

Finland's ITI – The Six City Strategy Delivering Open and Smart Services in Partnership

Heidi Vironen*

This article reviews how Finland is implementing its sustainable urban development (SUD) strategy in 2014-20 as a part of ERDF Regulation Article 7 requirements, through the use of an Integrated Territorial Investments (ITI) called the 'Six City Strategy'. The article provides a detailed analysis of the Six City Strategy, describing its development, implementation and progress, and distilling some elements of good practice and lessons learned from this unique city network approach.

I. Introduction

Sustainable Urban Development (SUD) in Finland is implemented on the basis of an Integrated Territorial Investment (ITI) entitled the 'Six City Strategy' (6Aika). The Strategy was developed and is implemented jointly by the six largest cities in Finland, namely: Helsinki (population c. 600,000), Espoo (c. 250,000), Vantaa (c. 200,000), Oulu (c. 190,000), Tampere (c. 216,000) and Turku (c. 180,000). These cities are key hubs for R&D&I activity in Finland and represent 30 % of the country's total population (see Figure 1) forming a comparatively large area in an international context.

The Six City Strategy is a unique ITI since the participating cities do not form a coherent geographical area. It is also the first time the six cities (and all the relevant actors within the cities) cooperate in a formalised way at an operational level.

II. Finland's Six City Strategy

In 2014, the Finnish Ministry of Economic Affairs and Employment launched a competitive tender for ITI strategies. Proposals were requested from large cities together with their domestic growth agreements. (The state pursues cooperation through growth agreements with cities, growth corridors or thematic city networks with the view of strengthening business growth and competitiveness. The current growth agreements are made for the period of 2016-2018). The idea behind the joint process was to strengthen the links between domestic regional and urban policy and EU Cohesion policy. The strategy

for the six largest cities (i.e. Helsinki, Espoo, Vantaa, Oulu, Tampere and Turku) was selected due to its innovativeness and its alignment with the objectives of the national ESIF OP 'Sustainable Growth and Employment 2014-20' (a joint ERDF/ESF OP).

1. Strategy content

The Strategy aims to use the six cities as development and testing environments for new innovations. The Strategy is nationally significant, as it is expected to strengthen productivity across the entire country because the resulting new operational models are available to be used by all cities and municipalities (also internationally).

Cities share many common challenges, which are best tackled together. These include the delivery of better services, competitiveness and open and sustainable operations. The Six City Strategy brings the cities together to create innovative solutions, services and products. The key element in the delivery of the Strategy is that all projects are carried out in partnership involving city organisations and other public or third sector actors. The Strategy provides

* Heidi Vironen is a Senior Knowledge Exchange and Research Fellow in the European Policies Research Centre, University of Strathclyde, Glasgow. She is the Network Manager of the European Regional Policy Research Consortium (EoRPA), one of EPRC's major research programmes. Her research focuses on the design and implementation of national regional development policies, and the implementation of Structural Funds in Finland and Sweden. In addition, she specialises in research on territorial cooperation with a particular emphasis on the Nordic countries. The views expressed in this article are personal.

an opportunity for the urban community to become involved in the development of the cities and the firms to develop their business and to create new jobs. The Strategy addresses these through three priorities:

- 1) open innovation platforms – digital or physical testing environments, which enable the development of new products, services and markets;
- 2) open data and interfaces – new ways of planning, implementing and developing customer services in cities with the aim of improving accessibility and usability and to create opportunities for firms;
- 3) open participation and customership – joint operating models for opening data and promote the use of open data in business.

Under each priority, all six cities have committed to delivering (three-year) key projects, which pave the way for innovation activities and cooperation between the cities. These were launched at the start of the Strategy implementation. The key projects are supported by (c. two-year) pilot and testing projects involving at least two cities. These test and develop further the content of the key projects (see Figure 2).

The three priorities of the Strategy are in line with the specific objectives of the national OP, including: Priority 2 'Creation and utilisation of latest information and know-how' (TO1 and TO4). In addition, the Strategy entails activities in line with Priority 3 'Employment and mobility of labour force', Priority 4 'Education, skilled workforce and lifelong learning', and Priority 5 'Social inclusion and prevention of poverty' (including TO8, TO9 and TO10).

2. Current State-of-play

Implementation of the Six City Strategy started in 2014 when the first (ERDF) call for proposals was launched. Since then open calls have been organised once or twice a year. The Strategy implementation is based on key projects and supporting pilot and testing projects.

The three key projects were launched at the beginning of the Strategy implementation. At the end of 2017, one of the key projects has been finished, while the other two will conclude in the course of 2018 (see Table 1).

The first pilot projects, which support and further develop the key projects, were launched in the autumn of 2015. By the end of 2017, a total of 20 ERDF co-funded and 11 ESF co-funded pilot projects had been launched. ERDF co-funded pilot projects cover a wide range of themes including traffic and mobility; city districts as testing environments; gamification and learning; health and wellbeing; circular economy and cleantech; and media. ESF co-funded pilot projects in turn have investigated and developed career paths and service guidance for young people; developed new forms of participation in employment and social services; promoted employment of young people in the gaming industry; and, brought job seekers and small firms to deliver experiments in order to address growth challenges of firms. In 2018, new ERDF and ESF co-funded pilot projects are being launched across all three priorities of the Strategy.¹

3. Funding

The strategy is implemented through an ITI in the context of a single national OP 'Sustainable Growth and Employment 2014-20'. Funding is in principle allocated through open project calls, which are organised once or twice a year. The funded projects need to be in line with the Six City Strategy and the national OP. More specific selection criteria are set out in each individual call.

The total public funding, which is allocated as grants, is c. € 79 million for the period of 2014-20. C. 39.5 million (50 %) of this sum is drawn from ERDF and the remainder from the municipalities (33 %), and the Finnish State (17 %). In addition, ESF can be used for the implementation of the strategy (with municipal co-funding rate of 30 %). However, ESF is not earmarked, but decided by the regional management committees as part of the implementation plan of their regional strategic programmes. The regional management committees are responsible for coordinating ESIF activity in the regions; they include representatives of different confederations, businesses, regional authorities and the largest municipalities.

¹ Uudenmaan, liitto, *Toimeenpanosuunnitelma 2018-2019* (publications of Regional Council of Uusimaa 2017).

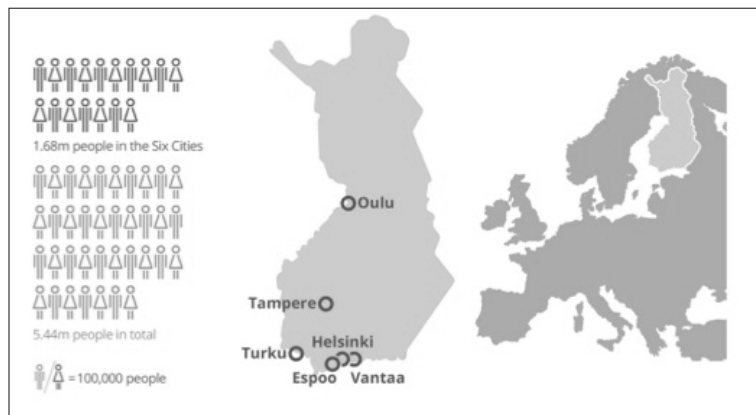


Figure 1: The 'Six Cities' in Finland.
Source: View online at <<https://6aika.fi/in-english/>> (last accessed 20 February 2018).

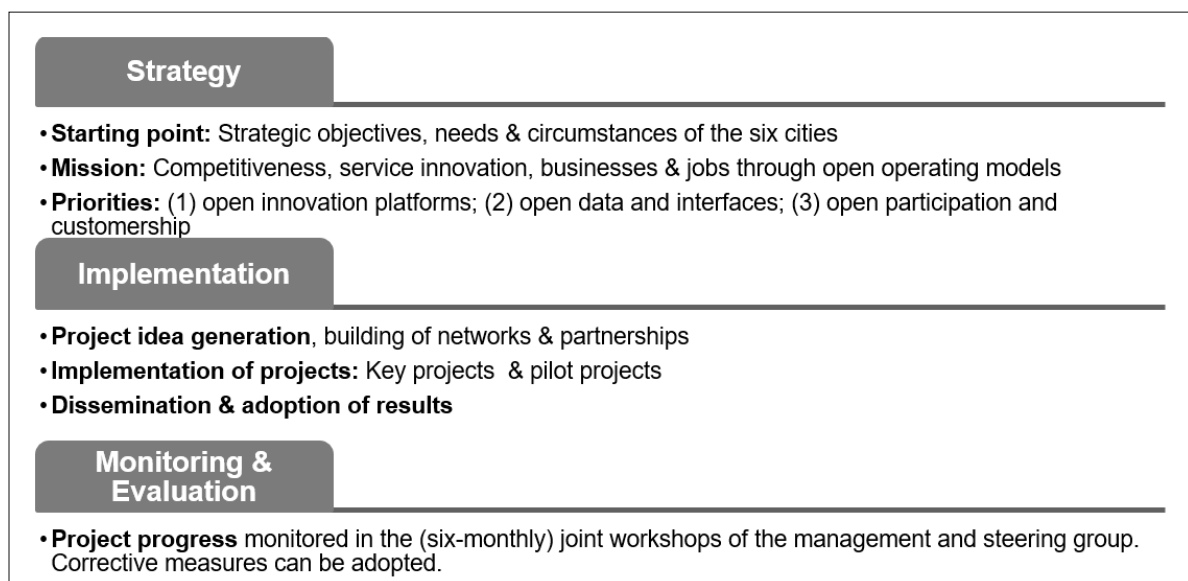


Figure 2: Six City Strategy.

Source: Author's adaptation based on the Six City Strategy – Open and Smart Services.

III. Implementation of the Six City Strategy

In Finland, municipalities/cities are responsible for the delivery of basic services, while economic development responsibility rests at the regional level (i.e. through regional councils, which are statutory joint municipal bodies). Municipalities take part in the co-financing of ESIF programmes. The six cities in particular have increased their responsibility in ESIF implementation in 2014-20 through their involvement in the Six City Strategy.

The participating cities are all represented in the *management group*, which is the highest level deci-

sion-making body. The implementation of the strategy is carried out by a *steering group*, which includes representatives of the cities, experts and funders. The steering group proposes projects to the management group for decision-making. Subsequently, they are submitted to the *Helsinki-Uusimaa region* (which is an Intermediate Body (IB)) for a final technical funding decision, as cities do not have IB responsibilities in Finland.

ESF-co-financed projects are processed in accordance with the 'normal' project procedures where the IB takes all the decisions (i.e. ELY-centre in Häme). ERDF and ESF activities are, however, processed together in the management group of the strategy, and

Table 1: Six City Strategy: Key Projects.

Key project	What is it about?	Budget	Time
Open data and interfaces	Develops structures and models for data generation, publishing and use	€ 8.1 million	1 July 2014 – 31 December 2017
Open innovation platforms'	The cities join their innovation and development environments into a national innovation platform network	€ 12.4 million	1 February 2015 – 31 July 2018
Open participation and customership	Strengthens the role of business and R&D communities in the service ecosystem	€ 8.98 million	1 April 2015 – 31 March 2018

Source: Author's own adaptation

the funders of the OP also work together with respect to monitoring objectives.

The *Six City Strategy office* is responsible for the operational aspects, namely supporting the management and implementation of the strategy. Within the individual cities, the ITI activities are coordinated between the representative of the management group, steering group and the coordinator for the Six City office. Each city is responsible for organising activities in accordance with their specific organisational models.

1. Tasks of the Management Group

The highest level decision-making body is the *six cities' joint management group*, which consists of directors (and their deputies) in charge of the six cities' business and innovation matters or city and/or service development. The management group is also responsible for coordinating and monitoring the strategy together with the IBs. The management group typically meets in line with the project call cycle. The tasks of the management group include²:

- deciding on objectives, key priorities and the budget;
- naming the members of the steering group;

- deciding on specific selection criteria for projects;
- deciding on the content of the calls for project proposals;
- prioritising the ERDF projects, and proposing them to the Helsinki-Uusimaa Regional Council;
- providing a statement for the proposed ESF projects; and
- monitoring the implementation of the strategy and the projects.

2. Tasks of the Steering Group

The management group is supported by a *steering group*, which is responsible for the strategy's implementation. The steering group consists of experts named by the cities, as well as representatives from the Helsinki-Uusimaa Regional Council, the Ministry of Economic Affairs and Employment, the Ministry of Transport and Communications, Tekes and the Six City Strategy office. The steering group can, if the need arises, set up smaller thematic groups representing other experts to support its work. The steering group convenes every two months or more frequently if the need arises. The tasks of the steering group include³:

- preparing issues for the management group meetings and implementing their decisions;
- being responsible for the various project calls and assessment processes;
- steering national and international networking;
- monitoring the implementation of the projects on the basis of project reports;

² Six City Strategy – 6Aika - Avoimet ja älykkäät palvelut-strategia, updated 5/2015.

³ *Ibid.*



Figure 3: Implementation Structure.

Source: Author's own adaptation.

- steering the work of the Six City Strategy office; and
- reporting on the implementation of the strategy to the management group.

Within the participating cities, activities are coordinated between the representative of the management group, the steering group and the coordinator of the Six City Strategy office. Each city is responsible for organising its activities in accordance with its specific organisational models.

3. Role of the Six City Strategy Office

For coordination and networking purposes, the six cities have set up a separate (ERDF-funded) project, namely the *Six City Strategy office*. The office consists of centralised personnel as well as city-specific coordinators. The office aims to ensure that the national implementation of the strategy and cooperation is realised in line with the decisions of the management group and the steering group. The tasks of the Six City Strategy office include⁴:

- maintaining the annual cycle of the strategy and ensuring that the implementation of the strategy and the projects is progressing as agreed;
- promoting project-idea generation, preparation and cooperation;
- preparing project calls and assessment processes;
- supporting the content-specific implementation of the priorities;
- supporting coordination between the cities;
- supporting the implementation and management of projects, as well as the adoption and dissemination of results within and between the six cities;

- compiling the developed tools and practices and disseminating their use to others;
- building and maintaining national and international networks;
- developing and monitoring the indicators, and reporting on the results;
- monitoring the implementation of the funding and compiling the financial information related to sub-projects;
- carrying out the joint communication of the strategy and supporting the communication of the projects;
- organising joint workshops and events; and
- carrying out preparation for the meetings and acting as the contact point for the funders and the Ministry of Economic Affairs and Employment.

The management group and the steering group monitor the progress of the strategy and the projects in six-monthly joint workshops. Corrective measures are carried out where necessary.

4. Project Approval Process

In Finland, the MA has limited involvement in the day-to-day implementation of ERDF and ESF projects, which is carried out by the IBs (i.e. regional councils and the Centres for Economic Development, Transport and the Environment or ELY-centres) and the regional management committees. The Six City Strategy projects are subject to the same rules and instructions as other ERDF- and ESF-funded projects. However, the decision-making process is different, as regional management committees do not process the projects as in other ERDF and ESF projects. Instead, the cities decide on the content of the strategy's implementation, define the themes of the calls for proposals, and propose the projects to be funded.

In principle, projects are selected through open calls, but negotiated procedures can be used in special circumstances.

Once the call for proposals has finished, the Regional Council of Helsinki-Uusimaa verifies the applications with regard to the general selection criteria. Those applications that meet the criteria are submitted to the Six City Strategy Office, which prepares

⁴ *Ibid.*

the applications in terms of their city-specific scoring and assessment. Based on this, the steering group makes a summary of the project applications. The projects are then assessed on the basis of the selection criteria derived from the specific objectives of the OP, as well as on the basis of the specific selection criteria set out by the management group of the Six City Strategy. These criteria are given an equal weighting in the assessment process. The project selection emphasises the inclusion of the premises of the Six City Strategy in terms of sharing good practice and the implementation of developed solutions and operating models.

Based on the project assessment, the steering group proposes the most successful projects for the management group's decision. The number of selected projects is also determined by the funding available in the call. The management group decides on the selected projects based on an unanimous decision amongst the members.

After this, the project proposals are given to the IB, namely the Regional Council of Helsinki-Uusimaa, which makes the technical funding decision on the basis of the recommendations of the management group.

In the selection of the ESF projects, the competent ELY-centre (i.e. the ELY-centre in Häme) is responsible for the decision-making after hearing the cities' opinions. The regional management committees decide independently on the ESF funding for the strategy's implementation (which is included in the implementation plans of the regional strategic programmes). The ELY-centre in Häme administers the overall ESF funding of the strategy and decides on the themes and timetables for the project calls together with the cities.

After a call for proposals finishes, the ELY-centre assesses the project applications in terms of the general selection criteria. Those applications meeting the criteria are submitted for information to the steering and management groups of the Six City Strategy. The management group provides a statement regarding the applications to the ELY-centre before the final decision-making takes place. The ELY-centre assesses and scores the projects on the basis of the selection criteria derived from the specific objectives of the ESIF programme. The cities assess and score the

projects on the basis of the specific selection criteria of the Six City Strategy. These criteria are given an equal weighting in the assessment process. The project selection emphasises the inclusion of the premises of the Six City Strategy in terms of the sharing of good practices and the implementation of developed solutions and operating models.⁵

Box 1: Key Six City Strategy Project 'Open Data and Interfaces'.

The six cities have committed to delivering three-year joint key projects under each of the three priorities of the Strategy. The key project under the priority 'open data and interfaces' started in 2014 and came to an end on 31 December 2017 following half a year's extension. The project involved ten¹ implementing organisations and had a total budget of c. € 8.1 million.

The project aimed to have open data as part of normal operations of the cities, to implement harmonised data interfaces, and to accelerate digital-based business. The project has been evaluated and the key results include: opening of data; changes to the operational culture in the cities; cooperation models; and a general increase in awareness. The evaluation sets out some key recommendations for the future, including²:

- More cross-sectoral understanding and commitment by the management and experts;
- Concrete measures in terms of clear responsibilities, resources (time and human) and operational models in order to ensure further development;
- Active dissemination of learning and best practice to other cities;
- Continuation of business network and cooperation.

¹ The six cities, Forum Virium Helsinki, Turku Science Park Oy, the Regional Council of South West Finland.

² Owal group (2017) 6Aika Avoin data ja rajapinnat-kärkihankkeen tuotosten, tulosten ja vaikutusten arviointi, December 2017.

IV. Monitoring and Evaluation of the Strategy

The strategy forms a part of the implementation of the OP and hence it relies on the indicators and targets set out in the OP. Some of these indicators are city-related (e.g. 'businesses cooperating with cities in an innovation environment' and 'innovation platforms'). The management group and the IB are together responsible for monitoring the strategy, with meetings organised every six months to discuss the progress of funding and other indicator data. The progress is monitored at the strategy and project level. Project-level monitoring takes place in the project steering groups, with representation of the IB.

In 2015, an internal evaluation was carried out on the preparatory phases of the strategy. In 2016 (May-

⁵ *Ibid.*

September), an external evaluation (separate from the OP) was carried out by Owl Group Oy. It focused on: the objectives; results achieved; mobilisation of the operational model in the cities; the management and governance model and organisation of the strategy; and the need for changes. At this stage, the evaluation was not focused on results or impacts, or on the results of individual projects, but rather on how well projects were supporting the implementation of the strategy. The results of the external evaluation are expected to support the discussions on the future of the strategy. Specific recommendations included:

- the strategy should focus on larger joint projects involving more cities
- future implementation requires more emphasis on project ideas and generation, which in turn requires more resources particularly for the city coordinators
- there needs to be a greater focus on communicating the results
- there needs to be more clarity with respect to the different roles and responsibilities, particularly in terms of communication, idea generation, and involvement of businesses
- business involvement needs to be a cross-cutting theme in the strategy's implementation (linked to idea generation and to project-selection criteria).

Progress, results and effectiveness of the projects are also evaluated regularly so that the activities can be better focused. Some of these evaluations are internal, but external expertise is also used (sometimes jointly for a number of key projects).

V. Lessons Learned and Policy Recommendations

The Six City Strategy represents a new type of operational cooperation between the six involved cities, which has emerged from their needs. The starting point was that the strategy would not just entail one or two cities, but multiple cities across Finland. The Strategy is nationally significant instrument, as it represents a world-class reference value. In addition, the instrument is perceived to be valuable as it promotes cooperation with businesses and strives to achieve other objectives such as competitiveness and growth. The Strategy is linked to economic growth

objectives (knowledge, businesses, jobs), improving efficiency of the public sector (productivity of cities and the public sector), as well as to social objectives (inclusion, employment of those in weak labour market situation). Although the six cities have networked in the past, this has not been performed in a formalised manner. Hence, the ITI represents a new tool for the six cities to become more involved in economic development activities, not least facilitated by the earmarking of (ERDF) funding and the delegation of responsibilities.

There have been some challenges experienced in ensuring that the cities 'understand' how to align the implementation of the strategy so that it contributes to the overall objectives of the OP. This happened particularly during the strategy's design process. For instance, the theme of 'open participation' did not initially fit well with the ERDF funding, and this needed to be clarified. The new theme is entitled 'open participation and customership', which makes the theme broader. There have also been challenges regarding the integration of ERDF and ESF within the strategy. Although the funds co-exist well, in that it is very clear what is funded through ERDF and ESF, there is scope to create synergies. Currently, calls for proposals and themes are organised separately rather than jointly. Another uncertainty relates to the fact that ESF funding is not earmarked in advance, and therefore it is very difficult to commit to long-term planning. There is no certainty how much of ESF funding will be committed by the regional management committees in the individual regions and whether this funding will be sufficient. Lack of prior experience and knowledge of Structural Funds projects by the city actors involved has also been a challenge, although the situation has improved significantly since the start of the strategy implementation.

Good practice identified so far relates essentially to the cooperation between the six cities. Cooperation between businesses has already progressed, particularly in the context of the key projects. For instance, there are so-called 'business forums' in the key projects, where businesses can voice their views regarding project activities (i.e. whether certain activities are economically viable etc.). This is something that is hoped to be streamlined across the different projects in future.

As this is the first time that the cities have been involved in formal cooperation, it has been a learn-

ing process. A number of lessons can be identified from the experience so far:

- *Resources are needed, particularly for communication purposes:* Although the projects provide information on their respective web pages on their activities, results are only reported at the time payment applications are submitted. There are therefore some challenges concerning the real-time reporting of results.
- *Implementation so far has only been partly in line with the set objectives.* The most significant result so far is the closer cooperation between the six cities, while other results remain more fragmented. There are some problems in the project idea and generation phases in particular, which need to be improved in order to meet the strategy's expectations and objectives. For instance, the creation of broad-based joint innovation is not yet noticeable.
- While the implementation and the operational model of the strategy have been mobilised relatively well at the strategy level, *progress has been slower at the city level.* This is largely due to the fact that many cities do not have a clear implementation plan for the strategy. The linking of the strategy to the cities' existing strategies varies between the cities.
- There is scope for *clarifying the roles and responsibilities* of the actors involved.