January 2020

Author:
Fabio Sgaragli
UIA Expert

The Urban Lab of Europe !

The NextGen Microcities project Journal N° 1

*Project led by the **Cities of Ventspils and Valmiera***

JOBS & SKILLS IN THE LOCAL ECONOMY

European Union
European Regional Development Fund

Région Hauts-de-France

The NextGen Microcities project

The NextGen Microcities project focuses on job creation and business development activities. It seeks to overcome challenges related to skills shortage and lack of high-level specialists in micro cities by creating new and innovative solutions in education, business and governance. Through a combination of actions it seeks to enhance local technological skills capacity. The project will test an innovative career guidance strategy including the launch of an internet tool and marketing strategy for higher and vocational education institutions to attract and retain talents in micro cities. To reduce skills mismatch the project will implement an experimental Education Technology plan. A smart school concept will be developed to provide 21st century ICT, digital and education skills for employers, education institutions and local authorities. Innovative teaching aids, study programs and a pilot project will be developed to generate new skills, jobs, businesses, private and public services using Educational Technology. These elements are combined with a Ten Type Innovation Framework and a Foreign Direct Investment attraction strategy to provide favourable preconditions.

Partnership:

- Ventspils City Council with Valmiera City Council
- Ventspils High Technology Park
- Valmiera Development Agency
- Ventspils Vocational School
- Valmieras Technical School
- Ventspils University of Applied Sciences
- Vidzeme University of Applied Sciences
- Aspired Ltd
- IntelliTech Ltd.

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1. EXECUTIVE SUMMARY

The first decades of the second millennium will be recorded in the history of market capitalism as the digital era. This digital transformation is profoundly affecting the ways in which people contribute to societies, live and work, including in terms of the number and types of jobs available. Many new, productive and rewarding forms of work and jobs are being created as part of the digital transformation, but at the same time, many jobs have disappeared, and more are likely to go in the future. But with this transformation comes the opportunity to fundamentally improve the nature of employment: there is currently an opportunity to shape the future of work so that inequalities are reduced, and well-being is fuelled.

What makes this UIA project unique is that it involves two micro cities. Both cities together have in fact a bit more than 50.000 thousand inhabitants, have a history of their economic development based on assets that are slowly but surely lessening their capacity of producing wealth, have an issue concerning educated young people leaving to find better employment opportunities elsewhere. The future of both cities therefore lies in their capacity to re-invent themselves in the 21st century digital economy, and the UIA project can be a chance for them to do so. In this context, the NextGen Microcities project has a chance to shed a light on innovative policies for local economic development and employment for micro cities in Europe and beyond.

For both Ventspils and Valmiera, as for many other small and micro cities in Europe, the challenge is twofold: on one side the need to increase the demand side of employment for highly qualified digital workers by supporting the evolution of the business environment and the ability of SMEs to compete in the larger global arena; on the other the need to both prepare future generations for a very different labour market and at the same time to attract talent from outside, reversing the negative population trend.

These two micro cities in Latvia are playing a big gamble: to pilot new and innovative solutions for developing a next generation economy in European micro cities. The ambition of the NextGen Microcities project is to develop a blueprint model for enhancing both the demand and offer side of the labour market by simultaneously acting on multiple system points of the local economy, trying to shift it from an industrial based one to a digital based one.

NextGen, with its networked organisation built on a diversified partnership with complementary competences experimenting a wide range of innovations and services, can be considered a platform. So, we can foresee that NextGen could in theory expand its operations if that was the aim, and if a different funding model could be imagined sustaining the operations. The challenge of finding a sustainable funding model for the continuation of NextGen with other means will be observed and reflected upon in my next journals.

NextGen Microcities is an interesting and unique experiment in Europe today. It brings together many different elements of what it means to try and shift a whole local

ecosystem towards a different local economic development model, in the recognition that in today's global landscape, the competition for resources and wealth has moved away from traditional assets and is geared towards the development of human capital and its ability to turn digital technologies into new successful digital businesses.

2. CONTEXT

2.1 Welcome to the digital era

The first decades of the second millennium will be recorded in the history of market capitalism as the digital era. As a new decade is beginning, and we think back to the apparently distant times of 2010, it becomes clear that the 2010s were a decade of unimaginable digital transformation.

Google, Amazon, Uber, Facebook, and Twitter are some of the major tech companies that have fundamentally changed society. Ground-breaking innovations have revamped actions like communicating with loved ones, ordering food, or calling a cab. Backing these transformative platforms are thousands of coders, scientists, and researchers, who spend years building new technologies designed to address any and all human concerns or needs.

Cloud computing, automation, robotics, artificial intelligence, Internet of Things, 5G, data analytics, blockchain, etc, are the technologies behind this transformation, and the speed of change is not just dictated by the advancements in each of them, but by the convergence and integration of all of them.

The digital transformation is profoundly affecting the ways in which people contribute to societies, live and work, including in terms of the number and types of jobs available.

Many new, productive and rewarding forms of work and jobs are being created as part of the digital transformation, but at the same time, many jobs have disappeared, and more are likely to go in the future. The impact of digitalisation on the workforce depends on technological innovations and uptake of these new technologies but OECD estimates suggest that some 14% of workers face a high risk that their tasks will be automated in the next two decades. Another 32% face major changes in the tasks required in their job and, consequently, the skills they would need to do their job (Nedelkoska and Quintini, 2018). These workers will need to significantly adapt to succeed in the new digitally enabled work environment. This is a challenge for the entire globe, and for the European continent in particular, where the speed of adaptation to the new labour market to be is lagging behind the one of other continents, Asia in particular.

Between 2009 and 2019, four out of ten new jobs in the OECD were created in digital sectors and employment in OECD countries increased by about 30 million jobs. At the same time, numerous jobs have ceased to exist in the labour market, replaced by automation of tasks. This “creative destruction” phenomenon is likely to continue, and possibly increase, in the future.

With this transformation comes the opportunity to fundamentally improve the nature of employment. Dangerous or manual or repetitive work can be reduced while creating jobs that nurture creativity, flexibility and purpose. There is currently an opportunity to shape the future of work so that inequalities are reduced, and well-being is bolstered.

2.2 Micro cities

Everybody is fascinated with mega-cities, urban giants with tens of millions of inhabitants are now present all over the world. As of 2020, there are 47 megacities in existence. Most of these urban agglomerations are in China and other countries of Asia. The urban landscape of Europe is characterised by a large diversity of small, medium-sized and large cities. No mega cities are present in Europe. Almost 700 of cities in Europe are small and medium-sized cities (between 50,000 and 250,000 inhabitants). Countless are micro cities, with less of 50.000 inhabitants, the majority of which are scattered in rural areas. Compared to other parts of the world, urban geography in Europe has a polycentric structure where multiple towns and cities are in close proximity to one another.

For centuries, people have migrated to cities to work, and this trend continued into the 21st century. In the first decade of this millennium, European cities, on balance, outperformed rural areas in terms of job growth. The gap between urban and rural areas is widening still today, and the biggest challenge for micro cities is to find their way into the global competition for jobs and growth.

At the same time, small cities and even rural areas can attract creative people, based mostly on quality of life and the place's qualities and amenities. These constitute a set of unique characteristics of the territories, both natural and manmade, with an aesthetic, social and economic value, and can be classified in natural, cultural, symbolic and built assets. After all, another recognised pattern is that people are increasingly looking for sustainable and healthy lifestyles, giving priority to well-being, community spirit, identity and authenticity. Digital technologies are also in support of this trend, allowing for flexible working arrangements and distant working in a world where money has turned digital, wealth is much less connected to material resources than ever before, and therefore it is distributed and accumulated in places far away from its origins.

In this context, the NextGen Microcities project has a chance to shed a light on innovative policies for local economic development and employment that can serve the needs of hundreds of other cities in Europe.

3. PROJECT

3.1 The cities involved

What makes this UIA project unique is that it involves two micro cities. Both cities have in fact less than 50.000 thousand inhabitants, have a history of their economic development based on assets that are slowly but surely lessening their capacity of producing wealth, have an issue concerning educated young people leaving to find better employment opportunities elsewhere. The future of both cities therefore lies in their capacity to re-invent themselves in the 21st century digital economy, and the UIA project can be a chance for them to do so.

Ventspils

Ventspils is one of the oldest cities in Latvia. Its origins date back to the construction of the Livonian Order Castle, first mentioned in historical documents in 1290. It is based in the historical Courland region of Latvia, and is the sixth largest city in the country with a population of about 35.000 people.

With Latvia's biggest and busiest port, fabulous amounts of oil and shipping money have turned Ventspils into one of Latvia's most beautiful and dynamic cities. Ventspils' strategic ice-free location served as the naval and industrial workhorse for the original settlement of Course in the 12th century, the Livonian Order in the 13th century, the Hanseatic League through the 16th century and finally the USSR in recent times.

It has plenty of green areas and parks and the longest river of Latvia, Venta, runs through the city, showcasing its spectacular banks.

Valmiera

With a population of about 23.000 people, Valmiera is the de facto cultural and administrative centre of Vidzeme. It is an important industrial centre: the dominating economic branches in Valmiera are the food industry (milk, meat, and grain), fibreglass production, metalworking, wood processing and furniture producing.

Valmiera's municipality has been involved in a variety of projects to improve the quality of life in the region. Culture and art enthusiasts can enjoy performances in the Valmiera Drama Theatre, and art exhibitions which are available both in Valmiera Museum and Valmiera Community Centre. In 1996, Vidzeme University of Applied Sciences (Vidzemes Augstskola), was established.

Both cities display a small but growing ecosystem for technology and innovation, which is well represented in the project partnership. They have technical schools for VET education that represent the best way to supply a potential future demand for jobs in the digital sectors. They are both willing to take the chance to see their local economy growing its capacity to increase both the demand and the supply of qualified jobs in the ICT sector, which is the basis for this UIA project's strategy and approach.

3.2 The challenge

Europe generally struggles to match increasing demand for digitally wise, highly skilled labour with possibilities of ageing population, brain drain and shortage of young talents outside of European large cities.

In Latvia, micro cities also suffer from brain drain to the capital or aboard, causing additional burden to the local economic development. From 2000 to 2010 more than 220.000 people emigrated from Latvia, and on average 38% were in the age bracket 20-29 years. As the skills gap widens and the pressure on the employers to retain their top-performing workers is growing, the local authorities need to take an action to prevent and reverse fleeing of their best people.

At the same time, as ever more daily tasks are carried out online, everyone needs enhanced digital skills to participate fully in society. As stated in paragraph 2, digitalisation will impact a large portion of businesses in the next decades and possibly determine their life or death. Already more than 90% of professional occupations require some ICT competences, according to the EU Digital Agenda. Many open vacancies for ICT practitioners cannot be filled, despite the high level of unemployment in Europe, a mismatch which shall be solved to enhance productivity and ability to innovate and capitalise fully on the digital transformation paradigm.

So, for both Ventspils and Valmiera, as for many other small and microcities in Europe, the challenge is twofold: on one side the need to increase the demand side of employment for highly qualified digital workers by supporting the evolution of the business environment and the ability of SMEs to compete in the larger global arena; on the other the need to both prepare future generations for a very different labour market and at the same time to attract talent from outside, reversing the negative population trend.

3.3 The gamble

These two micro cities in Latvia are playing a big gamble: to pilot new and innovative solutions for developing a next generation economy in the European micro cities. The ambition of the NextGen Microcities project is to develop a blueprint model for enhancing both the demand and offer side of the labour market by simultaneously acting on multiple system points of the local economy, trying to shift it from an industrial based one to a digital based one. The project is unique both in its model and structure, whereas two micro cities, with their business and education ecosystems will work in close cooperation to test pilot innovative solutions. The project in fact exploits synergies between both the public and the private sector, with their related stakeholders, for shaping the future together.

On the offer side of the labour market, the project will test innovative education technologies: a Digital Innovation Hub in education will be established and innovative Smart School concepts will be developed, integrating EdTech into education. A new innovative career guidance strategy, based on the “Gatsby Foundation” good career support principles, will be developed. A unique model for municipal cooperation will give birth to a “Future Career Office” deployed through innovative online tools, with the mission to offer access to information on housing,

education and employment opportunities For the time being this tool will be deployed and tested in Ventspils, but as an innovative career guidance tool, it will also serve as a networking platform, engaging other Latvian and European micro cities, encouraging collaboration between similar municipalities and ensuring transferability and sustainability of the project results.

On the demand side of the labour market, the project will offer business support services to SMEs through digital tools and solutions. A new, innovative business development and job creation model will be tested, based on open innovation places defined "makerspaces". A makerspace is a collaborative workspace inside a school, library or separate public/private facility for making, learning, exploring and sharing that uses high tech to no tech tools. These spaces are open to kids, adults, and entrepreneurs and have a variety of maker equipment including 3D printers, laser cutters, cnc machines, soldering irons and even sewing machines. Makerspaces have been defined originally by the MIT in Boston and since have spread widely all over the world, and the methodology behind their working model encourages multidisciplinary approaches and prototyping for developing new products.

Being mostly educational and explorational spaces, one of the challenges for makerspaces is to find a suitable self-sustainable financing model, which is one of the objectives of the project.

Another initiative of the project that will create synergies with other existing initiatives will be the crafting of a new Foreign Direct Investment (FDI) strategy. In 2017, Ventspils was ranked 4th and Valmiera 3rd among top 10 Micro European Cities of the Future 2018/2019 FDI strategy. Project WP6 includes activities for pioneering this new FDI strategy in both cities in order to attract investments for the creation of new jobs and businesses through digital innovations.

In addition to the above, one of main initiatives of the project will be a new "Multifunctional Innovation centre" in Ventspils, a sizeable public infrastructure of 9.327 sqm which will host in one place existing and new services to both schools and businesses. Cost for the creation of this multifunctional facility (with a budget of 19 mil euros) is partly financed by the Latvian State and Ventspils city. The project solutions and deliverables developed during WP5 and WP6 will be transferred to the centre premises to fill the centre with content and extend project results and impact.

So, the project entails a wide range of activities, but mostly approaches the stated challenge from multiple angles and acting simultaneously on different, but connected, levels of the local ecosystems of the two cities. Moreover, it does so by including in the game all relevant actors and engages the local communities via a targeted information campaign.

3.4 Project status and updates

One year into implementation, the overall project progress is well under way and most activities are implemented in accordance with plans. In the summer of 2019, a "STEM youth employment event" was organized in Valmiera, and it was attended by 52 students and a "career summer camp" was organized, and it was attended by 30 young people. The financial scheme Acorn had the first call, it received 11 applicants of whom 6 were supported. Reskilling training has already been rolled out and delivered to 23 people, 10 of whom have started working in the ICT sector.

Educational institutions are actively working on the development and implementation of a generational marketing strategy that will help to reach out to specific audiences for planned engagement activities. Both Ventspils and Valmiera have a very good cooperation in planning the Makerspaces development: both procurements for Makerspaces' equipment have been launched, and afterwards modified by breaking them into smaller batches to target more specialised providers. The first Makerspace will open doors on 27 February this year in Valmiera.

The Future Career Platform development started in October 2019, and the team is currently evaluating different options for digital layouts and functionalities. The release of the platform is due on March this year and we'll talk more extensively about this tool in the first article on the project.

Universities are working on technology for ALC, and the University of Ventspils is actively working on procurement documentation for the purchase of equipment for the interactive digital classroom.

Ventspils and Valmiera are also actively working on the development of the FDI Strategy and related Marketing Plan. The team has also produced a database of 523 foreign investors that has been set up to attract foreign direct investment, out of which 24 investors were contacted through such channels as Linkedin and e-mail. Out of the contacted ones, 6 replies were received, 3 of which showed interest in continuing the conversation. The lead partner has also created an FDI training with the assistance of an expert who guided the strategy development by design thinking, the strategy report should be ready by the time the next journal we'll be published, therefore we'll explore it more in depth then.

4. CHALLENGES

According to the UIA framework for challenges in implementation of complex innovative projects in cities, there are seven dimensions that cities must take into account when planning and delivering change. In this Journal, we start looking at these seven dimensions in the context of the NextGen Microcities project. In the next Journals we'll analyse them all at a deeper level.

Leadership

Leadership is key to drive change and innovation. This is true for any organisation, as well as for any community. Albeit difficult to define, leadership is an essential quality people must possess in order to guide teams through difficulties to reach the planned objectives. In this regard, the project management and the core team seem to possess all the needed leadership qualities to progress activities as planned. In particular, we can observe how the diversity of competences of the NextGen team gives strength to the team and enables it to govern such a complex innovation project.

The team has managed to secure the backing of the political level. Everything they do is according to political backing. And the way they are securing this backing is by keeping the council members involved and engaged at all times with regular meetings and updates. After all, this project is a one-time promise for a potential transformation of the local economy of the two cities, and politicians recognise the importance of the action and its potential impact on the lives of their communities.

Public procurement

Public procurement is often perceived as an administrative procedure, but also increasingly considered as a powerful leverage to promote innovation, achieve socio-economic and environmental policy objectives and address societal challenges. The NextGen Microcities project has a significant portion of the budget allocated to procurement for the purchase of technical equipment for EdTech in Schools and the Makerspaces, as well as for building the Multifunctional Facility in Ventspils, which shows a twofold challenge of building it in time and in an innovative way that would also respect the principles of innovative procurement.

The project experienced a few delays in the procurement process, more precisely – delays in announcing procurement that affected the rest of the process. Now procurements are in process and contracts are starting to be signed. The delays were mainly due to the necessity for in-depth market research, i.e. the search for the most appropriate solutions for the user needs, and because of the lack of procurement specialists in the country for the kind of top-notch technological tools that were necessary to the project. The latter challenge was resolved by splitting procurement in smaller batches to target specialised niche of suppliers for a particular technology.

Organisational arrangements

UIA projects are complex because they test innovative solutions in a real urban context but also because they touch on different interconnected dimensions in an integrated approach which combines the social, economic and environmental dimensions. The main challenge here is represented by the tension between the functional specialisation of departments and offices within municipalities versus the cross-department cooperation and coordination needed for these projects' implementation. In this regard, both municipalities involved in the project display a good understanding of the risk of functional specialisation and silos within the organisational boundaries and display a good culture of cross collaboration across cities' departments.

In the NextGen project, the complexity of the UIA actions is increased by the fact that the municipalities involved are two. The way the project team deals with this complexity is certainly investing a lot of time in coordination activities (we give more details in the paragraph below) and in constantly striving to have an alignment on the purpose and the mission of the project. A big role in this is played by the interactions with the actors of the local ecosystem, which provide the "excuse" to create meaningful links with all relevant functional departments in the two municipalities and between them. We'll dedicate more details about this in the next journal.

Participatory approach for co-implementation

The UIA Initiative encourages urban authorities to set up local partnerships that involve a diverse set of stakeholders. Delivery Partners have a key role in the project's implementation, and they share with the urban authorities both risks and responsibilities. NextGen Microcities has engaged

a wide range of local partners (5 from Ventspils and 5 from Valmiera) and has involved them in the design of the methodological approach to the proposed solution from the beginning.

Since the beginning, the team has established a simple yet effective method for coordination, visiting each other in the other city every two months to review plans, hosting regular project team meetings once every two months, exchanging on a daily basis to advance the work together, organising quick one to one feedback meetings to tackle inevitable implementation difficulties. If more serious problems arise, the PM goes to Valmiera if needed to solve them, or they meet in Riga which is in the middle between the two cities.

Because there are so many organisations in the partnership, during the project implementation the lead project manager has created a Project manual that is constantly being updated with the necessary information. There have been 2 training seminars for partners on it.

In addition, the team uses the "click up app" to manage deadlines and tasks, they established a more formal mechanism of letters when a partner needs to renegotiate a deadline, in which they need to explain the reasons why and how they are managing to re-assess it.

Monitoring and evaluation

An essential aspect of sustainable urban development is the ability to focus on the actual changes achieved locally: the results and impact of the project activities, rather than on the delivered outputs. This is also important because only with evidence of the results urban authorities will be able to secure additional funds for upscaling the innovative solution tested. This depends largely on the ability to monitor and evaluate to what extent projects are contributing to the achievement of expected objectives and consequent impact. The NextGen Microcities project has set clear impact indicators for project's results and designed a good monitoring and evaluation process to measure them.

This activity in the project is for regular progress evaluation and risk management. All project partners are involved in every document/report creation, the lead project manager monitors that everything is done on time according to plan. Every six months all partners together analyse the risks. Two risk reports have been produced so far. Risks are reviewed in the Steering committee meetings so that weaknesses of the project can be identified in a timely manner. Monitoring reports are planned 6 months before the Steering Committee meetings.

The methodology for the measurement of results is pretty straightforward: the two municipalities have chosen to measure results through simple tools and have chosen a range of very practical output measures such as:

- qualitative survey of attracted specialists, identifying qualifications, reasons for moving, usage of Future Career Office platform;
- random tests on specific IT topics and adjusted semesterly exam for probation of competence level improvements in training participants;
- qualitative survey with educators acquitted with application of Ed Tech to share their experience and readiness to transform courses to incorporate Ed Tech;
- number of scientific publications, patented and /or commercialised innovative products and services produced by the target beneficiaries involved in the project activities;

- qualitative in-depth survey of company CEOs engaged in the Test Bed and acceleration programs on reasons for opening or transferring their business to the Latvian micro cities.

So far, the only deviation from plan has been on the Guidance for measurement of outputs and project results: result indicators for qualitative measurements have been more difficult to be identified. Being one of the critical points on measurement of results, the project partners agreed not to rush and asked to the lead partner more time to work on precise result indicators for qualitative measurements. The results of this more in depth development of such indicators will be dealt with in the following journals.

Communication with target beneficiaries and users

UIA projects need to establish an inclusive communication process able to engage target groups to increase their ownership of the project. Moreover, it is the essence of this kind of projects to be able to collect and take into account feedback, suggestions and proposals from target users. Most importantly, when dealing with crucial topics like in the case of the NextGen project, it is crucial to engage citizens in the proposed solution as the acceptance of the project's mission is key to maintain political support. In this regard, the project has designed a good communication campaign, of which the core is represented by the online career platform for the attraction of talent and the matching on the job market. The platform will offer a variety of information on moving, living and working in the two micro cities, its mission is to help and attract more people from abroad in the ICT sector in the country. We'll describe this platform in more depth in one of the articles about the project, which will be published on the UIA website.

The partnership has produced a communication manual that has been presented to all project partners twice so far. So far, the team has developed basic project information for both UIA webpage and project partner's webpages, has posted project information on UIA and project partner's webpages and on social media, has written several press releases, produced project infographics, created project banners and project info boards.

One notable communication event was the kick off meeting, in which 116 municipalities/local authorities from Latvia were invited and 22 of them took part in the event, together with 18 educational institutions. A great effort has been put in reaching out to students and pupils to engage them in the STEM summer event, those are reached mainly by social media: posts, videos, photos, posters. Companies are mainly reached by newsletter, articles on webpage and articles in Valmiera/Ventspils municipality newspaper and webpage. In order to reach companies, traditional media and business organizations were involved. Finally, citizens are informed about the project activities mainly via social media and the project's website.

Upscaling

This dimension is about ensuring the sustainability, and possibly the adoption at a larger scale, of the tested solution to the challenge addressed by the project. Without this, the project risks of being just an interesting experiment, with limited results against the scale

of the challenge. Both Ventspils and Valmiera have planned since the beginning to address this challenge via the ambition to pilot a model that can serve the same cause in other microcities around Europe, and possibly beyond. It is going to be then very important to assess the project in a comprehensive way, taking into account the great variety of activities involved. A holistic approach to assessing the project, in fact, could help to shed a light on a potential standard model of intervention which can help other similar sized cities around Europe to implement the model in their local contexts.

We will observe in due course how the challenge of sustaining momentum in change will be faced by the project team and report accordingly eventual setbacks and ways in which problems will be overcome in all dimensions of the UIA challenges framework just exposed.

5. CONCLUSIONS

5.1 Platforms and ecosystems

The term “platform” has been used in many domains out of its original meaning. Today it defines marketplace-like-infrastructures moved by intelligence (software and/or human), which accommodates multi-player transactions and resolve asymmetries between a demand and an offer. In this sense, also NextGen, with its networked organisation built on a diversified partnership with complementary competences experimenting a wide range of innovations and services, can be considered a platform. Platforms display the benefit of being efficient in satisfying their users’ demand, and they allow for structured mechanisms to qualify the demand and to elicit feedback from users so to adjust the offer side accordingly. Platforms have another feature which is interesting, they can scale up the volume of services offered more easily than single organisations, as they can integrate more players into the infrastructure. So, we can foresee that NextGen could in theory expand its operations if that was the aim, and if a different funding model could be imagined sustaining the operations. The challenge of finding a sustainable funding model for the continuation of NextGen with other means will be observed and reflected upon in my next journals.

Another interesting concept that is appropriate to discuss in the context of the NextGen project is the one about “ecosystems”. The term ecosystem has been adopted from its original meaning describing natural systems of interdependent living creatures, interacting with one another in order to guarantee the survival and perpetuation of the whole system. Today, the term ecosystem is also associated with system of players interacting to foster economic development through the exploitation of innovations and the development of new businesses that can compete in the global arena. Cities around the world are increasingly working on this notion and facilitating the generation of more ecosystem players in their local contexts in the recognition that this will help them to activate virtuous mechanisms of business and job creation. NextGen acts exactly in the same way, and all project activities are devoted to stimulate existing local ecosystems players and creating new ones in order to increase volumes of resources devoted to transcend the industrial basis of their local economies and leapfrog into a new digital next generation economy for the benefit of their communities in the long term.

5.2 Lessons learned

Some of the lessons learned in this first year of project implementation.

NextGen Microcities is an interesting and unique experiment in Europe today. It brings together many different elements of what it means to try and shift a whole local ecosystem towards different local economic development model, in the recognition that in today’s global landscape, the competition for resources and wealth has moved away from traditional assets and is geared towards the development of human capital and

its ability to turn digital technologies into new successful digital businesses.

The experiment currently being carried out in Ventspils and Valmiera will set the basis for the crucial understanding on what the future holds for small urban settlements in the digital transformation era, and will produce results which will be useful to prove or not whether microcities will indeed benefit from this transition, or else will be destined to remain peripheral as the process of wealth creation dematerialises and concentrates in large urban settlements.

Talking to Laura Codere, Project Manager of NextGen, about lessons learned, she added the following to the list:

- the great communication skills needed to manage the process, to always find the best way to communicate with partners because of their diversity;
- the need to engage as much people as possible in the process: stakeholders, leaders, politicians, etc., because you need alignment with the whole ecosystem to tackle complex problems;
- the challenge of working on an ambitious innovation project within the boundaries of a local administration, as the speed required to react to fast change does not always belong to public Institutions.

As Laura puts it: *"I am learning a lot every day, and the team as well. This is a great opportunity for our cities and we are all doing our best to get the results we envisioned."*

Urban Innovative Actions (UIA) is an Initiative of the European Union that provides urban areas throughout Europe with resources to test new and unproven solutions to address urban challenges. Based on article 8 of ERDF, the Initiative has a total ERDF budget of EUR 372 million for 2014-2020.

UIA projects will produce a wealth of knowledge stemming from the implementation of the innovative solutions for sustainable urban development that are of interest for city practitioners and stakeholders across the EU. This journal is a paper written by a UIA Expert that captures and disseminates the lessons learnt from the project implementation and the good practices identified. The journals will be structured around the main challenges of implementation identified and faced at local level by UIA projects. They will be published on a regular basis on the UIA website.

Urban Innovative Actions

Les Arcuriales
45D rue de Tournai
F- 59000 Lille

+33 (0)3 61 76 59 34
info@uia-initiative.eu
www.uia-initiative.eu

Follow us on **twitter**
@UIA_Initiative
and on **Facebook**.