11 December 2019

Summary and Conclusions by the Presidency:

Digital Innovation in Cities

A specific theme of the Finnish Presidency in the area of urban development and territorial cohesion is Digital innovation in urban environments; solutions for sustainable and fluently working cities. In order to achieve facilitate an insightful discussion on the topic, the Presidency drafted a Framework Paper as an entry to the theme and commissioned a Policy Brief conducted by the ESPON Programme entitled 'Digital Innovation in Urban Environments' . In addition, Presidency partnered with cities and city networks (*) to engage complementary competence to the process. The theme has been defined predominantly in the context of urban development, though acknowledging the viewpoint of communities as well.

Summary and Conclusions by the Presidency has been drawn up as an outcome of the intergovernmental co-operation on the specific theme. **The document is an informal summary** on the knowledge base collected, the discussions taken place and suggested further activities on 'Digital Innovation for Sustainable Cities'.

I. Challenges and issues to be tackled

(1) Digital transformation in cities needs to support broader sustainable urban development. Opportunities of digital innovation should be harnessed to have an impact in the spectrum of areas of urban development, reaching out from narrow technological sphere. Digital integration of urban development policies allows for cross-sectoral and more integrated approach to urban governance.

(2) People-centric perspective to digital cities is a needed direction to be further deployed. Value added for sustainable cities can be created by building on the interaction of people and technology. Today's smart cities are created by and with citizens to large extend, not just for citizens. Citizens can play a central role in identifying or actively intervening in urban challenges as well as co-producers of data.

(3) In digital transformation, cities are very much on the driver's seat. They for example own a large share of open data and have renewed function as platforms for innovation. In relation to platforms, creation of innovation ecosystems is a development seen in many cities. Cities as public domain are a driver of thoughtful innovation, counterbalancing the solutions driven by technology push only. Yet,

governance needs to be connected to technology development in order to make organisational change possible.

(4) There is still much to do for benefitting fully from the transition since many of the opportunities of digitalization are counterweighted with potential threats. Non-intended effects of the digitalization are there and have to be tackled. Data governance, data ownership and privacy issues are generic examples which need to be solved in order to reclaim and build the trust in digital appliances. Ethical code of using data may need to be created. A more generic key is to widen the public debate to rethink society in digital transformation without throwing out core values.

(5) In cities' context, digital inclusion must be reinforced instead of causing digital inequalities, and negative externalities of platform-based economy, such as digital provision of accommodation should be managed and taken in control to maintain cities well-working and cohesive. Solutions for the regulation challenges are a key and suitable 'smart' regulation is needed at all levels.

(6) Skills and capacities are of outmost importance in order to get digitalization equal and benefitting all. Understandable, more universal interfaces for various practical uses are needed. The capabilities of places is important; all kind of cities and communities should be kept onboard in digital transition. Fair digitalization bridges the skills and geography by building networks and capacity.

(7) Exploration and piloting is crucial when developing new solutions of the digital city. There must be space for failures. Living labs and other testing platforms can be utilized for experimentation. To be effective, exploration benefits more if it is systematic and well managed so that the results can be pooled building knowledge and capacity.

(8) Scale up of solutions is clearly needed and networks of cities are one tool for that. Digital transformation is a key topic in many EU cities. Collaboration is essential at local, national and transnational levels, and is a way for exchanging knowledge and founding for greater interoperability. On national strategies and cities' approaches remarkable progress has been made in countries' digital transition policies. Yet, share of good practices should continue and be reinforced. On the basis of the newest knowledge, support frameworks for cities by national governments and EU level should be applied.

(9) Open data as well as protection of personal data on EU level is a crucial asset. Free flow of non-personal data with trust, including open and closed data in the EU should be aimed at. This is also needed as a competitive advantage of EU towards other global regions.

(10) Digitalization is a tool to achieve many of the objectives Urban Agenda for the EU. It must be linked to other UAEU themes, not treated separately. Examples of beneficial linkages to digitalization can be found in urban circular and sharing economy, new urban mobility, spatial planning as well as digital jobs and skills. To achieve greater impact, digital innovation should be linked to digital infrastructure networks and investments in other areas.

II. Continuity and further activities

(11) Building continuity of the Digital innovation in cities theme is necessary. One key milestone is the incoming Leipzig Charter, in which digital transformation was welcomed to be integrated from the urban point of view, as one of the contemporary phenomena of cities.

(12) To boost and scale up digital innovation in Europe, Finnish Presidency supports the Joint Declaration "Joining Forces to Boost Sustainable Digital Transformation in Cities and Communities in the EU" (**) as one of the major ongoing co-operation processes related to digital cities. The Presidency invites Member States and other stakeholders to endorse the Declaration and where readiness, also to join a signature process of the Declaration.

(13) New cross-thematic and experimental working process on Digital Innovation for Sustainable cities within the Urban Agenda for the EU was initiated by the Presidency as a test case how to build linkages and synergy between the Actions of different UA Partnerships over the thematic borders. This working process, entitled 'cluster pilot' was recognized beneficial and is part of the broader clustering exercise on the UAEU.

(14) EU Cohesion Policy as well as other policy areas have major contribution on the digital transformation and digital innovation. In Cohesion Policy, two main objectives relate to the theme: Smart Europe and Connected Europe, and remarkable volume of resources is invested in it for example via Sustainable Urban Development strategies and Urban Innovative Actions. Many other initiatives and investments are being implemented on the theme, such as Digital Europe Program and Digital Cities Challenge. European policy instruments will provide significant support elements for digital transformation. The promising development, however, needs to continue, and attention has to be paid to the future evolution of related initiatives, in particular pointing out user-orientation, bringing the fragments together and optimizing synergies between the funding streams.

(*) Open & Agile Smart Cities (OASC) and EUROCITIES

(**) The Declaration has been initiated and co-drafted by EUROCITIES, Open & Agile Smart Cities (OASC), the European Committee of Regions, the European Commission/DG Connect and the UAEU Digital Transition Partnership in co-operation with the Finnish Presidency. The Declaration reflects a common direction, encompassing all three of the levels needed to bring forward the digital transition in cities. The aims of the declaration support the goals set by the Presidency on digital cities providing synergy between the two.