



# City management: an opportunity for internationalisation

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Urbanisation is a growing phenomenon having a special impact on developing countries. In this respect, urban management becomes one of the main challenges of humankind. With adequate strategies and investment, urban areas in developing countries already offer big opportunities for Catalan companies. There are many companies from our country taking advantage of this, but there is still a long way to go and use to the maximum the role model Barcelona, the capital of Catalonia, plays at international level, especially in areas like Latin America and the Mediterranean. Although there are initiatives in this respect, there is still a wide area to expand in involving public and private stakeholders as well as international business around the Catalan city management model.



Cities are today the main place to meet and exchange information, persons, capital, goods and services, talent and technology. The city is thus the place where the main competitive items of a territory are concentrated in a deeply connected world. Around these city-based items are megaregions concentrating the most of the world's gross domestic product (GDP). According to **UN-Habitat**, the United Nations human settlement organisation, urban economic activity amounts to more than 55% of GDP in low-income countries, 73% in medium-income countries and 85% in high-income countries.<sup>1</sup> As countries develop, cities become an increasingly important source of their income.

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In the last decades, urban areas have grown all over the world, basically in developing countries, with growth coming essentially from migration from the countryside due to fast industrialisation of some of these countries and environmental depletion of rural areas. Besides, public investment has been mainly in urban areas to the detriment of rural ones, which can be either a cause for or a consequence of these migration flows.

To give an idea of the size of this urbanisation phenomenon, according to the **United Nations Population Fund**, more than 50% of the world is urban for the first time, and at least 90% of urban growth is occurring in developing countries. The world's urban population reached 3.3 billion inhabitants in 2008 and UN-Habitat expects that this figure will reach almost 5 billion in 2030,<sup>2</sup> with global population at a total 8.1 billion. That year, 80% of urban population will concentrate in developing countries.<sup>3</sup>

In this respect, urban management becomes one of the main challenges of humankind, especially in those areas of the world where urbanisation is most accelerated. Thus, as the **Observatory of Foreign Market Prospection (OME)** indicates in its 2006 annual report, the current path and scale of urban growth restricts the capacity of many local and national governments in providing basic services to residents. With adequate development strategies and investment in infrastructures, urban areas in developing countries can become important accessible markets. However, without necessary investment, cities will become hotbeds of toxic waste, crime, water pollutants and diseases threatening human health, productivity and the base of natural resources.<sup>4</sup>

It is precisely governments in emerging countries that experience the phenomenon in a more intensive way as they devote large resources to improving the living standard of their urban population. In spite of capital accumulation in certain emerging countries, generated needs usually surpass widely the capacity of the public sector in these countries to do necessary investment. In this respect, multilateral financing as well as public-private cooperation schemes become important items in providing solutions for new problems.

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Additionally, in an economic crisis as the present one, in which the business-to-business private market slows down and most governments in the world, besides international organisations, implement expansive expenditure plans, many of which involve purchasing goods and services related with city management, there is a whole range of

business opportunities opening up today in this area. Just as an example, when looking up calls including the word «city» in *DGMarket*,<sup>5</sup> the worldwide public contracting business opportunity website, there are more than 22,000 possible opportunities including building works, architecture and engineering services, medical facilities and services, transport facilities and services, etc.

Hence many opportunities open up, especially in developing countries, for public and private stakeholders specialised in providing goods, services, technology, capital and knowledge related with city management.

We can define a wide range of areas where new business opportunities may appear:

- ▶ Urban and metropolitan infrastructure, with opportunities for engineering firms, building companies, architecture firms, building material and technology manufacturers, etc.
- ▶ Urban planning and strategies, with possible knowledge transfer from public (city councils, regional councils) or private stakeholders (consulting firms).
- ▶ Environment in services and materials for waste collection, sewage, waste recycling and disposal, etc.
- ▶ Public space management, including ICT services and material for urban lighting, companies specialised in construction and management of public buildings (congress centres, sports pavilions, stadiums, etc.), companies specialised in event organisation, etc.
- ▶ Mobility, including smart transit control systems, parking garage building and management, urban transport vehicle manufacturing and management (bus, railway, tram, etc.), port and airport management, etc.
- ▶ Local administration management, with opportunities in e-government, consulting for modernising public administration, etc.
- ▶ Public services with business lines in providing water, gas, power and water treatment services as well as necessary material.
- ▶ Health and education systems for building and equipping hospitals, schools and universities as well as their management.

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- ▶ Housing and land use policies, with opportunities for urban planning consulting firms, engineering firms, architect bureaus, building companies and real estate management firms.
- ▶ Economic and tourism promotion, with great knowledge transfer opportunities by means of tools like clusters, technology and research centres, SME support programmes, commercial developments, tourist development projects as well as investment opportunities in urban hotels, leisure areas, shopping malls, etc.
- ▶ Public security, with facilities for local police, security policy counselling, hardware, etc.
- ▶ Leisure and culture, with opportunities for companies and organisations specialised in building and managing cultural facilities (museums, theatres, etc.), restoration, etc.
- ▶ And other possible areas in which the city is the main field of action.

City management is up to political decision-takers and civil society but also to a wide range of professionals: architects, engineers, economists, cultural managers, developers, lawyers, social workers, etc. The concept of city

or urban management as a business opportunity is thus wide, going across manifold business areas, with public and private stakeholders of all sorts taking part, from public authorities and institutions to large and small companies.

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In Catalonia, there is a wide range of companies specialised in providing goods and services related with city management, with a wide international experience, including big utilities like the **Agbar group** and **Gas Natural**, building companies like **COMSA** and **COPCISA**, architect bureaus like **Alonso & Balaguer** and **Ricard Bofill**, urban equipment and lighting companies like **J. Feliu de la Penya** and **Fundició Dúctil Benito** and many more companies specialised in different areas of urban management. Besides, some public or quasi-public organisations related with city management are quite active in international knowledge transfer generated in Catalonia by hosting technical visits and even consulting or international cooperation projects. This is the case of the **RACC Foundation**, the **Catalan Water Agency, ACCIÓ**, **Barcelona Activa**, the **Consorci Hospitalari de Catalunya** and some Catalan city councils, among other organisations. It is thus a public-private initiative for internationalising a success model.

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These companies actually take advantage of Barcelona's excellent international reputation to market their goods and services all over the world. The attraction the Catalan capital has in



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tourism and as a place of life and career development for many foreign professionals having important decision-making positions in their countries is no secret. In fact, Barcelona has been for some years the top European city in life quality, according to the international reference ranking published every year by **Cushman & Wakefield**,<sup>6</sup> and it also takes top positions in other international city rankings.

Also, Barcelona and Catalonia have been acknowledged by multilateral organisations like the **World Bank** as role models in some specific areas of city management, such as hospital management and provision of certain basic services. This role is especially important in areas like Latin America and the Mediterranean for cultural and geographical reasons, or because these are countries undergoing modernisation processes similar to those we have experienced here in the last thirty years. Barcelona and Catalonia are viewed as close examples with recent experiences similar to the ones these countries are having today.

In this respect, according to the latest piece of work by the OME,<sup>7</sup> different opportunities

will have to be singled out in Latin America regarding city management in the next years, such as health services and information and communication technologies (ICT) related with e-government. Also all environment-related services including water management will go on creating opportunities in Latin American cities. Finally, the football world cup to be held in Brazil in 2014 and the election of Rio de Janeiro to host the 2016 Olympic Games must not be forgotten as these events offer great opportunities to Catalan companies, especially taking advantage of the Barcelona 1992 experience.

Also, in the countries from the Southern Mediterranean rim, despite the impact of the financial crisis in the building industry as well as in infrastructure and the associated materials branch, demographic growth, migration to cities, industrialisation and the dynamism of tourism are items encouraging needs in the industry that will stay in the medium term. There are interesting opportunities in Turkey, with studio and apartment building projects, in Morocco, with a great diversity of incentives like social housing, and in Algeria, among other countries in the region. Also, the area is experiencing an accelerating industrialisation and urbanisation process, to which the development of tourism is to be added. In this setting, authorities are increasingly demanding in complying with environmental regulations, which creates great opportunities for private business. Besides, these opportunities come together with funding by international organisations.

There are also big opportunities in other areas of the world where Barcelona and Catalonia are not so well known but urban growth is especially important, like the Middle East and Asia in general. In the former, the building industry has experienced very rapid growth in Saudi Arabia in recent years, and it is expected that 1.5 million housing units will be needed in the next five years to cover the demand of the young. However, in Dubai (UAE), the industry has been affected by the crisis and

could have financing problems in the short term. In these countries there are also opportunities in environmental matters, especially regarding water management. In the rest of Asia, an ageing population and income growth perspectives in most countries create opportunities in the area of health. The environment and renewable energy branch is in an embryonic stage, with increasing needs in all these countries. Generally speaking, an important growth rate is expected in coming years despite the crisis, mainly thanks to population growth and rapid urbanisation and industrialisation in these countries.

### **Cooperation in groups or business consortiums completing each other in rendering services needs to be fostered.**

Based on the enormous opportunities coming up and the role model we can take in certain regions of the world, it seems obvious that the work started by many Catalan companies needs to be intensified, deepening their presence in international markets and introducing new companies following those already out there.

This needs to be a drive participated by public and private stakeholders, which together need to be able to define and implement a set of actions to take advantage of opportunities. In this respect, the capacity of stakeholders involved needs to be considered in order not to create false expectations with potential international customers that are later unable to be catered for and to avoid the repetition of some past experiences that eventually lacked success.

In this respect, apart from individual action by companies and some specific cases of business cooperation, there are some initiatives coming up in Catalonia involving stakeholders like the **Barcelona City Council**, the **Chamber of Commerce of Barcelona** and ACCIÓ to foster

the internationalisation of the Barcelona/Catalonia city management model through specific institutional and business missions, business meetings, information meetings and the organisation of technical visits to Catalonia of decision-makers from other countries.

### It is important to strengthen the role of big Catalan companies as drivers, fostering joint projects of companies in international public contracting processes.

Nevertheless, there is a long way to go in fostering internationalisation of the city management metaindustry. In the following, I list several ideas of initiatives that could be thought of for the future, provided there are enough resources to implement them:

- ▶ Defining more in-depth the concept of city management, clearly setting out the goods and services included and those not.
- ▶ Mapping and clustering all involved public and quasi-public companies and stakeholders through a process of strategic thought allowing to set commonly agreed goals.
- ▶ Thoroughly studying markets and specific opportunities of collaboration, no matter what companies individually do, by means of available sources like OME studies, business opportunity websites, information systems of multilateral bodies and purchasing agencies as well as business experience.
- ▶ Fostering cooperation in groups or business consortiums completing each other in rendering services (e.g. architects with builders and engineers) and tools for cooperation, partner search or exchange of experiences such as the **Anella CPI Community** ([www.anella.cat](http://www.anella.cat)).
- ▶ Fostering the prescriber role of some professionals and companies working in initial project stages (feasibility studies, architecture projects,

etc.) by improving information systems so as to recognise a possible offer in goods and services.

- ▶ Strengthening the role of big Catalan companies acting in this field as drivers, fostering the exchange of experiences with other, either national or international companies as well as possible common projects that should include joint participation of companies in international public contracting processes.
- ▶ Consolidating the search of local partners for Catalan companies through the service rendered by ACCIÓ Business Promotion Centres all over the world.
- ▶ Training and coaching companies entering this market in international public contracting processes.
- ▶ Creating specific promotion actions like business missions in specific countries or at multilateral bodies; submitting success cases in «brown-bag lunch»-like sessions at these bodies; preparing specific promotion material, etc.
- ▶ Elaborating a directory of Catalan companies offering goods and services in city management to offer it to international body officials, who are always open for knowing new suppliers, and purchasing agencies in target countries.
- ▶ Taking advantage of the prescriber role Catalan and Spanish officials can play at international bodies.

Apart from these possible initiatives, many more can come up. In any case, this should be a common work involving promotion bodies, public authorities and especially companies of all kinds working in this field. This is a great opportunity for Catalonia to turn one of the main challenges humankind will be facing in the next decades, as is management of rapidly growing cities, into a way of having an even stronger footprint in the world through business.

## Interesting links:

<http://www.unhabitat.org/>

<http://www.unfpa.org/>

<http://www.citiesalliance.org/>

<http://www.wburbanstrategy.org/>

[www.amec.es/urbis](http://www.amec.es/urbis)

[www.anella.cat](http://www.anella.cat)

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## Notes

1. UN-Habitat (2006). *State of the World's Cities 2006/7*. <http://www.unhabitat.org/content.asp?cid=3397&catid=7&typeid=46&subMenuId=0>
2. UNPA (2007). *Estado de la población mundial 2007. Liberar el potencial del crecimiento urbano*. [http://pdf2.biblioteca.hegoa.efaber.net/ebook/16242/Estado\\_de\\_la\\_Poblacion\\_Mundial\\_2007.pdf](http://pdf2.biblioteca.hegoa.efaber.net/ebook/16242/Estado_de_la_Poblacion_Mundial_2007.pdf)
3. UN-Habitat (2006)
4. COPCA (2006). *Tendències de futur i noves realitats. Observatory of Foreign Markets Annual Report, 1*.
5. The Catalan version of *DGMarket* can be looked up at the Anella CPI Community, [www.anella.cat](http://www.anella.cat).
6. CUSHMAN & WAKEFIELD (2009). *European Cities Monitor '09*. [www.europeancitiesmonitor.eu](http://www.europeancitiesmonitor.eu)
7. ACCIÓ (2009). *Reglobalització. Transformacions de fons i noves oportunitats en un món post crisi*. OME 2009-2010 annual report
8. *Brown-bag lunches* are informal information sessions organised at the headquarters of international organisations to introduce success stories to officials of these bodies. They are usually done during the officials' lunch time.