be engaged in the development and implementation of environmental policies and be encouraged to take responsibility for the quality of the environment in which they live. Engaging citizens is more than important; it is a prerequisite for success in developing sustainable environmental improvements.

Technical capital

The enormous complexity of cities today means that the demands on their infrastructure are relentlessly challenging. Not only are the 'basic' needs of transport, housing, water and energy under strain, but new demands for effective communication make the supply of, for example, broadband and electronic networks an increasingly important element of infrastructure provision.

To cope with these challenges, many cities are adopting an integrated approach to their urban planning. Rather than planning for the separate provision of transport and housing, for example, a more holistic view is being adopted that seeks to measure the combined impacts of different types of development. This integrated approach also means that cities are looking to establish partnerships and new forms of collaboration that allow them to deliver infrastructure requirements in new ways. Public-private partnerships to deliver infrastructure are now a common feature of many cities, and allow city governments to share the risks of provision with partners from the private sector.

The pressure on cities to operate more efficiently and at the same time improve their services to citizens is increasingly responded to by the adoption of techno-logical solutions. Improving processes and workflows within the city administration itself is a key focus for many cities. Using new technology to improve communications and the flow of data within an organisation is made possible through the application of e-Government solutions that are connecting departments and cutting across the traditional boundaries to allow more effective collaboration, resulting in better service for citizens.

Financial capital

Cities face a number of common financial challenges. Budgets are under intense pressure from a host of competing demands. At the same time, citizens demand better services but are reluctant to pay more for them. The familiar dilemma of having to do more with less is one that all cities are facing.

In order to respond to this challenge, cities have to do a number of things. They have to establish accounting policies and analyses that allow them to understand their financial position, and introduce financial disciplines and performance management methodologies based on these findings.

Cities need to adopt an entrepreneurial approach to the way that they finance and provide services. They need to understand the true costs of the services and products that they supply in order to evaluate whether alternative provision (such as shared services) may be more efficient. Some cities may be more effective in certain areas than others. They should seek opportunities to 'trade' with other cities – selling those services that they perform most efficiently and buying in those where it makes financial sense to do so.

New forms of partnership are also critical. Many city authorities are discovering the advantages of working with the private sector to fund the provision of services and infrastructure in innovative ways.

Taken together, the demands on a city's finances call for planning that sets out the goals and tasks that the city wishes to achieve, and establishes how the funding and investment they require can be most effectively put in place. By consulting and examining the experience of others, they will be able to begin developing the financial structures that will allow them to meet their present and future needs.

Unique cities, common challenges

Our conversations with city leaders from all over the world show that, while each city has its own unique identity and circumstances, they also face numerous common challenges and opportunities.

A wide range of skills and capabilities are needed to respond to those challenges, and we hope that this report will help city leaders and others to develop their own responses and assist them in their efforts to ensure the prosperity of their own cities.

Chapter 1

The vision for cities

In this chapter we outline our approach to developing new perspectives on governance and management practices in global cities - the concept of ‘managing capitals.’

New perspectives on the city

As the 21st century unfolds, and we move ever faster towards global economic integration, the role of major cities, in driving forward growth, prosperity and social wellbeing is changing significantly. Cities today are dense networks of interchanging investments, information, goods and people as well as centres of innovation and knowledge management.

There are approximately 400 cities in the world each of which has more than 1 million citizens. The largest metropolitan area, Tokyo, has 28 million citizens and New York City has over 20 million. According to the 2004 United Nations HABITAT report, 60% of the world's population will live in a city by 2030.

Determining what is a big and what is a small city depends on where you are in the world. A city with 300,000 citizens is, for some, a 'big' city, while for others it's small. The question of scale is relative and so, in our terminology, a city is simply one that has a significant impact on the economy and development of a nation.

Fundamentally, we also need to ask what a city is. It's a place to live, which means somewhere to grow, to develop and to enjoy. But it's also a place to work, to educate, to socialise and to relax. Our focus is, of course, on these aspects, but history teaches us that the construction of many old cities was motivated by fear and the search for protection. All these trends influence the development of a modern city. Cities aim to provide a warm atmosphere, welcoming people to stay, enjoy themselves and in doing so spend their money. At the same time social disunity, crime and poverty cannot be ignored. These factors motivate the ongoing struggle for the city that improves people's lives and meets their needs in all areas of life.

The cities of the future project

PwC has strong connections with cities and local governments around the world – from Sweden to Australia, and from Japan to Brazil. In 2004 the 'Cities and Local Government Network' was established to bring together this wealth of knowledge and experience. This *Cities of the future – global competition, local leadership* document is the network's first publication. The aim of the project is to identify the most important trends and challenges affecting major cities across the globe.

Since the autumn of 2004 we have interviewed over 40 senior political (mayors) and managerial leaders (city managers) from a range of cities. This document aims to bring together the common issues and challenges facing these cities and share how political leaders and managers interpret and respond to these issues, both today and in their planning for the future. We have tried to link the insights we have gained to the visions and strategies required to help cities compete on both the global and local stage.

We recognise that political leaders and city managers require a new approach to networks and arenas for dialogue with citizens, companies and organisations so that strategic growth and development can be achieved on a sustainable basis.

In order to find relevant ideas for city leaders, we have explored the key issues facing leaders of the future. We have developed the concept of 'managing capitals', to examine and explain the wide range of economic, social, practical and managerial issues facing global cities. The term "capital" refers to the range of strategic assets and resources within a city. These are:

Capital	Focus
Intellectual and social capital	People and knowledge resource
Democratic capital	Transparency, participation and patnerships
Cultural and leisure capital	Values, behaviours and public expressions
Environmental capital	Natural resources
Technical capital	Man-made capital, infrastructure
Financial capital	Money and assets

Of course, as figure 2 below illustrates, each of these capitals is inter-related, and must be managed in a holistic and integrated way to successfully grow and develop cities in a sustainable manner.

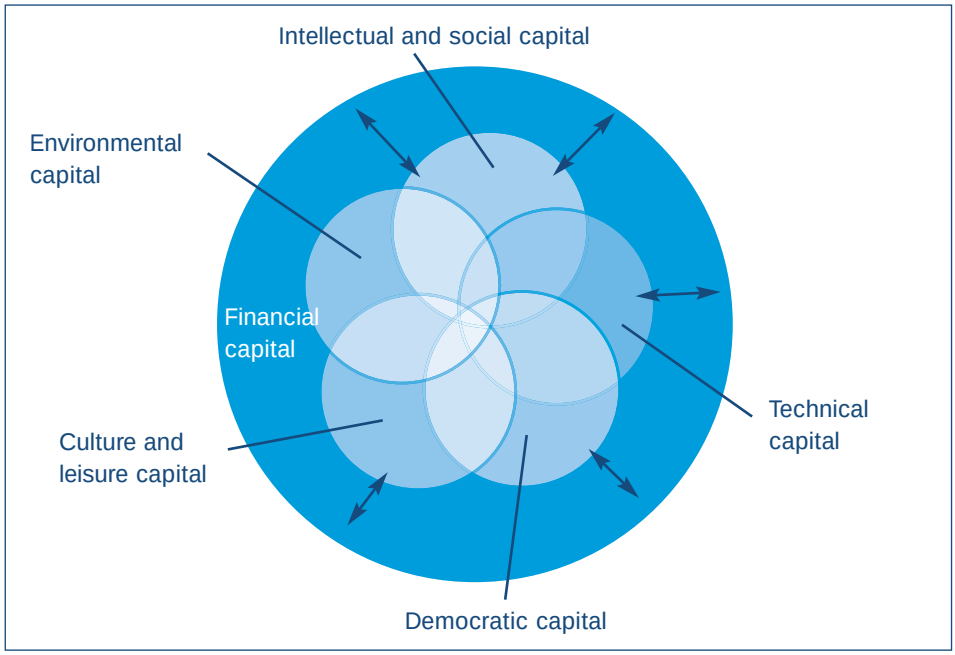


Figure 2: Integrating capitals

This document begins with a chapter on strategic development and leadership, setting out the key challenges and opportunities for the future. We then examine each of the capitals in more depth, presenting examples of good practice from the cities we have interviewed.

The basis for our approach is the difference between private and public sector organisations. As figure 3 below shows, the goals in private companies are money or profit and the business or services they provide are the means by which to generate profit. In a public sector organisation, e.g. a city authority, the goal is to provide services and the means are provided by citizen's taxes. It is therefore important to take a multi-dimensional approach to understanding what value and benefits customers and citizens derive from their 'investment' in public services.

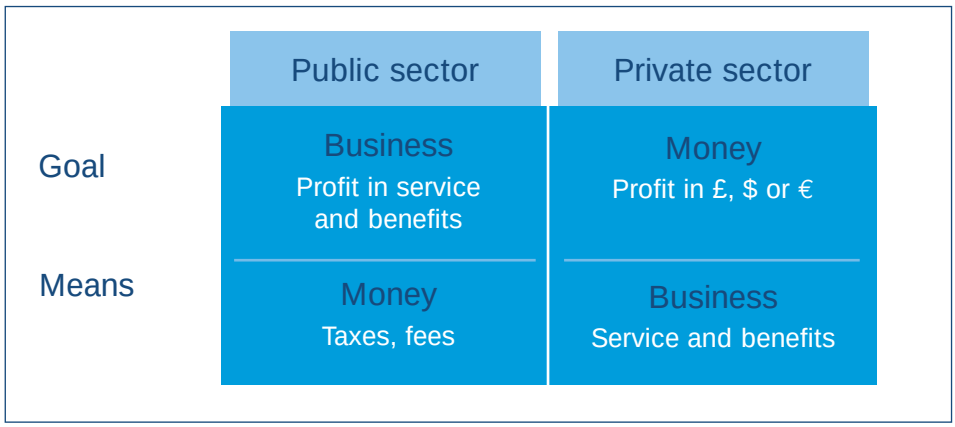


Figure 3: Goals for public and private sector companies

Strategic question:

How does your city develop a new integrated strategic approach across all its capital bases (resources) that will create a better, more sustainable and competitive city in the future?

In order to clarify some of the major issues that cities face we have, throughout the document, posed a number of strategic questions – see opposite for an example. Their aim is to direct a city's attention to key issues and to instigate a debate and exchange of information about the many possible responses to the common challenges to which such questions give rise. In our analysis and commentary, we have drawn on our extensive experience as advisers to many different cities all over the world. We have also made sure that the perceptions and insights of those in the 'hot seat' – the mayors and city managers that are tasked with implementing strategies – are central to this publication.

City and Local Government Network – the long term vision

This publication is the first milestone in our work to take forward and develop the global PwC Cities and Local Government Network. Our vision for the future is:

"We need new perspectives on cities and their citizens, their dreams, knowledge, creativity, and motivation in order to find new ways to develop strategic city management. Therefore PwC will develop a new arena for dialogue with leaders in cities as a tool for strategic development and knowledge sharing, resulting in added value for people in cities, organisations or companies".

Our goal is to:

- Create an informal and fellowship-based network among city leaders with the motivation to develop new thoughts for cities;
- Build the next level of public trust into cities of the future, together with political leadership and professional management;
- Help to create excellence in the cities, and their services and businesses;
- To be a facilitator, and provider of new arenas for a creative professional-public dialogue between city government, business professionals and wider civic society;
- Create new content and new meaning for terms like innovation, intelligence, transparency, trust, corporate governance and government;
- Use the PwC City and Local Government Network as a prototype designed to increase strategic social capital for city development and leadership, and to facilitate mutual learning between city leaders; and
- Highlight the importance of local and global connections between city leaders in the world.

We hope that leaders in cities around the world will find this report interesting and valuable for their tasks and commitments in fulfilling the vision of developing their city as an even greater one in the future.

Acknowledgements

We especially want to thank the following people for giving us energy and inspiration to try "to see around the corner" in the area of strategic development and leadership relating to challenges that cities face in the future:

- Each of the interviewees who so generously gave time and ideas to this project;
- Leif Edvinsson, the world's first Professor of Intellectual Capital, University of Lund. In 1998, Professor Edvinsson received the "The Global Brain of the Year" award from Brain Trust in Great Britain for his research and development; and
- Robert and Janet Denhardt, Professors at Arizona State University, Department of Public Affairs in Phoenix, Arizona, USA.

Chapter 2

The way to the future in cities

In this chapter we set out the importance of having a holistic view on how to approach the future. We think leadership is the key to managing all the capitals mentioned in Chapter 1. Effective leadership, and the use of social intelligence provide the solid base for the necessary vision and ideas to take cities forward.

Navigating into the future requires an open mind and leadership

A cynical attitude among some experienced leaders is that the future is simply a recycling of old ideas and concepts under different and new names. This philosophy and approach says that the future is behind us. There is nothing new to come, and no expectation of real change in the future.

Change is real and the demands of the future are pressing on us all. We need leaders with the vision and the dreams that will empower and inspire people. Rapidly changing modern societies are creating a need for strategic development that offers constant innovation and a renewal of processes and peoples' attitudes. It is important that a city's leaders are able to see things in a new way. Strategic social analysis and intelligence involves learning from the past but, most importantly, understanding the likely direction of the future. Social intelligence is an area of vital importance related to what we call city intelligence.

An intelligent community has to be able to see what happens through time, that is analyse, reach conclusions and define its present reality. They need to develop their strengths and eliminate their weaknesses. That is how we create visions, ideas, and a strategy; and consequently how we create and prepare for the future. It is essential that a municipality has the power to implement all this. Some city governments stay in the analytical phase and never move on to formulating and implementing their visions and dreams.

Governments leading a city towards an uncertain future are like the navigators of a ship. The crew and passengers comprise their citizens, employees and customers. In this way, navigation is very similar to the leadership of a large organisation or a city. The first concern is strategic position, where are we right now? The next consideration is destination, where are we going? What are our visions or dreams for the city? Finally there is route and speed: how quickly and by which path will we reach our destination? To create a vision and a dream takes time, but there is no time to wait. The journey to the future has already started.

The navigation process depends on how we consider our position today and what kind of approach we will use to reach our future vision. Below are four different approaches to navigating in relation to the surrounding world:

Inactive	No interpretation of trends
Reactive	Responding to the agenda of others
Proactive	Make detailed plans for the future and set trends
Interactive	Shape and respond to changing trends over time

The leaders of tomorrow need the right approach to the journey as they try to understand and adapt their course according to trends forecast for the future. When conditions change, leaders must respond immediately. Is it time to sail against the wind for a while, but then change again? During this process the leader needs to develop a "mental GPS" based on intelligence gathered from a wide variety of sources. Knowledge navigation is one relevant term in this context.

This way of working is possible only if there is a clear-cut appreciation of the direction to take – which, in turn, requires a strong vision linked to committed leadership and a well-managed organisation. To achieve this, leaders have to analyse both from the outside in (global trends and tendencies) and from the inside out (visions for the city and its organisation).

Communication is vital to achieving a common understanding of why social intelligence and analysis are so important. Some of the reasons for their importance include:

- Creating intellectual and practical readiness for the future;
- Creating strategic advantage;
- Facilitating a creative discussion of the interpretation of trends (opportunities and threats); and
- Helping leadership to explain the need for ongoing change in the organisation.

Mega trends affecting the strategic agenda in cities

A mega trend is one that affects the majority of areas of civil, business and public life. It creates consequences everywhere and for everyone, not least for cities. Some examples include:

Globalisation / Glocalisation

The global economy is becoming truly integrated. Today's simultaneous global and local focus creates a new framework of ideas and opportunities. Global companies and economies work in local competition, within global structures. This is sometimes called "Glocalisation". When a big company either arrives or leaves a city, it affects many areas of life for the city and its citizens. New international networks and cooperation between cities can create significant strategic advantages. At the same time we need to consider the new anti-globalisation movement.

Individualism

Individualism has become an increasingly important social trend. We see it in marketing, with developments like "one-to-one" and relationship marketing instead of strategies that focus on groups. Today we talk about the "I – generation", which means people who are: individualistic, informal, informed, interactive and international. This phenomenon has an important impact on the dialogue between the city and its demanding citizens. Cities need to think of their citizens as 'consumers', and ensure that public services match the standards of the very best in the private sector.

Merging

Many areas of life are merging together in new ways. This is happening within cities and nations (e.g. European Union); with technologies like Hi-Tec, Bio-Tec and medicine; between cultures and values; between work and leisure; and between the public and private sectors in public private partnerships (PPP). Regionalisation is another practical implication of this process.

Acceleration

Speed is increasing in all areas of life. This is often driven by information and communication technology (ICT) and the search for growth. Citizens and customers want on-line access to all public and private services, and the 'democratic dialogue' increasingly demands rapid exchange of information between government and citizens.

Hi – Tech

Technology is creating many new possibilities in the public sector. Access to high-speed information has revolutionised global culture. Technology has implications for the delivery of all existing services including administration, education, healthcare, communication, transportation and many more. In the future we will also see more and more of the science of robotics in the public sector. Intelligent houses used in the care of the elderly are just one example.

Hi – Touch

In the modern society the "hardware" of technology must go together with the "software" of emotions, nostalgia, values, architecture and design, visions and dreams. The environmentally-friendly, safe, secure and aesthetic city is imperative for modern civic pride. Achieving this balance creates significant challenges for city leaders in the future.

Strategic questions:

- In what areas is your city in a lead position? (closer to the future) than your "competing" cities?;
- Do you and your leadership group have an interactive approach to strategic navigation, which means understanding what's going on in your environment, and trying to interpret what it will mean for the organisation in the future?;
- Has your city developed a strategic tool for "city intelligence"?; and
- How much of your working time do you spend thinking about the future?

Changing demographics

The issue of an ageing population will have a major impact across the globe. The United Nations HABITAT report shows that the number of people aged 65 and older will rise from 15% to 27% of the total population in the developed world. In the developing world it will rise from 6% to 14%. The highest birth rates are found in the developing world, arguably in those countries least able to support their existing population. By contrast, in many developed countries the birth rates have fallen dramatically, and consequently there are fewer economically active people. The World Future Society reports that the workforce will shrink by 1% per year, over the next ten years. From 2030 this is forecast to increase to 1.5% per annum.

Urbanisation

The United Nations HABITAT report 2004 predicted that by 2030 around 60% of the world's population will live in a city. It is also relevant today to talk about a trend called "metropolitanisation". This term refers to the growing influence of large cities on the economic health and prosperity of wider regions and in some cases nations. As David Miller, Mayor of Toronto, expresses it: "When Toronto was sick the whole country caught a cold". In that instance, the national economy of Canada shrunk by approximately 1% because of the SARS outbreak in Toronto.

Migration

Urbanisation is also linked to increased global migration. Each and every one of the cities we spoke to cited increasing migration as a major issue. There is no doubt that increased migration presents major challenges around social cohesion, integration and employment. However, it also presents great opportunities as cities capitalise on "knowledge migration".

One aspect of knowledge migration is the expertise and experience that is lost when companies relocate or outsource parts of their business. Another factor to be considered is how knowledge and skills of immigrant communities can be harnessed. Often migrants bring a wealth of skills to their new country but often their qualifications and training are not recognised by their destination country. For example, they may not be eligible to work in their profession or sector without re-training. As a consequence many high skilled workers often end up in low paid jobs in their new country.

Whilst migration has an impact on employment issues, it also has an impact on issues of social cohesion and inclusiveness. The global mobility of labour and capital has been on-going for many centuries but it has intensified over recent decades. Global migration has both positive and negative impacts on a wide range of issues including social capital, identity and knowledge.

These global mega trends create both opportunities and threats. This means that the strategic agenda of tomorrow is a unique interpretation of these trends and their impact on the city in practical terms. The issues are complex and changes happen rapidly.

The following challenges will have a significant impact on cities:

- Ageing population causing increased financial burdens on health and welfare systems;
- Economic restructuring, increased unemployment and the end of 'life-long' working;
- Disasters including natural catastrophes, terrorism and epidemics (HIV/ AIDS, Avian Flu);
- Crime (not least economic), safety and security;
- Migration and immigration (people and knowledge), segregation and poverty;
- Social cohesion and equality;
- Sustainable development and economic growth from both the local and global perspective;

Strategic questions:

- What indicators do we look for in our research and analysis?;
- What do we see around the corner?;
- What do the trends mean for the city/community as a whole?; and
- How do we develop a strategic city compass (intelligence system) that helps us understand and act on changes in the world, before it is too late?

- Environmental management – pollution in all its forms, waste and lack of water;
- Energy consumption and energy prices;
- Provision of good quality affordable housing;
- Connectivity – effective public transport and electronic motorways;
- Competition between cities and regions, nationally and internationally – “city branding” and marketing; and
- Need for better dialogue between citizens and city employees and the city leadership.

Examples of internal or organisational global trends with relevance to cities are:

- Financial pressures and the need for new revenue streams;
- The need for new accounting models and greater transparency;
- Creating confidence and building public trust through citizen engagement and dialogue;
- Improving performance and the delivery of efficient and effective services;
- Decentralisation with accountability;
- Privatisation and outsourcing, including partnerships (PPP);
- Effective e-government and ‘24-hour’ citizen-focussed access;
- Creating new arenas for dialogue between the city and its stakeholders;
- New approaches in leadership and management – territorial or community leadership. Leaders must provide a vision and strategy for the whole community not just the administrative organisation; and
- ‘ Entrepreneurial prototyping’ or the concept of piloting initiatives to test their effectiveness before making wholesale change.

A good example of entrepreneurial prototyping is the Swedish city of Gavel. In order to create growth and strategic development in the city and in the region, the city has developed a model that integrates the city and its public companies, private companies, the university, the non-profit sector and the citizens who all make a special contribution to the city and the region. The relationships are underpinned by shared values and attitudes, which are considered as important elements for success, as illustrated in figure 4 below.

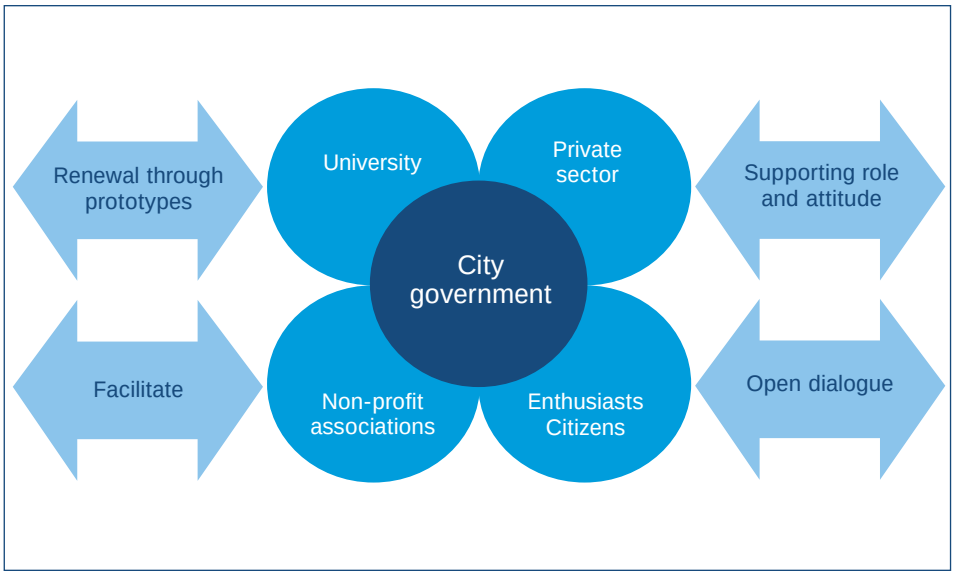


Figure 4: Values and attitudes underpinning successful relationships

Strategic questions:

- How do you facilitate creativity and innovation in your organisation and city?; and
- How does your city manage the issues of contemporary society and the economy and how is it preparing for the challenges to come?

Summary of key challenges facing cities

From our conversations with city leaders and managers we have been able to identify a number of common challenges that cities are facing and responding to. These correspond to the management of the various types of capital analysed in this report and can be understood in terms of:

Intellectual and social capital

Cities everywhere recognise the challenges in ensuring that they can attract and foster the people, skills and capabilities they need to prosper in the knowledge economy. City administrations need to become facilitators of change and provide leadership.

Democratic capital

To create public trust and enhance their accountability, cities need to encourage dialogue between citizens and leaders, and to find new forums for collaboration between city leaders, city employees and citizens.

Cultural and leisure capital

Cities are competing at a regional, national and international level with one another to attract visitors, new residents and investment. They need to create and maintain a distinctive and powerful brand.

Environmental capital

Cities need to provide a clean, green and safe environment and deal with pollution in all its forms, manage waste and water resources.

Technical capital

All cities face the problem of ensuring that their infrastructure can support the rapidly developing needs of their citizens and businesses in the city. Transport and affordable housing are pressing issues in many cities. Building appropriate technological infrastructure, such as broadband, is also vital in terms of serving citizens more effectively and efficiently.

Financial capital

All cities face the pressure to do more with less, and to find new sources of revenue. Partnerships with the private sector and outsourcing are becoming more common, and cities need to find ways to capture the risk-sharing and financial benefits that working with the private sector can deliver. Cities are under pressure to be more transparent and to implement accounting models that provide them with this ability.

Vision – the ticket to the future

The problem with good ideas and strong vision is that realising them involves a lot of hard work. Leaders have to turn their vision into reality. Actions are critical. Vision without action is meaningless. The municipality needs to provide the circumstances in which citizens and businesses can fulfil their potential.

Cities need both strong and interesting vision and dreams for the future. These need to be communicated to the citizens in order to inspire people with what cities can achieve, with them, in the future. So the “multi-mutual” benefits for strong visions in a city could be described as:

- Motivating people by giving hope and belief for the future;
- Giving the organisation direction;
- Giving inspiration for new challenges;
- Agreeing a common description of a desirable future; and
- Providing a strategic position in marketing, communicating and branding the city.

We are entering a new paradigm of society that requires new ways of thinking and acting. Futurist professor Rolf Jensen from Copenhagen in Denmark identified a new type of emerging society that he calls the “Dream Society”. This society emphasises story telling, culture, values and ethos. In this society of the future a city needs to emphasise its cultural heritage in order to distinguish itself from

other cities and to attract citizens. This requires professional skills in communication and emotional intelligence. An intelligent city takes these factors into consideration by looking into its past for stories that will ‘touch citizens’ hearts’ and by engaging the ‘storytellers’ that will create culture and strengthen the sense of community spirit in the city. Taking a diagrammatic approach to this shows the history of this society gradually developing as described below.

Type of Society	Most important asset
Hunter	Wild animals
Agriculture	Animals & land
Industrial	Iron and steel
Information	Data
Knowledge	Creativity & innovation
Experience	Vision & dreams

The same report describes the most important and fastest growing markets. These are very important for every city with a goal to become one of the cities of the future. The markets and driving forces are:

Market	Driving force
The markets of adventure	The experience society
The market of fellowship	The tiredness of individualism
The market for care	The ageing population
The who am I market	The identity crisis among youth
The market for peace of mind	The search for happiness and health
The market for conviction	The need to tell the right stories

How do leaders create the visions that will involve new actors and people from different areas of society, with new agendas in new areas and new ways of working?

Leaders must have the courage to try new ideas and to encourage robust dialogue between politicians, administrators, companies, associations, and individuals. They need to create meeting places or arenas where those stakeholders can exchange their ideas. In researching this report, we have seen how many cities have organised those different stakeholders in order to create a vision for their cities. Numerous cities place a strong emphasis on facilitating this creative process, as the examples overleaf illustrate.

City of Oslo – The blue and green city

“City of Oslo towards 2020 is simultaneously the environmental city, the cultural city and the knowledge city. The environmental city is about maintaining City of Oslo’s "blue-green” distinctiveness arising from its proximity to both the fjord and the forest. The knowledge city is about taking advantage of and developing the lead we already have on the competition as one of the best-educated people in Europe. The cultural city points forward. Our aim is to become Europe’s cultural capital in 2011, and a grand development is taking place in the form of cultural institutions in the city ie the building of a new Opera house."

Barcelona – City of knowledge

“The vision of Barcelona in 2015 is that of a city characterised by the following: An economy based on the development of a value-added and innovative culture depending on the growth of new industries: audiovisuals, design, etc. New uses of transport based on the improvement of mobility. An education system that can guarantee proper training for our human resources, having notably reduced the number of school leavers by improving the social standing of teachers and increasing their participation in school administration”

Melbourne – Planning for the future

“City Plan 2010 sets out Melbourne City Council's vision for the next 10 years. Leaders wish to see a thriving and sustainable city and the council is working with all its stakeholders to realise this vision and simultaneously pursue:

- economic prosperity;
- social equity; and
- environmental quality.

Melbourne has already made many positive changes to the natural and physical environment, to the City's culture, to the way it does business, and the way it values the community. The Council has adopted a set of strategic directions to realise this vision. These directions are organised around four themes:

- Connection and accessibility;
- Innovation and business vitality;
- Inclusiveness and engagement; and
- Environmental responsibility.”

From city intelligence to intelligent cities

Today, many cities have formulated strategies for transforming themselves into a ‘knowledge´ or ‘creative’ city. These concepts are driven by rapid economic and societal change. In these modern cities citizens’ knowledge, creativity and innovation are identified as the driving force of wealth creation. Knowledge cities value the quality and density of educational and research excellence and of redeveloping old industrial areas into centres for knowledge workers.

Creative cities make an effort to provide the stimulation, diversity and richness of experiences for their citizens. Richard Florida, Professor of regional economic development at Carnegie Mellon University in Pittsburgh, recognises the rise of the creative class of scientists, engineers, architects, educators, writers, artists, and entertainers. The creative class is characterised by creativity, individuality, diversity, and merit. Creative people have specific demands of a city. They want action and experience, a dynamic place which offers them the opportunity to be creative, the possibility of expressing themselves and the chance to develop as individuals (Florida, 2002). Either called knowledge workers or the creative class, these are the people that the modern city tries to attract: those that will contribute most to the city’s development.

An intelligent city is a work in progress that tries to connect the past, present-day and future. The concept embraces many aspects of sustainable cities from history, the current knowledge and creative society, and an estimation of what lies ahead. Each city should learn from its past and historical heritage. But lessons are available from other cities as well.

Research has shown that the following factors have been decisive for the success of intelligent cities (Radovanovic, 2004):

- Political stamina and government engagement;
- Organised Intelligence and Security;
- The Spirit of Ragusa and cohesiveness (see opposite);
- Diversity;
- Rich cultural life;
- Scientific environment and knowledge tradition; and
- Favourable geographical position and infrastructure for transport and communication.

An intelligent city needs to have sustainability factors like those that made Ragusa one of the first intelligent cities in history.

Other qualities are also necessary. For the Dream Society, one of the most important aspects for the future of city is meeting places. An intelligent municipality needs to create the context where knowledge workers can exchange their ideas and engage their creativity.

An intelligent leadership also needs to understand the extent of the stock of the city's most important resource; intellectual capital. Mapping intellectual capital enables a city leadership to allocate its resources more effectively and manage them appropriately. A rating of intellectual capital is also likely to be used by international companies as an important tool for selecting an international destination for investment.

Figure 5 shows some of the main characteristics of an intelligent city:

Intelligent cities

An example of an intelligent city is the Republic of Ragusa identified by Professor Stefan Dedijer, an innovator of social intelligence, as one of the first intelligent cities in history. Though little known, the Republic of Ragusa, between the 14th and 19th centuries, enjoyed an impact far beyond its apparent size or power. Ragusa was a city-state on the east coast of the Adriatic Sea that sustained independence through five centuries despite being throughout its history an easy target for the great expansionist powers including Venice, and the Ottoman and Hapsburg empires. The city is interesting because it exemplified sustainable development, skilfully leveraged from the city's intellectual capital and organised municipal intelligence. Ragusa had one of the first examples of organised municipal intelligence in the world. All citizens abroad served as the "eyes and ears" of the municipal government to collect strategic information that could be traded or used in contacts with the great powers.

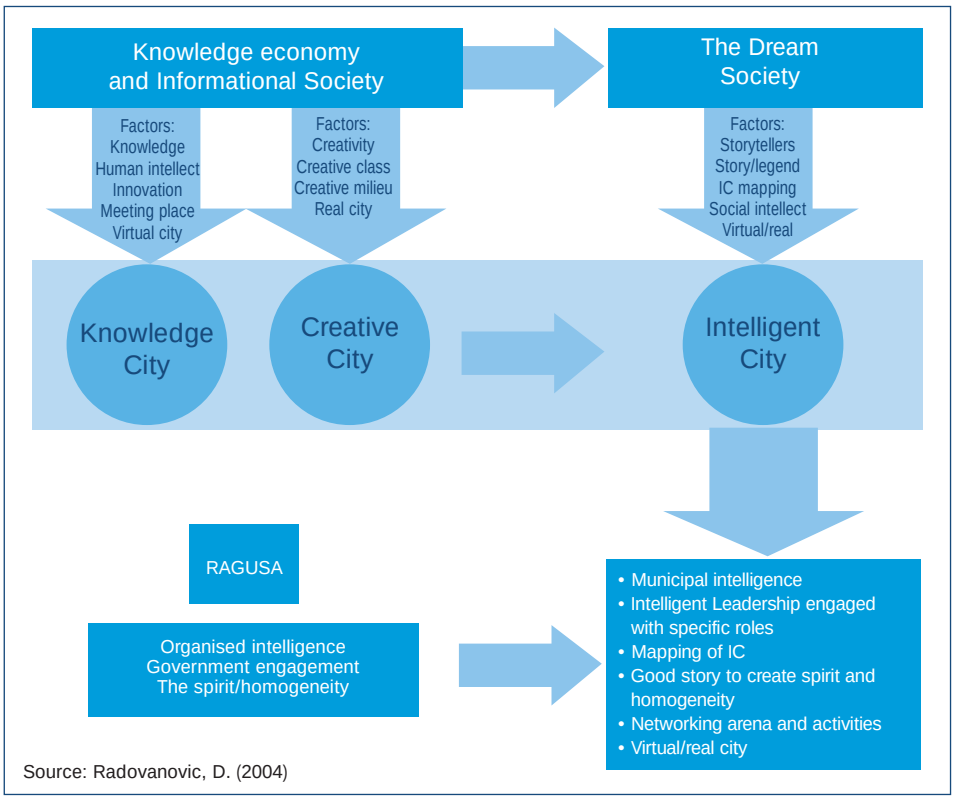


Figure 5: Characteristics of an intelligent city

Cities need to be oriented towards the future; to sense and analyse what will be important tomorrow. To find out what to expect in the future they need to gather data that enables them to create scenarios and estimate future trends. Every city needs an engaged leadership to motivate its citizens and create a spirit, which sees everybody wishing to contribute, and feel both satisfied with and part of that community.

Intelligent leadership should engage individuals that will have specific development roles, as the City of Barcelona did by assigning a special councillor to promote the 'City of Knowledge' concept. All incumbents in these specialist roles should actively work on the networks that are essential for organised intelligence, creativity and the development of intellectual capital. All city sectors and arenas are as small "islands" of intelligence gathering information for their own purposes. The trick is to join them together and foster collaboration. So it is time to go from city intelligence to intelligent cities.

Creating a corporate identity and brand in the city

The big cities of today and tomorrow operate in a constant condition of competition. They compete for positioning and attractiveness through strategic city branding. Michael Porter said the "*strategy is playing a different game to your competitors*" In other words, every city needs to find ways to be unique, and to develop an interesting profile that puts it in pole position. It needs to stand out from the crowd to maximise the attention it receives. To do this it needs to create values that set it apart from its competitors.

This requires strategic thinking on all levels and in all dimensions. The well-known military leader General Von Klausewitz defined strategy as the "*art of knowing how to win a war and tactics as the way of organising the divisions and troops in a battle*". Cities need to have visions and dreams before they try to implement numerous small initiatives. Therefore each city has to develop its USP (Unique Selling or Strategic Points).

In building a USP, cities bolster their chances of winning the competition to attract the people, businesses and events that together will help to create a prosperous future.

The qualities, institutions and attitudes that can help to create a city's USP include:

- Historical events – fundamental to the culture and story of the city;
- Physical landmarks – buildings and architecture;
- Cultural institutions and sport teams, including events and exhibitions;
- Nature, environment and climate;
- Demographic structure;
- Traditions and civic culture, attitude, spirit and mindset;
- Knowledge centres – universities;
- Approach to the future – openness;
- Approach to "different" people - inclusiveness;
- Global connections – networks and diversity;
- Interactivity – between the city and corporate society;
- Speed of communication – feedback between leadership in the city organisation and citizens;
- Adaptability – degree of innovation and development; and
- Attractiveness to people, companies and money (not least venture capital).

We have observed a growing trend amongst cities to opt for a brand or image which emphasises quality of life – clean, green, safe and peaceful environments – not normally associated with the bustling metropolis.

Cities of the future need leaders of the future

In our experience it is people that make the difference. So it follows that the cities of the future need the leaders of the future.

The number-one task for today's and tomorrow's leaders is to "put people first". This is done by developing a leadership style that addresses the needs of both city employees and citizens, making both groups happy by fulfilling their personal dreams and visions for the city. City leaders therefore have one of the future's most important roles. They have the opportunity to create growth and development for the broadest number of organisations, businesses and individuals with a stake in the future.

The word leadership, which has its origin in "leading" and synonymous with "guide and standard – bearer", speaks for itself. Other definitions of leadership can be:

- "An ability to realise an intention or vision and to retain it, to turn that which was just an idea into reality";
- "A creative and open process creating a life-giving servant relationship between people, while fulfilling a personal vision"; and
- "To energise the people".

The interesting paradox with leadership is the relationship between leading and following:

- If no one is leading, no one can follow; and
- If no one is following, no one is leading.

These two statements underline that leadership is relationship based.

The leadership process

The elements that are particularly important in the leadership process are:

- Confidence and integrity;
- True communication and open dialogue;
- Relations built upon trust and empathy;
- Personal and professional authority; and
- Fellowship (helping each other).

Creative leaders with a passion for their task offer a bright future. Successful mayors, city managers and other top leaders in cities integrate both strategic management (direction) and leadership (relationship) to provide the framework for success and the means to achieving it.

Good leaders inspire and empower the people around them by creating and developing an energising culture. The paradigm of the future requires leaders that can show leadership in a number of different ways.

These include:

- Intellectually – thinking in new and better ways in order to challenge the organisation around them;
- Professionally – understanding the balance between needs and resources in the public sector;
- Socially – exemplifying how to build, establish and maintain good relationships (culture) in working groups and networks;
- Emotionally – having the ability to empathise with people's feelings in a constructive way; and
- Culturally – having the sensitivity to create cities for all cultures that exist in harmony.

Strategic question:

- What are the components of your city brand (strategic assets) and what makes you different from other cities?

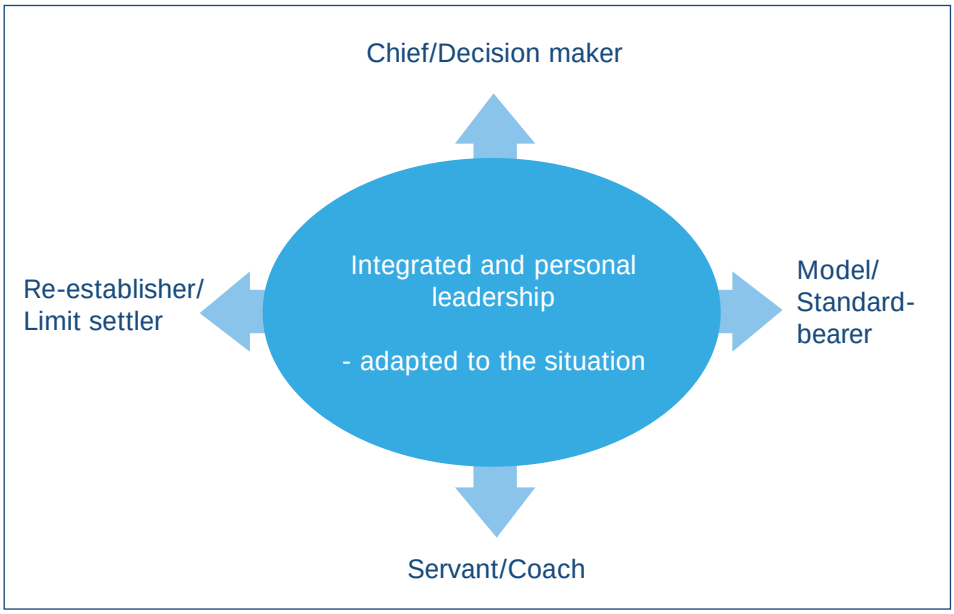


Figure 6: Leadership roles

How do these leaders reach these heights? What does it require from them in their own development? Using the experiences gleaned from PwC's leadership development program for city managers, called "Leaders of the Future", we see a pattern, which is illustrated in figure 6 above. Good leaders have the capacity to integrate different roles and attitudes in their leadership. At the same time they have an ongoing dialogue with the people they are leading based upon trust. This enables them to make decisions regarding future directions in the short and long term. Also to set limits when needed, even when there is a risk of being unpopular.

The challenge is "simply" to apply the right attitude to a unique situation or to a unique person.

To personalise this type of leadership requires managing oneself, and a good understanding of your personal leadership style; including the way you learn, communicate, manage conflict and lead others.

The most evident trend in leadership is organisational development or what's called value-based leadership. The city of Phoenix in USA has a series of value statements as the base for how the corporate leadership and all employees should think and act in their daily work (see opposite).

Cultural development

A leader creates and affects the culture in the organisation. One of the most important roles for leaders is to create a manageable, creative and positive culture.

But how do leaders get the most out of their employers? Mr. Frank Fairbanks the city manager of Phoenix, Arizona states, "Our task as leaders is to acknowledge the peaks of our people's working lives". Which provides a good example of how a leader creates a positive culture.

Leaders need to look beyond their own organisation, and learn from the experience of others. Many leaders focus on the importance of explaining the existing corporate culture to new people. This is of course important, but not enough. Leaders need to find a balance between maintaining the existing culture and encouraging new thoughts, which means accepting renewal.

The most important task for city leaders is to understand and integrate the internal and external perspective offered by social intelligence into their vision for the future, and to create 'opportunity space' for citizens and employees to innovate.

City of Phoenix – Vision & Values

- We are dedicated to serving our customers;
- We value and respect diversity;
- We work as a team;
- We each do all we can;
- We learn, change and improve;
- We focus on results;
- We work with integrity; and
- We make Phoenix better.

This requires a deep understanding of existing and desirable cultures in the organisation.

Conclusion

Effective leadership is critical for the successful and sustainable development of our cities. Leaders need to set a clear vision for the future and steer their organisations and communities towards that vision and those goals. They must forecast and interpret trends, and create opportunities for growth and development. Similarly, they must respond to the global, national and local challenges to sustain a high quality of life for their citizens. Leaders have a key role to play in developing the strong brand and rich cultural scene, which can elevate cities on to the global stage.

Leadership – An example from Sweden.

In one of the biggest counties in Sweden, PwC was asked to analyse sickness rate and reasons for absences from work in the organisation. The results were very clear. In the departments with leaders who care, see and listen to the people, the sickness rate was considerably lower. Another key factor in creating a healthy department was the opportunity for everyone to have influence over their work.

Strategic questions:

- How do you implement your personal leadership in relation to yourself and the organisation?; and
- Do you have a big difference between the existing and desired culture in your organisation?

Chapter 3

Managing capitals

This chapter of our report sets out some of the key challenges that city governments face in anticipating and responding to the needs and demands of their communities. To be able to address these challenges, city governments need to operate as efficiently and effectively as possible, embracing modern management practices and promoting a culture that secures excellence in all areas of activity while continuously seeking to improve.

People management - Hull City Council, UK

Background: As part of its broader programme of improvement Hull City Council required a review of the skills and competencies across its workforce, including all grades of staff and all service areas. The aim of this review was to enable the Council to improve its approaches to workforce development. Part of our work included a review of approaches to workforce development in other local authorities to identify best practice and conduct a formal bench-marking exercise using quantitative data.

What we did: We carried out a comprehensive review of skills and competencies across the Council and local government more widely, using a range of research tools. We then made a number of recommendations to help improve skill and competency levels within the Council. Following our report we were invited back to develop a competency framework for the Council in which we consulted widely with employees across the Council.

Outcome: We are in the process implementing our Competency Frame-work in three pilot sites across the Council in areas including Performance Management and Recruitment. Our wider recommendations are also being implemented as part of the Council's recovery programme.

Introduction

City governments are complex organisations that have to meet the needs of a great many different, and sometimes competing, stakeholders. To achieve their goals, they have to develop and adapt new organisational models and incorporate new information and communications technologies to help them manage change effectively. To become high-performing organisations, city governments must develop – and in some cases transform – their capabilities in line with the dynamic global environment in which they operate.

Just how successful city governments are in meeting these challenges is largely dependent on how competent they are in managing internally three capitals in particular:

- People;
- Property; and
- Processes.

People

Without the services of motivated, skilled and well-managed people, city governments will flounder regardless of the quality of their vision and ambitions.

Good practice in people management falls into three key areas:

Investment: people require careful management and significant investment in training and development. Cities need to ensure that employees have the right skills to manage new programmes and new ways of delivering services. Without these, people employed by the city become a "wasting asset", with dire consequences for city services.

Efficiency: Human resource (HR) processes need to be efficient, both in terms of costs and responsiveness. Line managers need to take direct responsibility for people management, with central HR providing a strategic and advisory role. Cities have to be responsive to change, and this means that they must have swift and efficient recruitment processes and they also need to have the right redeployment / redundancy processes.

Customisation: It is necessary to have HR policies and processes in place for different groups of staff. Four possible approaches to people management are set out in figure 7 below.

There may be a case for managing groups of workers as being in any of the 'People as a Commodity', 'People as an asset', and 'Caring Employer' quadrants. However, inappropriate approaches to people management can lead to people drifting to the 'Low interest' quadrant – the one quadrant that can never be effective and sustainable.

The case study opposite shows how we helped the government of a large city in the UK to develop its workforce.

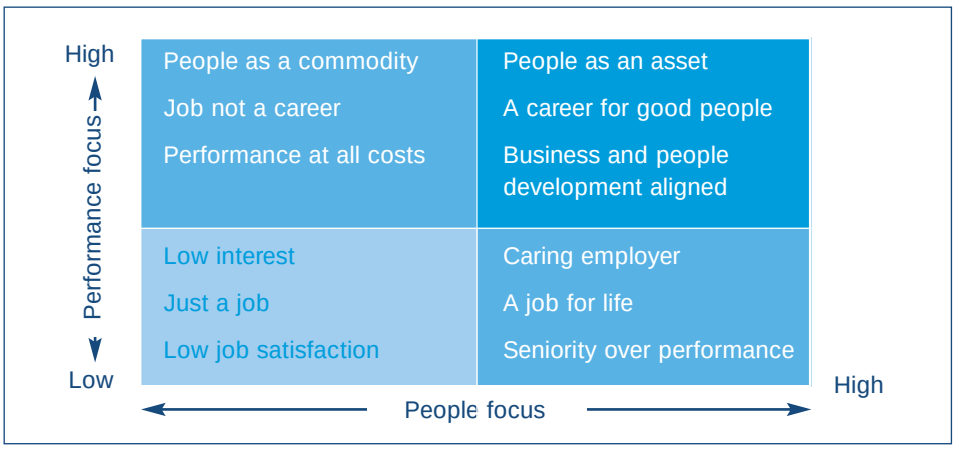


Figure 7: Approaches to people management

Property

Land and buildings are arguably the most visible and identifiable aspect of front-line services and a major influence on how city governments are perceived. They provide the facilities for conducting business and are essential for supporting the technology, business processes and cultural change required to raise a city government's performance.
They are also inextricably linked with city regeneration.

Poor property asset management means:

- Significant wasted resources – annual investment and expenditure on property is a significant cost for city governments where land prices are relatively high;
- Non-compliance with buildings and workplace statutory and regulatory codes such as health and safety;
- Disruption to service delivery if the physical infrastructure fails or does not support business processes; and
- Staff dissatisfaction leading to problems with staff retention and recruitment.

Good property asset management and planning in city government cuts across departmental, administrative and geographic boundaries. It includes:

- Strong governance for corporate property asset management, including the active involvement of senior officers and elected members;
- A corporate asset strategy that responds to the property implications of the corporate vision and sets out a co-ordinated medium to long term investment, divestment and management plan;
- Regular challenge of property needs and options for meeting future requirements together with a transparent framework for prioritising projects;
- Strong business processes including supply chain management, customer relationship management, financial management, performance management, data management, programme management and risk management; and
- Sourcing the right expertise and capacity to deal with both the strategic and day-to-day management.

Processes

City governments need efficient and effective processes in place to secure an appropriate return on their investment in people and property. There are a number of particular areas where city governments should aim to have in place "best-in-class" processes to get the most out of their assets and to drive and support a culture of continuous improvement:

- Programme and project management (PPM);
- Performance management;
- Procurement;
- Risk management; and
- Reputation and brand management.

Case study - UK Municipal Authority

Over recent years this authority has taken a stepped approach to improving its buildings. This has included:

- Reorganising corporate governance arrangements to create a senior-officer steering group responsible for property assets and investment strategy;
- Outsourcing property services to the private sector;
- Challenging the rationale of continuing to own property, resulting in a significant disposal programme; and
- A property improvement programme linked to community regeneration, which includes bringing many services together under one roof and investing in modern office workspace that supports new ways of working.

Programme management - London Borough of Islington

One city authority that has benefited from an investment in programme management is the London Borough of Islington. Through the challenges of the UK government initiatives, Comprehensive Performance Assessment (CPA), Best Value and ambitious policy initiatives, the London Borough of Islington faced the biggest change agenda in its recent history.

In response Islington generated a large number of initiatives or projects, embedded within the Council's Improvement Plan and in its "Big Projects" programme. PwC supported them in the establishment of a corporate programme office that worked at the heart of the programme to ensure accurate management information was provided to the right individuals to make the right decisions to steer, manage issues and address risks. The programme office was able to offer challenge and support to project teams, sponsors and senior management to ensure that issues were dealt with and that the overall understanding, skills and therefore capacity were being developed across the Council. Project management tools, templates and training were also developed to underpin these behavioural developments.

Islington's Corporate programme Office is seen as a best-practice example that has supported the London Borough of Islington to improve their performance and CPA rating.

Programme and project management (PPM)

A recent global study by PwC shows that the balance between service delivery (operations) and projects within organisations (whether public or private sector) is shifting over time. The pressure to deliver change, to be seen to be responsive to increasingly sophisticated customer demands, to be proactive and flexible is shifting the balance towards more project-based working.

In many instances city government has lagged behind the private sector and some central government bodies in responding to this change of emphasis. Capacity, in terms of the skills required to deliver projects, is often inadequate as is the senior management capacity to plan, steer and lead across large portfolios of projects. The centrality of this ability is emphasised by Martus Tavares, Secretary for Economy and Planning of the State of São Paulo when he says "Without a vision of the future and a focus on long-term planning, we will not be able to make best use of the scarce resources available. Professional skills in urban and metropolitan issues, more efficient use of resources and more transparency in management practices are essential for improving the living conditions in big cities in the next few years." But even where a clear vision and strategy is in place the two are often disconnected. The path that should ensure each and every project contributes to realising the objectives and benefits outlined in the strategy is unclear.

Good programme management addresses this by providing a structured framework for defining and implementing change within the organisation. A corporate programme office, used in conjunction with other activities such as training and the introduction of controls and supporting systems, is one of the most effective methods of embedding PPM in the organisation. Through our extensive experience of setting up, running and supporting programme management systems in city government we have developed a model that demonstrates how a corporate programme office can be used to monitor and support effective PPM within the organisation.

Performance management

Effective performance management lies at the heart of all good councils and underpins the delivery of improved local services. If you don't know how good or bad you are, you can't identify the scope for improvement. The changing climate of municipal government means that the management of performance now requires a more sophisticated approach – one that looks to measure outcomes rather than inputs, and one that is readily communicated to all.

Successful performance management requires:

- Clear, well communicated and well understood priorities to set common goals for all to work to;
- Alignment of human, financial and physical resources to those priorities;
- A focused set of performance indicators, and realistic but challenging targets to motivate staff to deliver improvements;
- Clear accountability and responsibility;
- Regular review of performance; and
- Clear actions to improve performance where needed.

Figure 8 below describes a framework of performance management that draws together these key elements into a cycle of continuous service improvement.

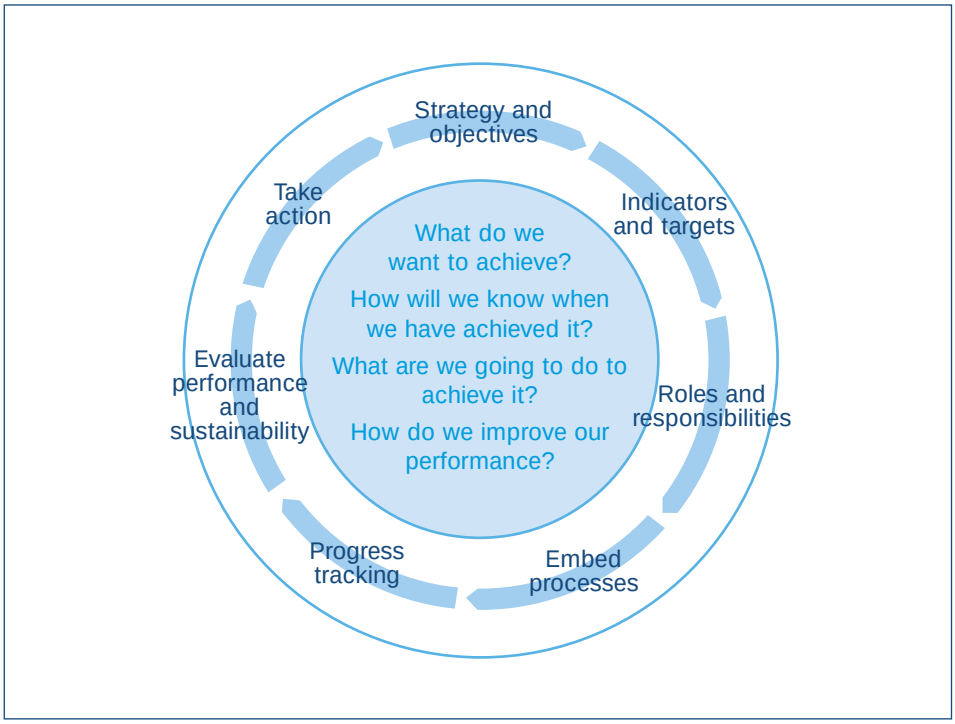


Figure 8: Framework for Performance Management

Performance management - NYC

One of the most successful examples of performance management systems seen in the public sector is Comstat, a data-driven approach to measuring crime and police performance in tackling it. Comstat's use in New York has been seen as a vital element of the substantial reduction in crime that has transformed New York from a major crime centre to one of America's safest cities.

Comstat was introduced to New York by Commissioner William Bratton in 1994. The system records every instance of crime, from low-level to serious, in every police district and once a week the heads of each precinct are asked to explain their performance in front of their fellow senior officers. When it was first introduced, Comstat met with significant resistance from some officers, but has now gained wide acceptance as a powerful tool for measuring and improving performance. Comstat's success in New York has been replicated by forces throughout the United States.

Procurement - London Borough of Southwark

A good example of a city authority adopting this kind of approach is the London Borough of Southwark.

We supported the Council by:

- Writing and developing the Council's draft Procurement Strategy;
- Assisting in the drafting and developing of the Council's procurement guidance; and
- Assisting in the review of the procurement related sections of the Council's standing orders and recommending improvements to allow them to conform with good practice

We then undertook a full-scale review to identify quick wins to release cash savings to the frontline, this included identifying and benchmarking key categories and identifying opportunities to use reverse auction technology to drive savings. PwC provided project management support throughout the project. PwC has a team of procurement specialists with the experience to undertake a review of processes in this area and identify substantial cost savings.

Procurement

Effective procurement is one of the hallmarks of all successful organisations.

A simple, yet comprehensive, approach is shown in Figure 9 below

Within this methodology is the implicit need to understand the market conditions reflecting the fact that achieving effective deals is dependent upon a number of issues that impact at the market level. These issues include:

Procurement policy and practice – attitude and process adopted by procurers

Efficiency versus diversity – Appropriate level of aggregation, optimising economies minimising diseconomies, diversity of supply base, choice, standardisation, replication

Regulation – flexibility of response, level of administrative/bureaucratic burden

Attitudes and culture – perception of procurers of the role of the supply base

Entry and exit barriers – costs of entry/exit, understanding cost profile, fixed costs etc, turnover of suppliers

Short term versus long term contracts – reflecting certainty of requirement and level of demand. Impact of R&D.

'Best Value' deals is not simply about securing the deals with the lowest unit cost and assuming people will use them. In any purchaser/supplier relationship there is a need to strike the right balance between buyers; and sellers' motivations. In applying contracts it is critical to understand the relative importance of influences upon the purchaser and how these can be balanced with the influences upon the supplier.

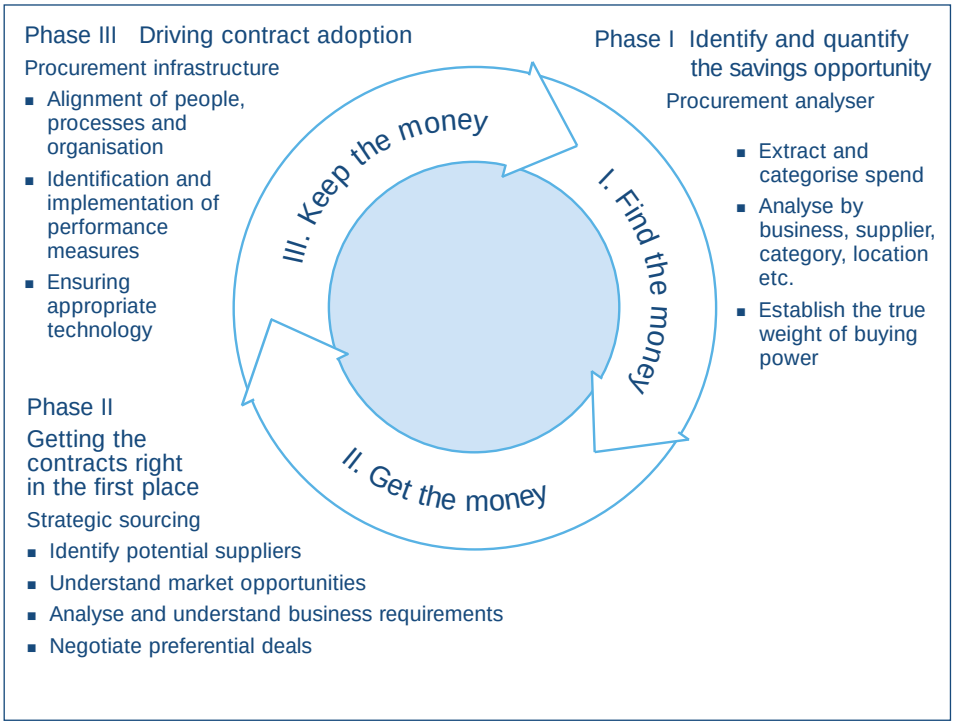


Figure 9: The procurement cycle

Risk management

In dealing with the change agendas facing cities today, effective management of risk can help cities demonstrate customer service excellence and compliance with central government guidelines, whilst at the same time achieving wider city objectives.

In the past, risk management, organisational governance and compliance have generally been viewed and managed as discrete areas. However, this approach often results in accountability and communication gaps, as well as confusion. City-wide risk management approaches when deployed independently and in isolation of other key organisational functions, are quite simply less effective than they could or should be.

A fully-integrated approach helps to form an ethical and operational backbone, and ensures better horizon scanning of emerging risks, proper probity of risks with partners and contractors and full assessment of risks to the public. The framework for risk integrates risk, governance and compliance with controls, standards and legislation and is illustrated in figure 10 below:

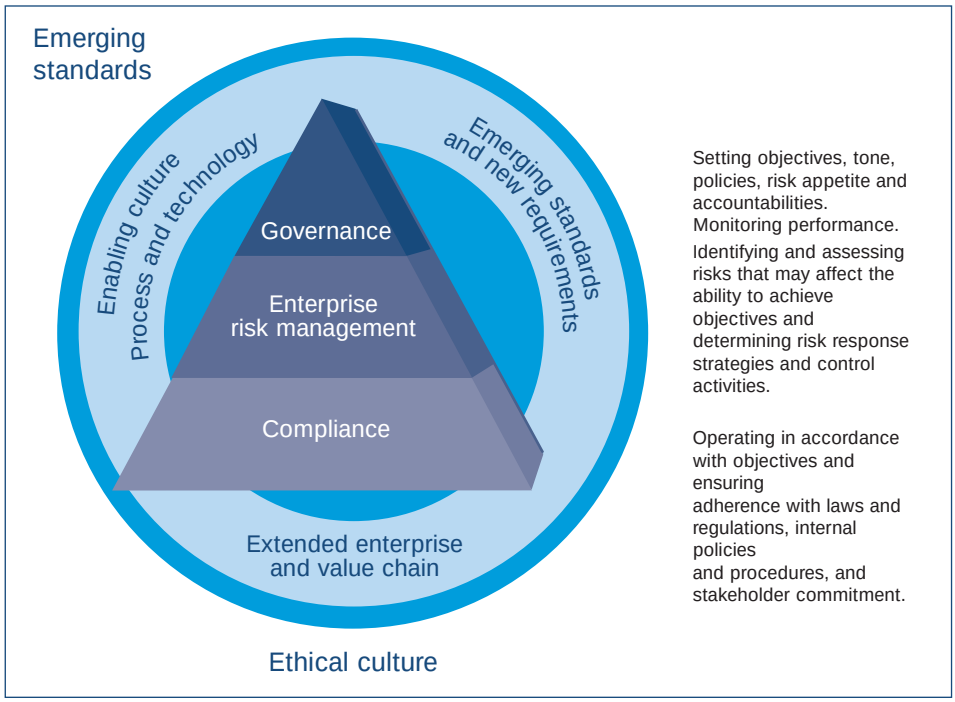


Figure 10: Risk management

In short, what this means is that risk management is most effective when combined with a range of organisational governance and compliance activities, and linked to the achievement of performance objectives.

Reputation and brand management

Reputation is an asset with a value which can rise and fall. It consists of two principal ingredients: a city government's actual performance; and stakeholders' perceptions of it (the latter being more powerful). Sound reputation management, therefore, focuses on improving both performance and the city government's relationships with its key stakeholders (see figure 11 below).

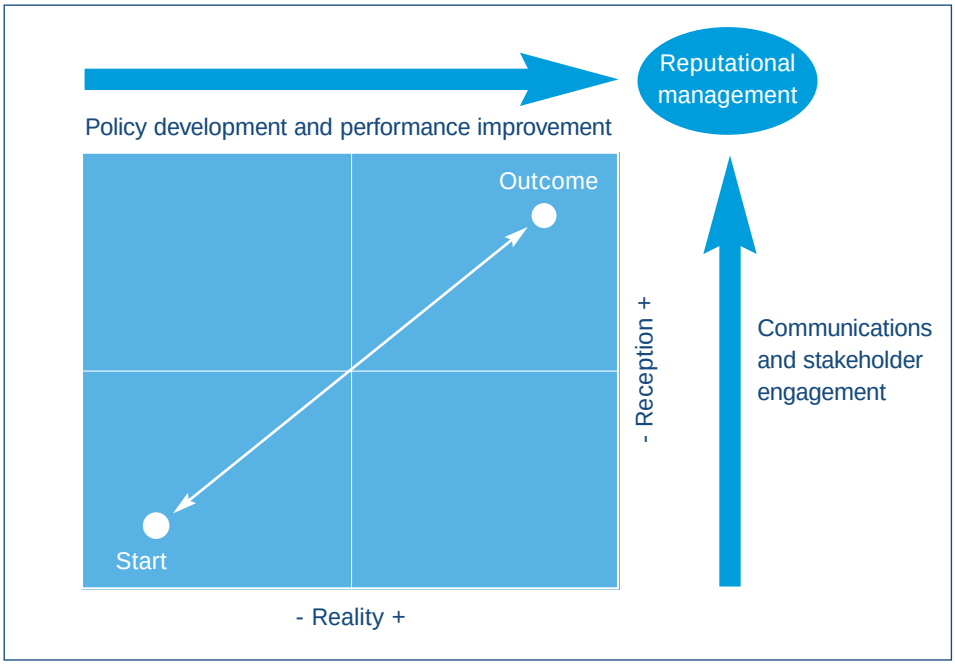


Figure 11: Reputation Management

The product of good reputation management is trust – the public sector equivalent of shareholder value. Once earned, this serves as a reservoir of goodwill and understanding, which can be drawn on in a crisis.

Brand is the experience employees and customers get from an organisation, and the associations it evokes. Brand is the city government's persona, and a positive brand means the government lives by a set of values of which residents approve.

The stakes in the reputation game have recently risen steeply. Municipal authorities, as an example, now have greater freedoms and a higher profile in their community; but they are also subject to greater scrutiny and regulation, and there is little tolerance of mistakes – or even of good cities "coasting". Individual citizens are empowered, active often on single issues, and now demand evidence before believing. Funded through tax, municipal authorities operate in an arena which rapidly becomes emotionally charged. In short, they need a "licence to operate" from the public.

City government communications budgets are increasing, as city leaders buy into these arguments.

A good reputation can be created and built, not just defended. Managing reputation divides between promotional and protective work. The promotional

aspect is linked to the city government's desire for self-improvement.
It needs to be seen as a process, not an event. This balance between these aspects is analogous to the balance between proactive and reactive communications.

City authorities will know of the mounting research evidence that there are demonstrable links between residents feeling well informed by their city government, and higher levels of customer satisfaction. The principal drivers of positive perceptions among residents are street-scene services which they can see; good communication and explanation; and whether they feel the authority delivers value for money.

Good practice in City authority reputation management requires it to be:

- Led by real behaviour and actual performance, part of 'DNA', not by words and claims;
- Within a framework of communications and risk management strategies;
- Supported by informed staff acting as "ambassadors";
- Long-term, strategic in outlook, and sponsored by top management;
- Based on an understanding of who stakeholders are and the best channels for engaging with them;
- Meaningful consultation with feedback leading to action; and
- Supported by a tested plan for crises.

Mistakes to avoid in city reputation management include:

- Regarding reputation (or communications or PR) as a superficial, cosmetic, short-term or tactical activity;
- Allowing words or claims to get ahead of reality – creating mismatch which undermines the city's credibility;
- Allowing gaps to develop between stakeholder expectation, and actual performance; and
- Failing to identify key stakeholders, and thus failing to communicate with them.

"A reputation arrives on foot, but leaves by racehorse." (Chris Cramer, CNN)

City's should be mindful that just one incident, or the actions of one employee, can undo years of effort spent carefully building a good reputation.

Case study - Amsterdam

I AMsterdam – Building a brand

'I AMsterdam' is the motto that the city has created to express its vision of the city and its people. The city has developed a branding strategy that puts people at its centre and emphasizes the attractions of Amsterdam as a place to live, to work, to invest and visit.

The campaign seeks to bring out the diversity and innovation of Amsterdam's people and stress how these qualities manifest themselves in the creative, intellectual and cultural outputs readily associated with the city, as well as the technical prowess that the city demonstrates in its infrastructural innovations – such as the way that it handles its water and its status as a centre for hi-technology and research.

The campaign uses the people of Amsterdam in the role of 'I AMbassadors' to personalise the city's promotion and connect visitors to the experience of real citizens, living, working and playing in the city.

Why 'I AMsterdam'?

Preliminary research indicated that the motto, now registered as a trademark, was an eye-catching and memorable theme that emphasised Amsterdam's strengths. The brand now supports a global campaign and is used across the city's promotional activities and with a number of partners from businesses, cultural organisations and others seeking to promote the city.

Chapter 4

Capitals, the key issues

In this chapter we examine each of the capitals in more detail. Exploring the key issues that city leaders and managers need to address, including;

4.1 Intellectual and Social capital

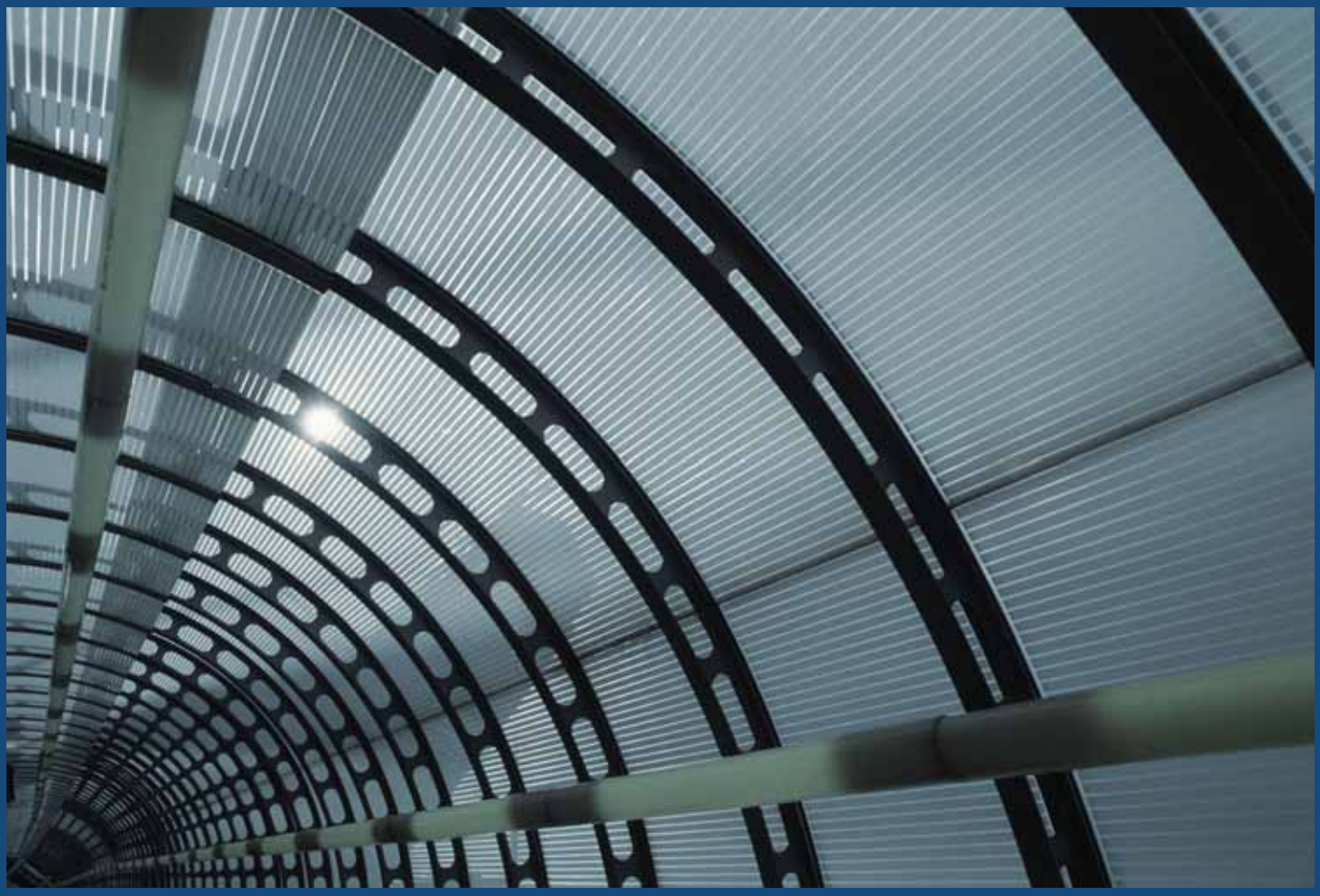
4.2 Democratic capital

4.3 Cultural and leisure capital

4.4 Environmental capital

4.5 Technical capital

4.6 Financial capital



4.1 Intellectual and social capital

Introduction

Cities are engaged in a global competition for investment. The calibre, educational achievement and the creativity of their citizens are therefore vital in each city's efforts to attract new businesses and people to fuel their prosperity.

Mrs Monica Mæland of the City of Bergen, Norway, identifies this phenomenon as a global trend and says: "Globalisation and increased international mobility in higher education create challenges to the city's ability to attract and keep talented and highly qualified young people, and to secure the high levels of expertise which make the city an attractive place for commercial development."

This section of our report examines the factors that influence a city's stock of intellectual capital, some of the challenges that cities face in managing and maximising it and the strategies that various cities have adopted to meet those challenges.

A number of different factors influence a city's ability to grow and nurture its capabilities. These include, amongst others, welfare provision, the creation of formal and informal networks to exchange knowledge and ideas, knowledge management, policies to help immigrants to integrate as well as encouraging voluntary initiatives.

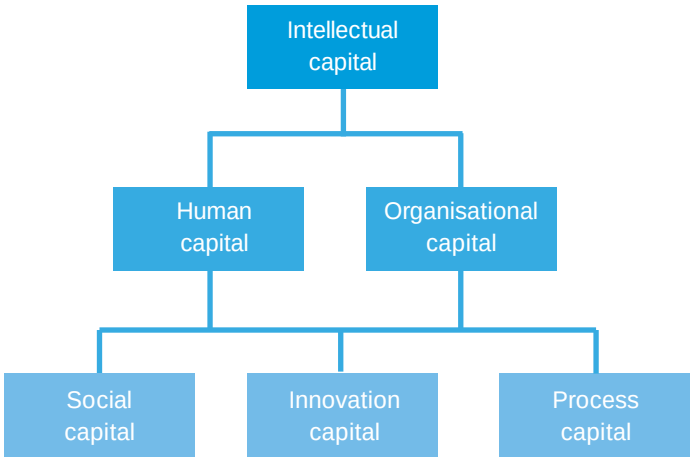
This section brings together the elements that, taken together, create and influence a city's stock of intellectual capital, including:

- Human capital;
- Social capital;
- Organisational capital;
- Process capital; and
- Innovation capital.

What is intellectual capital?

A city's intellectual capital is a combination of its human and organisational capitals. In the knowledge economy, human capital represents one of the most important sources of value. It provides knowledge, creativity and the ability to innovate. Organisational capital refers to all non-human stocks of knowledge embedded in hardware, software, databases and the concepts and values, organisational structures and guiding principles of organisations or companies that support people's everyday work (Bonfour & Edvinsson, 2005).

Mapping and measuring intellectual capital provides valuable information about the skills and resources available within both government organisations and the general population. With this information, governments are better placed to take strategic decisions about their use of resources and to plan the economic growth of their city.



Source: IC – Navigator – Leif Edvinsson modified by Dragana Radovanovic (2005)

Figure 12: Components of intellectual capital

To illustrate the factors, which contribute to the development of intellectual capital, we have drawn on the IC Navigator-model developed by Professor Leif Edvinsson of Intellectual Capital at Lund University, as illustrated in figure 12.

The lower tier of the model shows three different types of capital each of which supports the development of human and organisational capital including:

Social capital comprising both formal and informal social networks including the interaction among citizens and social connectivity.

Process capital involving both human and organisational capital. It is process capital that makes the most of the investment made in social capital.

Innovation capital refers to how the city renews and adapts its human and organisational capital to the demands of the rapidly changing global economic environment.

The nature of the interaction between these three capitals will determine the strength and extent of human and organisational capital present in any organisation or city, which in turn will determine the overall level of intellectual capital.

Intellectual capital has a significant impact on the productivity and competitiveness of cities and regions, and nations as a whole. Cities explicitly recognise this, and have developed policies that are designed to improve their competitive position, such as Valencia's which aims to "foster the creation of companies in the sectors closest to the knowledge economy and to provide opportunities to all in order to access information and knowledge technologies."

Berlin's aim is to position the city in growth markets of the future. To do this city managers have identified a critical mass of core competencies in the sectors of information technology, communication technology and media, as well as medical systems, traffic engineering and optical systems. Berlin also has an outstanding cluster in the health industry. Recognising these strengths helps drive the strategy for economic growth and attract investment to the city.

Most private and public organisations do not measure the real value of their intellectual capital. They traditionally think of assets in terms of financial reserves or tangible commodities such as buildings and IT hardware. Moreover, budget restraints in many organisations, especially in the public sector, have led to poor levels of investment in intangible assets such as knowledge, research and development, learning and alliances and networks for social innovation.

However, an increasing number of not-for-profit organisations, cities and countries are working on mapping and measuring their intellectual capital. The first country to apply the intellectual capital paradigm on a national level was Sweden in 1996 followed by Israel, Netherlands, Denmark, Norway, and some Middle Eastern countries. Other countries, such as Australia, Canada, Finland and Iceland have also begun measuring intellectual capital. The results of their efforts and the lessons learned will be of great value to modern cities across the globe (Bonfour & Edvinsson 2005).

Human capital

In an interview conducted for this report, Mayor Nakada of the city of Yokohama remarked that one of the most important issues facing cities today is "to realise a society which makes the most of its citizens' potential". This is a view that is echoed by the other city leaders and officials we interviewed for this report. There is little doubt that one of the main responsibilities for governments is to invest in people's skills and competencies in order to nourish the human capital of the city. A city, after all, is made up of the people who live and work in it.

In our model of intellectual capital, human capital refers to staff within public sector organisations, as well as citizens and customers. It is important for any city to understand and map its knowledge and competencies.

Strategic questions:

Has your city understood, measured and mapped its intellectual capital? Do you invest in right skills and knowledge of your citizens?

Strategic questions:

Who do you wish to attract to your city? What do those people look for in a city?

Cities need to attract creative talent to live in the city and to work in public sector organisations and the local economy. It is important that governments create relationships with citizens and potential citizens in order to attract the optimum spread of skills across the population.

The evolution of the knowledge economy and the focus on human capital and intellectual capabilities demands a greater understanding of a city's 'softer' assets. It is of course more difficult to measure an intangible asset such as intellectual capital. The evidence suggests that most cities do not record or measure it. What is evident, however, from our conversations with city leaders, is the increasing competition between cities to attract skilled, entrepreneurial people to live and work in their cities. For example in Brisbane, Australia, the city council has set out a number of initiatives aimed to make the city itself an 'employer of choice', and in a similar vein, the CEO of the city of Perth, Frank Edwards says: "The war for talent is a challenge for most businesses, including the city of Perth itself."

An essential task for cities, therefore, is to understand what it is that makes them attractive to the right people and how to ensure that those qualities are maintained.

Social capital

Social capital builds up when people interact within social networks. Social networks in turn provide substantial assets both for individuals and for communities. For instance, using networks for sharing both personal and municipal intelligence is one of the most effective ways of keeping up with changing times. Further, it is generally known that the communities we live in can affect our productivity and quality of life. In environments where social capital is high, citizens feel safe and well looked after and view government as being more effective.

There is a strong correlation between high levels of social capital and positive experiences of:

- Education and employment;
- Housing, transport and urban design;
- Crime and community safety (i.e. neighbourhood watch); and
- Physical and mental health (i.e. through sport and volunteering).

One of the most prominent experts in social capital, Professor Robert D. Putnam, defines the idea of social capital as social networks and the associated norms of reciprocity that create value for people who are involved in them. Putnam identifies formal and informal forms of social capital. Examples of formal social capital include societies, clubs and special interest organisations that have formal membership structures. Informal social capital refers to social gatherings at restaurants and bars, for example. Both forms of social capital involve networks offering people the possibility of interaction, to understand each others' needs and to help each other and their communities in general.

Research shows that a low crime rate in a neighbourhood is connected with how many neighbours are on first-name terms with each other. Social networks bring great value for the people directly involved and for society in general. For instance, although an individual is not part of the network, by living in a neighbourhood with high social capital where people look after each other, he or she feels safe in the neighbourhood, i.e. their home has been protected by the social capital of the community (Putnam R, 2005).

Social capital is critical for understanding the development of a city or a region. This capital increases efficiency through trust and honesty, and it encourages better performance as well as encouraging people to honour commitments voluntarily. These factors can reduce transaction costs associated with monitoring, negotiating, litigating and enforcing formal agreements but they are totally dependent on the social capital of the workforce and citizens.

The welfare challenge and social connectivity

Levels of voluntary participation in community activities and in local democracy have fallen in many modern cities. In general people view themselves as customers much more than shapers of society, a view

echoed by the Chief Executive of Brisbane City Council, Jude Munro: "The city of Brisbane is also experiencing a growing inwardness which manifests itself in decreased levels of volunteerism and social concern for others, along with a greater focus on self and family."

In many cities the level of social capital amongst citizens is decreasing. The citizens' philanthropic generosity and social connectivity is lower today than in the past. Many authors argue that this trend must be reversed in order to create and sustain a good quality of life. David Pitchford, Melbourne's Chief Executive, warns: "A major challenge for any city is to maintain social equity and avoid a polarised society. Decreased interaction among a city's population can increase social problems and divide its community."

Over the next two decades the number of economically active people – in other words those paying tax – will decrease. At the same time, the number of people depending on public welfare will increase, which means many governments will not be able to meet the costs of traditional welfare services without raising taxes significantly.

Using social capital as an instrument to tackle socio-economic problems is nothing new for city governments. The City Manager of Stockholm, Sweden, is considering using volunteers to provide community and welfare services. This is already common practice in Milan, Italy, where volunteers deliver 25% of welfare services.

"Poverty in the areas surrounding the city means that there is a trend to urban migration and this movement of poor people from outlying areas into the city places a strain on the city's ability to manage it," says Ms. Vuyo Zituman, Acting Municipal Manager of Nelson Mandela Metropolitan Municipality. Poverty is a fact in many big cities in the world. Urbanisation and concentration of the people in to the cities only makes the situation more difficult.

Improving public health is a significant welfare challenge. Significant increases in the risk of epidemics, ageing populations and increased problems due to work related stress and burnout are some of the issues facing city governments. In Africa, high mortality rates, due to HIV/AIDS, are one of the main issues for many metropolitan authorities. "The Municipality has identified the scourge of HIV/AIDS as a primary business imperative," notes Duma Nkosi, Executive Mayor of Ekurhuleni Metropolitan Municipality.

Fundamental structural changes to the global economy and labour markets have altered the employment base in many cities, often leading to problems with high levels of unemployment. For example, the Chief Financial Clerk of Vienna, Josef Kramhöller, notes the impact of new political and economic realities in Europe as having a particular effect in Vienna "Due to different cost levels between Austria and the new member states, outsourcing and relocation will increasingly take place. This is especially likely with migration of multinational enterprises to cheaper Eastern European locations and is a key issue."

There is increasing competition between cities to attract high-value, high-wage businesses in services such as research and design, new technologies, financial and media industries. At the same time, many cities have seen their traditional manufacturing base eroded and with it many skilled jobs, only for them to be replaced by low-paid service jobs.

These problems in themselves are nothing new. City leaders, therefore, must constantly look for new ways to sustain economic development and growth. Social capital offers one way of addressing these challenges.

Building social capital

In order to stimulate citizens to create informal types of social capital, city governments need to provide a variety of meeting places for citizens and government staff. Meeting places can be real, for example city-centre entertainment zones or cultural quarters or virtual, for example web-based forums, and community websites.

Increasing investment in social capital, especially in poorer or more deprived neighbourhoods, can lead to improvements in the overall quality of life. Engaging with

Strategic questions:

How can citizens be engaged in the development of the city? Has your city developed an inclusive plan that addresses the needs of all citizens?

citizens makes people feel involved in the decision-making process and promotes increased responsibility for local services and the local environment. Increased participation often leads to increased levels of collective action. It has been proven that high levels of social capital lower the gap between the 'haves' and 'have nots' in society (Putnam, 2005).

Building social capital does not require significant financial investment on the part of city governments. There are many examples of neighbourhood actions where cities play the role of facilitator rather than the provider of services. For instance, in the city of Phoenix, Arizona, there are around 900 neighbourhood groups working on different social issues. The city of Vancouver has won a United Nations award for Innovation in Public Service for its Neighbourhood Integrated Service Team that helps Vancouver residents solve difficult issues in their neighbourhood. The program involves more than 200 city staff within 16 teams representing different areas of the city. They work with residents to help solve problems with buildings, garbage, noise or illegal activity. The City Manager of Vancouver, Judy Rogers, describes it as "an ideal way to integrated citizens and staff to come together to problem solve."

The negative side of social capital is that it can lead to insular behaviour and lower levels of tolerance for other groups and communities. To counter this, city leaders need to promote tolerance and openness and facilitate integration. As Catarina Dahlöf, Acting CEO of Gothenburg says: "We need to counteract segregation of people from other countries and cultures that come to, or are already established, in the city". Developing social capital can help to tackle problems of unemployment and other social problems and increase prosperity. Research has shown that a lower level of social capital among immigrant groups is one of the reasons for higher unemployment. The social unrest in France during the autumn of 2005 could be linked to the French government's lack of investment in building social capital in certain communities.

Increased migration means that many immigrants leave valuable 'connections' behind and therefore experience isolation when they first arrive in a new country. Migrant groups often minimise their loss of social capital by choosing to congregate together in enclaves. Most cities display this pattern of segregation in terms of migrant settlements, which ultimately leads to isolation and poor interaction between the different communities. It is essential for city governments to provide new ways of connecting people in a diverse society in order to develop democracy by increasing the social capital of citizens and celebrating the diversity of modern multicultural cities.

Organisational capital

Organisational capital includes research and development programmes, systems of education, fiscal policies, public procurement policies, and management tools.

More importantly, it refers to organisational culture and leadership. In the context of a city, organisational culture illustrates the city's image and core values. Having a positive and attractive image and set of values is widely recognised as a key factor for prosperity.

One city that has attempted to change radically its organisation and process is Barcelona. Using ICT, the city has designed its services around the needs of its citizens rather than the organisational imperatives of the administration itself. This means that, for example, city services and information are available through one web portal that connects citizens and government together. Technology has been used to engineer a new form of social fabric in the city, one that puts citizens' needs above all others. Other cities are also using IT in this way. Liverpool City Council has embarked on a considerable programme of networking that links citizens to information and services through one portal encouraging the city's citizens to interact with the city government to provide feedback and establish a genuine dialogue with city leaders.

Process capital

Process capital is the essence of an organisation's competitive advantage. Difficult to replicate, it is an organisation's soul and image. Process capital helps a city to develop and maximise its organisational capital. Process capital refers to the internal processes used by an organisation and its staff, including learning and creating knowledge, building social capital and trust and innovation, processes of recruitment and leadership and business processes. This capital is essential for a city to differentiate its self from other global cities. Process capital is a capital that makes a city unique.

With a series of organisational changes, the city of Gothenburg, Sweden, has blazed a trail for others to follow in the way that it has reorganised its processes to focus on sharing information, and developing a common picture of the city's organisation by offering support to the city's managers and maintaining quality standards. The city has chosen to make a strong commitment to management, signalled by its decision to open a development centre for about 1700 city managers, and a number of measures aimed at improving the management network. According to the city's CEO, "The main purpose of the reform is to improve the efficiency of the organisation and to strengthen inhabitants' influence on the city's undertakings."

Organisations can generate competitive advantage by developing a creative environment where ideas can flow freely and the processes described above come together in a creative culture. This might mean encouraging the use of external and more informal meeting places. For instance, in cafés or bars where individuals have the opportunity to exchange ideas, away from the confines of the traditional work place.

One of the most important processes in city management when it comes to the intellectual capital and its process capital is knowledge management.

Global knowledge sharing and production

Knowledge creation depends on successful information sharing and the cross-fertilisation of ideas. Global trends show that time spent in formal education is increasing and young, educated people are increasingly mobile.

"The challenge is to get the population to reach their full potential where knowledge and education are concerned," says the mayor of the city of Amsterdam.

Another important skill of citizens that facilitates integration and globalisation and also enriches diversity is multi-lingualism.

Most major cities have hugely diverse populations, which simultaneously present them with both challenges and opportunities. "Increased travelling means that the world is getting smaller, and young people in particular are moving around the whole world. As a result, there is a greater understanding of different cultures." Bosse Sundling, City Manager of Stockholm.

Many ethnic groups experience segregation and high levels of unemployment, which can increase tensions between different groups. However, the opportunities presented by increasing diversity are substantial. Different communities can enrich the cultural heritage of the city and new skills can boost the local economy and go some way to address the problems of an ageing population. One of the most significant advantages is the flow of knowledge that comes to the city creating new ideas, leading to new business growth and employment. All of which contributes to the overall prosperity of the city.

In an increasingly competitive environment, the ageing workforce is a specific problem for public sector organisations. Many face losing significant knowledge and expertise unless they invest in developing new skills and capacity and nurturing future leaders and managers. The city manager of the city of The Hague, David Jongen, expresses the concerns of city leaders in affluent countries when he says: "There is a major risk of a knowledge drain to low-wage

Innovation - Frankfurt

One city which has explicitly acknowledged the role of innovation in developing its economy and infrastructure is Frankfurt. Petra Roth, the Mayor of Frankfurt, explains:

"Frankfurt has increasingly distinguished itself as a scientific centre. Enormous investments into the development of university and technical college made by the government of Hesse, have enabled a leap in quality in the scientific-technological infrastructure. The ongoing improvement in the quality of job offers increases the attractiveness of the location for enterprises operating in the science-oriented growth industries. Through its new innovation centre, Frankfurt enjoys a worldwide reputation in biotechnology; by settling specific areas of the pharmaceutical industry, Frankfurt is on the way to re-obtaining its former position in the production of pharmaceuticals."

countries and a lack of the innovation that is necessary to create a high-quality knowledge economy."

The balance and spread of economic power between cities in the knowledge economy can be achieved by emphasising and sustaining the city's uniqueness and by constantly innovating cities' intellectual capital.

Innovation capital

Increased global competition between cities has increased the focus on developing and maintaining intellectual capital. No city can afford to neglect the revitalisation and innovation of its most essential capital. The need for renewal is brought into sharper focus with economic restructuring and the transition from industrial to knowledge-based economies. Creativity and innovation create competitive advantage. Due to their size and diversity, big cities are one of the main sources of innovation.

The city of Vancouver understands the significant connection between innovation capital and human capital. The city's motto is: 'Empowered by innovation' City Manager, Judy Rogers, explains their success: "Vancouver recruits outstanding people and lets them do their jobs. They are continually offered jobs by other cities for much more money – few leave, annual turnover is less than 3%."

There are numerous examples from history that prove that the right combination of physical and intellectual capital helps cities to become wealthy and powerful. Nevertheless, many cities have failed to capitalise by not adapting to changes and allowing their intellectual capital – creative and entrepreneurial people – to leave.

In recognition of the important and global nature of the value of intellectual capital the United Nations Department of Economic and Social Affairs established the United Nations Public Service Awards to draw attention to public services that demonstrate the development of innovative practices and improvement of efficiency and effectiveness. The awards also highlight best practice in recruitment and retention within public sector bodies. The awards were made for the first time in 2003, focusing on best practices and innovations in the public sector all over the world.

Conclusion

In an interview conducted for this report the city manager of Malmö, Sweden said: "It is possible to make a turnaround from being an industrial city on a downward trend to becoming a blossoming city." But to do this, cities need to attract the right kind of people – the right mix of intellectual and social capital – to ensure success. To sustain and develop intellectual and human capital cities must adapt and prepare for the future. Global economic pressures have increased competition and, therefore, the competition to attract and retain the right skills and people.

To compete in a rapidly changing global economy, cities have to understand the resources that they will need in the future. In an economic environment that is increasingly dependent on knowledge, intellectual and social capitals are likely to be among the most significant assets that a city possesses. They will need strategies to help them develop, attract and retain those assets and in doing so ensure that all citizens feel engaged and enthused by the city and seek to apply their own best efforts to its successful development as a place to work and live.

It is essential that city leaders effectively and efficiently manage all capitals that support intellectual capital in order to create sustainable development and a good quality of life in cities.

4.2 Democratic capital

Achieving prosperity through the optimisation of democratic capital

This section examines the trends that are driving democratic capital in the political decision-making processes in cities. The interaction among citizens (society), the influence of economy and politics, and the alignment of the respective aims and requirements of these different elements helps to shape the ability of a city to compete in the global economy. All the city leaders interviewed for this report stressed the qualities of collaboration and participation as essential to their cities' success.

Cities need to find ways to combat some of the negative trends associated with the ever growing scale of large cities in the 21st century. Increased individualism and the concomitant decline in shared social values – as pointed out by among others Brisbane's CEO Jude Munro – are issues that have to be addressed through new forms of participation and engagement that 'reconnect' citizens to their city. Political apathy is a major problem for all local and national governments and falling voter numbers tell their own story. To re-engage their citizens, governments need to address the root causes of disillusionment with the political process and in doing so rebuild their holding of 'democratic capital' that is held in trust.

The impact of globalisation and increased mobility can lead to a sense of fragmentation. City governments therefore also have to introduce new democratic strategies that can help create a sense of coherence and vision for their city and all of its inhabitants.

Three major trends are emerging that, taken together, provide city governments with the tools to bring all the players in a city's future together.

These are:

- The drive for greater transparency and better communication;
- The creation of new forms of democratic participation; and
- The development of partnerships between private and public sectors and citizens (see figure 13 below).

In this chapter we examine how these identified trends can help city governments to rebuild their democratic capital and examine some of the specific initiatives implemented in cities around the world that directly address these challenges.

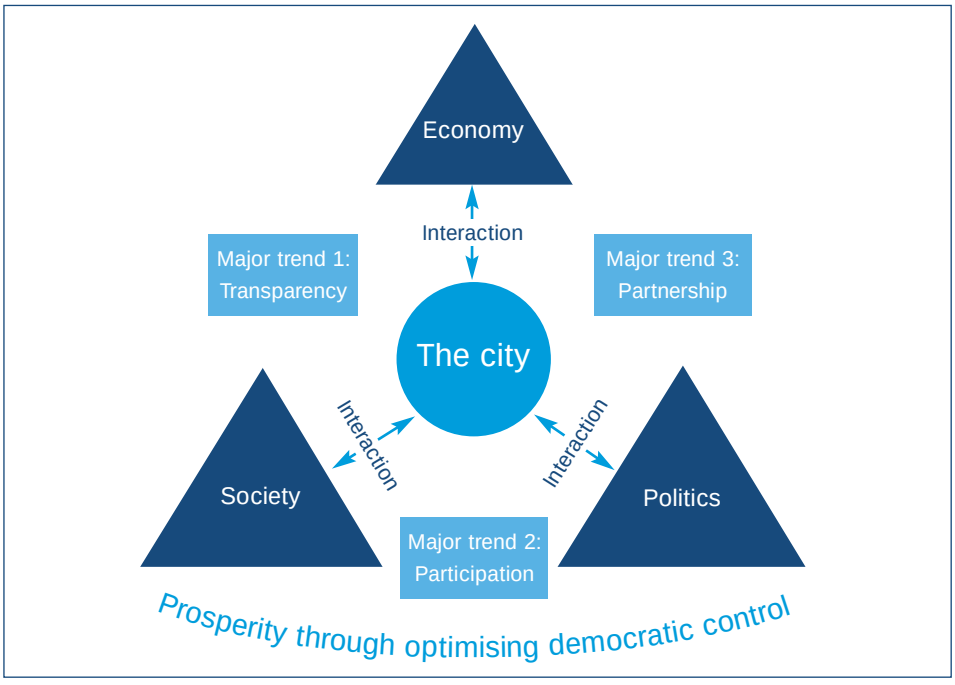


Figure 13: Interactions between politics, society and economy with the three major trends to optimise democratic capital

Trend 1: The push for greater transparency

The push for transparency comes from a number of different sources. The 'information age', powered by the Internet, has created unparalleled access to information about almost everything and increasingly transparency is a vital building block of trust between individuals and organisations. Trust and accountability are inextricably linked and so the creation and maintenance of trust is a key challenge for cities that want to be accountable to their citizens, the economy and society. Transparency is dependent on two-way communication flows between city governments and the people who live and work in those cities.

Trust-based relationships are more effective and efficient. To create trust, the accountable city government provides its citizens and other stakeholders with information about financial results, and also about its plans and goals, setting out decisions, how they are taken, and the results achieved – good as well as bad. An accountable government reports regularly and publicly about its performance.

Yokohama, Japan, is developing a policy of disclosure that aims to keep citizens and other stakeholders informed of the city's finances and its performance in meeting budgetary goals. According to the Mayor, Hiroshi Nakada: "It is important that the public administration and citizen share information. By doing so, the public administration will gain credibility and make it possible to have constructive discussions with citizens. We are trying to share information with citizens by announcing financial conditions (which are not always sound) in a way that it easy for them to understand." This includes disclosure about the city's indebtedness, and the financial forecasts for the next five years – the first such disclosure in Japan.

Trust-based relationships are supported by strong two-way communication processes that permit citizens to both receive and access information and enable them to present their views and hear the views of the other citizens of the communities in which they live. The Mayor of New York holds a weekly phone-in radio programme that permits anyone to ask him a direct question about any topic of concern and of course permits thousands of listeners to hear the explanation of the issue and the answer to the question.

The Mayor of Yokohama believes sharing information is "an important part of the process of establishing credibility and ensuring constructive dialogue."

Using ICT as a platform for greater transparency is a strategy that is being adopted by cities around the world in response to citizens' demands for more information about the performance of the officials they elect to run their cities and provide public services. More than simply providing information, cities are using technology to enhance their accountability by giving citizens direct access to officials and creating dialogue with them.

An accountable state reflects and accommodates citizens' needs and concerns by using methods such as e-communication based complaint management, opinion research, surveys of minority subgroups. However, dialogue with citizens is not enough: governments must respond to citizens' input. Local governments have to accept a new relationship which sees information flowing from departments to citizens and then back again to reinforce the strategic or leadership role of government.

Rather than being organised from the point of the view of the administration and its requirements, the citizens and their needs become the organising principle for services and information. Citizen-centricity is a key trend in the development of transparent and accountable city government. It is a trend that cities all over the world are responding to. In Morón, Buenos Aires, Argentina, new institutional arrangements are helping the city to tackle problems in a collective undertaking with its citizens, as the Mayor, Martin Sabbatella, describes: "The residents of Morón have supported a process of transformation that grants them greater participation in public matters. These factors converge on the need for an extensive political and institutional reform that guarantees total transparency, both for the residents of Morón and for those that do business in the city."

The Mayor of the city of Toronto in Ontario, Canada has held his “Listening to Toronto” sessions in which thousands of individuals have been directly engaged in debating and helping to set the city’s priorities for the coming years.

Financial transparency is a key element for a modern marketplace of innovation, and applies equally to public sector bodies as private businesses. Public entities including cities are therefore moving to adapt modern accounting standards based on those used in the private sector. The International Public Sector Accounting Standards (IPSAS), as the only international accounting standard tailored to public sector needs, are increasingly being used throughout the world. They help to facilitate the exchange of financial information among society, economy and government. The IPSAS-standards bring a fair view to the financial statements of public entities and can contribute to trust and help provide a positive rating for a city. It makes financial statements comparable, improves the basis for making sound political choices and helps ensure that public funds are deployed more effectively.

Guidelines for greater transparency

Freedom of information is an important base for citizen empowerment, providing information and transparency

The accountable state takes its citizens seriously. It informs them about the city’s performance comparing its original plans to the actual results achieved. In the accountable state, transparency is a fundamental element of building trust

Financial transparency can be optimised by using the new public accounting standards (IPSAS). These standards model external reporting on internal reporting and deliver information that citizens and the economy really need in order to assist them in making effective decisions. The municipal Finance Management Act in South Africa enforces transparency through a strict reporting schedule.

Trend 2: Optimising democratic participation

Voter participation and participation in political parties, particularly in the west, have both been declining in recent years. To counter this apparent apathy, modern cities need to address new forms of participation. They need to encourage citizens, associations, networks, interest groups and neighbourhoods to participate in the political decision-making process.

Single issues, rather than ideologically-based traditional politics, are increasingly the driver of political participation and debate. City governments need to reflect this changed reality in their engagement with citizens. Whenever major city issues are at stake, concerned citizens should be able to participate formally and informally through so-called deliberative assemblies. Some examples of these are the round tables in the former German Democratic Republic and the local Agenda-21-Process in Barcelona, Spain enacted since the beginning of the nineties.

Other new forms of participation include; User Boards in Denmark and Sweden that involve individuals or interest groups in the decision-making process; Finland’s Youth Councils or Citizens’ Written Motion, to which local authorities must respond if supported by 2% of the population; Consultative Forums, as used in the UK, Luxembourg, and the Netherlands which give representation during the planning process to specific categories of citizens such as the disabled, women, those on low-incomes, and foreigners; and Partnership Boards in Ireland.

These examples of constructive interaction combine the professional knowledge of administrators with the citizens’ grassroots understanding of the problem ‘on the ground’. City inhabitants are not seen merely as a voter and/or a customer, but also as an active participant and as co-producers in political decision-making. Successful cities need to promote public policies that regard citizens as more than simply consumers of public services. They need to view citizens holistically, as important

Strategic questions:

What plans does your city have to use technology to enhance transparency and create constructive dialogue with citizens? How will information and dialogue be made relevant and accessible to all citizens?

participants in the implementation and realisation processes of government. In this way, citizens feel that they are taken seriously and encouraged to play a more active and responsible role.

Creating new platforms for participation

The Internet has ushered in a whole new way of communicating and sharing information. Smart e-communication, based on advanced Internet technology, can simplify the participation process. The digitalisation of politics with the on-line presence of parties and institutions (e.g. national assemblies, www.nationalrat.ch), and discussions with politicians (e.g. candidate domains, www.politarena.ch) play an important role in enhancing citizens' democratic participation. E-communication can simplify contact between citizens and the city government, create easier access to relevant information, promote transparency and speed up access to officials. One specific example of this new type of citizen participation over the web is e-voting. Swiss communities carried out a successful e-voting test in Geneva. The test shows that e-voting is feasible and efficient, even under high standards of quality and security. The government of Geneva had to ensure the technical standards for security and data protection. They guaranteed voter identification and the secrecy of the ballot. This test also took place in September 2004 on a national level. They guaranteed voter identification and the secrecy of the ballot.

Other cities are investigating the potential of other communication platform – such as mobile telephones – to increase citizen participation and engagement. Barcelona, Spain is developing a model of 'm-government' that will allow citizens to participate in debates and policy decisions via their mobile phones and to interact with the administration through the use of SMS and MMS messaging. Judy Rogers, City Manager of Vancouver, Canada, describes Vancouver as a "wired city", and explains how this is used by the city to help create a sense of involvement. "Our citizens are offered opportunities to be very involved. We have programs to work with communities to solve problems at a local level. We are very consultative and the Internet is playing a big role in the consultative process."

The benefits of democratic participation through the Internet include the permanent availability of information, the possibility of visualisation and interactivity, fast updating and feedback and low access barriers. However, e-participation can disadvantage underprivileged citizens with no access to the Internet. For those people not to become even further disadvantaged by the digital divide, cities need to take steps and make investments to provide e-literacy skills and access for the whole population.

The most evolved form of direct participation in the political decision-making process is the direct democracies seen in Switzerland and some US states. This direct form of democratic participation enhances legitimacy. However, in some cases it may slow innovation, so all forms of direct democratic rights need to be assessed carefully within the prevailing political and cultural context.

In Swiss cities, all legislative decisions by parliament are submitted to a referendum (legislative referendum right; mandatory or after collection of signatures). Furthermore, eligible voters can decide on bigger investments in infrastructure (financial referendum) or other decisions of parliament. Voters in Swiss cities decide for instance how much in taxes they are willing to pay. City governments have to convince citizens in public debates about the need for a tax increase or the impossibility of a tax cut. As an example, the city of Berne voted on 27th February 2005 against a state initiative that proposed to reduce taxes by 10%. Berne's citizens feared that the measure would mean an unacceptable cut in public services.

Democratic participation and democracy in general need to be seen not only within the city but also within the whole nation state. Cities need to have an effective voice within

the nation state. They should also be empowered with sufficient autonomy to make their own decisions, but should also be entitled to participate adequately in the decision-making processes at the higher levels of the nation state (regions, central government). In developed federal states, the voice of the cities should not be restricted to a merely regional level. Cities should have direct access to national government when issues that impact them directly arise.

Democratic renewal

In our highly mobile society citizens often live and work in different political communities. They may, for instance, live in the suburbs and work in the city. The problem is that these citizens are interested in participating politically in both places, but can only become politically active in the place they live. New policies have to find solutions to this, in order to determine how political participation can accommodate mobility and how political participation can be enhanced in these rapidly developing circumstances.

Guidelines for more participation

Interaction: The declining attractiveness of traditional forms of political participation needs to be addressed with new and active forms of interaction.

Combine representative democracy with forms of direct participation: Electoral and participatory democracy should not be in conflict but ought to reinforce one another so that politicians and citizens develop mutual interests. Balancing and calibrating the different forms of democratic participation is a key success factor for optimising democratic capital.

More is not always better - effective participation: Participation should be made more effective through a focus on higher quality and less quantity, with citizens getting maximum benefit from a minimal input of their time. Citizens have a right to understand the issues facing their city and to have a voice in helping to decide how those issues are dealt with by their government. Citizens should decide about most important questions that affect them not only where they live, but also where they work.

Empowerment: Cities should be empowered with sufficient competencies and resources to fulfil their tasks and should have the ability to participate in and influence the decision-making process at higher levels of government.

Trend 3: Creating new forms of partnership

In the near future, increased demands on public services caused by among other things an ageing population, coupled with decreasing revenues as the tax base declines, mean that cities will no longer be able to fulfil all their public service obligations on their own. Dwindling resources and more demanding citizens who take an increasingly consumerist attitude to the services their city provides, means that new ways of financing and providing public services must be found. City governments therefore have to look beyond their traditional role and develop collaboration and partnerships with the private sector and citizens themselves.

City governments have to find ways to attract people and businesses that will allow their cities to compete in the global economy. A thriving local economy benefits everyone who lives and works in the city, and so the private sector has a direct interest in finding ways to work with the city government to achieve mutually beneficial outcomes. This calls for new forms of partnership in which the public and private sectors find new ways to work together. Judy Rogers, City Manager of Vancouver, Canada, believes that the effort to create new forms of working is an imperative for all city governments: "We must understand how to partner with the private sector. Governments cannot bear all the burdens of development; the public private partnership model is a way to create development. Governments can learn a lot from the private sector."

Community engagement and devolution - Birmingham, UK

Big changes are happening in the way that the city of Birmingham, UK is run. Devolution, or localisation, means local people get to play a bigger part in decisions that affect their lives – and they get the power to help put in place and monitor a variety of services.

The City Council is devolving a proportion of its powers to eleven District Committees and re-organising many local services into District Offices, each with a District Director. During 2004, each District will develop its own service plans. Councillors and council staff will work with local residents, the health, police and fire services and voluntary and community organisations to produce a Community Plan for the area.

At the same time the centre of the council will play a more strategic role –re-organising central staff into five strategic directorates. The aim of these changes is to:

- Provide council services that respond more quickly to local needs;
- Create opportunities for local people to get involved in running their local area and their local services; and
- Provide a more streamlined and effective strategic authority for the city.

Strategic questions:

What are the best channels available to engage with different groups of citizens? How can these be made relevant so as to maximise citizens' active participation in the decision-making process?

Public Private Partnerships

Public Private Partnerships (PPPs) have developed considerably in recent years throughout the world. PPPs can help to reduce costs and improve efficiency by using shared resources, allocating risks better, and by taking a life-cycle approach and process-orientation to the delivering of public services. The major potential of PPP can be found in a wide variety of different areas where the public sector has traditionally provided services. These include construction, (for example the building of new schools in London achieved by collaboration between local education authorities and private sector businesses), transportation, regional development and regional promotion, health care, culture, defence, sports, education and e-government.

According to David Jongen, City Manger of The Hague, The Netherlands, city councillors and officers have actively participated in the development of the strategy. The council meets with industry and commercial sector both in formal (the full council in discussion with individual (international) companies) and in informal (via business circles through the Aldermen and civil servants) settings. During these meetings, the future of the city of The Hague and the role of businesses are discussed. Contacts with citizens are mainly community-focused and are channelled through a series of talk sessions, but also take place at the town hall with presentations from citizens and neighbourhood platforms. This input is used in the strategy process.

Civil partnerships

However, sharing responsibility should not simply take place in partnerships between private and public sectors. Citizens too need to become involved. A modern city needs a renewal of "civic pride", a vital element of democratic capital in modern cities. This means that civil society has to be mobilised in the common interest. People have to be remotivated to engage in activities that generate wide social benefits. As local communities become more fragmented as a result of greater mobility, city government has a role to play to encourage citizens to participate in the public interest.

New forms of partnership are emerging in cities around the world. These often involve trilateral cooperation to address certain aspects of public life, for example, the use to which public spaces within a city are put. Rather than the more familiar bi-lateral partnerships between state and private sector or the government and citizens, groups from all three sectors are coming together to create new ways of approaching public issues. In Stockholm, Sweden, a number of project managers have been appointed to develop partnerships within local communities. By visiting informal meeting places such as coffee-shops project managers ask people about their problems and what they suggest as solutions. The project-manager tries to create a group around a specific issue. The citizens play a role in a partnership with the local government to improve their own situation. Groups may focus on more sporting facilities, cultural matters, street improvement, or more play facilities for children. Regardless of their specific aims, these groups formulate proposals which are then discussed at a joint meeting also attended by local politicians.

Initiatives to create new forms of partnership like these introduce a broader view to aspects of public life and are often capable of reaching innovative and creative solutions. By empowering people from specific groups to get involved in the resolution of social and public issues, these initiatives encourage self-reliance and responsibility.

Of course, these partnerships have to be piloted with professionalism and suitable caution. Risks have to be managed and efficiency and effectiveness of the arrangements evaluated carefully, especially in projects that demand large investments of both time and money. However, many cases prove that investments in new forms of partnership can provide "value for money" and tangible benefits. Partnerships between players from government, the private sector and citizens can enhance the future success of cities.

Guidelines for creating partnerships

Efficiency: Co-operation with social groups facilitates the implementation of policy.

Legitimacy: The involvement and backing of different groups creates broad agreement and backing for decisions.

Addressing complexity: Through partnerships with different economic and social groups, problems can be viewed holistically.

Motivation: The motivation for traditional political participation has declined. Partnerships, however, offer strong incentives to benefit society and the economy, and also for smaller groups to influence political decision making.

Political engagement: Democracy is strengthened by the executive co-operating with the different interest groups within the wider economy and society.

Innovation: Innovation is also a key to responding to citizen concerns about new forms of partnerships. Many different models have emerged around the world and democratic capital is strengthened when cities work with citizens to find the right model for their circumstances.

Conclusion

How can these major trends (transparency, participation and partnership) best be promoted? They need to be communicated within the three elements of society, the economy and politics and to be embedded and realised in common projects. Tasks and responsibilities need to be allocated, not only between the three elements, but also between the different levels of government from the local to the national levels.

Broad discussion of their impact on each major set of stakeholders will help to entrench them further and foster the development of bilateral and trilateral relationships. In order to engage all three different elements in the pursuit of transparency, participation and partnership it is important to show the benefits that each will receive.

City governments need to ask themselves how transparent they are now, and what potential they see for greater transparency. They need to ask if communication flows are truly two-way or if they are dominated by an outflow that smothers the input from, or listening to, citizen voices. City governments need to develop their understanding of different forms of democratic participation and see how they might work in the specific context of their city. Do you understand the different forms of direct-democracy? New platforms for engagement and dialogue – such as the Internet – also need to be examined and made to work in the unique conditions and context of each individual city.

Strategic questions:

Could your city work better with private sector organisations? What are the specific areas / services in which partnership could be most effective? To what extent do community and other groups feature in your partnership strategies?

4.3 Cultural and leisure capital

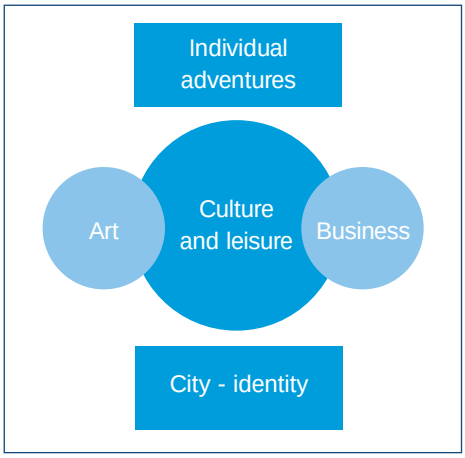


Figure 14: Components of cultural and leisure capital

Introduction

Cities today each seek to create their own unique identity and to build and develop the experiences that they offer to visitors and residents alike. Cultural and leisure facilities go beyond art galleries, opera houses or museums. Today's cities make a virtue of their atmosphere, their heritage and nightlife. But more than this, they develop an intangible quality of creativity and innovation. Cities as diverse as Vancouver in Canada, Reykjavik in Iceland and Barcelona in Spain are reaping the benefits of the strategies they have put in place to attract dynamic and creative individuals and businesses.

This section examines some of the challenges that cities face in the creation and promotion of their unique identity and the competition to attract creative and innovative people and businesses. There are various strategies that cities can pursue in building their store of cultural and leisure capital and this section looks at the implications of different choices and the way that different cities around the world have developed their own cultural planning.

Building the city brand

In successful cities, culture and business come together. Forward-looking, dynamic cities capitalise on their appeal to both visitors and potential residents and businesses as good places to live, work and invest. All these ingredients come together in the city's brand. The brand of a city can be made up of many different influences: the businesses developing or choosing to locate there, an 'underground' culture or cultural artefacts and institutions. Take Seattle on the North-West Pacific coast of the US. Seattle has a highly visible, strong brand. It owes as much to Microsoft as it does to the 'grunge' music of bands like Nirvana or the coffee shop phenomenon epitomised by the global domination of Starbucks. Seattle's brand is an amalgam of influences and associations that add up to a unique and instantly recognisable whole.

How does a city create an image for itself? What makes it stand out from the rest? One of the leading contemporary thinkers on city development and city planning is Richard Florida. His recipe for success is quite simple: it consists of attracting the best human capital. Florida claims that creative cities are characterised by their ability to:

- Attract new technology;
- Attract young talent; and
- Provide a tolerant environment.

Richard Florida calls these the three T's or 3T.

Cities with these characteristics build their growth on creating industries such as tourism, ICT, art and design, advertising and media, research and education, and other forms of cultural production and distribution. Creative people are mobile and cosmopolitan, they want urban lifestyles, are career-orientated and innovative, and use the city as the main arena for their leisure activities.

So, cities of today must compete to attract creative individuals and investors who will help to define and promote the city.

Tolerance and openness are central and important qualities. In contradiction of much mainstream urban planning, Richard Florida warns that subsidising large sporting facilities, making conditions favourable for establishing out-of-town shopping malls and other car-based businesses, are the wrong route to go down. According to Florida, this is a recipe for failure rather than success.

The possibility of attracting creative capital is dependent on long-term strategic cultural planning. The conditions for this are best seen in larger cities. But the idea of the creative city is not one exclusively for the large metropolitan centres. The ideas can easily be adjusted to smaller cities' or communities' particular characteristics.

It is broadly agreed that people increasingly want authentic, cultural experiences, and that the city's public areas are subject to a wider variety of uses than was the case 15-20 years ago. More and more people prefer to live in central, attractive residential environments and to spend their leisure time in exciting city spaces. Conservation and cultural monuments are, as a consequence of this, assigned an increasingly important role in city politics and city planning.

During the past 20 years cultural planning in cities and regions has become a big business all over the world. Today, cities are referred to as branded goods, in stark contrast to the more modest promotion of earlier times. However, transferring a theory wholesale from consumer goods to cities can be complicated. An easier form of branding is to base it on a place's unique characteristics or advantages. As Martus Tavares, Secretary for Economy and Planning of the State of São Paulo suggests, city branding requires a different strategy to its consumer equivalent, covering a wider range of potential 'customers'; "The key external challenge is marketing the city, promoting a positive image to attract and retain talented people, existing business and investment opportunities; and tourists."

A city's distinctive characteristics or advantages can be rooted in history (which sometimes needs to be rediscovered) or they can be of more recent origin. Many cities have initiated strategic projects to develop cultural or lifestyle qualities: a broad spectrum of cultural events and institutions, sporting arenas, festivals and diverse urban recreation (parks, waterfronts, café-culture), new residential areas, aesthetic upgrading of the city's public spaces and conservation of important building environment/architecture. The question is when cities follow almost identical strategies, can they all enjoy the same level of success?

Cultural strategies

Many cities have expectations of rapid, economic gains from their cultural strategy, but few succeed from this starting point. In general, city developers and their consultants operate with one of three development strategies:

The lighthouse strategy – development of an iconic cultural attraction such as the Guggenheim museum in Bilbao or the Opera house in Sydney.

The specialisation strategy – development of an attractive or specific industry profile based on, for example ICT innovation (Adelaide), finance and film (Toronto, Cannes), festivals (the carnivals in Trinidad and Rio de Janeiro)

The generator/dynamo strategy – development of a profiled local specialisation, preferably with possibilities for governmental investment and support, for example research parks, IT or biotech environments, or headquarter complexes (e.g. clusters such as Silicon Valley or France - national strategy for seven industry clusters).

Strategic question:

What are the distinctive characteristics of your city, and how can they be harnessed to generate the right approach to cultural development and to build your city brand?

In addition, some cities use large one-off events, such as the summer/winter Olympics (London 2012), the World Cup in soccer (South Africa 2010), or the World Expo (Seville) to kick start global attention. For many, these events represent an opportunity to make a major difference to their cities, as Robin Wales, Mayor of the London Borough of Newham, explains: "the majority of 26 sports competitions in the London 2012 Olympics will take place in Newham. Many of the new, state-of-the-art venues will be retained after the Games for community as well as elite sporting uses, and new housing and business parks will abut what will be the largest public park to be built in the UK since the 19th century. The council is determined to seize the opportunity to build a sustainable, inclusive community with wide-ranging social and economic benefits for the borough's residents." Larry Campbell, the Mayor of Vancouver, adds that winning the 2010 Winter Olympics has placed the city at the centre of global focus: "the 2010 Winter Olympics are having a big impact on Vancouver – bigger than perhaps many thought. People all over are talking and wanting to come here to see what it is all about. They are having a huge impact in bringing recognition to Vancouver".

It may be tempting for many cities to choose the lighthouse strategy as Bilbao did. But before throwing themselves into this, they ought to pause to study that city's political progress before the project was initiated. In Bilbao's case, understanding of the past enabled a restatement of the future through dialogue with the citizens and the city. At the same time, cities should think through the consequences an attraction like the Guggenheim Museum will have on the local city culture. The most important message with regards to cultural planning is the importance of the city being itself and not simply trying to copy others. To see the value in the city's 'natural' qualities and attributes can often be the best starting point for any strategy.

Another approach – the generator strategy – is to initiate co-operation with local businesses or cultural/artistic phenomenon that have in some way become famous nationally and/or internationally. Peter Jackson, director of The Lord of the Rings trilogy, has done something unlikely in his home city of Wellington, New Zealand, a city of 900,000 inhabitants, but not one previously considered a world cultural capital.

The director has built a permanent facility there, perhaps the world's most sophisticated filmmaking complex. He deliberately sited it in New Zealand because he realised what many American cities discovered during the '90s: paradigm-busting creative industries could single-handedly change the ways cities flourish and drive dynamic, widespread economic change. He realised that with the allure of the Rings trilogy, he could attract a diversely creative array of talent from all over the world to New Zealand; the best cinematographers, costume designers, sound technicians, computer graphic artists, model builders, editors and animators.

The strategy of specialisation has been used to powerful effect in the very north of Finland, in the city of Oulu, just a few miles south of the Arctic Circle. The city has set out a plan to become a city of hi-tech innovation and attract new businesses to base themselves there. The Smart Oulu project has created a range of IT-based initiatives that link houses, businesses and public institutions together to foster innovation. The strategy is paying off and Oulu is attracting a considerable number of hi-tech businesses to the frozen north.

Gentrification

An influx of creative professionals into a city often gives rise to gentrification of specific inner-city locations and city planners, naturally enough, are keen to encourage this phenomenon. Many cities in recent years have seen previously semi-abandoned and down-at-heel areas reinvigorated by the arrival of young and affluent people. Places like the East Village in lower Manhattan, New York, Shoreditch in London, the waterfront in Barcelona and the King's Cross area in Sydney have all been transformed in recent years with the arrival of creative and professional people. Gentrification can put a city on the global radar, but it is not without its challenges and these are recognised by many city authorities. Sydney's Lord Mayor, Clover Moore "In order to cater to this increasingly urbanised population ...the city of Sydney tailors its policies toward a city of villages, to include the diverse needs of its constituency."

To be truly successful, all inhabitants need to be involved and engaged. Cities keen to encourage gentrification also need to bear in mind the feelings and aspirations of the original inhabitants of the areas undergoing gentrification. How, for example, can cities reach people who are not used to participating, or people who feel that society has failed them? In these cases, the gentrifying process can often be accompanied by a sentiment that the city has lost its 'soul' or that the changes ushered in reduce the city's diversity. When immigrants, for example, are pressured out of city centres due to the increase in real estate prices, the consequences are not only a reduction of diversity, but also diminished chances of interaction. High levels of diversity and the resulting exchange of views fuel innovation. Cultural differences must not be perceived as unchangeable, but as dynamic measures which are affected by encountering the 'other'. The 'homogenising' tendency inherent in gentrification needs to be carefully managed so that diversity is kept alive.

Creating the experience economy

The encounter between people who seek experiences and cities which want to offer them, creates the 'experience economy'. The experience economy has its origin in an economy where cultural life and industry meet productively. This economy is built on the added value which creativity brings to both new and more traditional goods and services. Entertainment, toys, amusement, tourism, sport, textile and clothing are included in this, in addition to the more traditional cultural industries.

The driving force in this economy is the actual experience, independent of where it is created and communicated, whether through museum, theatre, festivals, creation of identity, storytelling or branding. City developers should deconstruct the contents of the experience people seek in their city in order to analyse its characteristics, and then use this knowledge in the strategic process of city development. This understanding plays into the creation and strengthening of a city's brand. The mayor of Frankfurt, Petra Roth, says "In times of financial shortage, the cultural and social facilities and preserving a high quality of life in the city require engagement by both citizens and enterprises". City planners need to understand the associations that people have with their city, where these come from and how they can be leveraged to further the city's development.

Understanding real 'creativity' in city development

The scientist and author Charles Landry emphasises various examples of misunderstood creativity and strategic dilemmas that can be encountered when trying to exploit a city's culture and leisure capital. Creativity is an elusive quality that is hard to pin down. It is a set of attitudes and behaviours that manifests itself in different ways through both individual and collective actions.

Strategic questions:

What are the qualities, experiences and associations that form your city's brand? How can these be strengthened and promoted?

Strategic questions:

What kind of people do you want to attract to your city? How will you ensure that what you offer corresponds to their needs and wants?

City planners need to be careful that they are clear about the creativity present in their city and its basis in the real fabric and life of the city itself. They need to make sure that they help to create the conditions in which their city's real creativity can prosper, and must be wary of pursuing false visions of their city's true creative image.

There are many questions to consider when thinking about cultural planning. Who controls the creative economy? Should the focus be on consumption, participation or production? How accessible should public projects and institutions be? Should the focus be on the safe side, or should one dare to be innovative? Should the focus be on contemporary art or artistic heritage? Which tourists does the city wish to attract to see the art? Should the focus be on city centres or the remote parts of the city?

Cities have to examine their own city's unique virtues and base their strategies on the assets they have in order to develop them further. Creativity is not a quality that can be manufactured or 'bought in'. But it can, once identified, be nurtured and helped to flourish. At its best, the cultural institutions can be places that inspire all people to new and free thinking, says Landry.

Key questions for cultural planning

The emerging trend, for cultural capital variously described as cultural planning, urban planning or cultural regeneration, is playing an increasingly influential role in cities' plans for the future. Linked to the development of cities, districts, industrial areas and dockland areas, the goal of this development is to create growth and encourage activity in the service and knowledge industries, creative activity and to create an environment that will attract "the creative class".

Cities wishing to embark on this journey need to ask themselves some fundamental questions. They need to understand how the cultural and leisure qualities and characteristics that their city offers can be developed to create an offering that is unique and differentiated from other cities. They need to understand who it is they wish to attract and how they can enthuse and engage different parties in the city to help implement their plans. With this understanding they need to secure buy-in to their plans and determine the tools and methods that they can use to turn their vision into a reality.

"The most important task for city leaders is to understand and integrate the internal and external perspective offered by social intelligence into their vision for the future, and to create 'opportunity space' for citizens and employees to innovate."

Conclusion

There is no single blueprint for success that cities wishing to become thriving centres for culture and leisure can pursue.

But as this chapter shows, there are strategies that cities can adopt to accelerate their progress. However, none of these should be undertaken without a careful examination of the unique qualities that make each city what it is and how these can best be put to work. It may be that a high-profile event will draw the world's gaze to a city. But what is it that will keep their attention once the event has ended?

4.4 Environmental capital

Introduction

Good environmental management is vital for the economic and social vitality of our cities, both now and in the future. Across the globe, people are increasingly aware of the quality of their local environment, especially in major urban areas, and the impact it has on their quality of life.

In this section we examine some of the environmental issues and problems faced by our major cities. We also examine how some city governments have developed environmental policies and initiatives to tackle these problems and improve the quality and sustainability of their local environments.

This section examines the key goals and the challenges that city governments face in improving their environmental capital. It focuses on three goals:

- Clean;
- Safe; and
- Attractive.

This section also addresses challenges of managing environmental capital, in particular:

- Joined-up policy; and
- Partnerships.

Cities and environment - managing competing demands

The concentration of activity within cities places an enormous burden on the local environment. Governments face competing demands to provide;

- Easy access to the workplace – a high quality infrastructure network for both public and private transport;
- A clean, green, safe and attractive living environment; and
- High quality recreational space including parks, sports and shopping facilities as well as a vibrant cultural scene.

City governments must ensure that they balance the needs of citizens with the need to grow the local economy. Of course, the environmental impact of large urban areas is not confined to the geographical limits of the city itself. The 'ecological footprint' of a city – the area of productive land and aquatic ecosystems needed to produce its resources and process its waste – goes well beyond local and even national boundaries. For example, one estimate of the ecological footprint of London puts it at 125 times the surface area of the city itself.

City goals - clean, safe and attractive

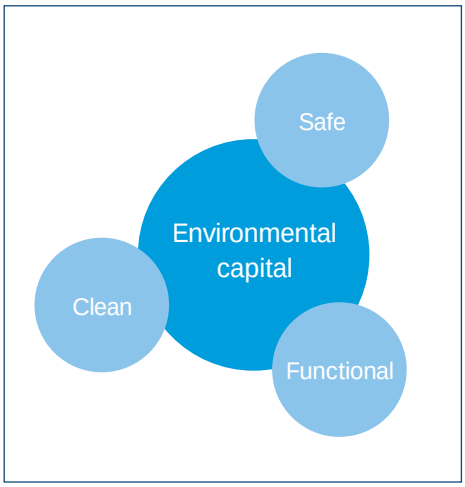


Figure 15: Components of environmental capital

Challenges of creating a clean city

Air quality and pollution levels have a major impact on environmental quality in urban areas. Traffic is a major contributor to air pollution. In densely populated areas, for example, many housing developments are located close to motorway networks which cause high levels of pollution.

In Europe, the number of children suffering from asthma has trebled in the last 30 years. Other allergies and diseases such as leukaemia are also on the increase. Scientific evidence has linked the rise of such conditions with environmental factors. Preliminary estimates by the World Health Organisation (WHO) suggest that almost one third of the global burden of disease can be attributed to environmental risk factors.

Strategic question:

What are the principal challenges that your city faces in balancing the demands of economic development with environmental impacts?

Reducing emissions - Melbourne

The City of Melbourne is acting on environmental issues and challenges by aiming for Net Zero Emissions by 2020. It is also sensitive to the global issue of access to water and plans to reduce water consumption by 12% by 2020. The City is also introducing sustainable water polices, guidelines and training across the city.

Under construction next door to the Town Hall, the new Council Administration building, CH2, has been awarded Australia's first six-star green rating and is set to become the greenest multi-story office building in the world, a feat people everywhere will want to see in action.

Noise pollution is also an important factor in local environmental quality. Noise 'pollutants' can range from traffic noise, to noise generated in city centre recreational and entertainment zones to noise from neighbours.

Maintaining a clean city also involves maintaining public or private spaces – dealing with litter, illegal dumping of waste and other environmental blights such as graffiti. Industrial and other activities have caused major pollution of soil and groundwater. The costs of remediation and re-development of polluted areas can be very high. Groundwater pollution is especially hazardous as it affects drinking water.

Challenges of creating a safe city

In recent years the issue of community safety has risen up the political agenda. Perceptions of rising crime levels and an increased fear of crime have prompted many cities to put extra resources and new measures in place to tackle criminal activity and to improve the quality of the physical environment. The threat of international terrorism has also led to more 'disaster planning' resources devoted to preparing for major incidents such as bombs or gas attacks.

Environmental risks and hazards also pose major issues for cities. Increased urbanisation in some areas has meant that population centres are situated near to high risk industrial activities. As a consequence, if a major disaster were to occur, such as the chemical leak in Bhopal, India or the Bijlmerramp, (Schiphol Airport) air crash in the Netherlands, large numbers of people would be at risk.

Managing such risks and ensuring adequate measures are put in place to deal with disasters is difficult. City governments are often accused of paying little attention to such risks when they make decisions about major new housing developments, for example. Governments are also accused of failing to 'join up' their individual policies and strategies at the local level to manage risks which critics say lead to poorly integrated responses and bad planning decisions.

Challenges of creating an attractive city

There is no doubt that citizens desire 'clean' and 'safe' cities in which to live. However, a pleasant physical environment alone is not enough to create a vibrant world city. On the contrary, a city's character and vitality is determined by the underlying set of values which contribute to the overall 'attractiveness' of the city.

The overall attractiveness of a city or space is influenced by many social and economic factors, its cultural and historical heritage as well as a sense of local style; in short, the city's brand. Some of these factors include the availability of parks and open spaces. Parks and open spaces are important meeting places, providing a tranquil haven, free from the hectic pace of urban life and its environmental and noise pollution. Environmental quality also has an impact on the value of property and can play a major role in attracting new investment into the city. New 'light' industries, such as financial and IT businesses are often attracted by the quality of the local environment, as this will often have an affect on the availability of skilled labour and the potential to attract the right skills into the area to support growth.

Investments in civic design and environmental improvement have taken on new importance in the last ten years. Much of the improvement has been directed towards creating safer and cleaner public spaces and residential areas, with an increased emphasis on creating pedestrian zones, cycle paths, cleaner public transport, waste water programmes and energy saving strategies to improve the overall quality of the environment for residents and visitors.

Environmental and other problems often overlap in urban areas. Older districts, with tenement housing and high building densities, score poorly on various fronts and environmental, social-economic and health problems are often compounded in these districts. The alternative of green urban environments and village-like neighbourhoods are perceived to be better places to live and improvements to which all city planners should aspire.

Managing environmental capital in cities

Cities have employed a range of technical solutions to address environmental problems. Making optimum use of available space is a clear priority. Public transport, subsurface parking and use of roofs as gardens are examples of efficient and environmental friendly use of space in cities. In order to manage increasing volumes of traffic, cities have invested in their physical infrastructure by widening and building new highways and tunnels or have implemented fiscal measures, such as London's Congestion Charge, to persuade drivers to use alternative forms of transport for their journeys into and around the city.

Underground transport systems have been used for many years as ways to maximise space. The underground transportation of hazardous substances is also an increasingly attractive option and the automotive industry is now producing cleaner and less noisy cars. Industrialists are also being encouraged by local, national and international policies to become 'cleaner' too.

But, despite all these positive developments, many governments wish to move faster and take more radical steps to improve the urban environment. To do this, they need to examine how government policy and services are designed and implemented and in particular how two key trends – joined up policy and delivery and working in partnership – can help them take a more effective approach to environmental management.

Joined-up policy and delivery

A city's environmental capital is closely connected to local, national and international spatial and social policies. Sustainable urban development is a widely used term in city policy making and physical planning. But integrating policy and delivery is difficult because city governments themselves are often organised around separate service 'silos'.

Poor internal communication and integration often leads to poor policy making. Local governments in cities around the world are making efforts to achieve better integration of all the policy areas that impact the environment. Mayor of Montreal, Gèrald Tremblay, defines sustainable development as "Countries and cities, particularly those that offer an environment and a better quality of life, that take a balanced approach to economic vitality, social equity, environmental protection and respect for the needs of future generations will be best equipped to deal with worldwide competition."

Effective spatial planning needs to integrate environmental considerations in its early stages. Good urban planning can lead to sustainable, mixed use, attractive developments.

It is essential for national governments to incorporate environmental considerations into their economic, planning and other policies. In Europe, city governments receive specific funds to integrate environmental aspects into physical planning, and performance is managed by setting out specific targets. For example targets for sustainable business parks or embedding infrastructure into the landscape.

Challenges to integrated policies are:

- Mainstreaming environmental considerations into strategy and delivery. City governments are often very large organisations and it is difficult to achieve joined-up policy and practice;
- Co-ordinating the planning process of city governments is also is a major challenge. Strategic business plans, spatial and long term financial plans need to be aligned and implemented in a joined up and co-ordinated way. Budgets and operational plans must also be linked to the overall vision and strategy to ensure focus on achieving real outcomes;

Strategic questions:

How are environmental considerations integrated into all areas of your city's decision making and planning? How are the goals of a clean, safe and attractive city communicated across all activities and departments?

Environmental management - New York

Successful examples in urban environmental management include increases in resource efficiency, reductions in waste generation and improvements in infrastructure for water supply.

The Land Acquisition Program (LAP) is a key component of New York City's comprehensive efforts to protect and enhance the quality of its water supply, ensuring clean and safe water for future generations as well as current consumers. Land acquisition and proper stewardship can protect natural resources that filter pollutants before they reach reservoirs. Acquisition of sensitive areas near watercourses, whether through outright purchase or through conservation easements, can prevent the introduction of new sources of pollution.

Public private partnership for waste processing - Amsterdam

Mayor Cohen of Amsterdam illustrated how the city government was successfully using a public private partnership to finance a new and modern Waste processing plant in the city. The plant itself is viewed as unique because it has very low CO2 emissions. The financing for the project is also innovative. 78 of the 370 million euro investment costs were supplied by two Dutch banks, Rabo Bank and Triodos Bank, as a so-called "Green fund". The Waste plant got a "green certificate" from the Dutch national Government and customers of the banks can buy green shares. The result is a very innovative new plant with a very big reduction of Greenhouse gasses and low costs of waste management for the citizens of Amsterdam. With an estimated 780,000 euros saved Mayor Cohen believes the project resulted from good cooperation between the authorities and the two banks.

- Environmental considerations must also be factored into the development of the long-term vision for the city. This should cover both the local liveability aspirations for the city as well as the wider global environmental factors; and
- Environmental performance management and effective monitoring systems are also crucial in ensuring that goals are realised.

Stockholm's environmental policy attempts to address these issues by ensuring that all of the city's departments conduct their activities with environmental issues to the fore. The city's procurement policies, for example, are designed to promote environmentally responsible products and services throughout the city.

Working in partnership

Integrated policies alone are not sufficient to maintain and enhance the environmental capital of cities. City governments must demonstrate their leadership by balancing the needs of key stakeholders and must work in partnership with, amongst others, the private sector to achieve their objectives.

The city of Zurich works intensively in different kinds of partnership. The local government of Zurich works with private business to further promote the economic power of the city through the 'Greater Zurich Area Standortmarketing (location promotion)' Foundation which was established in November 1998 in Zurich. The founders' intention was to emphasise that the promotion and development of an economic region can only be successful through an active public private partnership. They also felt that it was necessary to strengthen the economic multi-cantonal region of the Greater Zurich Area and position it internationally. The city of Zurich also maintains partnerships with other similar cities including Munich, Vienna, Stuttgart, Gratz, San Francisco and Kunming (China) as well as other cantons in Switzerland to share knowledge and benchmark services.

Public private partnership

Public private partnerships between the local authority and private sector businesses or consortia are increasingly used to address issues of environmental urban planning.

Citizen participation

Many citizens would like to be more involved in the decisions which affect their neighbourhoods and quality of life. However, too often citizens feel that decisions are made for them without their views being considered. Of course, most cities have very diverse populations with a wide range of 'communities of interest'. It is therefore important for governments to consult widely with their citizens to engage them in debates and to capture the range of views across the population. Asking for citizens' views is not enough – governments must also act on them.

Projects that involve citizens do not necessarily require significant investment to achieve substantial impacts. In Yokohama, Japan, for example, the city has launched a "Yokohama G 30 campaign" that is encouraging citizens and companies to recycle and reuse as much of its refuse as possible. The city has also introduced a successful campaign that aims to reduce the use of air conditioning by persuading people to resist turning thermostats below 28 degrees and to encourage government and private sector employees to adopt causal dress in the summer months to help keep them cooler. The results have been impressive. Energy consumption for Yokohama City Hall fell by 60% following the scheme's implementation and the government intends to repeat the programme annually.

Barcelona, Spain has created a 10-step citizen commitment to sustainable development under the aegis of Agenda 21, devised at the Earth summit in Rio de Janeiro in 1992. A system of broad consultation throughout the city was conducted and the resulting feedback and suggestions incorporated in the city's environmental commitments.

The commitments range from pledges to protect open spaces and biodiversity to reducing the city's impact on the planet.

The role citizens can play in improving the quality of cities cannot be underestimated. Citizens know their neighbourhoods very well, are involved in their community and can play an important role in maintaining the living environment and highlighting priorities for action. Citizens who feel involved in their communities often behave more responsibly towards them.

Partnerships are becoming more and more common in developing strategic policy that will affect the city. However, it is also important to encourage joint working across organisational boundaries within government to implement policies and plans. For example, organisations can pool budgets and involve local citizens in making decisions on how these resources should be spent in local communities. Pooled budgets can lead to significant efficiency savings and less duplication in services.

Conclusion

To achieve the vision of the clean, green and attractive urban environment, citizens must have access to high quality amenities and services. Managing the quality of environmental capital requires a broad view on the connections between different policies and balancing the needs of key stakeholders.

Sustainable development can only be achieved if governments work together with their citizens to establish and agree the vision and priorities for their cities and work with partners in the public and private sector to integrate policy and delivery at the local level. Working together with integrated policies and through different stakeholders is the key to maintaining and improving environmental capital in our cities.

Strategic question:

How are all stakeholders – including government, business and citizens – encouraged to participate in policy making and implementation to achieve environmental goals?

4.5 Technical capital

Introduction

Cities have become nodes of dense networks exchanging investment, information, goods and people. They have also become poles of innovation and knowledge management through access to information technology.

For cities, the use of technical capital is twofold. On the one hand, technology provides opportunities to improve the efficiency and the effectiveness – and sometimes the extent – of services provided. On the other hand, it represents a new and growing market that is attracting significant investment. Cities want to take advantage of this growing market and want to attract new businesses. In order to be attractive, therefore, cities have to provide best-of-breed technical communications and information technology infrastructure.

The introduction of new technologies is also driven by factors such as research & development, innovation and knowledge management. With increasing competition between countries, cities cannot rely on what they have achieved in the past but need to be prepared for the next wave.

The city of Valencia, Spain, summarises the key success factors of a city today:

- Easy access to markets, suppliers and customers;
- Transport connections to other cities and internationally;
- Quality of telecommunications; and
- Urban mobility.

The technical capital of a city comprises three principal components as shown in figure 16:

- Organisational Capital (OC) including organisational structure, networks, city management structure;
- Technology, including E-Government, communication and information technology and systems; and
- Infrastructure, including transport, energy, water distribution and building infrastructure.

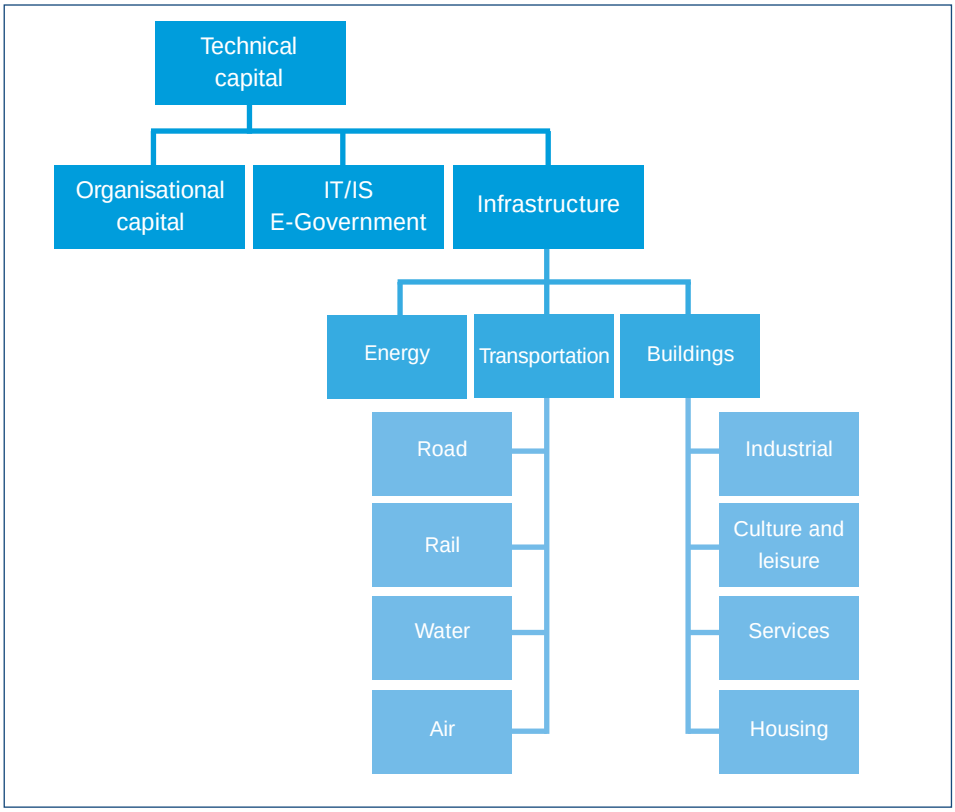


Figure 16: Components of technical capital

There are clearly overlaps with other capitals. For example, energy requirements impact on environmental capital, and culture and leisure require buildings to operate in. The development of democratic capital is directly linked to the opportunities provided by the IT-solutions and networks that come together in the form of e-government.

In this chapter, we examine the different issues that cities face today in maximising their technical capital and how they are responding to these challenges and opportunities.

Organisational capital

Organisational capital in this context is what is left when the staff go home at the end of day. The intangible elements of organisational capital are research programs and development, systems of education, fiscal policies and public procurement policies. The tangible aspects include everything that is owned by the city such as buildings, electronic networks and other tangible goods.

Technology (E-Government)

Today, cities cannot afford to ignore the advantages of new technologies. "These technological advances arise from the intensification of economic globalisation and increased competition between companies and territories" says Madrid's Councillor of Economy and Citizen Involvement.

Cities are a key institution in the life of their citizens, and as expressed by city leaders in Madrid "Cities are the first, most recognisable and perhaps most closely felt levels of administration for the citizen, they are the simplest vehicles for relating to a global arena." One new way of responding to this statement is by developing e-government solutions.

G2G: Government-to-government.

In many respects, the G2G solutions form the backbone of e-government. Some observers suggest that enhancing governments' internal systems and procedures is a prerequisite for successful electronic transactions between governments, citizens and businesses.

G2G e-government involves sharing data and facilitating the exchange of information between government agencies and departments. This involves both intra- and inter-agency exchanges at the national level, as well as exchanges between the national, provincial, and local levels. As the city manager of The Hague, The Netherlands, describes it: "The development of e-government and ICT plays a major role in our ambition to be the most customer-focused municipality in 2006. Our role will be mainly facilitative."

G2C: Government to citizen

Citizens increasingly want to be treated like customers. Their access to information and communication technologies in other areas of life raises their expectations of public services, and so they expect cities to follow the move into technology in order to improve or extend their services. The growing demands on the public sector come at a time of stagnant economic growth in most industrialised countries. This means that the public sector has to respond by learning to do more with less and one of the best ways to do this is by improving their efficiency and productivity by using ICT networks. For example, the city of Zurich, Switzerland, in response to this important trend has defined a vision of how it sees the development of its administrative role: "The goal is an efficient, process-oriented and lean administration which at the same time is service-oriented and populist." Similarly, Luxembourg is aiming to provide 'one-stop-shopping' for citizens by creating a central agency (Biergercenter) and its virtual equivalent (the eBiergercenter) to provide simpler, more direct relationships between the city and its citizens.

In practical terms, cities are looking at improving how requests/documents can be processed more effectively and accurately by the administration. Electronic document management and workflow allows, for example, a written

Strategic questions:

Do citizens enjoy convenient, one-stop access to services and information? To what extent are services organised according to citizens' needs, as opposed to the administration's own requirements? Is the public sector culture keeping pace with technological change?

request that is transferred to an administration by a business or citizen to be digitalised at 9:00 am, available immediately to a qualified agent for processing, available for validation at 11:00 am, and with a response sent on the same day. The benefits are improved service quality and improved efficiency, transparency, consistency and collaboration as well as traceability of actions from start to finish.

Local and central governments are increasingly focusing on the outcomes (the impact of their services) as well as the outputs (how they deliver them), to achieve better results for their citizens. Achieving an outcome-based approach means that separate agencies need to work more effectively across their traditional boundaries and collaborate with other agencies, stakeholders and their customers.

In response to this, governments are developing new measures of performance that focus on outcomes. New Zealand, for example, has established a set of criteria that it will use to measure the success of its e-government initiative:

- Citizen convenience and satisfaction - Services provided anytime, anyhow, anywhere. People will have a choice of channels to government information and services that are convenient, easy to use and deliver what they want;
- Integration and efficiency - Services that are integrated, customer-centric and efficient. Information and services will be integrated, packaged, and presented to minimise cost and improve results for people, businesses, and providers; and
- Participation in government - People will be better informed and better able to participate in government.

G2B: Government to business

But e-government is not just good for citizens – business will receive benefits too. Businesses would welcome lower compliance costs. Like citizens, businesses want government to deliver information and services in an easier, cheaper, more accessible and responsive, integrated, and customer-oriented way, so they can more easily meet their legal and regulatory obligations.

The G2B sector includes both the sale of surplus government goods to the public, as well as the procurement of goods and services. Although not all are directly dependent on the use of information technology, several different procurement methods are used in relation to the G2B sector. Performance-based contracting is a method by which the payment made to the contractor is based on the actual goals and outcomes of the job. Share-in-Savings contracts are those in which the contractor pays for the up-front costs of a project, such as the installation of a new computer system, and receives payment passed on the savings generated by switching from the previous system.

Information technology and systems

"As ICT affects almost every aspect of our lives Toronto makes a point of being at the centre of this kind of development."
David Miller, Mayor, Toronto, Canada.

Technological change is only a part of achieving these goals, and the Internet will not fully replace all the traditional ways that governments and citizens interact. On its own, technology does not guarantee better public sector performance. Success also depends on making ongoing improvements to the design, operation and culture of the public sector, so that it can better respond to citizens' changing demands.

Governments' awareness of the importance of e-government to improve the delivery of public services has come about as a result of two related phenomena.

First, the pace of globalisation has interwoven intra-country trade, investment and finance opportunities into international networks, with cities seeking new ways to provide more competitive products and services. Secondly, advances in Information Technology (IT) and Information Systems (IS) have presented new approaches to the integration of these networks and the improvement of the efficiency of businesses and services worldwide.

In the process, the revolution in information technology has made unprecedented amounts of information available around the globe, leading to an expanded global marketplace for goods, services and ideas.

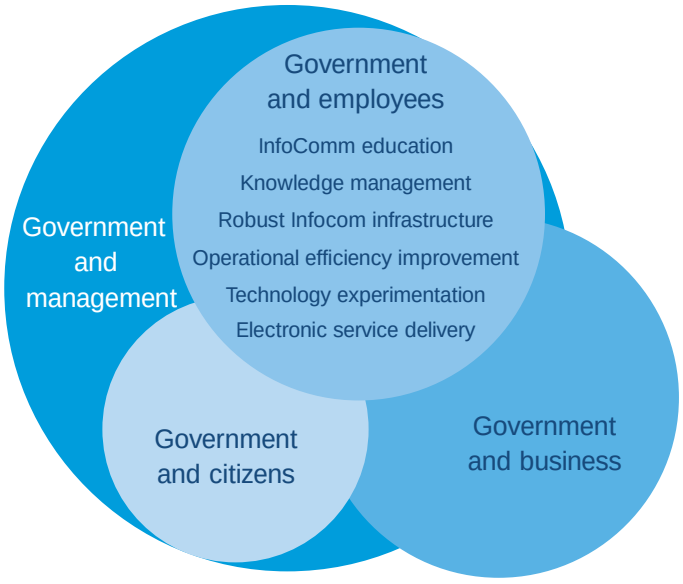
Cities all over the world are recognising the power of these communication tools, providing access to learning and knowledge infrastructure, and forming cross-boundary virtual communities for collective action. At the same time, people are becoming aware of the immense opportunities presented by virtual global networks for reforming political, economic and social power structures.

Communication

The Internet, and its associated technologies and business models, is profoundly affecting the way government, business and people interact. Government is adapting to this new environment in a way that will eventually transform how it operates.

The Internet is a means for a city to reach citizens (current and potential) as well as businesses (current and potential). The web site of a city often now extends the public administration services to households. For example, allowing a citizen to request a birth certificate over the Internet is a time saver for the citizen and the administration.

To be successful in this new environment governments need to work together more effectively, sharing resources and integrating their services. People and businesses will then have a better, more consistent experience of government. This approach will also help reduce the costs of delivering services online and through other channels.



Source: Strategic Programmes of Singapore – The e-government Action Plan (2000–2003)

Figure 17: Integrating e-government actions

Strategic question:

How to provide a good transport and logistics infrastructure to respond to an increasingly mobile population and to attract businesses?

Infrastructure

The infrastructures of a city can be organised into transport and logistic infrastructure, energy and water infrastructure and last, but not least, the building infrastructure.

On a strategic level, cities have moved from ad-hoc planning to a more integrated and strategic approach to urban infrastructure planning. This approach makes it easier to plan ahead, taking into account all the issues and constraints, and helps in finding the right solutions. The days when cities could plan their development without having the complete and overall picture and without attempting to look into the future are over. There are many examples of this forward looking, integrated approach:

- In South Africa, The Nelson Mandela Metropolitan Municipality has developed a business plan entitled the Infrastructure Development Plan (IDP); and
- To plan for the future, the city of Luxembourg is mapping out a strategy in the form of an urban development plan which includes traffic organisation, construction and urban development projects.

Transport

The population of most cities is increasingly mobile. Being aware of this change, the need to provide an infrastructure that supports this trend is – for all cities – a significant challenge. Cities need to manage the flow of people to and from the city and also the traffic generated by the exchange of goods and services arising from the city's role as a marketplace. Indeed, a critical success factor for many cities involves finding the best way to leverage the logistic and transport network in order to attract businesses for the sake of the economic development of the city. This is a view shared by the leaders of the city of Zaragoza, Spain: "The key is having very open cities with good transport structures in which anyone can do business."

This view is confirmed by the city of Barcelona, Spain: "…we must create mobility and transport networks that can cover the entire territory and guarantee the existence of basic infrastructures for the flow of goods and people."

Increasing urbanisation in most cites is raising the demand on inner-city transportation and traffic organisation. Even for cities experiencing de-urbanisation, transportation and traffic is a hot topic for people living outside but travelling regularly into the city.

Many cities are confronted by traffic congestion and are trying to respond with the construction of new roads, expansion of airports, bridges, etc. One such is the city of Belgrade, Serbia and Montenegro which sees this as an urgent priority, says City Manager Bojan Stanojevic: "Belgrade needs a thorough reorganisation of traffic, which implies construction of a ring-road, and several bridges." Others are trying to find the right balance between the different existing means of transportation in order to alleviate this issue. Transportation is, of course, also a source of pollution and noise that affects quality of life in the city. The recent increase in energy costs, caused by the sharply rising price of oil, is a more recent issue that strongly affects the transport system. Citizens are concerned or are sensitive to all these issues as they affect their well-being, as the example of Zurich, Switzerland, shows: "The challenges of city mobility are summarised in three action areas: mobility strategy, noise protection and infrastructure projects for traffic. Traffic in the city of Zurich was viewed as the biggest problem in the 2003 resident survey: traffic jams, tough traffic, high noise level and air pollution."

Individual transportation by road is probably the most inefficient means, but remains the most flexible. Unfortunately, road traffic is limited by the capacity of existing roads and parking space, which, quite often, cannot be expanded further or can only be expanded at the cost of losing space for residential or commercial buildings. Hence, many cities are increasing parking prices or introducing measures like London's, UK,

Congestion Charge in order to encourage the use of public transportation. Air travel is also limited by the size of airports, many of which cannot be expanded significantly due to the noise they generate and the lack of available space. In response to these constraints, some familiar but neglected forms of transport like trams are enjoying a renaissance. Trams are enjoying a new lease of life in Bordeaux, Lille, Lyon, South, Manchester, London and other cities across France and Europe.

Many cities, such as Krakow, Warsaw, Belgrade, Nizhny Novgorod, Dar-es-Salaam, Sao Paulo or the City of Morón, Buenos Aires still need radical improvement to their transport infrastructure to make sure that it can cope with the demands of the present and provide solutions to the visions that those cities have for their respective futures. Many of these cities are dependent on external financing and international donors to support their infrastructure development.

In many cases, the decision to move some facilities to the city centre asks cities to revisit their transport infrastructure. The City of Oslo, Norway, which plans to move the university and research communities to the city centre, is confronted with this situation: the City of Oslo will have a unique challenge to build up a social infrastructure and a well functioning transport and public transport system.

A few cities have very special requirements like hosting the Soccer World Cup or the Olympic games. These cities view this as an opportunity and are planning on leveraging these occasions in order to develop their infrastructure: South Africa, hosting the Soccer World Cup 2010, will make Johanesburg fundamentally different. These differences will come from significant infrastructure development in the areas of roads, water and electricity, amongst others.

In the end, it all comes down to serving the citizens. Providing a good and reliable transport infrastructure in the city is one way of helping cities to connect with their citizens.

Energy supply

Nobody denies that energy infrastructure is critical for every city and demand is increasing constantly. Some cities have experienced blackouts which took people, as well as energy suppliers, by surprise and confirmed the lack of reliability of the energy supply and the extent to which our dependence on abundant energy has grown.

Some cities (like Luxembourg) are still the sole supplier of energy (gas and electricity) to households and companies within the city's borders. They manage the entire distribution network and sometimes the production of energy. The deregulation of this market poses a serious threat to those cities. Providing energy services used to be a profitable business, used to cover deficits from other services like public transportation. As profit margins decrease, those cities will have to find new ways to finance their budgets.

Water distribution and treatment

Fresh water is one of the most basic needs, but it does not enjoy the same visibility as other services. But the supply of both freshwater and sewage treatment are prerequisites for any city. Both services require an important distribution network as well as storage and treatment capabilities; facilities for which most cities are responsible.

Most cities view these services as a cost centre as they fail, in most cases, to be financed by the prices or fees that cities ask for these services. In addition, cities and municipalities usually do not account for their investments in this infrastructure (no depreciation of the assets). Prices are therefore set at a level that is too low to cover the overall costs related to the water infrastructure. The European Commission has set up a directive with the objectives of improving water quality and decreasing pollution in rivers and underground waters by 2015. This can only be achieved if the price of the water service covers the cost. Therefore, the prices of this service need to be redefined by taking into account the overall costs of the water infrastructure. Much work is still ahead in order to move in that direction.

Strategic questions:

Is there still a need for an effective solution to traffic organisation? Are some familiar forms of transport enjoying a new lease of life?

Strategic question:

Some cities are responsible for water distribution and treatment. Do prices need to be adapted to cover the overall costs of the infrastructure?

Strategic question:

How are infrastructure development plans mapped against anticipated economic development?

Building Infrastructure

Buildings and their infrastructure are probably a city's most visible assets. The social, political, cultural and administrative functions of a city all need buildings to operate in. Investments in a city's infrastructure are key to facilitate economic growth, including investments in residential infrastructure. Decent housing is one of the fundamental conditions for life and a key objective for many city governments as shown for example by the city of Nizhny Novgorod in Russia: "Our main objective is to provide for comfortable living conditions for city dwellers."

Many cities face significant challenges to their efforts to provide affordable and comfortable housing. Increased land prices, for instance, is certainly an issue when considering building new infrastructures. Ever increasing land prices are impacting housing and living costs and could act as brakes on the development of a city. The city of Madrid, Spain, faces such a situation and views "the evolution of land prices (residential/ industrial/tertiary) as a critical factor in absorbing, attracting and retaining economic activity and population".

Nevertheless, other circumstances are allowing cities to redevelop and reinvigorate previously neglected areas, and in doing so to create new housing and social infrastructure. As cities change from having an industrial base to a service driven economy, former industrial areas can be used for other purposes, such as housing. The example city of Oslo, Norway, shows how the city government re-designated the existing infrastructure by leveraging the history and the spirit of the city: "For City of Oslo, the term 'city by the fjord' is a metaphor for this transformation, where former dock areas are converted into living and business spaces. We have prepared for 40,000 homes during the next ten years and are arranging a great house-building project."

Hopefully, more cities will be able to use their legacy in this way so that the advantages of the past can be re-used to prepare and develop a prosperous future.

Conclusion

The demands on a city's infrastructure today exceed simply the provision of transport and utilities – although these represent a still considerable challenge in their own right. Infrastructure now also includes information technology and communications that link the city with citizens and businesses.

Citizens now expect fast, responsive service from government, and want to be able to transact their dealings with the city online, efficiently and effectively. Businesses are attracted to cities that offer them sophisticated communications infrastructure, along with efficient transport and logistics.

In combination these pressures mean that cities have to find new ways to develop their infrastructure in an integrated way. They have to develop new partnerships, collaborations and ways of working that can help them to deliver infrastructure solutions that are efficient, environmentally sustainable and cost-effective.

4.6 Financial capital

Every city is different in appearance and atmosphere. So, too, is each in its finances. Differences in the structure of government, the financial system of each country and the revenue streams available to the municipality create broad differences in the financial structure of every city.

The current situation

Despite different financial systems most cities have one thing in common – increasing financial pressures and a drive to deliver value for money in public service delivery.

Across Europe, and in other parts of the world, there is a wave of decentralisation as national governments offload more responsibility for public services onto local/ city governments (to name a few: Vienna, Liège, Belgrade, Yokohama, Perth, City of Moron, Buenos Aires). Meanwhile, rising unemployment strains local social services while hurting tax receipts. As a consequence Milan could face a downgrade of its municipal bonds, while Lille, France's fourth-largest city, has asked for emergency aid. Even wealthy Stockholm, Sweden, may have to raise taxes because of runaway spending on health care.

German cities are most at risk in Europe because so much of their tax income is tied to business profits, which can fluctuate dramatically from year to year. Berlin, for example, is burdened by crippling interest payments on past borrowing. The city is currently seeking assistance from the federal government in the form of debt relief. In France and Italy, by comparison, city budgets depend primarily on real estate taxes, where receipts are more stable.

So far, Europe's urban financial woes are visible mostly in small ways, such as peeling paint in school hallways or overflowing rubbish bins in public parks.

The situation for African cities is by far more dramatic. Despite some financial support from national governments or donor agencies – usually only for the initial construction of facilities, not their on-going operations – municipal authorities must rely overwhelmingly on fees, tariffs and local taxes, mainly property taxes.

Through such taxes, the better-off sectors of society – those able to own taxable property – help pay for services that benefit a broader layer of the population, including some of the poor.

Actually collecting all the taxes that could be paid, let alone expanding the tax base, is not easy. Property valuations are often incomplete and out of date, while it is very difficult to value property in unplanned residential areas, since legal ownership is poorly documented. Many taxpayers are also reluctant to pay what they owe, especially if corruption is widespread.

In the USA, communities ranging from Atlanta and Buffalo to Chicago and San Diego are also experiencing difficulties, as illustrated in figure 18. The common trend for cities since the 1980s has been one of declining federal support – from the Reagan Administration to the present day.

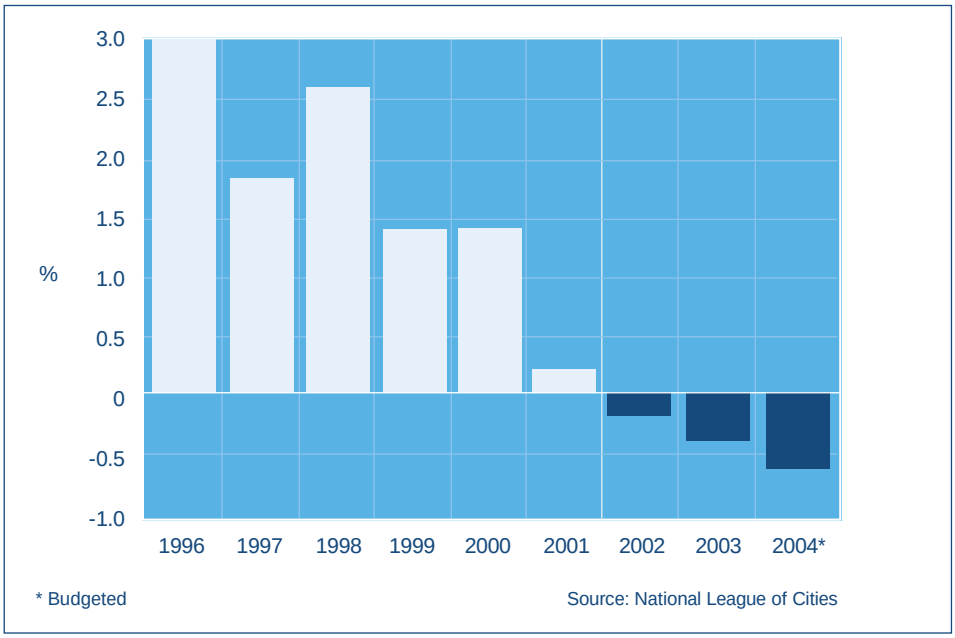


Figure 18: Declining fortunes: % change in contrast dollar revenue for US cities

How did American cities – or all other cities worldwide – arrive at this point? Most obviously, any sluggishness in the economy hit cities all over the world really hard, raising expenses and holding down revenues. For example, city hospitals face much higher costs when residents lose their jobs and, with them, their health insurance. The same job losses can mean unpaid taxes.

Soaring compensation for municipal employees has become a nationwide problem as well. Such cities as Philadelphia, San Diego and Houston all find themselves saddled with high personnel costs and staggering unfunded pension liabilities. Unlike corporations, which must put money into their pension plans when assets fall below a certain level, city governments are free to contribute when they want to. The resulting temptation is to grant generous benefits today and push the liabilities into the future.

These days, cities cannot rely on support from the states or the federal government. There are also problems with local taxes. Many cities rely too heavily on either a sales or property tax, further exposing them to swings in the economy. These taxes have not in all cases kept pace with demographic and economic changes. For example, a growing proportion of those with jobs in the city now live in the suburbs meaning that, while they spend their days in town, their property taxes go to another local government. Similarly, the sales-tax base is shrinking. In 1960, goods (which are taxed) represented about 60 percent of all sales in the United States versus 40 percent for services (which usually are not taxed). Today, that ratio has flipped. Surging online sales also cut into city revenues by reducing the demand for retail outlets.

Short term solutions

The answer to such tax problems seems straightforward – cities need to recalibrate their revenue sources. This requires reforms but change can be hard and longsome. Politics often blocks efforts and restrictions may result from taxpayer revolts. Hence, instead of solving the problem, most cities react in an ad hoc manner with temporary solutions that only push the problems into the future.

One way could be to accept higher debt levels, although this has its own limitations. In the USA, cities have already accrued an enormous debt burden to finance their day-to-day operations- in some cases reaching constitutional debt limitations. The same has happened in most European cities. In Germany, former Chancellor Schröder drew derision from German mayors when he offered to provide low-cost loans. Many cities are already so heavily indebted that state authorities, who issue debt on behalf of municipalities, will not let them borrow any more.

Hence, almost all cities are responding by cutting back personnel and government spending in areas other than public safety, curtailing capital and infrastructure investment, raising user fees and charges, and drawing down contingencies, or rainy day funds, which cities set aside for emergencies.

In response to the deteriorating fiscal condition of cities in the USA:

- 47% of all cities increased fee rates in 2003;
- 30% reduced city employment;
- 29% imposed new fees or charges on services;
- 21% reduced actual levels of capital spending; and
- 11% reduced city service levels.

What services do cities actually need, what must they offer?

Further increasing fee rates and reduced city service levels raise the question – what services can and should a city provide in the 21st century?

In general, cities provide a large and diverse range of services. Most of them supply and administrate the vast majority of public goods such as safety, education, healthcare and social welfare to their inhabitants. In an age of specialisation, is a city always in the position where it is able to deliver all services at best quality and minimal cost, regardless of what the service is? Or are partnerships with private investors a more likely solution for services in which the city does not have a core competency? Should, for example, the city of Johannesburg, South Africa, cover all aspects of energy, water and waste management or would it be cheaper and more effective if a partnership with a private investor was established? The city of Dar-es-Salaam, Tanzania, has enacted a number of such arrangements, and the Mayor Kleist Sykes says: "The recent spate of privatisations of public utilities, notably electric power and water, are too recent to be rated unqualified successes, but all the signs are that they will eventually benefit the less privileged inhabitants of Dar and allow the City Council to focus on other pressing issues."

Longer term solutions

This leads us to the next section, which examines how cities can address the problems of resource gaps – between income and expenditure and how they can make their resource allocation and planning as efficient as possible.

Cities have a wide range of possible instruments to choose from when it comes to the question of improving their financial situation. In addition to the already mentioned short term solutions, local governments need to seek out revenue sources not tapped before.

Public private partnership

As the public sector continues to seek alternative means to fund the development and rebuilding of essential infrastructure and services, it has increasingly turned to innovative project finance, and hybrid public and private debt financing models, like a Public Private Partnership (PPP).

A PPP is a partnership between the public and private sector for the purpose of delivering a project or service which was traditionally provided by the public sector. The PPP process recognises that both the public sector and the private sector have

certain advantages relative to the other in the performance of specific tasks, and can enable public services and infrastructure to be provided in the most economically efficient manner by allowing each sector to do what it does best. Many cities are exploring the possibilities of PPP, summed up by Ms Inger Nilsson, City Manager of Malmö, Sweden, who says that funding city projects "will increasingly be addressed by solutions based on partnership in various forms to solve different issues. The municipality will no longer be solely responsible for everything as it is to some extent today."

Outsourcing/privatisation

Another point to consider is the question of a total transfer of services by entering arrangements with third parties who have invested in developing process and service excellence. The city government can take advantage of this investment by contracting with third party suppliers –who remain accountable to the city – to execute specific services and functions, often at a lower cost to the city.

Such services range from back office processing through to parking management and street cleaning. For example, municipalities like Hamburg, Germany, have privatised former public companies, such as the Hamburg Federal State Hospital, and Nairobi, Kenya, which privatised its garbage collection in the central business district. Services now performed by private contractors have

Case study - Public private partnerships, London, UK

One of the largest and most complex public infrastructure projects of recent times was the London Underground Public Private Partnership. In short, the PPP structure divides the London Underground into four parts for the next 30 years – three private sector infrastructure companies, or Infracos, and a public sector operating company, namely London Underground.

The three Infracos take control of London Underground's assets – the trains, tracks, tunnels, signals and stations – which are effectively privatised for the next 30 years. London Underground will manage the PPP contracts and provide train operators and station staff.

The delivery dates for, as an example, new trains and refurbished stations have already been agreed and are written in the PPP contracts.

PPPs are all about negotiating deals that are good for both sides. The private sector wants to earn a return on its ability to invest and perform. The public sector wants contracts where incentives exist for the private sector supplier to deliver services on time and to specified standards year after year. In that, the public sector shares an absolute identity of interest with private financiers whose return on investment will depend on these services being delivered to those standards.

Central to any successful PPP initiative is the identification of risk associated with each component of the project and the allocation of that risk factor to either the public sector, the private sector or perhaps a sharing by both. Thus, the desired balance to ensure best value (for money) is based on an allocation of risk factors to the participants who are best able to manage those risks and thus minimize costs while improving performance.

saved Chicago, USA, taxpayers millions – including custodians, office-product purchases, tyre collection, towing and traffic signal design.

However, there are risks and shortcomings. In Nairobi, Kenya, for example, private contractors operate mainly in middle and higher-income areas, where residents can afford to pay. In other cities, private taxis and bus companies are more expensive, and only serve the lucrative routes.

Run the city like a business

While politicians score points with calls "to run government like a business," after Election Day they find it's just not possible.

Government officials have many "bosses" to consult before making decisions, from ad hoc committees to legislators to citizens themselves; they find it is extremely difficult to manage career workers whom they did not hire, and cannot fire; from their first days in office, they find themselves in crisis management mode; and the incentives that create efficient businesses – cash bonuses, raises, promotions – do not always exist in government.

When government fails, it cannot simply hang an "out of business" sign in the front window. The troubled government cannot simply stop providing services – from repairing roads to preventing crime – that are still needed.

However, these differences do not mean government leaders cannot share business's entrepreneurial spirit. Any institution – public, private or non-profit – should be innovative. Any agency can provide incentives for improved employee output (such as new duties or greater influence over decisions). All successful organisations must strive for efficiency and financial discipline.

This leads us to the point: if there is a silver lining to the crisis, it is that hard times are forcing financial discipline on city governments.

The situation requires more transparent cost budgeting in order to improve strategic planning with operative and democratic controlling processes; a point echoed by Mr Elmar Ledergerber, president of the city of Zurich, Switzerland, "There is an impetus towards a generally recognised quality standard for accounting for the public sector. In particular, planned changes will result in greater reliability and transparency in the reporting of financial performance."
The goal is the implementation of full-costing for all products and services. At present, the different accounting and controlling techniques of many cities and organisations are not transparent. It is almost impossible to see if costs can be lowered because public departments are not able to calculate the true costs of their products. It is therefore also very difficult to evaluate any outsourcing of production.

What are needed are integrated cost accounting systems. Cities that implement cost accounting will gain a much clearer overview of cost drivers within the administration and its tasks, and find ways to drive change towards cheaper service delivery.

By using this method, city governments can define their services in terms of inputs, outputs and outcomes. As previously noted, measuring outcomes across government operations is becoming ever more important to demonstrating policy effectiveness to citizens.

In balancing financial considerations, short term pressures have to be weighed against long term pressures. A good example is public investment in long term necessities, such as education, versus short term requirements such as the financing of current infrastructure projects. Financial planning and allocation can be better accomplished if founded on a solid base of current costing.

Financial management - City of Westminster

Westminster council has an exemplary record in delivering good quality, cost effective services, and was awarded the prestigious 'Council of the Year' Award in 2004.

Keeping local taxes as low as possible is a key part of the council's agenda. On-going financial pressures across local government means that the council needs to seek ever more innovative and creative ways to deliver its services. Innovative outsourcing arrangements mean that 60 services, employing 400 people, are now delivered by the private sector and a customer call centre, which has handled four million calls in the first two and a half years, providing a high quality service to citizens. The council is also investigating options where it can 'trade' services, that is, to deliver and manage services on behalf of other public sector bodies.

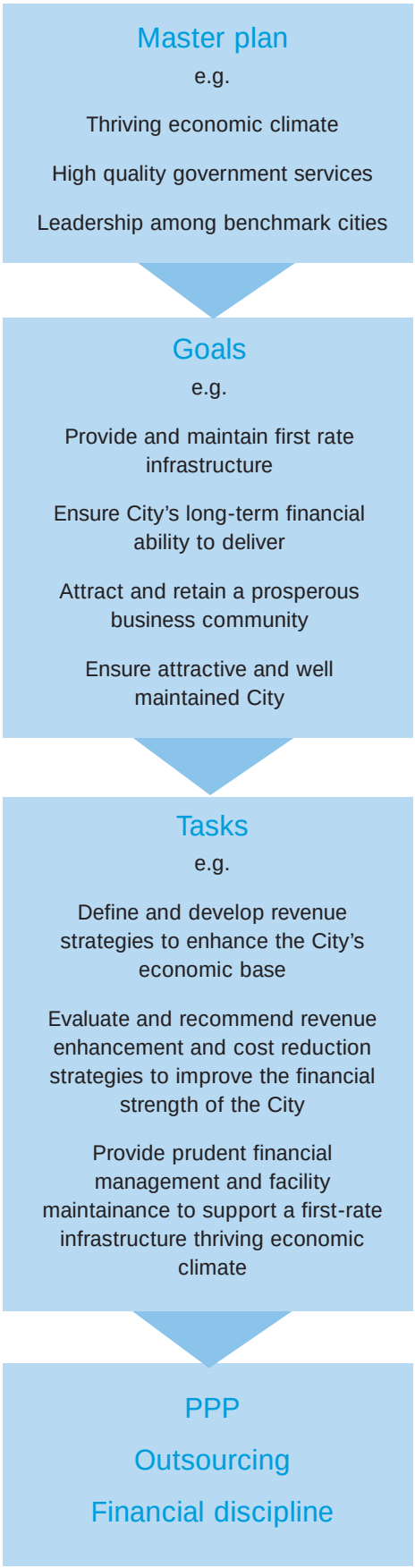
Conclusion

The analysis clearly illustrates that big cities worldwide face a vast range of financial challenges, some unique to certain countries or cities, others common to many areas. All cities need to address the questions of what services to provide and how they can finance their provision, while at the same time investing in the future that they want to offer to their citizens tomorrow.

To find a reasonable solution to these inherent tensions requires a process of change management, including a profound analysis of the status quo (especially of the numbers), and a thoughtful planning and management consultation. The analysis and involvement of the various stakeholders should be part of this process.

A working group should generate a vision, which sets out goals and tasks. The plan should outline what needs to be done and how to do it in order to ensure that the city grows in an orderly, well thought out fashion and that the needs of the city will be met. It should not be seen as a static blueprint of how to get to a specific end point. It is more a living document that provides continual guidance for the work of the city's leaders and staff.

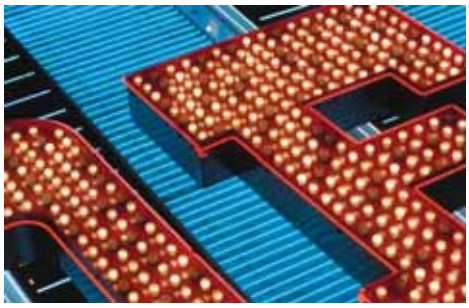
Such a process is challenging of course. It shows the big picture and gives clear and easily communicated guidance for the work of the city's leaders and staff. In addition, cities should try to learn from the experiences of others, examine and benchmark the own plans against the success and failures of others. This will also help them to develop and implement financial structures that meet their present and future needs.



Chapter 5

Summary and conclusions

In the preceding chapters we have examined some of the trends and developments that are shaping the future of cities around the globe. Though context has substantial bearing on the precise form in which these trends manifest themselves – every city is different after all – we see some significant common themes emerging.



Global trends

Aside from a city's physical infrastructure and geographical location, its most obvious characteristic is its people. And there are some significant forces shaping the future of people in all cities. An ageing population in many parts of the world is creating a demographic pressure and some tough economic challenges that all city governments have to face. Communities are becoming more fragmented, as individualism and consumerism are increasingly dominant modes of behaviour. Faced with the increasingly global influences that are shaping the way people live and work, cities have to find ways to understand and react to their citizens' needs and preferences in rapidly changing circumstances.

The world is getting faster. Change happens more rapidly than ever before and high-technology is now one of the most powerful drivers of that change. Cities have to learn how to embrace the possibilities of new technology in order to create thriving communities in which employment can flourish and citizens can make use of the opportunities for interaction and dialogue with their city that new technology creates. At the same time cities must be careful not to leave people behind – the digital divide may be invisible but it can create very real problems if cities are not able to address the differences between the digital 'haves' and 'have nots'.

More people live in cities than ever before. Increased urbanisation, and the revival of previously abandoned areas of cities, brings great opportunities but is not without its challenges.

City responses

Cities need to establish a dialogue with their citizens and create mechanisms and structures that make them more accountable and open to the changing demands they face. Public trust is a key issue for cities and they are developing the corporate governance structures that will deliver the transparency and accountability required to make sure that their engagement with citizens (both on an individual and corporate level) can inspire confidence and trust to create the sense of partnership that cities need to deliver their visions for the future.

Leadership is a critical quality within cities. Strong, courageous and imaginative leaders are needed to make sure that the futures that cities have envisioned for themselves can be realised, with all citizens participating and actively engaged with the collective effort to embrace and react positively to the global trends sweeping the world's cities.

Challenges: global and local

No city is exempt from the challenges that globalisation has created. Competition between cities is intense. Environmental threats are increasing and security is a major concern for city-dwellers everywhere.

City economies that have relied on the industrial certainties of the past now find themselves vulnerable to new competitors offering cheaper labour. Cities, in the west in particular, have to make sure that what they offer fits the aspirations of the people that will bring creativity and innovation with them to help transform their cities. The shift to a knowledge-based economy requires cities to attract and develop innovative businesses and individuals who can help them move towards sustainable growth and new jobs.

Citizens are increasingly consumerist in their attitude to city services, and yet there is also a tendency towards political apathy and cynicism. This is demonstrated in the generally low turnouts at municipal and city elections. Cities are faced with a greater diversity of populations, so that they have to develop new ways of integrating and including increasingly varied groups of people.

The city is beginning to change its role from one of provider of services to one whereby it facilitates the collaboration and partnerships required to deliver services. The focus of city administrations is

moving away from their own organisational imperatives to a citizen-centred approach that places citizens, and their needs, at the centre of all service provision.

In the light of these challenges cities need to develop their visions and then create the appropriate structures, governance and environment in which those visions can be realised. To do this, they need to understand the assets – or capitals – that they have and how these can be developed and directed to take the city forward on its journey to the future.

Managing capitals

In this report, we have analysed the assets that a city has (or needs to develop) and grouped them into the following types of capital:

- Intellectual capital and social capital;
- Democratic capital;
- Cultural and leisure capital;
- Technical and environmental capital; and
- Financial capital.

Whilst each of these capitals requires specific knowledge and skills to develop them effectively, there are some clear principles for managing capitals. These include having a clear focus on people, property and processes within the framework of sound corporate governance and robust risk management. Citizens must be involved and consulted so that they feel moved to participate in the efforts to realise the city's vision.

These factors all need to be borne in mind when looking at the different capitals set out below.

Intellectual and social capital

To compete in the global knowledge economy, cities have to ask the right questions about what the future holds for them. By doing this, the resulting insight and analysis should provide cities with an accurate evaluation of where their strengths lie, both in a local setting and a global context, and where more encouragement and intervention is needed to develop their intellectual capital. The city government can demonstrate its leadership by actively pioneering the way that it introduces innovation around the services it provides and by doing so can help to foster a creative culture. City leaders need to participate and interact directly with the source of their future intellectual and creative wealth and act as facilitators of the content that the new economy of experience and knowledge demand.

The strength of a city largely resides in its people. If a vision for the future is to be successfully realised then all citizens need to feel included in and consulted about their place in that future. Better forums for interaction and the exchange of ideas and views are needed. A sense of ownership and inclusion can be fostered by encouraging local, neighbourhood initiatives that celebrate the achievements of citizens who have responded to challenges in a positive and creative way. The search for good examples should be made as widely as possible and city leaders should make opportunities to share their experiences and learn from the good practice of their peers all over the world.

Democratic capital

One common problem that all cities face is the lack of citizen participation in the decision-making process, through both formal and informal political mechanisms. Effective engagement can be developed by making government more transparent and directly accountable. Communications technology can speed this process up and any number of methods, from online forums to voting by SMS text message, can pull people closer into the political process. Understanding the needs of different city stakeholders and forging partnerships with them is an important step towards fostering civic pride among all citizens.

Strategic questions

Some pertinent questions to ask about the future include:

- What are we looking for?;
- What do we see?;
- What does the future mean to us, our city and our citizens?;
- What do we want?;
- What do we do?;
- Is this a good development?;
- Who will do it?;
- Who can we collaborate with?
- Who can help us?;
- Where can we find knowledge and best practice that will guide us?; and
- What resources are required?

Cultural and leisure capital

A city's brand reflects and embodies the associations that arise from its physical, cultural and intellectual assets. Understanding the characteristics of each – and the interplay between them – helps cities to develop their brand strength. To develop their cultural and leisure capital, cities need to identify and attract the range of talented creative people that can contribute to the knowledge and experience economy. Attracting the right mix of sporting, cultural, business and political events can also act as a platform for enhancing a city's brand and promoting it to a wide audience. Cities need to recognise the diversity of cultural capital that accompanies the increasingly broad spectrum of people which immigration introduces. Immigrants need to be made to feel welcomed and 'at home' in order to ensure that the city can benefit from the wealth of experience and innovation they represent.

Technical and environmental capital

Cities' futures must be sustainable. And that means ensuring that the infrastructure on which a city depends is built with their environmental impact as a primary consideration. Public transport, energy supplies, water and waste management are all essential to the continued prosperity of a city, so it is imperative that city leaders ensure that all their policies reflect environmental criteria and that they are implemented through joined-up policy and conducted through partnerships.

The city has a role to play in developing technical capital by investigating ways to deliver the services and content which comprise e-government. City governments should look at e-government and communications technology at all levels: from government to government (G2G), government to citizens (G2C) and government to business (G2B).

Financial capital

All governments face the challenge of having to do more with less. The approach to financial management is therefore critical. Cities need to investigate potential sources of revenue and work to ensure that they explore new and better ways of driving value from the services that they offer citizens. Performance management is critical to this, and so is the way that financial data is collected and analysed. Both have a direct bearing on a city's ability to make improvements to its services and derive greater value from the financial costs that it bears to provide them.

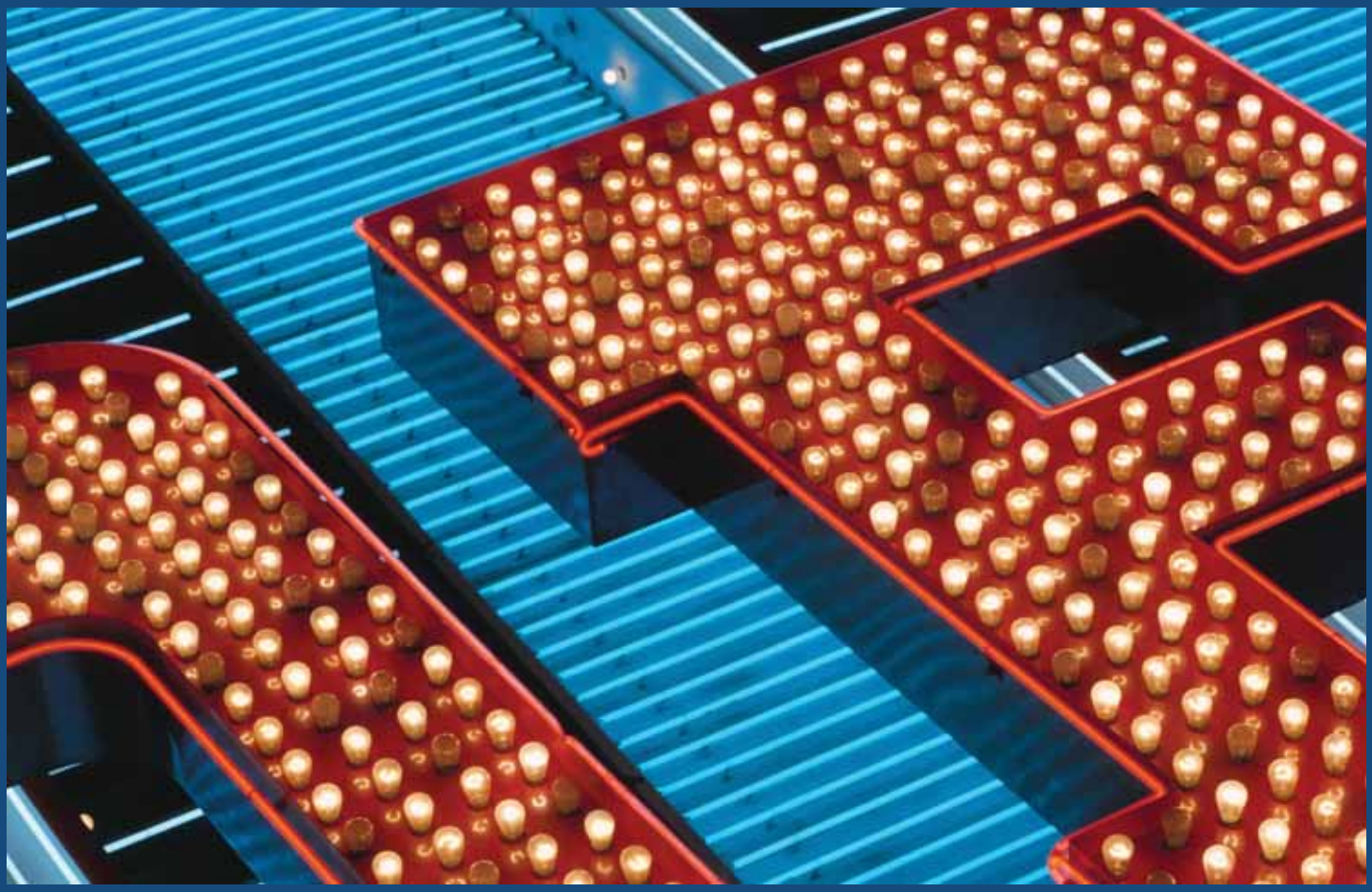
A plan, with clearly delineated goals and the tasks and activities required to achieve them is essential, as is the communication of the plan using language that can be easily understood.

Addressing the different capitals summarised above raises a number of key challenges that all cities must respond to in order to realise their own vision of the future.

Perhaps the most important recommendation for addressing these challenges is to keep asking – and seeking answers to – questions about the future of the city. Advice and insight that may contribute to answering them is worth seeking out, wherever it may come from.

As the above summary and the preceding chapters show, cities are hugely complex organisations that involve collaboration between – and the interaction of – a wide variety of organisations and individuals.

The next section in this document contains brief interviews with different city leaders around the world. We asked them about the challenges their cities face – both external and internal – how they are responding to them and what their plans are for the future. Their responses provide a fascinating and varied account of the vast array of challenges and opportunities that make cities the dynamic environments they are today.



Part 2

Cities in focus

Part 2 of this document contains a brief summary of the interviews with each of the 44 city leaders and managers who took part in this study. We asked them about the challenges their cities face – international and national, external and internal – how they are responding to them and what their plans are for the future. Their responses provide a fascinating and varied account of the vast array of challenges and opportunities that make cities the dynamic environments they are today.

List of participating cities

Amsterdam, The Netherlands
Barcelona, Spain
Belgrade, Serbia and Montenegro
City of Bergen, Norway
Berlin, Germany
Birmingham, United Kingdom
Brisbane, Australia
City of Morón, Buenos Aires, Argentina
Dar-es-Salaam, Tanzania
Ekurhuleni Metropolitan Municipality, South Africa
eThekwini Municipality (City of Durban), South Africa
Frankfurt, Germany
Gothenburg, Sweden
The Hague, The Netherlands
Johannesburg, South Africa
Jundiai, Brazil
Krakow, Poland
Liége, Belgium
London Borough of Newham, United Kingdom
London, City of Westminster, United Kingdom
Ville de Luxembourg, Luxembourg
Madrid, Spain
Malmö, Sweden
Melbourne, Australia
Montreal, Canada
Manguang, South Africa
Nelson Mandela Metropolitan Municipality, South Africa
Nizhny Novgorod, Russia
City of Oslo, Norway
Perth, Australia
Phoenix, United States of America
Sao Paulo, Brazil
Stockholm, Sweden
Sydney City, Australia
Sydney State, Australia
Toronto, Canada
Tshwane, South Africa
Vancouver, Canada
Valencia, Spain
Vienna, Austria
Warsaw, Poland
Yokohama, Japan
Zaragoza, Spain
Zurich, Switzerland

Amsterdam

Interview with Mr Job Cohen, Mayor of the City of Amsterdam

Mr Job Cohen
Mayor of the City
of Amsterdam

The City of Amsterdam

From Amsterdam's point of view, large cities have no choice but to compete. In The Netherlands the large cities will also have to cooperate to deal with the international competition, particularly from Asian cities. By specialising and focusing on the city's unique qualities Amsterdam hopes to compete in areas such as education, knowledge and tourism. The aim is to be a creative centre of expertise where unique talents can develop their full potential. What comes into play here is the total range of facilities that the city has to offer. Job Cohen explains how Amsterdam hopes to achieve all this.

I AMsterdam is the motto of the city because the citizens are the city.

Global and international trends

Competition between large cities will increase globally. Asia, and China in particular, will become an extremely important region. Trading relations with Asian countries will therefore become very important. International migration will also remain an issue. Furthermore, the European Union will gain more and more prominence as a regulator.

In our view, large cities have no choice but to take part in this competition. In doing so, Amsterdam will focus on its unique qualities.

Internal trends

To deal with the international competition it is important for the Dutch cities to work closely together. The heavily urbanised western part of The Netherlands forms a connection of cities called the 'Randstad'. One of the big problems caused by urbanisation is traffic congestion.

The cities in the Randstad conurbation cannot solve the problem of accessibility on their own; so co-operation is more appropriate than mutual competition. The cities in question are already consulting about the problems that they share, and will step up their efforts to arrive at a common approach. Each city will have to develop its own profile and specialisation. Specialisation already comes naturally to the cities to some extent: Rotterdam boasts a major port, The Hague has the International Court of Justice and Amsterdam is known for its cultural assets, its airport, financial centre and high-quality knowledge economy.

Key themes for Amsterdam are: education, knowledge and tourism. The challenge is to get the population to reach their full potential where knowledge and education are concerned; only then will we be able to put this country on the map as a bastion of knowledge and skills and compete in an international context. The geographical location of The Netherlands in Europe is excellent, although the

country is also vulnerable to shifting trade flows. We will therefore have to focus on trade. We have traditionally been skilled at current and new trade routes and good at languages. We will have to keep working on these strengths and improve them where possible.

Amsterdam's strength lies in its position as a hub. Key concepts are accessibility, well-educated staff, expert knowledge and multilingualism.

External challenges

Safety and security issues will continue to take centre-stage; they have always been important. Choosing between two opposing approaches is absolutely out of the question. Preventive measures (prevention of crime coupled with integration into society) as well as repressive measures (tough action, immediate action against extremists) are necessary.

Our environment (global warming and rising sea levels in particular) demands special attention. This is not an issue, however, that can be solved by local authorities; it is rather a responsibility for governments at other levels.
The city may well, however, suffer the consequences.

An urgent question is whether energy suppliers can keep up with the steep rise in demand (inflow) and whether waste processing (outflow) can remain well organised. The waste processing plant in Amsterdam, and its financing, serves as an excellent example to other large cities.

Social developments and the fight against crime and congestion (infrastructure) will continue to pose challenges to large cities.

Internal challenges

The external developments mentioned above necessitate further modernisation of the city's internal organisation. Customer satisfaction is not bad, but should always be one of our priorities; our service provision has to further improve. We must maximise the potential offered by ICT solutions.

Staffing policy has to be aimed at the recruitment, selection and training of critical and politically aware civil servants.

The Netherlands is a policy-focused country and there are not enough effective implementation agencies: such agencies should be mean and lean.

Priorities for the next decade

The aim is to be a creative centre of expertise where unique talents can develop their full potential. What comes into play here is the total range of facilities that the city has to offer: universities (and hospitals) in Amsterdam, culture, finance, the development of the banks of the IJ river and tourism, of course. Further innovation is encouraged through 'Platform' (consultation between large cities) and through other platforms. This innovation in fact affects the Randstad conurbation as one large municipality.

To achieve this vision a long-term strategic whitepaper has been developed.

This document has been developed together with the business community, institutions (e.g. universities) and citizens.

Further development of the vision is effectively an iterative process, through which the vision is constantly fine-tuned. Creative developments partly arise due to the opportunities offered by the city.

Encouraging innovation can influence such spontaneity. Collaboration with other partners, some of whom are corporations, is also very important to the development of specific areas.

Barcelona

Interview with Strategic Metropolitan Planning Office,
City Council of Barcelona

Joan Clos
Mayor of Barcelona

Barcelona waterfront, Spain

The information obtained in the interview refers to the city of Barcelona in its metropolitan context. This is because the representatives of the City Council of Barcelona thought it more appropriate for its Strategic Metropolitan Planning Office to be the source of information.

Thus, we should highlight the fact that the activity of the Strategic Metropolitan Planning Office goes beyond the area of intervention of the Barcelona City Council per se, acting basically as a frame of reference for the development of municipal policies.

Global and international trends

There are three major issues that will affect the city in the next ten years. These refer to the position of the Barcelona economy in a globalised scenario, physical and virtual connectivity and social cohesion.

The globalisation process is changing the location of economic activity, affecting many areas and leading to an economic transition. Some of the key areas are the steady loss of those parts of the production process lacking added value and the adaptation of the human resources base to the requirements of globalisation.

Concerning physical and virtual connectivity, the growth of the city and the creation of a proper economic transition must assure the existence of the infrastructures and installations needed to meet the basic requirements of mobility, accessibility and connectivity.

The city of Barcelona must be understood within its metropolitan context and, accordingly, we must create mobility and transport networks that can cover the entire territory and guarantee the existence of basic infrastructures for the flow of goods and people. Likewise, the availability of telematic-based connectivity infrastructures constitutes a key element in being able to recruit the parts of the productive processes that have high added value.

Finally, a change is taking place in the social and demographic basis of the city of Barcelona and the metropolitan area as a whole that is linked to the phenomenon of immigration. In this area, the challenges relate to the fight against discrimination and the social exclusion of immigrants.

Internal trends

At the national level, the issues that will affect the city are particularly the transfer of financial resources from the Regional Government and the National Administration, as well as taking over and exercising the key powers over integration and the regulation of immigration, safety, education and government housing.

At the local level, the key issues are the governability of the metropolitan area in terms of politics, leadership and organisation. Of special note are critical aspects such as education, high numbers leaving secondary education, and the need to strengthen innovation.

In terms of innovation, the challenges are in having the necessary institutions (science installations, technology transfer) that require public investment, especially with the support of public-private ventures.

External and internal challenges

At the external level, competition not only flows from a European environment, but is now international. This has introduced a series of extremely important challenges for Barcelona in terms of attracting investment opportunities and developing new activities requiring a flexible organisation of society in terms of leadership and the creation of integration dynamics in the metropolitan area.

With regards to business recruitment, Barcelona is well positioned in terms of the dynamics of economic growth, which is a strength for dealing with the challenges in this area. The social fabric of Barcelona is highly participatory, and more than willing to get involved in policies and initiatives that are launched by public and private administrations and bodies. One of the current challenges is to link the new projects that are being launched by the municipal government to the citizenry in order to make private and public efforts converge. Thus, of special note is the fact that Barcelona is to a great extent “a self-made city”, having developed its own economic fabric rooted in the city.

Nevertheless, Barcelona is experiencing a degree of malaise in terms of its articulation of an urban development model and model for economic and technological growth. Thus, the city has moved from a centralised perspective without strengthening the web of nuclei that make up the metropolitan area. On the other hand, we see a lack of convergence of targets emanating from the public and private sectors in terms of the city’s development model.

Consequences for the city

At this time, at the political, business and civil society levels everyone is aware that there is a certain crisis in the development model and that there is a need to link the new projects to the private sector and the citizen.

In this context, the value of internal initiative, as one of the city’s strengths, constitutes an asset recognised by all the agents, particularly at the business and cultural level. To this we can add the esteem in which the city’s inhabitants and institutions hold their city.

Priorities for the next decade

The vision of Barcelona in 2015 is that of a city characterised by the following:

- An economy based on the development of a value added and innovative culture depending on the growth of new industries: such as audio-visual, design, etc;
- New uses of transport based on the improvement of mobility; and
- An education system that can guarantee proper training for our human resources, having notably reduced the number of school leavers.

From the point of view of promoting the city, the strategy must centre on networking internationally in order to assure the links needed to develop specific activities, for example, the identification of opportunities in certain industries such as aerospace and bio-medicine.

At the political level we will need to develop leadership both at the strategic and operational level. For the former, the idea will be to define citizen-based strategies, while the latter will consist of putting them into practice.

The reputation and prestige of the City Council of Barcelona will probably depend in the next 10 years on the following issues:

- Accessibility to the administration by citizens through a motivated civil service;
- Quality of the cityscape and maintenance of public spaces;
- Clarity and transparency as seen by business people in terms of business opportunities; and
- Capacity for dialogue, absorbing immigration and cosmopolitanism.

“In conclusion, the main challenge for Barcelona is to deal successfully with the transition from an industrial economy to a new model of urban development, based on the knowledge economy.”

Belgrade

Interview with Mr Bojan Stanojevic,
City Manager, City of Belgrade

Mr Bojan Stanojevic,
City Manager,
City of Belgrade

The City of Belgrade,
Serbia and Montenegro

Belgrade (Beograd) has about 1.6 million inhabitants. It is located in the south-east of Europe, on the Balkan Peninsula, at the confluence of the Sava and Danube rivers. It is one of the oldest cities in Europe and since ancient times has occupied an important position as an intersection between the roads of Eastern and Western Europe. We interviewed the City Manager Mr Bojan Stanojevic and asked him about the challenges he faces and how Belgrade is responding to them.

Global and international trends

The global or international trends that will affect the city in the future are: change in the GDP structure, development of the service sector, development of housing construction, increase in the need to communicate and development of the traffic infrastructure.

Internal trends

The main local trends in the region are stabilisation of the political situation and privatisation of the public sector.

The major internal challenges which the city is facing arise from: the reorganisation of the administration and the introduction of a more qualified structure in the city administration. Furthermore, there is a challenge to reduce the number of employees in the city administration and restructure the public companies. If the restructuring of the city administration does not take place, the development of the city will slow down.

In the political sense, it is necessary to divide political functions from state functions, to do this a more professional administration is needed. In the administrative sense, the biggest problem is the low level of salaries in the administration, which acts as a discincentive to existing employees and deters those who may be seeking employment. The solution to both problems lies in decentralisation and in setting new criteria for the functioning of the state administration.

Relevant corporate governance issues are: the new organisation for the state administration, restructuring of the public sector and partnership between the private and public sectors.

The law and the internal regulations define recruitment in the city. Reporting is in need of standardisation and further development. Performance management is graded internally and externally (within the administration and by the citizens). The city is currently developing the mechanisms for risk management in business.

External challenges

The key social issues that will affect the municipal government are: the local economy, traffic, social politics, healthcare politics and safety.

Belgrade's external challenges are: the application of international standards in the city administration, attracting foreign investment and increasing the possibilities for external financing of infrastructure development projects.

The development of corporate social responsibility is still in the early phase but is being further stimulated by the presence of big international companies with this business philosophy. A large number of local companies support the humanitarian aid campaigns organised by the city.

Consequences for the city

The process of decentralisation must happen quickly so that local authorities achieve similar levels of autonomy to those achieved by other local authorities in the European Union and the USA.

At the moment not all the necessary economic instruments for shaping policy are at the city's disposal. In particular, the city lacks control over fiscal instruments. The central authorities still have the most influence, so for local governments greater authority would help them to speed up the regulatory process and adopt new regulations that that will have a positive influence on the city's economic development.

Priorities for the next decade

Belgrade needs a thorough reorganisation of traffic, which implies construction of a ring-road, inner ring-road and several bridges, as well as three lines of the light metro. All this will create conditions for attracting investment, simplify procedures for issuing building permits and changes in the city's economy. The service sector will generate 70-80% of social product in Belgrade.

We are hoping to build a brand that will position Belgrade as the capital of South East Europe. The brand will be developed by creating special privileges for investing in Belgrade

The city authorities need to adopt a service-oriented approach to citizens, as well as achieve European standards of service delivery. The influence of political parties on local politics must also be decreased and the process of decentralisation on the state level must also be completed.

The main financial challenge is how to provide the finance for infrastructure development in the next 10 years and how to build a medium-term and a long-term financial management system for the city.

City of Bergen

Interview with Mrs Monica Mæland,
Chief Commisioner of the City of Bergen

Mrs Monica Mæland,
Chief Commissioner
of the City of Bergen

The City of Bergen,
Norway

City of Bergen is the second largest city in Norway with about 240,000 citizens. Nearly 25,000 students are enrolled at the Universities of City of Bergen. The city is the port to the Norwegian fjords and is an old Hanseatic city with long international traditions. Today City of Bergen is a modern centre with great marine, maritime and oil industries. City of Bergen is one of the few cities in the world which is governed by a parliamentarian model where the city Council elects a City Government.

We talked to Monica Mæland, the chief Commissioner of the city of City of Bergen, about the challenges for the future and their consequences for the city.
Her aim is to keep City of Bergen as an international city able to meet citizens' needs and give them security.

Global and international trends

Increasing global mobility of labour and capital is one of the most significant global and international trends. Businesses change ownership and so management, expertise, production and workplaces move. This influences the city's industrial base and, through this, a central part of its financial base. Development in international agreements such as the EFTA and WTO, will also have significant consequences for the city in general terms.

Globalisation and increased international mobility in higher education also create challenges to the city's ability to attract and keep talented and highly qualified young people and secure the high levels of expertise which make the city an attractive place for commercial development.

Global digital development will have a significant impact on municipal services, and these developments create new possibilities with regards to:

- Change and improved communication with its citizens; and
- Methods to provide services, including the possibility of producing digital services for other municipalities, or outsourcing production of digital services to producers in other parts of the world.

Internal trends

The increase in the need for regionalisation caused by the development of common labour and housing markets between the big city and the surrounding municipalities is an important development. The importance of municipal borders will decrease and great improvements in infrastructure within the transport sector will – in the future – strengthen the regional perspective.

New ways of organising and operating service production – increased outsourcing of service production and the progress of the municipal as the engager, as opposed to producer of services – is an important trend for the future.

External and internal challenges

Local investors are conservative with regards to their participation in local commercial development through, for example, an investment fund. This situation weakens the foundation of commercial development and can also restrict contributions from investors beyond the region.

Demographic developments mean that the city faces significant challenges to finance services to meet the needs of its changing population. At the same time the city has a large accumulated economic deficit, which in itself provides the city with a significant challenge.

Consequences for the city

To meet this situation the city has changed both its political and administrative structure by eliminating the city district organisation. The municipality is now organised into two levels of government. The city has, to an increased extent, become an engager of external service providers, creating a more competitive environment for service provision.

In the future, the introduction of new digital solutions to increase administrative efficiency, communication with citizens and other aspects of service provision will be very important. Services for children, the elderly and people in need of medical services will be strengthened as primary tasks.

Mrs Mæland is keen to create active interaction with educational establishments, local and non-local investors surrounding municipalities, industry and commerce and through this engage them in working on the business plan to strengthen the ability of the city and its surroundings to meet the external and internal challenges.

The scenario for “City of Bergen scenarier 2020” constitutes an important part of this process. The city government will have an important role as an advisor or coordinator for business development. It will lay out the grounds and conditions for network cooperation, and actively participate in such networks. An example of this network cooperation is “Education City of Bergen” where the municipality and higher education establishments are co-operating to meet targets for increased national, international and global mobility and competition within higher education.

The city’s corporate sector has a strong tradition of CSR. Mrs Mæland believes that this influences citizens’ attitudes to politicians. Increasingly, citizens see themselves as consumers of municipal services.

Citizens’ engagement will converge with their interests as consumers. Their confidence in politicians will be related to how well they believe their consumer needs are met. The challenge for politicians’ will be to understand and satisfy consumer needs and communicate this to citizens.

Priorities for the next decade

In the next ten years the city of City of Bergen will engage in the following specific tasks and projects:

- New Public Management;
- City of Bergen is and shall develop as an international city;
- The development of the cultural sector as a central part of the development of the city; and
- The municipality shall appear as a modern service producer which meets citizens’ needs and provides them with security. It is important that the municipal is seen as being among the best-governed cities.

Berlin

Interview with Harald Wolf, Mayor and Senator for Economics, Employment and Women's Issues in Berlin

Mr Harald Wolf, Mayor and Senator for Economics, Employment and Women's Issues in Berlin

View of Berlin skyline

Berlin is a city of many faces. It is the largest city in Germany and is aiming to use its high degree of creative potential in coming years to make a mark for itself as a city of knowledge and as a centre of excellence for the health industry. Berlin is also seeking to re-establish itself once again as a major world city after forty years of German division. Berlin recognises that its most important assets are its people and its extraordinary attraction to young people from all over the world. Together Berlin and its people will be able to meet the challenges of the 21st century.

Global and international trends

After forty years of division, the reunified city of Berlin is on its way to retaining its position among the leading capitals of the world. Main factors influencing political and entrepreneurial activities will be ongoing globalisation with increasing competitive pressures, the expansion of the European Union, the trend to an information society and the demographic development.

- In this way, globalisation as well as the growing significance of knowledge as an economic factor will benefit locations with a highly qualified workforce potential. As growing competitive pressure endangers employment in traditional sectors, action has to be taken against a polarisation of the employment system;
- The expansion of the European Union means a chance and a challenge at the same time. Berlin is moving into the geographical center of the EU; at the same time, the acceding countries represent new competitors on existing markets. Berlin has the chance to redevelop regional economic interdependencies that were destroyed by the German and European division and the consequences of the Second World War; and
- As in the rest of Europe, demographic developments in Germany are characterised by a shift in the age structure of society whereby Berlin, however, is only affected to a lesser extent because of its high level of attractiveness for young people and it can expect a stable development in population for the foreseeable future.

Internal trends

In view of the federal structure of Germany and, in particular, due to its own historical development, Berlin can not claim a position that is comparable with that of other European capital cities. For this reason, the city is resolutely relying on its own strengths that above all lie in the immense potential of science and research, culture and creativity. The focus here will be on markets where growth can be generated through innovation.

In order to be able to bundle these strengths, Berlin is focussing on areas where a market potential fits with the city's technological competence. These fields were identified in a widespread discussion process between politics, trade and industry, science and the citizens of Berlin – and they enjoy a high degree of acceptance. The areas of competence are:

- biological and medical engineering;
- information technology, communication technology and media;
- traffic engineering; and
- as well as the optical technologies, micro and nanotechnology.

Berlin is one of the leading cities in the fields of biological and medical engineering. Its established scientific infrastructure provides an excellent value added chain for research, pharmaceutical, biological and medical engineering companies. This is one of the main reasons why a large number of private companies as well as public institutions have settled here.

Advanced competencies in the fields of information and communication technology also provide an important stimulus for the culture and media industry. The combination of its rich cultural heritage and the unlimited creative potential of the city's residents and those that come to the city from all over the world, provides a rapidly growing economic source of energy for this important sector.

In the field of traffic and mobility, Berlin also combines extraordinary research and development competence with a strong business potential in the sectors of automotive engineering, railway traffic, aviation and space flight as well as in the interface to information technology in telematics.

External and internal challenges

Berlin is faced with the challenge of mastering economic structural change under the increasingly difficult conditions of the globalised markets while at the same time securing social cohesion within the city under conditions of an extremely restrictive budget situation. Despite a high level of unemployment and increasingly apparent poverty, Berlin is nevertheless a city that offers its citizens an extraordinarily high degree of security and attractive living conditions.

The high level of indebtedness of the city, however, represents a particular risk that will have to be reduced to an acceptable amount through consistent budgetary restraint and with the help of the federal government and the solidarity of the German federal states.

Consequences for the city

In order to overcome these challenges, it will be essential for Berlin to develop a higher degree of public involvement though new forms of participation by its citizens. Berlin has to develop into a city of civil involvement, marked by responsibility and initiative. In some city districts, there are already some measures, projects in this direction and initial steps which are being taken towards a "citizens' budget". Co-determination by citizens in the distribution of resources in the interest of the community should provide Berlin's residents with a new form of identification with political decisions. A package of laws for the introduction of plebiscitary elements such as referendums at district level is also close to ratification. "Area management", which has been practiced in particularly disadvantaged areas of the city for some years, relies on empowerment and activation of people and protagonists within an area. The new education act delegates more responsibility to the schools enabling them to develop a profile as a center of social life and mutual encounter within the city quarter, whereby companies and firms are also integrated.

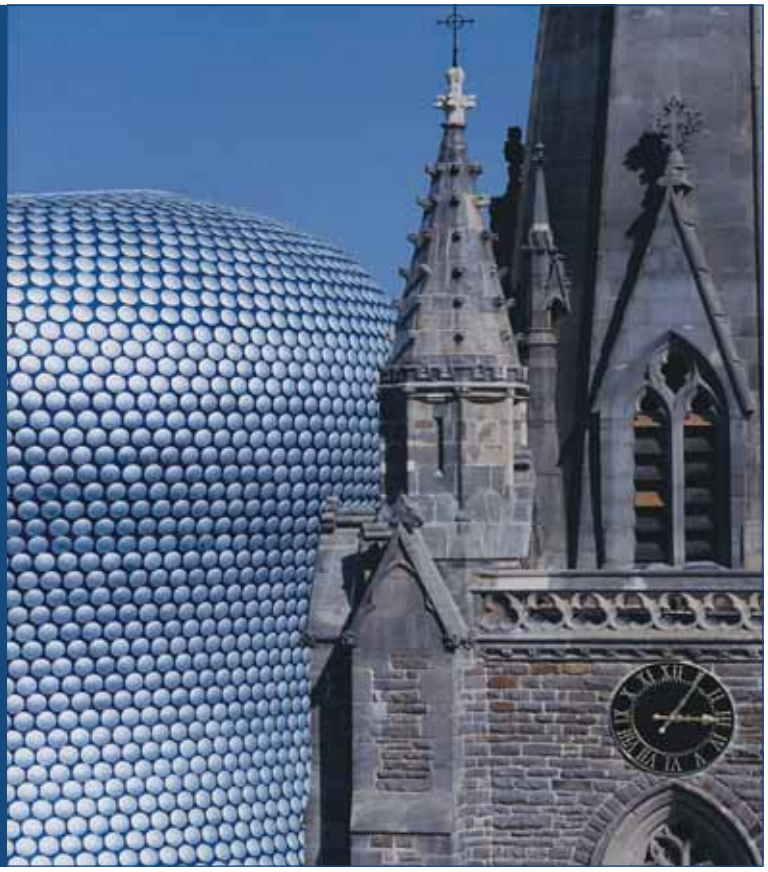
A fundamental requirement for a successful city development, however, is to overcome unemployment. The creation of sufficient jobs through increasing the competitiveness of the city, therefore, has absolute priority.

Shoulder to shoulder with the citizens, trade and industry, science and politics, Berlin will be able to position the city as a desirable place to live and a future-oriented metropolis in Europe.

Birmingham

Interview with Cllr. Mike Whitby,
Leader Birmingham City Council, UK

Councillor Mike Whitby,
Leader Birmingham
City Council



Selfridges alongside
St Martin's Church,
Birmingham Bullring

Birmingham is a thriving, multi-racial city at the economic heart of the West Midlands, with a population close to a million people. Its economic role and prosperity were originally based upon the manufacturing industry, however rapid worldwide economic change in the 1970s and 1980s caused massive decline in manufacturing employment, with serious impact on the economic life of the city, and a disproportionate impact in inner city areas.

In the last decade Birmingham has adapted and witnessed an amazing transformation, with the renaissance of the city centre, considerable growth and improvements in the city's competitiveness. However, not all communities or areas have benefited from this economic prosperity, and the focus of recent years has been to spread this prosperity, through creating flourishing neighbourhoods across the city, where people want to live, work and invest.

Global and international trends

A key challenge for Birmingham is how to define itself as a major centre of commerce and culture and to become a catalyst and engine for both city and regional prosperity.

Leaders acknowledge that Birmingham needs to develop a powerful and internationally renowned brand and are looking to other similar cities such as Barcelona and Lyon to learn from their experiences of building distinct international identities.

For the city and region to prosper internationally, Birmingham must become the natural hub of the region, bringing together the strengths and assets of the West Midlands region into a unique and more powerful offering.

Current economic growth forecasts for the city predict employment and economic growth will outstrip the UK national average up to 2015. Such a turn around has been remarkable. However, to deliver

these positive trends, it will be essential to ensure that the pipeline of regeneration projects continues to produce major investment.

Success will also depend on capitalising on global relationships and links that are unique to Birmingham. City leaders have identified three strategic 'relationships' which could lead to bilateral benefits and increased prosperity, including:

Chicago – learning from Chicago's experience of successfully celebrating and harnessing cultural diversity and, learning lessons from its recent economic renaissance;

Northern India – building on the strong cultural, financial and trade links between the city's large Indian population and the emerging economic powerhouse;

China – (particularly Guangzhou in Southern China) – building on links with Chinese students, residents and the large investors who are key stakeholders in many city developments.

External and internal challenges

There is a need to improve transport systems to prevent congestion blocking economic growth. Improving transport links – within the city and expanding the International Airport – is important to ensure that Birmingham is not only accessible as a city and city region, but also as a gateway/hub to other parts of the UK and the world.

The challenge of ensuring equality at the same time as respect for diversity must continue to be a high priority. Social inclusion, social cohesion and opportunities that are available to all continue to be major tests of success.

One of Birmingham's greatest assets is high quality education. Joined up thinking and action have meant the city has been able to retain many of its high quality graduates. For example, previously derelict parts of the city have been regenerated and now provide modern and desirable living space for young professionals. Coupled with this is the development of world class retail, entertainment and cultural facilities, which have all helped to retain top talent. For example, the Birmingham Bull Ring retail development has received 52 international accolades within 12 month of opening and attracted 37M visitors.

Patterns of employment will continue to change. There will be fewer jobs in manufacturing and more in services. More jobs will require high levels of knowledge and skills, and Birmingham's prosperity will depend on attracting and keeping such jobs and the people who can do them. The city will need to act to prevent shortages in key public sector services – teachers, doctors, nurses and carers.

Decent homes and quality of life is also a key issue. The Council manages 70,000 homes in the city. It is vital that these provide quality living to support social cohesion and harmony and for individual citizens to feel a part of the city agenda.

Maintaining and building positive relationships between city government and local citizens is also a key priority. Birmingham is the largest local authority in the UK, serving a diverse population – some with great wealth and others in absolute poverty – with a diverse ethnic mix. As such, it is vital that citizens feel that the delivery of local services and the supporting governance arrangements is responsive to their needs.

To address this Birmingham is developing a model of governance based on 11 districts or (vibrant villages) to ensure it connects and listens to its communities.

In terms of internal challenges, leaders recognise that there is a need to define and develop 'team Birmingham'. Essentially this should include all the agencies associated with the city (both public and private sector) in addition to the voluntary sector – which should work together (in partnership arrangements) to deliver quality services.

National fiscal pressure also means that the authority must continue to manage its finances prudently and ensure value for money in the delivery of high quality public services.

Priorities for the next decade

Birmingham's Local Strategic Partnership has set out a vision for the city:

Birmingham as a city of national and international significance, at the heart of the West Midlands – a city that attracts investment and jobs;

Birmingham as a city made up of many flourishing neighbourhoods, whose residents benefit from the city's economic importance – a city where the differences between the most and least deprived are being reduced.

Brisbane

Interview with Jude Munro,
Chief Executive Officer, Brisbane City Council

Jude Munro,
Cheif Eperating Officer of
the City of Brisbane

The City of Brisbane, Australia

Brisbane, the capital of Queensland, is a city of 1.6 million people and Australia's third largest city. It is a young and culturally diverse population on Australia's East Coast.

This article is based on a conversation with Jude Munro, Chief Executive Officer (CEO) of the City of Brisbane.

Global and international trends

Changing global demographics, including the potential of worldwide skill shortages and the international issue of the ageing population are key trends impacting the population of Brisbane and influencing the strategic direction of the business community. An ageing population may result in escalating health costs and an increased need for age-specific housing as well as labour and skills shortages.

The emergence of China and India as economic superpowers is a growing influence and CEO Jude Munro notes the reliance of Australia's national economy on developing world commodities to support developed world lifestyles.

The new international economic driver of quality of life is informing the development of housing and residential development in Brisbane and is providing a new focus for business.

The global threat of terrorism is felt in Brisbane, specifically in the reallocation of major national funds to mitigate risk and the city's economy, like many others, is also affected by the global rise in oil prices.

Internal trends

Environmental issues such as climate change impact productivity in Brisbane. Both the financial and ecological value of land and water assets is diminishing as the resources are run down.

Human and development capital is draining from long established, non-metropolitan regions and Ms Munro notes the inefficiencies of cities driven by sprawl and a lack of national policy or direction on the issue. Post war land use and urban planning left the city with low population density, but high road provision, which has resulted in both urban sprawl and the culture of the car.

Today, Brisbane has a strong population and high levels of migration growth. Households are tending toward smaller units and are increasingly diverse in their configuration. The city is becoming more cosmopolitan, displays an increasing diversity of housing and offers greater recreational and lifestyle options.

Pockets of social exclusion are emerging across Brisbane (as across other comparable cities in Australia) and the rapidly increasing cost of housing is accelerating the divide between the haves and the have nots.

The city is also experiencing a growing 'inwardness' which manifests in decreased levels of volunteerism and social concern for others, along with a greater focus on self and family.

External and internal challenges

More residents, businesses and transactions combine to give Brisbane an increasing revenue base. These economic changes have resulted in rising affluence which is driving higher expectations of infrastructure, services and facilities amongst the population. The city's challenge is to meet the rapidly increasing pressures on infrastructure, utilities and natural resources.

Jude Munro feels Brisbane will be challenged by an emerging skills shortage from 2010 and beyond as the baby boomer generation retires. Brisbane's competitive advantage will stem from an ability to attract talent to the city in the face of emerging skill and labour shortages.

The strategic planning process in Brisbane is making good progress and there is a high level of resident satisfaction in the city. However, the three-tiered government system (federal, state and city) adds complexity to the governing mix and decreases coordination. Brisbane City Council has responsibility for the entire city area which makes the city unique in Australia as other city councils have responsibility for the central business district alone.

Issues and consequences

Brisbane City Council has an increased focus on strategic alliances including public/private partnerships, partnering and regional planning. There is also recognition of sustainability, co-production and ecological services as key principles for city governance.

Congestion and private and public transport provisions are key concerns and the city is focused on boosting green transport (buses, bikes and walking) and is implementing Transit Oriented Design and other significant changes to urban form. There is a focus on major infra-structure planning and resourcing, with an emphasis on neighbourhood planning.

Natural resource conservation is a priority as the city seeks to implement water conservation and reuse, a CNG bus fleet and waste reduction management.

Brisbane City Council is also interested in encouraging civic participation and informed debate on the city's future, as well as upgrading its own workforce skills with the deliberate goal of being an 'employer of choice'.

Priorities for the next decade

Brisbane's priorities for the next decade focus on sustainability, accessibility, partnering, creating alliances and regional collaboration.

The City of Brisbane has created Living in Brisbane 2010 which aims to ensure Brisbane is a great city to live in, now and in the future. Together with the community, the city is working towards a vision for Brisbane's future as:

- An accessible city;
- An active and healthy city;
- A city designed for subtropical living;
- A city of inclusive communities;
- A clean and green city;
- A creative city;
- A regional and world city; and
- A smart and prosperous city.

City of Morón, Buenos Aires

Interview with Dr Martin Sabbatella,
Mayor of Morón, Buenos Aires

Dr Martin Sabbatella,
Mayor of Morón,
Buenos Aires

The City of Morón is part of the Metropolitan Area of Buenos Aires – an urban spread of 24 communes plus the Federal Capital of the Argentine Republic, inhabited by approximately 13 million people.

Global and international trends

The principal external factors that have influenced the development of Morón in the past decade can be summarised as:

- The international insertion of the Federal Government with other countries in the region, especially the MERCOSUR;
- The renegotiation of external debt with private creditors, as a result of default, and the refinancing of debt payments with multilateral credit organisations which delayed the disbursement of new funds;
- The impact of the Argentine economic crisis on the levels of poverty and unemployment which are at the same levels as the country average, even though the population of the city has a higher social and economic level than the country average; and
- The upturn of the economy that occurred in recent years after departing from the monetary convertibility with the corresponding devaluation of the peso with respect to the US dollar.

Internal trends

From a social point of view, the situation is worrying. A large part of Morón's population live in poverty and a fifth of the workers are unemployed.

From an economic point of view, the impact on the industrial base of the City of Morón during the 1990s generated by foreign competition caused the city to transform from an industrial base to the most important commercial center of the Western region of the metropolitan area of Buenos Aires.

From an organisational point of view, the administration faces an important challenge to achieve a labour identity and to improve communications among all the levels of the commune's administration.

The inadequacy of the drainage (58% of the territory lacks drains and 28% lacks drinking water) and street and road infrastructure (10% of the territory lacks paved streets) is a matter of permanent concern, but we are on the road to an imminent solution.

To overcome these needs, the residents of Morón have supported a process of transformation that grants them greater participation in public matters and have been and are amenable to the idea of building a city of the future as an urgent, comprehensive task that depends on all.

All these factors converge on the need for an extensive political and institutional reform that guarantees total transparency, both for the residents of Morón and for those that do business in the city. They need clear and honest rules of the game to carry out their projects.

External and internal challenges

In the coming ten years the most delicate issues will mainly involve security, quality education, work, the environment, the role of women, opportunities for the young and care for the elderly.

To face these challenges, the City of Morón places great emphasis on values such as social integration, transparency in the handling of public resources, promotion of citizen participation, the search for institutional quality, efficiency in performance and equitable advancement.

The administration of the commune interprets the expression “development” in a wide sense, encompassing the economic aspect as well as health, integration of women and young people and the integration of all social levels in the activities of the municipality.

In line with this conceptual foundation, the city defines its development depending on joint actions between the public and private sectors, between the state and the economic players that can and wish to invest.

Consequences for the city

Morón is defining its identity as a city for the coming decades, and in doing so, is carrying out activities to define the attributes of its civil society, the design of its government and the mechanisms of participation/ communication between the commune and the citizens that inhabit it; paying attention to their needs, their rights, their interests and their integration.

From a regional point of view it will be important that the changes generated in Morón are supplemented by urban and social changes in the environment so that they do not constitute barriers that smother our possibilities of economic, social and cultural growth. Today these issues do not appear problematic, but are approached with much interest and responsibility by the city through permanent exchange with other municipalities as well as the Provincial and Federal Governments.

The administration has been modifying the commitment of public employees to their work through a better system of salaries, improvements in labour conditions and the example of the community leaders.

The Mayor has dedicated the first stages of his administration to work intensely in the fight against corruption embedded in the local government and with the generation of mechanisms to promote the participation of the civil community in the design and implementation of government action.

This has allowed Morón to be identified by its neighbours as well as by the press and by local, national and international leaders as a place where transparency and civil participation are effective and efficient for the resolution of problems of the commune. This issue constitutes an important starting point for the city that they want to create.

In recent years the local government has been firmly involved in economic development; and interchange with the economic and social players is intense and productive. The latter have warmly received the proposals of the Strategic Development Plan submitted in mid-May 2005 by the community government and in general, nearly all sectors of Morón are promoting participation in social and urban projects.

Additionally, to attract investments, the community government is using management tools to support development, such as the allocation of land uses or tax incentives, which promote investment and generate employment.

Priorities for the next decade

The city has developed an action plan for the next decade, concentrating its efforts on:

- Widening the coverage of the networks of basic infrastructure of drinking water, sewers and paving;
- Doubling the number of public green spaces currently existing;
- Increasing home ownership by developing mechanisms for financing home ownership and eliminating shanty towns or emergency neighbourhoods;
- Generating urban developments (shopping complexes and housing) for sectors with higher purchasing power in the central area of Morón, extending urbanisation of the central area east and west of downtown;
- Improving Healthcare by widening the Single Municipal Health System that encompasses the services of the Central Hospital of the City (Hospital Ostaciana B. De Lavignolle) and of 15 health centers in the neighborhoods and increase the coverage of the health centers, increasing them to 25 centers;
- Applying policies to improve the environment;
- Working with national railway companies to improve their installations in the commune, especially the railway stations;
- Starting up new branches within the commune to enhance internal communications and with other communes; and
- Strengthening and deepening the process of municipal decentralisation that began in 2003 in search of improving the democratic participation of the citizens of Morón through the implementation during 2006 and 2007 of units of community management, where citizens can exercise their political rights in a more direct manner.

Dar-es-Salaam

Interview with Mr Kleist Sykes,
Mayor of Dar-es-Salaam

The City of Dar-Es-Salaam, Tanzania

From a small town of 3000 inhabitants in the 1860's, Dar-es-Salaam has grown to be the largest city in Tanzania and the country's industrial and commercial heart with an estimated population of 3.2 million, growing at the rate of 4.2% per year. Struggling with diminishing contributions from central government revenues, the city nonetheless manages to provide basic services for most of its citizens. The accelerating rate of migration into the city from rural areas will however, put severe strains on the infrastructure and the social fabric of the city over the next 10 years.

We talked to Kleist Sykes, Dar-es-Salaam's energetic mayor and his City Planner Raphael Ndunguru, to ask them how they planned to address this challenge and realise their vision for the city in 2015.

Global and international trends

The progressive globalisation of world trade should work in Dar-es-Salaam's favour over the next 10 years. Dar has the biggest port in East Africa handling transit goods bound for its landlocked neighbours in Central Africa, as well as its own agricultural and mineral exports. The port serves the Middle East and faces South and South East Asia across the Indian Ocean, which makes it a natural entry point to Africa for these potential powerhouses of manufacturing. Roads within Tanzania are generally good and innovative financing is revitalising the railway system.

In the run-up to 2015, Dar-es-Salaam should benefit from the new scaling up of international donor funding to the African continent, as advocated by the UN-sponsored Millennium project and the Commission for Africa and agreed by the G8 Summit in July 2005.

New paradigms in global tourism are making East Africa a magnet for tourists from all over the world, including countries such as China and India. Dar-es-Salaam must meet the challenge of transforming itself from a staging post for the fabulous game parks and Zanzibar, to a tourist destination in its own right.

Internal trends

The 150,000 people swelling Dar-es-Salaam's population every year is the one pervasive internal trend that conditions all the others. Most of the new urban migrants come from the rural areas of the country and are often ill equipped to deal with the new rhythms of urban life. As they also lack the skills to join the formal economy, the informal sector is ballooning, which deprives the City Council of financial resources to provide basic education and healthcare services.

The recent spate of privatisations of public utilities, notably electric power and water, are too recent to be rated unqualified successes, but all the signs are that they will eventually benefit the less privileged inhabitants of Dar and allow the City Council to focus on other pressing issues.

External and internal challenges

Central Government and Local Authorities will need to recognise that rural-urban migration is a national issue and work closely together to address the problems in a holistic manner. Recent belt-tightening by the central government has contributed to the shrinking of the City Council's resources.

Administratively, Dar-es-Salaam was quite recently split into three municipalities, each with its own municipal council, and coordinated by the City Council led by the Mayor. This arrangement may not reflect the current needs of the city as a whole and certainly slows down the decision-making process in the areas of resource allocation.

Three of the paramount challenges for Dar-es-Salaam over the next ten years all derive from the projected expansion of the city: public transport, non-planned housing and solid waste management. The 100,000 cars in the city today, which already cause significant traffic jams, could rise to 500,000 in ten years. Unless properly managed, this volume of private cars will seriously impede the ability of the taxi-vans (daladalas) and buses to ferry people to and from work. Today around 70% of Dar's inhabitants live in unplanned housing, much of it in poor condition and nearly all of it, unplumbed for solid waste, which creates serious health and environmental problems.

Meeting the challenges

Mayor Sykes and Raphael Ndunguru share a strong vision for their city which includes promoting transparency, integrity and inclusiveness in city governance, raising the physical standard of living for citizens and making Dar-es-Salaam an attractive and pleasant place in which to live and spend leisure time.

To try and lessen its dependence on diminishing central government resources, the government, along with a pool of development partners, has set up the Local Government Reform Project (LGRP). The project is searching for innovative ways of financing essential social services. To address the issue of the diffusion of management and decision making across the three municipalities, the LGRP is looking into ways of integrating some of their functions and making local government more inclusive by actively involving women's organisations, youth and other civil society organisations.

For public transport, Mayor Sykes has come up with a masterful scheme. Borrowing from the experience of his friend Enrique Penalosa, ex-Mayor of Bogota in Colombia, and working with minimal funds from the World Bank, Mayor Sykes plans to install bus trains in the city. These will be cheap enough to discourage cars from the centre of town. The resulting decongestion of the city centre will allow other plans for the enhancement of city life, to go forward.

The City Council is taking a consultative approach to the problems of unplanned housing and slum clearance. While some of the international donors prefer the option of upgrading slum dwellings, the Mayor and Council believe that the construction of low-cost housing using private sector funds, offers a more sustainable solution and allows for the installation and monitoring of the infrastructure that will reduce environmental and health hazards in the future. In the quest for appropriate environmental management systems, the Council is working closely with UN Habitat and the Safer Cities Programme, the Canadian-led, global network of city managers. Brokering public-private partnerships around solid and liquid waste disposal will remain a priority for the Council in the medium term.

Priorities for the next decade

- Aggregate the powers of the three municipal councils and the City Council for more coherent, transparent and decisive governance;
- Manage rural-urban migration through an inclusive system of governance and partnerships with NGOs, community-based organisations and the private sector;
- Mobilise the private sector to remove and reconstruct slums and install waste disposal systems; and
- Bring the Dar-es-Salaam Rapid Transport System (DART) to a successful conclusion and undertake related work to make life better for both inhabitants and tourists in the city centre.

Mayor Sykes and the City Council will continue to consult with their peers in other cities around the world to find the smartest and most appropriate solutions to assure Dar's quality of life for the next 10 years.

Ekurhuleni Metropolitan Municipality

Interview with Mr Duma Nkosi,
Executive Mayor of Ekurhuleni Metropolitan Municipality

Mr Duma Nkosi, Executive Mayor, Ekurhuleni Metropolitan Municipality

Ekurhuleni Metropolitan Municipality
The Gilooly's interchange

The latest city population figure stands at 2.5 million people inhabiting an area of 1889 square kilometres, 23% of the province of Gauteng's gross geographic product is generated in Ekurhuleni.

The Executive Mayor recently ushered in what he termed "the year of popular mobilisation to advance the vision of the Freedom Charter". He stated; "It was 50 years ago that South Africans with passion to build and develop our country come together to adopt the Freedom Charter when they met in Kliptown in 1955".

The mayor said the task now was to lead the people to achieve the goals of the Charter in the interests of people of all races, colours, genders, ages and places. Ekurhuleni means place of peace.

Global and international trends

The issue of well-being linked to poverty is one we share with our neighbouring countries. An integrated response to HIV/AIDS and the successful control of the pandemic in other African countries will impact on the city in the future. The successful implementation of an immunisation programme for children against diseases such as malaria and polio is critical to the wellbeing of the continent. In addition, the manner in which opportunistic infections from HIV/AIDS are treated will also pose major challenges to the city over the next decade.

Socio-economic issues relate to crime and violence. Drug trafficking is a major crime issue.

South Africa is no longer isolated, but is a major player in the global economy. Ekurhuleni needs to understand the environment and respond accordingly.

Internal trends

Urban renewal is a key internal trend that has to ensure that a world-class metropolitan municipality within the African context is built. This city will have to integrate communities and break racial and ethnic barriers. Tackling poverty head on through development in line with the targets and programmes emanating from the World Summit on Sustainable Development is also a major trend.

External challenges

Ekurhuleni has a number of key strengths. It has well-established transport and other infrastructure, a strong manufacturing base in a period when this sector is expanding reasonably vigorously in South Africa (despite current declines associated with the strong rand), and an outstanding location in the country's economic heartland with a key airport linking Southern Africa to the rest of the world.

But there are drawbacks. Its location near Johannesburg results in many activities that would normally take root in a metropolitan area the size of Ekurhuleni being drawn across the boundary into Johannesburg or Tshwane. A number of the industrial areas, such as the Alrode-Wadeville corridor, contain a relatively high proportion of older and declining industries. Much of the infrastructure is old and decaying. The disparate planning of the past has not supported the emergence of agglomeration economies, with highways serving to move traffic across the area rather than within it. There is an extensive rail network, yet it is relatively under utilised.

There are three key economic challenges:

- Ensure that the competitiveness of the lead sectors in the economy is protected and promoted, and new businesses are attracted
- Seek new foci for economic growth, particularly for SMEs, which are employment generating while expanding opportunities and overall availability of resources
- Enhance the livelihoods and facilitate the subsistence economy of the large proportion of the population who are unlikely to be drawn into the more formal economy, or the SMEs.

From a social perspective, the most significant challenges are the high HIV/AIDS infection rates in the area, the high crime levels, the high levels of racially aligned inequality, and the social instability associated with the rapid urbanisation and poverty talking place in the area.

Internal challenges

The major challenge is to create a single identity in the context of the collection of a number of different towns. Diversity management, changing service needs, system compatibility, culture and scale of services pose institutional challenges to the municipality.

At the same time, there are severe financial constraints.

Consequences for the city

Urban decay and degeneration of the city is a major challenge. Intensive research has been completed in the Ekurhuleni region to identify areas requiring particular attention. This has resulted in a deliberate effort to uplift and upgrade those needy areas through projects such as, inter alia, the Inner City Housing Project in Germiston and other similar initiatives in the hubs of Ekurhuleni's various urban areas.

Increased poverty and underdevelopment pose further challenges. Various projects have been initiated to address poverty and access for all to basic services in the region. Initiatives such as agri-farms and urban agriculture are spearheading efforts to put an end to poverty, unemployment and malnutrition in all areas within Ekurhuleni.

An increase in the mortality rate due to HIV/AIDS and its consequences is probably one of the most severe challenges facing the city. The Municipality has identified the scourge of HIV/AIDS as a primary business imperative and has created an HIV/AIDS Council as a means to manage the fight against this disease. The HIV/AIDS Council is tasked with devising strategies and programmes to fight the disease at the workplace and within the community.

The Financial sustainability of the Metro has weakened and as result innovative means to deal with this have been developed. Initiatives include the implementation of a Revenue Enhancement and Cost Reduction Project, Restructuring of Municipal Bus Operations, Programme to address unaccounted for water, compilation of income differential plan, customer audit for water and electricity services.

Priorities for the next decade

Greater co-operation between Tshwane, Johannesburg and Ekurhuleni Metros is needed. Similar challenges are experienced and lessons may be learnt from these metros in terms of tried and tested systems, programmes and procedures. Ring-fencing electricity and the establishment of the Regional Electricity Distributor will impact on municipalities significantly. Effort must be made to ensure that this initiative works.

The responsibility of Ekurhuleni Metro is to create the space for innovation and co-ordinate initiatives relating to economic growth and development of the city. Ekurhuleni Metro needs to look at innovative and creative ways of promoting job creation. Trade-offs with business needs to be looked at.

Implementation of service delivery in accordance with the principles of Batho Pele (consultation, service standards, access, redress, value for money, etc) to be institutionalised. A call centre for Ekurhuleni is to be set up and the creation of customer care centres are all initiatives to ensure the enhancement of quality of service delivery.

One of the major institutional challenges faced by Ekurhuleni Metro is the implementation of the Municipal Finance Management Act. This Act places financial management responsibilities on each and every senior manager within the organisation. Heads of Department must ensure that they manage their financial resources in terms of the Act.

eThekwini Municipality (City of Durban)

Interview with Dr Michael Sutcliffe
City Manager, eThekwini Municipality

Dr Michael Sutcliffe,
City Manager,
eThekwini Municipality

eThekwini Municipality,
South Africa

The city of Durban, situated alongside the Indian Ocean Rim on east coast of South Africa is the gateway to Africa. It is an economically vibrant, politically stable and culturally diverse African city with a population of more than 3M people. In 1996, the new democratically elected political leadership, reinstated the city's historical name, eThekwini, an isiZulu meaning for "city by the water".

Durban is a major transit point for international imports and exports, operating one of the busiest ports on the continent and strengthened by excellent rail and road networks into the Gauteng, South Africa's economic heartland.

The municipal government handles a budget of R12 billion annually, and delivers service to diverse communities and businesses. Like its domestic sister cities, eThekwini set out on a challenging new journey after the political and constitutional changes in the 1990s. The city manager, Michael Sutcliffe, explains how Durban hopes to achieve its post-apartheid challenges, targets and socio-economic benchmark.

Global and international trends

In the past decade, Durban has emerged as one of the fastest growing cities within the Southern African Development Community (SADC) region and currently enjoys sister-city status with several big cities around the world.

Competition between international cities is increasing globally and Durban is gearing up to meet the challenges of operating as a global city through its various agencies, and in particular its international affairs office based at the city hall.

On the horizon, the construction, in a few years' time, of a multi-billion rand, world-class airport, the King Shaka International Airport, named in memory of the legendary Zulu warrior-king, will present the city with the best opportunities and potential to transform into a leading global player in the region.

Internationally, the buzzword is to create smart cities with global linkages and sound sister-city exchanges and goodwill. In South Africa, this means that we must clearly define the priorities for growth and development while ensuring that we address poverty and the provision of basic services that were largely denied to previously disadvantaged African people in the apartheid era.

These twinned objectives are not mutually exclusive: instead of seeing poverty as a problem, we should approach it as a challenge to bring those previously excluded from the mainstream of our society, more directly into the growth and development path.

Like other sister cities in South Africa, we are faced with huge developmental issues, often referred to as "pockets of wealth in a sea of poverty" and we are committed to making our cities better places for all who live in them.

Within our spirit and social slogan of Batho Pele (Putting People First), our main challenge is to define a specific developmental path and then stick to it. The biggest problem we face today is that we react to any and every 'problem' that confronts us.

Against this landscape, we are implementng a broad-brush approach to attract more and more tourists and boost investor confidence in conjunction with our dynamic, internationally linked agencies, Durban Africa and the Durban Investment Promotional Agency. The challenge is to build on the well established popularity of the City with domestic tourists and attract greater numbers of international travellers and businesses.

A big plus to our international portfolio is our world-class conferencing facility, the International Convention Centre, inspired by South Africa's readmission to the world and supported by the eThekwini Municipality, and the venue for the Commonwealth Heads of Government, World Racism Conference and several other high-profile international conferences and banqueting highlights.

The exotic, countryside location of the new Sibaya Casino and Resort, the Suncoast Casino, a redeveloped Point Waterfront, uShaka Marine World and large shopping malls, and many other places of interests, certainly makes Durban an attractive stopover for business and pleasure.

Internal Trends

In a transformational and developmental mode, the new role of municipalities must ensure that we structure the growth path for the future. What we do today, will define whether or not our children will realise their dreams, aspirations and hopes in a non-racial, non-sexist democracy.

Municipal governments are but a part of the broader picture of local governance. Our success will depend on the degree to which we can build public-private sector partnerships between business, labour and civil society.

Since our dramatic gallop from an apartheid-based society to democracy, the most important and wonderfully exciting change is that the city now belongs to all its residents and the people of South Africa as a whole.

As a municipal entity, we encourage our employees to pledge themselves to: believing in the organisational culture and ethos of eThekwini, while remaining committed to serving the people of the municipality and ensuring they work to build a better life for all on the principles of good governance and service excellence.

External challenges

Durban faces the challenge of combating crime and international and continental drug rings operating the city, while adopting a more humane approach to the flood of illegal immigrants and informal settlements within the CBD.

Climate changes is a priority on the agenda and the city is collaborating with international agencies in terms of this and the effects of greenhouse gas emissions while looking at strategies to reduce the number of private vehicles heading for the city daily.

Priorities for the city in the next decade

Durban's socio-economic thrust and energy as a forward-looking and progressive city revolves around its 2020 Vision, conceptualised under the political leadership of the executive mayor, Mr Thembinkosi Obed Mlaba and a 200-member council.

The visioning statement, adopted within the developmental context, and against the backdrop of the historical backlogs created by the apartheid legacy, is aimed at fast-tracking Durban into a truly African city that will provide:

- adequate safety and security for its citizens and local and international tourists and visitors;
- create employment for majority of the economically marginalized black people
- alleviate rampant poverty;
- provide housing solutions; and
- Promote an integrated approach to the scourge of the HIV-AIDS pandemic, and other diseases such as tuberculosis and malaria.

The key priorities for Durban is to realise its 2020 vision, prepare for the 2010 FIFA Soccer World Cup and tackle crime and the rampant spread of HIV-Aids, while dealing with domestic backlogs such as housing, water and sanitation, poverty and diseases among the poorest of the poor in the black population.

Urban renewal and the retention of the established and formal business sector, operating alongside the burgeoning informal sector or "second economy" in harmony within the city precincts, are some of our key challenges in the overall thrust of making Durban a safer city while providing the best economic, social and employment opportunities for all our stakeholders.

Other social challenges include integrating communities, breaking down racial and ethnic barriers and promoting a rainbowism "One City, Many Cultures" policy.

Frankfurt

Interview with Petra Roth, Mayor of Frankfurt

Petra Roth,
Mayor of Frankfurt

View of Frankfurt skyline

Frankfurt is the most international city in Germany standing out in terms of its cosmopolitan nature, tolerance and high quality of life. Its specific location advantages make it very attractive to foreign investors. The current expansion of the airport will secure its position as the gateway to the Rhein-Main area and its importance for the European market. Frankfurt offers a combination of attractive economic location, cultural variety and well-developed social cohesion.

Global and international trends

Globalisation progresses and increases the pressure on modernisation. Change and adjustment have become normality. The importance of knowledge as a production factor is growing further. Converting technical progress and know-how into marketable products and services and into cost-saving procedures will become the crucial factors in the value added process.

Big cities are facing growing requirements in order to stay attractive as a place to live and work while securing social cohesion. Making available adequate budgets for economic and social infrastructure as well as for measures to promote quality of life puts great strain on the financial power of cities as revenues often stagnate or even decline.

National and local trends

Based on its natural location advantages, Frankfurt expects to be able to derive above-average benefits from the growing attractiveness of Germany for foreign direct investment. As an important exhibition centre Frankfurt has traditionally participated intensely in international trade. Through the expansion of the airport, the gateway function of the Frankfurt Rhein-Main area is gaining in importance Europe-wide in respect of growth, jobs and the strengthening of the diverse economic structure. The presence of the Stock Exchange and the European Central Bank additionally enhance Frankfurt's reputation as an international financial centre.

In addition to this, Frankfurt has increasingly distinguished itself as a scientific centre. Enormous investments into the development of the university and technical colleges made by the government of Hesse have enabled a

leap in the quality of the scientific-technological infrastructure. The ongoing improvement in the quality of job offers increases the attractiveness of the location for enterprises operating in the science-oriented growth industries. Through its new innovation centre, Frankfurt enjoys a worldwide reputation in biotechnology; by focusing on specific areas of the pharmaceutical industry, Frankfurt is on the way to re-obtaining its former position in the production of pharmaceuticals.

The fostering of the relationship between the city and its citizens in the areas of business, culture and social issues has a longstanding tradition in Frankfurt and will certainly be continued. More and more enterprises are aware that social cohesion in a city is an important quality. Frankfurt's sponsorships and foundations are of particular significance.

External challenges

In times of tight finances the development of cities cannot be seen in isolation from the general economic development of the country. Delays to the modernisation of Germany's economy and the subsequent losses in growth would confront Frankfurt with considerable problems as well. New burdens on municipalities require an appropriate financial support by the Federal Government and the Länder.

Internal challenges

The aim is to further strengthen Frankfurt as the centre of one of the most dynamic regions in Europe and as the motor for the development of the Frankfurt Rhein-Main area in economic, cultural and social respects. Frankfurt shall be associated with the attributes of a city of science and education, innovative industries, mobility and logistics as well as attractive cultural and leisure-time facilities and low unemployment.

In times of financial shortage the cultural and social facilities and the preservation of the high quality of life in the city requires engagement by both citizens and enterprises.

Consequences for the city

As the most international German city, Frankfurt has for a long time distinguished itself through its cosmopolitanism and tolerance. The integration of its foreign fellow citizens is an important task which the city has tackled proactively, for example through its department of multicultural affairs.

Forces of economic growth have to be identified and mobilised to support the diversity of the economic structure and to improve the earnings situation. One of the identified measures is the reduction of the trade tax, subject to the expectation that the losses in income will be more than compensated by the quantity effect. Another measure is the reorganisation of administration. Furthermore, initiatives such as the regional reform to strengthen the whole Rhein-Main area, and a joint local marketing and promotion of the cultural environment have to be developed consistently.

Priorities in the next decade

The central social question of the next decade is seen in the fight against unemployment, since it is the heaviest burden on a city's social climate. Increased efforts to re-integrate unemployed and particularly long-time unemployed persons are a focus of municipal social policy. Job promotion through the creation of favourable local conditions is at the forefront. Infrastructure policy and retaining the nearly 45,0000 enterprises located in the region, as well as the settling of new firms and specific structural development projects are intended to strengthen the economic power of the city. Besides this, the engagement of citizens and enterprises for the benefit of common welfare is to be enhanced further.

Gothenburg

Interview with Catarina Dahlöf,
Acting Chief Executive Officer, City of Gothenburg

Catarina Dahlöf,
Acting Chief
Executive Officer

(Photo: Linus Meyer/
kamerareportage)

The City of Gothenburg,
Sweden

The Port of Gothenburg is situated on the west coast of Sweden, and is the leading port in Scandinavia. In 2004, Gothenburg was voted Growth Municipality of the year in Sweden. The city had gone from being an industrial city in crisis to an engine for growth, both regionally and nationally. Reasons for its success include close cooperation with industry and commerce and other municipalities; efforts to enhance its attraction through a range of cultural services and integration measures and new thinking behind the provision and delivery of municipal services.

Global and international trends

Regional enlargement will be of vital importance to Gothenburg. Attracting further investment and ensuring that existing businesses, particularly service sector businesses stay in the area will be essential to maintain economic growth in the local economy.

A particular priority must be to develop high technology and quality services. This is an arena in which the City of Gothenburg can both compete and collaborate. The global issues of the environment and security and the development of the experience industry are other key trends. Globally, there is a trend for the shift of competence and the development of technology to the southern hemisphere's growing economies, which have in a surprisingly short passage of time been able to establish organisations delivering high quality services and products.

Internal trends

Regional enlargement is also a local trend. Gothenburg functions as a growth engine for the rest of the communities in the region. Future investment in infrastructure will open up the city's labour market to the whole region. We recognise the need to work with neighbouring municipalities to develop a mutual understanding and encourage the exchange of ideas – we cannot afford to act in isolation. Another major issue for the city is the development of the harbour's logistics and security facilities. The forecasted demographic changes for in the next 10 to 20 years will influence all sectors of society. We are seeing society accelerate, previously separate institutions are merging. Citizens, staff and stakeholders have increasingly high expectations of their public services and we must respond to provide equal, rapid and efficient access to services.

When it comes to leadership, it is fundamentally important to establish a common picture and develop an understanding of the system where the vision – the 'thought model' – structure and the behaviour of the organisation communicate. We have to create leadership that can translate pictures in the organisation into practical intelligence. We must develop dialogue in all segments and develop new meeting places and arenas with different people from different backgrounds. Common values provide an important platform for creating this leadership.

External challenges

An external challenge from a growth perspective is to achieve a long-term sustainable balance in all parts of society. The city has to manage the demographic shift that will influence all social sectors and the life phases of all citizens. The city needs to retain and develop its attractiveness as a labour market and a city for events and commerce. The brand of Gothenburg is the city of events. This also means investment in the development of clusters in order to develop experienced industry, trade and shipping and logistics and safety. This investment in the service sector is expected to have a positive impact on the labour market, not only in volume but also in terms of attracting young people.

Communication between politicians and citizens will develop new channels, e.g. through IT. The 24-hour society will create other demands on content and accessibility. There will be a tendency to investigate individual questions of fact rather than a dialogue of ideological general character.

The city needs to develop new partnerships and ways of collaborating with the police, public prosecutors and other local public sector organisation. This partnership approach also needs to happen on a regional basis. We must find a balance between growth, sustainable environment and infrastructure.

We will concentrate on alternative investments in increased collaboration between different levels of society – trade and industry and non-profit organisations. We need to examine rules and regulations that prevent flexibility and look for alternative sources of finance. We need to move people from dependence on social welfare to employment.

Municipalities will merge for increased support capacity. This raises the question about the most effective unit for administration and how to develop the government's role for maximum democratic impact.

Consequences for the city

New channels for communication and dialogue are needed in order to engage with all our stakeholders.

Transparency is essential for the development of the democratic process. In order to share a common culture – the vision must be more global and multidimensional to reflect current realities.

We need to counteract segregation of people from other countries and cultures that come to, or are already established, in the city. We need to develop the right conditions for college and university students, and build technical clusters to support the development of the harbour. We also need to focus on: city planning, developing the city centre with functioning local markets and excellent communications within the city as well as in the region.

Priorities in the next decade

People in Gothenburg have the right mix of conditions to live a good life. Our vision is a city of solidarity and sustainability where everybody is needed and has opportunities to develop their lives. In our city of the future we will turn segregation into integration.

- City of solidarity – a city where all citizens feel that they have an important role and that they are needed. A city with a common sense of responsibility, engagement and belief in the future;
- Sustainable city – a city that bases its development on maintaining and developing the good city, its character and identity without impeding development for future generations; and
- Integration – all citizens of the city of Gothenburg are participating in building our society. Everyone in our city has a responsibility for democracy and to respect human rights. Through narrowing the chasms and resisting segregation we can shorten the way to integration.

Today, the city of Gothenburg has an economy in balance. But the challenges of big demographical changes will have to be managed over the next 10 years. Today there is the space to try different pilot models to gain experience, create alternatives and stand steady in the presence of change. We cannot stand still but instead we need to make quality changes, test out different ideas and create the right political response to the challenges that lie ahead.

The Hague

Interview with Mr David Jongen,
City Manager of the City of The Hague

Mr David Jongen
City Manager of the
City of The Hague,
The Netherlands

Peace Palace,
The Hague

Together with Vienna and Geneva, The Hague is known for the UN-activities taking place within its borders. The Hague wants to build on its image of the international city of justice and peace.

According to David Jongen, city manager of the city of The Hague, innovation, integration of social and economical issues, citizen participation and excellent public services are key issues for the Hague.

Global and international trends

Global economic development is a key trend. Outsourcing to low-wage countries will strongly influence the economic position of Western European cities. These cities face considerable socio-economic problems, and a strong economy is required to address them. There is also a major risk of a knowledge drain to low-wage countries and a lack in Western Europe of the innovation necessary to create a high-quality knowledge economy.

Another important international trend is of course the recent accession to the European Union of a number of countries, which will result in larger migratory flows. Within The Netherlands the integration of foreigners in society is a major issue at the moment.

Energy supply and climate change are issues that should not be discounted either. The production of sustainable energy will be an important issue in the next few years.

Internal trends

The consequences of international differences and terrorism strongly affect public safety and its perception by people locally. To become a stable society, the integration of foreigners is necessary. Although the influx of foreigners has decreased over the past few years in The Hague, it is still considered a priority for the government. This calls for a strong government. A strong economy can also help in this respect. An ageing population and the size and make-up of the working population are problems that the economy will need to deal with in the next few decades.

External and internal challenges

The only way to address the developments described above, and to address the international competition between cities, is for the four large Dutch cities in the western urbanised part of the Netherlands (i.e. Amsterdam, Rotterdam, Utrecht and The Hague) to work in close cooperation. These cities will have to develop a joint strategy, while retaining their own individual images.

Cooperation is also very important in the greater area around The Hague. Cooperation between local authorities in this area has been difficult, but this is now changing. A joint 2020 strategy for the area is being prepared. This strategy will initially cover spatial planning but will be broadened to cover social and economic issues as well.

The Hague wants to build on its image of an international city of justice and peace. This will impact on both the quality of life it offers and its international competitiveness. The associated risks are a physical lack of space, controllability of immigration from the new EU Member States and cooperation with the other local authorities in the area.

Development of sufficient knowledge and innovation in the area are preconditions in this regard. The Netherlands is currently losing its position as an innovative country. The Westland area is a good example of developing innovation; it is situated near The Hague and is a centre of bio-technology. In the fields of greenhouse horticulture and bio-technology, the Westland is an example to the world.

Other challenges are:

- Prevention of segregation (ethnic as well as income-related);
- Increase in the city's customer focus. In 2006, The Hague aims to become the most customer-focused city in the Netherlands. The development of e-government and ICT play major roles in this ambition. This has been fleshed out in programmes. It is also a factor in hiring new staff; and
- Citizen involvement, immigrants as well as natives, in the development and implementation of policies, but also in maintaining facilities in their own communities.

Consequences for the city

The external developments outlined above will impact on the:

- Development of a high-quality workforce with different skills. This is translated into recruitment and HR policy for current staff;
- Further participation in InAxis, a programme set up by the Dutch government to promote innovation in the larger urban centres through the development of tools (such as the innovation monitor, expert support, experiments). The Hague plays a pioneering role in this regard;
- Development and implementation of a comprehensive policy. This means that municipal services will have to work together and resolve area and community-specific problems. This certainly applies to the more physical and social services; and
- The city's financial position. This aspect, which is reflected in reduced tax revenues, fewer subsidies and a decrease in proceeds from the sale of land, will need to be considered.

Priorities in the next decade

To meet the challenges facing The Hague, it will focus on the branding of the city, the execution of the joint strategy and the improvement of municipal organisation and services. The following points in particular will be priorities:

- The brand "International City of Justice and Peace." International lobbying will achieve the aim of persuading international organisations active in this field to relocate to The Hague. It is also very important that The Hague should further develop relevant international education;
- Fleshing out the 2020 strategy together with the greater The Hague area, which will result in large-scale urban renewal with mixed-income and ethnically integrated communities. Public Private Partnership is a very important success factor in these efforts;
- Ensuring that the City of The Hague comes to occupy a different position in the area;
- Focusing on communities;
- Becoming the most customer-focused municipality in 2006, delivered through one-stop shops and e-government;
- Implementing targeted competence management;
- Conducting adequate financial management. Efficiency will become more and more important; and
- Leadership based on accountability, transparency and integrity.

Johannesburg

Interview with Mr Pascal Moloi,
City Manager, Johannesburg

Mr Pascal Moloi,
City Manager,
Johannesburg

The City of Johannesburg
South Africa

As the destination for the FIFA Soccer World Cup in 2010 – the first time it will be staged in Africa – Johannesburg will see its profile raised in the next few years. The World Cup will also provide the impetus to improve the city's infrastructure and the city expects a significant boost to its economy.

We spoke to Pascal Moloi, City Manager of Johannesburg about his hopes for the city and the challenges it faces to make them a reality.

Global and international trends

There is an increasing debate about the form that city administration will take in the future. We are witnessing the development of more complex city regions and a single-tier of metropolitan government, away from the district municipalities of the past.

Internal trends

South Africa hosting the FIFA Soccer World Cup tournament in 2010 will make Johannesburg a fundamentally different place. These differences are driven by significant infrastructure development in, amongst others, the areas of roads, water and electricity as a result of the tournament being held here.

New and improved economic nodes will be created within the city, particularly around areas central to the hosting of the World Cup.

The emerging global city perspective as espoused by the Province of Gauteng and its municipalities, places the long term view of the city in a different light. It envisages greater coordination, cooperation and integration between the city and key stakeholders. Stakeholders include other spheres of government, business and communities. The perspective does not in the short term suggest any changes in the institutions of government but suggests greater impact of government offerings to make cities more globally competitive. The world cup offers a pilot project to foster such a perspective.

External challenges

Public safety is a major issue for Johannesburg, as is the provision of public transport. One other strong external influence is the extent to which trade and investment responsibilities are arranged and devolved between national, provincial and local government. At present, control over trade and investment predominantly takes place at a national or provincial level. However, with greater integration, such responsibilities may be shared and be more influenced by plans and strategies of the cities. It will be possible for the city to develop an integrated package of incentives to help create a city that is both more attractive and competitive economically.

Internal challenges

The key issues facing Johannesburg are crime, housing, HIV and Aids, other health issues and unemployment. Each of these issues touches the communities that the government serves and together they represent fundamental challenges for which the city is developing specific programmes.

Given its importance to the country as a whole, Johannesburg's economic development is seen in a different context than is the case with smaller cities. The city authorities work closely and extensively with the Provincial Government to collect information and conduct surveys in order that the problems we face can be better understood.

Investors want reliability, coherent leadership and strong governance. The city has been working with government departments, including the Department of Trade and Investment and the National Treasury, to foster the plans for the city's economic development.

Priorities in the next decade

The city government sees itself as creating a role whereby rather than simply delivering services in the traditional way, it facilitates development and economic growth.

As part of the drive towards achieving this vision, the city – under the guidance of the Mayor – has created forums for different stakeholders to engage with the city. These forums include active consultation with business, labour, property owners and informal traders.

From a significantly divided city five years ago, a 2030 vision has been drafted and translated into a five year Integrated Development Plan. The IDP is reviewed annually.

We have also undertaken a number of surveys to assess citizens' perceptions of the level of services we offer and the extent to which the citizens have trust in their local government. Trust is a key issue, and we are working on a number of programmes to improve reliability, billing accuracy and are improving call centres and facilities for citizens to interact with the city government.

These efforts, among others, have seen rela-tionships with citizens improve significantly over the last five years and we expect them to improve still further.

Ultimately Sub-Saharan Africa needs a strong Johannesburg, and alternative and innovative thinking is required to meet the challenge.

Jundiai

Interview with Mr Ary Fossen,
Mayor of the City of Jundiai

Ary Fossen,
Mayor of the
City of Jundiai

City Hall of Jundiai

Jundiai is located 63 kilometres north from São Paulo City in south eastern Brazil. The main industries include steel, textiles, wine, hardboard, cement, and pottery. Jundai is one of the cities that make up the São Paulo City industrial complex, the biggest industrial area in South-America.

The cities of the world are experiencing constant and rapid change and forecasting future needs is becoming increasingly difficult.

At the same time, there has never been so much effort dedicated to improving the quality of city life. New planning tools, urban interventions, and greater levels of involvement by the citizens are all driving improvement.

We talked to Mayor Ary Fossen about the challenges for Jundiai and their strategies for the future.

Global and international trends

The contemporary changes to the world have been affecting the cities directly, and therefore cannot be considered adjustments to the economical globalization, but instead multiple changes with structural effects. The statistical numbers are significant: in 1990, there were 2.4 billion people living in urban centers in the world, in only eight years this number has jumped to 3.2 billion. The cities of today consume three quarters of the world's energy and are responsible for at least three quarters of the global pollution. The city is responsible for the majority of the world's industrial consumption. In the developed nations the population is declining, in contrast to the developing nations, where the population is rising. Due to this population explosion in the urban centers in the developing nations adding to the economical development and migration of population leaving the rural regions has lead these cities to a rapid expansion.

The majority of this population lives in irregular land occupations, where potable water, water treatment, and electricity are non-existent.

If the cities represent the smallest scale on which the environmental challenges are identified, it should be the first place to address these same issues.

Internal trends

In Brazil, even though population growth is predicted to fall by 2025, the high rates of urbanization recorded: 61%, in 1975; 81%, in the year 2000; and estimated growth of 88 - 94% in 2020 (Environmental Ministry, 2000) means that our cities will face continued pressues. This rapid urbanisation, characterised by disorganised growth, imposes several problems on cities, such as difficulties in planning and in providing services to meet growing demand, obsolete infrastructure, and consequent degradation of urban natural environment. These tendencies justify investment in sustainable planning for cities. The current urban challenge is the organisation of space, not to suppress, but to provide a dialogue channel between different ethnic groups, social classes, styles, permitting communication between public and private spaces, and revitalizing the relationship between the individual, the collective and nature.

In terms of Jundiaí, where these tendencies are under control, at least for now, one important latent issue is the necessity to integrate the city to the region. This integration should take place in the problematic management issues, such as, water treatment, health, transportation, and law and order. Cities, with smaller economies, and consequently less power to resolve their own issues, end up depending on the services of neighboring cities that have more resources to offer, and this is the case of Jundiai. Regional integration is one of the challenges that the city of Jundiai faces today and in the future.

External challenges

- Population growth in the urban cities due to the migration of people from the interior. Increasing the risk of urban quality of life degradation;
- Difficulty in monitoring urban land occupation;
- Unsustainable exploitation of natural preservation areas;
- Law and order problems due largely to the proximity of the city of Jundiaí to two major urban centers (Campinas and São Paulo); and
- Create public participation channels, to provide the development of a political culture, consolidating the principles of democracy and transparency.

Internal challenges

- Need for coordinated regional action to recuperate and protect the hydrological reserves that are of public interest;
- Lack of clear land occupation criteria to prevent clandestine land occupation;
- The existence of considerable urban vacant areas that contribute to high costs for maintenance;
- Increase in the amount of traffic in the city center. The city center is no longer an end point for the traffic path but a transition place; therefore there has been a tremendous increase in traffic, noise and air pollution; and
- Increase the development of tourism.

Priorities for the next decade

The environment is by far the greatest issue of 21st century. The Agenda 21, approved by the United Nations for Environmental Development (Rio-92), has included clandestine land occupation as an environmental problem, since it is directly related to natural environment degradation and loss. Land occupation management is a city priority.

Issues such as traffic congestion are among the items on the current city agenda due to the high number of vehicles per inhabitant and the complex city road network. Other issues include transportation, law and order, water treatment services and health.

Krakow

Interview with Mr Tadeusz Trzmiel,
Vice President of the City of Krakow, Poland

Mr. Tadeusz Trzmiel
Vice President of the
City of Krakow, Poland

City of Krakow –
main market square

Krakow, a city with a population of 760,000 people and 170,000 students, is the centre of Poland's cultural and scientific life and a dynamic centre for the region's economic development. Benefiting from its location and historical inheritance, Krakow aims to become a Central European metropolis and the biggest tourist city in Poland.

We talked to Tadeusz Trzmiel, the Vice President of the city of Krakow, about the external and internal trends and their influence on the city in the near future as well as in the longer term. His priority is to promote Krakow as an excellent place to invest, visit and live.

Global and international trends

One of the most important trends is globalisation. One aspect of that process that will affect the city of Krakow to a great extent over the next 10 years is the expansion of the European Union. By allowing new states in, the EU has become a very powerful, widespread and competitive (both internally and externally) organisation. The extension of the EU will stimulate international and interregional cooperation. It will also give a chance for less developed countries to achieve the required level of development in a much shorter period of time. Poland, and Krakow in particular because of its location and attractiveness, should openly welcome the bigger market as it brings more opportunities than threats.

Internal trends

The major internal trends effecting Krakow are inward investment, the increased importance of suburbs and the improvement in infrastructure. Inward investment is seen as a very important tool, which ensures economic development and links Krakow to the common EU and global markets. The importance of the suburbs has grown rapidly during the last 10-15 years mainly due to the development of shopping centres, leisure facilities and housing, which significantly increased the number of people leaving the city to live there. An improvement in infrastructure is a crucial internal trend and a precondition for the city's prospects.

External and internal challenges

One of the major external challenges the city faces is the growing competition from other European cities. The changing legal environment (mainly caused by Poland's accession to the European Union in May 2004) is also an important external trend.

A major internal challenge the city faces is the lack of updated special development plans. In some city districts this represents a real barrier to growth and development. Other challenges include ineffective co-operation between the education system and business and the slow transfer of technologies. There are also insufficient attractive employment opportunities for young people. This has resulted in the migration of a number of skilled and talented young people to Warsaw or other European Union cities. Another important internal challenge is the poor quality of housing estates built in the 1960s and 1970s.

Consequences for the city

The city of Krakow needs to work out a long-term programme for sustainable and balanced growth. Krakow is updating its vision and strategy.

The vision for Krakow for the next 10 years is as follows: "Krakow, a city encouraging civic pride, guaranteeing its inhabitants a high standard of living and demonstrating sustainable development - a European metropolis and competitive hub of a modern economy based on scientific and cultural opportunity"

The vision has been developed as a result of a diagnosis of the current situation in the city and an analysis of its strengths, weaknesses, threats and opportunities. We have also consulted widely with a range of organizations and of course citizens to develop this vision. Local politicians, staff and representatives from the business community were invited to update the Strategy of Krakow, providing expertise and input on the issues that matter most to them.

In view of the increasing global competition between regions and cities, Krakow needs to promote itself more effectively. The intention is to create a modern brand for Krakow that will be associated with a good place for investment, visiting and living. Apart from being a city of national inheritance and culture, some of Krakow's most important strengths are: a high level of education at the universities, highly qualified people and the high credit rating of the city (BBB+) which enables access to domestic and international financial markets. The strengths should continue to be developed to the benefit of the city and its citizens.

Although in Krakow there is a relatively low level of unemployment, there is still a lack of attractive employment offers for young people. Therefore Krakow will emphasise bringing in new investment and consequently creating new, attractive jobs.

Priorities for the next decade

As specified in the updated strategy for the city in the next 10 years the priorities of Krakow will include the following tasks and projects:

- Promotion of Krakow as the biggest tourist centre in Poland: Krakow will cooperate with local and foreign advertising agencies and media houses to effectively promote the city. These activities will encourage tourists to come to Krakow and to extend the time they spend here;
- Development of stronger relationships between the city authorities and the local community;
- Addressing key social issues: building the feeling of safety among citizens through limiting crime, supporting local entrepreneurs in investing processes, and improving public transport; and
- Enhanced cooperation between central government and local authorities in three main areas: infrastructure, culture and environmental protection to maximise the benefits available from accession to the European Union.

Liège

Interview with Mr Jean-Christophe Peterkenne,
Head of Strategy, City of Liège

The City of Liège, Belgium

Liége is the chief town of the province of Liége, with more than 1 million inhabitants. Liège is also the centre of substantial social, economic and academic activities. Nearly 60% of the European Union's purchasing power is concentrated in a radius of 500 kilometres. This radius, known as the Euregio Meuse-Rhin, includes the province of Liège, the provinces of Limburg in Belgium and in the Netherlands, and Aachen in Germany, and shows the importance of this European region.

In a region in the process of complete renewal, Liège has unveiled a city project for 2003-2010 and its vision for the province for 2020. We interviewed Mr Jean-Christophe Peterkenne, Head of Strategy, City of Liège, on the major challenges and opportunities this historical city faces and how it is responding to them.

Global and international trends

After more than 30 years of major change in the industrial landscape, Belgian institutions and the European environment, the city of Liége faces two main challenges: how to transform its political ideals into practical actions to benefit its citizens; and how to promote the city in an increasingly international environment.

These changes also bring a number of opportunities through, among others: the slow but inescapable process of re-urbanisation; clustering with the neighbouring cities beyond Belgium's borders; the growth of a new economic sector; and the availability of new efficient infrastructures to attract entrepreneurs. To take advantage of these opportunities, the city will need to reposition itself relative to its bordering regions, while using the budget and resources of a middle-class city.

Internal trends

In view of these challenges, the city drew up a strategic plan to be achieved by 2010. The plan revolves around 10 major themes and 16 clear objectives, to be achieved under various action plans. The architects of the project and the city's officials worked together to come up with a series of key words that the plan encapsulated: cleanliness, security, mobility, dynamism, teaching, culture and tourism, solidarity and tolerance, internationalisation, and importantly, quality public services. The latest development is an essential rearrangement of the city's services, which involves the development of a quality culture, the modernisation of functioning processes and the decentralisation of some services.

Internal and external challenges

In this changing environment, the city needs to modernise its services, particularly as more than one-third of its state employees are due to retire soon. A group of state directors, led by the secretary-general, are in charge of the city's principal functions and are spearheading this transformation. Departments are being re-grouped by services. We are paying particular attention to the valuations involved and are focusing first on a general-level set up. It is important to recognise that some tools of modernisation have to be set up progressively.

In dealing with the city's external challenges, the plan promotes the establishment of modern infrastructure, moves closer to the province, sensitising the Walloon region, and integration in cross-border processes, such as in the Euregio.

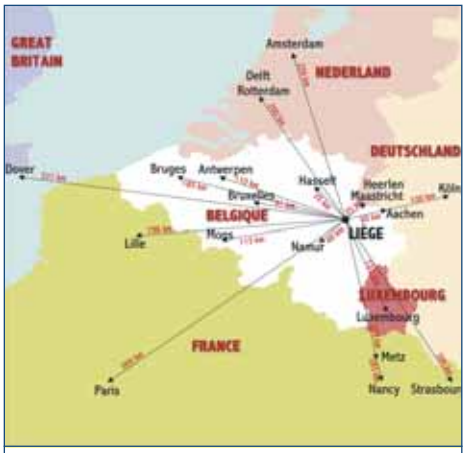
A major challenge is also to achieve these objectives with a relatively modest budget, given that the Belgian economy is currently undergoing adjustment.

Consequences for the city

In this difficult environment the city has taken a pro-active stand. By drawing on its strengths and support from various academic institutions through which new economic activities have been derived, it has taken full advantage of opportunities in the logistics sector and successfully promoted the city's vibrant culture, which is rooted in the region's idyllic landscape.

Some new infrastructure has been built. This includes new entertainment centres, a new TGV station will be fully operational by 2007, an upgraded airport and a real logistics centre. The city's academic institutions have also merged to exploit fully economies of scale. The city's services are continually improved and modernised, with an emphasis on security and cleanliness.

The city's citizens are being mobilised as well. Their awareness of the importance of the financial institutions has increased and they have been supportive of further initiatives such as Liège 2020 or the Euregio. A master plan for economic development was drawn up some years ago and has gained widespread acceptance and is picking up speed.



Liége - strategically located at the crossroads of Belgium, the Netherlands and Germany

All these activities require stringent supervision, a new type of collaboration between the plan's architects, and a lot of creativity and entrepreneurial spirit.

Priorities for the next decade

In the next decade, and probably beyond, the city will continue to work on the following themes:

- General modernisation of its operations, including ensuring professionalism among its staff;
- Improvement of the quality of services and the establishment of new infrastructure;
- Alignment of the city's actions and plans with the political outlook of its citizens;
- Finalisation, acceleration and actual operation of big infrastructure works, which will inject vitality into the city, boost its attractiveness, and bring it closer to the bordering regions and even its more distant neighbouring European countries;
- Search for positive cooperation on the 'Big Liège' development, with the Walloon region which will be a major source of finance, and the cross-bordering territories, which have already experienced the benefits of such cooperation; and
- Strengthened collaboration between the public, part government-owned, economic, financial and academic agents.

Finally, Mr Peterkenne concludes; "At the cornerstone of the region the city of Liège is ready for new challenges".

London Borough of Newham

Interview with Sir Robin Wales,
Mayor of the London Borough of Newham

Sir Robin Wales,
Mayor of the London Borough of Newham

View of Stratford's new underground station

The London Borough of Newham is a thriving area which is undergoing a remarkable transformation – rapidly emerging as a centre of commerce and culture. Situated just three miles east of the financial heartland of the City of London, Newham is one of the most ethnically diverse areas of the UK.

The borough will be the home of the London 2012 Olympic Games, providing the focus for an ambitious programme of regeneration across the borough.

Regeneration and ensuring there is a lasting legacy for local people is at the heart of Newham Council's plans. Sir Robin Wales, Mayor and member of the Board for the 2012 Olympic Bid, talked to us about the opportunities and challenges facing Newham.

Global and international trends

Establishing Newham and Stratford in particular as a first class tourism and international business destination lies at the heart of the council's plans. Stratford is set to become the new international gateway to London with a new International Passenger Station – the first London stop on the Channel Tunnel Rail Link – is now under construction. From 2007, high-speed trains will arrive from Paris and the continent in two hours and 15 minutes.

Borough leaders hope that passengers arriving at Stratford will choose to stay in one of the many new hotels and enjoy the burgeoning nightlife and entertainment in Stratford's fast developing cultural quarter. The new Stratford City development providing 4,500 new homes and a retail development, married with its existing historic town centre, will ensure Newham becomes a vibrant, international area of opportunity adding a new dimension to London's world city status.

The majority the 26 sports competitions in the London 2012 Olympics will take place in Newham. Many of the new, state-of-the-art venues will be retained after the Games for community as well as elite sporting uses, and new housing and business parks will abut what will be the largest public park to be built in the UK since the 19th century.

The council has been instrumental in ensuring the London bid was successful. A key partner in the bid team, it enabled and facilitated land acquisition and planning permission. Sir Robin Wales is in no doubt that the games provide a unique opportunity for Newham, but he also recognises the responsibility that the council and its partners face in ensuring world class facilities are delivered on time and on budget. The Mayor is confident that the games will be a credit to the Olympic movement, but he is also determined that they provide long lasting benefits for the people of East London.

Internal and external challenges

Tackling the gap between poverty and wealth is a major challenge for Newham. The changing nature of employment, international migration and a traditional low skill economy has meant that Newham has suffered disproportionate levels of unemployment and social deprivation compared to the rest of the UK. Newham is one of the most deprived boroughs in the UK. Across, the borough, more than 100,000 adults are on benefits and almost two thirds of children grow up in poverty. Newham also has one of the youngest and most diverse populations in the UK. Over 40% of the 254,000 people are under 25 years old and more than 100 languages are spoken locally – from Albanian to Zhuang.

New infrastructure, new businesses and thousands of new homes have begun to transform the landscape in Newham. Providing access to these new jobs, skills for work and affordable housing are key priorities for the council.

Driving forward the development of the borough is the Newham 2010 Partnership. Bringing together business leaders, public agencies and community representatives, each member is working towards a common vision: “By 2010 Newham will be a major business location, a place where people choose to live and work.”

Major employment growth is occurring in the hospitality, tourism, retail, construction, engineering and architecture sectors. As local companies grow and fresh businesses arrive, attracted by the affordable office space and extensive transport infrastructure, job opportunities are increasing steadily.

Through the Access to Jobs Partnership, employment and business organisations are coordinating their efforts to ensure that local people have the skills necessary to take advantage of these opportunities through innovative education and training initiatives.

The council’s business development team focuses on key growth sectors (creative industries, construction and manufacturing) and assists local firms to capitalise on the extra trade that regeneration brings to the borough. Through specialist business support and supply-chain development, together with regular workshops, business forums, showcase opportunities and a comprehensive business directory, the team provides a range of services to businesses, whether established or start-up and helps them to maximise their growth and competitiveness.

Just as the economy is improving, so is the social infrastructure, with more affordable housing, better leisure facilities, new schools and improved transport links all contributing to a better quality of life for residents. The borough now boasts some of the country’s fastest improving schools and Newham Council is increasingly recognised for its innovative approach and quality services.

The council places great emphasis on listening to and understanding its communities. A network of community forums ensures that the people of Newham are centrally involved in shaping their future and creating an environment in which they want to live. The council also places great emphasis on researching the needs of the community, especially on matters relating to access to work. The Mayor believes that this information is vital in helping to shape policy and local services to meet the needs of the citizens.

Transforming Newham has required sustained efforts from its leaders and citizens. Sir Robin Wales believes that it is his role as the directly elected Mayor to provide good quality leadership to the local community and to hold elected representatives and partners to account. Newham is only one of eleven boroughs to have a directly elected local Mayor, this he believes has been helpful in providing increased legitimacy with local partners.

Priorities for the next decade

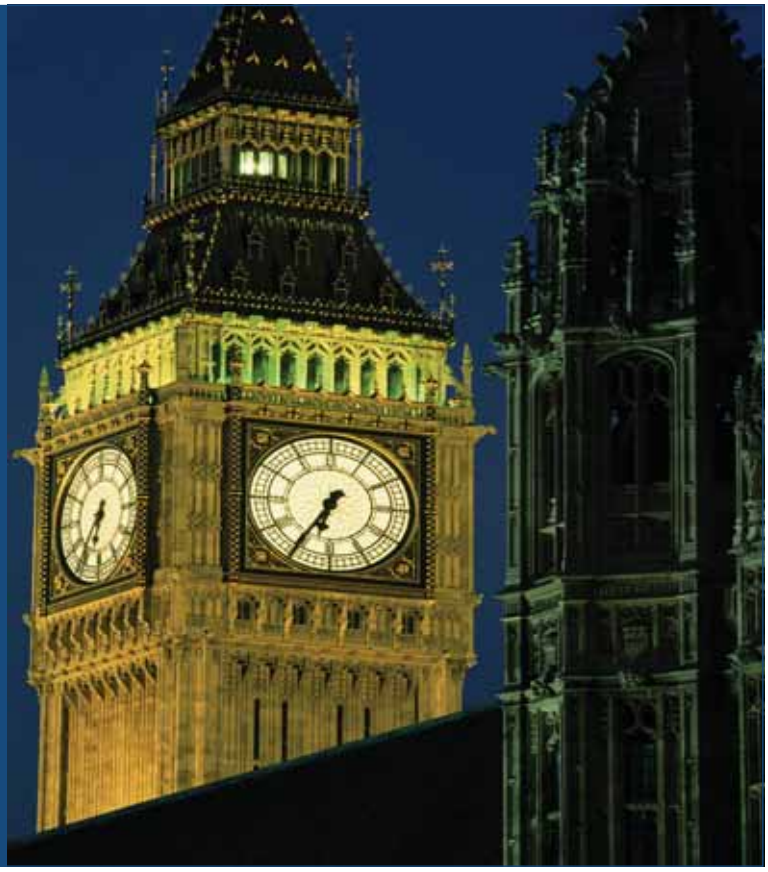
Clearly, the decision to award the Olympic Games to London offers a once in a generation opportunity to transform the landscape and lives of the people who live and work in Newham.

The council is determined to seize the opportunity to build a sustainable, inclusive community with wide-ranging social and economic benefits for the borough’s residents.

London, City of Westminster

Interview with Interview with Cllr Simon Milton, Leader of Westminster City Council

Cllr Simon Milton, Leader of Westminster City Council



The City of Westminster, London, UK

Westminster City Council is the local authority serving the heart of London. It includes the capital's principal areas of government, shopping, entertainment and tourism and the headquarters of innumerable commercial and professional organisations together with extensive residential areas of all types. The resident population is around 220,000 but it is estimated that about 1 million people set foot in Westminster at some time during the day. It is also one of the UK's premier tourist destinations, and it is estimated that 95% of Britain's annual 28M tourists pass through the city.

The greatest challenge for Westminster is to reconcile the need to provide a first class quality of life for residents with the need to accommodate and meet the requirements of its many visitors. We spoke to Cllr Simon Milton, Leader of Westminster City Council about how the council is responding to this challenge.

Global and international trends

The pressures that London and the City of Westminster in particular face are not unique, but it has to be acknowledged that it does share particular characteristics and challenges with a small group of world cities including, among others, Tokyo, New York and Shanghai. The council has always sought to forge partnerships and learn from the experiences of others and recently carried out a 'peer' review of its performance with Baltimore, USA. It has also undertaken the Global City Management Survey with 42 other cities to identify common interests and best practice in managing global cities.

As the UK's political and tourism centre, Westminster is particularly vulnerable to terrorist attack, as the events of 7th July 2005 sadly confirmed. The Council along with public sector partners had been working hard to ensure that the city was as prepared as possible for any eventuality. All of London's emergency services and local authorities have been

universally praised for their swift, calm and professional response to the attacks. The city council and partners now have an on-going task to ensure residents and visitors feel confident to live, work and visit London.

Internal and external challenges

Westminster is a vibrant 24-hour city, with the largest night time economy in Europe. The streets around entertainment zones can be very noisy and there are increasing levels of anti-social behaviour often driven by alcohol abuse. The centre piece of the council's agenda is maintaining order – tackling crime and the fear of crime. Programmes such as CivicWatch – a programme to tackle anti-social behaviour and poor environment – and a new anti-social behaviour hotline help council staff to respond quickly and effectively to incidents.

The council has also recently entered into an innovative partnership with British Telecom, Intel and Cisco to create a 'Wireless City' which allows Closed Circuit Television (CCTV) cameras and noise monitoring equipment to operate over a wireless network. This means that the system is flexible enough to respond to sudden outbreaks of criminal activity. New cameras and equipment can be installed at very short notice and low cost.

Improving the local environment is another key part of the council's agenda. Using innovative Global Positioning Systems (GPS) technology developed specifically for the council, the council can track and monitor all cleansing vehicles as they collect rubbish from across the city, allowing refuse collection teams to respond to problems as they happen.

Westminster has an extremely diverse population. 51% of residents were born outside the UK, 30% of the population are from black and ethnic minority communities and over 150 languages are spoken. Westminster contains some of the UK's most prosperous neighbourhoods, but there are also high levels of social deprivation. Fostering good community relations and ensuring residents have equal opportunity and access to quality services, jobs and affordable homes forms the second part of the council's agenda.

Access to affordable housing is a particular issue for Westminster residents. The council has set a new £100m plus fund for affordable housing as a result of the sale of property assets elsewhere in the city. The fund, is the largest affordable housing fund ever created in the UK. Administered by a charitable trust, the fund will be targeted at providing a range of new housing opportunities in addition to those offered by other public sector providers. The fund will allow the council to move away from the traditional social housing tenure to more innovative schemes promoting home ownership, shared ownership, supported housing for older people and other forms of intermediate housing.

In order to tackle the pockets of severe deprivation amongst Westminster's minority ethnic communities, the council is setting up a new Minority and Smaller Business Council. The council believes the best way to raise people out of deprivation is to give them renewed hope and a greater stake in the future welfare of their own neighbourhoods.

Westminster council has an exemplary record in delivering good quality, cost effective services, and was awarded the prestigious 'Council of the Year' Award in 2004.

Keeping local taxes as low as possible is the third part of the council's agenda. On-going financial pressures across local government means that the council needs to seek ever more innovative and creative ways deliver its services. Innovative outsourcing arrangements mean that 60 services, employing 400 people are now delivered by the private sector and a customer call centre, which has handled four million calls in the first two and a half years, providing a high quality service to citizens. The council is also investigating options where it can 'trade' services, that is, deliver and manage services on behalf of other public sector bodies.

The council has also invested heavily in new technology to achieve efficiency and productivity gains, for example staff have been provided with hand held computers to record and process information as they work on-site, saving substantial time and resources. The council also places strong emphasis on performance management, setting challenging targets to manage costs downwards whilst still achieving good quality outcomes for its citizens.

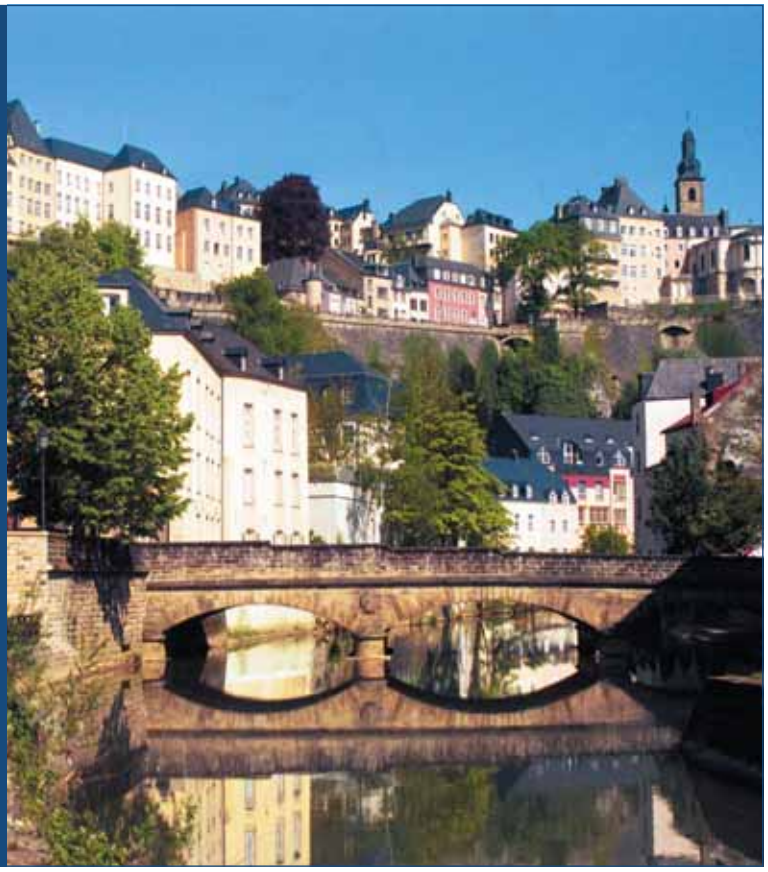
Priorities for the future

Civic Renewal, the five-year programme, provides a platform through which the Council will regenerate the social, economic and physical infrastructure of Westminster and make Westminster an example of world-class city management.

Ville de Luxembourg

Interview with Mr Georges Fondeur,
City Chief Secretary, Ville de Luxembourg

Mr Paul Helminger,
Mayor, Ville de Luxembourg



Photos by Robert Theisen and Francois Buny
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The City of Luxembourg is the capital of the Grand Duchy of Luxembourg. The city has 85,000 inhabitants of whom 60% originally come from outside of the Grand Duchy. About 120,000 people from the neighbouring states of Belgium, France and Germany flow into the city each day for work. The city government has an overall budget of €600 Million and employs 3,300 people.

The city is governed by the city council (27 members) and the city board (7 members) which is chaired by the Mayor Mr Paul Helminger.

We talked to the City Chief Secretary, Mr Georges Fondeur about the city branding, the future challenges and trends for the city.

Key challenges

- Deploying eGovernment by connecting people and simplifying interaction with the city;
- Alleviate traffic congestion;
- Stimulating life in the city (attracting residents to live in the city centre);
- The impact of deregulation in the energy market and the consequences for city revenues (the city is the main energy provider);
- Managing costs and improving productivity; and
- Attracting qualified and experienced employees.

Luxembourg is a city with a rich history (founded in 963) and it boasts many remnants of its turbulent past such as a fortress (now a UNESCO World Heritage site). The historic setting, the proximity of its neighbouring countries (France, Germany, Belgium), the cultural offerings

and happenings, the international business environment with its multicultural workforce, the attractive business environment, as well as the presence of major EU institutions: these are all reasons why the city of Luxembourg attracts people from all over the world.

Branding the city

Besides being an important financial centre, the city sees its attractiveness in two areas: tourism and art & culture.

Mr Helminger has put every effort into developing the cultural offerings in the city by creating “Une Ville d’expositions” – a city of exhibitions. Luxembourg city was the European City of Culture in 1995 and will be again in 2007, together with other cities located in neighbouring countries (what is known as “La grande région”). To further promote and develop its brand, the city has decided to create the job of “city manager”. This person will be responsible for the coordination of all these cultural activities and events.

In comparison with its nearest neighbours and competitors (Nancy, Trier, Saarbrücken), Luxembourg is the only city that does not yet have a fully operational university. Evidently, the lack of students negatively impacts social life in the city. This has changed recently with the creation of the University of Luxembourg, which should help attract a new population of students and young people.

Global trends: eGovernment and the relationship with local citizens

The city increasingly sees the citizen as a customer, and all the services offered by the city are being centralised to simplify dealings with the city. A central agency has been created (“Biergercenter”) to serve as a “one-stop shop” for citizens. This service will be further developed through the creation of a virtual city (eBiergercenter) offering more flexibility and interactivity through the use of the Internet.

External and internal challenges

Deregulation of the energy market is the most important financial challenge for the city of Luxembourg. Indeed, the city was the sole supplier of electricity and gas within the city’s borders and generated substantial turnover and profit from this activity. In the 2005 budget, revenues from energy (including water) represent the second largest source of income for the city, only second to commercial taxes.

The city currently employs about 3300 people and strongly encourages its staff to enrol in vocational training programmes (“life-long learning”) thus encouraging employees to develop. Nonetheless, attracting highly qualified and experienced people from outside for high-ranking jobs represents a real challenge for the city.

The city of Luxembourg has about 85,000 inhabitants, but during the day businesses attract around 120,000 additional people. This fluctuation of people has an impact on social life, being very busy throughout the day but less active in the evening. This is partly compensated by the presence of a large international community (60% of the 85,000 inhabitants are foreigners) bringing life and diversity to the city in the evening.

In order to alleviate heavy daytime traffic, the city tries to push for an increasing use of public transportation by defining several measures (no free parking). Today, public transportation represents more than 25% of traffic (with the exception of one area).

The city also focuses on the environment by working on the production of low emission vehicles for public transportation (buses) and by using new technologies to produce heat and electricity, generating 30-35% fewer emissions than traditional technologies.

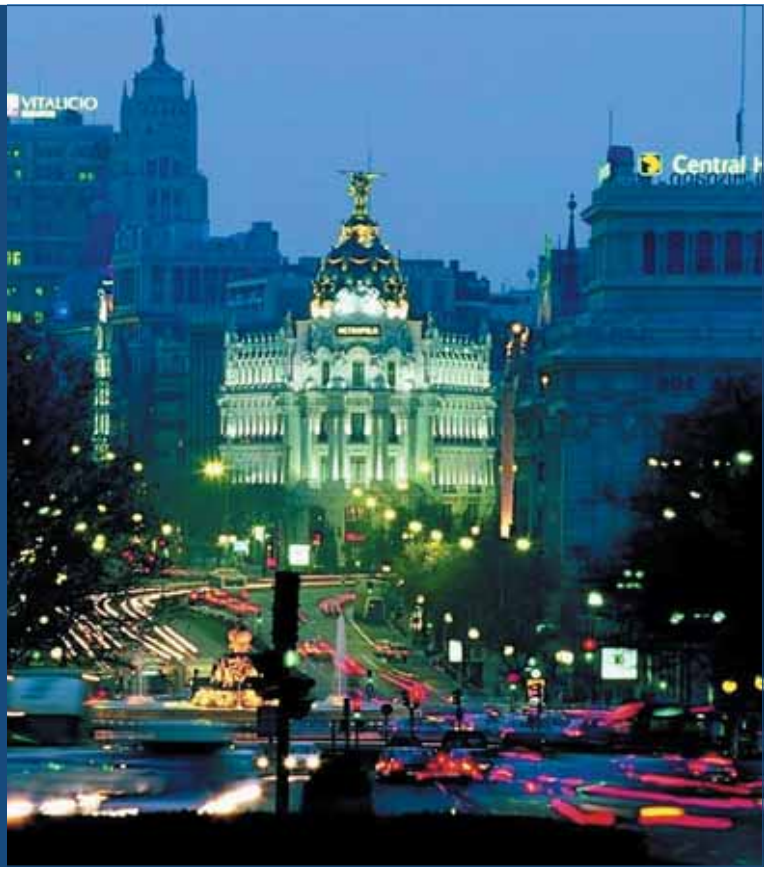
Priorities for the next decade

To plan for the future, the city of Luxembourg is mapping out a strategy in the form of an urban development plan (IVP: Integratives Verkehrs- und Landesentwicklungskonzept), which includes traffic organisation, construction and urban development projects. In order to exploit synergies, this plan is being developed in close cooperation with neighbouring cities. The development of the University of Luxembourg will be another key priority on the city management’s agenda, which should foster the development of Luxembourg into a city of sciences and research.

Madrid

Interview with Mr Ignacio Niño,
General Co-ordinator of Economics, Madrid City Council

Miguel Angel Villanueva, Councillor of Economy and Citizen Involvement. Madrid



The City of Madrid by night

In the last four years alone, Madrid has gained 300,000 more inhabitants and currently ranks third among European cities in terms of population. 15% of the population is foreign. It is among the top-10 cities in Europe in terms of the level of education achieved by its citizens, with 25% of Madrid's inhabitants holding university degrees.

The vision for the city is for Madrid to become a sustainable, cohesive and competitive place for business and pleasure.

We talked to Ignacio Niño, the General Co-ordinator of Economics at Madrid City Council about future challenges and their consequences for the Spanish capital. His aim is to see Madrid as a truly cosmopolitan city with a dynamic international image, whilst at the same time being at the service of its citizens, with their increased participation in municipal affairs.

Global and international trends

The unstoppable technological advances in transport and in information and communication technologies (ICT), deriving from the intensification of globalisation and the increased competition amongst companies and territories, is one of the international trends that will affect the city of Madrid over the next 10 years. International competition will be especially stiff in the financial sector, ICT, advanced business services and research activities. At the same time, migratory pressure will continue to grow, with Madrid as a gateway for Latin American, North African and Sub-Saharan African migration. The context of increased global competitiveness, together with a rise in world economic deregulation will strengthen the challenge of internationalisation for companies and cities. In particular, Madrid will have to find its "place in the sun" facing emerging territories in Asia (especially China and

India), Eastern Europe and Latin America, based on differentiation, quality and innovation strategies. Tourism will also be a key activity in continuous growth, in line with the increase in world income. Cultural and economic differences between regions and cultures across the world will continue to be an important factor that will threaten the security and safety of the inhabitants of all major world cities.

Internal trends

A major internal trend is the increase in land prices as a critical factor in absorbing, attracting and retaining economic activity and population. In addition, the integration of immigration is critical for preserving the quality of urban life and harmonious coexistence between different groups in all districts of the city. The ageing of the local population is another factor determining business activity and future investments in the city. In order to attract investment and people to Madrid, issues/factors of congestion such as environmental quality, traffic problems, housing and business land prices will have to be addressed by investing in infrastructure and urban technology. No less important is the need for companies based in Madrid to evolve towards quality, innovation and the appreciation of investment and R&D in order to preserve a leading position for Madrid's economy. The risk of institutional relocation is also undermining one of the substantial elements of the city: its status as the country's capital.

External and internal challenges

The major external challenge the city faces in order to address the above-mentioned trends lies in positioning Madrid better in a more globalised world in which cities are competing more and more for investment, tourists and the organisation of events. This positioning will include the creation of a brand image for the city in line with the type of city to be promoted: modern, open, sustainable and participatory, facing the challenges of innovation, greater capacity to attract capital and greater effort in gaining a position internationally.

The most important internal challenges focus on the successful integration in the city of the increasing immigrant population (along with their religious and cultural values) and on the greater involvement of civil society in the government of the city.

Consequences for the city

The key to respond to these challenges is the implementation of public policies by the city government. However, these new challenges are receiving insufficient attention via the provision of budget allocations, compared to traditional challenges such as security and cleaning. In other words, the budget is not growing proportionally in line with the rapid development of these new challenges.

Public policy mechanisms will have to be more flexible, in order to meet these new challenges.

The participation of citizens in municipal affairs will be promoted, together with the creation of social councils as participatory bodies in local development policies.

Active economic and city marketing policies will be implemented, promoting Madrid's key areas for its economic future: internationalisation, R&D, innovation, tourism promotion, revitalisation of the urban centre, strengthening of trade, proximity, increase in economic information of the city, dialogue and consensus with local economic agents and co-ordination with other levels of administration.

Priorities for the next decade

In order to become a truly 21st century capital city, Madrid capital will place particular emphasis on the following tasks and projects:

- Environmental sustainability: mainly through covering over the M30 Motorway, which implies recovering the Manzanares river and creating a bicycle ring road, and the promotion of public transport networks;
- Social cohesion: territorial balance between the districts, citizen participation and recovery of the urban habitat through rehabilitation of the city centre, the recovery of pavements and the re-balancing of immigration by districts/quarters;
- Competitiveness: Madrid capital will focus on R&D and innovation, the development of new competitive industries such as life sciences and materials sciences, the promotion of the city as a logistics nexus between Europe, Latin America and Africa. One important strategic objective is to become the head office of international bodies and a European "economic" meeting point: business tourism centre, trade fairs, events; and
- In addition, work will be done for Madrid to become the South European centre for design and fashion.

A sustainable, cohesive, competitive Madrid will be a lighthouse, a "quality circle" of development in three dimensions: economic, social and human, in both the international and trans-national arenas.

Achieving these goals will see the city achieving its vision of: "Madrid as a sustainable, cohesive and competitive city in the international arena".

Malmö

Interview with Ms Inger Nilsson, City Manager of City of Malmö

Ms Inger Nilsson, City Manager of City of Malmö, Sweden

Malmo “Turning Torso”
Photo: Lisbeth Svensson

Malmö is the third largest city in Sweden. It has a metropolitan population of about 498,000. Malmö is also a part of the Öresund region that includes about 3.5 million inhabitants. Today, Malmö is undergoing a transition from an industrial city to a city of knowledge. Older industries have been replaced by investments in new technology and high calibre training programmes. Malmö University, which opened in 1998, is Sweden's latest venture in the field of higher education, accommodating some 15,000 students.

We asked Ms Inger Nilsson, City manager of City of Malmö, about the most imperative issues and visions of the city of Malmö, both for today and for the future.

Global and international trends

Internationalisation and regionalisation are the most apparent trends. Today and in the future we will interact more and exchange experiences with other municipalities that are similar to us or have the same problems/opportunities as we do. There is a great deal to learn from other municipalities. The fact is that they are all public organisations with much in common so the opportunities to learn something new are endless. For example, the City of Malmö has about 500 politicians while Copenhagen has 55. The question is: are we more democratic then they are? Probably not. Consequently, the most important thing becomes not to speak the same language (e.g. Swedish) but to talk the same municipality language. Another important trend is growing collaboration with the non-municipality stakeholders (companies, associations, universities, citizens and unions.

Internal trends

The population's increased and growing mobility is one of the emerging trends due to the development of infrastructure (the Öresund bridge, the Metro). After the fall of the Soviet Union the possibilities of regionalisation have been increased. From being a municipality at the border of Europe we have now become a central place in a very interesting region.

External and internal challenges

The most significant challenges in the city of Malmö include: security, public safety, housing problems, educational achievement and jobs for everyone.

Crucial for the city of Malmö will be how government management changes and how it will affect the city. The possibilities lie in workforce reserves management that can decrease the unemployment rate and the dependence on social aid. The threats are that immigrants will not be successfully integrated into the labour market and that public safety will diminish.

There are inconsistencies in government decisions today, which affect the municipalities' ability to plan for the future. This must be improved. The county council "Region Skåne" is a relatively new development which has yet to find its right shape. In line with the trend seen elsewhere in Europe, regions will become more important. Consolidation of municipalities will be more common.

Consequences for the city

Failing to create jobs for all immigrants could lead to a feeling of insecurity among these people. The population composition in Malmö City has been influenced by the internationalisation process, which has brought both problems and opportunities. Despite the negative side of internationalisation, youth culture has been strengthened (University of Malmö and Lilla Torget with its coffee houses) in terms of belief in the future and with such projects as the Turning Torso, the West port and others. These trends will increasingly be addressed by solutions based on partnership in various forms to solve different issues. The municipality will no longer be solely responsible for everything as it is to some extent today.

For example, shared construction projects between the municipality and a building contractor will achieve a mutually beneficial outcome for both parties using the most efficient means.

Two key trends are influencing Malmö's citizens: they are paying more attention to the important issues of the day and want to make an impact; and they are escaping from the city for the perceived relative "safety" of places like Vellinge, Hörby.

Priorities for the next decade

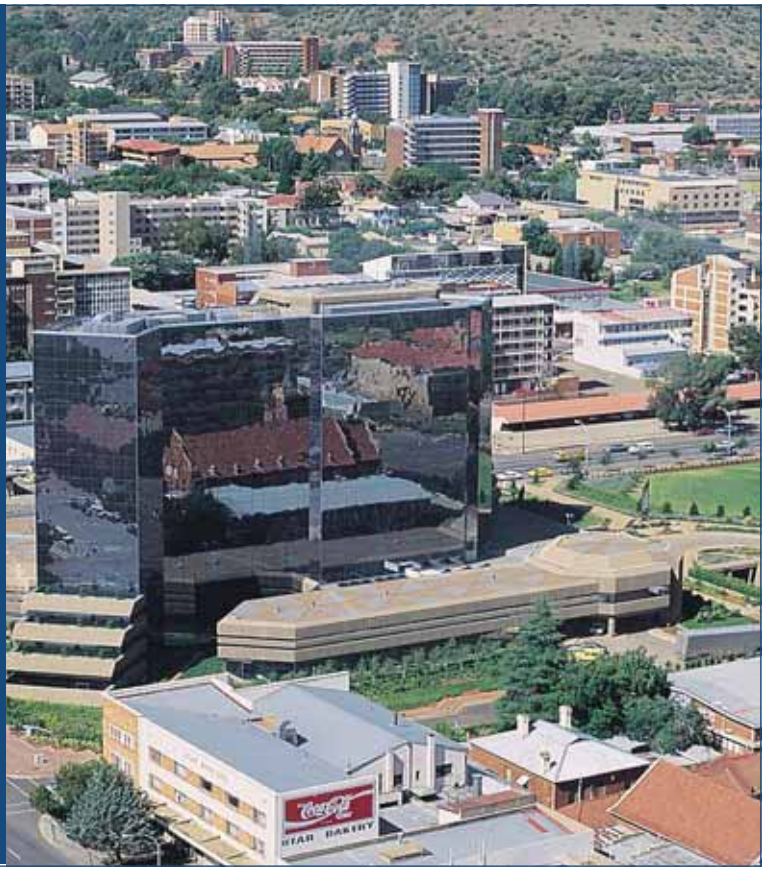
- To create employment, safety, education and housing for everyone;
- Maintain the region's attractiveness;
- Make sure that the all players (companies, associations, citizens and unions etc) have the necessary support in order to deal with new trends;
- Influence politics on a national level (economic and educational policy). In order to face new trends and to meet upcoming needs, Malmö has started a project "Welfare for Everyone";
- By implementing projects such as "Welfare for Everyone", creating job opportunities and securing public safety to ensure that insecurity and, in the long run, even terrorism and other international problems do not gain a foothold.

All municipalities stand on the same ground: namely, creating maximum welfare for all their citizens.

Mangaung

Interview with Mr Mojalefa Matlole,
City Manager, City of Mangaung

Mr Mojalefa Matlole,
City Manager,
City of Manguang



City of Manguang

Situated in the heart of South Africa, Mangaung Municipality is home to a rich cultural lifestyle and is a recognised melting pot of creative ideas and expression. With a population of over 750, 000 people, its boundaries span 6,363 km^2 and include Bloemfontein, SA's sixth city, which is also the capital of the Free State province.

"Hospitable city", "the congress city", "the total city" and "the city of roses". All these designations indicate that it is a city in which not only residents, but also visitors and tourists can feel at home.

Mojalefa Matlole, City Manager of Mangaung, shared his ideas about the future of the city with us.

Global and international trends

There is a worldwide move towards the decentralisation of government, with an accompanying need for the increased involvement of the citizenry in the activities of the municipality. We believe that governments need to decentralise power to local government.

In this era of globalisation, cities are more than likely to compete with each other for investments. The fact that investors can be attracted by various technological means will not only provide for intense competition between cities, but also for many more opportunities to attract investors.

The growing prominence of cities, as well as the role that they can play in the economies of national states, could well play a pivotal role in the rise or decline of national states.

Internal trends

South Africa is currently experiencing a consolidation of service delivery at a regional level. We are seeing this in the fields of electricity distribution, water, sanitation and the district health system.

Social challenges currently centre on crime and safety, increased urbanization and sprawl, and sustainable development. There is a massive migration to the urban centres of the coun-try, which will inevitably lead to the escalation of the level of poverty.

We expect a significant increase in the number of people that will be dependant on the informal business sector which, coupled with the high unemployment rate, will inevitably result in a housing shortage.

Public Health remains a major concern – not only the HIV and AIDS pandemic (the rate of infection in our province is estimated at around 30%), but also other illnesses such as tubercu-losis and malaria.

External and internal challenges

One of the biggest challenges that we face is in the field of intergovernmental co-ordination, both as an approach and as a strategy. This is due to the fact that we have to drive co-ordination with both the provincial government and the district municipality on the issue of how we deal with matters of government as well as ensuring that the different governmental institu-tions do not duplicate services. A part of this daunting task is to deal with the powers and functions of the different spheres of government.

A further challenge is around the issue of capital investment, as we need to inject more funding into our infrastructure, which in turn is supposed to drive the economy of the city.

A major internal challenge that we will face is a resource capacity at a financial level. There is a need to have the necessary political and ad-ministrative coherence, resolve and the will to deal with this challenge.

Consequences for the city

If the city does not deal with the challenges it faces, it will become uncompetitive as a city and will be unable to attract investment. There will be an increase in the level of poverty as well as in the unemployment rate. As faith in their leadership and in the government structures erodes, public unrest becomes a very real risk.

Mangaung is responding to the challenge by continuing with our strategy of bottom-up planning, which is also used for spatial development planning.

On a political level we have signed the “Mangaung Compact”, which aims to ensure a harmonious working relationship between the city, the provincial government, the district municipality and the private sector in addressing the challenges that face the city.

We are also embarking on an institutional and financial reform programme in order to stabilize the organisation and to put it on a good financial footing. Unlike in the past, we visualise a greater role for the city in the area of economic development.

Promotion of the city and priorities for the next decade

Our vision is for Mangaung to be recognised nationally and internationally as a safe and attractive place to live, work and invest by 2015.

We have already embarked on an aggressive marketing strategy under our pay-off line of “city on the move”.

We foresee that there will be a heightened level of awareness amongst citizens with regard to their rights and obligations. Our aim is to foster a city of citizens that have great civic pride, responsibility and a strong partnership ethos, with a vibrant cultural life. Citizens must participate actively and trust their service providers, who must operate with a culture of transparency and accountability.

In a South African context, we expect a gradual phasing out of provincial government that will be replaced by stronger local government, which will have a stronger focus on both development and the economic sector.

Through our “Mangaung Compact” we are beginning to involve both the private and the non-profit sectors for the betterment of our economic growth. We need to enter into partnerships with the private sector in order to finance our infrastructure.

We have recently established a Knowledge Management Centre, which has strong ties with the SA Cities Network and the Development Bank of South Africa. Sharing of knowledge, innovation and best practice are key to our future success.

As we realise that the challenges facing cities globally are similar, we will all be able to learn from each other.

Melbourne

Interview with David Pitchford,
Chief Executive, City of Melbourne

David Pritchard,
Chief Executive,
City of Melbourne

View of Melbourne skyline

Melbourne is the capital of Victoria and the host of the 2006 Commonwealth Games. With 3.6 million residents, it is also Australia's second largest city and a vibrant centre of commerce and innovation.

This article is based on the response from Mr David Pitchford, Chief Executive, City of Melbourne.

Global and international trends

Global economic, industrial and political trends affect the economic and social climate of the City of Melbourne and inform its vision for the future.

China has become the outstanding success story of our times and, in the next decade, will likely become the world's third largest economy.

Melbourne is the only Australian city with a dedicated office in Tianjin and the sister-city relationship generates solid financial and social rewards. It has taught Melbourne a great deal about the benefits of building global relationships.

External agencies consistently rate Melbourne as one of the world's most liveable cities. Its inclusive, cultural life is one of its key competitive advantages.

Melbourne is also a global attraction for learning and knowledge, home to nine universities and 32% of Australia's international students.

Despite the advent of international terrorism Melbourne continues to attract international students. Other international concerns such as the SARS outbreak had a short-term impact on the level of corporate travel and tourism, but international visitor numbers recovered quickly and have continued to grow.

Internal trends

The Central City's population has doubled over the last ten years and is projected to double again over the next 20 years. This will increase pressure on the environment. Reducing water use, energy consumption and greenhouse gas emissions are critical to the city's sustainability.

The Docklands development will also be completed and handed back to the City of Melbourne from the State Government in 2008, giving the city a major waterfront and doubling the size of the central business district.

In 2006, Melbourne will host the Commonwealth Games, which will bring 90,000 overseas and interstate visitors and present the city to a billion television viewers.

Financial issues impact the City of Melbourne and the Council faces pressure to keep local taxes low. Adding to this pressure is cost shifting by State Government to local government. The city is assessing the potential to increase revenue from sources other than local taxation.

In addition to keeping taxes low, the city is also focused on providing quality services tailored to the needs of the community.

External and internal challenges

A major challenge for any city is to maintain social equity and avoid a polarised society. Decreased interaction amongst a city's population can increase social problems and divide its community.

Accessibility is also an important issue for Melbourne as the number of visitors to the city each day is ten times the number who live in it. Visitor numbers increased 25% over the last four years and are projected to increase by 17% over the next four years.

The council's aim is to maximise opportunities for all members of the community to enter the city and expand transport options. It is focussed on reducing through traffic and commuter car use.

Consequences for the city

The council must continue to develop and offer programmes to support businesses both locally and in export markets by using its information, contacts, experience and infrastructure.

As the city's residential population increases, noise pollution becomes a greater concern. Noise management initiatives and control guidelines are underway.

Estimating the needs for future services and infrastructure development is also a challenge, particularly given central Melbourne's rapid development and population growth.

Mr Pitchford believes that care must also be taken to protect the unique feel of the city, its streetscape, active spaces and wonderful parks.

Priorities for the next decade

The next decade will see many established cities face the social change and economic challenges created by an ageing population, skills shortages, immigration and population movements.

The City of Melbourne has produced the City Plan 2010 which sets out the City's vision and agenda for the future. Its vision is for a thriving and sustainable city, achieved by the simultaneous pursuit of economic prosperity, social equity and environmental quality.

The city's business focus is on innovation and specialisation in its areas of comparative advantage including, financial services, advanced manufacturing, life sciences, bio-technology, education, environmental management, health, and tourism.

In order to be competitive in the knowledge sector, Melbourne will need to support its highly skilled workforce and ensure it has the ability to respond quickly to change.

It is also essential to ensure the city remains safe, attractive, inclusive and a great place to live.

But we need to build on our quality of life and set new benchmarks in sustainability, liveability, creativity, innovation, education, safety and prosperity.

The City of Melbourne is acting on environmental issues and challenges by aiming for Net Zero Emissions by 2020. It is also sensitive to the global issue of access to water and plans to reduce water consumption by 12% by 2020. The City is also introducing sustainable water polices, guidelines and training across the city.

Under construction next door to the Town Hall, the new Council Administration building, CH2, has been awarded Australia's first six-star green rating and is set to become the greenest multi-story office building in the world, a feat people everywhere will want to see in action.

Montreal

Interview Gérald Tremblay,
Mayor, City of Montreal

His Worship Mayor
Gérald Tremblay,
Mayor, Montreal

City of Montreal

Montreal's architecture most revealingly attests to the city's dual personality: an exciting mix of European warmth and North-American modernity. Everywhere, lovingly preserved Victorian mansions, stately buildings from past centuries, and Beaux-Arts style monuments blend with the long, cool lines of modern skyscrapers.

But of course, it is Montreal's 3.5 million people that best exemplify the excitement and joie de vivre that make it all happen. A fierce pride beats in the French heart of North America. Montrealers work, rest and play in a truly global multitude of languages and cultures.

We spoke with Mayor Gérald Tremblay about his vision for Montreal and about the challenges his city faces in the future.Global and international trends

International economic conditions

Montreal's economic development, like other large cities of the globe, is inextricably linked to international business conditions. The profound changes brought about by the globalisation of the world's economies have repercussions of varying degrees on all countries and areas of activity. Companies, cities, regions and countries are all seeking to reposition themselves to best take advantage of the new world economic conditions.

Like other cities and regions, Montreal is particularly affected by increasingly intense worldwide competition arising from freer trade; the metropolitisation of economies; the continuous technological development and distribution of information and communications technologies; the easy mobility of investments, capital and persons; the transition to a knowledge-based economy; and the importance of human capital.

US economic conditions

US economic conditions directly affect the economic vitality of all major Canadian cities, including Montreal. Increased military spending and the burgeoning budget deficit in the US is putting upward pressure on interest rates.

Furthermore, this has weakened the US dollar against other currencies, including the Canadian dollar which has shot up about 30% in recent months. Foreign investments in Canada and exports have been affected, not only by the increase in the value of the Canadian dollar, but by the speed at which it has taken place, which has prevented companies from fine-tuning their strategies in time.

These conditions can have an impact on employment levels in the country. However, in 2004, the Canadian economy performed very well, particularly due to sustained growth in the housing sector, consumer demand and company investments. In this connection, it must be noted that the rise in the Canadian dollar gives a substantial advantage to companies that acquire goods and services in the US to increase their productivity.

Sustainable development

Countries and cities, particularly those that offer an environment and a better quality of life – while taking a balanced approach to economic vitality, social equity, environmental protection and respect for the needs of future generations – will be best equipped to deal with worldwide competition.

In this respect, it is worth mentioning Montreal's Blue Network, Montreal's Green Project, the protection of Montreal's historic and national district of Mount Royal, amongst others. Montreal is also very well-known for its multiculturism.

Internal trends

The city of Montreal faces the following major internal challenges:

Socio-demographic trends

An ageing population is affecting Montreal as in other major urban centres. In 1986, people in the over 65 age group represented 12.8% of Montreal's total population; however, this figure rose to 15% in 2001, a trend that continues.

An ageing population and slow demographic growth in urban centres in industrialised countries have forced politicians to place more weight on international (qualified) immigration and the attendant consequences on housing and social cohesiveness and integration.

The ever-widening gap between social classes is another trend that is affecting and will continue to affect Montreal in terms of urban development and social cohesiveness.

External and internal challenges

Montreal's main challenge is to increase economic growth to generate a gross domestic product (GDP) per capita greater than the continental average, which requires it to:

- Raise the rate of those holding university degrees in the 25-and-over group;
- Attract and retain new qualified immigrants;
- Increase the business creation ratio;
- Improve first-line services to businesses;
- Modernise urban infrastructures;
- Foster demographic growth;
- Reduce the proportion of the population that is economically fragile; and
- Select excellent niches for exports, particularly in areas where demand from the US is relatively strong and where Montreal already is at an advantage.

The city must also tackle employment migration caused by factors such as:

- Low cost jurisdictions; and
- Low competitiveness and productivity, even if Montreal is well-known for the quality of life it offers (quality infrastructures, high level of safety, an effective mass transit system, quality healthcare, access to capital). This can prevent the city from welcoming and retaining a qualified immigrant population to occupy value-added positions within key sectors of its economy.

Another approach in increasing economic growth is to offer major financial incentives to attract companies, a strategy that has been noted with increasing frequency in the US.

At the same time, there is the serious issue of the underfunding of Quebec's universities.

This lack of funding could have an impact over time on Montreal's ability to fully embrace the knowledge-based economy.

A different concern is Montreal's overdependence on the US economy and susceptibility to its fluctuations. 42% (in value terms) of exports outside the city are destined to the US. The city's challenge is therefore to diversify its export markets by making itself better known and improving its position elsewhere in the world in niches where it has comparative advantages.

Current governance arrangements within Canada represent a challenge to all cities in Canada. There is a clear mismatch between local government accountability and the expectations of community residents for a responsive government that will look after their interests.

This challenge is exacerbated by the fiscal imbalance between local government responsibility for front-line social programs and the fiscal resources and fiscal capacity to address those responsibilities.

Nelson Mandela Metropolitan Municipality

Interview with Ms Vuyo Zituman,
Municipal Manager, Nelson Mandela Metropolitan Municipality

Ms Vuyo Zituman, Municipal Manager, Nelson Mandela Metropolitan Municipality

Nelson Mandela Metropolitan Municipality (NMMM) includes Port Elizabeth, Uitenhage and Despatch. Together they form the fifth largest city in South Africa with a population of 1.5 million. We talked to Vuyo Zituman, the municipal manager and asked her about the challenges the city faces and its vision for the future.

Global and international trends

The city faces a number of competitive challenges generated by global trends. In particular, large emerging markets such as China and the Middle East are creating a shift in the focus of foreign investment. At the same time, the exchange rate implications of the ZAR/$ are having an impact on export competitiveness especially for the automotive spare parts industry which forms a considerable part of the industrial base of NMMM.

Other hotspots around the world – for example the Iraq and Sudan conflict zones – have also diverted attention and funds away from infrastructure requirements in South Africa.

Internal trends

The New Partnership for Africa's Development (NEPAD) is seen to be having a positive influence on the foreign direct investment (FDI) and opening more opportunities for trade.The local economy does have a more optimistic outlook, with greater stability and positive national policies in terms of development, governance and general fundamentals such as fiscal policy all contributing to this. Political stability in South Africa also plays a significant role.

Strong and improving corporate governance is also helping to create positive perceptions about the possibilities of trading and developing commercial relationships with businesses in the region.

External challenges

As mentioned previously, exchange rate volatility has a potentially damaging effect on the local economy in terms of the ability to export. We are in competition with other cities, such as Durban and Cape Town, for revenue from tourism and the ability to attract FDI.

The NMMM is also the centre for economic and infrastructural development in the region. This means that the city has to help its intra-provincial neighbours to become self-sufficient and viable economies. But there is significant poverty in the region and this means that the efforts to help other communities overcome these problems requires significant effort from the NMMM government.

The city does not have a strong strategic location as enjoyed by for instance Johannesburg or Cape Town, both of which are ‘gateways’ to the country.

Internal challenges

Poverty in the areas surrounding the city mean that there is a trend to urban migration and this movement of poor people from outlying areas into the city places a strain on the city’s ability to manage its infrastructure. The city’s infrastructure is sound, but is being severely tested by the changing needs of the city’s inhabitants and the rapid increase in demand arising from the population growth.

The city also needs to ensure that its skills base can be developed in line with the changing requirements of the relevant economic and industrial sectors.

Priorities for the city in the next decade

The city government is putting itself at the centre of development efforts for the region as a whole. Acting in the capacity of ‘big brother’ the city is collaborating with its district neighbours to broaden, create and support regional economic opportunities. This means promoting the region through specific marketing campaigns aimed at attracting business and tourism to the city and its outlying regions.

The city’s infrastructure also needs to be replanned to take account of the expanding. The Infrastructure Development Plan (IDP) has been developed with the specific aim of tackling this challenge.

Through intensive public participation with stakeholders, the city has developed a vision for 2020 that has an extensive list of the specific areas that the city wishes to improve, These include developing institutions, improving housing, placing an emphasis on the environment, boosting tourism, enhancing public safety and alleviating poverty.

Nizhny Novgorod

Interview with Mr Alexander Konstantinovich Meleshkin,
First Deputy Head of the Municipal Administration and Vice-Mayor of Nizhny Novgorod

Mr Alexander Konstantinovich Meleshkin, First Deputy Head of the Municipal Administration and Vice-Mayor of Nizhny Novgorod

City of Nizhny Novgorod

Nizhny Novgorod is the centre of the TransVolga Federal Region (one of Russia's seven federal territories), capital of the Volgo-Vyatka economic region and administrative centre of the Nizhny Novgorod Region. Nizhny Novgorod is Russia's major industrial and scientific city and rates among the top-five cities in terms of its population (1,350,000 people) and industrial potential.

We spoke to Alexander Konstantinovich Meleshkin, First Deputy Head of the Municipal Administration and Vice-Mayor of Nizhny Novgorod, and asked him about the opportunities and challenges his city faces.

Global and international trends

Globalisation of business is one of the most significant trends impacting the development of Russian cities in general, and Nizhny Novgorod, in particular. Nizhny Novgorod is perceived as an attractive place for business by Russian and international companies alike due to its position in the centre of the TransVolga federal territory and its high industrial and research and development (R&D) potential. Many large companies, such as Lukoil, Bazovy Element and Intel, have already gained a foothold in the city and others are reviewing possible options for entering the local and regional market. The arrival of major corporations facilitates higher economic and industrial growth. It also ensures new jobs, greater budget contributions and a higher employment rate. This trend will remain a driving force for the city's development in the next decade.

Internal trends

Global, domestic and regional trends are all interrelated. Positive national trends, include Russia joining the World Trade Organisation (WTO), which opens up new international market prospects to local companies. In addition, an improved Russian taxation system and the expansion of major businesses in the local and regional market ensure favourable conditions for the city's development. (Social projects implemented by local and international companies are also making an important contribution to positive socio-economic changes.)

Nizhny Novgorod is the centre of the Volgo-Vyatka economic zone and the capital of Povolzhye, and this high status is another incentive for local business and municipal government development. The administration aims to meet the highest management standards and maintain the city's reputation as a federal district capital not only on the regional, but also on the federal level.

Opportunities and challenges

The current realignment of responsibilities and resources between the city, regional and federal governments is a further positive trend. The process targets streamlining the range of tasks and objectives to be tackled at each level and ensuring that resources are available to achieve this. Once this process is completed, the city administration will be able to solve the tasks falling to it in a more efficient manner, as it will be empowered to use the necessary resources. However, while the process is still underway, the city's local authorities often have to take responsibility for certain tasks with the resources being controlled by either the regional administration or the federal local authorities. This sometimes hinders efficient solution of the issues.

The city's high intellectual and R&D potential (a great number of R&D institutes, educational centres and a highly-qualified population) serve as a solid foundation for the city's economic growth, including the development of science-intensive industry sectors. Planning the development of certain city districts poses a problem because historically these districts have evolved around major enterprises and growth is closely linked to such enterprises' development.

Implications for the city

Nizhny Novgorod's geographical position and its economic and R&D potential creates favourable conditions for further socio-economic growth.

Local municipal authorities' impact on economic growth rates largely tends to be of indirect nature due to the division of responsibilities between the city's administration, regional and federal authorities and also because of funding constraints. To influence the economic dynamics, the city government tends to provide indirect support to transparent businesses, such as lease extensions or terminations, to ensure city budget cash inflows.

As a result of growth in municipal employees' remuneration, the city administration faces the task of efficient HR management based on up-to-date incentive and performance appraisal systems.

Priorities for the next decade

- Nizhny Novgorod is a capital of TransVolga Federal Region, and aims to maintain this status in the next decade, in particular, enhancing the city's role in the regional economy and Russian economy as a whole; and
- Construction objectives relate to replacement of about 20% of the city's obsolete housing stock over the next five to seven years. The expansion of major retail networks, including international ones, to the region involves construction of new shopping malls.

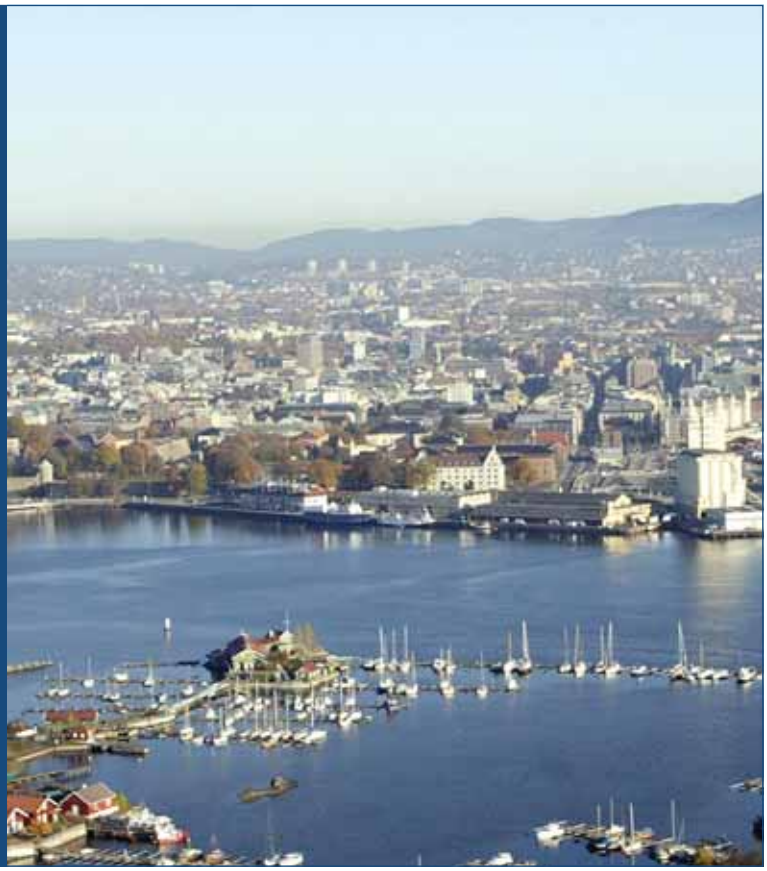
Thus, in 5-7 years' time, Nizhny Novgorod should become a city of new housing blocks and new shopping and entertainment facilities:

- One of the priorities for the next decade will be transport infrastructure development in order to support dynamic growth of the city's economy; and
- Social development also remains at the top of the agenda for this period.

City of Oslo

Interview with Mr Erling Lae,
Chief Commissioner of City of Oslo

Mr Erling Lae,
Chief Commissioner of
City of Oslo



City of Oslo's brand is
"The blue green city"

City of Oslo is the capital and the largest city in Norway with approximately 500,000 citizens. City of Oslo was the first city in the world to introduce a parliamentary model of government (1986): the City Council elects a City Government (executive body) which answers to the City Council, just as a national government answer to a national council. We talked to Erling Lae, who has been the Chief Commissioner and head of City of Oslo's city government since 2000.

Global and international trends

Perhaps the greatest change that has taken place in City of Oslo over the recent decades is the change in the city's size and diversity. Today an estimated 140,000 of City of Oslo's residents are born outside of Norway or one or both of their parents are born in another country. Over half of these residents are immigrants from non-western countries. City of Oslo is rapidly becoming a multicultural city. Mr Lae expects that migration will continue to be the single most significant global trend to affect City of Oslo, and predicts that, "City of Oslo will become an even more multicultural and heterogeneous city in the next 10 years".

The other international trend that engages Mr Lae particularly is de-industrialisation. "It was the growth of the industrial society that in fact created the city. Today City of Oslo – and many other cities, especially in the western world – are going through a transformation process because this stage is passed. Without the industrial community, the life in cities is becoming more attractive. "

City of Oslo has formalised international cooperation with the other Nordic capitals. But, according to Mr Lae, "Copenhagen has turned their eyes south, while Stockholm and Helsinki look east." He mentions the cooperation with Gothenburg in Sweden – a city only four hours' drive away from City of Oslo and with similar challenges: "We have an especially close cooperation based on a common interest in moving the centre of gravity in Scandinavia north (from Copenhagen) and west (from Stockholm, Helsinki)." The cooperation focuses on the areas of transport, culture, business, research and development, education and tourism.

Internal trends

Increasing urbanisation is a trend affecting City of Oslo as the biggest city in Norway, but also as people move within the city borders: “People want to live densely and City of Oslo is like a magnet. We expect to have a large increase in population in central city areas, while the growth in jobs will be more evenly distributed.“

The City of Oslo is experiencing a constant, stronger and more detailed form of central governmental steering through earmarked funds and regulations. The city’s freedom to control its own development is decreasing as a result of this trend.

The demographic change due to an ageing population is a trend which will become more significant in the coming decade, when the post-war baby boom generation starts to retire. A more multicultural City of Oslo also involves social challenges, where the public services have to be adjusted to new needs.

External and internal challenges

Mr Lae is concerned that the rest of Norway may fear the growth that is expected for City of Oslo. He mentions that the city council has initiated cooperation with surrounding municipalities with the aim of achieving growth and progress for the greater City of Oslo area. This cooperation is focusing on establishing a superior area and transport strategy for the region, developing cooperation on innovation and a competitive business climate, international marketing of the region and a joint exploitation of investments in social infrastructure.

As a former commissioner for social services, Mr Lae is particularly concerned about the need for a well-functioning social infrastructure. “Cities have always attracted people who are easily excluded in transparent societies, and this is only reinforced by globalisation.”

The City of Oslo is a large organisation with approximately 40,000 employees. This gives both economies of scale and disadvantages. One of the main challenges is to prevent the development of an excessive bureaucracy and to secure a clear role and share of responsibility:

“The parliamentary model of government has positive aspects which we have to develop. Political responsibility is firmly placed and it counteracts any tendency to increase bureaucracy. Our model of government contributes to professionalising the political leadership. In my opinion politicians should be strategic in their outlook, we should be defining goals, not maintaining individual interests. In a city like City of Oslo it will cause problems if the politicians see themselves as ombudsmen, because it contributes to pulverising the model of government.”

Consequences for the city

Urbanisation and peoples’ wish to live in city centre has led to the transformation of many former industrial areas into residential zones. For City of Oslo, the term “the city by the fjord” is a metaphor for this transformation, where former dock areas are converted into living and business spaces. The city government is planning the construction of 40,000 new homes over the coming years. At the same time, plans are being discussed to move the university and research communities into the city centre.

During Mr. Lae’s period as Chief Commissioner, the City Government in City of Oslo has pursued a policy where municipal businesses have been outsourced to the private sector. “We clearly see public-private partnerships as a possibility to force investments and to prepare for another pattern of payments. But I believe it’s important to have a pragmatic view on the use of PPP and only use it where it gives real value-for-money for the city”, he says.

Priorities for the next decade

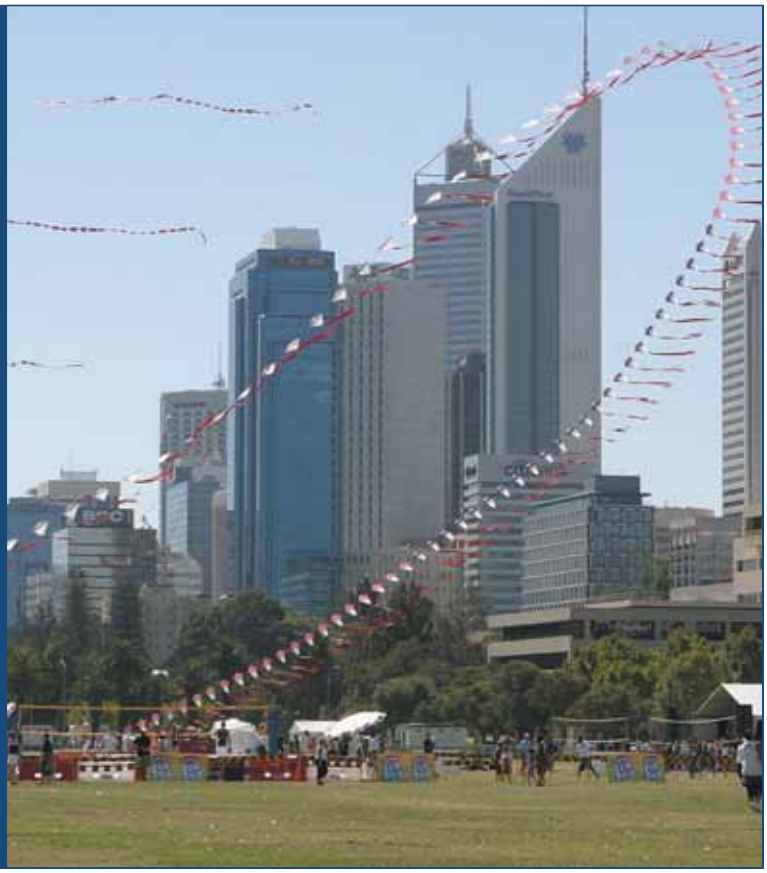
The vision for City of Oslo in the municipal plan 2004 – “City of Oslo towards 2020” – sees the city in the future as:

- The environmental city, emphasising the importance of maintaining City of Oslo’s “blue green” distinctiveness adjacent to the fjord and forest;
- The knowledge city, underlining the competitive advantage of being one of the most well educated people in Europe; and
- The cultural city, working towards the aim of becoming Europe’s cultural capital in 2011, and a grand development and building of cultural institutions in the city including the new opera house.

Perth

Interview with Mr Frank Edwards, Chief Executive Officer of the City of Perth

Mr Frank Edwards, Chief Executive Officer, City of Perth, Australia



City of Perth

Perth is known as the “Heart & Soul of Western Australia”. Each day more than 100,000 workers and visitors commute to the city’s 1.75 million square metres of office space.

We spoke to Mr Frank Edwards, Chief Executive Officer (CEO) of City of Perth about the city, and Australia’s fastest growing local government population.

Global and international trends

The global boom and bust cycle of the resources sector has a major impact on the economic stability of Perth. Any trend in the sector globally and any changes in ownership or focus internationally or domestically have real implications for businesses in Perth.

The international (and national) trend toward high, and rising, energy costs is having an impact on business in Perth, both in terms of increased costs for the city and also increased demands on the resources sector.

Ageing workforce issues affect Perth in the same way as they face other cities in the world. The problem will deepen as the population as a whole ages, but in Western Australia it is also a cyclical issue.

Internal trends

It is very risky for a major, capital city to be reliant on only one industry sector and the industry focus of Perth’s business community is moving toward a broader basis than resources alone.

Perth is facing emerging competition from other cities in Western Australia, for example, Joondalup, Mandurah, and Gosnells.

Currently, there is a lack of cooperation between these cities and Perth. In the future, these developing centres will need to work together with Perth in order to effectively decentralise and diversify business.

Perth is experiencing a skilled worker shortage and competition for workforce share is intense. There are particular shortages in engineering, financial services, town planning and surveying.

The war for talent is a challenge for most businesses including the City of Perth itself.

Environmental concerns are a considerable issue for Perth and the city has implemented a variety of programmes focusing on environmental issues, particularly in relation to water.

External and internal challenges

The City of Perth is constantly challenged by the need for alignment between the three levels of government – local (or city), state and federal.

The final planning authority often rests not within the city but with the state government. This issue is felt most keenly in areas of large scale development, replacement of ageing public infrastructure and railway line sinking.

The key financial challenge facing the City of Perth is to maintain the income it creates. The main income streams are carparking, which generates approximately 37% of city income and rates which generate around 43%.

The city of Perth has strong financial management systems in place and considers itself to provide best practice standards in Australia. Compared with many local government bodies, the city of Perth is financially strong and has completed substantial forward planning. However, capital works and building projects in the city face industrial relations issues and significant cost escalation.

Consequences/issues for the city

Perth is experiencing community demand for extra services not traditionally provided at the local government level.

Trust and perception are also emerging issues for the city as the reputation of local government is rather low. The population also tends to be apathetic about local government and is only interested in what it's not delivering.

Priorities for the next decade

The city of Perth's vision for the future is that: "the city of Perth be widely acclaimed as a city of regional and international significance".

With the fastest growing population of any local government area in Australia, the main challenge for Perth is to provide a sound basis for the expansion of corporate, retail and entertainment businesses in the city. At the same time account must be taken of the demographic changes that will occur and the new demands they will create for the city.

The growing city will have increased demands for social amenities like libraries, senior's centres and recreational facilities while ensuring the needs of low income earners and those with special needs are taken into account. Increase in residential living in the city means a greater emphasis will be placed on intracity transport and city parking.

Perth's development will be fuelled by economic growth in the state and new city infrastructure including the $1.5 billion Australian dollar Metro Rail Project.

It is critical to the future development of Perth that the city strengthens existing relationships and develops new partnerships with state and federal governments and the private sector in order to fund and implement development and key projects.

The City is well placed to attract the growing tourist dollar, with international tourism to Western Australia expected to grow by an average of 7.3% over the next decade. The completion of the Perth Convention Exhibition Centre will give the city more options in the high-value convention market. The city will focus on the development of enhanced tourism amenities, including improved transport to ensure the continued attraction of the tourist dollar.

Perth faces a number of significant environmental issues including air and water quality. The city aims to ensure that the continued development of Perth meets the needs of today without compromising the needs of future generations – economically, socially or environmentally.

Phoenix

Interview with Mr Frank Fairbanks,
City Manager, City of Phoenix, USA

Mr. Frank Fairbanks, the City Manager of the City of Phoenix

City Hall, Phoenix

The City of Phoenix is one of the fastest-growing cities in the USA. Phoenix is Arizona's capitol and the sixth largest city in the United States, with almost 1.5 million residents. The city has won many major awards, including the Carl Bertelsmann Prize, a prestigious international competition that recognises the best-run city government in the world. Phoenix has been identified as a leader in local government management; particularly for its commitment to excellence, its focus on customer satisfaction, and its high-quality and cost-effective services.

Global and international trends

Among the most significant global and international trends or issues that will affect the city over the next 10 years Mr Fairbanks identifies:

- Long term economic stability and dealing with the impacts of growth to keep Phoenix liveable; and
- Phoenix positioning itself for the future with regards to economic development, transportation, and the environment.

Internal trends

The national and local trends that will affect the city in the next decade according to Mr Fairbanks include:

- Water resources;
- Public safety; and
- Efforts by federal and state governments to reduce the city's funding and authority.

The city leadership continues to develop its capabilities through Mayor/City Council and City Management staff communication and collaboration. This is further reinforced by defining and communicating a consistent set of values, a philosophy, attitude and approach. A further task is to look for ways that diverse city functions can collaborate and innovate, and create a supportive climate for change.

Phoenix has developed various programmes that address issues facing the city. Block Watch and Graffiti Busters are some examples of the programmes that are designed to connect people in neighbourhoods and to increase trust among citizens by encouraging them to make things happen to improve their communities together.

A Block Watch Advisory Board encourages neighbourhood associations and block watches to network and share ideas, accomplishments and concerns.

Providing these networks often gives people a stronger sense of ownership in their neighbourhood, as well as drawing neighbours together in a common cause. The goals of the Graffiti Busters Programme are to remove graffiti within 24 hours of receiving a report from any city resident and to support a zero tolerance approach to graffiti in neighbourhoods. Graffiti is costly and destructive, and sends a message that the community is not concerned about the appearance of its neighbourhoods.

External and internal challenges

Among the most important external challenges that the city of Phoenix will face in addressing the trends and realising the government's vision for the city are:

- Explosive population growth that will cause affordability and quality of life challenges; and
- The challenge of cultivating sustained constituent awareness and involvement on a wide range of issues.

Another challenge is that Arizona has one of the highest school drop-out rates in the entire country and many of these students live in Phoenix. This can be seen as a significant threat to the long-term economic prospects for the city. In order to meet the challenge the city government established a Phoenix drop out prevention task force that consisted of representatives from the education community, community leaders, government and business leaders.

The City of Phoenix has created numerous boards and commissions to address many of the issues it faces. By involving the public, it is able to understand better the issues that are important to the community. E-government initiatives aim to get citizens and customers online, fast track services to the customers and citizens, to meet increased expectations around efficient customer services.

The city government keeps residents informed about issues, programmes and activities in their district through a local cable station. Channel 11 is a daily broad-cast of various programmes that highlight issues and events facing the city, public policy choices and human service issues.

Consequences for the city

The key issues that will affect the city government over the next 10 years are:

- population growth;
- managing water resourtces;
- public safety; and
- inter-governmental cooperation.

The city's strength is expressed in a comprehensive citywide Seamless Service programme and excellent communications between departments. The Seamless Service programme's mission is to provide the best possible service to citizens and visitors – 24 hours a day. The Seamless Service requires that all city employees are aware of each others' responsibilities and competences, that they listen carefully to residents and that they provide the services that citizens need.

A weakness for the city arises from resource constraints. Recent rounds of budget cuts have been managed well but there are limited resources to maintain much-needed programmes and to invest in new initiatives.

Promotion of the city and priorities for the next decade

According to Mr Frank Fairbanks, the City of Phoenix will be promoted through strong customer service, responsiveness and interactivity with citizens and constituent groups. These qualities will be developed through active outreach by the Mayor, City Council as well as high levels of citizen participation.

The government seeks to recognise and acknowledge its employees, creating trust and showing that it cares. A supportive atmosphere for innovation continues with the annual City Employee Excellence Awards recognising the best of the best. The city has also received numerous national and international honours for innovative city programmes.

São Paulo

Interview with Martus Tavares,
Secretary for Economy and Planning of the State of São Paulo

Martus Tavares,
Secretary for Economy
and Planning
of the State of São Paulo.
(Former Minister of
Planning)

City of São Paulo

Situated 760m above sea level, the city of São Paulo, in the state of São Paulo, represents an area of approximately 1500 km^2, consisting of 900 km^2 of urban area and a rural area of approximately 600 km^2. São Paulo overwhelms the senses with its sheer size. With 17 million inhabitants, it is the largest city in South America.

When describing São Paulo, the superlative form is a must. It is the city with the country's largest population, largest industrial complex, highest economic production, the one that receives the largest number of immigrants and as expected, the most cosmopolitan state in South America. With the country's best infrastructure and a highly skilled labour force, São Paulo can be called 'Brazil's locomotive'.

Global and international trends

- Greater community involvement; and
- Increased demands on governments by society.

Internal trends

- Accelerated urbanisation and conurbation;
- State modernisation; and
- More transparency for government actions and state accounts.

External and internal challenges

The preparation of long-term plans encompassing the characteristics and needs, not only of the municipality, but also of the whole metropolitan region is the greatest challenge for the managers of the major Brazilian cities.

Management has become essentially reactive. Resources are focused on 'fire-fighting' a range of existing problems. Leaders and managers therefore do not have time to focus on developing a strategic plan for the future of their cities and regions.

The end of the cycle of hyperinflation and the consequent economic stability in Brazil eliminated one of the obstacles to drawing up a strategic plan for the future. However, the managers of Brazilian cities still face political instability, which makes long-term actions impracticable.

Some steps have been taken towards guaranteeing the continuity of strategic plans and projects such as the institution of a Pluriannual Plan (PPA) covering a four-year period – three years of one administration plus the first year of the next. But this is not enough. A forum has to be created to study alternatives capable of guaranteeing the delivery of long-term projects.

There are, of course, budgetary difficulties, but solving many of the problems confronting Brazilian cities depends on more than simply financial resources.

The problems often originate in the lack of an integrated vision, covering the needs and characteristics of the whole metropolitan region. Often, a problem faced by one city may involve or have its origin in a neighbouring area.

Consequences for the city

A series of focused actions has to be taken to confront these challenges by building capacity in the following areas:

- Definition of future scenarios;
- Urban planning in major conurbations;
- Transparent and efficient management;
- Resource management; and
- Budget control.

The key external challenge is marketing the city, promoting a positive image to attract and retain talented people, existing business and investment opportunities and tourists.

Priorities for the next decade

The most urgent issues to be addressed in the next few years in the major Brazilian cities are:

- Public transport – integration of urban and metropolitan transport systems to increase their geographic coverage;
- The expansion of the subway and railroad networks and the implantation of an efficient map to integrate public transport are urgently needed;
- Waste management – modernisation of waste process improving collection and disposal;
- Safety and security – because of the direct impact on city life it is important to establish an integrated approach by federal, state and municipal authorities, even if the primary responsibility lies with the federal government;
- Improve flood monitoring and reduce risks;
- Preservation of the environment; and
- The creation of a geo-referenced database including issues and service offerings that can be used as a tool to analyse and draw up a suitable masterplan should also be a priority for the managers of the major cities.

Without a vision of the future and a focus on long-term planning, we will not be able to make best use of the scarce resources available. Professional skills in urban and metropolitan issues, more efficient use of resources and more transparency in management practices are essential for improving the living conditions in big cities in the next few years.

Stockholm

Interview with Mr Bosse Sundling, City Manager of City of Stockholm

Mr Bosse Sundling, City Manager of City of Stockholm

The City of Stockholm, Sweden

Stockholm County Council's domain covers the whole of Stockholm county which has 1.8 million inhabitants. The region is the hub of the Swedish economy. We met Mr Bosse Sundling, City Manager of City of Stockholm, and invited him to share with us his observations on the main trends and challenges that the city faces today and in the future.

Stockholm is an exciting but still a safe capital. It is beautiful, clean and tidy and well maintained. It is also a modern city – well ahead in terms of IT development (i.e. Kista). In addition, it has a wide selection of cultural activities (The Pop City 2005, a new modern arena for major events).

The cities logo and trademark is the Saint Erik which aims to promote Stockholm as Northern Europe's most exciting capital. The city government has worked hard to create a distinctive image of city – with a rich cultural life, fresh air and clean water – (an ecologically-tenable city).

Global and international trends

Increased globel travel means the world is getting 'smaller'. Young people in particular are increasingly mobile and travel all over the world. As a result, people are developing a broader understanding of different cultures. Environment, health, female emancipation and technical development (ICT) issues have become increasingly important, alongside the problem of the widening disparity between the rich and the poor.

Internal trends

One of the major trends affecting Stockholm is the provision of welfare. In about 15 to 20 years there will be fewer people of working age than there are today, and an increased number of people depending on welfare. In many sparsely-populated rural districts de-population has had a major impact. This creates the inevitable situation that only a few young people are providing care for several other elderly people. This is fast becoming a

national social problem. Volunteers could be one solution in the future as part of an appeal to Swedes' social responsibility.

Regional cooperation will also become a major feature. Both cities and county administrative provinces will become less important due to modern communications. The county administrative provinces will disappear and will be replaced by another structure.

Quality is an important issue. Public sector institutions must guarantee a high standard of service. One way of doing this is by introducing IT solutions to help new businesses. For example, domestic help may be equipped with handheld computers so that they can visit different clients without having to return to their 'base' in between. They can also forward reports and get information via their computers. This has resulted in increased efficiency savings.

External and internal challenges

The city of Stockholm needs to accommodate two different views: one driven towards progress and another driven towards maintenance of the existing status quo. There is underlying conservatism, as summed up by the common saying 'things are as they are.' Many people are disinclined to change their way of thinking on many issues, e.g. that geriatric care will invariably cost something even for the individual. The conflict between this conservatism and more progressive views, which is the natural product of a vibrant community, has caused a degree of social tension.

At the same time, there is the problem of the generation born in the 1940s leaving the labour market.

Consequences for the city

All these challenges mean that the city has to be extremely flexible. The elderly population is decreasing, and we are having a baby boom. This means that we have unused premises for geriatric care at the same time as we have too few schools. To prevent such problems in the future, we must plan carefully and take into consideration different alternatives. In this case, we could use the same geriatric care premises for preschool and school activities.

At the same time, we must be careful in managing transport and logistical issues to prevent environmental problems. The city council should be organised in such a way so that it is quick to respond to challenges and can provide a high quality of life for its subjects. We should not shut ourselves off from the public. Instead, we must be sensitive to the changes around us as well as in the world and work towards creating a city with functional intelligence, able to cope with any modern challenge.

Priorities for the next decade

Areas that we are focusing on in the short term include:

- Labour market/integration/emancipation are some of our overall tasks;
- The economy – the priority here is to keep it in balance. It is important to improve employment and to allay popular frustration. Another key issue is how to employ immigrant labour effectively;
- The city has to find new ways of political promotion. We have to approach the citizens directly and the political parties have to sharpen up and change radically. The political system must be made a concern for everyone;
- The city must establish new, modern and successful meeting points, eg to set up constructive dialogue with its citizens. We must find ways to encourage democracy through natural means;
- It is important to find the right way to manage, eg the budget document should be made simpler – by cutting down the document to half and limiting the number of commissions. We need an even more transparent budget process. We have to focus on achieving target results and not just comparing results with previous years;
- The city has earmarked a sum of money (SEK 2 billion over 4 years) for the general improvement of the council staff's qualifications in a special foundation course in competence (Kompetensfonden). We strive to be a good employer, offering great opportunities for all employees to develop. Also trainee programmes are available. In this area, there are 195 different projects aimed at creating those opportunities; and
- Recruitment is a very important issue. We will need about 20 per cent more personnel within the schools and the social care services during the next ten years. Ideally, the competence foundation course will make this easier.

Sydney City

Interview with Clover Moore – Lord Mayor, Sydney City Council

Clover Moore,
Lord Mayor,
City of Sydney

City of Sydney

Sydney is Australia's largest and most densely populated city. Built around a beautiful natural harbour, it is bursting with life, energy and colour. We spoke with Sydney's Lord Mayor, Clover Moore, about its unique mix of history and her vision for the future.

Global and international trends

International trends have a growing influence on the increasingly globalised community of Sydney. "There are other cities in which to do business, but people from all over the world are attracted to living as well as working in Sydney," the Lord Mayor said.

Business visitors and tourists are crucial elements of Sydney's economic life and the city focus is on maintaining growth in numbers as well as attracting a diverse mix of international and regional visitors.

The City of Sydney seeks to achieve commercial sustainability by creating a liveable, vibrant city that is globally competitive while maintaining its regional flavour. It also aims to foster a strong sense of community and belonging alongside the expansion of international businesses.

Changing population patterns affect Sydney and the international trend of migration from rural and suburban areas into cities is clearly reflected in Sydney's expansion, particularly in the inner city.

Sydney, like other cities, is looking for solutions to issues associated with an ageing population and changing population demographics.

Internal trends

The number of workers, residents and visitors to the central business district of Sydney rose dramatically through the 1990s. The growth continues today and has increased demands on public transport and changed the car, bus, rail mix. There is also a growing demand for pedestrian and bicycle access to and from the city.

There is a marked escalation in the number of residents of central Sydney, most notably an increase in families settling in the inner city.

In order to cater to this increasingly urbanised population and to attract new residents, The City of Sydney is encouraging more childcare places and educational services, creating improved leisure and community facilities and adopting a more strategic approach to the city's public domain.

The Lord Mayor explained that the City of Sydney tailors its policies toward a 'City of Villages' to include the diverse needs of its constituency.

Internal and external challenges

Balancing the needs of residential and business development in the city and creating the right mix of retail, recreational, entertainment and tourist facilities is an ongoing challenge for the City of Sydney. In providing for sustainable growth, a balance must be struck between economic, social, cultural and environmental dimensions.

The appropriate mix of integrated transport options across the city is critical, as is transportation in and out of the city itself. The city is also conscious of the need to preserve and enhance the distinct character of Sydney and protect the value of the city's rich natural, cultural and urban heritage.

A tri-tiered system of government operates in Australia, consisting of the local tier (City Council), a state government and the Commonwealth (Federal) government. This system means the city is not responsible for matters like public transport, but acts as champion for the interests of the central business district and its surrounds.

In order for the city of Sydney to achieve its vision for Sydney's future it must work with other councils in Sydney as well as state and federal governments. This is of particular importance to issues like Sydney International Airport, Sydney Harbour and major developments on publicly owned land.

Issues and consequences

The increasingly global nature of the city means inhabitants of Sydney are exposed to a more expansive lifestyle than in other cities of Australia. The city is responding to this with innovative public facilities including signature aquatic centres, refurbished hotels and shopping centres and more accessible harbour foreshore recreational areas.

The city of Sydney's boundaries have grown over the last few years to incorporate areas surrounding the central business district. The city is now able to provide increased services to a larger and more diverse population and is in the process of creating strategic planning goals for the enlarged city.

Overhauling planning instruments and creating a unified city plan is a key goal of the city and will provide more certainty to the community as well as more strategic decision making and transparency of government.

The City is conscious of the need to strategically manage growth, particularly in key areas like the city to airport corridor and to ensure that development is environmentally as well as economically sustainable.

Priorities for the next decade

The Lord Mayor's vision for Sydney is a city that is "prosperous, vibrant and liveable".

The city aims to create a tolerant and diverse city with compassionate solutions to complex inner city problems.

The priorities for the next decade are:

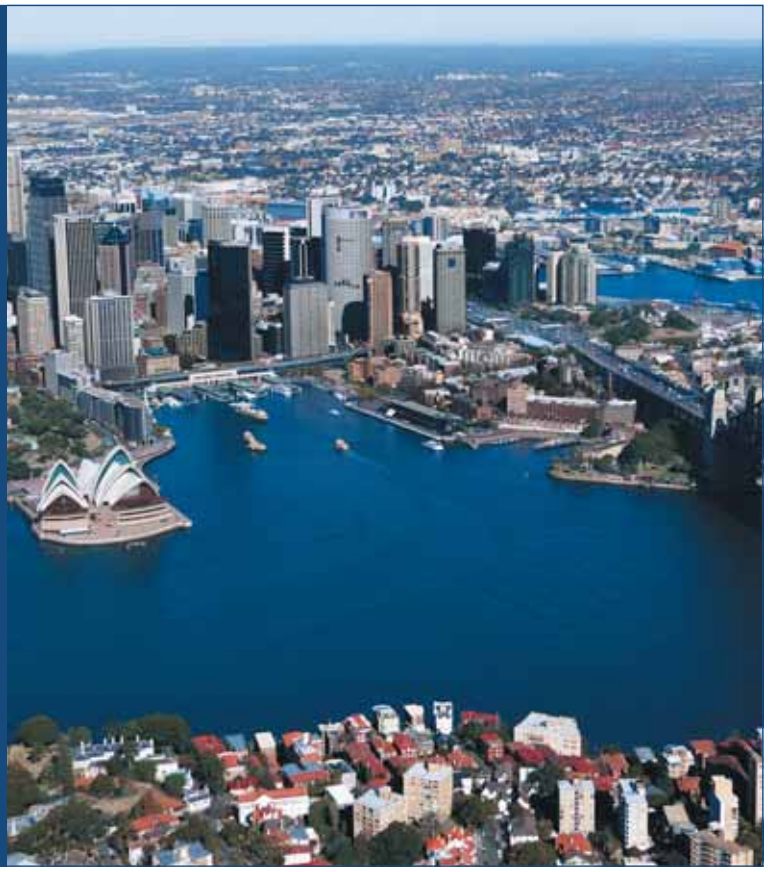
- Leadership and participation;
- Quality urban environments with consistent planning controls;
- Economic growth and development
- Environmental leadership;
- Community and social equity;
- Accessible, integrated and affordable transport; and
- An improved public domain including parks, foreshores and leisure facilities.

The Lord Mayor believes it is a golden age for the city, "Sydney has political and economic stability combined with vision, energy and commitment to the future."

Sydney State

Interview with The Hon. Robert (Bob) John Carr, MP
Former Premier, Minister for the Arts, and Minister for Citizenship, New South Wales*

Hon. Bob Carr,
Ex-Premier,
New South Wales



Sydney Harbour

Sydney is the capital of New South Wales (NSW) and a thriving international city of more than four million inhabitants.

We spoke with The Hon. Bob Carr, the Former Premier of New South Wales about the city today and the Sydney of tomorrow.

Global and international trends

Growth in the South-East Asian economies has created clear opportunities for Sydney as a leading city in the Asia-Pacific region. Sydney has become both an international and an internationalised city. “We don’t think of ourselves as competing with other cities in Australia, but with cities like Singapore. Shanghai, San Francisco and Vancouver” says Ex-Premier Bob Carr.

International migration and the global forces which impact population movements are key influences of Sydney’s growth strategies and the city’s evolving demographics. International immigration numbers are set federally, but Sydney continues to attract the best and to benefit from immigrants’ business and linguistic skills. “Our cultural diversity is a great asset”, says Mr Carr. Immigration is also a possible solution to the international issue of the ageing population. By 2031, it is projected that the proportion of people aged over 65 living in Sydney will increase from the current 1 in 8 to 1 in 3.

“Environmental issues like global warming, engage the city, as the community seeks alternatives to traditional energy sources. Increasing oil prices and the impact of rising costs for trade are practical concerns for Sydney, as is the threat of terrorism” says Mr Carr.

Internal trends

Sydney is justifiably proud of its robust economy. It is a regional centre for international business, the highest value generating city in Australia and has an unemployment rate below that of the national average.

“Maintaining our economic competitiveness is critical. Our advantage is the relatively low cost of business real estate and our skilled personnel give us a great advantage in the region,” says Bob Carr.

* The current Premier of New South Wales is Morris Iemma.

The management of future urban growth which anticipates demographic changes while maintaining the valuable landscapes will be a challenge for Sydney. Long term projections suggest the population of Greater Sydney could grow from 4.1 million to 5 million by 2031. The population trend requires Sydney to consider how best to distribute jobs to the western suburbs, address housing needs and create a balance between road and public transport.

External and internal challenges

"Our challenges are those of growth," summarises Bob Carr. Sydney faces these challenges head on in the areas of public transport, housing, energy, healthcare (particularly increasing health costs linked with an ageing population) and maintaining quality public education.

The Ex-Premier believes, "the scarcity of natural resources, particularly water is a challenge, and the break-up of the Sydney water monopoly in new urban release areas is one strategy designed to provoke innovation. Employment and the employment mix are also concerns as traditional industries like manufacturing are overtaken by growth industries such as business and personal services. The city faces skills shortages in trades such as carpentry, metal engineering, electronics and construction."

Transportation is a key issue for Sydney. "A major part of our transportation plan is the $2.5 billion Australian dollar project for untangling the rail network and new rail rolling stock," says Bob Carr.

The state government is focused on developing and maintaining solid working relationships with organisations in the private sector, including those who own major infrastructure assets like Sydney's airport and arterial roads. Bob Carr says, "public-private partnerships are working. We want a cooperative relationship and we want ventures to be successful. But we also want companies to contribute to the necessary infrastructure of the city."

A cooperative working relationship between the state government and the Commonwealth government is seen as crucial if NSW is to realise its vision for Sydney. For example, despite NSW's commitment to reducing greenhouse gases, it is restricted by the refusal of the Commonwealth Government to sign the Kyoto Protocol. On the positive side, there are many projects on which the governments work cooperatively including high-profile international conferences.

Consequences/issues for the city

The State Government is developing a Metropolitan Strategy which will guide growth and change in the Sydney Metropolitan Area over the next 30 years. It responds to the issues facing Sydney and includes a plan for balanced growth within natural resources constraints.

Water and power are two of the major issues facing Sydney going forward. The state government has responded with the Metropolitan Water Plan which is being implemented to chart the course towards a sustainable and secure water system and the Energy Directions White Paper will set clear policies for the future.

Priorities for the next decade

Aside from the critical concerns of water and power, Bob Carr says, "a priority for Sydney is the implementation of improvements to the rail network in order to provide robust reliability as well as safety expectations.

The political and economic stability of Sydney ensures it will continue to be one of the lowest risk business environments in the Asia Pacific. Its natural beauty and world-class facilities guarantees it will also continue to be a world-class tourist destination."

The NSW Government is committed to ensuring that Sydney continues as the most robust economy in Australia. It will focus on manufacturing, transport, storage and distribution activities which are located in industrial areas in Western Sydney, partly due to the expansion of the motorway networks.

Toronto

Interview Mr David Miller, Mayor, City of Toronto

Mr. David Miller,
Mayor, City of Toronto

Toronto, a “global village” of 4.7 million people.

Toronto is Canada's largest city, the centre of the fifth largest city region in North America and one of the most ethnically diverse in the world, representing virtually every country in the world. Attracting between 70,000 to 80,000 new immigrants each year, about 50% of the Greater Toronto Area's growth results from international migration. Toronto is in many ways both a hub of McLuhan’s global village in financial services, communications and the creative and performing arts and, at the same time, it is a village of the globe, with people from virtually every country of the world calling Toronto home.

Toronto’s thousands of university and college students bring a special energy and enthusiasm that provides the city with a palpable vibrancy. And more than 1 million people from all over the world visit the city on the edge of Lake Ontario each year.

We spoke with His Worship Mayor David Miller about his vision for Toronto and about the challenges his city faces in the future.

Global and international trends

All mayors of global cities around the world are pioneers facing the unique challenge that flows from the ever-increasing scale of urbanisation and from the constant pressure of globalisation. This means that, for example in Canada all mayors are pioneering new alliances and changing historical arrangements that focus on the need for power sharing and revenue sharing agreements among all levels of government.

International terrorism is an issue that remains a challenge to all, and yet individuals look to cities to protect them and their families. Learning to mobilise local, regional and national resources to cope with such threats is a relatively recent yet clearly critical challenge.

Internal trends

One major challenge is democratic renewal in large-scale municipal organisations, since people look to the city council to solve problems and help deal with issues that affect their lives and their neighbourhoods in a meaningful and direct way. Toronto continues to enjoy a rich diversity of cultural neighbourhoods. The truly amasing thing is that these disparate cultures mix together in ways you simply cannot find anywhere else in the world. Each cultural district is made up of a mix of people from different cultures, speaking different languages. Language, culture and colour are symbols of pride in our multicultural city.

This trend to greater diversity seems set to continue for the foreseeable future.

External and internal challenges

Major challenges facing the City of Toronto include environmental issues such as water quality of the Great Lakes. As a waterfront city Toronto has a clear interest in ensuring the quality and accessibility of its drinking water supply. Great Lakes water quality is a continental issue and Toronto will play a role that extends beyond its geographic boundaries.

Toronto continues to do what it can to protect and preserve a clean environment but ultimately these issues can only be successfully addressed in concert with our local, provincial, national and continental neighbours; an immensely challenging situation in which the people of the City of Toronto expect their government to be active players.

Public transit operations and infrastructure are the first answers on most individuals' minds when the issue of what to do to improve air quality and transportation arises. Yet, frustratingly there is not a full recognition of the critical role that public transit plays at the local, regional and even national level. Public transit is delivered locally and local governments need the resource base to deliver in that role.

Current governance arrangements within Canada represent a challenge to all cities in Canada. There is a clear mismatch between local government accountability and the expectations of community residents for a responsive government looking after their interests. This challenge is exacerbated by the fiscal imbalance between local government responsibility for front line social programmes and the fiscal resources and fiscal capacity to address those responsibilities. People of the City of Toronto know that the buck stops here and so the challenge is to make sure that the fiscal buck stops here to meet that responsibility.

Toronto has a history of welcoming the world to join this global village. The challenge is to build on that tradition and to let it renew and energise the Toronto of tomorrow.

Consequences for the city

These challenges mean that we are the government of choice for the people of this city. They look to us to make a real difference in their neighbourhoods and their lives. They look to us to actually solve problems, to make Toronto a better place in which to live, work and raise a family, and they want to be engaged in that process. This is our commitment and it means that we must re-engage the residents of Toronto with their city. The people of Toronto are optimistic, full of energy and ready to do what it takes to make their city thrive. Over the past year we have held two "Listening to Toronto" sessions. More than two thousand people participated in helping set the city's priorities. That is an astonishing number of people to come out on their own time on Saturday and Sunday afternoons and this shows that people really want to be a part of municipal government. This is our tradition and it is our strength in Toronto – people really welcome participation and actively and respectively engage in the process.

Priorities for the next decade

There is no doubt that economic trends are reinforcing societal changes and that as national boundaries become less critical for major jurisdictions around the globe, cities will become more significant.

The 21st Century belongs to the cities of the world. We can see in Canada that over the past 100 years we have moved from a rural agrarian economy to a dynamic global reach economy based, in our case, on financial services, communications, information technology, media production and manufacturing and assembly operations with world mandates for products and services. These economic activities are based predominantly in cities. Our experience has shown that our nation's economic health is critically dependent on its cities. For example during the SARS outbreak two years ago, when Toronto got sick, the whole country caught a cold. It is estimated that the national economic growth in Canada was reduced by more than 1 per cent as a result.

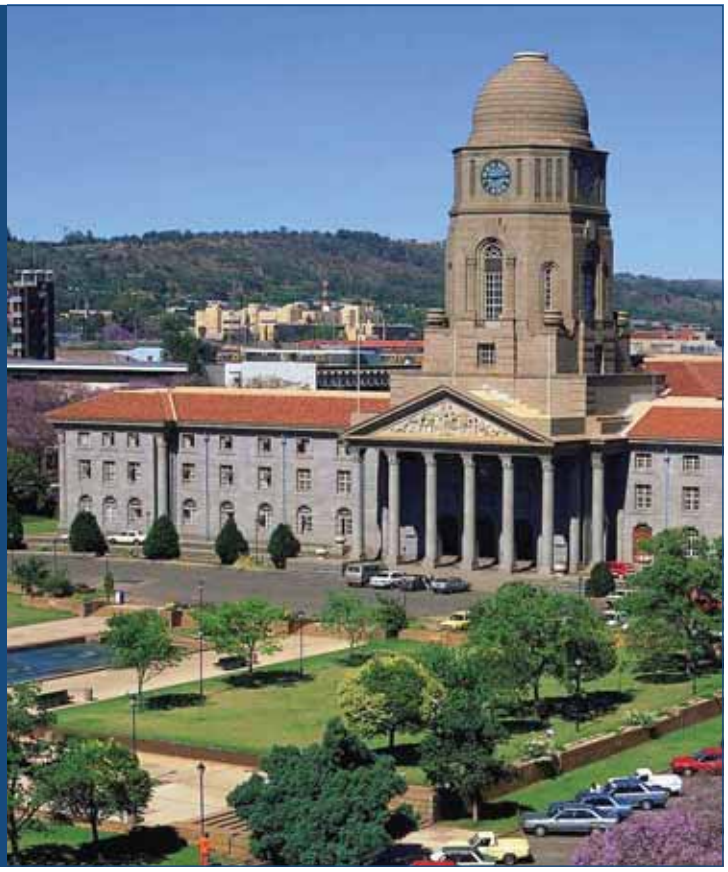
Toronto is a city that benefits from a vital civic engagement of people from all walks of life, new and old Canadians and that is what is making Toronto a great city. We want to share that best practice with other cities around the world.

We want to learn from others as well. For example, Porto Alegre is the leader in participatory budgeting. Toronto has achieved one of the highest standards of engaging its residents in its processes.

City of Tshwane Metropolitan Municipality

Interview with Mr Blake Mosley-Lefatola,
Municipal Manager, City of Tshwane

Mr. Blake Mosley-Lefatola,
Principle Manager,
City of Tshwane



City of Tshwane, South Africa

The administrative capital of South Africa, Pretoria/Tshwane lies about 50 km north of Johannesburg with a population of over 2.2 million. It is quite easy for the visitor to find his or her way through the city, which is laid out like a chess board. Pretoria lies 1367m above sea level and is surrounded by protecting mountains. The climate is subtropical with hot, wet summers and relatively mild, dry winters

The nicest time to visit is spring, when in October more than 70,000 Jacaranda trees are in full bloom. Then the whole town is one big purple-coloured and sweet-smelling sea of blossoms. The exotic trees were imported from South America some 100 years ago and gave the town its nickname: "Jacaranda City."

Global and international trends

Globalisation has resulted in ever increasing competition for investment, which is no longer limited to national boundaries. The major environmental challenges facing the planet has seen environmental protection groups gaining prominence, and in the process the capability to exert ever-increasing pressure on cities.

A global world also means that the world eco-nomic growth rate has the potential to limit or boost local GDP.

Internal trends

In line with the rest of the country, increased unemployment, urbanisation and HIV and Aids pose significant challenges to the city, as do crime and transportation. The City of Tshwane Metropolitan Municipality (CTMM) is also seeing an influx of people from neighbouring coun-tries, often illegally.

Coupled to the social challenges, a lack of suf-ficient financial resources to maintain existing infrastructure and eradicate service delivery backlogs, hampers development. National restructuring initiatives, among them the establishment of Regional Electricity Distributors (REDs), may eventually have an impact on the cities income.

Human resource development and capacity building remains a significant challenge.

External and internal challenges

Ever increasing governance complexity and legislative changes exert significant pressure on the city's resources. Low levels of payment for services by consumers continue to strain the city's financial resources.

The city does benefit from a stable political and workforce environment and must find ways to leverage the opportunity to develop CTMM into the intellectual capital of Africa. The foundations are there: the city hosts some of the largest and most important universities on the continent and is home to most of the research institutions in South Africa. The City is also host to all Embassies and foreign missions in South Africa.

Lack of financial, human resource and skills capacity is the single largest challenge facing the city and threatening its sustainability.

On the positive side the city possesses a sta-ble institutional framework (albeit not the most optimal one), a currently sound financial position and a well defined vision and city strategy.

Consequences for the city

Failure to respond to the challenges will inevi-tably threaten the financial viability of the city, resulting in increased service costs. This will deter investors and influence local economic growth negatively. Eventually the city will be unable to provide all citizens with access to services, which has serious social and political consequences.

In order to address these challenges, the city has developed a City Development Strategy as an instrument of intervention. With a 20 year vision driven by the Muncipal Manager, it provides a framework for economic growth, making the city sustainable and equitable through pro-poor policies, strategies and action. In addition to this strategy, a long-term financial strategy has been developed as a financial plan to achieve the desired outcome.

The vision of the city is to be the leading Afri-can capital city of excellence, one that empowers the community to prosper in a safe and healthy environment. The vision was develo-ped through an interactive process that involved the local politicians and the senior mana-gement of the municipality and was communicated to all stakeholders through community meetings.

Promotion of the city and priorities for the next decade

The city has developed a marketing strategy that focuses on the various segments in the market. The city is promoted through various publications, events, Mayoral events and cam-paigns, attendance of international and natio-nal tourism events. The brand for the city is: A City at work and a City on track. The brand of the city was an initiative by the Executive Mayor of the CTMM.

It is a legislative requirement that the municipality must make public the annual budget and invite communities to submit representations, which the Mayor must respond to. The CTMM has developed a public participation process through a ward committee system where communities have the opportunity to interact with the municipality. The Executive Mayor also on a regular basis held "IMBIZO'S" com-munity meetings to listen to members of the community. The interaction with communities is going to be a critical aspect for the CTMM in the next 10 years as the buy-in into the city development strategy will be required for the success thereof.

Openness and transparency is some of the values and attributes of the CTMM and this will require a citizen engagement process that is credible.

Citizens can only understand the challenges the city face if they are informed and it is also of importance to obtain the needs and priorities for service delivery from citizens as these will direct the strategies that the municipality developed.

Successful cities do not simply happen, they are the result of deliberate actions. Creating successful cities requires careful planning and integrated efforts in key areas that are identified with all stakeholders, and takes into account the needs of the people and economy. To achieve all of this requires a well developed intergrated development plan that will ensure that the needs of the communities are attended to.

Vancouver

Interview with His Worship, Larry Campbell, Mayor, City of Vancouver

His Worship,
Larry Campbell,
Mayor, City of Vancouver

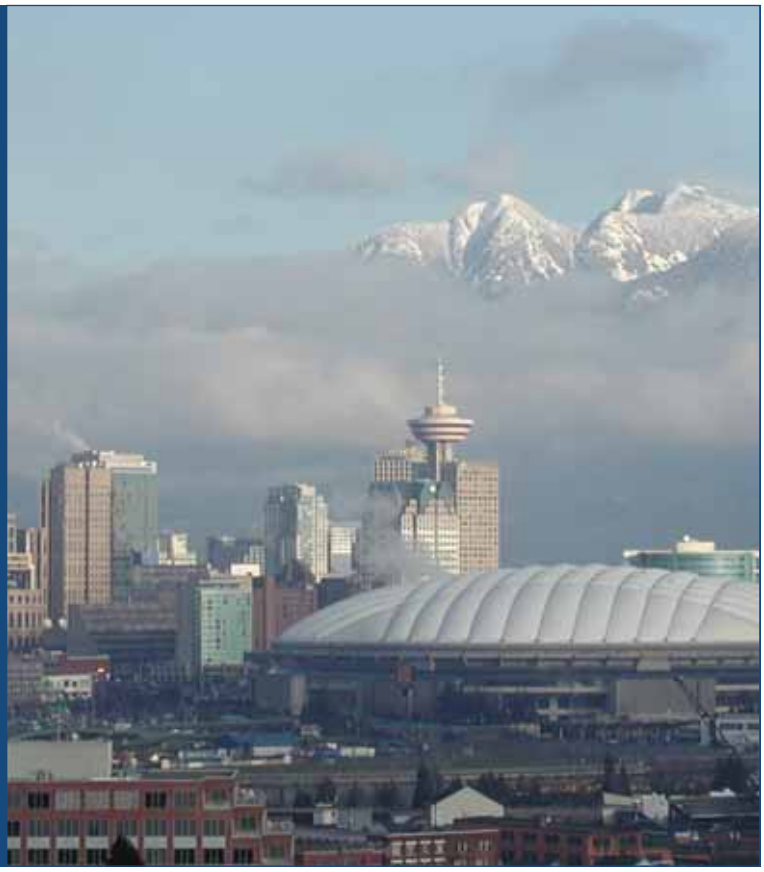


photo credit: City of Vancouver

Vancouver is surrounded by water on three sides and overlooked by the Coast Range – mountains that rise abruptly to more than 1,500 m. Its climate is one of the mildest in Canada. Archaeological evidence shows that coastal Indians had settled the Vancouver area by 500 BC.

With a present population of about 560,000 (estimated), Vancouver lies in a region of more than 2 million people.

Vancouver is home to a multitude of cultures and languages from around the world. The City of Vancouver values this diversity, and considers it a source of our strength, vitality and prosperity. Vancouver is the largest city in the Province of British Columbia, and the third largest in Canada. Vancouver, Canada's jewel city on the Pacfic Rim, already benefits from its special relationships with the global cities: Los Angeles; Guangzhou; Yokohama; Edinburgh; and Odessa.

Global and international trends

The emergence of Pacific-Rim economies as powerful forces to be reckoned with, as opportunities for development as well as challenges to manage ensure Vancouver is well placed to preserve and enhances its special qualities of independence, welcoming and sharing that makes it unique.

- The US, our biggest trading partner, may be going into a silo mode, and this will force us to look elsewhere for trading partners. Other nations are encountering the same thing;
- China will be important for Vancouver and the rest of Canada. Instead of silos we need to look outward, be more open and have less protectionism;
- Environmental issues, especially global warming, are not unique to Vancouver but are critical to maintaining the Vancouver's quality of life; and

- Vancouver is experiencing an economic boom provided by the international focus of the 2010 Winter Olympic games. We will all be challenged to welcome the world while maintaining all that is special about our city.

Internal trends

Major internal challenges facing the city of Vancouver include:

- Sustainable development. We must have a mix of all strata of income levels in our city. This may mean subsidies in some cases, for example housing. We need to increase the variety and affordability of housing in the city of Vancouver;
- Greater population density beyond the downtown core – the present trend and model of single homes on large lots is not sustainable;
- Transit issues – both in the city and the region – are growing each day. This issue is one that confronts individuals almost everyday and so it is a priority to be addressed;
- Retention, and growth of our industrial land base, especially the Port of Vancouver, is an issue that must also be addressed. After all, historically that is why Vancouver came to exist;
- Environmental responsibility (stewardship), especially in greenhouse gas emissions. We need to improve the environment while at the same time diversifying our parks and public places;
- Proper transportation is critical, both for the city and region. This means putting public transit ahead of cars. Vancouver must take a leadership position in the region and the nation. We simply have to reduce reliance on the automobile in the city and Greater Vancouver Region;
- We need to strengthen our neighbourhood centres, improve community safety and better target our community services; and
- We must make sure that we involve the people of Vancouver in the process of redirecting resources as we set our priorities together.

External and internal challenges

Vancouver is a great city, but if we are not careful we could lose everything we have that contributes to our unique quality of life here in the city. In particular, we need to solve our transit issues and reduce green house gas emissions to protect the environment.

Increased population density brings change: fewer private gardens, less green space, and other changes (some less desirable). Vancouverites don't all see this as a big city – because it does not feel like one when you live here. Frankly, I believe that is what many people love about this great city of Vancouver. World travel, and my 20 years as a coroner, gives me a somewhat different perspective. Vancouver is a global city, make no mistake about it.

Our regional governance structure needs improvement if it is to serve the needs of the people of the Greater Vancouver Region. It might work better to look at the regions north of the Fraser River and south separately.

The ideology in our regional municipalities must change. All the infrastructure and services one sees in the dense downtown core cannot be supported by single family homes on quarter acre lots.

It seems that cities can talk together more easily than many nations. On my recent visit to Beijing we spoke about pollution, the Olympics Games, other ideas of common interest to our two global cities. As mayors we are able to freely share ideas and offer assistance at the city level around the globe; and we do.

I believe that cities have moved beyond traditional boundaries into economic policy and governance issues that affect their nations and the world.

For example, I belong to a group called Mayors for Peace. As the organisation's name suggests, mayors of global cities are tackling issues that are beyond the traditional range of city issues. We are uniquely positioned to bring influence to global issues; and so we do.

Vancouver plays a special role in British Columbia and Canada and the senior levels of government are beginning to understand that special role. Our Prime Minister maintains relationships directly with the mayors of major cities.

Concrete changes to powers and resources are needed to enable Vancouver to fulfill its role and vision that has been created with the broadest of public participation.

Consequences for the city

These challenges mean that Vancouver must:

- Recognise that the 2010 Winter Olympics are having a big impact on Vancouver – bigger than perhaps many thought. People all over are talking and wanting to come here to see what it is all about. They are having a huge impact on bringing recognition to Vancouver;
- Continue to take a leadership role within the region, particularly when dealing with transit issues, environmental issues and governance issues to ensure that the unique characteristics that make our city and its surrounding region so liveable are preserved, protected and enriched;
- Continue to ensure that the city respects and strengthens its neighbourhoods, the basic building blocks of any great city around the world;
- Strengthen Vancouver's role in economic development, especially given its position as Canada's Jewel City of the Pacific Rim; and
- By no means last, welcome visitors and new residents from around the world with open arms and warm hearts to make sure they feel that special Vancouver welcome from the first moment they set foot on our soil. Our people are, after all, our greatest source of strength, vitality and prosperity for the future.

Valencia

Interview with Juan Eduardo Santón,
Director of Innovation and Society of the City of Valencia

Ms. Rita Barberá Nolla, Mayor of Valencia, and Mr. Juan Eduardo Santón Moreno, Director of Innovation and the Information Society, Valencia

Approximately 800,000 citizens live in Valencia the third largest city in Spain. Almost 90,000 students are registered at Valencia universities and 1.1 million tourists from around the world visited the city in 2004.

We spoke to Juan Eduardo Santón, Director of Innovation and the Information Society of Valencia and spokesman for the Strategies and Development Centre of Valencia (CE&D) a body created by the City Council of Valencia and made up of the city's major economic and social agents.

Global and international trends

In the era of globalisation, network management, and the information and knowledge society, the emerging, fundamental role played by cities as nodal points for the exchange of economic flows, people, and information in the world system has been widely recognised. According to Juan Eduardo, the challenge facing Valencia in this context is to be capable of capturing and retaining these flows, and reinforcing its importance in this international system of cities or in its own system of cities of reference.

The city of Valencia must aim its efforts at attracting companies, new economic activities, the head offices of international institutions, as well as improving the quality of life of its citizens.

Internal trends

One important internal trend is ethnic diversity and the management of multi-culturalism that comes naturally to a city undergoing major growth through migratory movements. Additionally, we are going to see phenomena such as the increase in the powers of regional governments and, accordingly, of the municipalities, and even the creation of greater spaces for private initiative.

Internal and external challenges

From an internal point of view there is a series of challenges such as: the availability of qualified personnel; easy access to markets', suppliers and consumers; access to transport links to other cities; the development of quality telecommunications networks; commercial real estate prices; the availability of office space; urban mobility; quality of life of employees and environmental quality. These are points that the City Council of Valencia is striving to improve.

The most important external challenge, after Valencia was named as host city for the 2007 Americas Cup, has been how to capitalise on the media-related, economic and social impacts of an event of this nature. The city also faces the need to undertake activities complementary to the Americas Cup aimed at achieving a higher level of economic and social development. To do so, the CE&D has set up three projects:

- Marketing the city in collaboration with business groups, institutions and universities, to present the city as a place to create, invest, visit and live in, addressed especially to technologically orientated and advances services companies;
- Development of a culture involving the citys' inhabitants, which can give consistency to a feeling of belonging and trust in the city's future, facilitate the positive development of the project, and, especially, "unleash" skills and progressive energy in all areas; and
- Hosting the Americas Cup, advance in welfare for all, making sure that the benefits for the city reach everyone and foster international solidarity.

Additionally, in order to give continuity to the city's progress during the period from 2004-2007 and 2007-2015, the CE&D plans to undertake the following projects:

- Tourism 2007: in order to expand what Valencia has to offer as a city of culture, conventions and business;
- Info-Investment: in order to provide information by economic sector and their investment opportunities;
- Centre for Fostering the Knowledge Economy: to foster the creation of companies in the sectors closest to the knowledge economy and to provide opportunities to all in order to access information and knowledge technologies; and
- Support for key infrastructural projects.

Consequences for the city

New urban governance arrangements have put in place a new form of government that broadens the challenge to traditional politics. The new arrangemennts encourage partnership and joint action between different social and institutional agents.

The government recognises its role in building public interest and consensus amongst citizens and businesses to plan and deliver services to the public.

Priorities for the next decade

The maximum priority of the CE&D for the next decade is to continue the progress of the city throughout the period from 2005-2015. In this context, the CE&D is working on setting a strategy for this period by identifying the main projects for 2007-2015. In other words, the idea is to promote and strengthen a culture of participation amongst the main agents in the city and the inhabitants in general, based on the presentation of an initial strategy that will be debated, expanded, and agreed by a wide majority of citizens through a broad participatory process. This preliminary strategic approach includes the vision of the city, "Towards the City of the New Renaissance of Humanism in the Info-global Era", and six strategic axes that correspond to the areas in which a city wishes to make progress:

- City of the Knowledge Economy;
- Mediterranean Orientation Centre;
- City of Urban Development and European Culture;
- City that Strengthens the Independent Solidarity of All; and
- Benchmark City for New Urban Governance.

Vienna

Interview with Mr Josef Kramhöller,
Chief Financial Clerk of Vienna

Mr Josef Kramhöller,
Chief Financial Clerk
of Vienna

City of Vienna

Vienna is not only the largest city in Austria but also its capital with about 1.7 million inhabitants. Due to its geographical location in the eastern part of the country and its historical development (Austro-Hungarian Monarchy), the city is seen as the gateway to Central and Eastern Europe (CEE).

We talked to Mr Josef Kramhöller, Chief Financial Clerk of Vienna, and interviewed him about the future challenges and the consequences for his city.

He pointed out that the city is strictly regulated by central government - with strict fiscal rules and a strong focus on the cost structure of ther city administration and services.

However, the key issue for the city administration is to ensure that the basic needs of every citizen will be satisfied in all areas and domains.

Global and international trends

European enlargement in 2004 had, and still has, a significant impact on Vienna. As a result of its geographical location and historical background, the city is a melting pot of citizens from new and old member states, who increasingly commute across borders. Due to different cost levels between Austria and the new member states, outsourcing and relocation will increasingly take place. This is especially likely with the migration of multinational enterprises to cheaper Eastern European locations and is a key issue for Vienna. Other trends are the ageing population and weakening family ties, which result in a growing municipal budget for social help and welfare as the need for more residential homes for elderly and nursing homes rises.

Internal trends

For Vienna, it is increasingly necessary to maintain or even expand the public transport network as more and more citizens of Vienna will not be able to afford their own car and the proportion of elderly people in the population is growing. Thus, about EUR 3.6B is being spent on the 4th expansion stage of the subway to develop peripheral areas.

Furthermore, the educational level of the Viennese population is very high, resulting in an excess supply of highly-qualified labour.

New practices in public management, e.g. the introduction of flatter management structures are aimed at improving the performance and efficiency of the municipal administration. However, a key issue regarding personnel policy in administration in Austria is the legally limitations on reducing staff numbers. Many organisations have are over-staffed, which of course means inflated costs. Due to the social function of local authorities, rationalisation goals are sometimes not pursued as stringently as in the private sector.

External and internal challenges

The two major challenges for the city are to maintain the current high educational standards and to attract international enterprises to keep their production sites in Vienna. In this context, public procurement law in Austria is regarded as conservative, with strict interpretations. Furthermore, ongoing outsourcing creates a more liberal entrance to the market as seen with the outsourcing of museums and the Stadtwerke Holding AG (municipal utilities).

We see major opportunities for Vienna include:

- developing its housing stock;
- playing a key role as an administrative centre for companies active in CEE countries; and
- attracting high-tech companies.

The related risks are a possible downturn in the housing market and affordability. Vienna's strength is its sound financial base, especially compared to other federal states. (Note: Vienna is not only the capital of Austria but also represents an individual federal state).

As the predominant urban centre in Austria, Vienna attracts many immigrants from national and inter-national territories, many of whom are financially dependent on the state, causing increased pressures on the cities finances and services. Furthermore, the responsibility for the construction and maintenance of federal roads was transferred from the federal authorities to each federal state. Consequently, the respective roads have to be financed by the city of Vienna as the federal authorities will not pay beyond 2008.

Meeting the challenges

The city of Vienna is intensifying its efforts to motivate its citizens to engage in municipal issues. These efforts include placing a post-box for complaints in the city hall, special complaint-oriented departments, special services for citizens and increasingly citizen-friendly administrative processes. Furthermore, the municipal administration will become more decentralised. In general, the population regards Vienna as a city with a well-working and functioning administration.

Consequences for the city

In regular negotiations with the federal authorities the city often has a relatively weak position. The Austrian Financial Constitution Act assigned significant competencies to the federal authorities, which, for instance, are now allowed to demand 35% cost contribution when international organisations are settled in Vienna. Regarding education, the implementation of the legally required minimum number of pupils per class, would lead to laying off significant numbers of teachers, thus contradicting the city's intentions and visions.

Priorities for the next decade

The following are major priorities and visions for Vienna for the next decade, which were developed in the city development plan and finalised in detail by experts in the administration according to politically predetermined requirements:

- Vienna will become an example of environmental protection within its financial possibilities (e.g. construction of a third incineration plant);
- Vienna stands for a balance between affordability and high standards regarding housing stock (e.g. the avoidance of slums and ghettos; a social mix on the one hand but attracting socially stable and financially sound inhabitants);
- Vienna city council aims to create and maintain employment (e.g. establishing a foundation, which encourages the settlement of high-tech enterprises);
- Vienna will achieve a permanently balanced administrative budget (e.g. engaging in Public Private Partnerships only if the realisation of the project is impossible otherwise); and
- Vienna is to outsource tasks only when economically positive effects will be achieved.

Warsaw

Interview with Mr Slawomir Skrzypek,
Deputy Mayor, City of Warsaw

Mr. Slawomir Skrzypek,
Deputy Mayor of the
City of Warsaw

City of Warsaw

Warsaw, the capital of Poland and its largest city, is located on both sides of Vistula river, approximately 350 kilometres from both the Carpathian mountains and the Baltic Sea. Its population is estimated at almost 1.7 million with an urban agglomeration of approximately 2.4 million people. The city, also the capital of Masovian Voivodship, is home to many industries (manufacturing, steel, electrical engineering, automotive), and comprises 73 higher education institutions and over 30 theatres.

We talked to Slawomir Skrzypek, the Deputy Mayor of Warsaw about the future challenges and their consequences on the city. His motto for the coming years is making Warsaw not only an open and friendly city but also a city that is comfortable and full of prospects, and one that people want to live and work in.

Global and international trends

The event that has and will have the greatest impact on Warsaw is the enlargement of the European Union. Poland's accession to the EU in May 2004 not only made Warsaw face new challenges but has also created unprecedented opportunities for the city. For Warsaw – a city chaotically rebuilt from ruins – the financial possibilities offered by aid funds are enormous. Furthermore, the use of European aid funds offers a major chance to resolve many infrastructural and transport problems, and Warsaw has already embarked on some of these initiatives.

Our long-term aim is to increase Warsaw's role in Europe. The capital city of Poland should be one of the ten most important European cities, but to achieve this will be a long and difficult process. Currently, we compete with local centres, i.e. Prague and Budapest.

We are also carefully observing what is going on to the east of Poland. All the former USSR Republics represent an enormous market for Poland and the European Union. The city of Warsaw sees its future role as a bridge between the EU and Eastern Europe, as a gateway for operations in the east, including the Ukraine.

Furthermore, global events are developing in such a way that it seems necessary to consider strengthening the security measures in the city. This relates primarily to preparing the citizens of Warsaw for crisis situations which are related to global terrorism.

Internal trends

Demographic processes will probably have the largest impact on the future development of Warsaw. In Warsaw we can already see the processes typical for large cities taking place, e.g. de-urbanisation. The most recent Central Statistical Office forecast to the year 2030 states that the number of people living within the boundaries of Warsaw will decrease. At the same time, there is increased migration to Warsaw of people seeking to make a new life. Currently, Warsaw is a city where it is relatively easy to find a job, therefore people from all over the country are trying to make the most of the situation and move in. On the basis of the census, the Department of the Chief Architect of the City tried to calculate how many people live in Warsaw. It transpired that there was a significant number of people working in the 'black economy'. At the same time, other research shows that every day over half a million people come into Warsaw, including 300,000 who come in to work. This shows that there are certainly more than 2 million people in Warsaw.

The decrease in population connected with de-urbanisation, together with a simultaneous increase in the number of people coming into Warsaw or temporarily using its services may in future lead to many problems, the first and foremost being financial problems, as nearly 30% of personal income taxes are consumed by the budget. Thus, there is a significant difference between the number of people actually using the city's infrastructure and the number of taxpayers financing it.

Additionally, the "equalising subsidy" has a large impact on the capital city's budget. Due to high taxes, Warsaw pays an enormous contribution to the state budget for the development of the poorer regions, amounting to roughly, PLN 470 million per annum. This type of "Robin Hood" contribution significantly reduces the city's investment capabilities.

The population structure by level of education has a significant impact on the city's future character as well. The share of people with a university-level education in Warsaw is the highest in Poland (24%); it is also rather high compared to other European cities. Therefore we are counting on the local population to enable Warsaw to draw investors looking for highly qualified staff.

The comparatively good situation in the Warsaw labour market is deepening the already huge differences in the standard of living in the Mazovian Voivodship. Warsaw and its direct vicinities are developing more and more intensely, becoming more affluent, while the boundaries of the province are increasingly feeling the backwash effect that 'washes' the development resources from the region into the city.

On the positive side, changes in financing the city investments as a result of European accession are providing a boost to the city. The city is counting on the absorption of EU funds to accelerate local development and to enable several investments to be completed which could not otherwise be realised or would have to be suspended.

External and internal challenges – consequences for the city

The major external challenges of the city concern the construction of the road and highway system (realised by the General Directorate for State Roads and Highways), including the Warsaw ring road.

The major internal challenges are addressing the land ownership issues in Warsaw and using the well-developed train communication network in the city.

A SWOT analysis is the next step after preparing the Report on the State of the City in developing the Strategy for the Development of Warsaw until 2020.

Priorities for the next decade

The city of Warsaw is in the process of preparing a development strategy. The document will comprise the period up to year 2020.

Five strategic goals have been set:

- Improving quality of life and security of Warsaw citizens;
- Strengthening the citizens' sense of identity by cultivation of tradition, culture development and stimulation of social activity;
- Development of metropolitan functions reinforcing Warsaw's position at the regional, national and European level;
- Development of modern economy based on knowledge and scientific research; and
- Establishing sustainable spatial order in Warsaw.

When discussing the vision for Warsaw today, we see a future financial centre in our part of Europe, a city with hi-tech industry, attractive to investors and citizens.

Yokohama

Interview with Mr Hiroshi Nakada,
Mayor, City of Yokohama

Hiroshi Nakada,
Mayor, City of
Yokohama, Japan

Yokohama Landmark Tower

Yokohama is the largest city in Japan with approximately 3.5 million citizens. With a unique historical background, the city has been known as “the gateway to foreign countries” since Japan opened up 150 years ago after a long period of operating a closed-door policy.

Yokohama today is full of enterprising minds eager to take advantage of the city’s unique position in the its ambitions for the future.

We talked to Hiroshi Nakada, the young and enthusiastic mayor of the city of Yokohama, and interviewed him about the future challenges that the city will face and their expected impact.

Global and international trends

One of the most significant international trends to affect Yokohama over the next 10 years is the increasing focus on compatibility between environmental issues and economic activity. This issue is important not only on a global scale but is equally significant for local government units.

On a global basis, developing countries should not rely on old methodologies that may have worked in the past working for the now developed countries. Instead, developing and developed countries should collaborate to form a sustainable society, helping each other to solve environmental problems and to achieve further development of the global economy.

Yokohama is similar to other major cities abroad such as Los Angeles, San Diego, Lyon and Shanghai in some ways. By concluding agreements with these cities, Yokohama has exchanged information with, and learned from them. Additionally, Yokohama participates in the ‘City Net’, which is an inter-city cooperation network in the Asia-Pacific area.

Internal trends

Recent reform by the Koizumi cabinet has impacted on the relationship between the central and local governments, and promoted decentralisation of power and devolution-related issues. This movement will strengthen the principle of the complementary nature of the relationship between governments, where the central government only deals with issues beyond the ability of the local governments.

In addition, Yokohama needs to find a new sense of value that is not simply the wealth brought by economic development. Rather the city should pursue harmonisation and balance of economy and environment.

External and internal challenges

The major external challenges that the city faces when addressing the trends mentioned above largely stem from the fact that an overwhelmingly large number of people maintain the traditional idea that economic development makes citizens happy. There is therefore real difficulty in persuading people to accept that economic development does not equate to happiness, because Yokohama has achieved such development.

The biggest internal challenge relates to the scale of the city authority. The organisation employs 33,000 staff- the largest in Japan. Because of it's size administrative reform will be difficult.

It is also important that local government engages in full disclosure. As the administration gains credibility, citizens will actively take part in constructive discussions with the government. Yokohama's officials are going to manage the city in collaboration with citizens under a new initiative – 'new public' – rather than rely on existing methods to provide public services in response to diversified needs. They recognise their social responsibility for policy-making and the reasons for the very existence of the administration.

So far, the private and public sectors have been clearly distinguished. However, once private entities start participating in the 'new public' initiative, they too will need to recognise their accountability and social responsibilities as a matter of course.

A leader's role is to raise issues, make and put into practice decisions, and to take final responsibility. This is not a new idea, but has yet to be fully realised in the political and administrative scene in Japan. It is hoped that this problem will be solved in the near future.

There is no doubt that values will continue to diversify. Leaders will be required to demonstrate more accountability and to be able to explain their actions. Power-based leadership, which simply gives directions, will not work.

A shift from the centralised administration to the decentralised one by the empowerment of lower officials is urgently needed to provide quick solutions to the citizens' immediate problems and challenges (with ultimate responsibility remaining at the top). Decentralisation should be pursued on the basis that both the top and lower levels share a common sense of values and goals.

Concern over safety in the city is also increasing. For the first time in 2003, the city's anti-crime program became the citizens' top priority as indicated in the Yokohama Annual Citizens Survey. Citizens voluntarily organise anti-crime patrols in various areas of the city.

Regarding environmental issues, Yokohama is promoting various programs such as the 'Yokohama G30' campaign throughout the city, which encourages citizens to reduce their garbage by 30%.

Impact on the city

As long as developed countries around the world fail to understand that economic development does not equate to happiness, no real change can be achieved. And as hard as Yokohama might try to make progress in this area, it is very difficult to achieve much alone.

After taking into consideration the environmental issues, Yokohama aims to create better conditions for companies' economic activities than other cities. However, there is a concern that this could result in intense competition to attract enterprises unless the concept that 'economic development does not equate to happiness' is shared nationwide. One of Yokohama's roles is to send out that message.

Priorities for the next decade

Yokohama has a clear vision for the next ten years. It aims to transform itself into:

- A 'Life-Enhanced City' – by supporting the activities, creativity and ingenuity of individuals, NPOs and private companies so that citizens can live a fulfilling life;
- An 'Environmental City' – by taking necessary actions to reduce the use of materials and encouraging citizens to re-use and to recycle to protect the environment for future generations; and
- A 'Unique City' – a developed city where both people and information move freely, and yet each area of the city retains and takes pride in its unique characteristics.

This vision is outlined in the administration's mid-term policy plan. In particular, we are working to make Yokohama the city in which individuals can reach their full potential.

Zaragoza

Interview with Mr Juan Alberto Belloch, Mayor, City of Zaragoza

Mr Juan Alberto Belloch,
Mayor, City of Zaragoza

City of Zaragoza

Zaragoza is the capital of the regional government of Aragón. It has a population of 640,000 inhabitants, approximately 50% of the entire population of the region. It is an industrial city, with strong professional, tourism and cultural roots.

We spoke with Juan Alberto Belloch, the mayor of Zaragoza, about the future challenges facing Zaragoza and how they will be met.

"From an economic point of view, the size of a state is unimportant in a globalised world. What is key is having very open cities with excellent communications in which anyone can do business" – Juan Alberto Belloch.

Global and international trends

One global trend that could impact most significantly on the city of Zaragoza in the next 10 years is sustainability (of the urban model and its services) both in economic and environmental terms.

This pressure will intensify due to changes to the concept of jurisdiction. In the 19th century jurisdiction was an issue argued by nation states. In the 21st century, however, jurisdiction has become an issue disputed by cities. This has led to an increase in the vulnerability of cities, which makes it important for them to have a clear growth strategy.

In Zaragoza's case, the management of its cultural diversity, the collaboration between the public and private sectors, participatory budgets and the shifting of power from the state to the city will be key matters to address. At the same time, we should not ignore the issues of security or natural resources such as water (which will form the basis of Zaragoza's image at the 2008 World's Fair).

Internal trends

The modernisation of management is one of the internal trends that will have the largest effect on Zaragoza. There is a growing demand by the citizens (and understandably so) for proper management of the city's assets by its municipal government and for effectiveness and efficiency in the city's financing systems. Given the city's increasing and varied needs, more work needs to be done in these areas.

Another major trend that will affect Zaragoza is the increased representation of the large Spanish cities at the state level, relating to the power of the state, especially in issues such as tax.

External and internal challenges

The main challenge that Zaragoza faces in the medium and long term is the danger of industrial relocation. Following the inclusion of the eastern European countries in the EU, the cost of labour in Zaragoza is no longer as competitive as it was. Therefore, we need to change our mentality and find alternatives to drive the economy, such as by increasing the economic weight of the service sector.

At the same time, the internal challenges that Zaragoza faces are mainly related to the management of the cultural changes of a society in which traditional values have to coexist with more modern values. Extremely helpful to this task is the city's sophisticated public university, which is where the future of the city lies.

Another strategic challenge is the fact that Zaragoza is a medium-sized city, which, in spite of having an excellent quality of life, does not generate sufficient markets for many activities. A very important global lifestyle change is taking place (for example, the increase in the number of people moving from city to city and country to country, the increase in cultural levels and bilingualism). This has generated a rapid process of ongoing modernisation in Zaragoza, and all its possible accompanying defects.

Consequences for the city

The most significant consequence of the trends in Zaragoza is that we must adapt ourselves to the growth vectors of the 21st century economy. These growth vectors can be classed into three groups: a knowledge economy, proper functioning of the city (good services and an increase in financing) and, finally, improved quality of life.

To achieve these objectives, Zaragoza needs to create a brand image whose success is based on the city's strategic positioning rather than mere marketing.

For this it is hoped that the 2008 World's Fair, like the Milla Digital project, will act as drivers for both the city and its citizens.

Another way to achieve these growth vectors is to capitalise on the image of Zaragoza as a city with a relatively moderate cost of living and an excellent university. This combines to create a knowledge society and gives the city a competitive edge.

The proper functioning of the city is based on the development of political leadership and management, founded on three pillars: enhanced communications; greater effectiveness and agility in performance of municipal duties, and transparency in management. These priorities link in with key social issues such as the regulation of mass transit and private traffic, the increase in social spending and the management of multi-culturalism.

Priorities for the next decade

In the next ten years, the city of Zaragoza aims to:

- Grow, while maintaining a high degree of social cohesion and qualify of public services;
- Increase the economic weight of the service sector relative to industry;
- Increase employment skills;
- Successfully organise the 2008 World's Fair and use this as a platform for positioning the city; differentiating itself in Spain, Europe and the world; and making the city an attractive site for more events in the future;
- Facilitate the inclusion of immigrants into the life of the city, to improve the city's overall economy; and
- Complete other important projects, such as Milla Digital, Plaza, AVE.

Politicians, local leaders and other stakeholders in general all believe that the city will successfully carry out its projects in the coming years. We are optimistic and fully confident about the future.

Zurich

Interview with Mr Elmar Ledergerber, President of the City of Zurich

Mr Elmar Ledergerber, President of the City of Zurich,

City of Zurich with the river Limmat in the foreground

Approximately 365,000 citizens from more than 150 countries live in Zurich, Switzerland's largest city. Each day, more than 160,000 commuters from throughout Switzerland and Southern Germany stream into the city to work. Nearly 40,000 students are enrolled at Zurich's universities. And more than 1 million visitors from across the world come to the city at the edge of the Lake Zurich each year.

We talked to Elmar Ledergerber, the President of the City of Zurich, Switzerland, and asked him about the future challenges and their consequences for the city that he leads. His aim is to keep all residents content and able to enjoy the qualities of the city.

Global and international trends

One of the most significant trends that will impact on the City of Zurich over the next 10 years is the ongoing progress of globalisation. This results in increased competition from low-wage countries, particularly in the area of services, but also for example in engineering. This increasing competition leads to increased pressure on wages in Zurich. The eastern expansion of the European Union is a further change that will have a major impact on the city. Furthermore, higher resource costs and crude oil prices will result in an increase of energy costs that will have an effect on the transport system, traffic and the economy in general. Not to be forgotten are the impacts of terrorism and the associated security requirements upon social relations within the city.

Internal trends

An important internal trend is urbanisation. Zurich, like other big cities, has a suction effect which will continue despite the fact that the city has partially joined together with other regions in Switzerland. The city aims for generational equality, growth and restructuring to the benefit of the middle class. Zurich's population is the only one growing in Switzerland. In particular, Zurich is popular with well-educated people. At the same time, the percentage of families living in the city is declining slightly. No less important is the trend for greater immigration, and movement into Switzerland will continue, particularly due to the strong image that Switzerland has. Cultural conflicts are also associated with these movements and they must be managed.

External and internal challenges

In addressing these important global and internal trends, the city faces some significant external challenges. Some of the principal challenges arise from the requirements of the cantons and Switzerland's position outside the European Union. Another external challenge is the excessive amount of legal regimentation and the political system that means even "small" adjustments require a public vote and / or the legitimacy of a referendum.

The major internal challenge the city faces is the fact that every fourth job is linked to the financial sector or an industrial sector closely associated with the financial sector. As much as 30% of the creation of value in Zurich comes from the financial sector. Therefore, the financial centre is simultaneously a cluster risk and a cluster benefit. Other challenges are the greatly increased demands on public services (such as infrastructure, the healthcare system, education, public transportation). The rise in demand contrasts with the stagnant economic growth that has dominated Switzerland during and since the 1990s. The ratio of government expenditure in relation to GDP restricts the room for manoeuvre.

Consequences for the city

The City of Zurich should be committed to the principle of sustainability. This commitment means that economic, environmental and social concerns are all equally taken into account. Zurich's strength as a business location, and particularly as a financial centre, should continue to be developed. In the area of IT and IT-associated companies, there are a lot of new companies that must be offered good basic conditions. In general, Zurich should allow development possibilities for new jobs. In the area of apprentice training, improvements are still needed so that companies can hire more apprentices. The appreciation of CSR (corporate social responsibility) is growing among businesses within the city with many companies taking their social responsibility seriously.

Continued investment in the city's infrastructure is of great importance. This includes investment in the areas of culture, sports and education as well as the transportation sector. In addition, investment in private housing as well as in offices is needed. Effective childcare is seen as one of the most important advantages of the City of Zurich. The city already co-finances a large number of existing nursery schools. Now the challenge is to promote innovative childcare models. Certain city areas also need to be redeveloped, and for the education and research sector, an expansion of the university is planned (every third student in Switzerland studies in Zurich). In addressing all of these challenges and opportunities, the inclusion of different stakeholders (e.g. companies, corporations) is seen as very important.

Priorities for the next decade

The priorities for the city over the next ten years include in particular:

- New Public Management;
- IPSAS: There is an impetus towards a generally recognised quality standard for accounting for the public sector. In particular, planned changes will result in greater reliability and transparency in the reporting of financial performance; and
- Greater cooperation with private businesses to further enhance the economic wealth of the city. Working with bodies in the "Greater Zurich Area" and the Cantons, the city is identifying areas for development such as "Machine in the Garden" to enhance the city's environment.

Appendix 1

Lead authors

A wide range of representatives from PwC Big Cities Network have contributed to the production of this document. It would not be possible to list the names of all those who have contributed so generously to the project. Instead a list of the lead authors is set out below. If you would like any further information, please contact the relevant person listed below.

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Appendix 2

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