Fighting from within

Nudging the corporate to get things done

A blog by Franco Crudi

What if large corporations, in collaboration with other actors, could challenge the current unjust and unsustainable energy systems? In order to achieve such radical changes, technological innovations are not enough, we also need new ways of doing, thinking, and organizing, or put it simply, social innovations. During the past years, the city of Malmö (Sweden) has been an arena to test a number of initiatives in this direction. Building on the main learning points of this case and a master's thesis published last year, this blog aims to provide three policy recommendations to help local governments to work towards institutional change and transition to more just and sustainable energy systems.

Introduction

It is not a novelty that many cities around the world have pledged to transition their energy system from fossil fuels to renewables. However, more actions are needed in this matter (IPCC, 2022). Even though technological innovations are increasingly widespread, it is not enough; we also need social innovations (SI). As these actions have inherently a double edge, they could either contribute to making a radical change to the system or reproduce the status quo and current injustices. This is why scholars argue that in order to contribute to a more just and sustainable society, those innovations need to be transformative, meaning that they can challenge, alter or replace current dominant institutions (Pel et al., 2020). It is within this context that the city of Malmö in Sweden could show the lead for other cities due to the high number of initiatives that have been deployed by different actors but in particular the municipality of Malmö in collaboration with the multinational energy corporation E.ON Group.

This blog synthesizes the main learning points from my master's thesis, in which I analyzed three initiatives developed by the company E.ON Group. Although those projects cannot be transposed directly or scaled up in a new setting, other cities can learn

the key factors that have helped the different stakeholders to collaborate with each other. Therefore, the final aim of this blog is to provide three policy recommendations. In the next sections, I first shortly introduce the concept of transformative social innovation. Hereafter, the case of Malmö is presented in order to show ongoing SI-processes. Lastly, three recommendations for policy-makers are presented together with a reflection on the concept of environmental justice.

Social innovations—Transformative or not?

Social innovations (SI) are changes in social relations between actors and their socio-material context, in other words, new ways of doing, thinking, and organizing energy in this case (Wittmayer et al., 2020). The term 'new' does not mean a complete novelty as it may be an element brought from the past or transposed from a different context. The approach chosen within this analysis builds on the TRANSIT project, an EU funded project that developed a theory on transformative social innovation based on insights from other theories (e.g. transition theory, social movement theory and institutional theory) and 20 empirical cases.

A clear example is the set-up of an energy community. People from a small community come together to produce renewable energy in a different way—*organizing*—while self-orginizing by creating new rules for members and strategies to collaborate (or not) with other actors—*thinking*—in order to install new technologies—*doing*—such as solar panels, communal batteries and microgrids. However, these social innovations will be transformative to the extent that they challenge current dominant institutions that are producing the injustices in society and the environment (i.e., fossil fuel industries, unbridled capitalism, overconsumption and extractivism).

As argued before, SI-processes are made up and shaped by the specific socio-material context where they take place. This, sometimes, is the main reason why specific SI-initiatives have emerged only in certain places at specific times. At the same time, we should neither attribute this process to only one actor nor to a bottom-up or top-down process, as this is the result of the interaction of socio-material relations between a web of actors. Having that in mind, the following case has a number of events and variables that led to the emergence of SI-initiatives.

The city of Malmö — Context and time matter

Malmö is the third-largest city in Sweden with approx. 400.000 inhabitants. Like many other cities around Europe, Malmö has pledged to reach the objective of becoming carbon neutral by the end of 2030. However, Malmö, as part of the South region of Sweden, is highly dependent on the production of energy from the North, mainly generated by hydro and nuclear power. Due to the lack of capacity of the national network and the time needed to expand it, this may produce an electricity shortage for the city and hamper future developments in housing, mobility, and other infrastructure project levers in the near future. That means that even though Sweden is producing enough electricity, it cannot transmit it to where it is needed.

In parallel, the municipality of Malmö does not have agency over the production and distribution of energy as the municipal energy company was sold to Sydcraft AB in 1991

and later acquired by the multinational energy corporation E.ON. Furthermore, the deregulation of the energy market drastically changed the ability of municipalities to plan the production and supply of energy. In that way, the city of Malmö could not make decisions to expand or invest in new projects related to electricity infrastructure. At the same time, a rapid deindustrialization process started in the 90s and forced a city that relied completely on harbour activities to find new ways of bringing economic growth and development.

Starting from this disadvantaged position new strategies were needed in order to reach the targets promised by the municipality. The 'wave' of projects and collaborations developed to solve the climate and energy issues in the city of Malmö could be traced to the ambitious housing project Bo01 in 2001, the first of many to come. The deindustrialization process and economic recession the city was suffering forced the City Council to launch this new development project and collaborate with a wide range of stakeholders. Bo01 was promoted as the 'sustainable city of the future' and the promise of a new district supplied with 100% of renewable energy by the company Sydkraft AB. Later on, one of the biggest energy companies (Vattenfall) developed the third largest offshore wind farm in the world, the city of Malmö undertook new housing projects and started two forums—the Solar City Malmö and Wind power Academy—in order to provide objective and impartial information to citizens who wanted to learn and produce these types of energy. All this process culminated with the announcement of the Energy Strategy in 2009, where the municipality set the ambitious goal of supplying the energy system with 100% of renewable, efficient, and secure energy by 2030.

During my master thesis, more than 20 SI-initiatives were identified, and three of them were analyzed in depth. The three projects range from a new climate district, where the main focus is to produce sustainable and affordable housing for everyone (Sege Park project), to a new market that allows the energy distributor to buy electricity from end-users (CoordiNET/Switch) and a collaboration between universities, businesses, municipalities across the Oresund region to facilitate the emergence of green energy communities (Smart Cities Accelerator+).

What could we learn from this case?

Although the three projects are different in nature, all of them emerged as the result of a process carried out by primarily the city of Malmö and later followed by other actors. In this blog, I will unpack the main three policies that could be adopted by other municipalities to follow the same path and work towards institutional change in order to transition to more just and sustainable energy systems.

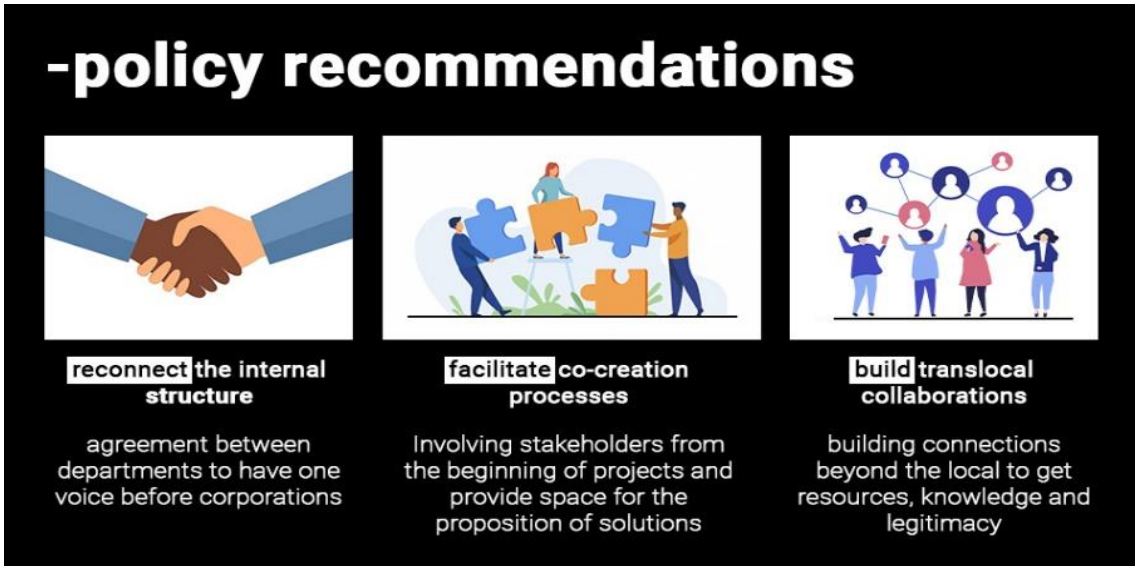

Figure 1: Policy recommendations. Source: own production with open-source illustrations

Policy recommendation 1 = Reconnect the internal structure

The first and foremost factor that has 'pushed' organizations and private companies to take an active role in public matters was the changes in internal relations that a slow and big organization like a municipality has made. By signing a common contract with the different departments and agreeing on short and long-term goals—for first, one specific project and then extending it to more holistic actions—the City of Malmö could find one voice and act as a unit before corporations when making partnerships but also the City Council, regional, and national governments.

This new way of organizing the public administration increased the likelihood of achieving the goals pledged, such as shifting to a higher share of renewables and avoiding deviations from conflicts between departments or market-driven interests from powerful companies. As the municipality did not have agency over the production and distribution of energy, this actor needed to find other strategies and change common practices, such as the definition of goals and accountability within projects, climate contracts, and advocating for different policy documents to the city council that were not required by the national or regional government. As a result, the energy company E.ON among other companies is not only doing more than in other cities in Sweden but also than in other countries.

Policy recommendation 2 = Facilitate co-creation processes

The agreement between departments before launching a project contributed to the next step: involving other actors in the early stages of new initiatives. Rather than being a regulatory body, the municipality took the role of a facilitator and gave room to experiment along the journey. As a consequence, those stakeholders acquired a more active role in the decision-making process. Real state owners and public service companies took ownership of the municipality's goals and participated in the co-creation of solutions and ideas. It is no longer the local government the one that allocates

resources, as these actors are helping to nudge others to be part of the journey and achieve the goals together.

An example of this process was the housing project Sege Park where the main motto was to offer sustainable and affordable houses for everyone in the city. The municipality set up a mission and an iterative process called "Sustainability Together", where six phases were defined to include different stakeholders in the process. Starting from the analysis of the needs of the area to set the goals, involving the developers and system owners, and finishing with the last phase where all the future inhabitants of the new area become part of a living lab, where they can propose solutions for the sharing economy.

By building this common narrative, the city of Malmö pushed other entities to invest a high percentage of the financial resources and left out the public resources at a minimum. Some of the main output of this innovation process was not only that all the real state owners are developing sustainable solutions in their projects, but also the system owners with a renewable energy plant co-owned and managed by future residents and even a parallel energy grid system that is not allowed by the current national law. After this project, developers started to request the municipality to be involved in future projects in the early phases of new projects. In summary, the main resource the municipality invested in these new relations with stakeholders was time.

Policy recommendation 3 = Build translocal collaborations

The last factor that has helped these initiatives to flourish has been the connection to other localities at all scales. The interaction with other neighbourhoods, districts, cities, regions and countries was crucial to finding resources that otherwise would not be available in the context where they are embedded in. The financial means were important but acquiring knowledge through the experience and lessons learned from other localities was key in order to avoid the same mistakes. These translocal networks provided legitimacy and empowered local actors to achieve their goals. In that way, the city of Malmö did not wait for answers at the regional and national levels. By working locally rooted and globally connected, more doors were opened, and the web of actors to carry out innovations was expanded significantly.

Back into the Swedish context, the three initiatives analysed have gotten key advantages by participating in translocal networks. The project Switch/CoordiNET received financial support and legitimacy from the European Commission to test new solutions for new EU regulations regarding the electric networks. Smart Cities Accelerator+ interacts with actors from Denmark and learns from their strategies to tackle regulations related to energy communities and foster citizen participation. Sege Park has increased visibility, financial resources and knowledge throughout local and translocal networks constituted by Swedish municipalities and other European cities and international forums.

Environmental justice at the core of governance arrangements

As argued before, social innovation could help to replace the current unjust system or reproduce the same institutions that are causing inequalities among the global population. One way to prevent those negative consequences is by placing environmental justice at the core of the policy recommendations mentioned above.

Three traditional conceptions of justice are included within this theory (Agyeman et al., 2016): the distribution of physiological and psychosocial impacts (Distributive justice), the inclusion of inhabitants in deliberation and decision-making processes (Procedural justice), and the devaluation and stigmatization of places and the people who inhabit those places (Recognition-based justice). However, during the last decade, the theory has evolved to analyze our everyday flow materials, change our conception of the environment (i.e., the place where we live, work, and play) and the relation between humans and nature to include all living beings.

Applying this theory to the previous policies could lead us immediately to a few reflections. Although the deployment of all the initiatives was a huge step for the city of Malmö to achieve its energy goals, the question of whether or not more justice is achieved remains unclear. For example, the municipality could have included the inhabitants at an early stage of the Sege Park project by identifying the future residents and providing room for non-profit models of construction and ownership in order to ensure that corporations do not co-opt the end goal of the project. Another way could have been launching cultural and educational projects to bridge connections between different stakeholders and marginalized communities.

On the other hand, the CoordiNET/Switch project is replicating the current centralized system by making the southern region of Sweden even more dependent on the production from the north, putting at risk the supply of energy and the sovereignty of all the cities. This may hamper the creation of new sources of renewable energy to replace the high percentage of fossil fuel and nuclear energy. Lastly, Smart Cities Accelerator+ wants to foster the settlement of new energy communities, but without challenging the institutions and corporations that manage the energy system, its innovative potential would stay on hold. This short analysis shows the inequities sustainability projects could bring without a justice lens. Yet, we need to highlight and welcome the attempts and mistakes made by the main actors because that is the only way to learn and find the right solutions for everyone. They may seem like small steps, but if those lessons are included in the next endeavours, they will lead to a more just and sustainable society in the future.

About the author

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