

Giving sustainability transitions the right direction:

a short story about ICLEI's work with the notion of the Common Good



ICLEI was founded on the belief that cities are the nucleus for a change towards sustainable development. Although today we have the globally agreed upon Sustainable Development Goals, the debate about what is considered to be sustainable is not concluded. It is obvious that there is an underlying question or even conflict about the access and share of available and ultimately limited resources. There are no easy answers to this question and how to come to social peace or fairness globally, nationally, or locally. A quite popular answer in this discussion is the concept of (social) justice. Another approach is the notion of the common good.

The latter has been revived especially with an eye to economic rules and good governance of private enterprises, against the background of a growing imbalance of corporate over state power as well as challenges to the trust in and functioning of democratic systems. ICLEI strongly supports this development and has embarked on pioneering activities that we want to highlight in this article - because even before ICLEI was founded, it was made clear that the future can only be "Our Common Future" and human conduct needs rules and norms to be guided in the right direction.

1. Starting at the top: The European agenda expressed through the New Leipzig Charter and the U7

In the year 2020 not only was the European Green Deal approved, but the [New Leipzig Charter](#) also set the tone for all EU member states urban ministers, who signed and agreed to implement it through the national regulatory frameworks. ICLEI Europe was involved in the writing process and contributed to the final document, carrying the subtitle "The transformative power of cities for the common good".

This guiding principle of the Common Good has been further renewed in the latest [U7 communiqué](#) in September 2022, again with contributions from ICLEI Europe. It was acknowledged that the New Leipzig Charter "serves as an exemplary multilateral and strategic framework document of contemporary urban policy to address social, economic and environmental challenges in accordance with the principles of good urban development policy." Further, it states that "Political action in urban development is oriented towards the common good and aims to balance public and private interests in democratic decision-making processes at all levels, including the municipal level."

2. A first halt to understand what is meant

It is noteworthy that the two documents above have been supported and developed from the highest positions of EU governments. Especially, the notion of balancing public and private interest moves us to the core of the idea behind the Common Good. The term is usually used as a regulative idea, like democracy or sustainability, and thus suggests a high level of support whilst being ambiguous in its concrete meaning.

Ultimately, proponents of the Common Good and Public Value researchers agree that it needs participatory processes to determine the concrete values subsumed under the notion of the Common Good. Practically speaking, this calls for a local process to co-create this meaning. Why make such an effort? Because a consensus (or consent) for a reference system based on values provides the legitimacy and commission for decision-makers in politics and businesses alike - it is the formulation of what to achieve both in the public and the private sector, in order to prove the organisation's licence to operate. In other words, both spheres of interests can concretely be managed for a balance.

This way the city as a public space can be increasingly designed and used by its citizens (civic and corporate) as a "commons". This means a public space that is managed inspired by the thinking of Elinor Ostrom's [design-principles for commons](#) and respecting clearly delineated use rights and sanctions, and that creates information and transparency about it. These are principles well known from governance and participatory democracy theories, which become part of public and private organisational culture, altogether forming the urban ecosystem with its political-economic governance norms. At an organisational level, this can be referred to as a mindset that follows the idea of the Common Good and is embedded in a rule system providing feedback to individual and organisational action (Meynhardt/Metelmann 2008; Meynhardt 2008, 2009).

3. What matters with a view into the political landscape

There are further signs that strengthen the impression that the notion of the Common Good has been revived to stay. The EC has developed the idea and recognised the importance of a proximity and social economy as part of its [industrial strategy 2020/COM \(2021\) 350 final](#)). In light of the post-covid recovery and heightened interest in economic resilience against international trade dependencies, the green (and digital) transition has become the narrative for a sustainable economy that contributes to achieving the European Green Deal objectives. According to the EC's action plan for the social economy (COM (2021) 778), it "covers entities sharing the following main common principles and features: the primacy of people as well as social and/or

environmental purpose over profit, the reinvestment of most of the profits and surpluses to carry out activities in the interest of members/users ("collective interest") or society at large ("general interest") and democratic and/or participatory governance" ([SWD\(2021\) 982 final](#), p2f.).

Based on this definition the social economy is one that serves the Common Good in the broader sense of sustainability and can be seen as a political-economic governance vision, contributing to the green transition in politically relevant areas such as the circular economy, energy citizenship/cooperatives, sustainable housing, mobility services, sustainable agriculture, sharing economy and more (ibid., p.14). Besides the niche character of the social economy as a sector - as classified by the EC Industrial Strategy - the working document very rightly addresses the trend of a convergence between mainstream businesses and the social economy business models. The ambitions of the action plan are in full support of a transformative vision of the whole economy and thereby also aligned with local government ambitions such as expressed in ICLEI's initial call for [Local Green Deals](#) as the in situ implementation of these European ambitions.

In a recent post by one of Germany's state secretaries from the German federal ministry for climate and economics, it was shared that "Spain will hold the Presidency of the EU Council in the second half of 2023. One of its main objectives will be to promote the approval of a Council Recommendation on social economy, which should be the basis of a much-needed common legal EU framework for the entities of the social economy that will enhance their potential as agents of change and contribute to preserving the European social model." ([Giegold/Rey 2022](#))

Some regions, such as ICLEI Member Valencia and the Valencia regional government have passed economic development policies in line with the social economy and common good-orientation of enterprises in [2020](#). Here, the [Economy for the Common Good](#) (ECG) served as a concrete reference for the policy's implementation. Furthermore, the ECG-reporting standard can be used as one of the tools for "social accounting" and "social auditing" to measure impact and provide a decision-making basis for policy makers, investors, financial institutions - as sought after by the EC (cf. [SWD\(2021\) 982 final](#), p.15). Other standards and initiatives have been recognised and are increasingly worked with - also by local governments, e.g. in the City of Amsterdam's Impact Programme, supporting business development with the [ECG as well as B-corps](#) standards.



We can argue that there is a paradigm shift among politicians and entrepreneurs that is happening as part of a racking-up of environmental and social standards in the EU single market. The goals driving and supporting such policies are part of the overall European Green Deal package. This change in thinking and the serious ambitions to implement action become visible in several areas: for example when looking at the city-specific leapfrogging efforts in the Climate-neutral and Smart Cities Mission, but also in the growing demand for accountability of large business via the [Corporate Sustainability Reporting Directive](#), as well as the trend for a broadening of legal forms for sustainability-oriented business models (e.g. steward-ownership, purpose enterprises, benefit-corporations). These are legal and regulatory trends that local governments should be aware of and try to promote and work with as part of their sustainability strategies and actions.

4. ICLEI's work with local governments for the Common Good

Moving back to ICLEI's stake in this development, we are happy to share that we are on a good track to prepare city-specific support materials and are working at the forefront with partner organisations to upscale these efforts to ready-to-use forms. Most recently, we organised an [arena session](#) during the [15th Federal Congress on National Urban Development Policy](#) in Berlin, discussing a guideline for

a Common Good-oriented sustainability management approach together with the head of the Climate-neutral and Smart Cities Mission, the German federal ministry for urban development, and a dozen of german cities.

The basis for this has been ICLEI's work over the last 1.5 years together with a social movement organisation (International federation for the Economy for the Common Good) and Bertelsmann foundation on a comparative study and a first guideline for cities to work with. We are in the midst of continuing this work and look forward to operationalising an attractive yet ambiguous concept.

More info:

- [Video recording of NSP congress Berlin 2022](#) (see Arena V, video 2)
- Bertelsmann [Study](#) and [Guidelines](#)
- Meynhardt & Metelmann (2008) Public Value – ein Kompass für die Führung in der öffentlichen Verwaltung (2008) Verwaltung und Management, 14. Jg. (2008), Heft 5, S. 246-251
- Meynhardt (2008) Public Value – oder: was heißt Wertschöpfung zum Gemeinwohl?, dms – der moderne staat – Zeitschrift für Public Policy, Recht und Management Heft 1/2008, S. 457-468
- Timo Meynhardt (2009) Public Value Inside: What is Public Value Creation?, International Journal of Public Administration, 32:3-4, 192-219, DOI: 10.1080/01900690902732632

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ICLEI Europe

ICLEI – Local Governments for Sustainability is a global network working with more than 2500 local and regional governments committed to sustainable urban development. Active in 125+ countries, we influence sustainability policy and drive local action for low emission, nature-based, equitable, resilient and circular development.

This paper reflects the position of the ICLEI Europe network of Local and Regional governments as a whole, and may not reflect the position of every Member individually.