

CBCA

The CBCA City-Business Partnership Maturity Model



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> Executive Summary

The 4-stage maturity model for city-business partnerships is a guidance document for cities to **assess the maturity of their local city-business engagement**, as part of the City-Business Climate Alliance (CBCA), an initiative of C40, WBCSD and CDP. The maturity model is segmented into **four successional stages** – Recognition, Formation, Development and Sustained Operation. Cities can determine which stage in the model they are at by assessing what activities they are undertaking, staffing allocation, project financing and the overall partnership governance structure. There is also advice for how a city can move on to the next stage of the maturity model.

	Recognition	Formation	Development	Sustained Operation
Activities	The city recognizes the need for city-business collaboration to advance climate action in line with the Paris Agreement. The city starts to: identify priority climate challenges where the private sector can be leveraged; map private sector players ; explore governance and financing models to set up a city-business partnership.	The city & business members are finalized and work more closely together to consolidate the joint vision, joint commitments and priority areas and to choose the appropriate governance and short-term financing models. The partnership is formalized and announced publicly .	A Board is set up to formalize the partnership into a long-term, strategic initiative . A workplan is agreed to position the Board to advise the city on climate initiatives and project implementation. The Board establishes collaborative & effective ways of working and develops activities such as feasibility studies, comms strategies to advocate, raise awareness & attract investors; and a monitoring, evaluation & reporting system.	The partnership is fully operational and focussed on goal realisation via project implementation . Through working groups, joint activities include: thorough project viability analysis; regular stakeholder networking; developing a communications & public information strategy; engaging policymakers through a co-developed policy advocacy strategy; measuring success to determine high-impact low-emissions projects.
Staffing	1 City official as POC.	At least 50% of 1 city official as POC.	1 dedicated city FTE, ideally more to support and in-kind contributions from participating businesses.	3+ FTEs employed by city with expertise pertaining to agreed priority areas plus coordination/ governance experience.
Financing	Existing city budgets.	City funds the POC and the partnership focuses on a joint fundraising strategy by exploring short-term financing options.	City develops a business plan and self-sustaining financial model to operationalize activities and execute projects. Any profits should be reinvested into the projects. Commencing projects eases search for funding.	City reviews the stability of a self-sustaining financial model. Set up separate commercial implementation vehicle if feasible.
Governance	Cross-departmental, informal city working group led by POC. Map relevant existing city-business initiatives for possible integration.	Multiple city-led, cross-cutting working groups with business representatives. Governance model chosen, decision on whether existing city-business initiatives should be integrated & develop partnership working principles.	The partnership sets up a Board (5+ members) and develops its chosen governance model into a feasible long-term model. Board representatives are reflective of the local business landscape and footprint for priority areas identified in Stage 2.	Board creates joint strategy for implementation. Multi-stakeholder sectoral- or strategic-based working groups are set up, based on identified priority areas, to implement “quick win” projects and CAP actions. Consider set up of industry/scientific advisory board.
Move on	How to set up the city-business partnership to add value?	How will the partnership be developed to initiate operations?	How will the partnership sustain operations and maximise GHG reductions?	What does best practice look like? How can the partnership be scaled?

> Background

Purpose and how to use

The maturity model is a development of the “[Step-by-step guide for developing successful collaborations](#)” published by CDP in 2019 in partnership with C40, WBCSD and the B Team, which breaks down the structural elements required to practically establish functional city-business partnership initiatives, and draws on a wide range of examples. This CDP publication can be consulted as a companion guide.

City governments and staff (“cities”) may use each stage of the model as a reference to **identify what capabilities are required to better collaborate with local businesses to reduce emissions and adapt to the effects of the climate crisis**. The maturity model offers a roadmap to establish or build on existing city-business collaboration structures to decrease emissions, increase climate resilience and provide wider social and economic benefits. Local city-business partnerships can notably be leveraged as a tool for healthy, equitable and sustainable COVID-19 recovery by bringing local stakeholders together to make joint climate commitments that integrate inclusion, job creation and community resilience targets.

The CBCA is working with an **initial “cohort” of cities** to assess the state-of-play of their business engagement and to determine which stage of the maturity model they align with. Once this assessment is complete, the **4 stages of Recognition, Formation, Development & Sustained Operation** can provide guidance on what next steps the cities should prioritise to improve business engagement at city level, depending on the local context and cities’ specificities. The first two stages outline the *set-up* of a city-business partnership, and the last two stages outline the *running* of a successful city-business partnership.

Adaptable model

City-business partnerships will have different structures in each city, based on the city’s needs and they type of stakeholders involved. They may **build on existing initiatives or create new ones**, depending on the state of business engagement at city level. In the first instance, a Letter of Intent will be developed and signed by the Alliance partners and each Cohort city, clearly indicating the commitment and role of the city. The role of business, academia and other stakeholder groups will be determined in subsequent discussions.

MATURITY MODEL: STAGES 1 – 4

> Stage 1: Recognition

(Months 1-6)

MANDATE

The city recognizes the need for a city-business collaboration to advance climate action in line with the Paris Agreement¹. The city starts to identify priority climate challenges where the private sector can be leveraged, to map private sector players, and to explore governance and financing models to set up (or evolve) a city-business partnership.

STAFFING

1 city staff member to act as main POC for the city-business partnership.

GOVERNANCE

The city sets up an informal city-led working group to discuss how this can be formalised into a city-led cross-cutting initiative within the city council. Possible members of the working group include: senior members of the Sustainability/Climate/Environment department, Mayor's Office, Legal department, Finance department, the department connected to local industry associations/chambers of commerce/economic development commissions, members of sectoral teams e.g. transport (that have a high emissions profile, or that would benefit from collaboration with the private sector).

In addition, if the city has any existing city-business initiatives that are relevant and successful, and/or any trusting relationships with business engagement organisations, inclusion of representatives in the working group would be an opportunity to align targets and approach. These representatives could be evaluated for continued involvement in the Formation stage (Stage 2).

ACTIVITIES

The focus of the working group is to review thematic priorities to achieve ambitious 1.5-degree scenario emissions reduction and/or adaptation actions in line with the Paris Agreement. The working group will extrapolate targets from these priorities that can be achieved through partnerships with local businesses. Consequently, the working group can start brainstorming private sector (or other) stakeholders to be involved in the Formation stage working group. The working group could begin to determine a preliminary value proposition.

¹ Information on the Agreement and the text in all UN languages to be found here: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

FINANCE

The city uses existing budgets to fund working group activities (start-up costs).

MOVING TO THE NEXT STAGE

WHAT

- ...stage is the city at in its climate strategy & plan?
- ...are there key climate challenges where the private sector can be leveraged for maximum impact to achieve the city's climate targets?
- ...is the state of the relationship between the city and the local business community? Can trust be fostered to build a safe, non-commercial environment?
- ...would joint city-business commitments look like to address these challenges? Would they be quick-wins or address the city's longer-term goals?
- ...impact would these commitments have on the local community?
- ...would a joint initiative, as a city-business partnership, look like in terms of governance, resourcing and finance? Are there any existing initiatives with a similar mandate that could be built on?
- ...are the current barriers (organizational/ legal/ procedural/ regulatory, relating both to climate change and conducting business), if any, to overcome or address before moving to the next Stage? Are there any steps to be taken (e.g. council approval, public announcement, due diligence of working group members) before moving to the next stage?

WHO

- ...are the right leaders from the public and private sector who could be convened to identify these climate challenges and develop a partnership to generate a pipeline of climate projects?
- ...are the partnership stakeholders, for example the beneficiaries of the partnership and the financiers?

HOW

- ...can the city raise awareness to pique business players' interest in participating?
- ...can the private sector help to solve the key challenges associated with achieving the city's priority climate targets?

See the CDP step-by-step guide, Phases 1 & 2, for a more detailed breakdown of questions to consider before moving to the Formation stage (Stage 2) (pp.17-19, pp.22-23).

> Stage 2: Formation

(Months 6 – 18)

MANDATE

The partnership members are aligned for a joint vision of the partnership and work closer together to explore the objectives and how the governance, financing and business models could develop. The partnership is formalized and announced, and fundraising is prioritized.

STAFFING

It is recommended that 1 city staff member dedicates at least 50% of their time to the city-business partnership.

GOVERNANCE

Ensure there are enough resources to set up working groups within the city to achieve the roles & responsibilities outlined below. At this stage the initiative is still city-led but the working groups could include any business engagement organisations, existing initiatives and relevant businesses identified in the Recognition and Formation stages (Stages 1 & 2 – see below).

ACTIVITIES

Role of city:

- Mapping of key partners to support the **workplan development** of how to generate & facilitate a pipeline of projects that will support the realisation of the targets:
 - Local organisations (some of these organisations might also be able to support with the mapping) e.g. partner organisations, NGOs, think tanks, trade and business associations, chambers of commerce, business accelerators and clusters, relevant civil society organisations and academic institutions;
 - Individual businesses (from businesses with ambitious climate targets, to business with large footprints, to smaller community-based businesses):
 - See the CDP step-by-step guide, Phase 2 pp.22-23, for more guidance on mapping and selecting city-business partnership partners. Also see Phase 3, pp.26-27 on involving the “third” sector;
 - The CBCA will provide stakeholder mapping support using existing tools adapted to the local city contexts.
- Engage in conversations with **identified private sector partners**;
- Further research to identify and **agree priority thematic areas/projects** needed for the city to achieve ambitious climate targets in line with the Paris Agreement through partnerships with local businesses (though not related to municipal procurement e.g. joint guidance on commercial waste recycling rather than municipal expenditure on building a recycling facility). See [Table 1](#) in the appendix for more information.
- **Explore commitments** to see how businesses can contribute based on these priority areas;
 - See CDP step-by-step guide, Phase 3 p.29 on setting joint commitments
- Develop **value proposition**;
- Explore synergies identified with **existing successful and sustainable business engagement initiatives at city level** in the Recognition stage (1) for possible integration into city-business partnership model.

Role of business:

- Initial conversations with the city to explore potential collaboration;
- Exchange information on sustainability plans & targets;
- Help determine value-add to their business & value-add to the city.

Joint city-business activities:

- Key stakeholders to **sign an agreement/commitment form at Mayoral/CEO level**, thereby agreeing on a joint set of goals and rules of engagement to avoid any conflicts of interest;
- Develop a **vision for the partnership, extrapolating short, medium & long-term commitments and objectives** from this vision to inform what the governance, financing and business models could look like;
- Identify most **common barriers to climate action** at city level (e.g. finance, regulation, consumer behaviour, technology, data, equity);
- Start developing the **working principles and Terms of Reference** of the partnership (*example: London Business Climate Leaders, see separate document “CBCA_City-Business Partnership Examples”*);
- Raise awareness by **formally announcing the initiative** at local and national level.
- See the CDP step-by-step guide, Phases 3 p.26 and pp.28-29, for more guidance on modalities for co-operation and defining synergies & joint targets.

In the [Appendix is Table 1 outlining types of joint activity](#) that count as collaborative (non-commercial – can be part of CBCA joint activities) and commercial/procurement related (cannot be directly part of CBCA joint activities). Please see definitions of “private sector engagement” and “private sector collaboration” in the [Glossary](#).

FINANCE

In the short-term, **start-up costs** are required to launch the partnership (see examples in [Table 1](#)). This includes the city funding at least 50% of a city official and prioritising fundraising for the partnership development in Stage 3. This entails identifying internal sources of funding e.g. from the city departments associated with the priority areas identified in the Recognition stage (Stage 1), or from the Economic Development department, Environmental/Climate Change department etc., as well as external sources of funding. In the long-term, we recommend that the partnership develop a financing plan to become self-sustaining. Please see [Table 2 for short-term financing options](#).

MOVING TO THE NEXT STAGE

- What are the **key phases required to set up a framework for generating a pipeline of joint climate projects**? What are the objectives, governance & finance models, and resourcing at each stage?
 - Can a workplan with activities, roles & timelines be extrapolated from these objectives, including a communication plan?
 - Can KPIs be extrapolated from these objectives?
 - How will partnership activity be monitored to report on these KPIs?
- Who are the **skilled staff** to be hired for / assigned to the core co-ordination? How will they be hired or selected?
- Which **stakeholders are adding value** and could be considered for the Development stage (Stage 3)? How will this be formalised?

- What is the **model for the partnership** to maximise effective and efficient decision-making & to sustain operations? Could a legal structure/and or business model be set up to attract investment?

In the [Appendix is Table 3 comparing some example partnership models](#) based on existing examples in the separate document *CBCA_City-Business Partnership Examples*. **The CBCA supports partnerships that are initiated by the city**, acknowledging that these can evolve over time into, for example, private sector lead initiatives. Please see Table 3 for examples.

Example: Helsinki Smart & Clean Foundation, a separate non-profit entity

The Helsinki Metropolitan Smart and Clean Foundation was set up by the Finnish Innovation Fund Sitra – founded in 2016 by the cities of Helsinki, Espoo, Vantaa, and Lahti, the Finnish government, and some of the largest utility, energy, cleantech, and construction companies in the country. Established to operate for 5 years (2016-2021), the Foundation was guided by a Board of 10 members (Fortum, cities of Espoo, Helsinki and Vantaa, Neste, Sitra, Helen, Tekes, KONE, VTT) and had 6 staff. The role of the Executive Director, hired by the Board, was critical in driving the vision of the Foundation and providing the neutral convening space to identify and co-create projects.

> Stage 3: Development

(Months 18 – 30)

MANDATE

The key partnership stakeholders lay the foundations to develop the partnership into **a long-term strategic initiative**. This is realised through the establishment of a Board positioned to advise the city on their Climate Action Plan implementation; the development of a workplan to assess potential projects, a communications strategy and a monitoring system to advocate and attract investments; a business plan; and the set-up of a self-sustaining financial model.

STAFFING

1 dedicated FTE for core partnership operations and coordination. In-kind contributions from key businesses identified in Stage 2, subject to due diligence. Consider additional support staff depending on needs and resources.

GOVERNANCE

A **Board** (5+ members) is set up to formalise the partnership. Based on previous discussions, the degree of independence of the city-business partnership could be determined, for example as an initiative within the city council or as a separate entity.

The partnership will have clear mayoral and CEO level commitment through the signed agreement/commitment form to determine meaningful engagement from all stakeholders. Such commitment from these stakeholders will signal the importance and priority of the work done through the partnership. The city may wish to coordinate more formal paperwork with these stakeholders. Board representation will depend on the city's priorities identified in the Stages 1 & 2, and the local business landscape and footprint associated with these priorities. Possible members include (*again, see the CDP step-by-step guide, Phase 3, pp.26-27 on involving the "third" sector*):

- **Senior city management** (e.g. director of finance, urban planning) with discretion to represent civic interests (essential)
- **Representatives from state/regional/national government** (if possible/relevant)
- **Business community members** (local business leaders and global companies, represented through their local affiliates, across different sectors; e.g. self-employed entrepreneurs, SMEs, large local businesses & global corporations. Consider what level of business representation is required, for example, from solely large businesses to the full mix based in the city) (essential)
- **Academic institution members** (those representing a vested interest in Low Emission Models, that could support with technical studies)
- **Local business organisations** such as chambers of commerce (recommended)
- **Community leaders** from non-profit organisations, local associations and citizen groups as appropriate (optional)

The partnership could consider developing **a set of guidelines to ensure that the Board is representative** in relevant modes of diversity (such as gender & racial equality, varying opinions etc.) and that the Board communicates and operates

efficiently & effectively to realise the partnership's potential to boost local net-zero development and the green economy.

ACTIVITIES

Role of city:

- Formally **integrate** the city-business partnership with the city's Climate Action Plan and/or other related Plan/Strategy;
- Lead on outreach.

Role of business:

- Assess feasibility of **financial contribution** to support the longevity of the initiative.

Joint city-business partnership activities:

The main activities will be to **agree on a workplan to assess potential projects** and actions and **position the Board to advise the city on climate initiatives and CAP implementation**. The following actions are recommended:

- **Coordination** (Board, core operations, working groups). Who this coordination lies with depends on the partnership model chosen at the end of the Formation stage;
- Provide a **space for regular networking** among all stakeholders;
- Partnership to decide on a **long-term governance model**; [see examples in Table 3](#);
- Develop and refine a **roadmap** that advances GHG reduction & climate resilience goals in line with the city's climate ambitions (e.g. a city's 1.5-degree Climate Action Plan), with the joint targets identified in the previous stages, and healthy, equitable & sustainable COVID-19 recovery plans;
- Conduct **assessment of feasibility, any further analytical work and anticipate impacts for emission abatement and resilience building opportunities**, to integrate into the roadmap development process;
 - Assess through the lens of **green & equitable COVID-19 recovery** such as building community resilience, creating green jobs, mitigating impacts of future pandemics through infrastructure & other precautionary measures;
- Carefully analyse the local social, economic and political context **to map potential synergies and barriers to meeting emission reduction targets**;
- **Finalise priority areas to set joint commitments**;
- **Finalise rules for business engagement** to avoid conflicts of interest and mitigate corruption risks;
- In addition to the Board meetings, organise regular and structured **operational meetings in working groups** to develop the workplan. For both meeting formats, all stakeholders' priorities, capacities, ways of working and best practices could be determined;
- Finalise the partnership's **Terms of Reference**;
- Finalise **value proposition**:
 - Co-benefits analysis can help with this proposition, especially in the context of a green and just COVID-19 recovery;
- Develop **communications, public outreach and advocacy strategy** targeted at policymakers, general public, other cities, private sector organisations etc. This can include communicating about key milestones, such as key partnerships struck to form the Board to **raise awareness, advocate and attract investors**;
- Introduce a **system of monitoring progress against agreed goals** to capture impacts and progress made by the partnership in line with the city's CAP and the Paris Agreement. Data points for the monitoring can be collected through the companies' disclosure to the city. This monitoring framework should rely on a baseline assessment taken at the start of the collaboration and run regular progress checks.

- **Example** – tracking a commitment made by all companies in the Alliance to transition their fleets to 100% electric vehicles by 2024. Companies would report their baseline to the city and other alliance members and then track their progress against this goal on an annual basis up to 2024
- *See the CDP step-by-step guide, Phase 3 p.29, for further guidance on a monitoring system.*

FINANCE

Funding for the operations and joint climate action projects of the city-business partnership for at least 1 year will need be secured to set the foundation for the long-term operation of a successful city-business partnership (Stage 4). The faster the projects are initiated and outcomes are generated, the easier it will be to attract funding and investment.

Based on the workplan and roadmap, the partnership will develop a **business plan** to operationalize activities and execute projects. The business plan will:

- Be crafted to respond to the local context;
- Identify new project business models and delivery structures;
- Incorporate project-specific outreach to build alignment and support;
- Articulate performance metrics;
- Reflect sustained stakeholder input throughout;
- Identify resources needs;
- Identify strategies for project funding and financing;
- Set up a long-term self-sustaining model (*see examples in the [Appendix](#)*) to:
 - Fund the core operations of the partnership (team, Board & activities);
 - Respond rapidly to needs for engineering studies, due diligence requests, and workshops to bring stakeholders together;
 - Provide pre-development funds for early project analysis and scoping;
 - Provide project-based funding, for technical design and engineering work, business and legal analysis, business model formation, and project financing.

The partnership should become self-sustaining financially and profits reinvested in sustainable projects through the partnership. There are a variety of options that can be used.

Examples include a sub-national city-controlled climate fund for project financing; a revolving fund to respond rapidly to needs for climate project preparation or implementation (rarely both); generating revenue streams such as partnership member dues; or a self-sustaining structure where the income from providing project support and services provides the income streams that replenish the investment fund. **Please see further explanations and examples in the [Appendix](#).**

MOVING TO THE NEXT STAGE

- How will the partnership sustain operations, remain agile to any shifting priorities from the contributing partners, and maximise GHG emissions reductions and the building of resilience, whilst generating co-benefits such as green jobs?
- How will actions and projects be implemented?

> Stage 4: Sustained Operation

(Month 30+)

MANDATE

The partnership is fully operational and focussed on joint commitment realisation via project implementation. Operations are self-sustaining, monitored, and key outcomes are communicated to advocate and attract investment/further partners.

STAFFING

Ideally 3+ full time skilled staff (employer depends on the partnership's legal status) with expertise pertaining to the agreed priority areas, joint commitments, as well as coordination/governance experience. Any in-kind contributions from business partners/members.

GOVERNANCE

The governance recommendations below are dependent on the long-term, self-sustaining governance model selected by the Board in the previous Development stage.

The Board members (5+) will work together to create a joint strategy for implementation, ensuring the process is focused, maintains the active engagement of the local parties (city representatives, city departments, business, academia and the public), and accelerates projects to rapidly reduce GHG emissions, adapt to the effect of the climate crisis, and deliver high-impact co-benefits that build equitable resilience and improve health. This joint work will establish explicit operating rules to reinforce the values of transparency and shared value creation.

Annual high-level strategic meetings could be held to adapt to changing contexts, priorities and constraints, review priority areas, as well as reflect on outcomes tracked and progress made. **Example:** *Paris Climate Action Charter and San Francisco Business Council on Climate Change* (see [separate document "CBCA City-Business Partnership Examples"](#));

The Board could decide whether an industry advisory board or scientific advisory board should be set up to inform the Board strategy and the working group operations.

Examples of successful long-term governance models (please see [Table 3](#) in the Appendix):

- Long-term non-profit governance model;
- Separate non-profit legal entity.

Joint partnership activities (through sectoral / strategy working groups):

- Commission **studies, due diligence** to support the development of low emissions & resilience projects (potentially involving academic institutions and/or consultants);
- Propose **solutions to overcome barriers** and make projects bankable (access to public or private funding sources, partners, or international programmes);
- **Project management, project viability analysis, associated business analysis and project financial planning;**

- Secure and oversee specific **project consulting work** if needed / relevant / possible;
- Develop **communications and public information strategy**:
 - Raise awareness through any key partnerships struck or projects agreed upon for implementation (e.g. press releases, social media)
 - Influence and inspire the local community through materials such as guides, case studies, inspirational videos and tutorials or awareness and education campaigns, through public events or social media campaigns;
- Inform and engage policymakers through a co-developed **policy advocacy strategy**:
 - City teams to engage, for example, state/regional levels of government, national government, in addition to the local authorities within city boundaries already engaged
 - Possible outcomes: help push through changes in rules and regulations, national legislation and funding streams that can help the city meet its goals and, perhaps, encourage new climate-related policies and spur the development of other City-Business partnerships;
- **Maintain monitoring system** established in the previous Development stage, and conduct regular evaluation to measure impact and determine which low-emissions projects will reach the city climate goals;
 - Adapt governance & business models and projects based on outcomes of the evaluation;
- **Implement projects and actions**;
- Develop **knowledge sharing materials** for CBCA global network;
- *See the CDP step-by-step guide, Phase 4 pp.35-6, for further guidance on a creating and activating your city-business partnership action plan.*

FINANCE

- Maintain stable long-term funding for partnership to ensure sustained success (see examples given in the [Appendix](#));
- Secure financing for projects;
- Evaluate feasibility and impact of setting up a separate commercial vehicle for specific projects (CBCA pro-bono guidance on possible models will be provided).

MOVING TO THE NEXT STAGE

- What does best practice look like?
- How can this be scaled within the city and to other cities within the region and across the world?

APPENDIX

Definitions

Private sector engagement: an activity that aims to engage the private sector for development results, which involve the active participation of the private sector. The definition is deliberately broad in order to capture all modalities for engaging the private sector in development co-operation from informal collaborations to more formalised partnerships. Given that the term applies to how development co-operation occurs, private sector engagement can occur in any sector or area (e.g. health, education, private sector development, renewable energy, governance, etc.). Through private sector engagement, the private sector and other participants can benefit from each other's assets, connections, creativity or expertise to achieve mutually beneficial outcomes².

Private sector collaboration: a subset of private sector engagement, collaboration refers to engagement with the private sector that does not include a formal contractual relationship. Collaboration occurs when potential partners explore opportunities to address development challenges. This style of engagement is characterised by low levels of formality, obligation and risk³.

Private sector partnership: a subset of private sector engagement, partnerships are characterised by more formal relationships (contract, memorandum of understanding, etc.) between parties and generally include higher levels of structure and obligation, including funding components⁴.

Public-private partnership: a subset of private sector partnerships, according to the OECD Glossary of Statistical Terms, public-private partnerships are arrangements whereby the private sector provides infrastructure assets and services that traditionally have been provided by government, such as hospitals, schools, prisons, roads, bridges, tunnels, railways, and water and sanitation plants⁵.

Public-private partnerships often incorporate three key elements: a formalized partnership defining the respective roles and responsibilities of public and private actors; risk-sharing among public and private actors; and financial reward for private parties, in line with contractual conditions and risk-sharing arrangement.

² [Organisation for Economic Co-operation and Development's \(OECD\) Development Assistance Committee \(DAC\), 2016, Private Sector Peer Learning, Peer Inventory 1](#)

³ OECD DAC (2016)

⁴ OECD DAC (2016)

⁵ OECD DAC (2016)

City-business partnership joint activity examples ([including non-climate related examples](#))

Table 1: Examples of collaborative and commercial activities. This table outlines types of joint activity that count as collaborative (non-commercial – can be part of CBCA joint activities) and commercial/procurement related (cannot be directly part of CBCA joint activities). Please see definitions of “private sector engagement” and “private sector collaboration” above.

Type of joint activity	Example collaborative activity	Example commercial activity	Example sectoral target
CREATING AN ENABLING ENVIRONMENT E.g., Public policy/regulation consultations with the private sector	<p>Businesses supporting policy development to minimise unintended consequences and maximise the chances of compliance.</p> <p>Conducting extensive citizen-engagement and local business-impact surveys. The data, knowledge and partnerships collected can be used to design or scale-up existing upskilling programmes and connect unemployed citizens with job opportunities (see link to example from E.g. the City of Seattle)</p> <p>E.g. The Atlanta Committee for Progress (a public-private partnership) developed a public policy platform with 5 measurable goals for the city’s future and recommendations for the next mayoral administration.</p> <p>E.g. the London Economic Action Partnership is seeking input to London’s Local Industrial Strategy from stakeholders at engagement events.</p>	<p>If only one private sector stakeholder is consulted (city-business partnerships should not be private lobbying forums). Ensure this is done alongside other stakeholder groups</p>	<p>Equal opportunities – Increase access to jobs through workforce development & thriving affordable neighbourhoods</p> <p>Transport – Build infrastructure for sustainable growth, density and last-mile connectivity</p>
CREATING AN ENABLING ENVIRONMENT E.g., Public procurement	<p>The CBCA may discuss guidance needed to improve e.g. innovative procurement processes such that smaller scale tech solutions, perhaps from local start-ups and SMEs, can be procured.</p> <p>Some of the projects initiated through the CBCA pipeline may go down the route of e.g. public procurement of large infrastructure.</p> <p>E.g. Joint guidance on commercial waste recycling.</p> <p>E.g. Reviewing voluntary standards (e.g. London living wage)/research on international examples of apprenticeship</p>	<p>Building a new waste recycling facility with municipal expenditure.</p> <p>Adjust procurement processes in such an apparent way that directly benefits smaller tech companies that some of the partnership business members are invested in.</p>	<p>Waste recycling to reach 90% by 2030</p>

	<p>E.g. Co-organise RfI – scan of market of latest nature-based solutions</p> <p>Partnership identifies a gap in labour skills, and therefore the need for an upskilling programme to achieve net zero buildings</p>	E.g. the city-business partnership members decide they want to use same solar cell provider or recycling company	
<p>SPURRING INNOVATION</p> <p>E.g., Co-creation</p>	<p>Co-creating approaches to solving climate challenges ahead of public tenders in a non-commercial space</p> <p>E.g. Helsinki Smart & Clean's flagship Closed Plastic Circle initiative where public & private sector bodies are working together to develop scalable solutions to render all plastic recyclable – to strengthen the market for recyclable plastic products.</p>	Co-creating a city procurement process that could benefit the private sector entities involved in the co-creation	Waste/circular economy – make 60-70% of plastics reusable and ready for circulation
<p>RAISING AMBITION & CREATING AN ENABLING ENVIRONMENT</p> <p>E.g., Advocacy</p> <ul style="list-style-type: none"> local business targets global business targets 	<p>Joint target setting</p> <p>E.g. London Business Climate Leaders setting targets in four areas in line with the city's science-based targets laid out in the London Environment Strategy. The businesses report on their progress every 6 months.</p> <p>E.g. Boston Green Ribbon Commission's Carbon Free Boston Initiative – the Building Energy Reporting and Disclosure Ordinance (BERDO). Requires Boston's large- and medium-sized building to report their annual energy and water use.</p>	n/a?	<p>General – zero carbon by 2050</p> <p>Buildings – reduce energy consumption across all BERDO buildings by up to 25% (depending on size) by 2020.</p>
<p>CREATING AN ENABLING ENVIRONMENT</p> <p>E.g., Joint delivery cooperation</p>	<p>E.g. Spatial planning to explore commercial vehicle electric charging points.</p> <p>E.g. Private sector finances new mobility charge points, in cooperation with permit from the local authority.</p> <p>E.g. communicating gaps in workforce skills by setting up training & apprenticeship schemes & funds (see London Economic Action Partnership examples)</p>	Procurement of electric buses	<p>Transport – 50% electric vehicles by 2030</p> <p>Employment – create over X jobs & apprenticeships, support over X citizens to get in to employment</p>
<p>FACILITATING BUSINESS TO BUSINESS COLLABORATION</p>	E.g. citizen education initiative to promote group buying power by securing discounts on solar and EVs (see San Francisco BC3 SunShares programme).		Energy – 100% renewable electricity by 2030.

E.g., demand aggregation for corporate purchasing			
RAISING AMBITION E.g., Inspire, to encourage businesses to transform their models	Aggregating demand for green solutions & groundswell of policy changes – sending signals to the private sector. Inspiring other businesses to join the partnership or follow the partnership's recommendations through ambitious joint target setting, a results-oriented progress monitoring strategy & an effective public outreach & communications strategy targeted at private sector organisations as well as policymakers, civic society, other cities etc. E.g. London Economic Action Partnership supporting the Mayor's statutory Economic Development Strategy and Local Industrial Strategy to stimulate economic growth and job creation, through communications and engagement by focusing on supporting relationships, building understanding and awareness and improving inclusivity and diversity.	n/a?	General – provide a powerful advocacy and lobbying voice as a business-led body supported by the municipality (e.g. KPI: organise or host 340 engagement events or businesses and communities)

Table 3: Examples of city-business partnership governance models

Partnership model	Pros	Cons	Example(s) (in separate document)
Long-term non-profit governance models			
City-led partnership (Equal footing partnerships between the city and the contributing organisations, reflected in the governance/ operating model)	City to maintain control over the strategic direction of the partnership to ensure alignment with CAP, city-led (active involvement of Mayor and adequate policy consultation etc.) allows for ambitious goals & inspires high-level commitment from local organisations	subject to longer internal processes, risk for partnership staff to be assigned to other city projects, harder to attract external funding, limited by city funding & city policies as not a separate legal entity, less action- and project-oriented, more difficult to achieve and monitor impact	London Business Climate Leaders, Atlanta Committee for Progress (ACP – also has a public policy platform)

Public-private partnership (facilitating business to city government collaboration. Often incorporate 3 key elements: formalized partnership defining the respective roles and responsibilities of public and private actors; risk-sharing among public and private actors; and financial reward for private parties, in line with contractual conditions and risk-sharing arrangement)	Deep and levelled collaboration, can leverage private sector funding, ensures all types of business (big and small) are incorporated and accurately represented	less city control, might prioritise convening vs joint project implementation due to differences in individual businesses' strategies and priorities	London Economic Action Partnership (LEAP),
Separate non-profit legal entity			
Private sector-led	Easier to leverage private sector resources.	Potentially less city control, unless the city releases a mandate to ask businesses to form this kind of entity.	Boston Green Ribbon Commission, San Francisco Business Council on Climate Change (BC3) (for both Boston & San Francisco, the partnerships act as a "secretariat" for business leaders)
Foundation	agility and flexibility of the partnership, neutral space for collaboration making for equal partnerships	longer set up process, dependency on strong financing model to ensure partnership viability, need to closely monitor activities to ensure sustained alignment with CAP	Helsinki Smart & Clean
Public procurement agency (a one-stop-shop providing technical, legal and financial expertise to participating entities, acting on behalf of public authorities)	efficient, increased potential to leverage high-level buy-in, all competencies under "one roof", large infrastructure projects possible	large scale resources & funding required	Renowatt Liège

Financing options

Table 2: Short-term financing options for city-business partnership start-up costs

Type of financing	Pros	Cons	Example(s) (in separate document)
City government grants / budgets	familiar processes, lower dependency on external sources of funding	limited by city budget	London Economic Action Partnership (LEAP)
Membership fees	lower dependency on external sources of funding	might affect neutrality of partnership and create expectations from business members	San Francisco Business Council on Climate Change (BC3)
Local financial institution grant	access large grants	prescriptive & restricted KPIs and deliverables	NYC Energy Efficiency Corporation
National government agencies	secure national level buy-in	resource heavy application and reporting process, additional stakeholders who might influence or constrain partnership's strategy	e.g. Ministries of Energy, Industry, Environment & Urban Affairs NYC Energy Efficiency Corporation
International organisations or financial institutions	access large grants	resource heavy application and reporting process, might require creating larger consortia affecting partnership's agility	World Bank, European Investment Bank, European Commission, UN, Global Environment or Climate Funds Renowatt Liège, Belgium
Philanthropic/ corporate foundations	faster application process	prescriptive & restricted KPIs and deliverables, possible conflicts of interest in the case of corporate foundations, time-bound support	Boston Green Ribbon Commission
Secondments or in-kind resources	diversify resource & expertise	cash-poor, might affect neutrality of partnership if support comes from private sector stakeholders, time-bound support	No specific examples, although many core staff are likely funded by membership fees (e.g. San Francisco BC3)

Long-term financing options

Example: City Climate Fund

An increasing number of cities around the world are establishing sub-national climate funds to finance sustainable and climate-friendly projects within their city.

Benefits:

- **Increase investor certainty** as well as encourage businesses and other project proponents to identify new low carbon or climate resilient projects.
- **Help de-risk finance** from more conventional sources. By acting as a guarantor, it can entice more private sector actors or other commercial

lenders to invest. (source: [Establishing a City Green Bank: Best Practice Guide on the C40 Knowledge Hub](#))

- **Unlock barriers** as they provide:
 - Access to alternative and innovative financing (e.g. on-bill repayment mechanisms or property assessed clean energy)
 - Technical support (energy audits and technical assessments)
 - Simplification (centralized resource – a hub for information on available incentives, rebates, green building certification)
 - Aggregation and standardization (group small projects to reduce overall financing costs and drive standardization of documentation and deal structures)
 - Mobilization of private investments by structuring energy efficiency loan products and undertaking technical due diligence.

Example: Revolving fund

A revolving fund responds rapidly to needs for engineering studies, due diligence requests, and workshops to bring stakeholders together.

The focus of this fund is following principal activities:

- **Pre-development funds** for early project analysis and scoping, business model exploration, and project-specific outreach to build alignment and support
- **Project-based funding**, for technical design and engineering work, business and legal analysis, business model formation, and project financing.

Revolving funds help reduce transaction costs for both city government and companies as it will cover costs that organizations may not undertake by themselves. It gives opportunity to make return on investment, funding readily accessible for immediate needs. These funds are most of the time directed to project development, or purely project implementation but rarely both. The difficulty with revolving fund is to find the initial funding and it needs additional resources to manage the fund.

Example: The San Francisco Capital Planning Fund

The San Francisco Capital Planning Fund is a city revolving fund dedicated to project development such as preliminary design, planning and cost-estimating of major capital expenditure projects.

The Fund explains that “Cities are recognizing the value of more intensive early project development, including early revenue feasibility analyses, developing information about long-term O&M and considering resilience aspects. Finding sources of funding for this early project development is extremely challenging”.

The Fund works by requiring projects that receive early development funds to reimburse them in the first bond sale. That way the funds can be recycled for use on project development for future projects.

Example: Amsterdam Investment Fund

The city of Amsterdam has a long-term Energy Strategy with a vision up to 2040. In 2011, the city set up a €75 million fund from selling utility company shares. The Amsterdam Investment Fund is aimed at supporting projects in the field of climate change, sustainability, and air quality. The main goal of these investments is to accelerate the low

carbon energy transition of Amsterdam. The fund is revolving, with all profits being reinvested. The fund is divided into two parts that differ greatly in financial and social return targets and thus investment conditions:

- 20% of committed funds are available for 'social projects' - investments that have a primary focus on social benefits of CO2 reduction and/or a contribution to the Amsterdam Energy Strategy. Project promoters can get soft loans from the fund. This part of the fund is managed by the Climate and Energy Program Office of the City of Amsterdam.

- 80% of committed funds are available for 'commercial projects' - investments with a focus on financial return in addition to CO2 reduction. These are mainly large-scale commercial investments. The fund invests under regular market conditions, with higher interest rates. This means that there is a strong focus on financial return. The financial return of this part of the fund is used to invest in future projects. The municipality has outsourced the management of this part of the fund to a professional fund manager.

The additional benefit of this fund is the encouragement it gives to commercial lenders to provide further financing for projects that are often being considered high-risk.

Revenue

Cities should consider revenue options that have potential to broaden its tax base and generate appropriate amounts of revenue to fund a city Council's directed investments.

Revenue needed can come from combining contributions from a variety of sources:

- **Revenue streams typical of a non-profit organisation set up by a city:**
 - Companies and financial institution grants, e.g. in the form of membership dues
 - Long-term grants and in-kind resources from State/government/public authorities (city/regional/national government)
 - National, or International Government Agencies (Ministry of Energy, Industry, Environment, Urban Affairs, etc. or European Commission, European Investment Bank, UN, World Bank, Global Environment or Climate Funds etc.),
 - Foundation Grants
 - Interest from investments/sponsorship
 - Selling goods/services
 - Fees for services
 - Donations/sponsorships from external sources e.g. local biz/orgs & community members
- **Other revenue streams:**
 - Add-on charges to monthly electricity, water or sewage bills
 - Broker fees on property or infrastructure deals that the partnership facilitates
 - Return from an asset investment fund established in addition to the project development fund

Example: Potential self-sustaining structure

Establishing an operating structure that can become self-sustaining financially is essential to keep scaling up project investments in a city's sustainable energy transition over decades.

The partnership can build different long-term operating models:

- A self-sustainable energy investment fund after a 2-year establishment period

- An independent, neutral, non-biased delivery team/agency
- Municipal or private energy companies (or similar public or private entities, e.g. network operators)
- Customers (e.g. businesses, building owners, city departments, etc.)

The overarching idea of this operating model is that over time the income from providing project support and services provides the income streams that replenish the investment fund. The fund invests both revenue into the operational costs of the delivery agency, and capital into new projects.

This model would initially be dependent on catalyst funding for operational costs of the delivery team/agency. While this requirement would diminish over time, bridging funding is likely to be needed for a number of years beyond the three-years scoped in this plan. However, eventually a self-sustaining model could be achieved. Cities like Hannover - with extensive established municipal energy assets and their 'ProKlima' model have been able to achieve this.

Example: The Hannover ProKlima Fund

The Hannover ProKlima Fund was established in 1998 and supports energy-efficient retrofitting of older buildings, innovative designs for new construction and the use of renewable energy sources. The fund also subsidises the connection to the city heat network of customers for whom district heating would otherwise not be economically viable. ProKlima has been in the forefront of the implementation of new technology, in particular promoting energy efficiency in new construction and renovation activities in the regional market. An average of 5M Euro per year is made available for around 1,500 grant applications, and 49 million euro had been allocated to 2012. It has been established that 1€ invested through the ProKlima Fund multiplies into 12€ of local investment. This has led to the creation of over 260 local jobs as a result of ProKlima investments. A key source of income for the fund is returns from the City of Hanover's "Stadtwerke" (public energy utility). ProKlima is also set up as a local energy agency that provides advice, information, training and grants to the community – all supported through the investment fund model.

Accompanying documents list

1. **CBCA_City-Business Partnership Examples**
2. **[“Step-by-step guide for developing successful collaborations”](#)**
published by CDP in 2019 in partnership with C40, WBCSD and the B Team.