While each city is different in terms of challenges, there seems to be a set of innovation trends, converging on each city’s innovation agenda, which sparks its own subset of challenges.

Challenges
- Considering city’s resilience needs when planning climate change-related actions. While cities invest in climate change-related projects, few are designed to increase city resilience at scale.
- Improving health and well-being solutions across all segments of the city population. As cities grow and their population ages, concepts such as quality of life, longevity, solidarity, loneliness and/or inequality become increasing issues.
- Attracting and upskilling innovative businesses. Smaller cities are not always able to attract and retain innovative businesses. At the same time, it is a struggle to improve and upskill already-existing SMEs.
- Demographic challenges derived from an aging population and the lack of specialised talent wanting to either come or stay in the city.
- Lacking urban design and planning tools to tackle challenges brought by rapid urban growth such as shortage of innovation spaces and missing data for digital twins.

Recommendations
- Add climate topics horizontally across all of the city’s innovation projects/actions, not just vertical ones.
- Use visual thinking techniques, including an initial mapping of all stakeholders involved in a project/action and of the different levels of innovation which can be deployed (e.g. technology, social, administration etc).
- Develop a strong communication and engagement culture, not only by ensuring stakeholders’ alignment, but also by building trust and reputation around innovation.
- Use agile methodologies to implement projects quickly, to integrate valuable feedback and to prioritise.
- Expand successful projects by sharing ideas and tools with other communities that face similar challenges.
- Improve tax incentives for R&D&I investments by SMEs.
- Design a structured approach to collaborations, enabling repeatability, tracking and prioritisation between innovation centres and SMEs.
- Improve flexibility of urban zoning procedures and increase collaboration between urban planners and innovation stakeholders (e.g. Earth observation companies, digital twin providers etc).

Importance of environmental policies in the innovation agenda

<table>
<thead>
<tr>
<th>Importance</th>
<th>Percentage of Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Important</td>
<td>70%</td>
</tr>
<tr>
<td>Neutral</td>
<td>12.5%</td>
</tr>
<tr>
<td>Somewhat Important</td>
<td>39%</td>
</tr>
<tr>
<td>Important</td>
<td>17.5%</td>
</tr>
<tr>
<td>Very Important</td>
<td>0%</td>
</tr>
</tbody>
</table>

Are demographic challenges affecting city’s innovation capacity? Yes 42% No 33% Neutral 16%

How easy is it to obtain valuable innovation ideas? Easy 46% Neutral 54%