

ANNEX 2. SUMMARY RECORDS OF THE SESSION

Produced by the Madrid City Council

Introductory remarks

Participants

H.E. Mr. Fernando Ballesterro, Ambassador, Permanent Representative, Permanent Delegation of Spain to the OECD.
H.E. Mr. Jordi Sevilla Segura, Minister for Public Administrations, Spain.
H.E. Mr. Ricardo Lagos, President of the Club of Madrid.
H.E. Mr. Angel Gurría, Secretary-General, OECD.
H.E. Mr. Alberto Ruiz-Gallardón, Mayor of Madrid.

Mr. Fernando Ballesterro opened the conference with a reflection on the significant number of municipal officials in attendance, demonstrating the important role played by cities and their authorities in the problems that must be addressed to foster economic development on the global scale. The purpose of today's conference, he continued, is to foster debate to provide guidelines for the OECD's future endeavors.

Mr. Ricardo Lagos emphasized that democracy is promoted when the central government delegates part of the decision-making to cities. In an increasingly global world, where the face of geography is changing, the city's role is related to its capacity for management, he added. Mr. Lagos also pointed out that globalization should improve services, healthcare, education and the quality of life, which are the factors that determine a city's competitiveness, and highlighted the need to ensure that cities offer our children equal opportunities. The challenge of today's meeting, he concluded, is to help make cities more global and more human.

Mr. Angel Gurría spoke on the importance of today's event, which brings together 30 countries to discuss the agenda of urban policies to help cities to respond to a more global world. He explained that the OECD has performed over 15 studies on the challenges posed to cities and published the report "Competitive Cities in the Global Economy" last year. Mr. Gurría posed the question: why have cities become so important in our world? Cities act as engines for innovation and business activity, serving as centers where ideas are formed, he emphasized. In order to face challenges, he continued, cities must develop hard and soft infrastructures to attract capital and improve the quality of life, becoming places where people want to live. Mr. Gurría identified three new challenges for cities: climatic change, migration and the enhancement of their attractiveness to encourage economic growth.

Mr. Alberto Ruiz-Gallardón stressed that the purpose of today's conference is to reflect on the policies that cities demand as humanity becomes more and more urban. Now there are more urban inhabitants than rural ones, the result of an unprecedented and irreversible process, he added. Social changes should invite us to look towards the future with optimism, Mr. Ruiz-Gallardón emphasized, but the progress of humanity is accompanied by tremendous challenges found mainly in cities, with

examples such as overcrowding, relocation of companies and the need to improve infrastructures. A shared, joint process of thinking is needed to find the answers to questions that are somewhat overwhelming, he said, concluding that crisis and opportunity are essentially the same thing.

Mr. Jordi Sevilla Segura spoke about the fact that the urbanization process is a challenge that requires us to think about the policies that we need and the ones that are not sustainable. Within cities, we find creativity and innovation, but also social fractures that must be addressed, he explained, adding that urban matters are influential on all levels and demand a joint intervention from all levels of government. Mr. Sevilla Segura pointed out that in Spain, the growth of cities due to migration is already a reflection of globalization. He cited the example of two specific laws drafted for Madrid and Barcelona, and announced that a “Conferencia de grandes ciudades” would be organized after the municipal elections.

Session I: Urban hierarchies and the role of policies

Participants

Chair: John West, Head, Public Affairs Division, Public Affairs and Communications Directorate, OECD

Expert: Alan Harding, Professor, Co-director, Institute for Political and Economic Governance, University of Manchester, United Kingdom. Member, Expert Panel for Cities and Regional Development, Department of Communities and Local Government, Specialist adviser to the House of Commons Select Committee on Communities and Local Government.

Panellists: Ana Isabel Leiva Diez, Secretary of State for Territorial Cooperation, Spain. Joao Ferrao, Secretary of State for Spatial Planning and Towns, Portugal. Enrico Giovannini, Chief Statistician and Director, Statistics Director, OECD. Rudolf Niessler, European Commission, DG Regio, Director for Spain. Mona Heiberg, Deputy Mayor of Copenhagen, Denmark. Zaunudin Bin Nordin Mayor, Singapore

Eminent personality: Mary Robinson, Former President of Ireland, and former United Nations High Commissioner for Human rights, Price of Asturias Prize, 2006.

Mr. John West opened the floor with a comment on how the world and its cities are changing through technological development. Globalisation affects cities in different ways; some have grown, others are now smaller. Also, governance is changing, and there is a trend to more open democracy.

Mr. Alan Harding illustrated his point with a story about a study conducted in the Netherlands in the 1990’s about the creation of a “big city policy”, implemented on Rotterdam and Amsterdam by the National Government, in an attempt to develop a “city province” that included citizens. The initiative failed due to citizen’s complaint about a lack of its involvement and feeling that the cities they belonged to were being fractionized without their consent. This made the government realise the need to pool its resources to rethink its policy. Issues arose such as the use of the land in urban areas (commercial rather than housing) and created conflict in the government. The key issue of unemployment was also raised, stating it as a relative term, depending on the scale that is used. Mr. Harding also pointed out that there is evidence that development of the global economy is being more successful in major, developed cities, and that we are creating a Global Archipelago economy, with increasingly divided cities. The Challenges that cities face are: Scale, Spatial Planning, Regional Policy, Infrastructure and Multi-level Governance. Mr .Harding made emphasis on the need to decentralise.

Mrs. Ana Isabel Leiva Díez spoke about the decentralisation in Spain that has strengthened the competitiveness of Spanish cities. Spanish municipalities enjoy a level of autonomy thanks to their critical mass and maximised resources. Spain's decentralisation expresses itself in its 17 autonomous regions, composed of a main city in each province and a capital city that enjoys certain autonomy with regards to town planning, environmental issues and are centres for creative development that broaden citizens options.

Mr. Rudolf Niessler marked Spain as a dynamic economy in Europe, with the highest urban population growth rate of 3%, and one of the top growing economies, driven, in its core, by immigration. In a recent economic report, cities were identified as the engines of European economies, with a higher GDPs than in other areas, centres of communications, innovation and talent, that lead to significant human resources and entrepreneurship. The best examples in inclusion in global economies are seen to be those that have more than 1 million citizens, that form a modern knowledge economy, like Barcelona, Munich, Lyon... although smaller cities such as Grenoble and Cambridge, and tourism-centred cities like Malaga or Palma de Mallorca are becoming top players. Mr. Niessler also identified the need to learn from cities with balanced policies and raised the problem of sustainable development, addressing urban sprawl and traffic issues, and that we must not neglect social cohesion.

Mr. Zaunudin Bin Nordin spoke about Singapore as a small city state, open to trade and investment, and how it has had no choice but to embrace globalisation, and how it has done so by catering for its growth and inviting investment, new industries, and maintaining local and foreign talents. Singapore is a growing city state that although has no natural resources, uses those of neighbouring countries in a forward planning policy, transforming Singapore into an urban city. Problems do arise but have to be balanced.

Mr. Joao Ferrao talked about the arising new urban hierarchies, and the relation between Lisbon, which is considered to be too big for Portugal but too small for Europe, and the rest of Portuguese cities, and how regional cohesion should be present. He spoke about the implementation, for the first time, of urban policies in Portugal, the need for coherent instruments to be managed in a coordinated way, to resolve the tensions between implicit and explicit urban policies, dealt with by the different ministries, i.e. Ministry of economy, culture, transport and others.

Mrs. Mona Heiberg explained that Denmark is a country, which has its population concentrated in Copenhagen and its surrounding area. Also, job creation is extremely important, and numbers illustrate the importance of competitive cities, especially in small countries, where the trend for concentration in one city, normally the capital city, created growth that benefits the whole country, and governments needs to focus on this.

Mr. Enrico Giovannini stressed the importance of statistics in a knowledge economy/policy, and how we need to identify what kind of knowledge should shape these policies, the need for the shared knowledge of citizens and policy makers, and for policies to focus on helping citizens make better decisions, in a way that the shared knowledge is not biased. We need to bring statistics back to the core of the debate. He also pointed that the public sector must invest as many resources as the private sector into infrastructures. The public sector has to understand what an information society is about.

Mrs. Mary Robinson pointed out the need to link expertise at a national, city and institutional level, represented in organisms such as the OECD and the European Commission , to deal with the three main challenges that we face today: Climate change, which she feels cities are beginning to tackle, Migration, where it is at a city level that it matters, and where migration can make a rich contribution, and statistics, that show us that in 2020 the biggest, most developed cities will be in the poorest countries. Countries in the OECD region should share their urban policies with poorer cities,

reach out and pass on knowledge and best practices, so that we can all benefit from them in the long term.

Session II: A - Urbanising “soft” policy instruments: skills, leadership, distinctiveness and collaboration

Participants

Chair: Fabrizio Barca, Director-General, Ministry of Economy, Italy, and former Chair of the OECD Territorial Development Policy Committee (TDPC).

Expert: Will Hutton, Chief Executive, The Work Foundation, United Kingdom.

Panellists: Beatriz Zavala, Minister, Ministry of Social Affairs and Human Development, Mexico. Sir John Bond, Chairman, Vodafone Group plc. Chairman of the Mayor of Shanghai’s International Business Leaders’ Advisory Council. Sandy Baruah, Assistant Secretary, Economic Development Administration, Department of Commerce, United States. Ricardo Ehrlich, Mayor of Montevideo, Uruguay. Edi Rama, Mayor, Tirana, Albania.

Eminent Personality: Fernando Henrique Cardoso, Former President of Brazil.

Mr. Fabrizio Barca opened the discussion by summarising the questions that the session would address. After identifying the production of knowledge and innovative behaviour as key issues to emerge in the past decade, Mr. Barca posed several questions, including: How can cities make the most of their centres of knowledge? Do cities take advantage of these opportunities to tackle the problems of disadvantaged areas and people? Do cities make the most of the leadership potential in immigrant communities?

Mr. Will Hutton spoke about the true meaning of globalisation and the globalising city. In some cases, globalisation, which has become a sort of “catch-all phrase”, has little or nothing to do with certain problems, which stem from internal forces at a national scale. With the vast growth in the knowledge economy and arrival of new technologies, the structure of demand has changed as consumers spend more money on knowledge resources. Consumers are now becoming concentrated in cities, where cluster effects can be observed and companies can organise their responses to them. Cities must maximise the pre-existing economic advantages in their areas and align their policies and jurisdiction to this reality, Mr. Hutton concluded.

Mr. Ricardo Ehrlich highlighted the rapid and intense change underway in our global society. Change has caused imbalances and inequalities, generating a series of consequences, particularly the displacement of people. After acknowledging that the urban model is changing, Mr. Ehrlich pinpointed the need to construct new policies that address inequalities in order to eliminate the internal walls within cities. In conclusion, he stressed the need for social cohesion, solidarity and tolerance in today’s urban policies.

Mr. Edi Rama spoke about his experience as mayor of Tirana, Albania, and the problems that the city has been facing in its struggle to adapt to the new reality of democracy. He placed special emphasis on the importance of fostering a sense of community and identification with public spaces among a city’s inhabitants. With a simple change -painting buildings in bright colours- , his city was able to generate debate, interest and greater cooperation among its citizens while attracting investments and renewed interest from journalists abroad.

Sir John Bond talked about the existence of great polarisation in cities, where the poorest and the richest people work side by side. Having the least access to information technology, immigrant communities are at a particular disadvantage. When people are excluded from ICT, they are also excluded from the interactions of modern life, he asserted. At the same time, ICT offers the potential to create new links and cohesion in our communities. In conclusion, all of us –academics, businesses, governments and NGOs- must ensure that the basics of education in ICT are accessible to everyone.

Mr. Sandy Baruah identified six principles to consider: 1.) We must acknowledge that we live in a global economy and adapt accordingly. 2.) Urban and rural economies and their prosperity are interlinked. 3.) The policy tools of competitiveness can no longer be pursued separately. Economic development, workforce development, educational strategies and other areas must be pursued in concert. 4.) All of our efforts must be based on fact and not feeling. It is fundamental to distinguish between what is good and what is best in government. 5.) Everything that we do in the public and private sectors must be focused on the question “what is next?” 6.) We must acknowledge the progress that we have made, reflected in the fact that terms such as “innovation” and “national competitiveness” have become a part of mainstream language.

Mrs. Beatriz Zavala emphasized that one of the greatest challenges of the 21st century is to build cities of equality, adding that the time has come to reflect on urban sustainability. After asserting that governments must adopt a vision that promotes growth, she talked about the territorial capital concept in Mexico and the need to strengthen territorial policies in order to improve the quality of life, especially for migrants. As concrete strategies, she identified the need to achieve equality and a sense of community, citing two programs designed to generate work, opportunities and citizen participation in Mexico.

In his closing remarks, Mr. Cardoso discussed the way that ideas about urban organisation have changed in the past few decades. Drawing conclusions, he encouraged policy makers to think on the regional scale rather than considering cities alone. Networks based on electronic contact are creating new worlds and a new form of cohesion in the face of global problems such as climate change, he added. More and more, people will depend on the feeling of community and solidarity in the global society.

Session II: B - Urbanising “soft” policy instruments: history, specificity and urban knowledge economies

Participants

Chair: Odile Sallard, Director, Public Governance and Territorial Development Directorate, OECD.

Expert: Saskia Sassen, Professor, University of Chicago, United States.

Panellists: Yves-Laurent Sapoval, Interministerial Delegate for Cities, France. Bo Badholm, Lord Mayor of Stockholm, Sweden. Luis Castañeda Lossio, Mayor of Lima, Peru. Lennart Rohdin, Political Advisor to the Minister of Integration and Gender Equality. Massimo Iezzoni, General Manager, Metropolitan Community, Montreal, Canada. Eminent Personality: Enrique Iglesias, Secretary-General, Ibero-American Secretariat (SEGIB), former President of the Inter American Development Bank (IDB).

Professor Saskia Sassen stressed the need to make new policies, to think “outside the box”. She described the knowledge economy as an object of universal desire and highlighted the importance of the deep historical past of a city: regions need to extract knowledge from the past to shape a good

knowledge economy. Globalisation brings homogenisation of the city landscape, its business districts, airports, transport systems, and a homogenised infrastructure, and that we must stop to examine what is happening to that infrastructure. We must expand the range of policies to include regions, sub regions, urban and metropolitan areas to do so. Mrs Sassen also suggested that, in the current trend of outsourcing, we should try to do it from within, and stressed how the concept of “mega region” allows this. She ended by saying that a good urbanisation of our cities should look back to their specificities.

Mr. Luis Castañeda Lossio spoke about globalisation in the context of Lima. The key lies in improving citizens’ quality of life, he stated. If social issues are not addressed, if we don’t fight poverty and encourage social mobility through education and technology, the result is a violent city, from which people stay away, he pointed out. He talked about the progresses made in Lima for this purpose, providing technology and healthcare to those with no access to them. The support of private companies was quoted by Mr. Castaneda as a vital driver to success.

Mr. Bo Badholm also stressed that universal access to education is essential and illustrated this with the example of Sweden, where the current system contributes to foster cultural, racial, ethnic and religious diversity. That has a significant effect on social integration both in inner city and suburban schools. In order to stimulate learning we must encourage peace and security of both students and staff, he said. The results in Sweden have been very positive. There is an increased level of literacy - even in immigrant communities - and this proves that it is possible to break imbued trends.

Mr. Massimo Iezzoni stated the need of a plan to conduct an urban revolution to encourage growth at a metropolitan level. He pointed out four key elements to improve competitiveness at this level. 1.) A sense of urgency to work collectively to solve urban problems 2.) A “seat at the table” approach to policy making 3.) We need a list of strategies and partners at a metropolitan level to implement them. 4.) Sustained leadership to implement these strategies. He illustrated this with the example of Montreal, which has undergone a huge unification in a fragmented region. If cities strive to be at the top, he felt that innovation and cluster strategies were key elements.

Mr. Lennart Rohdin also underlined integration as both a key aim and a method for sustainable growth. Sweden is undergoing a transition at the moment: an evaluation of urban policies has shown that current measures are not enough. Segregation is spreading. Although there is encouragement for development in marginal areas, once individuals become successful they move away, so the area remains marginal. A shift towards more general policies is crucial to fight this as we must keep in mind that main levers for development are education, employment and improvement of language skills.

Mr. Yves-Laurent Sapoval illustrated his message setting France as an example of how different social structures demand different models. If the only goal for French cities would be competitiveness, their streets would be in flames. Cohesion is a must between and within cities and national governments should play an important part in urban issues. He spoke of France’s housing projects in the 70s, which have collapsed because they have become deprived areas with double unemployment rates than the rest of the country, ill-equipped healthcare services and lower income. This segregation calls for a city cohesion project, for which the main issues are education, economy, employment, healthcare, healthcare and safety. France has tackled these problems by setting up tax incentives in these areas and activating integration policies. He emphasised the need for interadministrative cooperation, even if it’s difficult to achieve, the effort is worthy and fully rewarding.

Mr. Enrique Iglesias summarised the session with three important conclusions. 1.) There is much to thank the OECD for the opportunity to bring up these globally recurring topics of the urbanisation in developing countries, citizen participation and migrations, which are all deeply interrelated. 2.) We

must look at the global picture: specificity within the city is a good starting point, mainly its history, as there's a growing trend to standardisation. 3.) In order to avoid segregation, especially in developing countries, social participation and democracy are vital.

Session III: A - Urbanising “hard” policy instruments: infrastructure, connectivity and the physical qualities of place

Participants

Chair: Vincent Fouchier, Director, Institut d'Aménagement et d'Urbanisme de la région Ile de-France (IAURIF), France, and Vice-Chair of the OECD Working Party on Territorial Policy in Urban Areas.

Expert: Sir Peter Hall, Professor of Planning at the Bartlett School of Architecture and Planning, University College London. Founder's Medal of the Royal Geographical Society, United Kingdom.

Panellists: Takeshi Abe, Advisor, Ministry of Land, Infrastructure and Transport, Japan (MLIT). Antonio Carmona Rodriguez, Mayor of Lisbon, Portugal. Hanna Gronkiewicz-Waltz, Mayor of Warsaw, Poland. Mesus Pektas, Secretary General, Istanbul, Turkey.

Eminent Personality: Lee Hong-Koo, former Prime Minister of South Korea and former South Korean Ambassador to the United States Chairman, the Seoul Forum for International Affairs, Korea.

Mr. Fouchier opened the session with a fundamental question: how can we urbanise the “hard” policy instruments? These instruments, such as transportation infrastructure, have a long-term and direct impact on the face of cities. Citing the example of the Guggenheim in Bilbao, he pointed out that “hard” policy instruments can be used to boost employment and quality of life for the inhabitants of disadvantaged areas. Mr. Fouchier concluded by asking panellists to consider what kinds of “hard” policy instruments we need in our cities.

Sir Peter Hall raised five important questions: 1.) Do communications matter? 2.) Where should we make our investments in cities? 3.) Is urban quality important in building creative cities? 4.) Have cities seriously addressed these issues? 5.) Are national governments linking macroeconomic policies to spatial development policies? What more could they do? The speaker stressed the importance of focusing on human capital in our cities. In this new urban renaissance, we are developing our cities to attract young, single and childless people. However, he added, we must develop family-related policies so that these individuals don't leave our cities when they start families. It is therefore essential to maintain low-grade and low-rent places while promoting physical regeneration. Cities like Vancouver, for example, could be in danger of “killing” their creativity by getting rid of its low-rent areas.

Ms. Gronkiewicz-Waltz spoke on the challenges faced by Warsaw in its efforts to become more modern. After 1990, the city started to respond to the effects of global trends, becoming a gateway for investments as well as new ways of management and labour organisation. Warsaw's priority is to modernise, she emphasised, and its streets, bridges and sewage waste treatment system need improvement. The city is striving to attract new investors and architects, and is currently constructing a museum of modern art, an example of the combination of “hard” and “soft” instruments. When asked about the state's involvement in funding Warsaw's projects, Ms. Gronkiewicz-Waltz clarified that the national government is occupied with aiding less developed cities and that Warsaw must manage its own budget.

Mr. Carmona Rodriguez stressed that European cities are facing many of the same problems. A city is never finished and is constantly transforming itself, he pointed out. Nevertheless, looking at human capital, the European population is aging very fast. We must encourage social inclusion while welcoming opportunities to transform old industrial neighbourhoods into attractive and creative neighbourhoods for young people, he said. Stressing the need to find solutions, set policies and pursue them in a sustainable way, Mr. Carmona Rodriguez also highlighted the importance of preserving the historic identity of cities like Lisbon, which has always been a point of departure and arrival in Europe. When asked about his city's relationship with the national government, Mr. Carmona Rodriguez answered that there is no formal agreement or strategy between the two entities, as Lisbon's budget does not depend on the state.

Mr Takeshi Abe explained that since almost all the cities in Japan were destroyed by bombing during World War II, the government's efforts have been centred on housing and infrastructure while trying to encourage economic growth. Japan's cities were the first to use some very advanced infrastructures, he pointed out, and the country continues to address its housing and transportation shortage. However, the economic crisis had a strong impact in Japan, causing many people to start to consider more human values and to place importance on the quality of life in public spaces.

Mr. Pektas discussed the fact that Istanbul, a city with over 3 000 years of history, is facing infrastructure problems. Since 1994, the city has been renewing its sewage and water system, a project that has cost several billion dollars. Istanbul is tackling the challenges posed by immigration, he explained, and the density of its population is already quite high. The officials and politicians must find a creative way to slow down the population growth rate, Mr. Pektas continued. In conclusion, he stressed that the public sector must provide the means for the private sector to play a role in the investment process in cities.

In his concluding remarks, Mr. Lee Hong-Koo pointed out that within the context of globalisation, cities are facing very similar challenges. Using the example of Asia, Mr. Hong-Koo asserted that globalisation has brought about problems and possibilities. City governments can have a difficult time implementing changes, particularly in the "hard" policy areas, he added. However, these goals can be met by hosting big international events that stir a sense of patriotism, such as the Olympic Games or the World Cup. Other important topics to emerge in today's session, he said, were the relationship between the metropolitan and central governments in planning infrastructure investment from a strategic perspective, the need to harmonise "soft" and "hard" policy, and the fact that both countries and cities like to preserve their identities, reflecting the fact that the social conservation aspect is important in the policy agenda.

Session III: B - Urbanising "hard" policy instruments: history, specificity and competitive advantage

Participants

Chair: Mark Kleinman, Director, regional, Urban and Economic development Directorate, Ministry for Communities & Local Government, United Kingdom.

Expert: Allen Scott, Distinguished Professor of Public Policy and Geography UCLA, School of Public Affairs, United States

Panellists: Gilberto Kassab, Mayor of Sao Paulo, Brazil. Mohamed Sajid, Mayor of Casablanca, Morocco. Semiha Borovac, Mayor of Sarajevo, Bosnia and Herzegovina. Petra Mateos-Aparicio, President, Hispasat. Eminent Personality: Petre Roman, Former Prime Minister of Romania

Mr Mohamed Sajid talked about the economical and population growth in Morocco, where 20% of population can be found in Casablanca, the economic and social capital of the country, and the driver of its national economy. As in other countries, Morocco experiences a demographic shift, a rural drain, with its accompanying social and educational shortcomings. He emphasised the privileged position of Morocco, a very old civilisation, a vector of cultures, and that despite its history of greatness is now a developing country. Casablanca is a quarry from the political and economical point of view, with an almost virginal infrastructure that is beginning to develop a social framework. He stressed the importance of establishing an urban policy and a synergy of national administration to work hand in hand in joint effort to defend the needs of our cities, without forgetting to develop rural environments. Developing countries should learn to face their shortcomings and their limited resources, to be able to compete at a global level. In order to establish prosperity in a turbulent world, they must keep in mind their cultural resources.

Mr Gilberto Kassab presented the unusual case of Sao Paulo which, with its 11 million inhabitants, is larger than many countries, and where there is great racial and religious diversity, whose coexistence is vital to build a future history. In a globalised world it is fundamental for Sao Paulo to provide an example to the rest of humanity with its harmony and coexistence. The problems that such a huge community faces are those common ones of education and public health, as it is difficult for a solid framework to exist. He also declared that the key lies in defining the problems so that we can take the appropriate decisions for the people that depend on the government. Sao Paulo is making a positive headway in these issues but it still needs work.

Ms Semiha Borovac stated that, as cities are expanding, so are the problems and challenges we face, and that we must learn from our mistakes as well as from our successes. We have to live together without losing what is special. Sarajevo is a good example of that: despite war, we live side by side, religious institutions coexisting in heavenly tolerance. She also raised the issue of immigration, and how it is a double problem, as immigrants are regarded as dangerous by society and they in turn are isolated and do not integrate. The conflicts that can arise in and between cities are like those of a family, like sibling rivalry, but like in a family, we have to resolve them and, as a community, make room for what is different and welcome our “siblings”. She illustrated that cooperation was needed by Sarajevo’s recent rebuild after the brutal destruction of war and that this is the way forward. This has been made possible thanks to 1.) the historical character of Bosnia Herzegovina’s multilateral internal cohesion, 2.) the learning from past experiences and mutual respect, 3.) international economical assistance 4.) the return of property that wasn’t destroyed in the war to their rightful owners and 5.) the joining of Bosnia Herzegovina to Euroatlantic integration.

Ms Petra Mateos-Aparicio approached the issue from a corporate point of view, pointing out that we have to maintain a sustainable model. A recent study showed that the 10 top cities in the world are responsible for 20% of the world’s GDP, and that the GDP is higher in OECD countries due to the increased concentration of skills and resources, leading to a better quality of life. This inequality generates problems that we must resolve with infrastructure and with a formal structure for developing knowledge using “soft” resources (people) to build a creative policy. In her opinion, the three key factors for economic development and sustainable initiative that meets the need of citizens are: technology, talent and tolerance.

Mr Petre Roman, coming from a country recovering from dictatorship, believes in intensive urbanisation and development, re-establishing people who were excluded under the previous regime. The result is friendly communities not through cohesion but redistribution. He also spoke of the magnetism of cities with the multitude of opportunities they hold and how mankind grows as a result of a civilised structure, and that we must always have in mind the idea that the government is made of public servants, who have a huge responsibility to listen to the needs of citizens. He gave us some

guidelines: We must use logic, must understand the value of history, and realise the importance of the need to understand technology and the behaviour of social organisations to set ourselves apart.

Special debate: cities and climate change.

Participants

Chair: H.E. Shinichi Kitajima, Ambassador, Permanent Delegation of Japan to the OECD.

Panellists: Ira C. Magaziner, Chairman, Clinton Foundation Policy Board. Banji Oyeyinka, Director, Monitoring and Research Division, UN-HABITAT. Paz González, Councillor for the Environment and Urban Services, Madrid, Spain.

Eminent Personality: Joaquim Alberto Chissano, Former President of Mozambique and former President of the African Union.

Mr. Kitajima introduced the topic of climate change as one of the greatest and most urgent challenges in today's world. There is great potential for local governments to adopt policies and implement measures to achieve quantitative reductions in greenhouse effect emissions, he stated, adding that various directorates of the OECD are heavily involved in this important question.

Mr. Magaziner raised three fundamental issues: the global warming crisis, the role of cities in this scenario, and the Clinton Climate Initiative. The implications of global warming will become dramatic in the next 10-20 years, he said. Moreover, with the rapid increase in the world's population, the number of people with access to electricity and the electricity and motorized transport-based economy is growing. Urban areas, which use over 70% of the planet's energy and emit over 75% of greenhouse gases, must take action. By simply using the technologies that we already have, we could save up to 70% of the energy in our cities, he suggested. According to Mr. Magaziner, the Clinton Climate Initiative is taking action on several fronts, which include helping cities to find 4-5 major projects for energy conservation, organizing purchasing consortiums among cities, and establishing a global system to measure progress.

Mr. Oyeyinka pointed out that the urban population increase is centred in developing countries, especially in Africa and Asia. Climate change will have its greatest human impact in heavily populated cities, he added. The most vulnerable people are the urban poor, who live in slums and low-lying coastal areas that will be affected by the rise in sea level and flooding. Mr. Oyeyinka identified four key elements to help combat the crisis: initiatives to explore new technologies, institutions that will lead people in a new direction, the innovative use of materials, and efforts to bring awareness to policy makers in developing countries.

Ms. González emphasized the importance of institutional collaboration among all cities to solve the problems of climate change. Urban areas are in the best position to take ambitious action, as they can rely on their human capital and resources. Despite the differences across national borders, our world's cities share the same objectives, she explained, stressing the need to create a new urban model with the collaboration of our citizens. Ms. González cited Madrid as a shining example in the area of urban waste management. Between 1990 and 2004, by implementing new waste management policies, Madrid managed to cut its greenhouse emissions by over 50%. Moreover, in the transportation sector, the government just approved a strategic document defines plans to broaden the use of biofuels and reduce the number of cars on the road.

In his concluding remarks, Mr. Chissano praised the work of the Clinton Foundation and highlighted the initiatives taken by the Club of Madrid, which has created a task force to develop a new formula to combat global warming. Citing the example of Africa, he pinpointed the need to make people aware of the dangers of climate change and how they are already reflected in the increasingly frequent droughts, food shortages and health problems in African countries. These problems affect rural areas, placing great pressure on urban zones as the population flows into the cities, he added. Mr. Chissano stressed the importance of educating people to make sustainable use of the resources around them and understand the relationship between their lives and the environment.

Plenary session: What policy options for cities?

Participants

Introductory remarks: Mark Drabenstott, Chairman, OECD Territorial Development Policy Committee (TDPC)

Experts: Patrick Le Galès, Directeur de Recherche CNRS at CEVIPOF (Centre for Political Research) at Sciences Po, Paris. John Fiedmann, UN-HABITAT Award 2006, Honorary Professor, School of Community and Regional Planning, University of British Columbia, Canada. Juan Pablo Lázaro, VO, Business-men Organization of European Capital Cities (OPCE).

Mr. Drabenstott opened the session by introducing the experts and pointing out the objective of this plenary session: setting the stage for round tables later on. He emphasized the importance of strategy, governance and innovation for cities and remarked that they don't occur spontaneously. Cities need policies and to know who (state, regional or local level), what (priorities) and how (funding) to implement them.

Mr. Le Galès stressed the different ways of managing policies: from no policy at all — trying to mobilize resources instead of direct intervention —, to avoiding conflicts through regulation or using technical approaches as indicator systems. But policies matter because there is a long-time cost associated with doing nothing. Globalisation is very important, he said, but it doesn't change all urban policies. Classic urban policies shouldn't be neglected because the effects of globalisation reinforce the effects of some policies. It's important to decide between an *iron cage* – lot of rules – or a *glass cage* – maximising transparency and participation -. Development is not geographical determinism – the capacity to govern and political drive remain essential.

Mr. Friedman commenced by pointing out the need to rethinking master plans. He defends a new term: spatial planning as a coordinating instrument focusing on three main levels– neighbourhood, municipality and region – whose main purpose is to enable better coordination of urban policies and large-scale project developments. In this context, planners will work as members of working teams alongside other experts with different knowledge, interests and concerns.

He presented this emerging model of spatial planning as an abstract, logical creation. But he also gave an account of an actual planning process that is a close approximation: Vancouver. He remarked that Vancouver has a new planning culture based on a consensual process initiated and led by the local state that involved, in addition to the Municipal Council itself, city planners, architects, developers and the general public. He concluded by saying that what we finally do is the result of thousands of conversations.

Mr. Lazaro stressed the role of cities as engines for development. He enhanced the importance of IT in fostering innovation and progress. Cooperation between Universities and companies is also a key driver for urban competitiveness as well as providing logistic platforms for SMEs to reach a global market. Education, intelligent immigration policies, developing powerful city brands and internationalising programmes were other important policies to be addressed by governments to foster urban economic development.

City Mayors and Ministers' Roundtable: Group A

Participants

Chair: Mark Drabenstott, Director, Centre for Regional Competitiveness (RUPRI), Columbia, Missouri, United States; and Chairman, OECD Territorial Development Policy Committee (TDPC).

Animator: José Antonio Zarzalejos, Director ABC.

Mayors: Hanna Gronkiewicz-Waltz, Mayor of Warsaw, Poland. Bo Badholm, Lord Mayor of Stockholm, Sweden. Filippo Penati, President of the Province of Milan, Italy. Mesus Pektas, Secretary-General, Istanbul, Turkey. Pierre Schapira, Vice-Mayor, Paris.

Ministers: Sandy Baruah, Assistant Secretary, Economic Development Administration, U.S. Department of Commerce. Beatriz Zavala, Minister, Ministry of Social Affairs and Human Development, Mexico. Takeshi Abe, Advisor, Ministry of Land, Infrastructure and Transport, Japan.

Mr. Drabenstott opened the session by introducing the mayors and ministers in attendance.

Ms. Zavala said that globalisation has made us conscious of the need to develop a common international environment and to create cities with greater equality. Citing the demographic dispersion in Mexico, she added that inequality is an important factor in cities, which are inhabited by very impoverished people. Much of the rural population is emigrating towards the cities and settling in the outskirts, presenting a challenge for urban planning. Ms. Zavala highlighted the need for the federal government to support the local authorities in the fight against crime, poverty and other pressing issues. She also backed the importance of improving the interconnectivity between cities and the public transportation in Mexico's capital city without contaminating the environment.

Mr. Badholm spoke about the interactions between different levels of government and the structure of governance in Sweden. Stockholm has a special position in size and central location, he said, and the cooperation between municipalities is important. In order to govern efficiently in a city, he added, the local administration must maintain good contacts with local businesses. When asked by Mr. Zarzalejos for his observations on the time schedule differences in Stockholm, where activity shuts down at 7:30 pm, and cities like Madrid or Milan, Mr. Badholm said the number of work hours was actually quite similar except in the winter season, when the days are shorter.

Mr. Pektas explained that Istanbul's problems basically stem from its high population density, but the government has started to expand the infrastructures for gas, water and sewage and the fibre optic cables to the outskirts of the city to improve the situation. More investments are required in the city, and the financial burden must be shared by the national and municipal governments and the private sector, he continued. Mr. Zarzalejos then asked Mr. Pektas whether his city's geographic situation between both Europe and Asia affected the identity of its citizens. Mr. Pektas responded that Istanbul didn't have identity issues, and that the transportation between the Asian and European sides of the city was the real problem.

Mr. Schapira emphasised the importance of fostering an ongoing exchange about the climate change phenomenon. Paris is exploring alternative forms of transportation in order to encourage people to stop using their cars, he said. The city is already collaborating and exchanging ideas with Copenhagen and Vienna, and would also like to collaborate with Madrid and Barcelona. In order to manage contamination and pollution in Paris, the city just opened a tramway system and has decided to extend it 15 kilometres further. Housing is another challenge for Paris, a city that attracts many immigrants, Mr. Schapira said. When asked by Mr. Zarzalejos about the recent uprisings in Paris, Mr. Schapira clarified that the disturbances had taken place in the region of Paris and not the municipal area, adding that the migrant population feels abandoned by the local authorities. The local mayors have tried to establish links between those cities and Paris, he said.

Mr. Takeshi Abe identified three important issues to consider: climate change, demographic change and the globalisation of the economy. City mayors should be the biggest actors in the resolution of these problems, he said. In Tokyo, 80% of the space is occupied by buildings and less than 20% is taken up by green areas and the river. As a result, the temperatures can get as high as 50 to 60° C, he said, highlighting the important relationship between the physical fabric of urban areas and our climate change programs. Tokyo is also facing the problem of population decline caused by low fertility rates, he said.

Mr. Penati made the point that globalisation is a cultural issue that causes great inequalities in our cities. Milan's biggest problems include the environment and mobility, and getting funding to solve them is difficult, he said, stressing the need to create a system so that tax money stays in the local community. Mr. Penati also suggested that Milan City Hall needs some sort of institutional figure to deal with these issues. Mr. Zarzalejos then asked him about Milan's relationship with the city of Rome and whether any rivalry exists. Mr. Penati answered that obviously a certain degree of rivalry exists, but that Milan is also able to use Rome as a benchmark for progress.

Mr. Baruah, after considering the topics discussed in the session, posed the question, "Where to from here?" He followed with two gentle warnings: 1.) Changing policy isn't always the correct answer, so this tactic must be used with tremendous care. 2.) National policies are not always the answer. The better decision makers may be at the regional or city-state levels. As society becomes more global, targeting our policies for a regional competitive advantage becomes more important. Mr. Zarzalejos then asked him about the New Orleans tragedy and if the federal system really provides sufficient finances to older cities with lower standards of living, and whether this situation had changed the sensitivities towards financing cities in the United States. Mr. Baruah answered that it was a serious mistake to interpret an isolated example such as New Orleans as the norm, adding that many people forget about the speed with which the U.S. government rebuilt the financial district of New York after the 9/11 terrorist attacks.

Mr. Drabenstott concluded by summing up the major points discussed in today's session. He suggested that people are feeling their identities disappear with globalisation, and stressed the need to create a policy environment in which citizens discover their best opportunities to pursue in the global marketplace. Mr. Drabenstott also pointed out the number of challenges faced at the city level. The fact that funding basically trickles down from the state to the local levels can be problematic, he added.

City Mayors and Ministers' Roundtable: Group B

Participants

Chair: Mario Pezzini, Deputy Director, Public Governance and Territorial Development Directorate, OECD.

Animator: Frank McDonald, Irish Times

Mayors: Mohamed Sajid, Mayor of Casablanca, Morocco. Luis Castañeda Lossio, Mayor of Lima, Peru. Vladimir Platonov, President, City Duma, Moscow, Russia

Ministers: Ana Isabel Leiva Díez, Secretary of State for Territorial Cooperation, Spain. Yves-Laurent Sapoval, Interministerial Delegate for Cities, France. Massimo Iezzoni, General Manager, Metropolitan Community, Montreal, Canada

Mr Mario Pezzini introduced the session and set the topic up for discussion, which questioned cities as a domestic issue and if we should share an agenda on what to do for cities. He stressed on the subject of climate change as a strong preoccupation for cities and how these are a landing strip for migration, and that we should increase the attractiveness of cities to encourage mobility and increase productivity.

Mr Frank McDonald set Ireland as an example on one of the fastest growing economies in Europe, as it has gone from being one of the poorest to one of the richest in little over twenty years, and the problems that have arisen with this rapid growth. He put Dublin as the worst case scenario of urban sprawl, which occurred because of a lack of dialogue between the local and central government. He stressed the importance of this dialogue to resolve present and future issues.

Ms Ana Isabel Leiva Díez exposed on the different levels of government in Spain and how they interconnect to create a much needed dialogue between them. She spoke of the existing annual conference between the presidents of the 17 Autonomous Regions and the Prime Minister, and of the annual meeting between representatives of the municipalities with the presidents of the autonomous communities that prove that, in Spain, steps are being taken towards dialogue and letting everyone's voice be heard.

Mr Mohamed Sajid reacted to Ms' Leiva's dialogue exposing the contrast between Spain and Morocco, which doesn't have the kind of freedom that allows dialogue between regions and where problems pertaining to cities are not tackled by the central government. In the case of Casablanca, a port city, the port is managed by the central government without regard for the urban needs of the city, and this lack of dialogue harms the process of becoming a sustainable city.

Mr Yves-Laurent Sapoval expressed the need to establish global awareness of the importance of developing cities in a sustainable way, and how France is not an example, as cities and the relationships between them are very dysfunctional. His opinion was that, in order to solve the different issues that affect cities, they must share intelligence, and that public agents should deliver what they promise and follow up the problems they face on behalf of the citizens they serve.

Mr Luis Castañeda Lossio, spoke of the growing importance of cities, in a world where borders are melting, and set the example of Lima, which has been a crossroad of cultures since times immemorial, and more recently, a target for people from Brazil, Japan... He also asked the following

questions: “Are receiving countries being as “good” to immigrants as South American countries have been in the past? Are the new receiving countries paying their historical debt?” He also pointed out that, in this globalised world, the only thing we all have in common is contamination, and that we all have to “pick up the check”, and that we must do it in order to live longer and not pass on the debt to our children.

Mr Massimo Iezzoni, following on how different countries are tackling the discussed issues, explained that Canada is working at a municipal and regional level, and that we are dealing with an urban revolution, his motto was that we have to “think together globally and act together locally”, and that we have to change the way we make policies, to “sit at the table” to solve the problems of cities producing the alarming 75% of the worlds’ emissions. He also spoke, responding to Mr McDonalds’ mention of the “Cool cities” program in the US that was opposed by the government, about cities in Canada being the 2nd priority for the government, and how they are taking steps to work with the local representatives.

Mr Vladimir Platonov suggested that, given that we need to work on urban issues on a daily basis, to lean on organisations like the Club de Madrid or the OECD creating a blog where everyone can share their experiences, good or bad, solving urban issues, so that we can learn from each other. He also underlined the importance of the relationship between the state and the citizens being wholesome, without people in government believing that their problems are more important than those of the people they serve. The task, he said, was to evolve without upheavals, and shared knowledge can help with this.

Closing Ceremony

Participants

Conference Conclusions: Alberto Ruiz-Gallardón, Mayor of Madrid.

Closing remarks: Fernando Ballester, Ambassador, Permanent Delegation of Spain to the OECD, Ricardo Lagos, President, Club of Madrid, Sandy Baruah, Assistant Secretary, US Department of Commerce. Luis Castañeda Lossio, Mayor of Lima, Peru.

Endnote: Angel Gurría, Secretary-General, OECD.

Mr Ruiz-Gallardón began by expressing Madrid’s gratitude to the outstanding number of participants and cities involved in the conference: a clear sign of the position of Madrid as a fertile incubator for innovative ideas. He pointed out the importance of the urban phenomenon and expressed his satisfaction that the three main objectives of the Conference have been achieved: 1) Fostering a transversal dialogue on urban policies 2) Opening this dialogue to national governments, and 3) Building up a critical mass of cities deeply engaged with the future of its citizens. As links between cities are now stressed by competitiveness, there are two key drivers for success through such competition: creating social capital and an intelligent use of space, and fostering its role as a point of exchange. He finished by expressing his wish to pass the baton to other cities.

Mr. Ballester told the audience that Ms Moretti, Mayor of Milan, had an announcement to make. She announced that Milan will be hosting a new OECD Conference in February 2008.

Mr Lagos, for his part, went through the agenda that emerged from the Conference. He pointed out the main points: migrations, climate change — focusing on post-Kyoto — and the role cities must

play in facing this challenge, including water and financial resources for cities. He emphasized that another important point — institutionalizing the effort — had been guaranteed by the generous offering of Milan to run with the torch by hosting the next meeting.

Mr. Baruah commented on the leading role of the private sector and that the best policy is very often not to interfere with the market. Moreover the paradox with policies is that, in many contexts, local policies are much more efficient than national policies. He pointed out five important dimensions that cities must take into account: size, speed, communication links, location and people.

Mr. Castañeda thanked the hospitality of Madrid expressing his acknowledgement for the high quality of the meeting and its significant value as a workshop for dialogue and reflection.

Mr. Gurría brought the meeting to a close, stressing that this conference had provided a solid beginning for the institutionalisation of the efforts to cope with globalisation. The emerging importance of cities' demands, an open dialogue and the capacity to share problems is the key to success. His final words insisted on the pivotal role of city governance in determining who decides and who pays for urban policies.