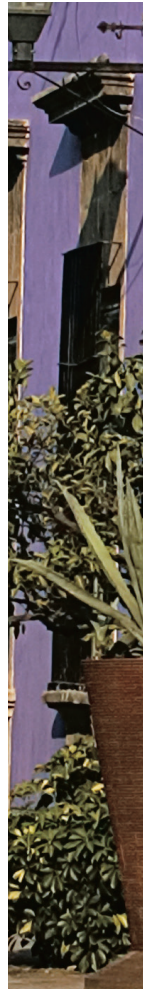


CITY LEADERS SURVEY ON CITY-BUSINESS ENGAGEMENT FOR SUSTAINABLE DEVELOPMENT

REPORT

SUMMARY



SUMMARY

The World Business Council for Sustainable Development (WBCSD) and ICLEI-Local Governments for Sustainability (ICLEI) conducted a joint survey of city leaders and senior officials between February and April 2014 to understand the perspectives of cities on engaging with business for sustainable development.

The survey aimed to increase understanding of city-business relationships to inform the global discussion on how cities and business can work together. It follows up the report of the WBCSD's Urban Infrastructure Initiative, which was launched at ICLEI's Global Town Hall @ Metropolitan Solutions in April 2014 (www.wbcsd.org/uiifinalreport.aspx).

This document summarizes the responses from 59 local government officials in six continents. This relatively small sample provides, however, several important insights:

- Many cities have some form of sustainability plan and targets because they see sustainable development as important for their future success.
- They feel they lack certain skills and resources which businesses can contribute to help develop effective strategies.
- Cities are engaging with business to some extent but are restricted by regulations and the lack of a suitable engagement process.
- A facilitated dialogue between a city and businesses is seen as the most promising way to overcome the barriers.

Based on these insights, ICLEI and the WBCSD will continue to work together to promote enhanced collaboration between cities and business for sustainable development.



BACKGROUND TO THIS RESEARCH

The WBCSD launched the Urban Infrastructure Initiative (UII) in 2010 to advance the urban sustainability agenda by showcasing the potential for collaborative strategic engagement between cities and business.

By 2050, 70% of the world's population will live in cities. This is where the battle for a sustainable future for humanity will be won or lost. Cities around the world are rising to this challenge by pursuing ambitious visions which will make them more sustainable, more competitive and more inclusive.

Realizing these visions in practice is a complex challenge for city leaders. In particular, it will typically necessitate transformations in the design, construction and operation of a city's infrastructure systems – including buildings, energy, mobility, water, sanitation and waste management services. The linkages between these systems are crucial and optimizing the interconnections will be essential, requiring a cross-sector, multi-functional approach.

Resilient infrastructure and systems will be needed to enhance the adaptive capacity of cities in the light of climate change and more frequent extreme weather events. Sustainable and efficient solutions for energy use, urban transport and mobility can significantly reduce GHG emissions and noise, improve air quality, and help to create high-quality public spaces. Technological solutions can contribute to enhancing and sustaining healthy ecosystems and ecosystem services, for example by reducing water consumption. They need to be part of practical, broad-based strategies reflecting the interlinked nature of the challenges.

Businesses with strong sustainability ambitions and experience can contribute to the strategy that will support the overall optimization of urban systems, helping cities turn a high-level vision into practical and implementable plans.

Urban planners and decision-makers need to know not only the technological solutions and innovations industry can provide but also how business can help integrate such solutions in a cross-cutting urban sustainability strategy.

Cities have long sourced solutions and services from the private sector and have engaged businesses to design, build, operate and maintain major infrastructure. However, under this traditional model, businesses are generally involved late in the city's planning/implementation life cycle, when the opportunities to promote innovation and provide this valuable strategic input are limited. Cities and businesses need to develop new models of collaboration early in the planning process to leverage the private sector's capability to drive innovative solutions and support effective decision-making.

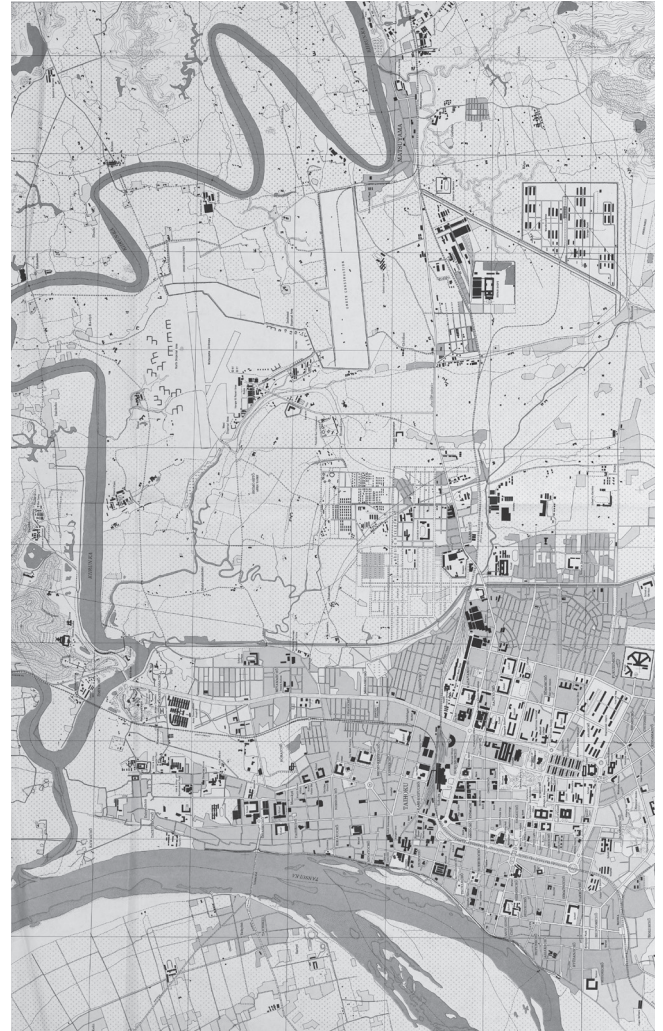
There are excellent examples of cities and business working together at the strategic level. However, this is the exception rather than the rule, which is a major missed opportunity.

The UII identified several barriers that appear to limit the extent of beneficial strategic engagement:

- **Lack of awareness of the strategic input that business can provide.** Some city officials will have dealt with businesses as solution providers in relation to tenders for specific projects but may not appreciate the potential for business to engage strategically. City sustainability professionals may have had little contact with business and little awareness of business commitment and expertise in sustainability.
- **Lack of suitable engagement processes.** Cities may not have processes in place that enable strategic engagement with business early in the planning cycle, or they may be unsure of how such a process could be established or integrated within existing regulations or stakeholder engagement and planning processes.
- **Perception of biased input.** City officials may not have full confidence that business representatives will give input that is in the city's best interests. They may assume that businesses will use an engagement only as means to pursue their own commercial interests.
- **Regulatory-related constraints.** Regulations – in particular those relating to public procurement – can limit interactions between cities and the private sector. Such regulations are intended to ensure the integrity and effectiveness of public procurement and planning processes. However, these rules (or more importantly, how they are applied and perceived in practice) may have the unintended consequence of losing valuable input from business that could benefit the city and its citizens.

The UII identified these potential barriers through engagement with ten cities on three continents. This survey followed up that limited exercise to address the shortage of information on the nature and relative importance of these barriers and how they can be overcome.

The survey was developed and carried out in collaboration with ICLEI, the world's leading association of cities and local governments dedicated to sustainable development. ICLEI has a strong interest in the area of city-business engagement, as a key opportunity for helping its membership accelerate progress to their sustainability objectives.



THE SURVEY



OBJECTIVES

The survey aimed to understand the nature of cities' sustainability planning, the extent to which they are engaging with business to promote sustainable development, and the barriers and opportunities for further constructive engagement.

The survey focused particularly on how cities are engaging with businesses that are potential "solutions providers". These are companies (or groups of companies) that provide technologies, products or services that a city could or will need to improve its sustainability performance. Such firms could be local, national or international ; they could be small- or medium-sized enterprises (SMEs) or large corporations.

METHODOLOGY, DISTRIBUTION AND LIMITATIONS

The web-based survey was distributed to the ICLEI membership by email. It was also sent to cities that participated in the WBCSD U11 and the membership of CITYNET, the local authority network centered on Asia-Pacific. It was offered in English, Spanish and Mandarin.

The survey consisted of approximately 20 questions including identification of the respondents' location and role in the city. Core questions covered three areas:

- The city's sustainability activities
- Experience of engagement with business
- Barriers to engaging with business

Questions were multiple choice except for one providing the opportunity for a free-form response on the greatest barrier to business involvement.

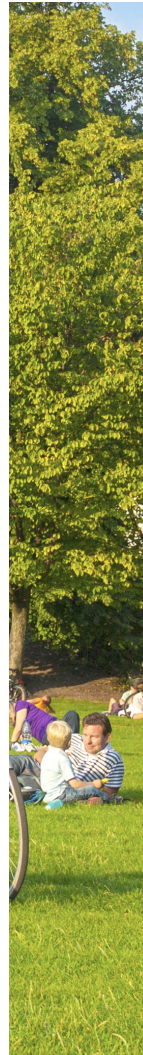
The survey required basic information on respondents (city, country, and position) but was offered anonymously. However, respondents were invited to include their details for potential follow-up and two out of three did so.

The responses need to be interpreted bearing in mind certain limitations in the research:

- **Web survey limitations:** as with all surveys of this nature, the questions are open to mis-interpretation and the answers reflect personal perceptions and bias rather than a consensus view from the city or an objective assessment.
- **Sample size:** the 59 responses amount to a response rate of approximately 6%, which is an acceptable outcome for this kind of survey. The responses provide important information, meeting the survey objectives. However, the distribution of respondents across a diverse range of cities in almost 30 countries means that any wide-ranging conclusions will necessarily be tentative. The small sample size makes it impractical to make comparisons between one region and another, one city size and another.
- **Nature of the sample:** the sample is self-selecting and drawn from groups of cities which are, because of their membership of the distributing organizations, more likely to be involved in sustainability action than a typical city.



RESULTS



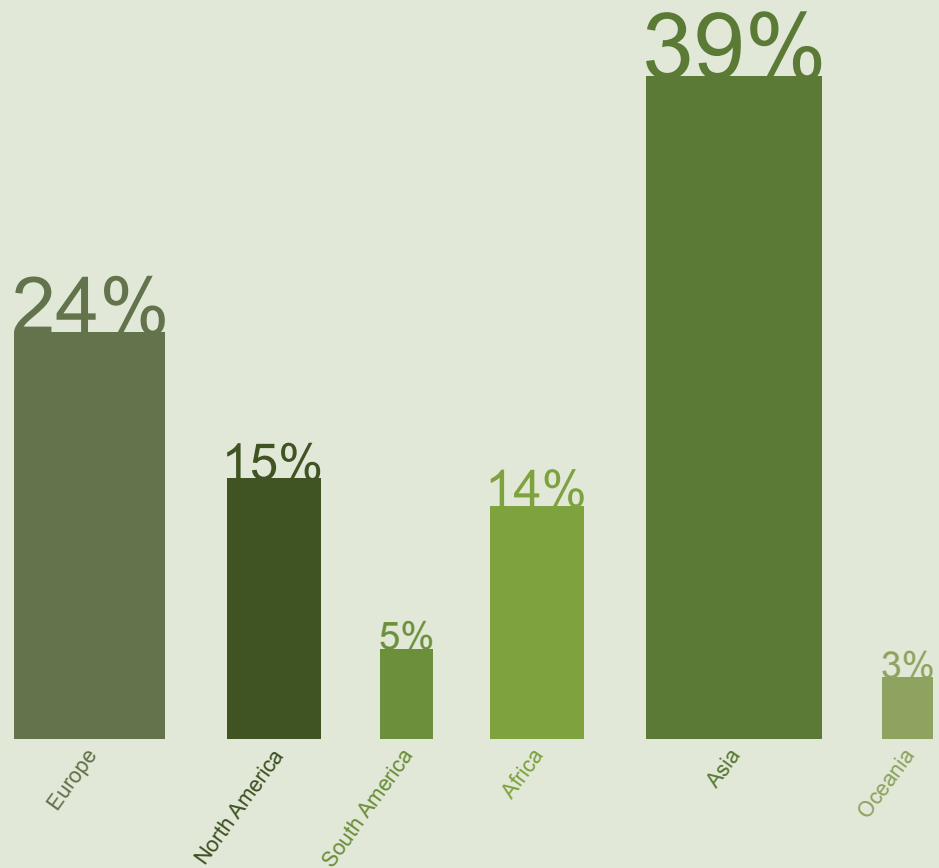
PROFILE OF RESPONDENTS

The 59 respondents included eight mayors, one deputy mayor and 14 directors of sustainability. They were from six regions, led by Asia, and almost two in three respondents were from either Asia or Europe (*Figure 1*). The USA had more than any other country with nine representatives.

Half of the cities have less than 500 000 inhabitants while 16 cities (more than a quarter of the total) have between one and five million.

RESPONDENT CITY DISTRIBUTION BY REGION

Figure 1



59 respondents



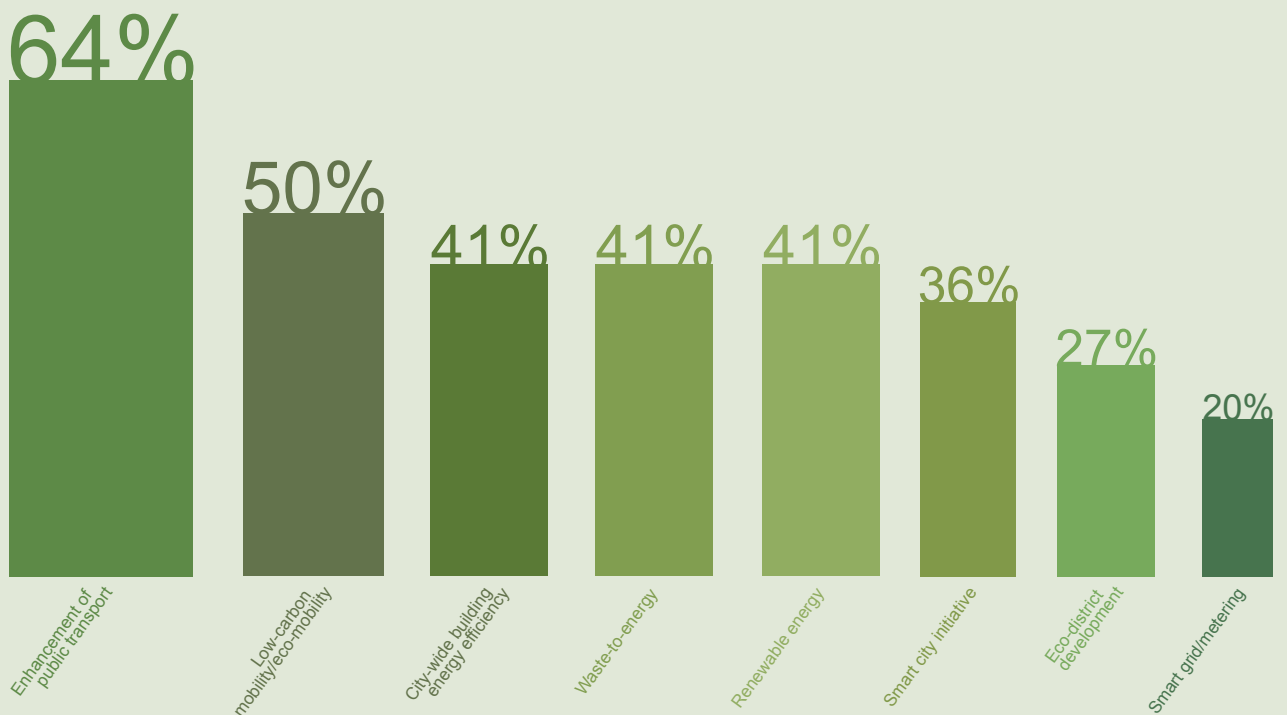
CITY SUSTAINABLE INFRASTRUCTURE PROGRAMS

The majority of the respondents (50) said it was important to have some form of sustainability plan in place. Only five of the cities have not yet identified sustainability objectives. For the majority, plans are specific to individual issues (such as climate change) or sectors (such as housing), or are included in general operations (such as recycling targets incorporated in a waste management program). On the other hand, 17 have a dedicated sustainability plan or strategy and a further 26 have sustainability objectives incorporated in a master plan or development plan.

Virtually all these cities are planning or developing new or upgraded infrastructure systems to help achieve their sustainability objectives. Only five of the 59 do not. Public transport is the most common area of activity (38 cities). Several other areas are being addressed by almost half of the sample. Perhaps surprisingly, given the potential and publicity surrounding smart grids and smart metering, this is the least common activity (12 cities). This may be because it is a regional or national responsibility in many cases (*Figure 2*).

SUSTAINABLE INFRASTRUCTURE ACTIVITIES BY RESPONDENT CITIES

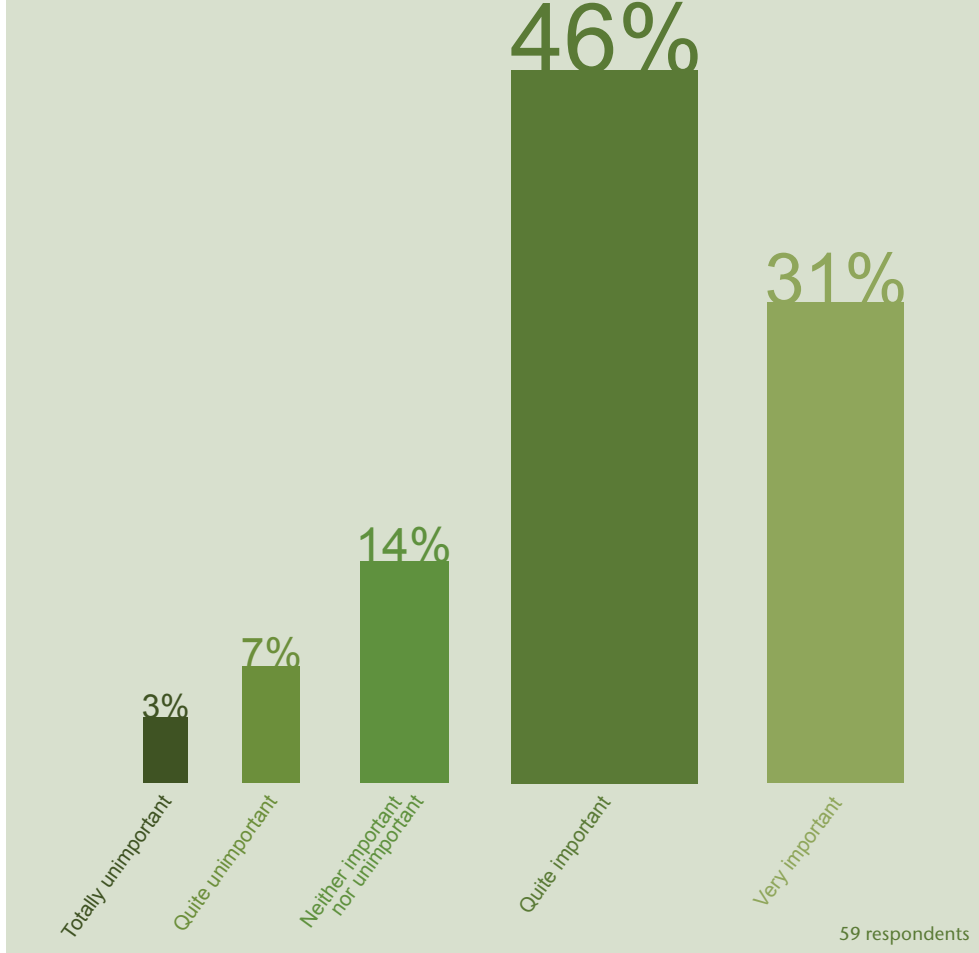
Figure 2



59 respondents

IMPORTANCE OF THE ROLE OF BUSINESS IN PROVIDING INPUT TO THE CITY'S SUSTAINABILITY PLAN

Figure 3



Financial resources are the key barrier to planning and implementing infrastructure systems, as might be expected at a time of economic uncertainty. Many respondents also recognized several other barriers including a lack of internal knowledge or capacity ; lack of technology and expertise available locally ; lack of supportive policies to incentivize investment ; and difficulty in coordinating across city departments and with external stakeholders.

While the survey did not probe whether these were secondary barriers, after the unavailability of finance, it is clear that many cities do not feel they have the technical or organizational capacity and policy framework to support their sustainability objectives. It may be that finance would be available in some of these cities if they were able to develop appropriately detailed and robust infrastructure plans.

ROLE OF BUSINESS

A substantial majority of respondents see business as having an important role in providing input to a city's sustainability plans as well as in implementation. Implementation is seen as the more obvious role, with only five people saying business is unimportant in this respect. But 45 respondents said business is also important in providing input to plans (*Figure 3*).

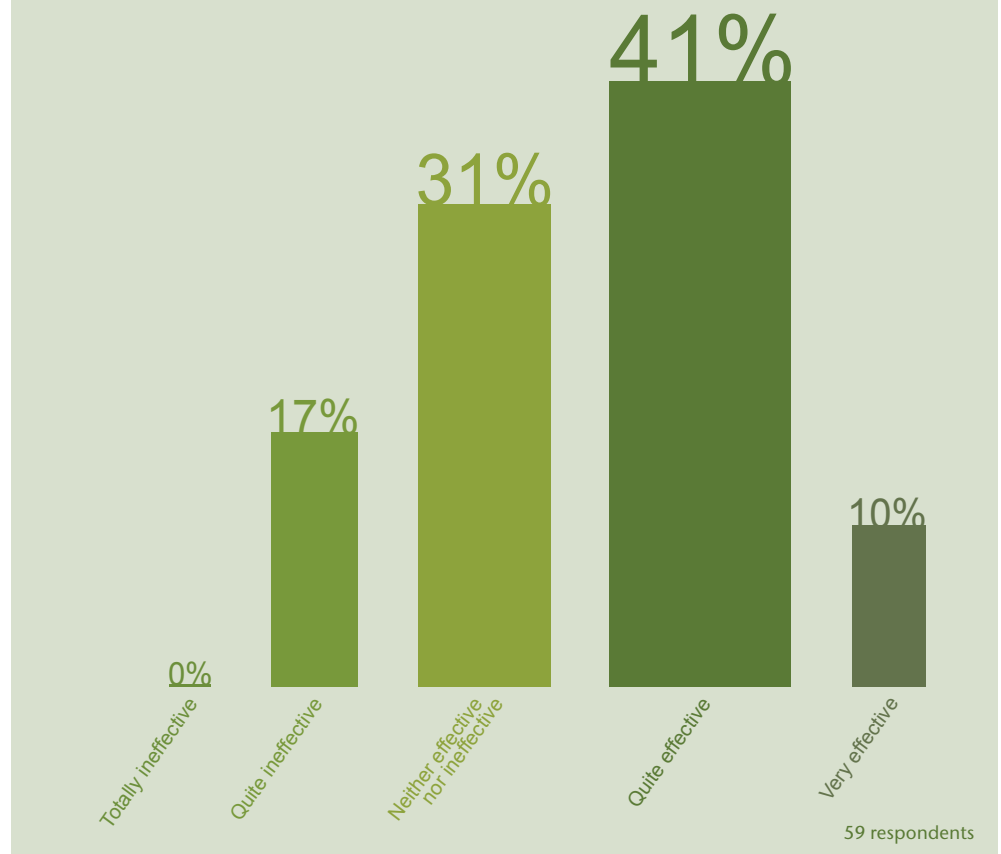
They believe there are several potential benefits. Access to technological expertise, and good practice from the private sector and other cities were highlighted most frequently as important potential advantages (approximately three quarters of respondents). Risk management was the least common response, although 27 people said this was important. While access to private finance was mentioned only 32 times in total, 11 people said this was the most important potential benefit of working with business, putting it on a par with technological expertise.

Consistent with this picture, most cities have some form of engagement with business, although this is typically occasional informal meetings or relationships with organizations such as Chambers of Commerce. But a surprisingly large number (22 cities) include business as solution providers in a formal stakeholder engagement process. Only six cities have no engagement with business whatsoever on these issues.

Many respondents were not confident that they work effectively with business to advance sustainability, despite this relatively high level of interaction, only half (30) felt they are even “quite effective” (*Figure 4*). This appears to imply a gap between the desire for effective engagement and the reality.

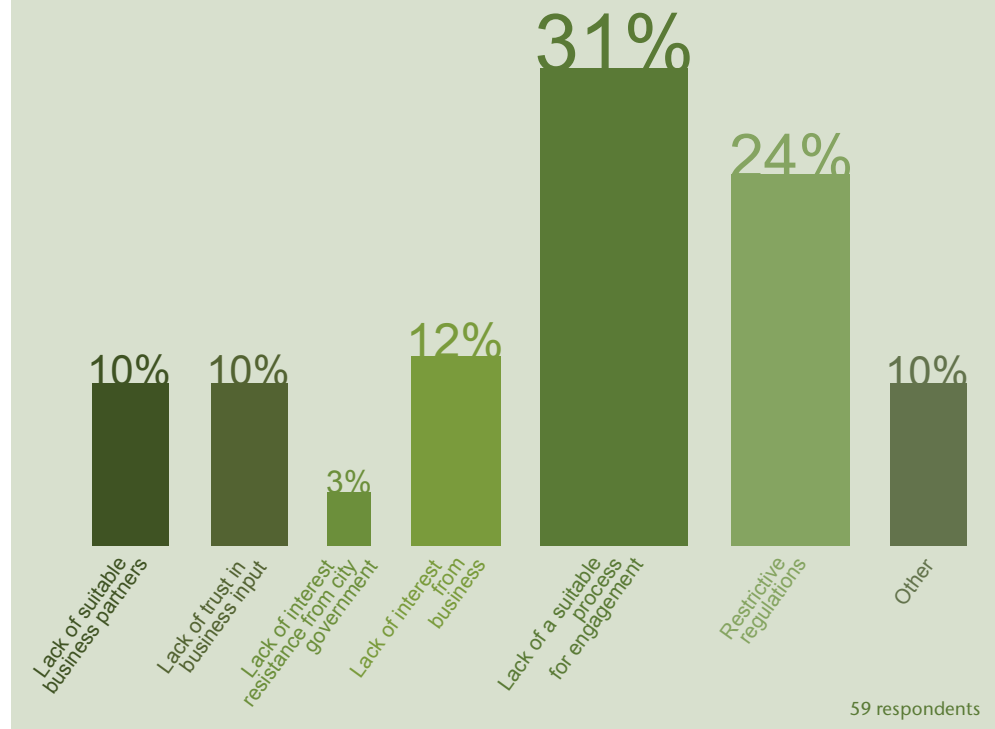
CITY'S EFFECTIVENESS IN WORKING WITH BUSINESS TO HELP ACHIEVE ITS SUSTAINABILITY PLAN

Figure 4



GREATEST BARRIER TO EXPANDING OR DEEPENING ENGAGEMENT WITH BUSINESS

Figure 5



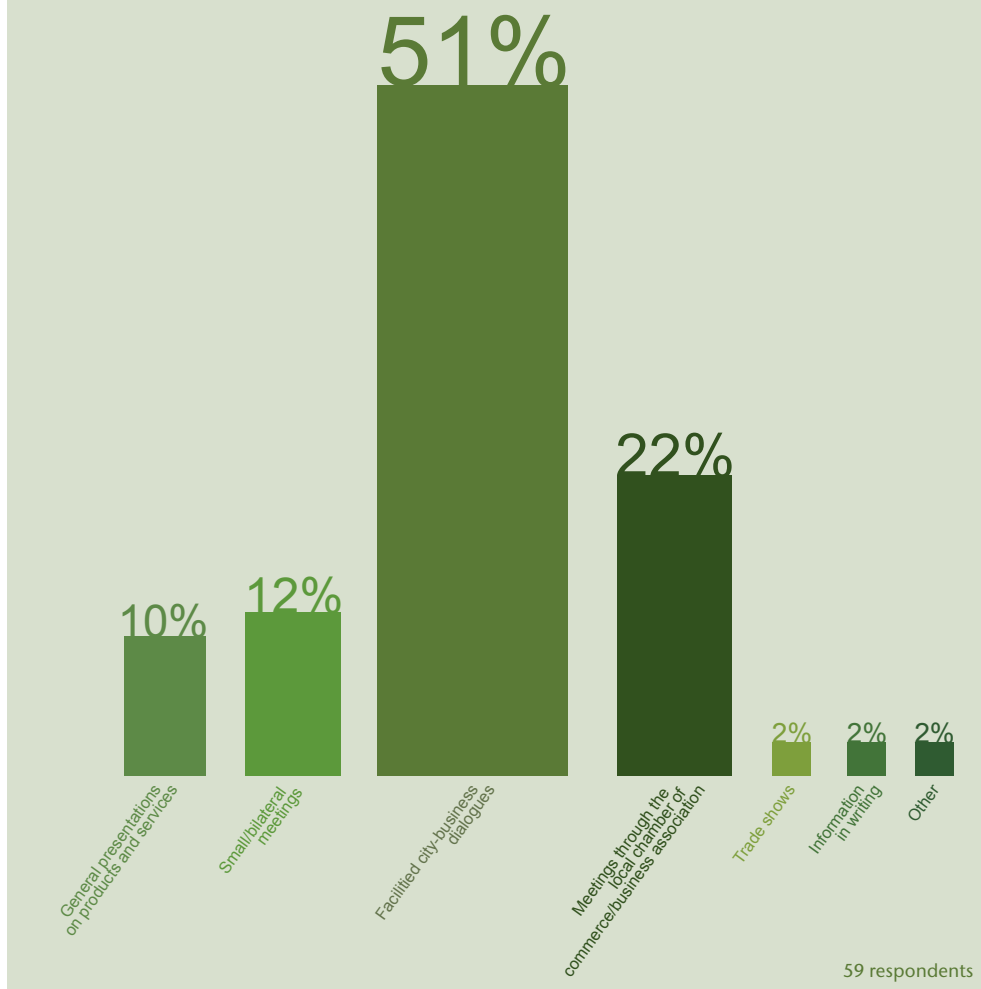
BARRIERS TO ENGAGEMENT

Respondents were asked to identify the major barriers to expanding or deepening their engagement with business solutions providers. By far the most common barrier is a lack of a suitable engagement process (36 cities) - there isn't a good way for cities and businesses to collaborate effectively. Many cities (24) also cited lack of interest from business and a concern that businesses might not act in the interest of the city.

Identifying the greatest barrier showed these issues to be less important. The lack of a suitable process remained at the top of the list (18 cities), but restrictive regulations was clearly the second greatest barrier (14 cities). Confirming the desire by cities to engage, "lack of interest from the city" was bottom of both these lists.

MOST EFFECTIVE FORMAT OF CITY-BUSINESS INTERACTION ON SUSTAINABILITY

Figure 6

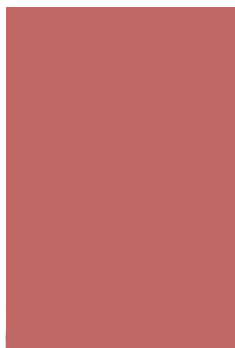


OVERCOMING BARRIERS TO ENGAGEMENT

Respondents were not short of ideas on how to improve engagement. In a free text answer, they suggested efforts to build trust, to demonstrate the importance of sustainability and the potential of “green business”. The most common comments referred to making regulations more flexible and creating some kind of engagement process.

Following this free-form response, a facilitated city-business dialogue was the most popular option by some margin. It was cited as useful by 45 respondents and by 30 as the most useful. While small meetings with businesses and Chambers of Commerce were also suggested as being useful, they were well behind facilitated engagement as being the most important.

ANALYSIS



CITIES AND BUSINESS COLLABORATING FOR SUSTAINABILITY

This survey supports the premise of the UII that cities are leading the transformation towards sustainable development, with ambitious visions and goals to drive action, especially on energy and climate change.

The nature of the survey participants inevitably colors the results, as these cities are members of leading organizations such as ICLEI. Even so, the activities reported are impressive. The vast majority see sustainable development as important for their future success and already have some form of sustainability plan with clear targets. This typically includes developing new or upgraded infrastructure systems, with public transport and green mobility a priority for many. The focus on transport echoes the findings of the LSE Cities green growth study¹ which found that “green transport” was a key priority for surveyed cities along with low-carbon energy supply and green buildings.

Cities’ widespread ambition and activity appears to be held back by acknowledged limitations or barriers. As can be expected, availability of finance is a key factor in inhibiting activity, while these cities also acknowledge other difficulties that stand in the way of more substantial action. It is clear that many cities need to tap external knowledge and expertise, and are looking for an improved policy framework to support sustainable development objectives. Reflecting the cross-functional and cross-sectoral nature of sustainable infrastructure highlighted by UII, many cities are also struggling to break through the “silo” structures typical in city halls around the world, and to engage meaningfully with a wide range of external stakeholders, including business.

The survey confirms the UII premise that business can help to fill these gaps, confirming evidence from the LSE Going Green study, which found that cities rated business or industry associations as very important in helping to formulate green policies.

Cities are used to working with business to implement plans in response to specific tenders, but many also recognize the potential identified by UII for businesses and cities to work together before detailed plans are developed and tenders issued. UII identified a role for businesses to contribute to city strategies and this survey confirms that there are several potential benefits.

The results confirm that gaining access to the expertise and knowledge of good practices in other cities and the private sector can make a major contribution to city strategies, while access to private finance could be equally important.

ENGAGING EFFECTIVELY

The UII demonstrated how such a business-city dialogue can usefully bring business insights and experiences to bear early in the development of cities’ sustainability strategies. Working with several cities in different continents, UII demonstrated the willingness and ability of business to be a strategic partner and showed that there is a wide range of applications where the early, collaborative involvement of business could bring benefits for cities.

This survey confirms those findings and shows that many cities are already engaging with business in pursuit of strategic sustainability benefits. This is often through informal meetings and indirectly through business organisations, but this survey suggests that businesses are often included in formal stakeholder engagement processes. Despite this, many cities seem to feel they are not working with businesses on sustainability as effectively as they would like.

In some cases cities are held back by what they perceive as restrictive regulations – as the UII project identified. Some seem to be dubious about businesses being sufficiently interested in working with them and/or acting in the city’s interests – perhaps because there has been limited engagement in these cities. However, there is a clear desire to work with business and a need to find an engagement process that works for all concerned.

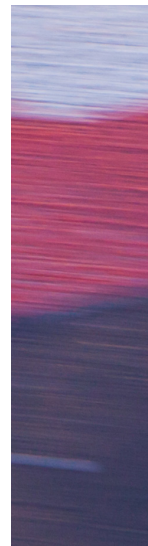
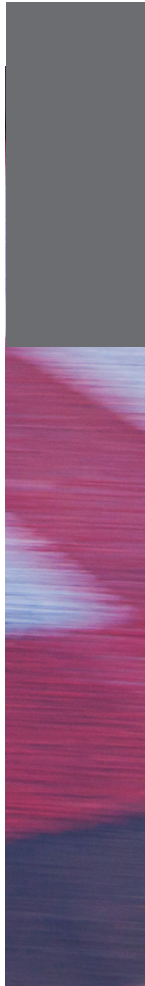
The most promising approach appears to be a facilitated dialogue between a city and businesses – the kind of process piloted by UII. Some cities responding to this survey suggested meeting businesses through Chambers of Commerce would be useful, but the survey demonstrates a clear preference for facilitated engagement.



¹Going Green: How cities are leading the next economy. LSE Cities, ICLEI, Global Green Growth Institute, 2013



CONCLUSIONS AND NEXT STEPS



Following up the UII pilot projects, this survey has provided useful additional insights from a wider range of cities than those involved in the UII. There is clearly a willingness to work together on sustainability strategies among cities and businesses but this is an area which is not well understood and which will benefit greatly from the kind of information this survey has uncovered.

The results support the assumptions and findings of UII :

- Cities are at the leading edge of sustainability action.
- Urban sustainability is complex, involving transformation of infrastructure systems and optimizing the linkages between them.
- Businesses committed to sustainability can make a valuable contribution to cities' sustainability strategies by being involved at an early stage of the planning process.
- Such involvement is relatively rare and is held back by cities' lack of awareness or belief in the potential benefits, regulatory-related constraints and the lack of a suitable engagement process.

This survey also supports the UII recommendations based on the pilot projects, especially the need for cities and international organisations to develop strategic engagement processes so that cities and businesses can work effectively together within an appropriate regulatory framework.

Climate change and other sustainability challenges are urgent and complex. It is vital that efforts to tackle these challenges are scaled up so that the kind of leadership shown by cities responding to this survey is followed by every city around the world. Without such widespread action, the world will not achieve the ambitions enshrined in the WBCSD's vision of a world in which nine billion people can live well, and within the planet's resources, by 2050.

WBCSD and ICLEI will continue working together to advance understanding of the value of city-business engagement and how to scale up the collaboration model to achieve widespread progress. This is likely to require further research to build a fuller understanding of the issues and develop solutions relevant to specific countries and regions.

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