

## MIPIM Mayors' Meeting Matures Conclusions of the 2011 MIPIM Mayors' Think Tank



**Greg Clark**, Senior Fellow for ULI, and Chairman of the OECD Local Development Forum reports back as the moderator of this year's MIPIM Mayors' Think Tank.

This year's Mayors' Think Tank at MIPIM attracted a high-powered group of city leaders, including Mayors, Deputy Mayors, Council Leaders, and City CEOs from around 80 different cities. The diversity of cities represented was illustrated best by the combination of the City Mayors from many of Europe's leading cities combined with the Mayors and Deputies of São Paulo (Brazil), Kigali (Rwanda), Moscow (Russia), Mississauga (Canada) and Tbilisi (Georgia).

The cities were also distinguished by size and location, and by the very different institutional and fiscal status of the city governments involved. Some of the cities are highly 'self-governing', with extensive powers over infrastructure, revenue raising, and investment planning, others are more 'dependent' on higher tiers of government and other public authorities for both infrastructure services, revenue transfers, and investment capital.

The gathering is not a city summit with a tight focus and public declaration, but rather a chance for the city leaders to exchange insights and innovations in a private discussion, orchestrated through six thematic tables, which are quite free from protocol and other rigidities. It is a think tank.

This year's mood was even more pragmatic and focused than last year and the mayors spoke eloquently about the beginning of a new cycle of development, in which cities must assert their leadership. Three large and important drivers combine to trigger this fresh start and to shape the cycle that will now ensue:

- As population growth and rapid urbanisation combine, the human race has now become a majority of city dwellers, and the role of cities in every aspect of public and commercial life is rising rapidly.
- The global climate emergency is potentially made worse by rapid urbanisation unless we remake the way we shape and manage cities - we simply cannot afford the inefficient urban forms of the last cycles.
- The economic crisis and restructuring of 2007 – 2010 is largely over, and, even if there are adjustments still to be made, there is new energy in investment and development.

This means that tools, strategies, and trends forged now will shape how the new cycle unfolds. City leaders are ready to play key roles in shaping the cycle. For cities, this new cycle will include a combination of both continuity and profound change.

➔ **Continuity.** In terms of **continuity**, some existing city priorities will be deepened and extended.

- The quest for **quality of life** remains the key organising idea for many city leaders because it is the profound common denominator between the needs of citizens, businesses, investors, and visitors in a city. Quality of life is the response of cities to the hyper-mobile world, it is the means to be attractive to those that have a choice about where they are, and to meet the needs of those who do not have such choices. So, local amenities, connectivity, and good local public services are essential and are the permanent quest.
- **Sustainability and the evolution of smart cities** are the key growing priority. Sustainability emerged as the key idea of the last cycle and 'smart cities' are the means to utilise management technologies in the city leadership and management arrangements that will deliver less waste, reduced carbon, and improved environmental and fiscal efficiency. The technologies have got much smarter and more precise, and city leaders will use these new tools to drive a second wave of sustainability through city government. The transition from smart cities to smart territories is already underway in some places as these approaches move beyond administrative boundaries. The concepts of sustainability and liveability are merging gradually, meaning that the drive is to address all of the requirements of quality of life, to which sustainability is central.
- City leaders will continue to seek to **lead change in citizen behaviour** in relation to waste and recycling, energy use and supply, transport modes and use, and many other areas of civic life. Inspiring citizens to change existing behaviours is not easy, but city leaders are convinced of the need to make it more difficult for citizens to do the wrong things, and to make it increasingly easier to choose the ways of living that contribute most to overall wellbeing.
- **Infrastructure is the big ongoing challenge.** Many cities need to address substantial infrastructure deficits and promote investment and re-investment to cope with the challenges of growth, change and adaptation, and many more cities need to renew, re-finance, and manage existing infrastructure better, including transport, energy, waste, water, and housing. These infrastructures have the power to simultaneously address economic, social, and environmental priorities, and are essential tools for city management. Yet, the public finance requirement they represent is so large that multiple changes will be required to address the infrastructure deficits of cities.

- **Local Government constraints remain substantial.** Despite the rapid urbanisation of the world, many governance systems remain locked in old 'nation state' paradigms that systematically fail to address current realities, do not recognise the core role of cities in 21<sup>st</sup> century life, and allocate resources in perverse or bizarre ways that do not address current and future imperatives. Helping national governments and others to recognise the importance of adjusting to the global urban age remains one of the most pernicious challenges.

So, the city leaders noted that some existing priorities remain central to their task. Making progress on these long term requirements is essential to success for cities.

→ **Change.** In relation to **change**, substantial new imperatives have emerged that city leaders will attend to.

- **Citizen trust** has been substantially eroded by the three years of crisis, and public sentiment is more cynical about political leadership than it has been for many years. Civic renewal requires a new relationship with the public built on patient engagement, realism and ambition regarding what is possible, and use of new and diverse communication channels. City leaders simply have to regain the trust of the population.
- **Population change is rife:** increased mobility, extended life expectancy, low birth rates in the core of Europe, and new demographic segments present a powerful new population dynamic that city leaders need to understand and to which they must respond. It means increased heterogeneity in citizenry aspirations, and the need to provide services and representation to different population segments with distinctive approaches.
- **Economic strategy.** The new economy is emerging rapidly. Cities must focus on strategies that leverage their roles as knowledge creators, centres of entrepreneurship, places that provide the advantages of face-to-face transactions and engagement. They must focus on serving the needs of growing markets globally. Innovation and trade are historically key to city economic success, and meeting the needs of the changed modern world with offers that are both distinctive and sustainable is key. Many cities are revising their economic strategies to focus on these leading edges and building new identities to project their productivity to the larger and newer customers and investors in the emerging world.
- **Finance.** Increasing the investment rate will be the single biggest challenge in the next cycle. Investment is key to adapting to a changed world, and ensuring that assets do not become liabilities. But public finance and debt finance are more limited than at any time since the aftermath of World War Two. Therefore city leaders acknowledge that they will have to seek new financing tools and investment partners, and will be interested to review the potential of all instruments including municipal bonds, tax increments, PPPs, value capture techniques, special investment funds, tolls, levies, and charges, and the wider use of public land to leverage investment. The cities will also seek to learn how to work with larger institutional investors and sovereign wealth funds, new niche fund managers, and syndicated investment clubs. The city leaders know that there is substantial new investment capital available, but that it may have different requirements from those who were prominent in the last cycle.

A new cycle of financial innovation is about to begin in earnest. Re-financing and modernising existing infrastructure and assets will be even more important than new initiatives, though both are essential.

- **Cities in national and supra-national systems.** For many cities, especially those that are less self-governing and more dependent on public transfer payments, the biggest relationship issue is with national governments and supra-national organisations like the EU. There is a tension between the traditional policies of national governments and supra-governmental bodies which seek to achieve fiscal balance and redistribution of resources between regions, and the growing imperative to focus on cities as the competitive edge of nations, the key sites for CO<sub>2</sub> reductions, and for social development. National governments and inter-governmental bodies have been far too slow to adjust to the new global realities, and they resist imperatives to prioritise and empower cities because political systems reward them for maintaining old paradigms. Cities will find that they must constantly challenge national governments during the early years of this cycle if they are to acquire the tools needed to succeed across the whole cycle.
- **Performance science.** Due to the global urbanisation phenomenon a new quest has begun to help build the management and performance science of cities. This means that city leaders are becoming more interested in evaluation, benchmarking, indexes and rankings. There are a huge range of such instruments now emerging (not all of a high quality) and city leaders are using them more frequently, and becoming more discerning about when and how they are used. The city leaders gathered at MIPIM, saw the need for these benchmarks to evolve in order to help them learn, and to set standards.

→ **New era in city leadership.** The determined mood of the city leaders at MIPIM reflected the knowledge that the city leadership challenges facing the world have just got much bigger. Major urban development efforts are required if the growing cities are to be successful in tackling climate change and social inequality, and also become productive engines of trade and innovation.

- Cities will continue to face constraints in **public finance**, and **national leadership** does not appear to be willing to embrace urban and metropolitan problems systematically or overtly. Cities leaders must find ways to tackle this collectively, as well as individually.
- The **new economy** seems likely to result in sharper divides between ‘**winners and losers**’ and this will result in increased competitiveness and larger returns for successful transition to productivity improvements. This means that the return to good leadership is potentially great, but the penalties for failed leadership are likely to be much greater too. City leadership is riskier than before.
- **Political jeopardy.** Despite the need to drive citizen behaviour change (for example, in waste and recycling, transport modes, energy use, housing choices, etc.) in order to make progress on long-term goals, citizens frequently do not vote with long-term perspectives in mind, and often appear to punish, at local elections, those local leaders who have taken the most radical steps.
- Remaking the **relationship with business** is also a critical goal. The last cycle saw many informal public-private agreements come unstuck when the crisis began. Master-plans were not always implemented, funding agreements had to be revisited, and job creation did not often materialise. Consequently, local agreements between city governments and businesses will need to be fashioned in a new way in the next cycle, often with much more staged agreements that take stock of progress at defined intervals, before further support is granted.

In conclusion, the overall mood of the mayors and city leaders gathered at MIPIM was one of determined optimism. The major trends are re-positioning cities in ways which must lead to a more central role in public and commercial life.

Despite the lack of systematic tools for cities to tackle all the challenges of the modern world, the new cycle will unleash a period of profound and practical innovation by the city leaders which will increase the capacity of all cities to address shared imperatives.

Whether or not cities are empowered by national governments, there will be a period of determined action by city leaders. Even if cities are not formally empowered, active national and supra-national spheres will have to become more focussed on solving city problems in a more co-ordinated way.

Business too, will come to see cities as important ‘emerging markets’ for services, products, and sites, and will learn how to develop long term approaches to urban markets. Overall, the urban age has truly begun, and now those who wish to partner with cities for their own purposes, will have to support city efforts better, and embrace the potential of cities to achieve their civic and metropolitan goals.



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