



**PARTNERSHIPS THAT PRODUCE:  
BEST PRACTICES FOR INTERNATIONAL  
METROPOLITAN PARTNERSHIPS**

DECEMBER 2018



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# CITIES ARE THE HUBS OF THE GLOBAL ECONOMY

In a highly competitive and interconnected global economy, metropolitan centres are the hubs of economic growth and trade activity. Global cities like Toronto are increasingly fueling the prosperity and competitiveness of their nations. For example, the Toronto Region represents nearly one-fifth of Canada's GDP and more than half of Ontario's GDP.

With increasing world trade, Canada has positioned itself well as the only G7 nation with free trade access to the Americas, Europe and the Asia-Pacific region. These free trade agreements open the door to more than 1.5 billion consumers worldwide. Metropolitan centres like the Toronto Region can leverage that access to build strategic international relationships in leading industries and

facilitate the flow of information, talent, and investment to boost the regional economy in a very tangible way.

In 2017, the World Trade Centre Toronto (WTC-T) published the report *Priority Export Markets for Toronto Region Industries* to help businesses, especially small and medium enterprises, begin to diversify their trading relationships into strategic markets. *Partnerships that Produce* builds on that work by examining how the City of Toronto and metropolitan-based institutions can better forge and strengthen economic and cultural links with counterparts across the globe through their own agreements. This report identifies five best practices that all international metropolitan partnerships should incorporate.

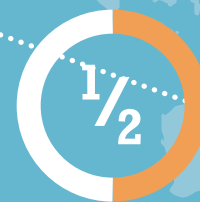
CANADA HAS 14 TRADE AGREEMENTS PROVIDING MARKET ACCESS TO 51 COUNTRIES ACROSS THE AMERICAS, EUROPE, AND THE ASIA-PACIFIC REGION.



CANADA'S GDP



ONTARIO'S GDP



TORONTO REGION REPRESENTS NEARLY ONE-FIFTH OF CANADA'S GDP AND MORE THAN HALF OF ONTARIO'S GDP.



Toronto is consistently ranked the most multicultural city in the world, home to more than 180 languages and dialects and more than 240 ethnic groups.



Toronto Pearson is the 5th most connected airport in the world and 2nd busiest in North America.



Five world-renowned universities and six internationally-recognized colleges bring approximately 80,000 international students to the Toronto region every year.



# WHAT ARE INTERNATIONAL METROPOLITAN PARTNERSHIPS?

**M**etropolitan partnerships refer to the long-standing practice of cities, and the local authorities that run them, establishing formal relationships with other cities. Such partnerships can be domestic or international in scope and are best known as ‘town twinning’ or ‘sister cities.’ Over the past 70 years, such partnerships have occurred in waves. The most recent wave has followed the rise of globalization, economic internationalism, glocalization and new public management. It has also expanded to include city-building institutions in the surrounding metropolitan area.

The Brookings Institution characterizes the latest wave of partnerships as:

**“FORMALLY STRUCTURED, ONGOING COLLABORATIONS AMONG TWO OR MORE INTERNATIONAL METRO AREAS ESTABLISHED UNDER A WRITTEN AGREEMENT BY PUBLIC, PRIVATE OR NON-PROFIT ORGANIZATIONS TO CREATE MUTUAL OR RECIPROCAL ECONOMIC BENEFITS THROUGH TRADE, INVESTMENT, KNOWLEDGE CREATION OR COMMERCIALIZATION.”**

For decades, cities have used these partnerships to collaborate in a number of different areas depending on each city’s priorities and commonalities. In the new generation of agreements, these partnerships can help advance local business interests into new markets, encourage trade activity, collaborate on research projects and new technologies, exchange best governance practices, and tackle challenges like rising inequality, by ensuring inclusive and sustainable growth.





# EXAMINING BEST PRACTICES WORLDWIDE

**T**hrough extensive research into contemporary metropolitan partnership agreements, WTC-T has developed five effective practices that cities and institutions around the world can adopt to form more impactful and results-driven international relationships.

WTC-T convened a Global Cities Roundtable, a Consuls General Roundtable and a Partnership Symposium that incorporated the expertise of the Brookings Institution to understand how cities worldwide establish and implement their partnerships. Through this review process, in addition to

exploring relevant case studies and scholarly articles, common practices emerged that help cities make the most out of their international partnerships.

In addition to sister cities agreements, metropolitan-based organizations that are globally oriented and already managing, or looking to form international partnerships, can also incorporate these five best practices into their agreements. This includes city-building institutions, such as universities and colleges, incubators and accelerators, regional economic and tourism agencies, museums, galleries, and libraries.

# FIVE BEST PRACTICES FOR IMPACTFUL PARTNERSHIP

AFTER 70 YEARS OF SISTER CITIES PARTNERSHIPS, COMMON AND EFFECTIVE PRACTICES HAVE DEVELOPED.

TO ACHIEVE MEANINGFUL RESULTS, CITIES SHOULD STRIVE TO INCORPORATE THE FOLLOWING FIVE PRACTICES INTO THE NEXT GENERATION OF AGREEMENTS.



# 1

## CLEAR DECISION CRITERIA

Global cities field many partnership requests per year. These cities use various criteria to evaluate these opportunities, ranging from simple city commonalities, such as population size or geographic characteristics, to more sophisticated measures that consider industrial ties and economic activity. Cities should think carefully about the objectives they hope to accomplish, design clear criteria to select the partner cities that will help achieve that, and apply the criteria consistently to all opportunities.



# 2

## ALTERNATIVE PARTNERS

Cities are looking beyond civil authorities for international partners. It is common for academic institutions, industry organizations, economic development organizations, gateways (such as airports or ports) or intermediary networks (such as incubators or accelerators) to be integrated into agreements.

Such partners are useful because they:

- 1) are located in priority metropolitan centres;
- 2) offer superior access to the audience that cities are seeking to influence; and
- 3) deliver specialized programming that can help cities reach their objectives.





## 3 TIME-BOUND PROJECTS

Cities are implementing time-bound projects with their international partners. The duration of contemporary agreements in Canada, the U.K. and U.S. ranges from three to five years. Project expiration dates:

- 1) help cities evaluate the impact of their activities by setting clear project parameters and milestones;



- 2) encourage international partners to fulfill their end of the agreement by creating a decision point for renewals based on past performance;
- 3) improve transparency by requiring documentation of project milestones and conclusions; and
- 4) offer cities the flexibility to change their international relationships as cities' needs change.



## 4 DETAILED OBJECTIVES

Cities are moving away from generalized agreements. Instead, they are designing detailed objectives, based on specific projects and purpose, with their international partners. The 'SMART' approach is commonly used in project management for ensuring well-defined goals and objectives and involves the consideration of factors including:

- 1) focused goals;
- 2) desired and measurable outcomes;
- 3) required resources;
- 4) partner responsibilities;
- 5) duration of cooperation; and
- 6) rigorous reporting.



## 5 ROBUST POLICY FRAMEWORKS

Cities require a policy framework to guide their international activities and relationships. These frameworks should:

- 1) align with a municipality's vision and strategic goals; and
- 2) include mechanisms to coordinate citywide activities.

### "SMART" OBJECTIVES FOR SPECIFIC PROJECTS

#### SPECIFIC

##### What is the project objective?

For example: grow trade, attract business investment, attract tourists, policy & service innovation, support local artists.

##### What is the project activity?

Examples include trade or investment mission, talent exchange, cultural event, data sharing agreement.

#### MEASURABLE

##### How can the activity be empirically measured?

For example: the number of missions or events conducted, number of businesses reached or new investments, the number of times data was accessed or shared, the number of jobs created or new businesses attracted, the number of new tourists and and businesses reached.

#### ASSIGNABLE

##### Who is responsible & best positioned to deliver the project?

For example: the City, WTC-T, Toronto Global, an industry organization, college or university, library or museum.

#### RESOURCED

##### Is the project adequately resourced?

Examples include funding and staff.

#### TIME-BOUND

##### When does the project end? When can results be examined?

For example, in two to three years.



# THE CURRENT STATE OF TORONTO'S GLOBAL PARTNERSHIPS

**S**ince amalgamation, the City of Toronto has cultivated partnerships with other cities from around the world to support its global engagement mission. The City's Economic Development and Culture Division manages the international city-to-city partnerships through the International Alliance Program, with a budget of close to a million dollars.

Since being established in 2001, the program has been updated on two occasions. First, in 2005 to refresh and stabilize the 37 international agreements the City had inherited after amalgamation. This change introduced two types of international arrangements the City could undertake – *Partnership and Friendship Agreements* – and capped the number of agreements the City could have at any given time to ten. This decision concluded many of the previously inherited partnerships.

While both types of agreements represent formal relationships, the *Partnership* classification focuses primarily on economic development and is administered by city staff. The *Friendship* agreements, on the other hand, are driven by community groups and require the endorsement of a City Councillor. The Friendship classification represents a more symbolic link that, in large part, pays homage to Toronto's diversity and the importance of forging strong cross-cultural partnerships.

The program was further altered in 2008 when the City began signing more informal memoranda of understanding (MOUs) with other cities and some of their partners worldwide.





## QUICK FACTS

2002

The City approved the International Alliance Program policy framework, outlining 4 goals and 15 objectives.

26+ 

Total number of *Partnership Agreements*, *Friendship Agreements* and MOUs the City of Toronto has worldwide.

\$900K

The budget in 2017 for Toronto's International Alliance Program.

8 

MOUs were signed between 2014 and 2017, despite the program's budget decreasing by 8.5%.

1986 

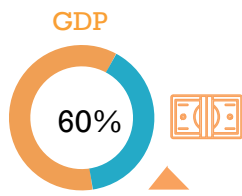
An agreement was signed with Chongqing, China, making it Toronto's oldest partnership.

2018 

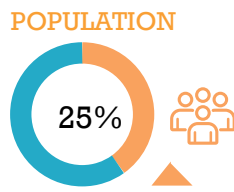
Toronto signed an MOU in Panama City, making it the City's newest partnership.

## TORONTO HAS CHANGED SIGNIFICANTLY SINCE THE INTERNATIONAL ALLIANCE PROGRAM WAS FIRST CREATED IN 2001.

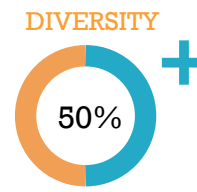
### BETWEEN 2001 AND 2016, THE TORONTO CMA:



Added \$120 billion to its annual GDP, a 60% increase.



Added 1.2 million people, a 25% increase.



More than half of the population is now visible minority.

#### TOP DESTINATION



Remains the top destination for new immigrants to Canada.

#### GLOBAL CITY



City of Toronto raised its ranking from a Second-Tier City to a Global City.

# AN OPPORTUNITY TO BOOST TORONTO'S INTERNATIONAL PARTNERSHIPS



2017 Council directive to review and enhance the City's International Alliance Program triggered the review of Toronto's international metropolitan partnerships. Through the review, Council indicated it sought to increase the number of international relationships Toronto has with strategic cities worldwide, as well as identify those partnerships that no longer helped the City achieve its economic and cultural objectives.

With this opportunity in mind, WTC-T also reviewed the City's International Alliance Program documentation, going back 20 years, to understand the program's objectives and alterations.

To help Toronto become a world leader in partnership formation, WTC-T has developed 10 specific recommendations for the City's consideration, based on the effective practices used in contemporary agreements worldwide.



# 10 WAYS TORONTO CAN BUILD BETTER PARTNERSHIPS



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

Toronto should reposition itself as a catalyst of international partnerships, instead of the sole owner and executioner of them. This means the City, through its persuasive abilities and extensive networks should encourage and assist local alternative partners to pursue their own partnerships with international counterparts or cities.

## 2 Enhance the City's decision-making criteria.

Toronto's International Alliance Program decision criteria should be updated to reflect the City's priority industries and target international markets. This way, the City's economic priorities and activities can be better aligned, making the most of limited resources. It should also include a defined path forward to forming new partnerships and consistently use that when adding or choosing not to add new sister cities.

## 3 Reclassify the City's MOUs.

Toronto's MOUs and Partnership Agreements share very similar goals. However, MOUs fall outside of the City's International Alliance Program policy framework and are therefore not subject to its parameters, reporting requirements, and funding allocation. A better path forward is to eliminate the MOU classification, and reclassify those agreements as either Partnership or Friendship, depending on their stated objectives. Friendship agreements can be used to prioritize the City's historic and cultural connections, whereas the Partnership agreements should prioritize economic outcomes.

## 4 Review the City's Agreements.

After the re-classification of the MOUs, a review of all 26+ City agreements should take place. As it has done in the past, the City should once again assess the value of all its international agreements and sunset or re-classify those that do not meet the enhanced decision-making criteria and the City's objectives. Prioritizing two to three partnerships per year will ensure a decisive plan of action that is adequately resourced and demonstrates clear progress on deliverables.

## 5 Begin working with alternative partners.

Nearly all Toronto's international partnerships are with other cities, except for some recent MOUs that have been signed between organizations. Toronto should expand its use of alternative partners, both at home and abroad, and leverage their networks, expertise and resources to maximize the impact of agreements. Partners can include academic institutions, economic development and industry organizations, intermediary networks or gateways, among others.

**6** 

**Establish meaningful and measurable objectives.**

For Partnership Cities, Toronto should ensure specific and measurable outcomes are negotiated into agreements by incorporating the SMART objectives methodology during the process of negotiating each agreement. The SMART approach is commonly used in project management for ensuring well-defined goals and objectives.

**7** 

**Establish time-bound agreements.**

It is common for contemporary agreements to include specific timeframes. Without stated durations, agreements can go on for decades, dormant, with no procedural juncture at which to initiate a review. It also offers little incentive for international partners to hold up their end of the bargain. Many contemporary agreements use a timeframe of three to five years with guidelines for termination or renewal.

**8** 

**Base agreements on specific projects.**

Toronto should adopt the practice of forming project-based agreements. Putting structure around its agreements supports the formulation of SMART objectives, improves transparency by requiring documentation of milestones and facilitates the evaluation of outcomes. Those projects can include examples like the organization of inbound and outbound missions, finalizing new or expanded business agreements, attracting an event, or an information exchange in a particular field.

**9** 

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

Toronto should adhere to the International Alliance Program requirement of producing annual activity goals and summaries, as well as achievements and new investments. Among other things, this will support the City's Economic Development and Culture Division with its annual business plan. All agreements and outcomes should be made public on the City's International Alliance Program webpage.

**10** 

**Properly resource the City's partnership projects.**

Toronto should fund its international partnerships based on the outcomes it seeks to achieve. Once the City has set clear objectives for all its agreements, and estimated their implementation costs, the City must assess whether it needs to increase funding to its International Alliance Program budget, reduce the number of agreements it maintains, or a combination of both.



# TORONTO'S PARTNERSHIP PROCESS REIMAGINED

**M**any local authorities, like the City of Toronto, are examining their international profile and linkages because they recognize they are competing against other cities on a global scale. These same local authorities regard their international partnerships as an important mechanism to enhance their global profile and economic opportunities domestically.

Through the ten outlined recommendations, the City of Toronto has an opportunity to improve the impact and effectiveness of its international partnerships – both current and future. These recommendations have been mapped out through a re-imagined process of forming metropolitan partnerships for both the City of Toronto and other city-building institutions.







**PARTNERSHIP PROPOSALS**

**External:**

- Global cities
- MOU cities
- Alternative partners

**Internal:**

- City staff
- Elected officials

**DECISION FACTORS**

**Consider:**

- Revised program criteria
- Priority markets
- Priority sectors
- Available resources
- Partnership cap



**DECISION POINT**

**PROJECT FORMULATION & NEGOTIATIONS**

**Engage:**

- Alternative partners
- SMART objectives approach



**DECISION POINT**

**SIGN AGREEMENT**

**Publish:**

- Signed agreement
- Agreed upon goals and activities
- Timeline of milestones

**CARRY OUT ACTIVITIES**

**Align:**

- Projects to resources and focus on two projects per year
- Citywide activities

**Engage:**

- Alternative partners to amplify results

**Measure:**

- Progress on completed objectives
- Results of all activities

**Report:**

- Annual activity summaries and achievements

**AGREEMENT CONCLUDES**

**Evaluate:**

- Agreement and project outcomes
- Value of renewing or sunsetting the agreement



**DECISION POINT**





# PUTTING IT INTO PRACTICE

**T**he City and WTC-T previous study on identifying priority export markets for Toronto's top industries is being actively used to inform the selection of municipal inbound and outbound trade missions, as well as provide the City the confidence that its limited resources are being allocated to missions and programs that help achieve the maximum economic benefit for Toronto.

Looking ahead, the City, city-building institutions, and WTC-T have an opportunity to collaborate further on the implementation of these recommendations and the creation of new best-in-class partnership projects that leverage Toronto's strengths and make the City a world leader in metropolitan partnerships.




## **ACKNOWLEDGEMENTS**

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## POSITIONING THE TORONTO REGION AS A GLOBAL CHAMPION

The Toronto Region Board of Trade is one of the largest and most influential chambers of commerce in North America. Our constant flow of ideas, people and introductions to city-builders and government officials firmly roots us as connectors for – and with – the business community. Backed by more than 13,500 members, we advocate on behalf of the business community for policy change to drive the growth and competitiveness of the Toronto region. We act as catalysts to make Toronto one of the most competitive and sought-after business regions in the world, which starts with the success of our members.

World Trade Centre Toronto is the Board's trade services arm. As a member of the World Trade Centre Association, WTC-T creates unparalleled global access for the Toronto region's business community with its connection to 317 branded properties and trade services associations in 88 countries. WTC-T provides targeted international trade advisory services and expertise through comprehensive research, trade education, strategy building workshops, outbound and inbound trade missions and valuable connections to experts and networks.