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CSI Europe

TECHNICAL ASSISTANCE REPORT

STAKEHOLDER ENGAGEMENT



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PLANNING THE URBAN REGENERATION and CITY DEVELOPMENT THROUGHOUT the STAKEHOLDER ENGAGEMENT

1. Why to engage stakeholders? A public-private partnership approach for Urban Regeneration

Urban regeneration requires innovative ways to unite the efforts, commitments and knowledge of different groups and individuals that can contribute – each in their own way – to the achievement of a common goal: the sustainable development of community and territory. Cities are therefore challenged to consider and apply integrated solutions in the urban planning and design process. In this context, Public Administrations play a key role but need the support and the collaboration of private sector subjects that, given their own businesses and their impacts on the environment, are influenced by the planning solutions developed and, at the same time, can help to reach the targets. A co-ordinated action has more effective results.

Therefore there is need of finding an innovative way to unite the efforts, commitments and knowledge of different groups and individuals that can contribute – each in their own way – to the achievement of a common goals and results. The model proposed as reference is the "*New Social Partnership*", defined by the Copenhagen Centre as "*people and organisations coming from some public, private and civic entities/bodies which are engaged in voluntary, mutually beneficial and innovative relations with the aim of dealing/pursuing with social goals by putting together their own resources and competencies.*"

As such, Private-Public Partnership is an innovative tool that systematizes the possibility of these two elements to take action regarding the issue, appraising the possible existing synergies while creating win-win conditions for all the partners. This means that private participants find it advantageous to contribute with their own technical and economic resources to the solution of the problem that the public alone would not be able to solve. This condition holds true particularly in the presence of externalities and interconnections among motivating factors. This new approach is essential and implies an evolution from participation, as it has been intended since the conference in Rio in 1992 and by the Local Agenda 21 process, to partnership; as a consequence the word "*partners*" should be used instead of "*stakeholders*", meaning that these subjects are no longer external elements to be activated on call in precise steps of the process but they are partners that share with the Public Administration every step of the process and become promoters of efforts.

The classical model of stakeholder engagement, with the Public Administration that leads the process, is mainly inadequate to tackle the urban regeneration challenge for two reasons: (i) strategies for urban development are a multi-level governance issue, since they imply a radical transformation of cities and lifestyles; (ii) a large amount of resources is needed to carry out the process, so the Public Administration can act at most as a catalyst;

The success of this new approach relies on the ability to make the community "be part of" the change instead of "taking part" in it. And in this context, the involvement of private subjects, such as enterprises and other economic subjects, is essential for putting in place the initiatives for pursuing the goals connected to urban development.

Namely, a Public-Private Partnership diverges from the usual stakeholder engagement for the following features:



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- objectives and targets are quantified;
- the partnership lasts for a quite long period, and ends when the goal is attained;
- cooperation among all the subjects from the very beginning to the end;
- resource and risks sharing among partners (including financial ones);
- definition of a formal agreement and of a system of governance;
- definition of a monitoring and evaluation system.

Such a kind of scheme goes beyond the traditional model of participation, funded on listening and inclusion of the stakeholders' points of view, and moves forward a structured collaboration process where every partner plays according to its own resources for the attainment of the common goal. The success of the Public-Private Partnership is linked to the added contribution that it provides to traditional systems of social, institutional and market interactions. Its added value is derived from the sharing of skills, actions, economic resources and innovative solutions that this kind of relationship is capable of achieving.

It is necessary to emphasize that the Partnership process does not have to be a mere summation of individual contributions from the actors involved, but the result of a collaboration based upon the following variables: **context, organisation, goals, results, participants**

	Private sector	PUBLIC SECTOR	No-profit sector
What they offer	<ul style="list-style-type: none"> • Skills, technology and solutions • Familiarisation with final consumers 	<ul style="list-style-type: none"> • Knowledge of the territory • Financing and incentives • Facilitation and guarantees regarding agreement 	<ul style="list-style-type: none"> • Trust • Knowledge of the area of intervention
What they acquire	<ul style="list-style-type: none"> • Strengthening relationships with stakeholders and corporate reputation • Promoting positive values among • Employees • Improving company efficiency • Innovating business offers • Improving knowledge of the market • Reinforcing know-how Public sector 	<ul style="list-style-type: none"> • Carrying out company social environmental policies efficiently • Learning new work methods (reducing bureaucracy) • Improving knowledge of the territory • Reinforcing company's role in civic society 	<ul style="list-style-type: none"> • Obtaining legitimization of businesses • Improving internal and external communications Reinforcing company programmes through economic support and public support • Reinforcing company programmes through economic support and public support

Table 1 - The partnership's partners exchange (Life+ L.A.C.Re Guidelines).

The parameters with which added value is measured, and thus the success or failure of the Partnership process, are the internal benefits (of each single partner and members of the group) and external benefits (aimed at the collective group). In terms of internal benefits: access to economical, technical and managerial resources that each member is capable of offering as a contribution to the improvement of the Partnership's operative efficiency. In terms of work methods and enforcement of activities: innovation of suggested solutions and improvement of provided services and products. External benefits are broader in scope: they extend to the structural area of the social-economic fabric in which it is established and developed. Moreover, Partnership includes a resource on an informative level as well, in that it enables partners to acquire more information regarding the context in which it works and – more specifically – to obtain in-depth knowledge of its stakeholders, beginning with customers/users.



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INTERNAL BENEFITS Shared among partners	EXTERNAL BENEFITS For the external community
<ul style="list-style-type: none"> • Increased knowledge and skills (human capital): <ul style="list-style-type: none"> - Improvement of pre-existing ones - Adoption of new ones through exchanges between partners • Creations of new methods and solutions • Improvement of operative efficiency (organisational innovation) • Accelerated improvement and development of products and services • Strengthening of credibility, trust and reputation among stakeholders (social and relationship resources) • Increase the possibilities of access to contextual information and material and immaterial resources 	<ul style="list-style-type: none"> • Satisfying collective needs • Strengthening of civil society (civic sense) • Sustainable territorial development • Creation of social and economic wellbeing for the community through: <ul style="list-style-type: none"> - More job opportunities - improvement of quantity/quality of services and public/local facilities

Table 2 – Internal/External Benefits (Life+ ACT Guidelines).

2. Who to engage? The identification of the key stakeholders for the urban development and regeneration



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There are many different actors who can develop a Public-Private Partnership for Urban Regeneration and there are just as many different methods of organization and financing that govern it. Urban Regeneration process requires the involvement of different subjects with different roles: of course not all these subjects will be involved in Public-Private Partnerships for the implementation of the projects; many of them will be involved during the definition of the Local Action Plan, as individuals or groups joining the USLG – Urban Support Local Group or as part of the research effort or marketing strategy.

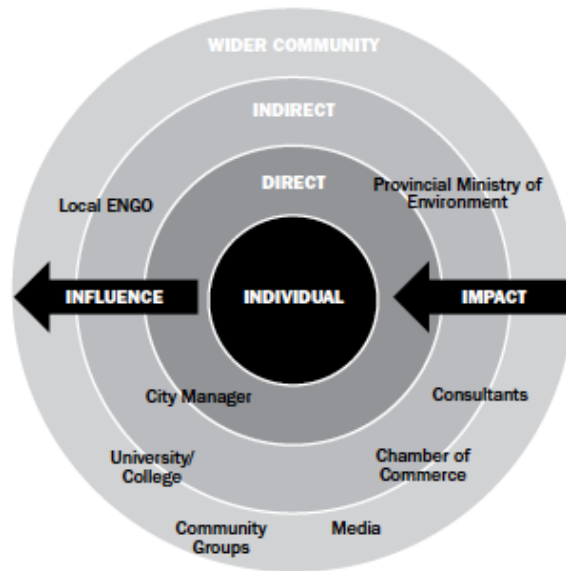


Figure 1 - Identification of stakeholders - Spheres of influence (ICLEI).

As shown in figure XX, the circle at the centre of the diagram represents the person (or department) tasked with initiating the planning effort in the community; this sphere represents the area with the most control and responsibility over.¹ The next layer includes the departments, organizations, or individuals with which there is a direct relationship or partnership, and then the next layer includes those individuals or organizations that have indirect effects on the work the person does, perhaps through loose or informal relationships, but where he/she has even less control than with those in the previous circle. The final outermost layer represents the wider community over which there is minimal control but should remain included (or acknowledged) in this initial stage. It is important to note that getting closer to the centre sphere the direct influence or control increases and moving out from the centre the ability to impact the external circles decreases. Also, stakeholders may move between the different spheres as the adaptation work progresses.

The identification process can be made more explicit with the **Influence-Interest Matrix**. The level of "interest" a stakeholder has as well as his/her capability/possibility of "influence" upon policies and urban strategies of the Local Institution are compared on a common value scale. Also, the matrix is an effective instrument when defining communication and involvement strategies that need to be adopted to reinforce dialogue and partnership during the various phases of the Local Action Plan.

¹ As suggested by ICLEI – Canada (an association of local governments committed to sustainability), the first step in identifying stakeholders is to look at the community's spheres of influence, in order to identify who is accountable to and who it can learn from.

INFLUENCE-INTEREST MATRIX

	Low INFLUENCE	High INFLUENCE
Low INTEREST	Stakeholders with a low priority of involvement. Require minimum participation and control efforts.	Stakeholders who can be influential in strategic decision-making. Should always be kept informed. Could have an important role in influencing stakeholders who are even more influential
High INTEREST	Important stakeholders because they are strongly interested in the effects of the process. They are very influential, but their level of influence in the energy strategies of the Institution is low. They are generally passive, but can suddenly emerge as a consequence of determined events, progressively increasing their influence on decision-making processes. Reinforcing their participation and involvement is necessary.	Maximum involvement priority. These are strategic stakeholders, essential in the development process. They are both influential as well as interested in the Institution's Plan. Whether these key players accept the strategies should be an important consideration in the evaluation of new local energy strategies.

Table 3 – INFLUENCE/INTEREST Matrix ².

Aside from the specifics of the single experiences, partners involved could be split up into 3 categories:

Promoters. Partnership promoters are the actors in the socio-economic-political and cultural system that conceive the process and act as engines for the start-up of the Partnership. They can be a group of people or even just one individual, depending upon strength and resources available. In any case, their task is to start up the process, aggregate other actors that can offer the maximum added value and define the Partnership's general goals. As far as Promoters are concerned, their task is to be the driving force of the Partnership's start-up process, the kind of actors to take into consideration are:

- "Sponsor" companies with substantial experience;
- Business associations;
- Organisations that manage public assets and services (e.g. health services, transportation, natural resources etc.);
- Institutes that deal with territorial development;
- Local administration;
- Groups of interest.

Facilitators. Facilitators are all those who can contribute directly to the success of the Partnership by providing technical support, know-how or resources. Possible facilitators are: Universities and innovation research centres, Chambers of Commerce, Banking and Credit Institutes, Associations and NPOs. An important role is played by organizations that support and bring businesses and economic operators together, such as business

² Cfr. Cardinaletti, Di Perna, "Tools and concepts for the Local Energy Planning", EASY Project (2010), IEE



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associations and Chambers of Commerce, because they can spread the contents of the partnership acting as multipliers. Nevertheless, the involvement of enterprises themselves is a key factor for the success of the partnership, because they are the subjects who have the means for realisation. Among the facilitators there should be members capable of verifying and guaranteeing the transparency and honesty of the process, such as exponents from the academic and research world, experts of environmental and energy issues. More specifically, the presence of third parties is important in the approval phase of the plan of action, monitoring and assessment of results. Facilitators are to represent the various requests at stake and provide factual knowledge and technical support. The kind of actors to take into consideration are:

- NGOs and NPOs;
- Universities and research centres;
- Certification companies;
- Environmental Associations;
- Service companies that work for Promoters involved;
- Consumer Associations;
- Other actors on the territory.

Members. The members are the actors who are more directly involved in the process. They are the true leaders of the partnership and with their commitment they contribute concretely to the implementation of the adaptation measures. In order to assign the role of promoter, facilitator and member to the subjects to be involved, it is necessary to chart out a map of various categories of contacts that are active in the territory and an assessment of some key criterion. The final category of actors to map are potential partnership members. The kinds of organisations to involve in this role must be acknowledged by Promoters and (if possible) Facilitators. The kind of actors to take into consideration are:

- Companies (in particular, those who do not fall into the category of mandatory emission trading systems);
- Public Capital companies;
- Public Administration (e.g. health services, universities etc.);
- Local administrations;
- Other Institutional actors.



MAIN STEPS IN THE STAKEHOLDER SELECTION PROCESS

HAVE YOU:

- Explicitly explained the reason for the selection?
- Defined a list of possible/potential stakeholders?
- Analyzed all potential conflicts of interest with or between stakeholders?
- Ensured yourself that your choices can be included?
- Identified macro classes that are significant and representative?
- Defined the involvement of the stakeholder classes
- Established the frequency and the level of involvement?
- Defined the ideal instruments for the involvement?

3. How to engage stakeholders? The establishment and management of a Public-Private Partnership for urban regeneration



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Clear roles, quantified targets, specific actions to be implemented and a monitoring and evaluation system are the minimum requirements for the success of a Public-Private Partnership. The main stages of the creation of a Public-Private Partnership are described, as shown in figure below³.



Figure 2 – PPP stages

Partnership conception

The first phase in the construction of a Public-Private Partnership is of an explorative nature and it sets the base for the achievement of the project's goals. It is essential that the phase is carried out with a thorough assessment of each aspect and possible implications before proceeding to the more operative phases. The chosen Partnership model will have an influence upon the role, kinds of relationships and collaboration there will be among partners, as well as transaction costs linked to the implementation of activities and the final impact the process could have on the territory. The specific goal of this phase is choosing the Partnership model most suitable to the set goals, involving those subjects who could assume the roles of Promoter and Facilitator of the process and draw up a formal agreement of Partnership.

The process must begin with a feasibility analysis that would allow for the identification of key factors which could offer added value, limiting the risks of resistance that could arise from both public and private partners. It is essential that the Promoter of the initiative defines the boundaries and the goals of the Partnership during the starting phase. An aspect that should never be underestimated (right from the very beginning) is that the Partnership requires economic resources suited to its activation and maintenance until the set goals have been attained. Available resources must be carefully assessed and goals must be defined in line with the amount of

³ Cfr. "Planning for Adaptation to Climate Change – Guidelines for Municipalities", www.actlife.eu

funds that can be made available to the process. It is useful to involve a panel of stakeholders in this explorative phase of the Partnership.

This panel can be made up of business associations, Chambers of Commerce and other economic operators that would be interested in participating. Moreover, it is important to involve companies with substantial experience right away, since they could take on a sponsorship role and be the driving force for the launch of the project. The initial assessment is the base for defining the feasibility of the Public-Private Partnership, its structure and its goals; it is the phase directly involving those who promote the partnership dealing directly with the strategic political level as well as the technical structure.

After having mapped out who to involve (see influence/interest matrix), and before proceeding to the establishment of the Partnership, it is necessary to establish the mechanisms of Partnership management and relationships between various entities involved.

The management groups could be:

- a steering group made up of Promoters in order to keep control of Partnership goals and to guarantee a strategic direction;
- a support committee made up of Facilitators as a permanent advisory board that supports the steering group and members, bringing forth different requests and viewpoints, know-how and technical skills.

Obviously, the role of these groups will vary in intensity, becoming more or less binding depending on the type of partnerships. At the end of the process of mapping out and involving members from various categories, the establishment of the Partnership must be formalised through the drawing up of a **Protocol Agreement** or a similar document.

It must offer a detailed explanation of: (i) *the goals and partnership model*; (ii) *the categories and roles to be carried out*; (iii) *the governance mechanisms of the partnership*.

This document must be shared with the facilitation group and officially signed by all those who will decide to adhere to the Partnership. It is also possible to include different levels of participation, if the complexity of goals to obtain should call for such an action.

Partnership development

Once the agreement establishing the Public-Private Partnership has been formalised, it is time to work in an operative manner to involve companies throughout the territory (members) and expand the partnership's visibility in the area. More specifically, the goals of this phase are to: (i) *communicate the existence of the partnership and its goals throughout the area*; (ii) *promote the adhesion of more and more subjects*.

Now that the dynamic part of the project has arrived, the first step is to involve local actors which would then animate the partnership and ensure the attainment of all goals. Therefore, a campaign should be promoted to expand partnership to as many elements as possible, valorising and capitalizing the role, knowledge and networks of each entity.

It could be decided to involve only one economic sector, a group of businesses or to even extend participation to anyone showing interest. Based upon the target to contact (e.g. a specific economic sector, small and medium enterprises or every business located in the area without distinction), a specific strategy to involve them will be defined. If a partnership open to all companies and organisations in the area has been chosen, the communication of the existence of such a partnership could be conveyed through the press and local media. If the partnership is aimed at a more specific target such as an economic sector (e.g. agriculture, tourism, etc) or a



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kind a company (e.g. cooperatives, small or medium enterprises etc.), it would be opportune if the promotion of the partnership took advantage of direct and specific channels made available by the companies themselves.

Business associations or the spheres in which they operate, associations and networks involved in sustainable and innovative issues are all elements which could facilitate contacts and memberships of these companies. Once again, in this case the involvement of these elements from the beginning of the Partnership would make the promotional phase in an area more rapid and effective. In order to guarantee the success of the Partnership, it is fundamental to set up the operative tools to support the development of the entire project; in fact, the lack of information, knowledge and instruments could halt innovation even more than a lack of funds.

In this phase, a very central role is played by the Facilitators. Technical know-how and the experiences of the various stakeholders involved could contribute to the definition of scientifically valid standard support tools that are easily used by partners. By structuring a valid instrumentation of support for members, the Promoters would facilitate the attainment of the Partnership's goals. Instrumentation of support could include various tools such as: (i) information tools: guidelines, manuals, training and information courses etc; (ii) technical tools: matrixes for analysing the process and other analysis tools, spreadsheets, databases etc. (iii) direct support tools: audits by technicians, support in the planning of the creation and interventions on installations, support in the creation of management activities.

It is important that support tools be built upon acknowledged methods and linked to national or international standards.

Defining the Local Action Plan (LAP)

Once the partnership has been signed by enough organisations, the next step is to define the Local Action Plan, which clarifies the specific goals, and commitments that must be set, agreed and valid for all partners. Putting together an Action Plan requires – first of all – a phase of identification and mutual awareness of the goals and expectations of every single participant. Initial transparency is one of the essential conditions for the success of the Partnership, for the purpose of avoiding that any initial misunderstanding or conflict among the actors might turn into insurmountable obstacles during the rest of the process.

The contents of the plan depend on the specific goal of the Partnership; whatever the goal is, it is fundamental that companies carry out the forecasted activities, and this might require specific technical skills and available resources, in terms of both time and personnel.

Obviously, this could be a barrier to partnership participation by companies and other potential subjects and could also represent a delay in forecasted timetables. In order to avoid that this could compromise the success of the partnership, dedicated technical support is useful.

In order to facilitate monitoring and communication activities, it would be opportune that the Action Plan includes a monitoring system that everyone agrees upon which would enable the periodic detection of qualitative information regarding the realization of forecasted activities.

Partnership enforcement, monitoring and conclusion

This is the longest and most critical of the partnership phases. In fact, the undersigning of the goals is not synonymous with their realisation. To the contrary, it must be aided by constant monitoring and support of the partners. More specifically, the goals of this phase are:

1. supporting partners in the realisation of activities outlined in the plan of action;
2. monitoring and evaluating the advancement of the partnership periodically and communicating the results achieved through a reporting system;
3. evaluating overall results of the partnership in terms of contribution to the adaptation issue;
4. concluding the partnership cycle once the expected results have been obtained.



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The final piece of the partnership coincides with the implementation phase of the Local Action Plan and the evaluation of results obtained in comparison with the goals and planned benefits.

The actual realisation of what has been included in the Local Action Plan is the condition for the concrete attainment of partnership goals in terms of adaptation to climate change and resiliency of the territory and of the local economy. Constant support must be offered in order to guarantee that the partnership project is not interrupted and that the Local Action Plan is tangibly carried out. The kinds of support and their intensity can vary in function of the availability of economic resources and professionalism that the partnership possesses. If resources are limited, support actions will be oriented mostly towards networking and information, facilitating awareness and access to credit, possibilities of funding and incentives as well as contact between supply and demand services. If the partnership possesses adequate resources or if there are subjects within the group which can offer technical know-how (e.g. technical facilities of sector-related associations, universities and research centres etc.), support can be done through more tangible activities such as technical planning or co-financing of investments.

Transparency is an essential element to guarantee the partnership's success. All those involved must have access to information regarding: commitments taken of every member, what has actually been done and results obtained. In order to guarantee all of this, a monitoring system must be enforced that has been agreed upon and acknowledged by all members and possibly even verified by an independent third party. Verification can be carried out by a subgroup of the Facilitation Group which involves experts and technicians capable of evaluating the quality and dependability of gathered information. Monitoring is related to the advanced phases of the plan of action's implementation, but it is opportune that the system be defined during the initial phases of the process, so that measurement and evaluation parameters are explicit and the gathering of data and information is facilitated.

The monitoring system is developed on two levels: *(i) measurement of actions that have been carried out; (ii) measurement of the results of the partnership.*

Measurement of actions that have been carried out call for the prompt monitoring of the actions which each partner actually enforces - in comparison with the commitment found in the plan of action. This information is useful in order to single out and manage critical factors which delay or hinder the realization of forecasted actions, as well as offering suitable initiatives (e.g. additional technical support, training etc.).

Measurement of the results is based upon outcome indicators that have been especially created to measure and communicate the impact of the partnership on adaptation issues. Key parameters to be measured are both environmental and economic. In order to get the full picture, even the most qualitative aspects must be monitored such as processes or initiatives developed by partners, the adoption of evaluation tools used to measure eco-efficiency or management and communications.

Monitoring can be carried out from a distance through questionnaires or check lists to be given to members periodically or through field visits in order to verify monitored information in person.

A summary report must be written periodically which features an update of: all obtained results, the level of realization of actions taken, forecasted timetables for the conclusion of actions in order to guarantee that the project continues. This report must be shared and formally approved by all the subjects of the partnership.

Evaluation is one of the key elements of the entire process and it is not limited to the evaluation of the final results alone. The evaluation process is supported by monitoring system and monitoring report. Aside from the attained results, evaluations of the partnership in terms of relations, communication, internal transparency and



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management are necessary during the project and at its end.

It is opportune that formal evaluation meetings are scheduled that involve all promoting elements of the partnership. Evaluation meetings can also be held during monitoring every 6 or 12 months in such a way as to have suitable information for discussion and to promptly define measures of modification (e.g. additional technical support, redefinition of the plan of action etc).

The Private-Public Partnership is a delimited course through which different elements work on a common goal. Once the set goal has been attained, the process is concluded and the partnership is terminated. It is essential that goals and initial targets are all specific and well-calibrated in such a way that expected results can be attained within a limited period of time.

Other structures or organizations - such as associations, networks or NGOs - can be established through this experience that can inherit, valorise and promote what has been attained.

References

Cardinaletti, Di Perna , "Tools and concepts for the Local Energy Planning" , EASY Project (2010), IEE

AA.VV " Planning for Adaptation to Climate Change – Guidelines for Municipalities", www.actlife.eu



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URBACT II

URBACT is a European exchange and learning programme promoting sustainable urban development.

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