

METREX Glasgow Spring Conference - 24-26 April 2013



# Metropolitan Dimension

Europe - A Bunch of Grapes?

Proceedings 2 - am



# Proceedings 2

## Presentations and Forum

### METREX and Europe Day

#### Welcome and Introduction

- **Alberto LEBORIERO AMARO**  
President of METREX

#### Keynote Address

#### The Metropolitan Dimension in Europe

- **Dr. Klaus R. KUNZMANN**  
Professor, University of Dortmund  
Professor Kunzmann has published extensively on the future of the European city

#### Keynote Address

#### The exemplar of the Metropolitan Dimension in Germany

- **Jakob RICHTER**  
Initiative Committee of European Metropolregions in Germany

#### Impact Investing and Sustainable Cities - What are the Levers?

- **Dr. Maximilian MARTIN**  
Founder and Global MD  
Impact Economy

#### Open Forum

#### Metropolitan Dimension

- **Alberto LEBORIERO AMARO**  
Chair and Moderator  
President of METREX
- \* Panel of morning speakers and all Conference delegates

## Metropolitan Dimension - Best Practice

- **Martine LEOTARD**  
Ile-de-France - A Metropolitan Authority  
Institiut d'Urbanisme Ile-de-France (IAU-Idf)
- **Jan DREWS**  
Berlin-Brandenburg - A Joint Metropolitan Authority  
Joint Spatial Planning Departmnet of Berlin-Brandenburg
- **Eric van der KOOIJ**  
City of Amsterdam - A cooperative Metropolitan area  
Physical Planning Department, City of Amsterdam

## Metropolitan Dimension - City of Moscow Plan Competition

- **Alberto LEBORIERO AMARO**  
Member of the judging panel  
President of METREX
- **Professor Brian EVANS**  
Capital Cities Planning Group (CCPG) for the  
"City in the Forest" winning entry

# Keynote Address

## The Metropolitan Dimension of Europe

Professor Klaus Kunzmann\*



### 1 Outline

- Metropolitan fever?
- Metropolitan functions
- Challenges of city regions in Europe
- City region governance
- Strategic planning for city regions
- Metropolitan scenarios
- Outlook - Europe and China



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HonDLitt (Newcastle) Potsdam*

*Formerly Jean Monnet Professor of Spatial  
Planning in Europe, TU Dortmund/Germany*

*Powerpoint slides - Copyright: Klaus R.  
Kunzmann@udo.edu*

Well okay I hope you had a nice day in, up in Glasgow yesterday, after we had heard that things are going well in Scotland and I suggested yesterday that we should see whether Scotland and ... yes, I'm happy to be here in happy Glasgow, I would like to thank METREX for inviting me to this place and they asked me to talk about the metropolitan dimension of Europe. I hope they, when they invited me and Roger was so kind to do that, then he had in mind that I'm not a quantitative person, so if you, the metropolitan, the stage of metropolitan development is something ESPON is doing and I will not present you with many figures, or almost no figures, it is rather a qualitative assessment of what's happening in Europe, in metropolitan Europe these days and you see the outline here on this screen and we have seven items and I will try to fill the next 60 minutes.

**1** Let me start first with some comments about the context of metropolitan development in Europe these days. This morning I was shocked by hearing from the news that youth unemployment in Madrid is now more than 50%. We talk about the future of metropolitan regions, we should talk about the future of the young people in the metropolitan regions, in the south, because it seems at the moment they have no future.

Europe is in a crisis we know, not just financially, citizens are worried and rightly they are worried. Maybe not in Glasgow, maybe not in Munich and not in Frankfurt, but in Madrid, in Athens, in Naples and in Rome.

What we experience these days is a renationalisation of member states, everybody's looking inside the country and organisations like Metrics suffer because there is less and less communication among Europe because of this inward looking environment these days.

Own member states focus on their own political and economic problems, whether it is France, or Italy, Hungary, or the UK.

Limiting the EU budget, the unwillingness of governments to share and to support weaker member states is the big issue among the people in Europe at the moment, especially in southern Europe and we are in an environment where this old ideological conflict between state and market is still prevailing. We hear occasionally that in the UK they say planning is a big problem, we should not have planning anymore and recently a colleague from the University of Liverpool told me that he went into a class to talk about planning in the UK for

UK students and then he realised that there was one UK student in the class and all the rest were Chinese students, so he had to change his lecture.

There is much concern about Germany's economic power and about the prevailing ideology of Germans and in London now about the footfall dominance in Europe. I apologise to our Spanish friends at the moment but this will change again, I have no doubt.

And of course the whole of Europe is concerned about the post of China. Mainly China, it is Asia, it is Korea of course, it is Vietnam, it is Thailand, we don't talk much about Indonesia and about India but the Asian post is a concern for us and what are we doing, we are trying to control tax havens, we will not be very successful in doing so, there will always be holes in this world. So what we are facing is a Europe of two speeds at least, if not three speeds and at the moment it's very difficult to convince young people that Europe is the solution. So we have to see how things will go on.

## 2 Context - Europe 2013

The painful public discourse

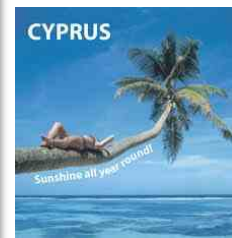
- Europe is in crisis, not just financially!  
>Citizens are worried!
- Re-nationalization of member states > UK
- National member states focus on their own political and economic problems  
> France, Italy, Hungary, Portugal, Spain, Cyprus, Ireland and UK
- Limiting the EU budget  
>unwillingness of governments to share and support weaker member states > austerity policy
- State against market > an old conflict
- Concerns about Germany's economic power and saving ideology and the growth of China
- Controlling tax heavens
- The Europe of nations - a two/three-speed Europe?

... End of the European dream?

## 3 The Stagnation of EU Territorial Development

Territorial or spatial?

- The financial crisis has stopped many initiatives >although business as usual is carried out by DG Regio
- The economic stagnation does not call for new spatial development initiatives
- European transport corridors are under fire locally > Stuttgart
- Politicians and the planning community lost interest in planning
- Decline of inner-European networking
- In the end planning is just a hobby horse of the academic planning community?



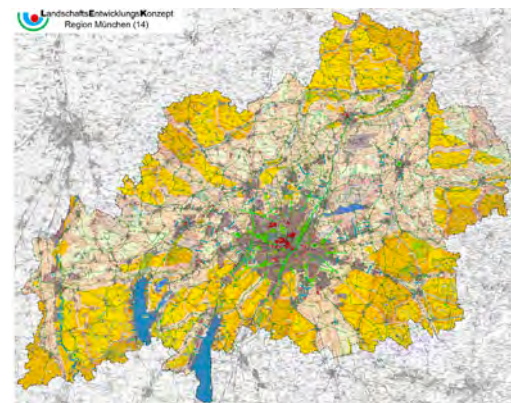
**2** If we go to planning, the wider context and go into planning, then I have the feeling that the financial crisis and this end, not end of the European dream but this hesitance to talk about European these days has stopped many initiatives. I am quite sure that in places and areas where the 'business as usual' is carried out that the economics stagnation did not call for new spatial development initiatives. European transport corridors are a little bit under fire in Germany and Stuttgart but also on the Italian/French border.

Politicians and the planning community, even the planning community has lost interest in planning, more so on the continent and in southern Europe than in England. I'm always surprised how positive the European spatial development perspective was received in the UK, so it was growing in the UK and it was declining in Germany I felt.

**3** We experienced a decline of inner European networking, you know that the programmes like the, all these European programmes where a big support for the tourist industries, scientific tourist industry and everybody was travelling around Europe in order to meet colleagues and learn from other countries' problems and achievements. But this is slowing down tremendously and that's a pity of course. But we have to accept that and at the moment, I feel at least, that planning, spatial planning in Europe is just a hobby horse of the academic planning community and not any more a hobby horse of politicians or a real task of politicians and policy makers.

## 4 Why Metropolisation?

- Globalization, technological change, new information, communication technologies and global logistic systems (following the logic of the market ideology), and more recently changing location preferences of private households contribute to the concentration of economic activities in larger city regions > reaching up to 100km to a suburban, peri-urban and rural hinterland
- The competition between large cities for investment, investors, for talents, events and media coverage, nurtured by ranking mania accelerates processes of metropolisation in Europe
- Based on the philosophy of the Lisbon Agenda, metropolisation is supported by sectoral policies of the European Commission and its member states, and by metropolitan cities. They invest in European infrastructure networks and hubs, in technopoles, flagship projects and in globally important events > Olympics
- Cohesion policy of the EU aims to cushion the negative implications of metropolisation, though with little success.



## 5 Metropolitan fever?

- As a consequence of globalization, and with a view to Asia and its many mega-cities, city governments in Europe mobilize their competitiveness, and they form strategic alliances, such as METREX
- Even, if a city region is not really a metropolis, local or regional governments brand their urban agglomeration as a metropolis
- to impress citizens, investors, media and "talents".



### Metropolitan fever

- In Europe there are two real metropolitan cities which have grown over centuries - London and Paris. . . . and two on the fringe of Europe - St.Petersburg and Istanbul



**4** Now why the metropolitan damage, why metropolisation? Of course you know much better than I do about that so I don't need to expand very long. It is about the implications of globalisation, technological change, new information and communication technologies and following the logic of the market. Economic development is more and more concentrated in larger city regions, reaching up to, let's say 100 kilometres to sub-urban, very urban and even global intellect.

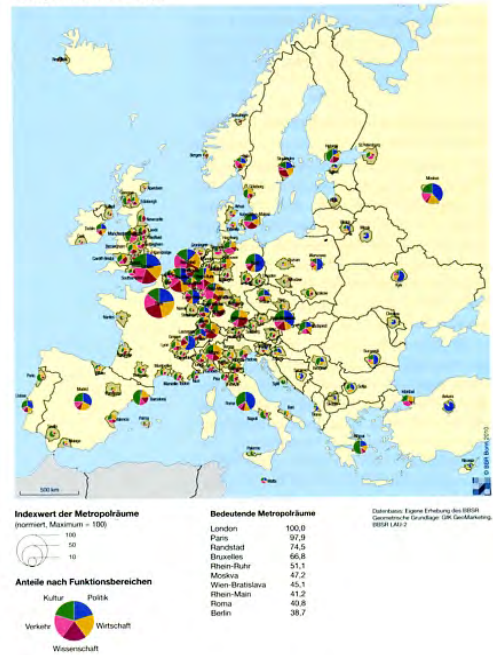
The competition between large cities for investment, investors, for talents, events and media coverage nurtured by ranking [20.36] a topic I will come back to later, accelerates the process of metropolisation in Europe. Based on the philosophy of the Lisbon Agenda, metropolisation is supported by sectorial policies of the European Commission and its member states and by metropolitan cities. They invest in European infrastructure which benefits the metropolitan cities, they invest in perhaps techno [21.01] and in global important events, everybody wants to have, every metropolis wants to have the Olympics.

**5** The cohesion policy of the European Union aims to cushion the negative implications and metropolisation because they know it will create a new imbalance, so I feel with very little success. I call it, we have at times a decade of metropolitan fever and of course I'm influenced by the metropolitan fever we experience in Germany these days and we will hear more about that just after my presentation.

## 6 Metropolitan fever?

- Many cities and city regions in Europe wish to qualify for metropolitan "status," such as Berlin and Frankfurt and the Ruhr in Germany, Milan in Italy, or Lyon in France, Warsaw in Poland or Madrid in Spain
- Other cities are content with what they are: important cities in the urban network of Europe, such as Amsterdam, Barcelona, Rome, Naples, Athens, Copenhagen, or Stockholm

Abbildung 2  
Metropolräume in Europa



## 7 What is a Metropolis?

Metropolitan functions

Many efforts have been made to define a metropolis and to identify appropriate indicators for such definitions

Four functions characterise a metropolis

- Control and decision-making  
> Governments and financial centres
- Innovation and competitiveness  
> Economy and knowledge
- Hub and gateway  
> Transportation
- Cultural dominance, value leadership and discourse  
> Communication and media



**6** Even if a city or region is not really a metropolis, so we don't know, what is a metropolis? I'll come back to that. Local or regional governments brand their urbanisations as a metropolis to impress citizens, to impress investors, media and talents. A typical example for me, I was living in Lahore for 32 years and Lahore is certainly not a metropolis, but they have used the Metropole Lahore as a brand name in order to impress, but also in order to bring some mayors together and in this respect they have been quite successful. Lahore has not become a metropolis but the mayors feel that they should cooperate to some point. So at least that is a positive thing.

In Europe I feel personally there are only two real metropolitan cities, it's London and Paris, in France and we'll hear about that later as well. And we have two on the fringe of Europe, St Petersburg and Istanbul, I feel they are European cities but they are not a part of the European Union of course.

Other cities try to qualify for this status of metropolitan regions like Milan, like Lyon, like Russian or like Madrid and other cities and I have some sympathies for these cities are content with what they are, important cities in the European network of Europe, such as Amsterdam, Barcelona, Naples, Copenhagen or Stockholm.

**7** What is a metropolis? I assume that in Metrics you have discussed this issue since Metrics was established and there are many academic efforts to define a metropolis. I feel there are four functions which characterise a metropolis. The first one is quite clear, control and decision making, so government, so the public sector, government centres and financial centres. So where is the power of finance and locationally we feel that the financial world has more power than the political world these days, and the political world is just following the decision making processes of the financial world, which is far above us and we have, if we are not bankers we have no influence on this.

The second function of a metropolis, it's a centre of innovation and competitiveness, economy, knowledge, high class universities, technology, innovation and so on.

The third one is what we feel, whether we are active in a business or whether we are tourists, is they have a gateway function, so it's where people have access to the global world, like Frankfurt Airport or Paris Airport, or London

Airport where the European fast speed trains, cars and so on. So gateway function.

These three functions are quite clear for us, the fourth one is a little bit difficult. I would say it has to do with cultural dominance, with value leadership and with discourse and has to do with media and communication and I think this is very often underweighted, because the European use for example would not say that the value of the society in Frankfurt is the value of the young generation. Berlin tries at the moment to benefit from the Berlin image of a so called creative city. So cultural dominance like in Paris, value leadership, like very much in London if you look at the fashion sector and discourse is a fourth function of a metropolitan region, which is very difficult to influence.



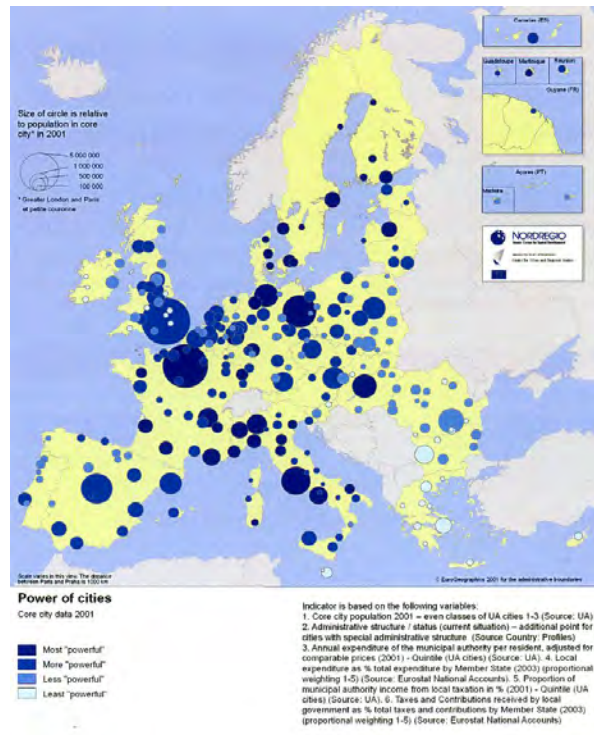
## 8 The Metropolis - A Patchwork



## 9 Metropolitan Ranking

Mercer 2012 >for the globally mobile business community

- Europe has 15 cities among the world's top 25 cities for quality of living
- Vienna retains the highest-ranking for both the region and globally
- The rest of the top 10 for Europe are dominated by German and Swiss cities, with three cities each in the top 10.
- Zurich (2) is followed by Munich (4), Düsseldorf (6), Frankfurt (7), Geneva (8), Copenhagen (9) and Bern (10).
- The lowest-ranking Western European cities are Athens (83) and Belfast (64).
- . . with Auckland, Vancouver and Sydney as global competitors



## 10 Metropolitan Ranking

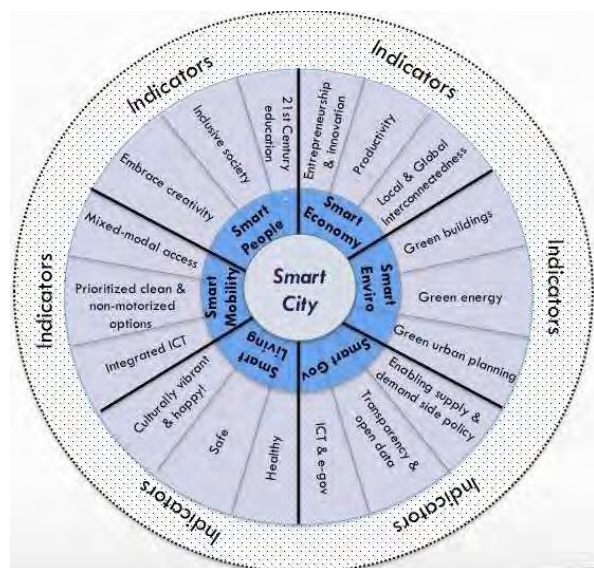
Fast Company Journal (US) 2012

Six dimensions make a city smart

- Smart Economy
- Smart Mobility
- Smart Government
- Smart Living
- Smart People
- Smart Environment

The smartest cities in Europe in 2012

- Copenhagen
- Stockholm
- Amsterdam
- Vienna
- Paris
- Berlin
- London
- Barcelona
- Munich
- Frankfurt



**8** The metropolis in the end is a patchwork, it's a patchwork of all kinds of different small worlds which in the metropolitan region, from the airport city becoming more and more an independent unit in a situation to add to industrial complexes at the fringe, to health complexes, to gentrified city areas, to arcadia in parts of the city, so the city becomes more and more a patchwork of functions, a patchwork of lifestyles, a patchwork of people, a patchwork of ethnic communities and so on and if you are working in the city region then you have to deal with all these things and it depends with whom you talk and what kind of task you are given by the political parties to work in this metropolitan patchwork city.

**9** I said earlier that metropolitan ranking is one of the things which fascinates politicians and the media and I'll just give you two examples. One is the Australia Mercer 2012 and these rankings are usually for the globally mobile business communities, they are not for the average citizen. But he benefits from it if he reads in the newspaper that his city is number one, or number two or number three and in the most recent, just to give you an example, the most recent ranking by Mercer was that Vienna is the city with the highest quality of life in the world and the rest top ten for Europe are dominated by German and Swiss cities, that's very interesting. Yes, so from an Australian perspective, and given all this, I don't know, 40 indicators they use, they say that the quality of life is best in Europe. This should make us very content in a way, though we know it's not quite true for everybody. Zurich is second, Munich is fourth, Düsseldorf is sixth, Frankfurt is seventh, Geneva is eighth, it reflects where do business people if they have to go outside of the home country, where would they like to live. It is not about the student, where he wants to study, maybe yes but it is not about the worker in a garbage disposal plant where he wants to live, because he has no choice to go to Düsseldorf or Frankfurt.

The lowest ranking western European cities according to this, the rankings are Athens and Belfast and of course coming from Australia, Auckland, Vancouver and Sydney are also on the list.

**10** If you take an American ranking it's a little bit different, they define, they even gave the indicators a little bit more clearly from smart economy, to smart mobility, to smart living, smart people, smart environment, everything is smart, this is from the Fast

Company, one of these fancy American lifestyle journals. Copenhagen first, Stockholm, Amsterdam, Vienna, Paris, Berlin, London, Barcelona, Frankfurt, so it's again the same list but a different ranking.

And so you can find 50 of these rankings all over, they all come up with different indicators, more or less reliable, it depends on the data, it depends on the value of the guy who is collecting these things.

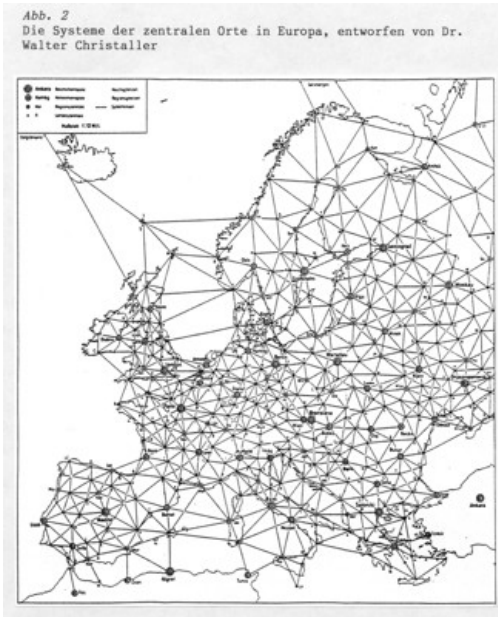
So that's, does not give us any idea, it just makes that a little bit self complacent and, but it should say in Europe, nevertheless if the outside world considers the metropolitan cities in Europe as liveable cities we are on a good way.

## 11 Metropolitan Hierarchies

Even more efforts have been undertaken to develop urban and metropolitan hierarchies, which find interest beyond the community of geographers.

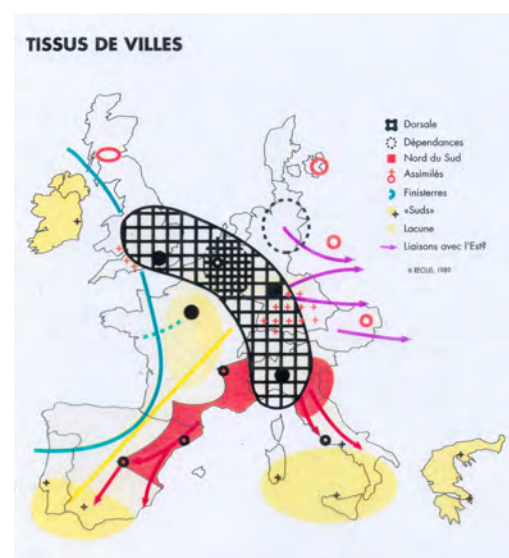
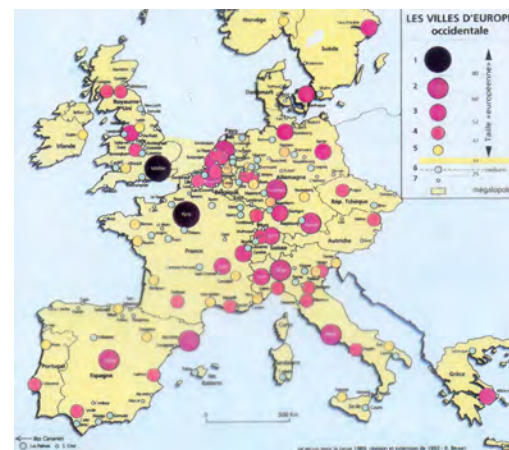
Politicians, business consultants, property developers and popular media are the consumers of such exercises.

It started with Christaller in 1950 >



## 12 Metropolitan Hierarchies

Later Brunet in France triggered of the famous (blue) Banana, and legions of geographers and planners reflected on this much misconceived symbol of urban Europe.





**11** But this whole story started and it's probably not much known, 1950, which Walter Christaller, you know Walter Christaller the Germany geographer who developed the Central Place Theory, very influential in German spatial planning, not so influential in other countries but he made in 1950 a European map of central places and the hierarchy of central places. I don't go into any detail but interesting enough one of the global cities on this map is [30.54] I don't know why he came to [30.56] at that time, but that was it.

**12** Then Brunet in France followed with his famous research about the ..... and he came up with the so called Blue Banana and legions of geographers and planners reflected on this much conceived symbol of urban Europe which was not really reflecting the reality of Europe because if you go into the details and ask about the sources then it was very .. well not very scientific how he got this information. But the Blue Banana and I think that is the most interesting part of it was then put forward to the French government to tell the French government, Paris is not anymore in the centre of Europe, now the centre of Europe is outside of Paris, it's in the Blue Banana.

### 13 Which European Banana?

... or just a European shoe?



### 14 Europe: A Bunch of Grapes

Each metropolitan city region in Europe with its peri-urban hinterland represents a grape

- Some are big, and some are small
- Some are sweet and some are dry
- Some are growing and flourishing, others are suffering and shrinking
- Some are very visible, others are hidden



### 15 Competitiveness



**13** We all know that this is not true and I have said you can have the Blue Banana all over Europe, it's just where you start and where you end. You can start in London and end in Milan or you can start in Paris and end in Russia, or you can start in Paris and end in Madrid and you can start in Berlin and end in Istanbul.

And if the media people, the designers, find that the European Shoe reflects Europe much more than the Banana, it tells us that this symbol is not a good symbol for our work here.

**14** I rather feel, and I'm doing a little bit of self marketing now, Europe is a bunch of grapes and you have big grapes, you have small grapes, you have sweet ones, you have tiny ones, you have growing ones, you have flourishing ones, others are suffering and shrinking, sometimes they are growing, sometimes they are shrinking and some are very visible and others are hidden. So I rather feel that METREX is representing the Europe of a bunch of grapes. Or each grape is one of our metropolitan regions.

I think it's more a symbol which reflects the reality than this scientific of ESPON, now ESPON is dictating us, how to see Europe with wonderful maps but it's very difficult to understand these maps and this map about European competitiveness would need one hour explanation to tell you why certain parts of Europe have different priorities than other parts. I don't go into detail, I go on.

**15** Consequences of this metropolisation, so we know that the metropolitan cities in Europe are, from a global perspective, quite positive to see, they are established, the quality of life is high, but what are these consequences of metropolisation in Europe? Well one thing is very clear, these metropolitan situations will further grow and grow and grow. Disparities within the metropolitan cities will grow as well, they will polarise between the city, spatially and socially. You remember the picture I showed about this patchwork city, so you have some parts of London are very poor, some parts of Berlin have a high unemployment, some parts of Frankfurt are very rich and others are very, not as rich as they could be. So we have patchwork cities evolving, representing the rationales and values of economic social patchwork in national communities.

This in turn leads to a functional complexity which requires new approaches to mobility and logistics, to social and cultural challenges. Just to give you one example at the moment everybody is thinking about, what will happen to our cities with e-shopping. We really don't know yet what is the impact of e-shopping, whether our city centres and that is my assumption, will become consumption museums where people go to look at things and then they go home and shop.

The governance of larger city regions in the majority of planning and decision making system is getting more complex so it is not such within the metropolitan region between the centre and the periphery, it is also metropolitan region, in Germany the state, then above the state the federal republic, above the federal republic comes the European Commission and above the European Commission comes the financial system, yes which is still far in the sky.

So the international agendas are getting increasingly important and non-metropolitan regions, sorry for the mistake, non-metropolitan regions will stagnant unless they have a particular territorial capital, that's what they have to explore.



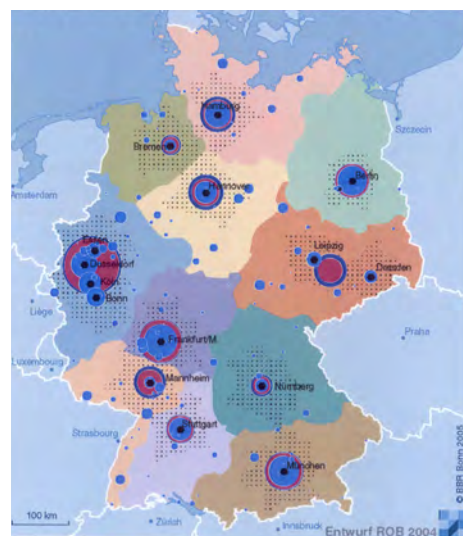
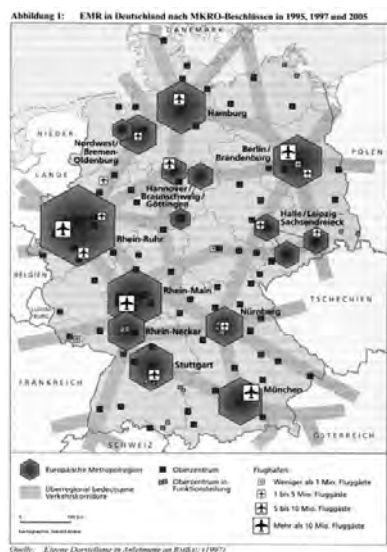
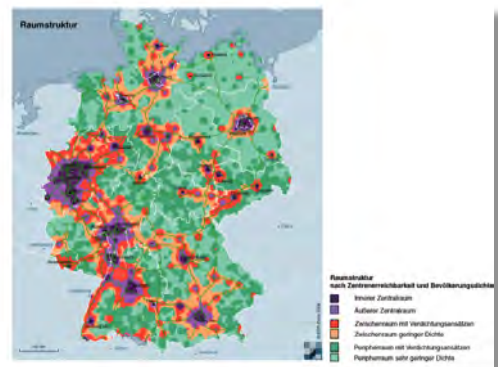
## 16 Consequences of Metropolisation

- Metropolitan city regions will further grow and expand
- Disparities within metropolitan city regions are polarizing the city and the society
- Patchwork cities evolve, representing the rationales and values of economic, social, cultural or ethnic communities
- Functional complexity of city regions require new approaches to mobility and logistics, to social and cultural challenges
- Governance of larger city regions in multi-tier planning and decision-making system is getting more complex
- International agendas are getting increasingly important

..... and on-metropolitan regions will stagnate, unless they have a particular territorial capital



## 17 Germany - 11 Metropolregionen



**16** This in turn leads to a functional complexity which requires new approaches to mobility and logistics, to social and cultural challenges. Just to give you one example at the moment everybody is thinking about, what will happen to our cities with e-shopping. We really don't know yet what is the impact of e-shopping, whether our city centres and that is my assumption, will become consumption museums where people go to look at things and then they go home and shop.

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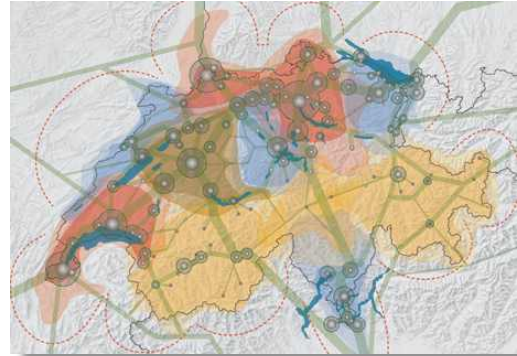
So the international agendas are getting increasingly important and non-metropolitan regions, sorry for the mistake, non-metropolitan regions will stagnant unless they have a particular territorial capital, that's what they have to explore.

**17** Germany has 11 metropolitan regions and there is some, my computer does not like this computer here, so that is the old Apple conflict ... but we will hear more about the German metropolitan regions just in a few minutes and in Germany most of Germany is covered by, let's say metropolitan regions, they are very little spaces and these are the red dots which you don't see on the map. Very few, I think there are only six regions in Europe which are not linked to a metropolis.

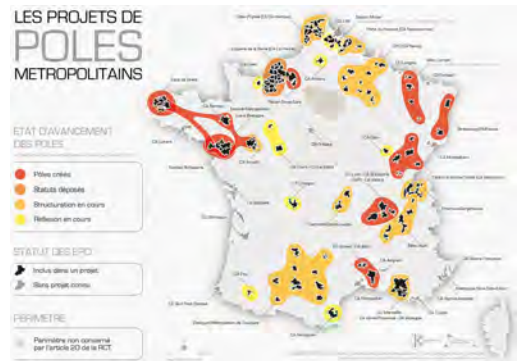
## 18 Switzerland

National spatial development concept 2012

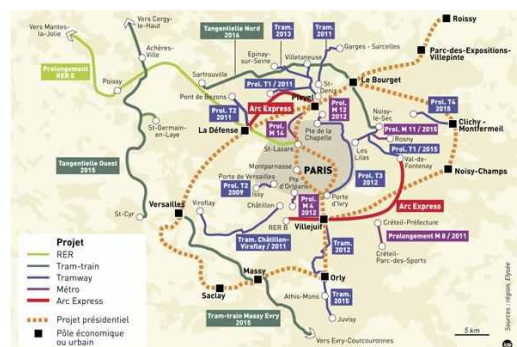
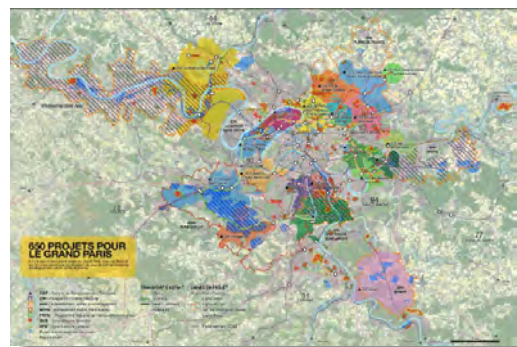
- 3 Metropolitan regions > Zurich, Basel and Geneva/Lausanne
- 1 Capital region > Bern



## 19 France



## 20 Paris





**18** Switzerland says we are one metropolis, at least we are Swiss, Zurich, Basel and [37.11] and then we have the territorial capital of the Alps so the Alps are partly, like if you go to St Moritz then you have a very, very rich part of Switzerland and if you go to ..... then there may be a few problems, but Switzerland as a whole is one network metropolis.

**19** In France it's very interesting that given the dominance of Paris and the present policies, we will hear about that, more in a few minutes, all the other regions in France try to get some kind of metropolitan cooperation and it will not be easy. Some are more successful like [38.00] and the west coast, Lille is trying the best to come up with the transporter metropolis and of course around Airbus city Toulouse it seems to be economically quite successful as it is Lyon, ..... and St Etienne. But the rest of France is, is over and so the problems for those areas are different from the problems of course of the metropolitan, Paris is getting bigger and bigger and the new project for Paris, the ..... make it even bigger, if transportation is improving then this whole region of Paris becomes really a global metropolis but most tourists will just not go far away from the city centre, from the Seine and the Louvre, and they have never been to the suburbs where the real problems of the metropolis of France are very, very visible.

## 21 Challenges of Metro-Regions in Europe

City region governance is faced with enormous challenges, such as.....

### Economic

- Targeting the new urban economy
- Responding to new consumption modes and logistics >e-shopping
- Reducing high youth unemployment > in Southern Europe
- Maintaining innovation and industrial competence

### Social

- Coping with growing social polarization Managing inclusion of migrants and ethnic minorities
- Aging and provision of social infrastructure

### Physical

- Improving public transport system
- Slowing down traffic
- Reacting to changing mobility modes
- Promoting public space

### Ecological

- Improving energy efficiency
- Reducing air and noise pollution
- Greening the city region and protecting the urban fringe

### Cultural

- Developing and communicating city region visions
- Balancing urban renaissance and gentrification
- Respecting the historical heritage
- Maintaining cultural infrastructure and milieus
- Beautifying the cityscape >suburbia
- Creating identity in the polycentric city region
- Targeting urban backwaters
- Managing urban-rural linkages

### Governance

- Managing the patchwork city
- Setting investment priorities
- Talking with citizens opposing large infrastructure projects
- Coping with soaring local budgets
- Recruiting qualified staff in public institutions
- Organizing fair governance in the whole city region
- Dealing with implications of multi-level governance
- 



**21** The challenges are clear, I don't need to go into any details, we have the economic challenges in these metropolitan regions, we have social challenges, growing social polarisation, managing inclusion of migrants and ethnic minorities. We have the unsolved problem in Europe, big cities of the Roma migration coming from Romania to Paris, coming to Berlin, coming to other cities. Increasingly polarising local governments who are not really knowing what to do. Central governments cannot help, European governments cannot really help. We have the aging and the provision of social infrastructure in areas, the urban French for example, young people move out of the urban French, go back to the city centre. We have physical problems in some cities, more in some cities, less .. Berlin is very lucky in experiencing a decline of car ownership and a those of slow traffic so to say and public transport traffic. We have ecological problems, we have a considerable number of cultural problems, the less money the public sector can spend for culture the more we create difficulties amongst the so called creative class in the cities. But creating identity in the polycentric situation becomes a big challenge. Also we have not really solutions to that, we know that is a problem. We have wonderful regeneration projects in the city centres but we have no models for regenerating moving suburbs and making it places of high identity.

We don't really know what to do with urban backwaters, here in Glasgow you have seen, you have seen certainly yesterday some of the backwaters, we don't really know how to manage urban global linkages and then we have this whole problem of governance, which was mentioned by the President of Metrics just a few minutes before and given the decline of public money given to the public sector we have also a decline of qualified staff in public institutions. So it's a vicious circle, yes if we don't have money to employ good planners, good technical staff for metropolitan regions we don't have the manpower for managing all these new things which we have to do and given the fact that more and more communication is needed with citizens, so who is doing that? And the planner is on the one side, in the morning he is a technical ad and in the afternoon he has to be a communicator, to communicate what he was writing in the morning.

So organising the governance in situations is extremely difficult as we know and we will hear from Berlin, how it works or how it does not work, I don't know, we'll see. There are some cities in Germany where this cooperation is

quite well organised, in Nuremberg and in Monheim in Hanover, in others, the big cities like Munich and Hamburg they just dominate what's happening and so dealing with the implications of ..... with other governments which means, especially in Brussels where some money comes from makes it even more difficult.

To cope with all this, as I said already we need in principle more qualified staff but how to get the staff under present conditions. We certainly need a controlling civil society to control the public sector and the private sector. It's easier to control the public sector these days than to control the private sector. We need stronger locally and regionally embedded economies, so looking in this respect, looking inwards, it's much more, what we should do in the future than looking outwards.

We need better educational policies to qualify young generations for this economy. I think the present European crisis in southern Europe has shown us that sending all people to universities is not a solution and some moderators now have realised in the international newspapers, in the media that the fact that Germany has a very low percentage of university graduates compared to professional graduates qualifying in the crafts and technical disciplines has been one of the things why the German economy at the moment is doing better than others and I recently read that the Spanish Government is now trying to reintroduce the vocational training system in Spain, following the German model in order to get young people a job, and not just a university degree and an unemployment certificate. And universities don't really prepare for the real world, they prepare for writing more papers and writing more books.

We need a political system which respects citizens and stop self servicing interests, regulatory system limiting the power of the global financial market, I have to say I'm very sceptical about that, whether we can succeed. The European Parliament is trying, the Consulate of Europe is trying but I don't know whether we will be successful. We have a strong power in London which does not want to have any control, for good reasons they would say.

Continued on next pages.....

## 22 Metropolitan Concepts

A shopping list

- Smart metropolis
- Knowledge metropolis
- Creative metropolis
- Resilient metropolis
- Slow metropolis

> and many others, equally overlapping concepts of sustainable city region development, such as the healthy metropolis, the green metropolis, the entertaining metropolis. . . .

They reflect

- Media zeitgeist
- Consumer preferences
- Ideologies
- Social values
- Mainstream academic paradigms
- Vested interests of market stakeholders

## 23 Smart Metropolis

Six dimensions make a city smart

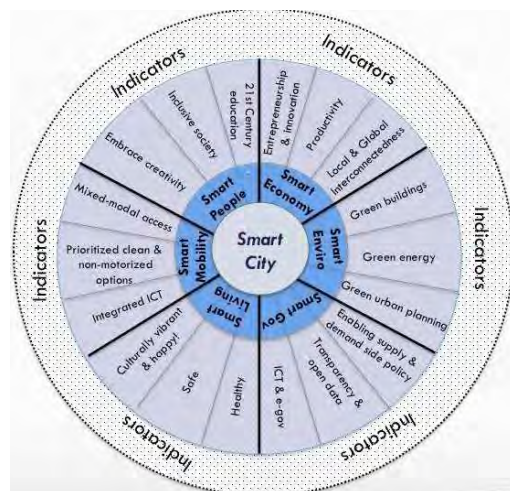
- Smart Living > healthy, safe, culturally vibrant and happy
- Smart People > inclusive society, embrace creativity, 21st century education
- Smart Economy > productivity, entrepreneurship and innovation, local and global inter-connectedness
- Smart Mobility > privileged clean and non-motorized options, integrated ICT, mixed modal access
- Smart Environment > green urban planning, green energy, green buildings
- Smart Government > enabling supply & demand side policy, transparency and open data, ICT& e-government

a metropolis, where smart global corporations are located and promote smart technologies and software to city governments. media and consumers

Zwei rechts, zwei links



Guerrilla-Stricken heißt der neue Trend subversiver Straßenkunst. Mit handgemachten Wollobjekten wollen die – meist weiblichen – Aktivistinnen den öffentlichen Raum erobern. Sei es, um zu protestieren, zu verschönern oder um einfach nur mitzuteilen: „Ich war hier.“ Inzwischen gibt es – wie hier in Vöhrten – sogar die ersten öffentlichen Aufträge. Ute Lemnartz-Lembeck durfte im Auftrag der Stadt eine sechzig Jahre alte Trauerweide mit buntem Marchenwerk umhüllen. Die Strickerei beschädigt nichts, kann problemlos wieder entfernt werden und ist fast so schön wie Seite 32. Foto: Edgar Schöngarth



## 21 continued

On the other side we have to bring the European Parliament and the European Commission to accept that we have reached a status of over regulation, especially if you go to the food sector, it is just incredible what's happening and it is such a pity that on the one side we say, oh we have to support the agriculture, we have to support the rural regions and on the other side their regulation is introduced which favours the big global food companies because the local farmer he cannot even apply for that because he would not have the money to get a permission to produce a good cheese, because it's controlled at another level.

And our media unfortunately very much jumping from one topic to the other and this makes it also difficult. They are in some respects they not responsible I feel and they always wanted to support local and regional development but in the end they support global decision.

22 There are many metropolitan concepts. Now, and I present you just five from a long shopping list. So the smart metropolis, the knowledge metropolis, the creative metropolis, the resilient metropolis, the slow metropolis, every five years we have a new fashion, a new paradigm and we have many others equally overlapping concepts over sustainable ..... region developments, such as the ..... metropolis, the green metropolis, the entertaining metropolis and there are many others. We don't have the ..... which we have in Glasgow, a very good place if you have two hours, go there, it's wonderful and it tells you about the reality of this society. But these metropolitan concepts they reflect media ..... they reflect consumer preference at a certain time period, ideology, social values, mainstream academic paradigms, also academics are not free from these fashions at all. Vested interests of market stakeholders who say, oh yes we want to do that, so very briefly, smart metropolis, that is a fashion at the moment.

We have seen previous, by this America journal, smart living, smart people, smart economy, smart mobility, smart environment, smart government and it's very interesting. This smart metropolis is now, even a policy arena of the big global corporations. If you look, I can only tell you from Germany whether you have the ..... Company, whether you have Siemens, whether you have BMW, Mercedes Benz, they all have city development now on the agenda of the corporations and they want to sell smart technologies and software to city governments,

media and consumers. If you go to the websites of Siemens you will find that one of four arenas of corporate policy is city development. From public transport to all kinds of electronic devices and the same is true for Mercedes Benz, they have a known journal now which is called Technicity and they want to sell mobility and they say, oh you don't need to buy a Mercedes in order to have quality of life, we just want to sell you mobility and if at the end of the chain you have to have a Mercedes to own, that's okay for us, yes?

So the, especially the motor car corporations in my country are doing now what the Green Party did 25 years ago, they are asking for the green metropolis and nobody would believe 25 years ago that one day Mercedes Benz and MBW and Volkswagen would support the policy, they were fighting against it for decades.



## 24 Knowledge Metropolis

is a city region with

- A number of internationally renowned universities and other institutes of higher education >attracting international researchers and students
- Public and private research institutes
- A number of specialized technology and science parks
- Renowned think tanks
- Well established libraries and documentation centers
- A broad spectrum of support institutions and services
- A choice of convention centers
- A climate of innovation and creativity
- Space and support for start-ups and young entrepreneurs >venture capital)
- An open and friendly welcome culture
- A cosmopolitan environment and international schools
- An above average number of citizens with higher degrees
- Affordable accommodation for students, researchers and visiting professors
- Global accessibility



IBA Heidelberg

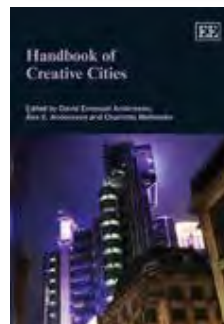
## 25 Creative Metropolis

For some a creative city is a city with universities, high-tech, bio-tech, or nano-tech research institutions and science parks such as Cambridge, Oxford, Heidelberg or Grenoble

For others it is a

- City with a rich cultural life and renowned cultural industries
- Mainstream media covered tourist city
- City creating and promoting new life styles
- Location with many innovative IT-enterprises and related creative industries
- City with an innovative bureaucracy and with good and efficient, forward looking top down city management
- An open city where grassroots movements are
- mushrooming and influential players in city politics

The creative city is perfect fit-all-concept and a convenient plug-in concept, to escape form debates about sustainability, energy efficiency, and social justice.



**24** Knowledge metropolis, another fashion these days is, if you don't have lead universities you cannot attract international students and education has become a business of course, so cities are doing quite a lot in order to improve, at least rhetorically, at least rhetorically to support the knowledge, development in the metropolis. Heidelberg is not a metropolis but it's a part of Frankfurt metropolis, they even have started now, just a few months ago an international building exhibition called ..... and they want to market the city in the future with the knowledge and you know the very famous story of Mark Twain, in his book about Germany, Heidelberg was one of the most placed cities in country and if Heidelberg is now ranking extremely high on international rankings then it has, and I say it a little bit ironically, it has to do with Mark Twain because he said Heidelberg is the city of knowledge. If Mark Twain would have been in [51.36] would be known in America more than Heidelberg these days. But that's knowledge says, and knowledge says it is a cosmopolitan environment, we have more citizens with a higher degree. Recently I learned that the city where I'm living has the highest degree of university graduates of any German city, so that's ..... and of course then they have to have affordable accommodation for students, researchers and visiting professors, but they also have to have global accessibility because academics tend to travel around the world quite often.

**25** The creative metropolis, another fever since [52.22] they have said well if a city is not creative it's not a city and .. but what a creative city is, is very flexible. For some it is a city with universities and high tech and science parks, for others it's a city with a creative government, it's a creating city which is promoting new lifestyles, it's a city with an innovative bureaucracy and an efficient and forward looking top down city management, for others it's an open city where ..... movement, are mushrooming and influential players in the city politics.

So the creative city these days has become a perfect fit all concept. And if you want you can make Amsterdam a creative city and you can make Frankfurt a creative city and you can make Lyon a creative city. It's a convenient flag in concept to escape from debates about sustainability, energy efficiency and social justice.

## 26 Slow Metropolis

Is a city region, where

- A set of criteria based on the slow city charter > promoting slowness rather than speed
- Local and regional food as well as local products are consumed > local crafts
- Regional circuits reduce long distance logistics
- Mixed functions and higher density allow traffic calming and pedestrianisation
- Urban agriculture happens in allotment gardens and on roofs of office and apartment blocks
- Urban villages offer local identity and easy access to public infrastructure
- Health is a key concern of city politics

farmscapers?

## 27 Resilient Metropolis

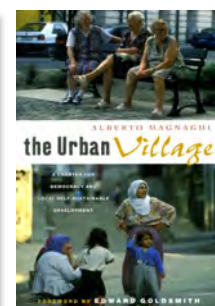
The resilient metropolis will

- Need to embrace density, diversity and mix of uses, users, building types, and public spaces.
- Prioritize walking as the preferred mode of travel, and as a defining component of a healthy quality of life.
- Develop in a way that is transit supportive
- Focus energy and resources on conserving, enhancing, and creating strong, vibrant places, which are a significant component of the neighbourhood's
- Provide the needs of daily living, within walking distance (a 500 m radius)
- Conserve and enhance the health of natural systems (including climate) and areas of environmental significance, and manage the impacts of climate change

> promoted by the urban design community



Society  
**Slow**



Joachim Patinir  
1480-1524

Source - After [about.com/resilient-city.org](http://about.com/resilient-city.org)

**26** The slow metropolis ... you know a few years ago an American minister said, forget about Europe, it's old Europe, yes so the future is not in Europe anymore. So why don't we think about the slow metropolis, in a city where slowness is rather than speed, where local and regional food as well as local products are consumed, where local crafts are reinvented or promoted, where regional circuits would use long distance logistics, e-consumption is increasing logistics tremendously, where urban agriculture happens in allotment gardens, and on roofs of office and apartment blocks. There is a big campaign at the moment in New York to do that, where urban villages offer local identity and easy access to public infrastructure and where health is a key concern of city politics. The growing number of people, of obese people alarms cities. And so some guy in Japan has made this kind of picture and saying, oh we put grass all over the city of Tokyo to make it a green and slow metropolis. So that's another one.

**27** The resilient, another recent invention of, I don't know who was the first, who was promoting it, and this resilient metropolis will need to embrace density, diversity and mix of uses, prioritise walking as a preferred mode of travel. Develop in a way that is transit supportive, which means public transport first and then land use. Focus on energy resources, provide the needs for daily living within walking distance, 500 metres radius, so almost a utopia. Conserve and enhance the health of natural systems including climate and areas of environmental significance. Promoted, this resilient metropolis is very much promoted by the urban design community whose fears that this will give them new commissions to do in the future.



## 28 Beyond "old" Europe > Beijing/China

Much of the relative wealth of European metropolitan city regions in Europe depends on the unsound fast urban growth of mega-regions Chinas and BRIC countries.

## 29 Outlook: Europe and China

The development of city regions in Europe is more and more interlinked with urban and economic development in Asia, particularly China >and in the long run even Africa

- China is an immense consumer market for European products, technologies, business services, design and food
- Europe is a market for higher education at European institutions
- ...a market for Asian investors and money launderers
- ...a target for Chinese tourists to European cities and regions, spending their money for sightseeing and sight-buying luxury goods

This in turn depends on continuous peace in the Asian region

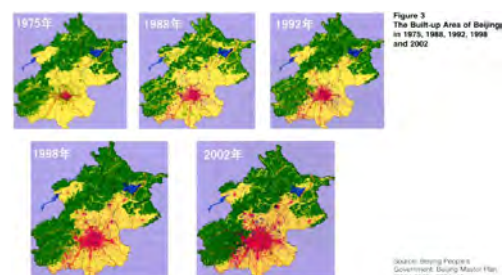
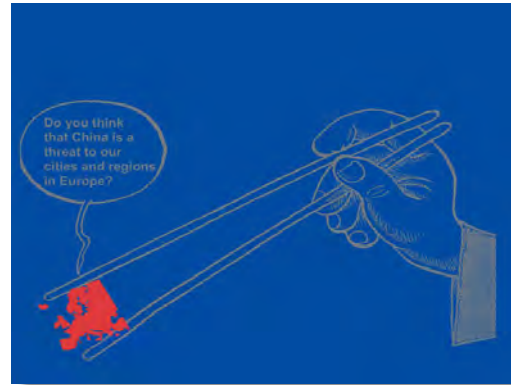
- on the capability of the Chinese government to socially balance economic development, of the Indian government to overcome poverty and gender problems and on Indonesian government to control radical muslims

## 30 China

Megaregions >Beijing, Shanghai, Pearl River Delta

## 31 Beijing/China

Beijing is one of these mega regions:  
2013: 20 million > megaregion towards 50 million >Has just started to build a second international airport to accomodate the demand



28 But what is beyond old Europe, we have these and I could have continued with many others of these paradigms, what is beyond old Europe? Much of the relative value of Europe these days depends on the vast urban cost of mega regions in China and in [56.18] countries. We should be aware of that, that German industry would not be so successful these days if they would not have the Chinese market, whether it is kitchen equipment, whether it is motor cars, whether it is engineering and so on. All those firms who have early started to invest in China in joint ventures in China are quite successful and they protect jobs in Germany, at least for the time being.

29 So the situations in the Europe depend more and more globally and with urban economic development in Asia, and particularly China, and probably in the long run even with Africa, but at the moment that is not yet a topic. China is an immense consumer market for European products, technology, business services, design and food. Germany is exporting bread and cheese to China in considerable numbers and some engineers who have been sent to China have started to have their own bakery in Beijing because they made more money by selling bread, German bread and sausage than by selling German technology.

Europe is a market for higher education at European institutions, imagine what would happen to British universities without Chinese students these days. I think you would have to close one third of the universities in the UK because the Chinese are paying for that and they come to Britain because of costs, I have learned in China that if a university does not ask for fees it cannot be a good university, so that's why Germany has more difficulties than the UK to attract Chinese students.

We have, Europe is, as I said earlier, a target for Chinese tourists, for sightseeing and for sight buying, luxury goods. The average expenditure of Chinese tourists in Europe exceeds that of American, German, Italian, French, Japanese tourists by far and of course a lot of money is washed in Europe which is earned by property speculation in China.

But the wealth of European metropolitan cities and of our metropolitan economy depends very much on this global trade and especially this Asian trade and it depends on continuous peace in the Asian region. If there would be a revolution in China, and some people say it will be at one point, and I know that, we have some Chinese visitors among us so we could discuss

this later, but this, if there would not be peace in China we would have difficulties so it must be in the interests of Europe that China does not fall back to 1949. It depends on the capability of the Chinese government, especially to socially balance economic development of the Indian government to overcome poverty and gender problems and on the Indonesian government to control radical Muslims. If these three countries manage to solve their own problems then Europe is relatively safe, then we can concentrate on our things. If this is not the case, I don't know what will happen.

If you look what's happening in China anyway, you have these mega regions, these pictures have been shown quite often, Beijing is now 20 million people, it's growing and growing and growing, one ring road after the other is being built and there is no end at the moment, there is even a second airport under construction. This airport in Beijing which was started last year will be ready before the Berlin Airport is ready.

32 Beijing



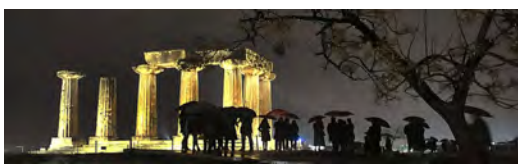
33 Urban transformations



34 No comment



**32** Beijing is demolishing the old structure, the old identity is creating a new identity, they do it with a lot of explosives invented in China a long time ago, they create a new identity which looks like that and if you look at this picture then I would say, if China continues to do that Europe has a good chance because the quality of life and the quality of our cityscapes helps us to regain the global power some have misused in the past, but Europe is still a place with a high quality of life despite the ..... increase and despite some money washing all over the country and, but Europe has a future despite the negative comments I made.





## Informal discussion

*Thank you Professor for that, perhaps there's nobody else in Europe could've said anything like that and I think we're very fortunate to have had the professor with us this morning and to give us that introduction to the issue of our conference, thank you very much.*

*Perhaps we need to be a little bit flexible I think today because we had thought that we would just have this morning's speakers and then have a concluding forum as we did yesterday, but when we have a presentation of that quality and that range I'm sure you have things that you might want to say. So is there anything anybody would like to raise?*

*Thank you very much and just to reinforce Roger's point about just the sheer width of what was covered, and almost so much that there's too many questions to ask. But what I was fascinated with was your attempt to break down that range of paradigms which are different views and visions of what might be. In some senses I felt there was a lot of overlap between them but amongst them all a sense of, did any of them, from your perspective Klaus, help us as planners who are dealing with real metropolitan areas to think of the way forward? Or do we end up with a lot of rhetoric which actually gets in the way of real solutions?*

Well if I just may respond, I think that is the problem that planning, after we have said we have to communicate better to people, but on the other side it's become more and more rhetoric and this is the danger, that if you look at many planning documents and sometimes I feel that you have a document about the strategy for let's say, create a park and you give this job, you commission it to McKinsey, then they use their strategy they have and replace park by ..... and they replace ..... by something else, and it's still the same strategy. I think if we go on that, 80%, 90% of strategic communication is about words, I call it planning poetry, then we have difficulties.

*Douglas Gordon Douglas Gordon from City of Helsinki, I really enjoyed your storytelling, because it was a story. I picked up it was rather a pessimistic one but I was one of reality and very close to my kind of thinking. But we are professionals, we are practitioners, we are not academics so we have to deal with the tools that we are set before us. Our tools are not a hammer and a saw, they are maps and words, that's what we have to deal with. But what our city and city regions have to do is what you*

*referred to yesterday, which is to overcome disparities by recognising that there are disparities in the first place. I wanted to challenge Glasgow yesterday, in the Guardian two weeks ago it referred to Glasgow having the worst child poverty in the whole of the United Kingdom, worst than Hackney, worst than Tower Hamlets in London and that's going some if you've been to Hackney and Tower Hamlets. And yet Glasgow didn't really address those issues and that's what we've all got to do as cities and city regions and that's why I still believe in the territorial dimension, the territorial agenda sets the framework for what we call spatial cohesion. I don't deal with territorial but spatial cohesion that's the tool that I believe that we have to use and keep believing in planning that it can deliver by affecting at least the margins, if not addressing the power structures because we don't have those, the ability to do that. So my question is, would you agree that really that's all we can do in the interim, is address those challenges and make do with the tools that we've set, the polycentric and spatial cohesion theories set within the spatial territorial agenda, because what it comes down to is that all we can do is try and tackle the issues of social housing and the environment through controlling mobility and energy through the city structure? That's really all we can ...*

I fully agree but I don't agree that if you talk about the reality that this is pessimistic. I think planners have always to be optimistic, but in order to address the challenges you have to know the challenges and you have to tell the people, the politicians, what the challenges are. I think it does not help a city council if you say, oh everything is okay in our region, you just do this and this and this, what we have written in the strategic plan, no you have to tell them, social housing is a problem and it will become a bigger problem in the future if you don't act now. I have not heard about social housing yesterday, for example, so it seems that there is no problem in Glasgow about social housing, yes, but that's not true as we know. And I think that planners have to be honest, this is their task, that's why they're educated to look into the reality but then they have to come from theory and reality to vision, that is very important and vision is not rhetoric.

Well the polycentrism of course is, I hope I had made it clear with my bunch of grapes, polycentricity in Europe is extremely important and not just London and Paris, so that is very clear. But it is not just the European polycentricity, it is the national polycentricity, Germany is a good example but it is also, and this is not yet fully acknowledged, it's the

polycentricity within metropolitan city regions. But here we have very few solutions, we have a lot of rhetoric but we have very few solutions for how this polycentric development in city regions should be developed, unless, like in the good case of Frankfurt, you have ..... you have Heidelberg, then you have all these other quality of life locations but if you don't have them and if you go to Paris you have very few, yes, you have the ..... but then it becomes difficult, in the north of Paris it becomes extremely difficult, nobody wants to live there, near the airport. So we have not yet enough solutions and even the ..... the new one, does not really say much about quality of life outside of the city centre of Paris, it just is a plan to organise new public transport, which is needed, no doubt about that, which I think we should be more ambitious and that is, planners have always to be ambitious, I feel, yes and they have to have visions. But the visions should not be just in the books in Routledge University Press, the vision should be taught in the university, which is hardly done anymore, geography has taken over and geographers describe the word but they don't invent the word and the architects on the other side, they make nice plans but these nice plans are, it's urbanism, it's not urban development.

# The exemplar of the Metropolitan Dimension in Germany



Jakob Richter - [www.deutsche-metropolregionen.org](http://www.deutsche-metropolregionen.org)

## 1 Urbanity as a lifestyle is not place bound anymore



*W. Siebel: Urbanität als Lebensweise ist ortlos geworden. In: FR, Sa. 29.07.2000, Nr. 174*

## 2 Globalization - Regionalization - Metropolitan Regions

- Every Region has to compete in Globalization
- Size makes a difference. German Metropolitan Regions are small - About 30 cities worldwide have more than 10 million inhabitants
- Metropolitan Regions in Germany are distinctly characterized as one united economic area, one labor market and the interconnections between culture and context of life (commuters, cluster-politics, housing market etc.)
- But the necessity of corporate action should not cover regional differences (e.g. Demographic change)

**Think global – act regional!**

So if I'm going to talk about the German metropolitan regions, we don't have such big problems fortunately. Don't consider us in a way arrogant if we don't have recipes what you should do. I can't even imagine what I should do as a regional manager in the metropolitan region of Hamburg if we would have youth unemployment of around 50%, first remark. Second remark, I'm the deputy speaker of the initiative committee of the European metropolitan regions in Germany. What I'm presenting you is not the official, whatever, the official statement of the initiative committee of the European metropolitan regions in Germany is the educated speech of the deputy speaker.

As you can hear I'm doing my speech in German [sic], English, it is quite difficult for me to know how long I'm going to speak. Prepare yourself for half an hour of a speech, but actually it could be 20 minutes, it could be 40 minutes, I don't know. It's because it's English, if it would be in German it would be 16 slides, 30 minutes of speech from me. Okay, these three remarks, I'm going to start my speech.

**1** I guess that slide, several of us are using if we're talking about metropolitan regions and what they are all about. It's Europe by night, no clouds of course, it's a fake in a way. There's no day in Europe, I guess, where there are no clouds all over Europe and North Africa and the Middle East.

I'm showing this knowing that everybody of you has an idea of what a metropolitan region is. When I'm hearing Metrics speeches at the different meetings I sometimes believe that despite all our discussions we have slightly different views on what metropolitan regions areas and core cities and stuff like that are. So what I'm going to show you first, or trying to show you, is the philosophy which is in a way behind what we in Germany are doing and that has a lot to do with the slide you're seeing here. Of course the big light points, these are the big metropolises like St Petersburg, Moscow, Paris, Madrid, London. The smaller metropolises like wherever... Amsterdam, Barcelona, Hamburg of course, where I'm from, that is what you're seeing.

What is more important what you're not seeing because that's of course the administrative borders, we all tackle every day with and that is what the inhabitants of the metropolitan regions do not feel every day. If you are crossing the border of the core city of Hamburg, of course you don't feel that you're crossing the border of a German federal state. You're just in the metropolitan region, you're just in the area. That's the point where it all starts from

in the discussion for German metropolitan regions, I feel. In a way that is most important and I am going to quote a famous German planner (Vita Ziebel), he told us urbanity as a lifestyle is not place bound anymore. What does he want to say with that?

**2** In one way, of course, if you're living in a more rural area of a metropolitan region, you want to have at least nearly the same mobility, nearly the same broadband internet, nearly the same health care as in the core city. So urbanity as a lifestyle for the rural inhabitants is something that is, in a way, not place bound, of course you're hearing the same music. But it's also the other way around, we should never forget that.

For the inhabitants of the core cities, it is, in a way, normal and they demand that the nature in the core city is almost as ecological clear and, in a way, as good as it is in the more rural areas. So if Ziebel tells us urbanity as a lifestyle is not place bound anymore, it's the two ways around from the rural to the urban and from the urban to the rural. We have heard a lot of it, we have discussed a lot of it Metrics but it's always good to recognise and to bring it up again, as we have heard in the very, very good speech of Professor (Conspan), every region has to compete in globalisation in one way or another, we should discuss how and why.

We believe in Germany, or at least this is one point of discussion, that size to become visible as a region, makes a difference on the global level. German metropolitan regions are, in a way, small but 30 cities worldwide have more than 10 million inhabitants. No one in Germany, no city in Germany has, despite the Rhine rural area... no metropolitan region has more than 10 million inhabitants. Of course the metropolitan regions in Germany are distinctively characterised as one united economic area, one labour market and the interconnections between cultural and context of life, commuters, cluster, politics, housing etc, I don't have to tell you that.



### 3 Strengthen the cooperation within the region

Inward - The work of companies, administrations, stakeholders and the civil society as well as the cooperation of the partners in the region shall be supported

### Enhance the competitiveness to the outside

Outward - At the international level of competition the Metropolitan Regions should stay attractive for economic activities and living. The aim is to increase domestic and international competitiveness

### 4 Rural - Urban

- If it is true that most German cities are too small to reach or to maintain global visibility on their own, political action is necessary
- Metropolitan Region building: join together "urban + urban/rural + rural" = one answer to globalisation
- Political message: International competitiveness and internal regional cohesion can be combined on a rural – urban level
- There is a point where sheer size turns into a disadvantage, but that's not reached by German Metropolitan regions

Think rural/urban – act regional!

### 5 Metropolitan Regions =



+



**3** What I want to stress is the necessity of corporate action in metropolitan regions should never cover the regional differences. In between our regions there are big differences in the wider metropolitan regions, especially in Germany for demographic change. There are areas in middle Deutschland that face a decline of over 30% in the next ten years or during the last decade and of course there are the core cities still growing. So if you're going to manage or to work in a metropolitan region I feel it is necessary to address specifically the differences in your region and not to cover them under these overall we have to compete in globalisation.

So think global, act regional, I guess that's what all the 11 German regions are doing. It is to strengthen the cooperation within the region, inward looking, to work with the companies, the administration, the stakeholders and of course the civil society. I'm reluctant to use civil society as if we are not civil, of course we are not military or something like that but... okay, you know what civil society is usually used for. As well as the cooperation of partners in the region shall be supported, that is the inward looking for why we're doing metropolitan regions in Germany and of course it's enhanced the competitiveness to the outside.

**4** Metropolitan regions in Germany should stay attractive for the economic activities and for the living and to increase domestic and international competitiveness. If it's true that most German cities are too small to reach or maintain global visibility on their own, political action was necessary and is necessary. So metropolitan region building as a governance structure to join all urban and urban rural, peri-urban, and even rural areas is one answer to globalisation. The political message here is international competitiveness and internal cohesion can be combined on a rural urban level but of course there is a point at which sheer size turns into a disadvantage. Just remember Mexico City or Cairo, that is not at all reached in Germany but the German metropolitan regions, as we have heard, they are quite good in a way.

**5** So I would say German metropolitan regions are in the range of being visible on the international level and not being too big to not be organised or have a good governance structure, I hope I'm going to show this later on. It is think rural urban if you're in the metropolitan regions and act regional. That is what it's all about, the core cities and the rural surroundings bringing together.

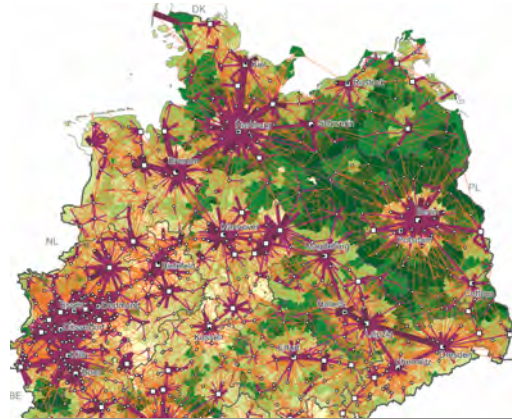
## 6 Federal States vs Metropolitan Regions



## 7 Functional areas and Metropolitan regions

- As a rule, there are already existing functional relations.
- And, as a rule, they do not correspond with administrative regions.
- These emerging functional regions can and do cross state borders.

## 8 Initiative Committee of European Metropolitan Regions in Germany



## 9 Working in the IKM

### Purpose

- Exchange of knowledge and experience on Metropolitan Regions
- Lobbying the cause of Metropolitan regions on a „Länder“, Federal and European level
- Development and spreading of innovative Governance-Systems

2 Meetings of per year

Several working groups

One speaker, two vice-speakers

Office Region Stuttgart

### 1995/97 founded



### 2005 founded



**6** Talking about Germany, we have to look at the, from a European view, quite complicated German federal system. You don't understand what we are doing in Germany if you don't have a slight impression what the federal system is all about. On the right side you can see the borders of the 16 German federal states. Three city states, Bremen, Hamburg, Berlin and 13 areas states, whatever it is, (Flaschländer) in German. As you can see, the German metropolitan regions, the 11 ones on the left side, have as a rule of thumb, nothing to do with the German Lander. They are an intermediate level between the city or urban level of government and the Lander. As you can also see six of the eleven German metropolitan regions have borders that are overlapping two or more federal states. The German Lander, the federal states have law giving capabilities by themselves, they have... they are the second chamber of parliament, a blocking function in many aspects of the federal law giving and that's why they are most important for the German metropolitan regions. Some of the German metropolitan regions have the Lander in their governance structure. It is a complicated system but it works and I hope I'm going to show you why it did or why it does.

**7** As planners probably you want to know something about the functional areas in metropolitan regions. As a rule there are already functional existing relations over the borders of the Lander of course. What you can see here is middle and northern Germany and the commuters between the urban centres and the more rural surroundings. As a rule the metropolitan regions do not cross ..... with the administrative regions and of course these emerging functional regions can and do cross state borders. The innovative community of the metropolitan regions in Germany has 11 members, the capital region of Berlin Brandenburg, Frankfurt, Rhine-Main, Hamburg, Munich, Rhine weir, metro Deutschland and Stuttgart and Bremen, Oldenburg, Hanover, Braunschweig-Gottigen Wolfsburg, Nuremberg and Rhine-Necker. The first echelon, the first six ones were founded in 1995/1997 by what is called the Minister Conference of Special Planning that is something to do with the German federal system. It is a minister conference of the ministers who are responsible for special planning in the German Landers and they, in a way, established first the six, then the other ones in 1997, 1995 and 2005. There is a discussion amongst the German metropolitan region whether it is feasible that the Lander are establishing metropolitan region, is it not

the case that metropolitan regions can be established by themselves?

That is especially a question in the Rhine-Ruhr area where we have the Cologne-Bonn metropolitan region and the Ruhr metropolitan region and perhaps even a third one, Dusseldorf metropolitan region. Cologne-Bonn is a member in Metrics as Cologne-Bonn not as Rhine-Ruhr. What you can see here is a difficult governance system and perhaps you're wondering it's not very German. It sounds and is not really very well established in the way that we are all the same but it is very well established in other ways, as I will show you.

**8/9** The working of our initiative group is the purpose of exchanging knowledge from metric's experiences on metropolitan regions, it's lobbying the cause of the metropolitan regions to the Lander at the federal level and of course through the European level and it's the development and spreading of innovative government systems, in a way. We have two meetings per year as Metrics, we have several working groups, one speaker, two speakers. The office in the region of Stuttgart, it's ..... T Eisenhower who is with us.

## 10 Huge differences between the German Metropolitan Regions

For example

- Land area
- Number of inhabitants and density
- Economic structure
- Portion of rural/urban space
- "Governance-structure"
- The regional borders are set by local political decisions

**German Metropolitan regions are "political functional areas"**

## 11 Governance

- The governance structures of the regions are completely different. Not a single governance structure is similar
- One region – Berlin-Brandenburg – has no gov. structure at all. But they have a joint spatial planning department
- Only five of the regions are responsible for spatial planning in their region – four of them only for parts of their region
- In one way or another seven of the regions incorporate NGOs (like chambers of commerce) in their structure



The governance structure is important, but even more important is to create trust and reliability between the partners through joint projects and formalized networking (e.g. working groups)

Metropolitan Region	Inhabitants 2010	Area (Sp. Km.)	Unempl. 2010	GDP 2010	GDP p. w. 2010
Berlin-Brandenburg	5.963.998	30.375	12,5	146.060	53.570
Bremen-Oldenburg im Nordwesten	2.723.177	13.750	7,7	74.976	57.679
FrankfurtRheinMain	5.537.125	14.755	6,1	200.484	69.541
Hamburg	5.076.423	26.102	7,5	161.659	64.767
Hannover Braunschweig Göttingen Wolfsburg	3.852.680	18.578	8,5	108.944	58.563
Mitteldeutschland	6.822.925	35.970	11,6	153.696	48.506
München	5.522.838	23.604	4,2	211.212	69.923
Nürnberg	3.446.957	21.349	5,2	105.684	59.156
Rhein-Neckar	2.362.046	5.637	5,7	72.222	62.762
Rhein-Ruhr	11.635.568	11.738	9,6	357.663	62.880
dar. Metropole Ruhr	5.150.307	4.435	11,1	139.383	60.716
dar. Metropolregion Köln/ Bonn	3.556.709	4.416	7,9	113.257	62.712
Stuttgart	5.284.042	15.429	5,0	167.780	61.388
Metropolitan Regions in Germany	57.543.299	212.528	8,1	1.744.818	61.142
Deutschland	81.751.602	357.119	7,7	2.397.099	59.524



**10** There are huge differences between the German metropolitan regions, eg the area which is covered, the number of inhabitants and the density, the economic structure, the portion of rural and urban space, the governance structure. The regional borders are set by political decision. So in a way the German metropolitan regions are political, functional areas, not functional areas in a spatial way. I'm going to make the same joke every time, if you have a slide that is almost unreadable from behind, just tell the audience that it is a wakeup call. This is my wakeup call, it's numbers and figures of the metropolitan regions in Germany.

As you can see somewhere in the middle there is Rhine-Neckar with 2.3 million inhabitants which is the smallest of the German metropolitan regions and there is, right behind it, Rhine-Ruhr with 11.6 million roundabout, inhabitants. That's divided into two regions, metropol with 5 million and metropol Cologne-Bonn with 3.5 million inhabitants. There is a big spread in inhabitants, as I told you, you can see the numbers here. There is also a big spread in the area that is covered, Rhine-Ruhr is in this way also the smallest one, 637,000 square kilometres, and we have the biggest one which is Berlin-Brandenburg with 30,000, almost six times as big as Rhine-Neckar.

Also there are big differences in the unemployment rate as you can see from 12.5 to 4.2 in Munich and the GDP of course is also very different because of the size of the regions but more important is the GDP per worker and there we have also a spread from around €70,000 Munich to around €53,000 in Berlin-Brandenburg. As you can see the metropolitan regions are around the German middle which is around €60,000 GDP per working force.

## 12 Stages of metropolitan-regional cooperation

### Stage I

Immediate neighbourhood policy. Cooperation across city borders Create a reliable network.

### Stage II

Cohesive System phase. Metropolitan-regional governance systems must be in place. Joint projects.

### Stage III

External relations phase with non-metropolitan rural or urban neighbours



## 13 Examples for activities of the Metropolitan regions

- Mobility concepts (e.g. E-Mobilität)
- Economic cluster initiatives
- Networks of universities, scientific labs, enterprises
- Acquisition of Funds (Länder, state, EU)
- Public transport (commuters)
- Cultural and Sports promotion
- Joint spatial planning
- Marketing of regional products
- Locational marketing for different target groups (e.g. investors, students, skilled personnel, tourists)

## 14 German Metropolregions

German Metropolitan Regions are intuitions of different formalized levels

Their governance structure is diverse and polycentric but reliable

In some sense they act like non-governmental organization

## 15 Elinor Olstrom

*"We need to ask how diverse polycentric institutions help or hinder the innovativeness, learning, adapting, trustworthiness, levels of cooperation of participants, to achieve more effective, equitable, and sustainable outcomes at multiple scales."*

*Elinor Ostrom, Prize in Economic Sciences in Memory of Alfred Nobel , Prize Lecture 8. December 2009*

**12** From my point of view the governance structure for good regional management is important but even more important is to create trust and reliability between the partners, that's the first step really for regional management. Do joint projects and try to create a formalised network in your region, that's what we're all doing. Some metropolitan regions call themselves network of networks in their regions. I guess there are three stages of metropolitan regional cooperation which we can see in Germany that is the first stage is the immediate neighbourhood policy with a peri-urban around the more... around the core cities. Cooperation across city borders and what we can do here is to create a reliable network. The second stage is the cohesive systems phase, in my point of view, that is metropolitan regional government is established and you're going to do joint projects and the third one is perhaps you have a special planning department together and you're going to join closer. The third stage is the external relations phase with non-metropolitan and rural and urban neighbours, most of us do this.

**13** Some examples for activities of the metropolitan regions in Germany. Almost all of us are doing, in one way or another, mobility concepts like electro mobility in Hanover. Almost all of us doing economic cluster initiatives, almost all of us are trying to organise university networks and scientific labs and enterprises for technology transfer reasons.

We are... almost everybody of us is trying the acquisitions of funds, either from the Landers or from the state level or from the European Union. Most of us are doing public transport or are discussing public transport in one way or another. Stuttgart is responsible for a huge part of the public transport system, there are upper transit trains. Some of us are doing cultural and sports promotion, some of us, as I told you, are doing spatial planning. Some of us are doing marketing for regional projects. Most of us are doing locational marketing for different target groups on the national and international level, for investors, for students, for skilled personnel and for tourists.

**14** So German metropolitan regions are institutions of different formalised levels. The governance structure is diverse and polycentric but it is reliable and it's based on trust and in some sense the metropolitan regions act like non-governmental organisations which is important if you want to work together with the NGOs in your area, either economic or not. If this is true we have to ask ourselves how to

become better and on what we should look and I guess it is...

**15** We can do this with a quotation of Elinor Ostrom who is Nobel Prize winner, or she was Nobel Prize winner, she died last year, of economics in 2009 and she has done extensive research on how...

What she is calling polycentric institutions are doing in a competitive globalisation, globalised work. She told us we need to ask how diverse polycentric institutions help or hinder the innovativeness, learning, adapting, trusting in ourselves, level of cooperation of participants in these polycentric institutions like metropolitan regions, to achieve more effective equitable and sustainable outcomes at multiple scales.

I guess that's what we have to do on a regional level and I guess that's what we are doing in Germany and, yes, this is not an answer what you should do if you have 50% youth unemployment but thank you very much.

## Impact Investing & Sustainable Cities: What Are the Levers?

Dr. Maximilian Martin -  
[www.impacteconomy.com](http://www.impacteconomy.com)



### 1 What id this all about?

- Failing Infrastructure
- Aging Population
- Resource Scarcity
- Climate Change



At the same time

Growing Impact Investments



Sustainable Cities thanks to..

- New sources of capital
- More and better PPPs



Delighted to be here. I have to say you really are an interesting crowd, crowds very different from the one I work with typically, I'm an entrepreneur, I work in sustainable finance and basically triple bottom line strategies with companies and also institutions, such as for example regions of climate action, which is also groups regions around the world and one of the things I've noted and I think this is how we came up with the idea of presenting our view of sustainable finance and how it's relevant to cities here is, you know, someone's got to pay for all of this. I think the ambition level that you've articulated is fantastic, I'd like to thank Professor Kunzmann as well for the enlightening presentation, but of course, you know, if we want to have a solution statement if we say yes we think Europe can be sustainable and competitive in the long run we now I think need to start thinking also how are we going to resource this fundamental transformation of our infrastructure and I think you're in a position you have big responsibility and big opportunity and what I'd like to do is I'm not suggesting finance impact investing is going to solve everything, I think that would be presumptuous, but I'd like to do is to go with you through some trends in the investment space and how they could be relevant to what you're really facilitating and designing in the planning space.

1 So, you know, I think we've diagnosed very comprehensively what the challenges are. I think I personally feel even more educated about this topic than before and I think we've also realised that, you know, it can't be done alone, you cannot do it alone, we will need new sources of capital to solve these issues and I think implicitly this means we will probably have to find better public private partnership models for the simple reason that governments, local governments, national governments and multilevel finance institutions just don't have the financial resources to make all of this happen. I think when I think about solution statements, about what's going to really help us achieve our ambitions I think one of the powerful things that's happening is the convergence of the business and the social sectors. One of the things, you know, several people mentioned the issue of youth, unemployment, of course youth is key to the future of Europe. I think we shouldn't forget that we see new narratives emerging now, narratives around social business, impact, social enterprise, people taking initiative. I think the citizen is more powerful than ever in human history and I think this is something we can use to advantage and I think you're uniquely well placed to actually provide the

framework for that. I'd like to talk to you about one new phenomenon on the finance landscape and how that could be relevant. Now I assume from previous presentations I've heard everyone's generally sceptical about the world of finance, I wouldn't fundamentally disagree with that. However, I think the conclusion probably is not we need less financial innovation, but we need more financial innovation done in a way that's responsible. Now I had the privilege of participating in 2007, 2008 at a few meetings organised by the Rockefeller Foundation, you know, in Bellagio, in Italy where a group of 40 people from finance essentially came up with this concept of impact investing and I'd like to take a quick show of hands who's heard about that term? Nobody. Well that's good news, because that means, you know, I can still have an impact basically talking to you about it.

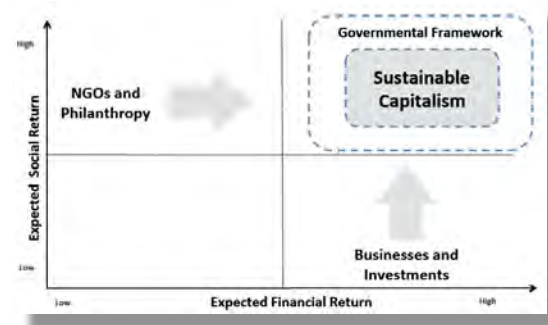


## 2 Overview

- Impact Investing and Megatrends
- Sustainable Cities Context and Potential
- Players Who Can Help Build the Future
- Next Steps

## 3 Paradigm shift

Convergence of Business and Social Sectors



## 4 Emergence of Impact Investing

In 2007 and again in 2008, the Rockefeller Foundation convened meetings at its Bellagio Center in Italy to explore with leaders in finance, philanthropy and development the need for, and ways and means of, building a worldwide industry for investing for social and environmental impact. The 2007 meeting coined the term "impact investing".



## 5 Half a decade of Impact Investing

Quotes and definitions

- "Solving social or environmental challenges while generating financial returns [...] impact investors actively seek to place capital in businesses and funds that can harness the positive power of enterprise" (Global Impact Investing Network [GIIN])
- At least nominal financial return;
- Positive intended environmental and social impact
- Hybrid financing (equity, debt, mezzanine, grants, etc.)

*Impact investment as «a burgeoning asset class»*

Financial Times - 2010

*What would impact investing at scale look like? USD 20 trillion for good*

Forbes 2012

*Happy returns – the birth of a virtuous new asset class*

The Economist 2012

**2** So this is a really interesting phenomenon, because the fundamental idea is, you know, let's when you make financial investments let's make them in a way that they are designed to achieve extra financial goals, namely financial plus social and/or ecological impact.

**3** So something I think that should be done anyway, but of course isn't necessarily. We're moving from a single bottom line to a double or triple bottom line and interestingly enough in the space of finance this has actually really taken off quite a bit, there were estimates that this new asset class as banks call it will grow to about \$400 billion to \$1 trillion until 2020, so all the large financial institutions are one way or the other engaged in this and there's several reasons for that, one being that, you know, the classical investments no longer do that well, that wealthy investors, professional investors are looking for alternatives and interesting enough governments as well are doing things, because, you know, as we've seen, you know, I think the welfare state as it is, green growth as it is is no longer really financeable, so governments are actually thinking well how can we leverage that?

**4** We would like to draw on responsible private capital in resourcing the fundamental challenges that need investment and in fact I'm not sure how loved the UK prime minister is in this quorum, but, you know, the UK for example now has the presence of the G8 currently and will actually be holding a meeting on the potential of impact investing to solve large scale public policy challenges. So using this new form of capital in order to drive really social progress. At the EU level for example are directives in the working to facilitate the growth of this asset class.

**5** So a lot is going on in this space and I would argue that's the working hypothesis, bear with me on that one for a second, this could be one of the solutions to what you're achieving in practice by really redesigning, planning the urban space going forward and coming up with the projects that are required to do that.

## 6 What's happening in Europe?

Recent developments

Current developments in Europe include

- Big Society Capital, a UK-based independent financial institution, uses funds from dormant bank accounts and established banks to invest in social investment finance intermediaries. The UK Government intends to use its G8 presidency to push for more social investment bonds;
- An EU Directive on Alternative Investment Fund Managers, which was passed in 2011 and will be implemented in member states in 2013-2014;
- European social entrepreneurship fund regulation, which was proposed in Dec 2011, aiming to introduce a Europe-wide label for these funds;
- KfW, the German government-owned development bank, created a new funding instrument for social enterprises in Oct 2011. It targets existing social enterprises that are now looking to expand.

## 7 Impact Investing

Investment Solutions to Megatrends

Europe is in crisis; youth unemployment is ca. 22% for the EU 27, rising to over 54% in Spain, but governments have not got the money to fix all the problems. The average gross government debt is 91.6% GDP for the Eurozone, and 84.9% GDP for Europe overall. Government deficit as % GDP, 2012 figures

Impact investing must provide investment solutions in scale to four megatrends that are reshaping how companies, governments and civil society are creating value and financing public goods

- Massive pent-up demand at the 'Base of the Pyramid'
- Need for radical resource efficiency and green growth
- Over-burdened welfare state
- Rise of the 'lifestyle of health and sustainability' consumers

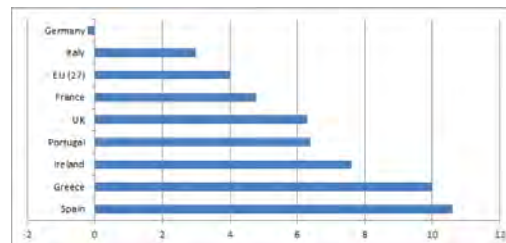
Source: Eurostat, figures for 2012

€Mn	Sustainability themed		CAGR
Country	2009	2011	2009-11
Austria	€ 129	€ 56	-33.9%
Belgium	€ 595	€ 367	-21.5%
Denmark	€ 0	€ 43	nc
Finland	€ 0	€ 322	nc
France	€ 3,279	€ 623	-56.4%
Germany	€ 2,995	€ 4,523	22.9%
Italy	€ 987	€ 1,051	3.2%
Netherlands	€ 3,324	€ 19,914	144.8%
Norway	€ 0	€ 676	nc
Poland	€ 0	€ 0	nc
Spain	€ 0	€ 107	nc
Sweden	€ 0	€ 396	nc
Switzerland	€ 9,508	€ 11,079	7.9%
UK	€ 4,544	€ 8,932	40.2%
Europe	€ 25,361	€ 48,090	37.7%

Source: Eurosif

Growth of Sustainability Themed Investments by Country (Eurosif, 2012)

Note - Eurosif only includes sustainability themed investments that also take ESG considerations into account in their investment selection process.



Government deficit as % GDP, 2012 figures

**6** Now I would argue that, you know, if we say European metropolitan regions will stay competitive they'll probably have to answer to the key trends that are currently changing how we create value. One is, and this was already articulated, we are connected to growth in other parts of the world obviously at the so-called base of the pyramid, there are four billion people who are poor, who need everything essentially, a building who doesn't have shoes, 1.5 billion who have no access to electricity, 2.6 billion who have no access to toilets, these are big problems obviously and they're dramatic from a human point of view, but they're also big opportunities from a market point of view, from a value creation point of view. I don't think we need to say that much about green growth, I mean I think it's clear that in order to achieve our emissions reduction targets green growth is an imperative.

**7** Another topic is and we heard the discussion about social housing, went round here in Glasgow, the welfare state as it stands is overburdened, we need new kinds of solutions and we need to fund them and finally maybe on the very positive side we have more and more consumers who are in fact saying, "I would be willing to pay a bit more for a product or service that is produced in a way that's responsible." I mean all of you are familiar with fair-trade, that used to be a niche, but this kind of logic is now gradually becoming mainstream in the middle class consumer, it's already a \$300 billion industry and is growing very fast. So we have value creation opportunities at our fingertips and I think they're relevant as you plan what you'll be doing with metropolitan regions where you're leading the planning.

## 8 Pent up demand - Base of the Pyramid

The 'bottom of the pyramid' (BOP) describes the 4 billion with incomes below USD 3'000/year in local purchasing power. They represent a USD 5 trillion economy.

The BOP is under-tapped opportunity that will take off as these people join markets as consumers and producers.

Looking at the image:

- Who is going to sell this man his first car?
- Will it be powered by biodiesel?
- Who will be his internet provider?

Source: [WRI and IFC \(2007\)](#)



## 9 Green Economy

The 'green economy' results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities.

There are 2.7 millions jobs that produce goods and services with an environmental benefit in the US alone, which is 2% of the total economy.

As an example, India's renewable energy policies have led to dramatic growth. By focusing on the mature wind energy sector, India is now the world's fifth largest installer of renewable energy.

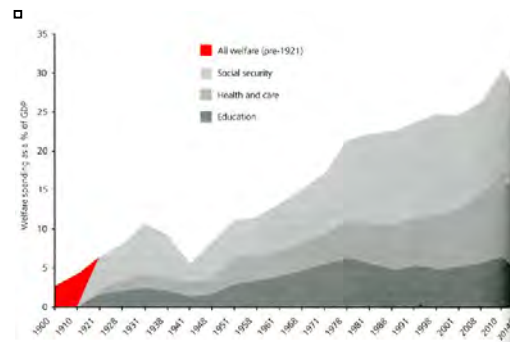
Source: [Brookings Metropolitan Policy Program \(2011\)](#)



## 10 Over burdened welfare state

- The median age in Europe is increasing.
- Germany, Italy, Japan and Sweden have only 3 working-age individuals for each older person.
- Some government's expenditure is systematically higher than their revenues, with a large proportion of expenditure on health, care, and welfare services.

Private sector opportunity where the welfare state fails.



UK: Welfare spending as % of GDP



**8** Here just some, you know, pictures on that, so I mean the base of the pyramid I think it's quite clear many of you will have companies in your urban cluster that are connected to global markets, the key non-traditional source of growth today for large corporates is that many of the markets are highly competitive.

**9** The green economy again I think much talked about, many investors have lost money investing in the green economy, at the same time it is a necessity and I think if it's well done it's an opportunity as well from an investment point of view.

**10** The welfare state I think again it was mentioned before phenomena such as ageing, unemployment. It's clear that BAU, business as usual, won't really keep the welfare state funded and executable, not even in Germany, it will just take a bit longer until it will no longer be fundable.

## 11 Rise of the LOHS consumer

LOHAS - Lifestyle of Health and Sustainability

LOHAS consumers are willing to spend more on products designed to be environmentally conscious, sustainable, socially responsible, and better both for people and the planet.

Total LOHAS consumption is increasing

- Global organic market increased to USD 59 billion (IFOAM, 2010).
- Ecotourism is the fastest growing sector of the tourism industry, boasting annual growth rates as high as 10-30%.

Source: [Forbes \(2012\)](#)

## 12 The 1 trillion Euro question

What's the Opportunity for Metropolitan Areas?  
Who has the power to take impact investing to the next level, and address these global megatrends?

## 13 Sustainable city potential

Difficult Budgetary Situations in Metropolitan Administrations

Volatility of Energy Prices\*

- Energy cost savings and increased energy security ranked top drivers for energy efficiency in 2012<sup>1</sup>
- Electricity costs doubled in 12 months from May 2007, halved in 3 months from September 2008 and can fluctuate by 2-5% in a single day

Budget Constraints\*

- In 2011, 57% of US cities reported being "less able to meet financial needs" <sup>3</sup>;
- National budget outlooks remain grim, necessarily also affecting city and metropolitan budgets.

Need for Strong Local Economic Performance\*

- Need to create local jobs, strengthen local industry and save costs;
- "Invest in clean technology - job creation opportunities exist and are very versatile. It is one of the only industries where the products and services can positively impact all other industries."  
- Boston Redevelopment Authority.



Australia's largest rooftop solar system on the Crowne Plaza Hotel in Alice Springs, which generates between 40 and 80% of the hotel's power requirements.



*\*Institute for Building Efficiency, 2012, edf Energy, 2009, National League of Cities, 2011.*

**11** The rise of the LOHAS consumer I mentioned already. It's really exciting. I mean there are more and more people I would argue probably among them who consciously think about what kind of products should I buy, what kind of products should I prefer, shouldn't I prefer responsible product?

**12** Now how does this apply to sustainable cities? I think that's probably the €1 trillion question here and also who has the power to take impact investing, this form of allocating financial capital to a level where it matters to what you want to achieve?

## 14 Sustainable cities potential

Cities are in a Unique Position to Initiate Change

Significant Share of Energy on City Budgets

- Energy expenditure amounts to upward of 10% of city budgets;
- Savings can therefore have a noticeable, positive effect on city budgets that can be leveraged in other vital areas.

High Combined Potential

- More than 50% of global population lives in cities
- The top 100 metropolitan regions create more than 50% of global economic output
- Roughly 70% of GHG emissions are produced in cities

Need for Strong, Smart and Scalable Solutions

- In order to capitalize on these potentials, metropolitan administrations need tools to make informed decisions on energy strategies
- These tools should focus on economic and ecological outcomes, which can be replicated and scaled

## 14 Sustainable cities potential

Catalytic Subnational Action to Make It Happen

Power to change

- Sub-national authorities (States, Regions, Cities), with their specific level of governance that is close to the citizens, have 75 % of the responses in their hands - thanks to their mandates in energy efficiency, public transport, waste to energy, renewable energy production, etc.
- However, they often lack the knowledge, technology and finances.

Growing Clean Tech Investments

- 2010 saw a 87% increase in clean tech investments.
- Numerous individuals and institutions want to invest into the "Green Economy", but a steady pipeline of investable projects is missing.

METREX as the missing link between power to change, technology and money!



**14** Now I think it can be quite brief, the diagnosis is quite clear, I mean we see difficult budgetary situations in many metropolitan administrations. Yes. There are some exceptions, but by and large topics such as volatility of energy prices, general budget constraints also in connection with budget constraints at federal levels, this need imperative to really perform at the local level in terms of creating value, that's creating stress, that's not easy to deal with.

At the same time I think are big opportunities and we do some work with METREX in the context of reMAC, I'm not sure if you've heard or how involved some of you are in the work of that. The big opportunities when we bring together the world of planning, of intelligent scenario design and the world of investment in order to make this transformation in that case if we were using reMAC for example to better energy policies, regenerative energy policies happen.

**14 continued** There are big opportunities here, I think there's really a huge untapped potential and I would argue one of the good things about Europe is we tend to be quite inventive, because there's open discussion, we have a lot of human capital, so I would argue we can do it if we dare ourselves to come up with these solutions and roll them out.

So, you know, cities are really in a unique position to drive change in this space and of course there are many coalitions around the world of cities, think about C40, think about regions of climate action group that we worked with and METREX and I would argue one of the things that you can do here is to think through, help the people, the politicians, the resource allocators to understand what do they need to do, how can you portion your initiative so they become fundable and they become acceptable from a public point of view?

So I would argue sustainable cities have a lot of potential and the question now is how do you bring these things together?



## 15 Mainstreaming Impact Investing

Key levers

Policy Agenda

Investments that effectively deliver social benefit have good reason to be supported by the government. But how can policy best support impact investing? Governments can affect the impact investing market either through direct participation or indirect influencing of the market environment.

Large Corporations

Large corporations are constantly looking for sources of non-traditional growth, and many engage in corporate venturing to this end with an innovative development leading to a trade sale.

Angel Investors

Angel investors traditionally fill an equity gap between funding from founders and venture funds – angel investors can do the same for the impact investing industry.

## 16 Lever 1 - Policy Agenda

Direct Participation or Influence by Governments?

Governments have a competitive advantage in advancing impact investing because they can provide

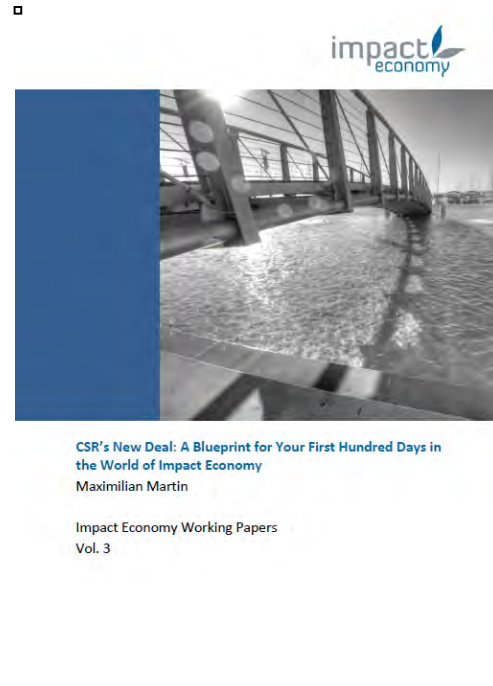
- Large-scale seed funding
- Harmonization of standards
- Regulation (on transparency etc.)

*Based on: Insight at Pacific Community Ventures & The Initiative for Responsible Investment at Harvard University (2011)*

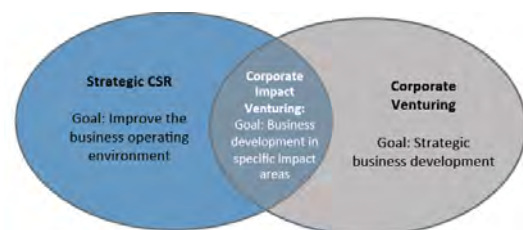
## 17 Lever 2 - Large Corporations

Corporate Impact Venturing

The practice of corporate investment in ventures that are expected to bring long-term financial returns as well as either social or environmental value creation, or both, that contributes to the parent company's strategic objectives.



Area of the Market Aiming to Impact			
	Supply Development	Capital Use	Demand Development
Government Influence	Investment requirements	Taxes, reporting requirements etc.	Institutional strengthening of recipients
Government Direct Participation	Co-investment and/or seed funding	Procurement	Capacity Building



Example: Philips Lighting is working on an LED Street Lighting Toolkit. By using LED-based lighting, municipalities can enhance safety for citizens, reduce public energy bills and free up resources to support economic growth.

**15** So on the one hand we have fundamental reconfiguration of how value is being created in our economy because of these megatrends, we have stress, because of I would say challenges associated with globalisation and environmental destruction and we have players who are looking at this, who want to do things differently and I think three kinds of players can be really helpful to your agendas.

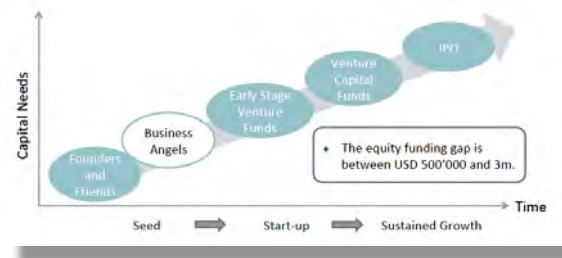
**16** One of course is the policy agenda, I mean you're partially driving the policy agenda yourself in your metropolitan regions, because you're providing the expert input, but the larger policy agendas that are being made and as I mentioned, you know, if a group like the G8 that of course that has to be concerned with OECD debt levels and, you know, failing competitiveness of G8 countries is looking at new forms of capital and how they can be brought to bear on large scale public challenges, that's an opportunity, I think it's an opportunity for you to provide them solutions they can run with, because they can create incentives, incentive structures and provide financial resources to make this happen.

**17** Secondly large corporations I think are quite exciting. One of the things that we've seen recently in this other network of regions are 20, interesting collaboration between Philips around LED lighting and that group of regions, where basically Philips says well, you know, obviously you'd like to do more business with municipal clients as was pointed out by one of the presenters earlier as well can we not come together and create starter kits essentially? Aggregate demand in regions so that we can provide cheaper solutions than we could if we just provided it on a one on one basis. So, you know, if one of your metropolitan regions interacts say with a large corporate it will get a different price than if you aggregate yourselves and I think from a strategic point of view this is a big opportunity I would see for METREX if I may, because you've built over the years a network of trust and best practice that I think can be a very interesting entry point to providers of technical solutions around energy efficiency for example.

## 18 Lever 3 - Angel Investors

Angels fill the equity gap

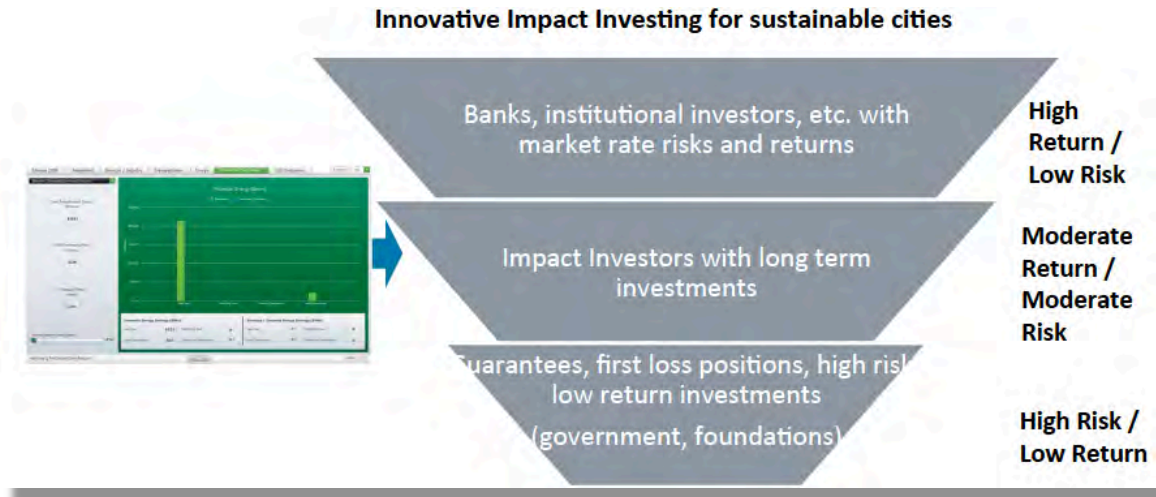
- Since the financial crisis, banks and venture capital funds moved to later stage investments where risks are lower, so angel investors are covering a greater equity gap.
- 47% of US venture investors expect to invest less in 2013, according to a National Venture Capital Association survey.
- Contrastingly, the median angel syndicate round size is at a five quarter high at USD 640K.



## 19 Potential of Impact Investing

Resourcing the Urban Transformation

In a case from New York City foundations provided USD 14 million for affordable housing projects, and the city appropriated USD 8 million. As a result, the project includes USD 200 million in bank debt which otherwise would not have been available. That's a leverage ratio of 9:1



18 Thirdly another group that is maybe less talked about our angel investors, one of the things that I personally think is important, we need new solutions, we cannot assume we have everything on the radar, we don't and I think one of the conclusions for me of Professor Kunzmann's presentation was also yes the diagnostic is sobering and there are some positive things as well, however the narrative is we can do it, but there's a solutions gap.

19 We need to bring more and more people into this and you have a unique vantage point, you're more top down I guess, because you're planning. I work with people who are more sideways as investors or even bottom up as social businesspeople or social entrepreneurs they bring solutions and while I don't have any immediate idea how you would integrate that in your form I think it'd be very interesting to bring such emerging solutions to your attention more quickly. So, you know, I think what we need to do if we want to make this happen, if we want to bring the power of a new emerging paradigm in the investment space to bear on your driving long term sustainable growth and meaningful planning in your metropolitan areas we need to be very clever about playing these three levels, so the policy level work with companies and also, you know, bringing bottom up solutions onto this quickly. What are the next steps then and what's the real potential of impact investing concretely?

And what I'd like to do is I'd like to take the example of the reMAC tool, which I think is an excellent tool and then think how can we take that to a next level? Well what reMAC really does is it creates a stakeholder centric methodology how a city or a metropolitan region can come up with an intelligent regenerative energy plan going forward, it's very powerful. Now think if you would link that to financial incentives where you say metropolitan region X, well yes we can put up a few LED light bulbs ourselves as well certainly, but our resources are quite limited. Think about the switch that could happen if they then said well why don't we rather help orchestrate the financial investment chain around this? So we take out some risk by underwriting, by guaranteeing certain investments. Then I think you can mobilise a lot more financial resources to actually resource and fund the urban transformation that you actually are working on for which you are developing the plans and, you know, again from a strategy and sustainable investment perspective this is an incredible convergence opportunity, because you are a

group of people that can make it happen and there are even sharing best practices and at the same time one of the things that I heard in every presentation so far in one way or the other is there's not enough money to fund all the things that we should be doing, so again from entrepreneurial perspective the logical conclusion as well if that's the case let's think about how we redesign this transmission link and how we create a new ecosystem for investment, so that impact investment, investment looking for financial and social and ecological returns can help you finance some of the things that you need to do, need to execute on in order to achieve your objectives.

So I have to say delighted to be here, I promised Roger it'd be very brief, delighted to be included in this space. Again we have a very different vantage point on things, because again we work with investors on the one hand, companies and institutions on investments and on strategies in the sustainability space, but I think if we can make this convergence of ideas and best practice sharing happen and think about new solutions and new ecosystems to transmit these solutions then we can do it, because I think a key thing I would agree with when I look at the previous presentations it's amazing how inventive you are with finite resources and what great solutions you're coming up with. So the point is now we need to roll this out on a scale and in a speed where it really addresses the big challenges that we have in Europe and I think we need to get Europe working again.

It's not acceptable for us to simply say well, you know, everyone is in their box, you do the planning, maybe we do some of the financing. No. I think we need to aspire something larger together and this is one of the things I think that's often missing from the political discourse, it's a discourse around austerity, around decline, managed decline ultimately, that's not a necessity. I think Europe has a lot of key assets that it can play, but I think we need to join to devise a narrative how we will make it happen, because we can, it's possible.

## Open Forum



### Moderated by Alberto Leboreiro

First of all I have to give thanks for magnificent lecture of all the people who are now sitting here and I have one thing for the Professor Kunzmann is that not all the people have the same clock, economies, politicians (inaudible 00:20:02) thinking that make a great project to the demise of cities of the region, but the short term and the long term is not the same for all the actor that are working in the metropolitan region. What do you think about...

Well of course there are short term things which have to be solved and there are long term visions and the question is just how we can combine both things. Yeah. And I just learned today this very interesting thing that, you know, normally mayors have a four years term whether it is in China or whether it's in New York and they want to have things done during these four years in order to be either re-elected or to have a place in the history. In Helsinki I heard that the vice mayor is so to say half term, so over nothing and I think what we need is really a longer term vision with longer term implementation and so that's how these two things they have to be better combined otherwise we have kind of an incrementalism where (inaudible 00:21:21) but have to do tomorrow and the long term vision is then getting into rhetoric.

Just a direct answer, because I'm not quite so sure about that. First Irma, where's Irma, where is she? She told us yesterday that is from her point of view she is from Helsinki that these long term ..... mayor times are not that good in comparison to a four year re-election in Oslo, which she has also seen. Unfortunately Irma's not here today so we can't ask her about that, but in a way that's always what the administration and the scientific side say, if you

have longer implementation times and if you don't have the election periods it is much better for planning and it's much better for implementation, but on the other side sometimes you have to do something and I think we have to raise in a way the question what are we doing in southern Europe, what are we doing in the metropolitan regions and southern Europe? And as you can see normally we have about 10 to 15 participants, you don't know that, but it is the case in METREX from our colleagues from southern Europe and it is the case that despite Alberto I think nobody from southern Europe is here now. So obviously they have such big problems that they are not even doing some networking as you said and I would ask Alberto in a way what are you doing in a situation as a metropolis where you have 50% unemployment? I think it is a real question, 50% unemployment I would guess that you're going to take measures to bring the youth from the streets as fast as possible and how are you doing that, how are you planning that, has this something to do with region building or with special planning or is it just a completely other side of politics. So I really want to know this from you, so Alberto please you are the moderator, but I am really asking you that.

Okay. I think that is a bad question for me. Probably we have no any kind of solution for the problem now of unemployment, only Spain and other countries in Europe, but I think that we need to invest a lot of money and suddenly the people say to us that we have to cut all the things, to cut the budget, to cut the personnel who work in the .....administration don't make plans, try to save all the things that you can do. I am economist also and I think that we need to think more in careness and probably cutting the budget, cutting all the things is not a solution for the problems. So I am always as



planner I am thinking of ways that we need to think in the long term. We need to have a vision not only for the next four years, not only for the eight years, we have to vision probably 20 years, 50 years for Europe and we are thinking now only in the short term, you are thinking now which is the GDP, which are the depths that the government has in the next two years, three years, four years and I think that the problem of Europe is not going to solve, the problem of Europe is the same, the problem of south of Europe is not going to solve in four years, in two years, I think that we need a long term vision and I think that we need to (inaudible 00:25:05) more with questions solidarity (inaudible 00:25:07) that European Union (inaudible 00:25:09) speaking five years ago, but not now and I think that could solve the problem, but I think that it's not a question of this floor. Excuse me.

Yeah. I would like to react to the previous question or comments that were made, I think ultimately, you know, what you're addressing is there's a leadership problem clearly and, you know, I was affiliated four years with something called the .....leadership with Harvard University and one key takeaway from that period for me was people in positions of formal authority very rarely lead, so as long as the challenge is technical it's fine, you can get the best people to work on it, but when it becomes adaptive you need new solutions, we're often the best new ideas, the disruptive solutions don't come from that group and I think that's the key problem we're dealing with right now. We have people who are good at administrating the status quo, problem is the status quo no longer works, because the model doesn't work and the question is then what do you do about it? Well again I would argue there are top down things you can do and bottom things you can do, the positive bottom up things is things such as transparency. Ultimately we need to create demand for more intelligent political action at the level of the voters, that's difficult obviously, but there are interesting things that are being done, I mean we have several speakers here from the north of Germany, you know, if you look at an NGO called Parliament Watch for example, a German NGO, well they, you know, check whether politicians actually did what they said they would do and then basically, you know, create transparency around that in the internet. That's obviously just a very small thing, but I think there are many things like that through which you can actually drive at least greater attention, intelligent attention to what politicians are doing. We're currently involved with a television series on global warming, it's going to come out next year on Showtime, produced

by James Cameron and the hope there is quite simple that Middle America a few billion people will watch this. Middle America will know more about climate change and global warming afterwards and they will hopefully demand more intelligent action from the politicians. Is that going to solve everything? No. That's just one bottom up thing, but top down what are we going to do top down? Well I think that's the challenge that this group has, you know, how can you share best practices and thereby enable more intelligent top down action.

Actually I found it very interesting that there were yeah dilemmas which were overlapping and we all see that there's this big up for financing. Max you addressed it very effectively you said there are new terms of financing and I actually was interested in the third of these new models of financing the angel investors and I saw you had a slide on that, but you passed it very quickly, so I actually wanted to ask you to explain a bit more and to say something about possible examples and probably make the bridge with unemployment right and especially youth unemployment right, which is now so important in southern Europe. Thank you.

With pleasure. So basically what happens is I mean because we see really an investment gap in terms of, you know, resources available to fund new businesses, the role of angel investors is becoming more and more important. They have to traditionally fill this equity gap and, you know, they have to do it even more so now. The new development that's interesting in this space is there's an organisation called the European Association of Business Angels and they actually are looking for the first time now in systematically working with their members on incorporating extra financial criterias or impact indicators, you know, triple bottom line sustainability stuff into their investment decisions, so they're starting to educate their members around this association is, you know, the interlocutor for the European Commission for example on these topics. So I think the opportunity there is to say well, you know, what do angel investors know? They know how to identify good business ideas, teams that can do it, add value so it can be executed, but they traditionally don't really look at the sustainability stuff at all. The interesting thing now is to try to put these two things together, because if you think about it especially in the green space more and more business opportunities are really emerging in that environment. So to what extent, you know, what we need to do is we need to enable early on those who know something about identifying good ideas and building new businesses to

have this on the radar. I think we're at an early stage of that, I mean they're starting to do this work only now, but I think has a lot of potential and it's exactly the sort of positive narrative where we're saying let's not just be reactive and say, you know, Europe is in a stagnation scenario, maybe 1% growth at most, we just need to see how we can hold onto our lifestyles. No. Let's rather think, you know, we have a lot of positive things here as well, how can we bundle these resources differently to come with new business ideas? And I have to admit I'm a bit biased, I've been active in this stuff over ten years, I would argue the big business opportunities now are those that bring sustainability thinking to the core of the business model, as opposed to being some communications piece at the side of it and if you are interested in that I have a study that we just published on that so I can give that to you maybe, so you can look at it in more detail and we don't need to force the panel to go into too much detail.

Well I would like to comment to your presentation and I by 90% would say okay that's what we need, we need more entrepreneurial spirit, we need more entrepreneurial spirit in this let's say sustainable social dimension, but if you say the welfare state is coming to an end I totally say no. The misuse of the welfare state may come to an end, but the welfare state that's what we need in Europe and the success of Europe, especially of northern Europe is the fact that we had a welfare state. So I think that is the problem and the problem of the southern countries, Italy, Greece and so on was the misuse of the welfare state, that is the problem of Greece, that is the problem of Spain is the misuse of the welfare state. It's not the welfare state, so I think that is very important and a second thing I'm always trying you said well we have unemployment in the Mediterranean and we have to do something, we cannot do anything. Imagine a scenario where somebody like Bill Gates would say look I give you Athens, metropolitan city of Athens, extreme problems, you have any money you need what would you do? And I guess the city of Athens would start building roads, would start building things, infrastructure and then five years later they have the same problem again.

..... Olympics.

Because that was the Olympics and that is the problem in Spain is too much building, so it's hardware and not software, but how these metropolitan (inaudible 00:32:35) can develop the software where entrepreneurial spirit is one thing and those who are not so fast in this society are still supported by the welfare state.

I think this balance that's what we have to look for.

..... want to answer the professor, but I want to say one thing before. In Spain we say that ..... and all the time we are thinking that the problem will be solution by the politicians or probably the problems have to be solution by the society and it's very difficult to answer, because we need to create more powerful society and more democracy and I think that is very difficult that (inaudible 00:33:29) is doing the things if society is not prepared for it and I think that it's a real problem now and the problem is not the politician, the problem is not the society, the problem is how manage both working together for change of things.

I think you're right. I would just love to quickly react to Professor Kunzmann was saying, I think one fundamental agreement and maybe, you know, I shorten things too much, but I think we're seeing the welfare state being reconfigured and I'll give you one example and it's actually something from the UK, in 2005 we conducted a workshop with an organisation called Oshocker on how can you actually refinance the social sector? Because social sector organisations typically spend actually 70% of their time on fundraising and the cost of the transaction is 20% to 40%. So if you give £100, £20 to £40 are gone. So we said well what can we do about it? And out of that came the idea you should actually pair financial metrics with social success metrics. This then later become what you may have heard about the social impact bond, the idea that you actually involve private capital in the resolution of public problems, so, you know, you give money to an NGO for example to solve our public problem. If that NGO does it very effectively then actually some of the money is returned, because you have created value and I think that is the way forward, we need a more performance oriented delivery of public goods and again this will have to do with financial innovation, because often and that's the time with the Gordon Brown administration, you know, if you run the respective ministry here you know that anyone who's under 21 years old and gets into the prison system in the UK for the first time a year later 92% of them have reoffended. What can you do about it? Nothing, because you are so busy dealing with the problem that you have no space to actually innovate, you can't, but other people can do it and they can take that risk and then if it works you can scale it, you can insource it and I think those are the kinds of out of the box solutions. They will not solve everything, but I think we can make the welfare state so high performing because of innovations, because of the

conversions of business and civil society and government that we can actually solve these problems. So I personally think it can be done, it's going to be hard work and you said we can't do anything about it on the planning side, I would respectfully disagree, because yes, the city of Athens should definitely not build more buildings at this point certainly. However, I think a tool such as reMAC for example shows you what a city could do, it could create intelligent incentives for entrepreneurial activity around green growth for example, which also creates jobs and cuts the cost of energy and liberates other parts of the budget. So I think things can be done and I think you may be more powerful in designing this system than you think.

Yes. Thank you. I was just going to ask Klaus I took from one part of your presentation you mentioned the balance in a metropolitan area between how it's related to the global economy and its own regional economy and to ask you whether I got the right sense of this that you thought it would be wise to become more self-sufficient and for a metropolitan economy to think about its own food supply, to think about its own energy supply and certainly to take the opportunities offered by globalism, but also to make sure that it is as self-reliant as it possibly can be for all the good economic reasons and for all the employment reasons.

Well it's certainly an utopia, but my vision would be that a metropolitan region is producing and consuming at least 80% of what the people in this metropolitan region need and can do and 20% may be then global import export and I think that we should work a little bit more on more interregional economic circuits and using all these instruments, very complex instruments you mention there, but using it in order to say look we do not need to import bananas, well bananas is maybe easier, but we need bananas. Yeah. We need bananas. Bananas is a bad example, but strawberries, do we really need strawberries from (inaudible 00:38:17) I think we don't need it and we can produce the strawberries in our region as well. So I think we can do quite a lot if we promote so to say which instruments which we have available and which entrepreneurship, which is available in the metropolitan regions to say look let's try to do it within the region, you know, there are very naïve projects in some regions in Europe, they have local money, local currency. Yeah. This is just playing with local currency of course, but the philosophy behind is that if I have this local currency and I buy with local currency local goods and the local currency is accepted by local shop owners and the money stays within the village or within the

small city, within the metropolitan regions. Of course we cannot develop new financial systems, but we can promote I feel that a metropolitan region is trying more and which are conscious to think oh what can we do in order to keep the money as long as possible within our region?

Alberto could I just make one follow up to make a link to Max on that? My understanding is that there are regional banks in Germany for example and that part of the requirement of those banks is that they retain a certain amount of their deposits in that land or whatever, whereas in the UK our funding goes global and if you can't compete with the global investment round the other side of the world you don't have access to those funds. So it does seem that we need to be financially self-sufficient in addition to other things and it's just a link between .....

You are building a bridge perfectly. Thank you very much. I recently had supervised a PhD dissertation from a banker in planning, he started first banking and then planning and he made a PhD in looking into the role of local banks, local saving banks in Germany for development and he said and this was the outcome of all his interviews and research that these local banks, the local saving banks Sparkassen in Germany are so important, because they are linked to the local and regional economy. If the banker comes from New York, from Bank of America or from Hong Kong he has no interest in (inaudible 00:40:55) he doesn't bother, he just looks at the figure, but if somebody living as a banker in this region and meets the guy in the evening in the sailing club or wherever, in a sports club then it's a totally different situation and I think that the European Commission is trying to bridge this competition law to have an impact on the saving banks is totally wrong. I think these local banks have a big hole in local regional development in promoting the local entrepreneurs, which he wants to support.

I would totally agree to that, but you have to be very careful not to have a local bank that is speculating on the international market. No. That is most important.

In a way, but they are doing this with their subcontractors, they build at a bank to do that and actually in Hamburg we had or we have a local bank and it invested a lot and it lost really a lot and it cost us until today round about €3 billion.

We should not make decisions on misbehaviour.

But, you know, what they lost in was shipbuilding and ship logistics and for Hamburg of course shipbuilding and ship logistics in a way is a traditional way to invest. So yes, I totally agree, but you really have to know what you are doing if you have your own bank, city owned bank, it could cost you a lot and without the federal state we wouldn't be able to rescue our own bank and actually we don't now at the moment whether it is working or whether it is not working. So I have to admit I'm a bit sceptical about yeah the local view. We had really a big discussion and with politics side in Hamburg about how self-sufficient we should be and there was a political point, perhaps it is typical German perhaps, but I think there is something with it and the point the social democrat government of Hamburg told me was be very aware, if we become more and more self whatever regenerating everything, like energy, like goods we have, we are losing our context in a way to the outer world. It stems from the Nazi time, because the Nazis had a very strong ideology of being yeah self-sufficient every time as good as you can and I think it is a very good thing to not be self-sufficient to trade with all your neighbours and you should do that, because if you're trading with your neighbours you'll never have or you should not have the idea to fight them and if the crisis is really bad there are such reasons in a way we don't believe it in Europe anymore, but it's not so long gone. Okay. That's very, very pessimistic point of view and perhaps it's typical German, but we had this discussion.

I would like to focus on another question. I had the impression from the speech of Professor Kunzmann that these planning strategies are I think he used the world planning poetry to say it becomes interchangeable and it's quite meaningless and I wonder how important such public strategies are as an instrument to set the stage for the type of investment that you were referring to that you give with these public strategies, to invest some kind of security that he will invest his money in something that is publicly wanted and that will be a long range investment, which will also bring a return, because if we say green strategies are at the moment just a fad and in five years there will be creativity or something else then how can you get some person to invest their money in a green strategy if we don't nail it down and say okay, this is what we will do for the next foreseeable time. Well maybe you misunderstood my planning poetry, I'm not at all against strategies, which are realistic and are really linked to the local situation and to the local potential and I'm just against planning documents of 20 pages, which

have nice words and everybody has it on the table, but no action is following, because the planning document is just as I say poetry, nice words, but nothing behind it.

Thanks. I would again, you know, I'm obviously not a specialist in urban planning, so I'll take a different take at your question. I think in general what we need is we need, you know, world class institutions, I mean a local bank is great if it does what it's good at, but if it doesn't do what it's good at, well it better not do it. Right. The same thing applies obviously, you know, if you have a planning process it will fundamentally, you know, set targets, plans for investments, well I would personally like to see a public consultation process, because if it's not wanted, we've seen as with Stuttgart it can actually get quite unpleasant, because you might be making the wrong decisions, so I think consultation is positive, but, you know, once you have done that there needs to be some kind of continuity scenario as well and I would argue maybe to answer to Jacob's point I think the good news is the public is becoming less and less monolithic in some ways. So some people want slow food, fantastic give them slow food, you know, locally sourced. Great. You know, let's just make sure we do it in a way that's competitive. We are linked to global supply chains. Yes. We are and we will be. Well let's make sure we internalise all the externalities increasingly and, you know, there's some interesting things being done, for example (inaudible 00:48:04) sustainable (inaudible 00:48:06) coalitions. So you see all the negative impacts you have on the value chain and I would say going forward then let people choose to some extent what they want, but if you're in a position of making, of, you know, supporting institutions or, you know, having value creation strategies in your city I would say there's one common denominator, whatever it is well it better fill a real demand and it better be well done and I think that's really what it's all about and then you have to engage the respective specialists.

Thank you very much. I'd like to follow up an earlier question that was put to Maximilian, because it seems to me that it's offering innovation and new solutions and it was about the angel investment, which is the new area and you were asked, but didn't actually address it in your answer, is can you give some examples of how this works that have been effective in this kind of field that we're talking about? And linked to that is my concern about how hard the analysis and information is to actually attract those type of investors, given that a lot of planning documents are actually these rhetorical strategies and visions and are

they then really relevant to someone who's going to put some hard money on the table?

Thank you. You know, I think if you look at new businesses being created, I mean, you know, for example water filtered businesses etc. Yes. That's taking place, that's certainly for real. What I haven't seen so far is a systematic link between regional development from an urban point of view and creating these businesses. Yes. You know, you have science parks, technoparks, you have start-up environments (inaudible 00:49:56) that exists, that's not new, there's nothing new about that, but I think what hasn't been done so far is linking that to this larger scale sustainability discussion that you're having, sustainable value creation and city planning, that's the innovation I think that's waiting to happen, because, you know, as I said these associations that have members who build businesses every day, you know, and some businesses will be things like, you know, what the, you know, new sounds on your cell phone, things that are completely I would argue probably meaningless from a social point of view, that's what they're good at, they're good at building businesses, but they have been articulated in systematic way with the kinds of things we're trying to achieve here, but they're starting to look into it. So, you know, are there examples for these collaborations? Very little. I think the example is that an association of business angels is now looking at that. Are there examples of successful businesses being created by business angels? Yes. Tons of them and may in the environmental space as well, but I think we need to link these two things, because then, you know, you can have interlocutors entry points that can help you and your region find the right discussions, because obviously say if this association that represents business angel networks in basically all European countries and has members at that level as well, if they can drive that discussion also at the European Commission level so a process emerges then they can be interlocutors as well these regional associations with you? And then say well, you know, you have certain objectives, you have certain investment objectives, to what extent does the transformation of the urban landscape and the value creation systems there to what extent does this create business opportunities for those who are willing to take early stage risk? And I think that's a discussion that we need to make happen in a systematic way as opposed to an ad hoc way, because A knows B, that's good, but that's just not going to give us the bang that we need.

Well I just wanted to react very briefly to what you said and maybe that is also a very German

experience, if you are a chief city planner in a German city and you try to combine what you said with planning then you have an enemy, that is the officer who is responsible for local economic development and if he has a different ideology they don't work together, they don't cooperate together and we only recently had an exception from this normal day to day experience, this was the creative industry. Suddenly the local economic development officers realised that planning is important to support creative industries, but that was the first time. The cultural people are still hesitant, because they feel the economy is too much imposing on culture, but otherwise my experience in more than 30 years in (inaudible 00:52:57) when I went to local economic development they said we need more space and I said that is not what city planning can just do with more space, because we don't want to have more space for whatever, but if you started to say why don't you do this and this and this? This, you don't know about this, you are a planner, we are the economist.

I may be old fashioned, but I had always understood that the main method for funding of aggregated financing solutions and aggregated demand and need was through democratic control of the tax base at the national and regional level. Maybe it's an old fashioned view, but the innovative capacity is as both Richter and Kunzmann explained very well at the regional level with polycentric innovation, but also across the whole of Europe. Kunzmann you left a very, very important challenge on the table with how to deal with the internal thinking that is now increasing across Europe and is an important trend we need to work with or against. I was very inspired by what you said Rishta about the view of the German metropolitan regions, I'd never seen it explained so clearly before and you also said so clearly that actually every model is different even the governance models are different. I was not aware of that, I thought this was actually a very strict sort of system where most things were the same. That is very inspiring, because it tells us that well even within the German system you have a huge innovative capacity within the network of which you are deputy president. Fantastic. So would the speakers agree that one of the most important ways forward to address the challenge you put forward Kunzmann and maybe the much bigger challenge of the economic progress in the next ten years would be to strengthen the metropolitan regions through strengthening the European polycentric networks, such as METREX, such as EUROCITIES, such as other functions (inaudible 00:55:17) which means we need to have the professional information on



the table, we need to have the studies and we need to get the message not just forward to our members, but we need to use these institutions to learn from each other including the finance question.

Who could disagree? Who could possibly disagree in this arena? Nobody. Yes. I agree, but what I wanted to stress first yes I told you it is completely different, you have to be very specifically local, but on the other hand I wanted to say you have to be in a way specifically unadministrative, not administrative. The capacity of the differences of the German governance systems in metropolitan region is twofold, first urban rule, I told you this a lot, the second one is that we in a way are acting like non-governmental organisations. All of us have very, very strong governmental pillars, some have also non-governmental pillars, but in a way we are all acting with the NGOs (inaudible 00:56:38) as being NGOs in my opinion. So for regional management it is most important to be local to see that there are differences in urban and rural areas and to act in a way non-governmental. There is the risk of course that you are not focussing on democratic legitimization. You always have to be aware that usually most of the money in the metropolitan region comes from the state or from the administrator from the city sides. So you always have to establish a very, very strong democratic legitimization and you have to be even more transparent than the normal government in a city, because if you're going to bring in into your structure in one way or another the NGO side they are usually quite sceptical, what are you doing? And you have to be very transparent on your funding and you have to be very open to tell them what you are doing and we have to learn that in a way. We really have to learn that, because each and every body of us knows that there are problems in the administration. Not problems in the ..... but in the administration itself. One is what Professor Kunzmann tells us for the economic ministry in Hamburg and the special planning ministry the strong conflicts about space in Hamburg, in the core city of Hamburg between these two units. I always tell them okay look outside. If you really need space there's lots of space outside. Of course we have to be aware that also this space is not endless, but there is space outside. Then they are telling me both hey come on that's not our taxes and I'm going to say I'm the regional manager, I'm going to tell you look outside, you're going to find the space for housing, for containers, whatever in the Hamburg harbour that's a big issue outside, but on the other hand I want to push them in a way in bringing in non-governmental organisations, because like you said they have

the capability to bring in the system innovation in a way we can't. I wouldn't agree to you we can't do that because we are so short of manpower, it is because we are yeah so centred on our daily job by ourself. It is not our job to create innovation and it is our job to administrate or to plan or whatever and so I would say let ourself be pushed by innovative financing models or by completely different cultural things whatever and that would be the way I want to say in my opinion at least a region should be managed.

I just want to respond what Europe could do and in my mind it's always that we cannot have complete solutions for its problems, so what we should have and maybe Brussels can help us more is to finance catalytic projects, set conditions and say look you get so much money if the public sector, the civil society and the private sector cooperate, you have to show us that they will cooperate. Second you have to show us that they will do that and that and that a set of criteria and if then a city of each in the metropolitan region says okay we start with this experimental project to bring actors in the city region together with the aim to have a solution after five years and with the control of the European Union of course that the money is properly spent that's clear, but I think these kind of projects would then be success stories. I have learnt in my last 40 years nothing is more successful than success. Yeah. And so if you can report a success story of cooperation, of private sector, of entrepreneurship and inner city region then everybody would say oh yeah, that's wonderful we have to continue, we have to do more of that.

I believe that special planning has to be proactive in order to succeed. The paradox is that the majority of city regional plans in Europe are reactive and are dependant upon hope value that the private sector will help carry out the objectives of the plan. Therefore is it now the right opportunity to begin to suggest radical solutions right across Europe by having the nationalisation of land in all major city regions that METREX if we agree could promote the nationalisation of land, because that would allow city regional plans to be proactive and control development, because we can't nationalise the banks those days are gone, but we can nationalise the land. Does the panel agree?

And if you would be in the economic department you would argue for the nationalisation of several companies. No. I disagree Douglas. I really disagree. At least on the European scale it really depends very much where you're working. We had guests

from Zurich four or five months ago and they were really, really surprised how much land is owned by some kind of the state in Germany. So actually I know this for the Hamburg region, but I guess this is really a question you have to raise locally, you can't do this on the European level, that is what I said, act locally, act regional, because you know what you have to do there. Perhaps you need help from the European level or from the state level in buying land in Helsinki, perhaps that's necessary, I don't know, but I wouldn't agree that it's good politics for all over Europe and as I'm not a planner I thought oh yeah, that's a wet dream of all planners in the room. So please excuse, but I disagree strongly.

Well probably we need a frame, but not a plan, probably we need a frame in order to develop the local plans ..... plan, but I don't think we need a national plan for anything, you know.

I would like to I guess react to the previous two questions. So I mean clearly I think it's impossible to be in disagreement that your voice should be heard more and I would agree with my fellow speakers here, however I would argue the content you have, but I think you probably need to work on the branding. Right. I mean you need to make your voice heard this will require resources, so I think it's almost like a strategic plan how can you really get your (inaudible 01:04:41) solutions heard at the level where they need to be heard, so that then you can help, you can drive them in your region to a large extent, so that'd be one thing. The other thing is on nationalisation frankly I think what we need in Europe is more experimentation, so if you think this is the best solution do it, show it to us that it's better over a five year timeframe report it and be transparent as the other speakers said and then we should talk about it again, because I think one of the things we have seen is that these grand solutions if we go down the wrong track well they're not very pleasant to deal with afterwards.

Just to come back to that small remark, but just actually to finish that discussion Amsterdam owns the land and still we're not fortunate to be able to determine everything, because the private sector still is there, so it's not the egg of the Columbus actually to own the land to determine our development, but my main question was actually to touch upon a different point we haven't discussed yet. There's a European special development strategy and Professor Kunzmann said that Europe or the polycentrism of Europe is very essential, also the balanced development of all parts of Europe and at the same time you also raised subject that within all our metropolitan

areas the divergence between the different parts of our areas and the unbalanced development within our metropolitan areas is crucial to overcome that, that's also something that Jacob raised in his yeah speech about German, the German metropolitan regions. So I wonder if there is a European spatial framework being elaborated at the moment if we shouldn't address more specifically as well the coherence within the metropolitan regions as such and not only as well, but not only the polycentrism throughout Europe, so both sides of that medal.

I'm not quite aware what the (inaudible ..... ratio or what this commission is doing at the moment. The problem is always as soon as Brussels starts to think about internal regional problems then Bavaria says no, no, no, this is our task. Yeah. You are not allowed to intervene into our local things. Yeah. And I think Brussels does it in a certain way, but then if you prepare a document of European special planning I don't really know whether this is a serious...

And well I think of course you are right that these intrametropolitan problems are a big problem, but I don't even know whether Brussels can solve these problems. Some kind of the policies they have they have to abolish, but they will not abolish. European transport policy, European competition policy they all contribute to intrametropolitan disparities.

Yeah. In a way you are right, but on the other side I think the most important thing when we talk to the commission is we have to address directly the question of the funding of the rural and the urban programmes and we have to address directly that they should join especially I lost the word .....what's ..... in English?

Agriculture, especially the agriculture programmes, they are programmes that are completely against the idea of metropolitan regions and they support so strong lobby groups that have so much benefits from the programmes that they have no reason at all to cooperate between the core cities and the more rural areas and they are strongly supported by the parliament and in the commission itself. So our way of thinking in Germany is let's join rural and urban together and let's lobby in Brussels for this cause just to overcome this really, really bad situation. It is no way to have only agricultural funding if you really believe that it is the metropolitan region who brings forward Europe or at least parts of Europe, so that would be in my opinion the great political task for the next financing period and at the end of the next financing period

(inaudible 01:09:50) the one that starts now we should be at a point where we could address without being killed in a way, in a symbolic way by the agricultural lobby this issue. That is not a thing that is done in one or two years.

Alberto yes for Max and Klaus could I just raise a very wide-ranging thing and see whether I have the right way of this? Klaus mentioned the finance seems to be moving above governance and Max has talked about impact economy as I understand it delivering social and environmental goods as part of their interest and are we moving to a situation where welfare provision is delivered through the private finance sector. When you showed the picture of someone perhaps from Africa and who will sell him his first car are we really saying that finance is now assuming that western markets and consumption markets are now saturated, they have a financial interest in developing other markets, so they'll spend on environmental and social goods in order to create markets for themselves and that's the route through which we get social environmental goods. It just leaves you wondering where taxation lies in that, because my understanding was taxation is the route to civilisation, we all pay it, it's the price ticket for civilisation. Are we really thinking perhaps that that model is going away with the democratic control of it and we're handing over to markets to create their future markets and to deliver the welfare that we need as well. It seems to be the way things might be going in America for example.

Thanks for the question Roger. I mean I apologise if I caricatured a bit too much and if it wasn't intelligible. No. The story's, you know, thankfully more complicated than that. The argument is simply that if you think about non-traditional sources of growth they will be in emerging markets, because there's pent up demand and this is a good business opportunity, but I'm not suggesting that, you know, multinationals for example will be providing the public goods and services in these countries. No. No-one's saying that. On the other hand if we think about the welfare state as we know it today I think, you know, let's be honest it could be run in a way that is more efficient, you know, and to Professor Kunzmann's comment about, you know, the German administration I had an interesting experience in that respect as well around this social impact bond, so the idea that, you know, you fund that case an unemployment programme that is more effective in reinsertion, however unfortunately costs a bit more every month even though it's shorter and then the guys were saying well, you know, it's more

expensive on a monthly basis why should do this? Right. So that's the kind of thinking that one is indeed often confronted with, so I think that there's a huge potential, because, you know, we work through NGOs anyway. A lot of the, you know, public welfare work is de facto outsourced. There is a huge potential to actually fund those that are high performing that, you know, improve their performance as opposed to just funding those associations to deliver goods, we've done that in the past. I mean that model is no longer viable. It doesn't say that everything should be funded by the private sector, however in my experience when you think about a really radically new different solution it's often difficult for the public sector to do it for a variety of reasons and that's okay and I would say the good news is that increasingly there are people stepping forward who are saying we'd like to try it out differently, give us a chance, but if it works the only entity that can roll it out in scale is the government, so let's find a way to insource it. I think that's probably the way forward. So it's not suggesting abolish taxes, abolish the public sector, abolish the welfare state. No. But I think if we don't reconfigure and make it vastly more performance well it will just not deliver the social harmony and cohesion that we need in order to create value and again I think you play a role in this, because you have a specific planning role in the metropolitan context where, you know, you set paths according to which a lot of other things are being developed and done. So I think having these megatrends on the agenda when you define these planning paths is valuable.

Well if there is no any question I try to connect when we speak about local banks, we speak about politician and we speak about large urban projects, all the politicians now think that the solution for the economic crisis is to invest in ..... hardware not in software, but at the same time I have to give an example in the Basque Country in the north of Spain that the government have invest a lot in innovation and have built a planning for develop technology and now in this moment in this area the unemployment is at 2% and all the things that this area produce is exported, 90% of the production is exported out of Spain. So I think that we need to work within the western ..... but at the same time we need to think that we are not going to receive any benefit in the short term, probably we need 10 years, 50 years or more to obtain any kind of benefit and this is very difficult to convince everybody, because the people are thinking that we need is the solution for the problems and I think that there is no easy solutions for the problems.

I think that's well said, but I would argue you can have some wins earlier on if you define your clusters as you're having with some of your programmes as well and for me it brings me back to sort of the theory of leadership. I mean leadership is executed the end of the day in three different levels, we need charismatic people in positions of authority. I leave it up to every one of you to assess if your national politicians play that role or not. I would say I am personally often not satisfied, but, you know, what can we do about it? Maybe you should go into politics I don't know, but I think the other two levels are vastly more interesting, one is the technical piece, you know, people do to some extent react according to incentives, you are creating incentives, behavioural incentives, you are creating long term plans and that drives behaviour and that can create value and thirdly and I think that's the piece that I'm trying to here bring to the table, I think there's a lot of emerging leadership. I mean there are people who are doing new things differently in finance, in civil society, in government, you know, let's just make sure that those emergent leaders, leadership at that level is heard, is brought onto the platform and thereby hopefully scaled and replicated faster and I think METREX in my view has a natural role in doing this kind of work in the metropolitan planning space, because you have a trusted network, you have best practices, you can communicate them. Of course you're sharing them amongst yourselves, but I think with maybe a little bit of additional investment and, you know, a brand new communication strategy think about the impact you could be having on others that are in adjacent spaces, be it in finance, be it in politics, be it in, you know, classical business. I think that's a really powerful value creation opportunity.

Thank you to the room and thank you to the lecturer for this magnificent debate. I think that we have learned a lot. Probably the most important thing is the ..... we need to rethink and we need to innovation in all the things, also in ..... planning, physical planning. Thank you all.