

Updating the City of Toronto's International Alliance Program

Date: May 14, 2024

To: Economic and Community Development Committee

From: General Manager, Economic Development and Culture, and City Clerk

Wards: All

SUMMARY

Toronto's international activities are guided by an International Policy Framework (IPF) adopted by City Council in 2002. The purpose of the IPF is to position Toronto as a diverse, economically dynamic, creative and caring global urban centre which respects human rights and champions local democratic government.

Toronto has maintained formal bi-lateral relationships with other cities around the world for decades, under the auspices of its International Alliance Program (IAP). Through its city-to-city IAP relationships, Toronto advances several goals of the IPF, including facilitating international business development and investment; exchanging information and best practices; and supporting cultural development, expression and engagement.

The IAP's goals, structure, resourcing and relationships were last reviewed and updated by City Council in 2005.

This report presents the findings of a review of the IAP, as directed by City Council. Among other elements, this review included a jurisdictional scan of effective practices used by cities engaged in international business development and para-diplomacy, an assessment of how Toronto's relationships within and alongside the IAP have evolved over time, a survey of organizations which are part of Toronto's international business development eco-system, and related research.

Drawing on this information and analysis, this report recommends:

- changes to provide a more accountable, flexible and effective structure for the IAP, including the use of two main relationship categories – (i) long-term Partnership City agreements and (ii) short-term International Project agreements; and
- updated eligibility criteria, assessment processes, approval and signing authorities for the establishment of any new IAP relationship agreements, including identification of the financial resources needed to deliver activities

associated with the agreement and, as appropriate, consultation with other levels of government as key components of the assessment process.

Finally, as requested by Council, this report advises whether Toronto's ten existing IAP relationships (including four Partnership City and six Friendship City agreements) and nineteen Memorandum of Understanding (MOU) should be continued, modified or concluded in view of the City's international engagement objectives and the IAP's structure and requirements, as proposed to be updated.

RECOMMENDATIONS

The General Manager, Economic Development and Culture, and the City Clerk recommends that:

1. City Council approve the updated structure for Toronto's International Alliance Program (IAP) detailed in Attachment 1, including definitions for the two main relationship agreement categories of Partnership City and International Project.
2. City Council approve the eligibility criteria and policies for establishing new IAP Partnership City and International Project agreements detailed, respectively, in Attachment 2 and Attachment 3.
3. City Council, authorize the Mayor or their designate, or the City Manager, to execute IAP Partnership City agreements on behalf of the City, provided that the applicable criteria and policy for establishing a new Partnership Agreement has been followed and the agreement is in a form satisfactory to the City Solicitor, as detailed in Attachments 1 and 2.
4. City Council, authorize the City Manager, Deputy City Managers and Division Heads to execute, on behalf of the City, IAP International Project agreements with an anticipated project cost not exceeding their respective financial signing authority, provided that the applicable criteria and policy for establishing a new International Project has been followed and the agreement is in a form satisfactory to the City Solicitor, as detailed in Attachments 1 and 3.
5. City Council, authorize the Mayor or their designate to represent the City at ceremonial functions held in conjunction with an IAP Partnership City or International Project agreement.
6. City Council assign existing Partnership City, Friendship City and MOUs to the updated IAP relationship agreement categories, as indicated in Table 1, and authorize the City Clerk to advise these cities of their status and, where feasible, amend these agreements to align with updated IAP requirements or terminate and enter into new agreements with these cities.
7. City Council approve an in-year 2024 Operating Budget transfer of \$150,000 gross and net from the Economic Development and Culture division to the City Clerk's Office, reflecting the expanded corporate role of the City Clerks Office - Strategic Protocol and External Relations unit for the IAP and related activities.

8. City Council authorize the City Clerk and General Manager, Economic Development and Culture to periodically review and, as needed, report to City Council on any recommended updates to the goals, structure, or associated policies of the IAP.

FINANCIAL IMPACT

The Economic Development and Culture (EDC) division's Operating Budget currently includes \$318,000 per year notionally to support international business development activities associated with IAP relationship agreements (e.g. in-bound missions, out-bound missions, research, participation in international business conferences and trade shows, etc.). This figure includes \$208,000 to support the 10 IAP relationships endorsed by City Council in 2005 (i.e. 4 X \$44,500 per Partnership City agreement and 6 X \$5,000 per Friendship City agreement), an amount that has not been adjusted for inflation in 18 years, as well as \$110,000 for IAP and MOU agreement related activities added to EDC's budget in 2017 as part of a broader investment in programming to facilitate International Trade and engagement.

Although this report recommends eliminating the existing limit on the number of formal city-to-city IAP relationships Toronto can hold at any one time, it also recommends updated criteria and processes for assessing and approving proposals for new IAP Partnership City or International Project agreements (see Attachments 2 and 3), where a key component of the updated assessment process is the identification of the financial resources required to support the activities associated with a proposed agreement. If these resources are not available, the proposal cannot be recommended for approval or advanced.

Accordingly, funding required to support new IAP relationship agreements will need to be requested and secured through future operating and/or capital budget submissions. Alternatively, divisions responsible for implementing IAP relationship agreement activities aligned to their program mandates will need to be able to identify the resources required within their approved Operating and/or Capital budgets.

In recognition of the expanded corporate coordination role with respect to the IAP which the City Clerks Office -- Strategic Protocol and External Relations unit (CCO-SPER) will play in 2024 and beyond, as detailed in this report, \$150,000 will be transferred in-year from EDC's approved 2024 Operating Budget for International Trade related programming (which includes but is not limited to IAP activities) to the City Clerk's 2024 Operating Budget. Additionally, pending further analysis of IAP workload distribution and operational requirements, 1 full-time position may be transferred from EDC to CCO through one of the in-year variance reports to Council or the 2025 Budget Process.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information as presented in the Financial Impact Section.

EQUITY IMPACT STATEMENT

The modernized structure and policies for Toronto's International Alliance Program recommended in this report align with the City's commitments to equity and human rights in three ways.

First, when assessing proposals for new Partnership City or International Project agreements, the City will consider if the candidate municipality and by extension the country it is located in is a jurisdiction of concern, whether due to its human rights record or otherwise. To do so, City staff will conduct research and consult Global Affairs Canada, where appropriate, to gather insights and formulate a recommendation.

Second, the specific activities which are proposed to be part of a new IAP relationship agreement will be assessed for their alignment with the City of Toronto's commitments and policies related to inclusion, equity, and human rights.

Third, by removing the current limit on the number of formal bi-lateral IAP relationships which the City can hold and by introducing a new short-term IAP relationship category for International Projects, it is anticipated that Toronto will be able to engage with a wider and more diverse set of cities internationally, which are more reflective of its diverse population. At present, for example, Toronto has no formal bi-lateral relationship with any city in Africa, the Caribbean or Oceania.

Over time, and to the extent that city-to-city relationships can contribute to the economic success of locally owned businesses in Toronto by facilitating trade, investment, visitation, market access, networks, and knowledge sharing. The proposed changes to the IAP should also create more opportunities for diverse-owned and operated businesses in Toronto.

DECISION HISTORY

At its meeting on December 17 and 18, 2019, City Council directed the General Manager, Economic Development and Culture to undertake a formal review of the International Alliance Program (IAP) and report back to Council with recommendations. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EC10.17>

At its meeting on December 5, 6 and 7, 2005, City Council confirmed 10 cities with which Toronto has IAP relationships and endorsed a process and criteria for adding new IAP relationships. <https://www.toronto.ca/legdocs/2005/agendas/council/cc051205/edpcl002b.pdf>

At its meeting on February 1, 2 and 3, 2005, City Council adopted a framework for the IAP. <https://www.toronto.ca/legdocs/2005/agendas/council/cc050201/edp2rpt/cl001.pdf>

At its meeting on May 21, 22 and 23, 2002, City Council adopted an International Policy Framework to position Toronto internationally and better co-ordinate the City's international activities.

<https://www.toronto.ca/legdocs/2002/agendas/council/cc020521/pof8rpt/cl009.pdf>

At its meeting on December 4, 5 and 6, 2001, City Council renamed the "City-to-City Program" as the "International Alliance Program" (IAP) and adopted policies related to the management, structure, and implementation of its bi-lateral international agreements.

<https://www.toronto.ca/legdocs/2001/agendas/council/cc011204/edp12rpt/cl004.pdf>

COMMENTS

Toronto's International Policy Framework

Toronto's international activities, investments and relationships are guided by the International Policy Framework (IPF) adopted by City Council in 2002. The seven goals of the IPF are to position Toronto as:

1. A centre for research excellence and knowledge development
2. A competitor in the global marketplace
3. A city with a highly skilled and competent leadership
4. A compassionate and caring city
5. A leading cultural capital
6. A leader in human rights and diversity, and
7. An advocate for local democratic government

Bi-lateral city-to-city agreements operated under the IAP are one of several mechanisms Toronto uses to engage with other jurisdictions and advance the goals of the IPF and its interests internationally.

Examples of other channels of international engagement include dialogue with the Consular and Diplomatic Corps; participation and membership in international networks and associations; facilitation of global knowledge exchanges; protocol activities that promote city to city diplomacy; bidding for and hosting international events and conferences; and partnering with and/or funding third party organizations such as Toronto Global and Destination Toronto which represent the City internationally for business development purposes.

IAP Review Background and Origin

Toronto has maintained formal bi-lateral relationships with other cities around the world for decades. Following amalgamation, through a series of reviews between 2001 and 2005, City Council reduced the number of Toronto's approved city-to-city agreements from 26 to 10, largely in view of resource limitations.

Since 2005, the goals of the IAP program have been focussed on city-to-city relationships to advance Toronto's economic development, cultural, tourism and cross-

cultural and community development ties internationally. These goals remain valid today.

Examples of activities undertaken by the City through its IAP relationships include hosting in-bound delegations, organizing outbound missions, marketing initiatives, knowledge-sharing exchanges, flag raising ceremonies on dates of significance, engagement with consular officials, and subject-specific projects.

The policy framework for relationships supported by the IAP was last assessed and updated in 2005. Given available staff and budget resources at that time, Council capped the number of formal international city-to-city agreements Toronto could sustain at ten, including four Partnership City and six Friendship City relationships.

The four Partnership City relationships were intended to focus on facilitating international business development opportunities, investment and trade, while the six Friendship City relationships were expected to be animated by community partners and focus on a wider set of goals linked to Toronto's International Policy Framework such as inter-municipal knowledge sharing and cultural exchange along with commercial development activities.

In 2019, in response to the Toronto Region Board of Trade's report entitled "*Partnerships that Produce: Best Practices for International Metropolitan Partnerships*" and in view of changes to the global economy and technology landscape, the development of MOUs outside the structure of the IAP, and the evolving role of local partners in Toronto's international business development eco-system, City Council directed the General Manager, Economic Development and Culture to review the IAP and report back on recommended changes to it, with this review to include assessments of:

- the IAP's existing definitions and criteria for Partnership City and Friendship City agreements;
- the role of and potential definition for MOUs;
- signing authorities for IAP agreements, in consultation with Legal Services;
- resources required to support successful IAP city-to-city relationships;
- whether Toronto's IAP Partnership City and Friendship City agreements and MOUs align with its international engagement objectives, and whether these relationships should be continued, modified or concluded; and
- strategies to inform City divisions about Toronto's international activities and commitments.

Pending the results of this review, Council also imposed a moratorium on the signing of any new city-to-city relationship agreements.

IAP Review Methodology

The initiation of the IAP review was delayed by the onset, impact and aftermath of the COVID-19 pandemic. In 2022, a small inter-divisional working group comprised of staff from Economic Development and Culture, the City Clerk's Office – Strategic Protocol and External Relations unit and the City Manager's Office was formed to carry out the review.

Key components of this review included:

- a jurisdictional scan of practices used by cities engaged in international business development, para-diplomacy, knowledge-sharing, and networks -- see Attachment 5;
- documentation and assessment of the number, signing authority, activities, and current standing of Toronto's Partnership City and Friendship City IAP agreements and MOUs;
- an assessment of how Toronto's international city-to-city relationships within and alongside the IAP have evolved over time, including with respect to foci and methods of engagement (e.g. in-person vs. virtual), the increased role of international municipal networks, and changes to Toronto's international business development eco-system, through which the City has opted in certain instances to fund arms-length organizations to provide services it used to deliver itself (e.g. foreign direct investment attraction);
- a survey of and engagement with organizations which are part of Toronto's international business development eco-system -- see Attachment 6; and
- consideration of relevant City program frameworks, policies and legislation, including the IPF, IAP, Corporate Intergovernmental Relations Protocol (CIRP) and authorities of City officials under the City of Toronto Act, 2006

Findings

The central findings from this review of the IAP are detailed below and in the Attachments to this report.

Time-Limited International Projects

Leading cities around the world are increasingly using time-limited projects to engage bilaterally, often in lieu of open-ended relationships which do not specify concrete deliverables or activities. These projects tend to focus on a specific topic or goal and be supported – at the project assessment and planning stage – by the identification of required resources and anticipated project milestones, activities and results.

International Networks

Cities are increasingly using membership or involvement in international networks or conferences to build relationships, exchange knowledge, promote their values and brand, and support business development. By one estimate¹, there are now more than 200 active city networks around the world, with most having been established in the past 25 years. Engaging in international networks can be a cost-effective complement to building and maintaining a series of bi-lateral relationships, whose value and degree of commitment may ebb and flow over time.

¹ "Tracking the Trends in City Networking: A Passing Phase or Genuine International Reform?" by Daniel Pejic, Michele Acuto and Anna Kosovac, Connected Cities Lab, University of Melbourne, 2019, https://www.researchgate.net/publication/340850714_Tracking_the_Trends_in_City_Networking_A_Passing_Phase_or_Genuine_International_Reform.

The City of Toronto currently holds membership in the following international mayor membership organizations – Metropolis, United Cities and Local Governments, C40 Cities and the Great Lakes and St. Lawrence Cities Initiative. Membership in international networks can support various goals of the City’s International Policy Framework and serves as an effective complement to the IAP, which focuses on bi-lateral agreements.

Assessment of Toronto’s Partnership City and Friendship City Agreements

Toronto’s four Partnership City agreements with Chicago, USA, Frankfurt, Germany, Milan, Italy, and Chongqing, China, have largely operated as intended, with these relationships supporting activities and exchanges focused on international business development, but also sometimes advancing other goals of Toronto’s International Policy Framework, such as municipal knowledge-sharing.

Toronto’s six Friendship City Agreements with Ho Chi Minh City, Vietnam, Kyiv, Ukraine, Quito, Ecuador, Rio de Janeiro, Brazil, Sagami-hara, Japan, and Warsaw, Poland) were intended to be driven by community partners and support a wider range of goals, including but not limited to cultural exchange, municipal knowledge-sharing, business development, and community recognition through flag-raising ceremonies on dates of significance and other means. Overall, the activity level of these Friendship City relationships has been variable, and the degree of local community fund-raising and engagement to support agreement activations has been lower than expected, resulting in additional pressure on City resources to sustain the relationship.

Additional observations included that:

- The terms “Partnership City” and “Friendship City” are not commonly or consistently used or understood by other jurisdictions, many of which instead characterize their bi-lateral relationships as “sister city” agreements.
- There is a lack of consistency across Partnership City and Friendship City agreements as applied by the City with respect to their terms and mechanisms to review and renew. Some are open-ended while others are time-limited.
- Programmatically, there has not been a demonstrated need nor advantage to maintaining a sharp distinction between the types of activities delivered under the two types of agreements. Specifically, certain Friendship City agreements have produced activations with international business development benefits; and conversely certain Partnership City agreements have yielded municipal knowledge-sharing or cultural community exchange benefits.
- At present, there are no designated or active Council member sponsors for any of Toronto’s six Friendship City relationships.

When adequate resources are available, priorities align, and local partners are effectively engaged, Partnership City, Friendship City and related bi-lateral agreements can yield tangible international business development, municipal knowledge-sharing and cultural exchange benefits for both parties. While a detailed evaluation of each agreement’s activities or performance was outside the scope of this review, Attachment 4 provides examples of projects undertaken and benefits supported under the framework of these agreements.

MOUs and the Cap on the Number of IAP Relationships

Between 2013 and 2019, the City entered into 19 Memorandum of Understanding (MOU) with different jurisdictions and organizations around the world. Only the agreement with Austin, Texas was formally approved at a City Council meeting in alignment with the City's Music Strategy; the other eighteen were signed by City officials without approval by City Council.

As they are not part of the IAP or any other Council-approved policy or program framework, MOUs, generally exhibit the following characteristics:

- Have variable terms, renewal mechanisms and conditions, and often do not identify specific projects or deliverables.
- Counterparties are not always municipal governments. In certain instances, the other party is a chamber of commerce, an arms-length trade organization, a regional government or a country.

Insufficient funding has been allocated to achieve MOU outcomes or keep pace with growth in the number of such relationships, even after a modest increase to EDC's operating budget in 2017 to support IAP – International Trade focused activities. When applied to international bi-lateral arrangements, the scope of an MOU is not well understood by other parties, often being conflated to an elevated Partnership or Friendship City relationship level.

The number and use of MOUs demonstrates that:

- Cities around the world look to Toronto as a leader in a number of areas and as such, they are seeking to engage in an active bi-lateral relationship with the City.
- As Toronto is a highly desired partner and in view of limited City resources for international engagement, a better balance needs to be maintained between the development of new agreements and the animation of existing relationships to achieve tangible outcomes which provide value to both parties.
- To accommodate interest from abroad and advance the City's own IPF and IAP goals, there is a need for a formal yet flexible, lower cost, time-limited mechanism to allow for collaboration with cities internationally on specific projects.

To address these findings, as detailed below, this report proposes:

- folding Toronto's existing Friendship City agreements into a broadened Partnership City category for longer-term relationships with potential to support activations linked to various City international engagement and IPF goals.
- including a new, time-limited International Project category in a modernized IAP framework; and
- discontinuing use of MOUs going forward, assigning certain active MOUs to the International Project agreement category, and as needed, terminate MOUs which cannot be reset as International Project agreements.

Toronto's International Business Development Eco-System and Intergovernmental Considerations

The City of Toronto is one actor in a dynamic, maturing, multi-party international business development eco-system. Many public, private, non-profit and academic institutions are actively involved in developing relationships with governments, businesses and institutions abroad for the purpose of facilitating international trade, business development, and investment opportunities. The number, capability and reach of these organizations has grown significantly since the IAP was last updated in 2005.

Of note:

- Since 2017, Toronto Global (TG) has operated as the principal foreign direct investment attraction agency for both the City of Toronto and the surrounding region.
- Destination Toronto (DT), as a destination marketing and management organization, is focused on attracting visitors, events and business conferences to our city.
- The Toronto Region Board of Trade (TRBOT) supports various export development and international business development activities for companies based in the Toronto region.
- Since 2022, TG, DT and the TRBOT have partnered – with each other and with the City of Toronto – under the banner of “Toronto, Inc.” on several international business development activations and co-investments.
- The federal and provincial governments have in-market representatives in many cities around the world through trade commissioners, investment officers or Consular staff, and the federal government continues to develop free trade agreements with different countries.

In this context, there is an opportunity for Toronto to update its IAP policies and practices to more fully leverage the resources provided by these other organizations and government partners. Specifically, it is proposed that any new IAP Partnership City agreements be limited to municipalities located in countries with which Canada has bilateral relations, and that the City consult with local partners and the other levels of government as appropriate when assessing potential Partnership City or International Project agreements to benefit from their insights and connections, whether related to human rights considerations, business development opportunities, government partner capacity or otherwise.

Several international business development eco-system partners participated in this review. These organizations expressed broad support for the view that Toronto's IAP relationships, when properly constituted and resourced, can facilitate international trade, investment, visitation and knowledge-sharing. To this end, these entities favour changes that would see IAP relationship agreements:

- be supported by a business case submission which includes specific objectives, outcomes, milestones, end dates, and the identification of required funding and other resources to deliver on commitments;
- be informed by advice from federal government agencies responsible for foreign affairs and trade, as appropriate; and

- be entered into with appropriate municipal authorities.

A majority of those surveyed also indicated that the City supports their organization's international engagement efforts by opening doors, providing legitimacy, and aligning resources.

Proposed Changes to the IAP

In view of these findings, the following changes to the structure and policies of the International Alliance Program (IAP) are proposed to strengthen its effectiveness:

1. Combine the existing IAP Partnership City and Friendship City relationship agreement categories into a single, blended Partnership City category to support long-term relationships with the definition, characteristics and approval processes detailed in Attachments 1 and 2, including:

- The counterparty to a Partnership City agreement must be a duly constituted municipality in another country.
- Partnership City agreements have a term of no more than 5 years, with options to renew by mutual consent.
- Partnership City agreements may support a range of activities addressing one or more of the City's strategic priorities and international engagement goals, as specified in the International Policy Framework (IPF) or IAP, as these may be updated from time to time.
- The assessment of a proposal for a new Partnership City agreement must consider various criteria, including the identification of the financial resources needed to support the agreement's activities and, as appropriate, consultation with the Government of Canada, other levels of government and key stakeholders.
- Any new Partnership City agreement must be approved by City Council.
- Partnership City agreements are to be executed by the Mayor, their designate or the City Manager on behalf of the City, and be in a form satisfactory to the City Solicitor.

2. Establish a new International Project relationship agreement category as part of the IAP to support short-term, time-limited initiatives with the definition, characteristics and approval processes detailed in Attachments 1 and 3, including:

- The counterparty to an International Project agreement must be a duly constituted municipality in another country.
- International Project agreements have a term of no more than 3 years.
- International Project agreements support particular projects or activities addressing one or more of the City's strategic priorities and international engagement goals, as specified in the IPF or IAP, as these may be updated from time to time.
- The assessment of a proposal for a new International Project agreement must consider various criteria, including the identification of the financial resources

needed to support the agreement's activities, and as appropriate involve consultation with Global Affairs Canada and other key stakeholders.

- City Council approval is not required for an International Project agreement. Instead, it is proposed that Council delegate authority to negotiate and execute International Project agreements to the City Manager, with the ability to subdelegate further to Deputy City Managers or Division Heads, with a project cost not exceeding the financial assigning authority of their role.
- International Project agreements are to be executed on behalf of the City by the City official most directly responsible for their delivery and with the requisite financial signing authority, working with the City Clerk's Office – Strategic Protocol and External Relations, and be in a form satisfactory to the City Solicitor.

3. Discontinue the use of MOUs, assign certain in-force MOUs to the International Project agreement category, and as needed, terminate MOU agreements which cannot be reset as or meet the eligibility requirements of an IAP International Project agreement.

4. Remove the current cap on the number of IAP relationships, with the stipulation that any new IAP Partnership City or International Project agreement proposal follow the assessment processes specified in Attachments 2 and 3, including the identification of resources required to support the agreement's activities.

5. In accordance with international best practices, identify and recognize in an appropriate manner expired or agreements that no longer meet criteria as "Historical Agreements". This designation will honour the legacy and contribution of these relationships, while indicating that no further resources will be allocated to them by the City. Impacted cities would be welcome to approach Toronto with new proposals for either an International Project or Partnership City agreement, in accordance with the IAP policy.

6. In line with international best practices, ensure that all IAP relationship agreements, whether existing or new and whether short or longer-term, are time-limited and identify (at least) one tangible project to jointly deliver over their term. Where no such conditions are in place, City officials should seek to update these agreements, with the consent of the counterparty, to bring them into alignment with updated IAP policy.

Recommended Assignment of Toronto's IAP and MOU Agreements to Proposed IAP Relationship Categories

Toronto's ten existing IAP relationships and nineteen MOUs were assessed using the proposed updated IAP relationship category definitions and eligibility criteria. Based on this assessment, the relationship category designations indicated in Table 1 are recommended.

Table 1: Assignment of Agreements to Proposed IAP Categories

Partnership City Agreement	International Project Agreement	Historical Agreement
<ol style="list-style-type: none"> 1. Chicago, USA 2. Chongqing, China 3. Frankfurt, Germany 4. Ho Chi Minh City, Vietnam 5. Kyiv, Ukraine 6. Milan, Italy 7. Quito, Ecuador 8. Rio de Janeiro, Brazil 9. Sagamihara, Japan 10. Warsaw, Poland 	<ol style="list-style-type: none"> 1. Lisbon, Portugal 2. Matera, Italy 	<ol style="list-style-type: none"> 1. Dubai Investment Development Agency, United Arab Emirates 2. COMCE Noreste (Monterrey), Mexico 3. Dunedin, USA 4. Federation of Indian Chambers of Commerce and Industry (New Delhi), India 5. Hong Kong Chamber of Commerce, China 6. Hong Kong Trade Development Council, China 7. Invest Sao Paulo, Brazil 8. Jaffna, Sri Lanka 9. Mexico City, Mexico 10. PanCanada Chamber of Commerce (Panama City), Panama 11. Portugal (Country) 12. Shenzhen, China 13. State of Maharashtra, India 14. Thrace Regional Development Agency (Trakya), Turkey 15. Uruguay XXI (Montevideo), Uruguay 16. Wuxi, China

In summary, the following assignments are recommended:

- All ten current IAP relationship cities should be assigned to the updated Partnership City category.
- The MOUs with Lisbon, Portugal and Matera, Italy which have not expired and otherwise meet all proposed updated IAP requirements should be considered, for the balance of their term, as International Project agreements.
- MOUs which have either expired or which otherwise do not meet proposed updated IAP requirements should be recognized as Historical Agreements.
- Agreement counterparties should be advised of any Council-approved changes to the structure of the IAP, their new relationship category designation and, as applicable, opportunities to:
 - update their existing agreement to bring it into alignment with IAP requirements; or
 - propose a new International Project or Partnership City agreement for Toronto’s consideration,

- The long-term Austin-Toronto Music City Alliance agreement endorsed by City Council in 2013 continue to be considered a unique bi-lateral arrangement outside the framework of the IAP.

Implementation Considerations

In recent years, responsibility for supporting Toronto’s international engagement corporately has been shared between the Economic Development and Culture division (EDC), the City Clerk’s Office - Strategic Protocol and External Relations unit (CCO-SPER), and the City Manager’s Office - Intergovernmental and Agency Relations section (CMO – IAR), the same three divisions which carried out this review of the IAP.

However, EDC was frequently viewed, internally and externally, as the City division with lead responsibility for all bi-lateral Friendship City, Partnership City and MOU relationships, irrespective of whether the activities associated with these agreements related to international business, trade or cultural industry development.

For greater clarity going forward, the following City division roles and responsibilities are proposed:

- Lead responsibility for the IAP corporately will shift from EDC to CCO-SPER, given the latter’s standing as a corporate division and in alignment with its mandate to facilitate Toronto’s External Relations with various bodies and jurisdictions, including through engagement with Toronto’s Consular and Diplomatic Corps, support for international visitors, study tours, missions, and government-to-government meetings.
- EDC’s Business Growth Services, Film and Entertainment Industries, Museum Services and Arts and Culture Services sections will continue to support IAP projects and activities with direct linkages to their respective program and service mandates.
- The CMO – IAR section will support certain IAP activities where there is direct programmatic interface with its mandate. As well, pending further review in 2024 and in discussions with CCO-SPER, CMO-IAR will continue to (i) oversee the City’s involvement in international mayoral membership organizations, and (ii) monitor and advise on the application of Toronto’s International Policy Framework and Corporate Intergovernmental Relations Protocol.
- CCO-SPER will lead the formation of a new interdivisional working group focused on coordinating the City’s international engagements, including the IAP. This group will meet no less than quarterly and include representatives from the CMO-IAR, EDC and other divisions with significant international engagement interests and responsibilities.

Conclusion

Establishing and maintaining bi-lateral relationship agreements with international cities through the International Alliance Program (IAP) is one of several ways Toronto can advance the goals of the City's International Policy Framework.

With the right structure and adequate resources, IAP relationships can effectively support a range of international business development, municipal knowledge-sharing and cultural exchange activities, that strengthen Toronto's global standing and reputation.

The updates to the IAP proposed in this report, informed by international best practices, will position Toronto for a future in which city-to-city collaboration and para-diplomacy play an increasingly important role – whether to seize shared opportunities or address common challenges – locally, nationally, and internationally. The changes proposed will provide the City with a framework and policies it can use to maintain a more diverse, active, productive, responsible and collaborative set of bi-lateral relationships with municipalities around the world.

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SIGNATURE

Patrick Tobin
General Manager, Economic Development and Culture

John Elvidge
City Clerk

ATTACHMENTS

Attachment 1 – Updated International Alliance Program (IAP) Framework

Attachment 2 – Policy for Establishing an IAP Partnership City Agreement

Attachment 3 – Policy for Establishing an IAP International Project Agreement

Attachment 4 – Examples of IAP Agreement Activities

Attachment 5 – Review of Municipal International Programs: Highlights

Attachment 6 – International Business Stakeholder Engagement Report: Summary

Attachment 1 – Updated International Alliance Program (IAP) Framework

IAP Relationship Category	Characteristics	Description
Partnership City Agreement	Definition	A long-term agreement between the City of Toronto and a municipality located outside of Canada to advance objectives of the City’s International Alliance Program and International Policy Framework, including strengthening Toronto’s economic, cultural and knowledge sharing links with municipalities abroad.
	Term	5+ years, with potential for options to renew or extend by mutual consent.
	Key Eligibility Criteria	Counterparty to the agreement must be a duly constituted municipal government in a county with which Canada has established relations; be a key economic, cultural and/or knowledge hub within a country or region abroad; be an alpha/beta/gamma city; and not be identified by the Government of Canada as a jurisdiction of concern, whether due to its nation’s human rights record or otherwise.
	Proposal / Candidature Assessment Process	As detailed in Attachment 2 to the report entitled “Modernizing the City of Toronto’s International Alliance Program” (April 2024). Assessment to include but not be limited to (i) consideration of whether the City possesses the required staffing, budget and organizational resources to support projects and activities linked to the proposed Partnership City agreement; and (ii) involve, as appropriate, consultation with other levels of government for further insights of possible considerations

IAP Relationship Category	Characteristics	Description
	Approval Mechanism	<p>Formal approval by Toronto City Council is required to establish a Partnership City agreement.</p> <p>The Mayor, their designate or the City Manager may execute a Partnership City agreement approved by Council on the City's behalf, provided it is in a form satisfactory to the City Solicitor and the applicable criteria and policy for establishing a Partnership City agreement has been followed.</p>
	Cap on number of agreements in total or in a given country abroad.	None
International Project Agreement	Definition	A short-term agreement between the City and a municipality located outside of Canada, focused on a specific project, to advance objectives of the City's International Alliance Program and International Policy Framework, including strengthening Toronto's economic, cultural and knowledge sharing links with municipalities abroad
	Term	No more than 3 years
	Key Eligibility Criteria	Counterparty to the agreement must be a duly constituted municipal government in a county with which Canada has established relations and not be identified by the Government of Canada as a jurisdiction of concern, whether due to its nation's human rights record or otherwise

IAP Relationship Category	Characteristics	Description
	Proposal / Candidature Assessment Process	<p>As detailed in Attachment 3 to the report entitled “Modernizing the City of Toronto’s International Alliance Program” (April 2024)</p> <p>Assessment to include but not be limited to (i) consideration of whether the City possesses the required staffing, budget and organizational resources to support projects and activities linked to the proposed International Project agreement; and (ii) involve, as appropriate, consultation with other levels of government for further insights of possible considerations</p>
	Approval Mechanism	<p>A resolution by Toronto City Council is not required to approve an International Project agreement.</p> <p>The City Manager, Deputy City Managers or Division Heads may execute an International Project agreement on the City’s behalf, provided the agreement is in a form satisfactory to the City Solicitor; its anticipated project cost does not exceed their financial signing authority; and the applicable criteria and policy for establishing an International Project has been followed.</p>
	Cap on number of agreements, in total or in a given country abroad.	None
Historical Agreement	Definition	An agreement which had been established prior to the current review of the program and is now either expired or no longer meets the criteria of the International Alliance Program.

Attachment 2 – Policy for Establishing an International Alliance Program (IAP) Partnership City Agreement

Definition

A Partnership City agreement establishes a formal long-term relationship between the City of Toronto and a municipality located outside of Canada to advance one or more objectives of the City of Toronto's International Alliance Program (IAP) and International Policy Framework, including strengthening Toronto's economic, cultural and knowledge sharing links with municipalities abroad.

Partnership City agreement activities may include, but are not limited to, organizing outbound and inbound virtual or in person missions; fostering international trade opportunities for Toronto based businesses; exchanging information and organizing knowledge exchanges between municipal officials; designing and implementing projects to advance each jurisdiction's strategic priorities; and relationship recognition activities supported by inter-municipal international protocol practices.

Core Eligibility Criteria

Consistent with the purposes of the IAP, the City may enter into Partnership City agreements only with municipalities meeting the following eligibility criteria. The municipality must:

- Be located in a country with which Canada has established relations, including bilateral agreements and other cooperation mechanisms.
- Be an Alpha, Beta or Gamma city.²
- Be a key economic, cultural and/or knowledge hub within a country or region.
- Be a duly constituted municipal jurisdiction led by a duly constituted local government.
- The counterpart municipality may delegate the implementation of certain activities undertaken as part of the Agreement to a recognized third party, but the signatory to the Agreement must itself be a municipal government.

Not be identified by the Government of Canada as a jurisdiction of concern, whether due to its nation's human rights record or otherwise.

Step 1: Preparation of a Partnership City Proposal

To initiate the Partnership City agreement assessment and authorization process, a detailed Proposal must be prepared and submitted for consideration in the form and manner indicated on the City of Toronto's website at: www.toronto.ca, and include the following elements:

² The concept of Alpha, Beta, and Gamma cities was introduced by sociologist and urban theorist Peter Hall in his book "The World Cities" published in 1966. Hall's classification system categorizes cities based on their level of integration into the global economy and their influence on global affairs. [GaWC Research Bulletin 301 \(lboro.ac.uk\)](http://www.gawc-research.com)

- Name of the candidate city.
- Information about the candidate city's economy, cultural and community resources, and relevant municipal priorities, services and programs.
- Proposed agreement goals.
- Proposed agreement activities or projects, including an indication of the financial and staffing resources required to support these activities.
- Proposed agreement term of no more than five years, with option to renew.

Step 2: Initial Assessment

The City Clerk's Office – Strategic Protocol and External Relations (CCO-SPER) will review the Proposal and assess the following:

- Does the candidate city meet all IAP Partnership City core eligibility criteria?
- Is the information in the Proposal clear and compelling?
- Is the candidate city a strong current or future market or partner for goods, services, and/or innovation of importance to Toronto and its economy?
- Is the candidate city's population and GDP comparable to Toronto's?
- Has the candidate city been identified as a jurisdiction of interest for enhanced engagement by Toronto based business, community, academic, and/or public institutions which are in a position to commit the resources needed to support projects or activities linked to the proposed Partnership City agreement?
- Does the candidate city demonstrate not only the interest but the institutional resources and capacity to engage in meaningful, sustained activities as part of a Partnership City agreement, as demonstrated through a previously completed International Project agreement or other collaboration with Toronto?
- Only proposals assessed positively on all elements may proceed to Step 3.

Step 3: Internal Capacity Assessment

The City Clerk's Office Strategic Protocol and External Relations unit (CCO-SPER) and the City Division(s) with the most direct responsibility for activities or of the proposed agreement will assess whether the City of Toronto possesses the required staffing, budget and organizational resources to effectively support projects or activities linked to the proposed Partnership City agreement.

Staff's recommendation to Council to approve a new Partnership City agreement may be contingent on there being adequate resources available.

Step 4: Approval Procedure

Formal approval by City Council is required to approve any new Partnership City agreement.

To inform this decision, a report must be considered by City Council and include an assessment of the Partnership City Proposal, with reference to the criteria and considerations set out in this policy.

Attachment 3 – Policy for Establishing an International Alliance Program International Project Agreement

Definition

An International Project agreement establishes a formal short-term relationship of no more than three years between the City of Toronto and a municipality located outside of Canada, focused on a specific project, to advance one or more of objectives of the City of Toronto's International Alliance Program (IAP) and International Policy Framework, including strengthening Toronto's economic, cultural and knowledge sharing links with municipalities abroad.

Core Eligibility Criteria

Consistent with the purposes of the IAP, the City may enter into Partnership City agreements only with municipalities meeting the following eligibility criteria. The municipality must:

- Be located in a country with which Canada has established relations, including bilateral agreements and other cooperation mechanisms.
- Be a duly constituted municipal jurisdiction led by a duly constituted local government.
- The counterpart municipality may delegate the implementation of certain activities undertaken as part of the Agreement to a recognized third party, but the signatory to the Agreement must itself be a municipal government.
- Not be identified by the Government of Canada as a jurisdiction of concern, whether due to its nation's human rights record or otherwise.

Step 1: Preparation of an International Project Proposal

To initiate the International Project agreement assessment and authorization process, a detailed proposal must be prepared and submitted for consideration in the form and manner indicated on the City of Toronto's website and must include all listed required elements. Proposals missing required components will not be considered.

Step 2: Initial Assessment

The City Clerk's Office – Strategic Protocol and External Relations unit (CCO-SPER) will review the proposal and assess the following:

- Does the candidate city meet all IAP International Project core eligibility criteria?
- Is the information in the proposal clear and compelling?
- Has the candidate city been identified as a jurisdiction of interest for enhanced engagement by City Divisions or Toronto-based business, community, academic, and/or public institutions which are in a position to commit the resources needed to support activities linked to the proposed International Project agreement?
- Does the candidate city demonstrate not only the interest but the institutional resources and capacity to undertake the activities specified in the proposed International Project agreement?

Only proposals assessed positively on all elements may proceed to Step 3.

Step 3: Internal Capacity Assessment

The City Clerk's Office – Strategic Protocol and External Relations unit (CCO-SPER) and the City Division(s) with the most direct responsibility for the activities specified in the proposed International Project agreement will assess whether the City of Toronto possesses the required staffing, budget and organizational resources to effectively support the activities specified in the proposed agreement.

Step 4: Approval Procedure

An International Project agreement can be executed on the City's behalf by the City Manager, Deputy City Manager or Division Head most directly responsible for the project activities specified in the agreement, provided that:

- the anticipated project cost does not exceed their financial signing authority;
- the applicable criteria and policy for establishing a new International Project has been followed; and
- the agreement is in a form satisfactory to the City Solicitor.

Attachment 4: Examples of IAP Agreement Activities

When adequate resources are available, priorities align, and local partners are effectively engaged, IAP and related bi-lateral agreements can yield tangible international business development, municipal knowledge-sharing and cultural exchange benefits for both parties. While a detailed evaluation of each IAP agreement's activities or performance was outside the scope of this review, examples of projects undertaken and benefits supported under the framework of Toronto's IAP agreements are provided below.

Chongqing

- In 2013, Toronto welcomed the arrival of two giant pandas at the Toronto Zoo, one of which (Er Shun) was from the Chongqing Zoo. The Partner City relationship between Toronto and Chongqing was directly responsible for the panda exchange.
- In 2006, the Mayor of Chongqing led a delegation to Toronto to commemorate the relationship's 20th anniversary. An estimated \$50 million in business contracts were signed in Toronto as part of this mission.

Milan

- In 2023, Toronto supported an Indigenous Fashion Arts delegation to Milan Fashion Week, showcasing collections of seven designers, including two from Toronto, one of whom is an award-winning designer and an alumni of the Toronto Fashion Incubator.
- The City of Toronto signed the Milan Urban Food Policy Pact in 2015, joining 45 cities globally and over 15 international organizations committed to developing sustainable, inclusive, resilient, safe, and diverse food systems, ensuring access to healthy and affordable food, reducing waste, and conserving biodiversity to mitigate climate change impacts.

Chicago

- In 2020, Chicago Mayor visits Toronto and participates in the Healthy Cities Symposium along with Toronto Mayor. In addition, there were site visits to communities undergoing gentrification (Regent Park).
- In 2015, Toronto and Chicago collaborated on developing the ReMix Project, a music initiative combining concerts and mentorship events to showcase artists from both cities.

Frankfurt

- In 2017, students from Carl-Schurz-Schule (CSS) visited Toronto and in 2018, students from the University of Toronto School visited Frankfurt as part of the "Maximum City Exchange" to study sustainability and design.
- The 30th anniversary of this partnership was celebrated in 2019 by an exchange of murals between artists from both cities to promote each city's cultural sector.

Sagamihara

- In recognition of its long-standing friendship agreement, Sagamihara donated 45 trees to Toronto for the Sakura Tree Project in 2015 which aimed to enhance

public park space, engage the community, and create a destination for cherry blossom-related events at the Birkdale Ravine in Scarborough.

- Educational exchange programs between York University and Aoyama Gakuin University have been in place since 2016 and between OCAD University and Joshibi University of Art and Design since 2021.

Rio de Janeiro

- In 2015, Toronto led a mission to Rio de Janeiro which included tours of the region's life sciences sector and signing of the official Friendship Agreement. In 2017, following the mission, Biolab Farmacêutica collaborated with the Ontario Investment Office, the City of Toronto, City of Mississauga, Toronto Global and the Brazil-Canada Chamber of Commerce (BCCC) and established a Research and Development (R&D) centre in the Greater Toronto Area.

Warsaw

- In 2010, a "Contemporary Architecture in Warsaw" exhibit was held at Metro Hall.
- March 2021, Polish companies interested in green technologies explored business opportunities in Toronto, and Warsaw is one of 7 focus markets of the Toronto Clean Energy Partnership.

Kyiv

- In 2021, fifty + Toronto businesses and community leaders participated in a virtual mission to explore trade and investment opportunities in Kyiv. Kyiv was one of seven focus markets of the Toronto Clean Energy Partnership which helped to support cleantech companies in developing and bidding on international green infrastructure projects in Central and Eastern Europe.

Ho Chi Minh City

- In 2017, fourteen Toronto based educational institutions exhibited at the EDU Canada Education Fair.
- A relief fund was organized to support victims of a flood disaster in 2010.

Quito

- The City of Toronto has hosted many editions of the community-led Ecuadorian Art Exhibition in the City Hall rotunda, between 2008 and 2019.
- Representatives from Quito have participated in various business development networking sessions at the Toronto Global Forum organized in collaboration by the City of Toronto and the Latin American Bilateral Trade Initiative (LABTI).

Attachment 5 – Review of Municipal International Programs: Highlights

A jurisdictional scan of international agreements and engagement approaches used by ten cities in Canada and abroad – including Brampton, Mississauga, Vaughan, Montreal, Vancouver, Chicago, New York City, London, Tokyo, and Barcelona -- identified the following effective practices and features.

Characteristics of International Engagement Programs and (Bi-lateral) Agreements

- Relationships and agreements are increasingly established on a project or sector specific basis, with identified outputs, outcomes, metrics, and end dates.
- Relationships and agreements are often established with counterparts that share complementary goals and values.
- Having a well-developed program with clear criteria helps to establish a city's brand and priorities globally and increase the likelihood of forging strong, mutually beneficial relationships.
- Purposeful engagement allows a city to advance its Council's priorities internationally and ensures that agreements and collaboration centre on areas of mutual interest with counterparts.
- Lead (co-ordinating) responsibility for a city's international relationships often rests with a dedicated international relations office, helping to ensure:
 - there is a clear point of contact at and entry into the municipality with responsibility for international engagements, including with the Consular Corp
 - international engagements align with a community's articulated (long-term) priorities; and
 - deliverables associated with signed agreements are actioned, tracked and reported on
- Responsibility for trade-focused relationships is sometimes held by a city's economic development office / function.
- Cities engage local community members and partners to varying degrees in the process of forming relationships with municipalities abroad. Some municipalities rely on community organizations to drive engagement with international cities, and in certain cases look to these third parties to be responsible for the activities and costs associated with the agreement(s).

Approval, Reporting and Termination

- In several cities, Council approval must be received before a relationship can be formed.
- In some cases, cities reserve the authority to terminate agreements that are deemed to be dormant (i.e. no activity within an identified duration.)

- Reporting on relationship / agreement outcomes to Council supports accountability for international engagement programs and activity.

Attachment 6 – International Business Stakeholders Engagement Report: Summary

To support the IAP review, an on-line survey was issued to various (public, private, academic and non-profit) organizations engaged in international business development activities in Toronto.

Activities

Respondents undertake a broad range of activities in the international business arena. The most common activities include hosting inbound trade missions and conducting international promotion and outreach, followed by outbound trade missions, and participating in inbound trade delegations. Other activities include business attraction; intelligence gathering and deal finalization; international event attraction; international conferences and meetings; and formal partnerships.

Several organizations indicate they participate in outbound trade missions; undertake export development; and pursue lead generation. Two organizations responded that they pursue foreign direct investment, and one organization indicated it provides foreign clients with Canadian legal advice on business matters.

Nine respondents indicated they had participated in a business or trade mission, including missions organized by: the federal government (seven organizations); the province/state or municipal governments (five organizations); chambers of commerce or boards of trade (three organizations); and regional governments (two organizations). Other missions mentioned by respondents were organized by Landing Pad Tokyo and the UK consulate in Toronto.

Outcomes

Respondents identified a variety of outcomes they aim to achieve through their international engagement activities, including sector development (11 respondents), export and trade (8 respondents), event attraction (7 respondents), foreign direct investment (6 respondents), tourism (3 respondents), and student recruitment (1 respondent).

Respondents identified different approaches for evaluating the impact of their international engagements, some quantitative and some qualitative. They also identified several activities that correlate with success, including building trusting relationships, networks, and connections; ensuring good processes; and the importance of structural incentives and frameworks.

Jurisdictions and Firms

When deciding which international jurisdictions to engage with, respondents assess the characteristics of cities, regions, or companies; rely on intelligence and advice; consider funding sources; and focus on specific target markets.

Asked how they engage with Canadian companies, respondents indicated that they provide firms with information and education; employ networking strategies and hold events; gauge if there is sufficient interest (in a proposed engagement abroad); focus on a specific sector; and ensure participant readiness.

Sectors of Interest

Respondents were asked to indicate what sectors they focus on. Life Sciences and Technology (five respondents each) were cited most frequently, followed by Education, Events, Financial Services, Green, Manufacturing (four responses each), then Aerospace, Food and Beverage, and Tourism (two responses each). Other sectors mentioned (once each) included Film and Music, Management Services, Agriculture, Energy, Health, and Infrastructure. Three respondents indicated they address a broad base of sectors in their activities.

Perspective on Toronto's IAP Relationships

The survey noted that the City of Toronto holds four IAP Partnership City agreements (with Chicago, Chongqing, Frankfurt, and Milan) and six Friendship City agreements (with Ho Chi Minh City, Kyiv, Quito, Rio de Janeiro, Sagamihara, and Warsaw). Respondents were asked to rank their interest in these ten cities and explain their ranking. Chicago and Frankfurt were identified as the most important. Milan, Ho Chi Minh City and Rio de Janeiro were clustered together next in terms of importance, followed by – as a group -- Kyiv, Quito, Sagamihara, Warsaw, and Chongqing. Respondents pointed to the following considerations to substantiate their rankings -- past experience, connectivity, market forces, world events and alignment with trade agreements.

The survey asked whether the City of Toronto's Partnership City relationships can play a significant role in supporting or enhancing respondents' international business activities. Respondents indicated that the City can or does support their organization's own international (business development) engagement efforts in different ways, including: opening doors, providing legitimacy, and leveraging resources.

Respondents noted that the City could increase its impact in this area by focusing more on international students, concentrating on specific markets, facilitating connections and funding, and promoting Toronto internationally.

Several respondents indicated a keen interest in working with the City of Toronto to advance international business and trade.