

Agenda

Timing	Session and content
13.30 – 13.35	Introduction and welcome – European Commission
13.35 – 13.50	Proximity and Social Economy Ecosystem and the Scenarios for the Transition Pathway – European Commission
13.50 – 14.35	Round Table Discussion
14.35 – 14.45	Update on ICC cities focus and progress – ICC Coordination Team
14.45 – 14.50	The 100 Climate-neutral and smart Cities – European Commission
14.50 – 15.00	Q&As and next steps

Participation

Organisation	Participants
Advisory Board Members or replacements	<p>Alice Charles, World Economic Forum</p> <p>Bob Bennett, Cities Today Institute – excused</p> <p>Carlo Ratti, MIT SENSEable City Lab – excused (written input provided)</p> <p>Christophe Rouillon, European Committee of the Regions, Rapporteur for Recovery and Resilience Facility, Coullaines, Mayor of Coullaines – excused</p> <p>Daniel Gonzalez-Bootello, Smart City Cluster</p> <p>Frank Lee, European Investment Bank – excused</p> <p>Jorn Verbeeck, KPMG & former Global Covenant of Mayors for Climate and Energy</p> <p>Hugh Lim, Centre for Liveable Cities, Singapore (including Lisa Teo-van Kuijk, Nicole Lum and Yi Xuan Tan, Centre for Liveable Cities, Singapore)</p> <p>Leonie van den Beuken, Amsterdam Economic Board</p> <p>Mark Hidson, ICLEI</p> <p>Martina Otto, United Nations Environment Programme – excused</p> <p>Massimo Perrino, United Cities and Local Government</p> <p>Renate Mitterhuber German Federal Ministry for Housing, Urban Development and Building (Including Gudrun Schwarz, German Federal Ministry for Housing, Urban Development and Building)</p> <p>Silvia Ganzerla, Eurocities</p> <p>Soo-Jin Kim, OECD Centre for Entrepreneurship, SMEs, Regions and Cities</p>
European Commission	<p>DG GROW: Dana Eleftheriadou, Natalia Gkiaouri, Karel Vanderpoorten</p> <p>EISMEA: Lorenzo Tama, Corina Barbu</p>
Contractor	<p>Technopolis Group: Nikos Maroulis, Morten Rasmussen, Maialen Perez</p> <p>John Higgins: Advisor to the consortium</p>

Objective of the meeting

The objective was to inform on latest **policy developments linked to the Proximity and Social Economy Ecosystem** and to have a discussion on the **transition scenarios, trends and future steps**. The Commission services prepared [an outline of possible scenarios for a transition pathway towards a more resilient, green, and digital proximity and social economy ecosystem](#). The aim is to co-create concrete actions and commitments with all groups concerned in this ecosystem to step up its green and digital transition and strengthen its resilience to future shocks. Cities communities and proximity economy actors are key levers in this process.

Scenarios for the Transition Pathway of the Proximity and Social Economy Ecosystem

Karel Vanderpoorten, DG GROW, provided an update of the Industrial Strategy, with the overall objective of making Europe more resilient. The strategy identifies 14 key industrial ecosystems at EU level. As one of the 14 key industrial ecosystems at EU level that will contribute towards the Industrial Strategy and making Europe more resilient, the [Proximity and Social Economy Ecosystem and the Scenarios for the Transition Pathway](#) puts emphasis on local and short value chains, on human-centric city models, like the 15-minute city and on social economy business models.

The European Commission presented building blocks of the transition pathway, outlined the process (the public consultation is currently open until end of February 2022) and explained the three focus areas of the transition pathway: **resilience, green transition, and digital transition**. The overall objective is to co-create, jointly with stakeholders, concrete actions and commitments to step up the green and digital transition and strengthen the resilience of the Proximity and Social Economy ecosystem.

The main building blocks of the transition pathway are:

- Set a vision: goals and milestones for greening and digitalisation and resilience
- Identify bottlenecks, gaps, enablers (including regulatory), monitoring mechanism, competitiveness issues, governance, R&I, technology, infrastructure, skills needs
- Highlight the social impact of the transition, including its SME dimension.

The [consultation process](#) was launched in December 2021 with the publication of the Staff Working Document and is open until end of February 2022. The next phase will be the development of transition pathways that will help the Commission and the stakeholders work together on milestones and project pipelines to achieve the twin transition for proximity and social economy actors and entrepreneurs. It will identify the scale, costs, long-term benefits, and conditions of the required action for the twin transition. The final step is the validation and the implementation at the third quarter of the year.

Key takeaways from the 3rd Advisory Board meeting

Challenges at city-level: re-thinking cities, engaging stakeholders and addressing skills gaps

Several advisory board members highlighted the multiple challenges currently faced by cities, requiring new and innovative ways to make cities more resilient and to achieve a green and digital transition. Alice Charles, World Economic Forum, sketched out a set of main challenges emerging at city level, including the needs to reinvigorate the business centres and adapt and reuse the city centres (e.g., due to retail shops', office downsizing etc.), decarbonise industry and buildings, build

up competences and digital literacy at local level, engage local stakeholders and provide support in accessing funding. The necessity for re-thinking also relates to the increase of remote working practices and the asymmetrical impacts of COVID-19 across territories and cities as commented by Soo-Jim Kim, OECD. Further to this, Leonie van den Beuken, Amsterdam Economic Board, emphasised how cities, given their limited population size, are required to activate their wider regional ecosystem to pursue an integrated approach to promote self-sufficiency and better address emerging challenges.

While on one hand new technological solutions, social innovation and sharing platforms between citizens are needed, Leonie van den Beuken stressed that new challenges will also emerge as a result of these digital technologies, leaving more people behind. In this context, Daniel Gonzalez, Smart City Cluster, expressed how a digitalisation of public services, especially those linked to the elderly, may become user-unfriendly, and stressed the need to focus more on building digital competences across population groups. This was supported by Alice Charles, including Leonie van den Beuken, who equally stressed the need for training on digital public services including on technology and algorithms.

While funding is a challenge, access to funding is still a challenge

Several experts commented that access to finance still make up a major challenge to cities. Alice Charles for instance underlined that cities' financing has become increasingly constrained with lost taxes and parking revenues due to COVID-19. This view was also shared by Mark Hidson, ICLEI, Soo-Jim Kim, OECD, and Jorn Verbeck, Global Covenant of Mayors for Climate and Energy. But simultaneously it was also brought forward how several new funding opportunities have emerged, with cities now being exposed to multiple funding streams to tap in to, notably through the National Recovery Plans, the EU Regional Development fund, the EU Social Fund and more. This had, according to Jorn Verbeck, made cities overwhelmed, finding it challenging to navigate and prioritise among funding means due to limited capacities of public authorities. Referring to a recent OECD survey, Soo-Jim Kim highlighted that approx. 90% of cities did not consider access to funding as the main need, but rather the strive for more coordination and coherence among city stakeholders. Mark Hidson commented that procurement make up a key instrument, to direct public sector spending on strategic objectives.

Proximity and social economy ecosystem – the role of cities and local stakeholders

Prof. Carlo Ratti, MIT SENSEable City Lab, highlighted the important role that the social and proximity economy ecosystem can play in helping cities to make a better use of the resources at their disposal. Opportunities are among others linked to facilitating sharing economy platforms and web-facilitated car sharing clubs but also the opportunity to expand the principle of sharing to the provision of a city's physical, social, and recreational infrastructure. Further to this, Silvia Ganzerla, Eurocities, mentioned the important role that both the social economy and social interaction can play in repairing the social fabric, and how cities need to facilitate interaction among stakeholders and private investors. With the increasing use of digital technology, also the need to protect digital rights was emphasised by Massimo Perrimo, United Cities and Local Government. Both Mark Hidson and Massimo Perrimo suggested an integrated governance approach and stakeholder-led action also to bring together stakeholders in proximity and social ecosystems and to address social cohesion.

High-level overview of feedback and suggestions by advisory board members

Speakers	Feedback
Karel Vanderpoorten , DG GROW	<ul style="list-style-type: none"> Presented the Proximity and Social Economy Ecosystem and the Scenarios for the Transition Pathway – see presentation above.
Dana Eleftheriadou , DG GROW	<ul style="list-style-type: none"> Presented on the 100 Climate Neutral and Smart Cities Mission, one of five EU Missions under Horizon Europe, focussing on smart and climate neutral cities. The objective of the mission is to create 100 neutral cities by 2030, 20 years before the climate neutrality objective set up at EU Level. These cities will not only reduce their carbon emissions by 2030 but will also serve to act as models to show for other cities how measures can be implemented. For this purpose, the involved cities will act as experimentation and innovation hubs to enable other European cities to follow their trajectory. There is an open call for cities to express their interest to join the initiative: The interested cities can apply until end of January 2022. By April 2022, the selected cities will be announced.
Carlo Ratti , MIT SENSEable City Lab	<ul style="list-style-type: none"> The social and proximity economy ecosystem is uniquely positioned to help cities make better use of their resources. Sharing economy platforms (i.e., Airbnb) have made it easier for unused space to be rented out, reducing the amount of wasted capacity in terms of houses standing empty. Likewise, many city residents are reducing wasted capacity in commutes by using websites to carpool, or even ditching car ownership in favour of web-facilitated car sharing clubs, now existing in cities around the globe. Opportunity to expand the principle of sharing to the provision of a city's physical, social, and recreational infrastructure: schools could play host to local family health services or language programs outside school hours; or land not being used by one government agency may be transferred and used by social and proximity businesses. Key challenge is to identify spare capacity that can be unleashed and pair supply with demand. Collecting occupancy data can help understand how civic assets are currently being used and look for opportunities to sublet to or co-locate new tenants. In the absence of quantitative data, the proximity business ecosystem is well positioned to offer a more quantitative assessment of where and when civic assets could be used more effectively, and which types of services/amenities are currently lacking.
Daniel Gonzalez-Bootello , Smart City Cluster	<ul style="list-style-type: none"> Importance of public administrations and services in city context was stressed: often perceived that public administrations are trying to address a gap in the market or compensate for a market failure when and where the free market is not performing optimally. While some of the implemented digital measures (i.e., digital banking) induces efficiency, also the negative impacts should also be considered. A high percentage of the elderly population – typically not digital natives - are now asked to do paperwork and everyday activities through digital tools. This leads to frustration and unequal access for those that lacks the required skills. Accordingly, attention is required to better support and protect elderly citizens and those lacking digital skills. To the extent possible, the solution should avoid fostering new problems for society and citizens.
Alice Charles , World Economic Forum	<ul style="list-style-type: none"> Cities are now facing a series of difficulties, covering among others: <ol style="list-style-type: none"> Reinvigorating city centres: as a consequence of the pandemic many businesses and offices from retail and hospitality sectors had to close. City centres are key for local governments since they provide significant tax revenue, and are often the centre or vibrant activities and developments. Cities will have to adapt and re-think about ways to use city centres. Decarbonising industry, including energy systems and mobility systems. Cities are lacking capacity to finance major infrastructure projects. They need to work with utility companies and national governments. Transition of buildings to improve efficiency levels, also to help reduce energy poverty. Retrofitting of buildings offers significant potential for the real estate sector.

Speakers	Feedback
	<p>4. Compactness of cities: Compactness is required for cities to become carbon neutral. Important role of urban planning to facilitate shifts in this direction.</p> <p>5. Provision of social housing: to tackle the social housing crisis and prevent market failures, cities need to convert existing stock and build new housing.</p> <ul style="list-style-type: none"> • Technology seen as an enabler. The right stakeholders should be contacted and involved in the process of technology adoption at local level. Important to prioritise digital literacy, not only for citizens but also public services (referring to example of the city of Helsinki, running a programme to promote digital competences among civil servants). Key role of data in supporting decision-making at local level. • Designing for privacy, security and equity as well as looking at the role of Technology Development goals in cities. Within the UN, some countries are promoting the idea of developing a frame for “Technology Development Goals” following the model of SDGs to measure progress. • Beyond digital illiteracy, also financing make up a significant barrier for cities, while also costs have increased for cities during the pandemic. Challenging for cities to work with EC funding programmes, requires prior experience.
<p>Leonie van den Beuken, Amsterdam Economic Board</p>	<ul style="list-style-type: none"> • Highlighted the need for developing new ecosystems, since they can support cities to address emerging challenges in a more integrated manner and with more social interaction. • Using the example of Amsterdam being too small to be self-sufficient and handle problems at city-level, requiring a broader involvement also from regional stakeholders in order to tackle the problems linked to fossil fuels or limited energy infrastructure among others. • On the uptake of sharing platforms (Airbnb or Car2go), it was commented that it is important that they have a deep rooting in and ownership from citizens, to avoid a strong dependency on the market only. Sharing platforms seen as an enabler for social innovation and social cooperation. • Need to work with the energy ecosystem for decarbonising power and electrification. Local energy systems and land-use for mapping and matching local green energy supply and demand. • While digital technology fosters innovation, helping to address challenges, they also create new problems that requires finding new solutions. For example, one need to promote the use and openness of data in cities and regions, but simultaneously one should have in mind the need to achieve efficiency and sustainability goals. • Relevant links: https://en.rli.nl/publications/2021/advice/digitally-sustainable & https://dezwijger.nl/programma/cooperatieven-maken-de-stad.
<p>Jorn Verbeck, Global Covenant of Mayors for Climate and Energy</p>	<ul style="list-style-type: none"> • When it comes to sharing platforms, and the surge of these, there is a need to base their development and uptake in citizen’s needs. Currently, citizens are overwhelmed with the offer of multiple sharing platforms emerging. In this context, the key is to understand citizen needs and prioritise on this basis, also based on a more future-oriented approach. • Underlined the challenges with regards to the lack of long-term vision and capacity for city-level administrations. • In the process of transformation for cities, one needs to have in mind that large-scale urban development often has a long duration of implementation (i.e., it could take up to 20-30 years to be implemented) and underlined the importance of piloting in order to take on board early failures or successes.
<p>Soo-Jin Kim, OECD Centre for Entrepreneurship</p>	<ul style="list-style-type: none"> • The OECD has carried out an analysis of the impact of COVID in cities, and the new urban patterns that have been identified. Digital technologies perceived to enable citizens to move away from large cities and re-locate to smaller urban centres. The potential of remote working links to the digital infrastructure offered, which is very unequal among cities. Data is however lacking now to provide substantial evidence for any exodus from cities. • OECD has sketched out 4 scenarios with regards to remoting and exodus from urban cities: 1) Business as usual (urban centres remain attractive); 2) Doughnut effect (citizens tend to move to periphery of urban centres); 3) Mid-sized cities (preference to

Speakers	Feedback
	<p>re-allocate to medium-sized cities); and 4) City Paradox and the rise of the rural (shift of labour from urban centres to rural areas).</p> <ul style="list-style-type: none"> OECD conducted a joint survey with the Committee of the Regions that indicated that COVID-19 had a relatively bigger negative impact larger cities' finances compared to medium and smaller-sized cities. The survey also indicated the access to funding is not the main worry of cities today, but rather the need for coherence and coordination among city stakeholders and at governance levels. This underlines that there are multiple funding means available to cities today.
<p>Mark Hidson, ICLEI</p>	<ul style="list-style-type: none"> Funding is available but the complexity from cities' perspective evolves around how to access it, and the reporting needs that comes with the funding obtained. Cities tend to lack capacity and resources to act on the emerging funding opportunities, which especially apply to smaller and medium-sized cities. Larger cities and pioneers however tend to have the knowhow to apply and pick up on the new funding mechanisms. Replication cannot work but what smaller municipalities is to look at the process. There is a need for integrated governance in the city context, involving local, regional, national and EU levels. The proximity economy can be used to develop a more citizen-oriented dialogue and consultation, and to manage the transition in a joint manner. There should be a stronger focus on social cohesion, which is key to address many of the other issues identified at city level. Having in place the right procurement process and methodology is also important (it is not only about outcomes). The procurement tool is often underrated but that can be very beneficial for the social economy and proximity players, as it can help to steer city actions.
<p>Massimo Perrino, United Cities and Local Government</p>	<ul style="list-style-type: none"> Scenarios for the future should consider the increased use of technology in cities and within the provision of services, as well as raising awareness of digital rights. It is important to protect the digital rights of the citizens, but also to ensure the access to data and information (i.e., openness should be pursued). The Cities Coalition for Digital Rights (https://citiesfordigitalrights.org) initiative, which is led by the city of Amsterdam, was flag as a driver for promoting and defending digital rights in urban context through city action, addressing common digital challenges jointly and work towards regulatory frameworks in support of human rights in digital environments. The local and regional governments should have a role of facilitators in the collaborative scheme.
<p>Silvia Ganzerla, Eurocities</p>	<ul style="list-style-type: none"> It is key to keep in mind the issue of raising inequalities. Social economy can play a role in repairing the social fabric. The pandemic has shown how the lack of social interaction has heavily affected people and specially those at higher risk of social exclusion. The proximity and social economy ecosystem can keep social cohesion and inclusion. Regarding investments, and while funding serves as a key driver, there is a need for local authorities, investors and EU funding mechanisms speak together. It is important to reflect on how to make sure public interaction has an economic commitment and how all relevant stakeholders are in contact and collaborating on the funding offer. The Recovery and the Resilience Funds offer a great opportunity for cities to implement relevant solutions. However, not all cities will be at the same level, some will be frontrunners while others will have issues to catch up. It is important to develop an innovation strategy rooted at the local level that allows cities to learn from each other and to build capacity.

Next steps: Consultation and 4th Advisory Board meeting

Advisory board members were invited to contribute to the EU policy making with regards to the proximity and social economy, by providing input to the ongoing consultation on the [Scenarios towards co-creation of a transition pathway for a resilient, innovative, sustainable, and digital proximity and social economy ecosystem](#).

The 4th Advisory board meeting will take place on June 15th, 2022, from 1.30-3pm CET (Brussels time) and will focus on co-creation of the next phase of ICC.