

Response to - Partnerships that Produce: Best Practices for International Metropolitan Agreements

Date: November 20, 2019

To: Economic and Community Development Committee

From: General Manager, Economic Development and Culture

Wards: All

SUMMARY

At its meeting on April 3, 2019, the Economic and Community Development Committee referred the item Partnerships That Produce: Best Practices for International Metropolitan Agreements from the World Trade Centre – Toronto and the Toronto Region Board of Trade to the General Manager, Economic Development and Culture, for review and report back.

The purpose of this staff report is to comment on the presentation and report "Partnerships That Produce". The staff report also provides an overview of the City of Toronto's International Alliance Program (IAP), requests direction from City Council to undertake a review of the program and to report back to City Council with recommendations to enhance and modernize it.

RECOMMENDATIONS

The General Manager, Economic Development and Culture, recommends that:

1. City Council direct the General Manager, Economic Development and Culture to undertake a formal review of the International Alliance Program and report to City Council in 2020 with recommended changes to the program, with such a review to include:

- a) Develop a definition and criteria for Memorandum of Understanding (MOU) relationships and review the current definitions of Partnership and Friendship Cities.
- b) Review and update the current city selection criteria for the International Alliance Program and develop similar criteria for Memorandums of Understanding.

- c) Review current signing authorities and practices related to signing agreements under the International Alliance Program, in consultation with Legal Services.
- d) Analyze current Partnerships, Friendship Cities and Memorandums of Understanding agreements to ensure they align with the City's objectives, and make recommendations to continue, modify or conclude agreements, as necessary.
- e) Undertake an analysis of the annual resources required to ensure the maintenance of successful city-to-city relationships.
- f) Consider strategies to better inform City divisions on international activities and commitments.

2. City Council impose a moratorium on signing new city-to-city agreements until the review of the International Alliance Program has been completed and its results considered as part of a report to City Council in 2020.

FINANCIAL IMPACT

There are no financial implications resulting from this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

In February 2005, City Council adopted enhancements to the International Alliance Program to ensure clarity and direction for the Economic Development and Culture's international activities including goals and objectives for the program.

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050201/edp2rpt/cl001.pdf>

In December 2005, City Council adopted a report that reduced the maximum number of international city-to-city agreements to ten, and reassigned selected cities as Partnership and Friendship Cities under the International Alliance Program.

<https://www.toronto.ca/legdocs/2005/agendas/council/cc051205/edpcl002b.pdf>

In February 2017, City Council adopted The International Trade Funding report that enhanced the funding for the International Alliance Program, and in particular, provided additional fiscal resources to deliver the trade objective of the program. City Council also provided direction on reporting guidelines for outbound missions.

<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-100375.pdf>

On April 3, 2019, the Economic and Community Development Committee directed the General Manager, Economic Development and Culture to review and comment on the presentation Partnerships That Produce: Best Practices for International Metropolitan Agreements by the World Trade Centre – Toronto, a subsidiary of the Toronto Region Board of Trade. The Committee requested a back in the third quarter 2019.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EC3.3>

COMMENTS

Background

In 2005, City Council adopted the current version of the International Alliance Program. The purposes of the International Alliance Program are to foster formal and informal relationships with international cities, to strengthen economic, cultural, tourism and multicultural links internationally, and to share best practices with other municipalities where possible. The three core components of the International Alliance Program are leveraging city-to-city relationships helping attract foreign direct investment attraction (FDI). In the case of FDI, City Council established Invest Toronto, a stand-alone City agency, in 2009, which then transitioned into Toronto Global, a regional foreign direct investment attraction agency in 2017. The Economic Development and Culture Division (EDC) now works in collaboration with Toronto Global in attracting foreign direct investment to the Toronto region and the City of Toronto. The third element of the program is to assist locally based businesses to increase exports.

Two types of relationships are defined in the formal city-to-city relationship component of the International Alliance Program: Partnership and Friendship Cities.

Partnership Cities are formal relationships between Toronto and four leading global cities, including Chongqing (China), Frankfurt (Germany), Chicago (U.S.) and Milan (Italy). Activities are led by City staff with goals heavily related to economic development and focusing on building business links, increasing Toronto's international profile, promoting trade and attracting investment. Activities undertaken include outbound and inbound missions, and building relationships with local diaspora such as ethnic business associations and consular offices in Toronto. In addition, staff maintain relationships with foreign trade officials representing countries of economic importance to the City of Toronto.

Friendship Cities are formal relationships between Toronto and six leading global cities: Sagami-hara (Japan), Ho Chi Minh City (Vietnam), Quito (Ecuador), Warsaw (Poland), Kyiv (Ukraine), and Rio de Janeiro (Brazil). These relationships have primarily been driven by local international diaspora. The City participates by endorsing the relationship and appointing a member of City Council to act as an official sponsor or representative for the Friendship City agreement. City staff support the relationship through official letters of greetings, commemorative scrolls and flag raisings on significant dates. City of Toronto staff also provide advisory assistance to the community on projects. Generally, the relevant ethnic community develops, organizes,

manages and pays for projects and programs related to a Friendship City agreement. The City provides direct sponsorship for Friendship City related events or programs.

Memorandum of Understanding are in addition to these formal relationships. Over the last six years, the City has entered into almost 19 more informal relationships, called Memorandum of Understanding (MOU) that are between EDC and staff at an organization located in another international city. The full list is given in Attachment A. MOUs are typically established to promote economic, tourism, sport, cultural development or business oriented activities.

The International Alliance Program is also a tool to help promote Toronto as a preferred investment destination with aims to facilitate and generate jobs and investment within the City of Toronto. EDC works closely with Toronto Global in delivering this component of the IAP. By way of example, EDC staff recently worked with Toronto Global staff to organize two missions led by the Mayor, one to London, United Kingdom in October 2019, and one to New York City in November 2019.

Another aspect of the IAP is to promote goods and services made by Toronto-based businesses to international markets. Increasing international trade activity generates new well-paying jobs and wealth for a municipality. Leveraging the City's international relationships is an excellent way to promote Toronto on the global stage as a great location to do business, gather market intelligence and develop new contacts and conduits that will generate investment leads or trade opportunities for Toronto businesses.

Comments on the 'Partnerships That Produce' Report

At its meeting of April 3, 2019, the Economic and Community Development Committee considered a presentation from World Trade Centre – Toronto that provided an overview of best practices for metropolitan partnerships. The Toronto Region Board of Trade (Board of Trade) owns the Toronto franchise for the World Trade Centre (WTC). The Board of Trade is a regional business organization whose primary mandate is to advocate on behalf of its members to improve the business climate within the Toronto region, as well as, advocate on issues of interest to its membership. The Board of Trade has more than 13,000 members across the Toronto region. The WTC provides export and trade services to members and to businesses that are not members of the Board of Trade, through their Trade Accelerator Program and missions and other activities, for a fee that is generally subsidized by sponsors.

The WTC report *Partnerships That Produce: Best Practices for International Metropolitan Partnerships* incorporates the expertise of the Brookings Institute. The report proposes five practices that can be adopted by cities and organizations around the world to help them form meaningful and outcome oriented international city to city agreements.

The five practices proposed in the report are:

- Clear decision criteria in selecting partnerships
- Incorporate alternative partners in the agreements
- Agreements should be based on time-bound projects
- Agreements should contain detailed objectives
- Cities should have robust policy frameworks to guide their international activities

The report also contains ten recommendations that the City of Toronto could adopt to enhance its international city-to-city relationships that employ the widely accepted SMART approach: Specific, Measurable, Achievable, Realistic and Timely.

The following are the report's ten recommendations along with staff comments:

1. Adjust the City's role from agreement implementer to catalyst

The report recommends that Toronto reposition itself as a catalyst of international partnerships, instead of the sole owner and executioner of them. It calls on the City to encourage and assist local alternative partners to pursue their own partnerships with international counterparts or cities.

Staff will consider this further as part of a review of the International Alliance Program. It is possible that the City can achieve a strong impact by doing both, signing its own agreements and facilitate, as needed, non-government organizations (NGO) in entering into their own agreements with like international organizations.

2. Enhance the City's decision-making criteria

The report recommends that Toronto's International Alliance Program decision criteria should be updated to reflect the City's priority industries and target international markets. Staff agree that a review of decision-making criteria related to city-to-city agreements should be considered as part of a comprehensive update of the International Alliance Program.

3. Reclassify the City's MOUs

This recommendation calls on the City to review the classification of MOUs and formal partnership agreements. Staff agree that this should be considered as part of a review of the International Alliance Program.

4. Review the City's Agreements

The report also recommends that the City review all of its existing agreements against the enhanced decision-making criteria established as part of recommendation 1 above. Staff also agree that this should be considered as part of a program review of the IAP.

5. Begin working with alternative partners

The report notes that nearly all of Toronto's international partnerships are with other cities, and recommends that the City consider working with alternative partners, such as academic institutions, economic development and industry organizations, intermediary networks or gateways, among others. This work is already underway. The City has engaging local consulates, Toronto ethnic business organizations, Ontario Trade in market (Province) and Canadian in market trade commissions to implement international agreements.

6. Establish meaningful and measurable objectives.

As a best practice, the report recommends that Toronto should ensure specific and measurable outcomes are negotiated into agreements. Staff are in agreement and will consider how to apply a results-based accountability approach used in evaluating City programs to the IAP.

7. Establish time-bound agreements.

The report identifies time-bound agreements as a best practice to ensure their continued relevance in meeting City objectives. Currently, only nine of the City's 29 formal and informal international agreements do not have end dates.

8. Base agreements on specific projects.

Establishing project-specific agreements is another best practice identified in the report. As mentioned above, most city-to-city agreements signed by the City of Toronto include a description of the type of activities that will be undertaken as part of the agreement.

9. Publish the City's agreements and report on their activities and outcomes.

This can be examined during the review of the IAP. Currently, EDC reports to Council with the results of all trade missions.

10. Properly resource the City's partnership projects.

The report recommends that the City fund its international partnerships based on the outcomes it seeks to achieve. This can be examined during the review of the IAP.

Many issues discussed in the Partnerships That Produce: Best Practices for International Metropolitan Agreements presentation reaffirm conversations staff have been having in relation to gaps that exist in the current framework. The report is a useful resource that can inform a broader staff review of the current International Alliance Program.

Key Considerations to Inform Review of the International Alliance Program

The following provides a high-level overview of some issues that need to be addressed in order to modernize the International Alliance Program (IAP) approved by City Council.

In 2005, City Council capped the total number of Partnership and Friendship City agreements to ten. The IAP does not define MOUs as a type of agreement with other municipalities. Since 2013, the City of Toronto has entered into 19 MOUs with other municipalities and other organizations that represent local companies, and several more cities have expressed an interest in signing a MOU with Toronto. The criteria used to select potential City partners through the IAP does not take MOUs into account. The potential to develop a standard MOU agreement template should be considered as part of the review of the IAP.

City-to-city relationships demand human and fiscal resources, as well as, political leadership. A municipality must assign adequate resources in order to maintain a worthwhile and meaningful level of activity in order to achieve the commitments agreed to in a city-to-city relationship. The City has reached the maximum number of Partnership and Friendship City agreements allowed under the IAP and has also entered into a number of MOUs in the past 14 years. A review of the IAP should examine resourcing levels to ensure that the City's resourcing matches its international commitments.

Currently, several City divisions undertake projects with other international municipalities. Some of these municipalities are established Partnership, Friendship City or MOU cities under the IAP. However, there is an opportunity to increase information exchange between City divisions when it comes to undertaking international projects. The IAP formal review should consider options for developing an inter-divisional approach to inform and coordinate between City divisions on international activities, particularly with respect to Toronto's Partnership, Friendship Cities or MOU cities. The IAP review should consider whether Friendship agreements and MOUs are domiciled within the appropriate City business unit.

Conclusion

The International Alliance Program has not been formally reviewed or updated since December 2005. As noted, since then there have been developments and new trends, both locally and internationally, that suggest the need for a review of the International Alliance Program approved by City Council 14 years ago. This report proposes that the program be reviewed over the next six months, including consultations with key

stakeholders, and that recommendations be developed for consideration by City Council to modernize the International Alliance Program.

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SIGNATURE

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ATTACHMENTS

Attachment A – Listing of Economic Development and Culture Division International Relationships

Attachment A

Listing of Economic Development and Culture Division International Relationships

Entity	Type	Original Signing Date
Chongqing, China	Partnership	March 27, 1986
Frankfurt, Germany	Partnership	September 26, 1989
Warsaw, Poland	Friendship	September 24, 1990
Sagamihara, Japan	Friendship	January 1, 1991
Chicago, USA	Partnership	June 19, 1991
Kyiv, Ukraine	Friendship	July 21, 1991
Milan, Italy	Partnership	April 15, 2002
Ho Chi Minh City, Vietnam	Friendship	February 10, 2006
Quito, Ecuador	Friendship	November 19, 2006
Austin, Texas	MOU	October 3, 2013
Trakya, Turkey	MOU	June 24, 2014
Sao Paulo, Brazil	MOU	February 26, 2015
Dubai, UAE (DIDA)	MOU	July 2, 2015
Rio de Janeiro, Brazil	Friendship	August 7, 2015
New Delhi, India	MOU	September 9, 2015
Maharashtra, India	MOU	February 5, 2016
Hong Kong, China (HKTD)	MOU	April 13, 2016
Shenzhen, China	MOU	November 16, 2016
Montevideo, Uruguay (UXXI)	MOU	December 2, 2016
Monterrey, Mexico	MOU	December 22, 2016
Dunedin, Florida	MOU	February 28, 2017
Jaffna, Sri Lanka	MOU	March 19, 2017
Hong Kong, China (CoC)	MOU	April 10, 2017
Matera, Italy	MOU	June 24, 2017
Wuxi, China	MOU	November 1, 2017
Mexico City	MOU	February 22, 2018
Panama City, Panama	MOU	October 11, 2018
Portugal (Country of)	MOU	May 6, 2019
Lisbon, Portugal	MOU	May 22, 2019