



**Equilibrium**  
Institute

# **CITY DIPLOMACY** **INDEX**

A methodology to analyze the  
achievements of city diplomacy



## City Diplomacy Index

A methodology to analyze the achievements of city diplomacy

This project was carried out in cooperation with the Heinrich-Böll-Stiftung.

 HEINRICH BÖLL STIFTUNG

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# EXECUTIVE SUMMARY

Cities will gain more power in the 21st century than any other stakeholder. By 2050 almost 70% of the world population will live in cities. The economic and political power concentrated in the biggest cities will be greater than the power of most nation-states. City diplomacy will play a decisive role to further advance local values and interests by improving bilateral relations with other cities and joining city networks.

So far there is no single index that attempts to measure and assess the foreign policies of cities. The **City Diplomacy Index** (CDI) of the **Equilibrium Institute of Budapest** aims to change that, by introducing a new methodology to analyse the achievements of city diplomacy. This index is a useful tool to compare and recognise best practices of cities and to demonstrate annual developments.

The results of the indicators of a given city are grouped into four categories: city relations, business relations, tourism and cultural relations, and multiculturalism.

Under the category of city relations, we have collected indicators measuring the institutional setup and the most visible results of city diplomacy activities. We are scoring the quality of structures and professional activities of city units responsible for foreign relations.

There is an obvious correlation between the economic power a city exercises and the political power it can wield in terms of its foreign relations. Reaching the point of becoming an internationally relevant economic stakeholder requires a lot of diplomatic effort. In the category of business relations, we measure both the hard quantitative aspects of city diplomacy such as the GDP per capita or the inflowing FDI as well as the institutional brackets related to economic strategy.

Although private and state-level stakeholders have a crucial impact on formulating the tourism industry and cultural relations, there are only a few other policy fields where cities are more influential than this one. In our **City Diplomacy Index**, we tried to grasp the tangible elements of tourism and cultural relations, such as the guest nights spent in the city or a qualitative evaluation of the city's branding strategy.

A city can actively encourage and create a welcoming and safe environment for expatriates, a lifestyle that is concentrated in urban areas. The fourth category of our index measures this by assessing the preconditions to starting a life in a foreign city.

We truly believe that the **City Diplomacy Index** will highlight opportunities and best practices of city diplomacy and it will be a useful tool for analysing the continuous development of this field through its annual publication.

## Future for Hungary

Equilibrium Institute

# 1. WHY DO CITIES MATTER?

We are witnessing the renaissance of city politics. Cities were the cradle of democracy in ancient times, and today, in the second decade of the 21st century, they are once again gaining power and have become vital pillars of our democracies. We can observe the tendency of decentralisation of diplomatic power, which has to be taken into consideration when discussing foreign affairs. There are multiple reasons why cities have become such fundamental subnational powers. First of all, for many people around the globe, the city administration is the only omnipresent subnational government. The political and economic role of cities also multiplied in the last century. Urbanisation has become so dominant that a historic 55% of all human population is living in cities, which is a steep growth if we compare it to 1950 when the rural population was still at 70%. The trend continues: the proportion of those living in urban areas is expected to increase to 68% by 2050.<sup>1</sup> This means that the economic and political power will be further concentrated in cities.

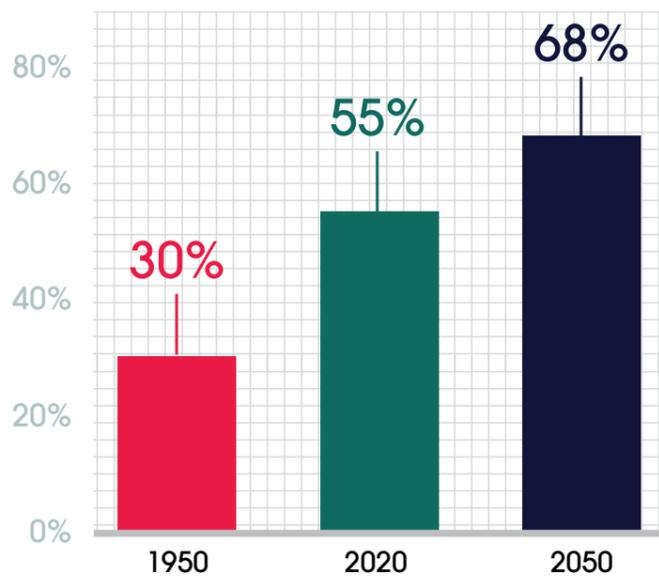


Chart 1: Global population living in cities

<sup>1</sup> Population Division of the UN Department of Economic and Social Affairs (UN DESA): 2018 Revision of World Urbanization Prospects, <https://population.un.org/wup/>

<sup>2</sup> Acuto, Michele, Hugo Decramer, Mika Morissette, Jack Doughty, and Yvonne Ying. 2017. 'City Networks: New Frontiers for City Leaders.' In UCL City Leadership Lab Report. London: University College London.

<sup>3</sup> Baycan-Levent, T., Kundak, S., & Gulumser, A. A. (2008). City-to-city linkages in a mobile society: the role of urban networks in Eurocities and Sister Cities. *International Journal of Services Technology and Management*, 10(1), 83-109.

# 2. WHY IS CITY DIPLOMACY IMPORTANT?

Cities' foreign policy relies more heavily on network power and far less on sovereign power, meaning that they exercise their power by driving coalitions of actors towards the desired governance outcome. More specifically, city diplomacy is "an extensive set of municipality-led bilateral and multilateral interactions with foreign actors — mainly other cities, city networks, and international organizations — to advance an international agenda inspired by local values and interests."<sup>4</sup>

## CITY DIPLOMACY'S GOALS CAN BE DIVIDED INTO FOUR GROUPS:

**01** Prevention of conflicts and reconciliation.

**02** Development aid and solidarity.

**03** Cooperation in addressing global challenges such as climate change, migration, gender equity, violent extremism, and urbanisation.

**04** Regional integration and solidarity.

The characteristics that are to be analysed when developing a city diplomacy indicator can be divided into three main aspects.

Firstly, the size of a city. It has been proven that their size directly correlates to the level of international activities in which they are involved.

Secondly, defining the legal climate. There is a wide array of legal relations between cities and their national governments: Some cities completely align their foreign policy with that of their nation-state (this can mostly be found in centralised autocracies); others vocally oppose their host country (mostly in decentralised democracies). Both national and international legal boundaries are becoming blurred, and cities frequently do not conform

<sup>4</sup> Kihlgren Grandi, L., 2020. *City diplomacy*. Paris: Palgrave Macmillan, p.2.

to their formal set of powers, but rather are empowered by society while their country is aware of, and mostly consents, to their actions. Furthermore, it is a common occurrence that an international organisation takes the city itself or some causes the city strives for under its wings.

Lastly, the geographic location and the geopolitics of a city. As more than 40 per cent of all city networks operate in Europe, it's only fitting to start with the analysis of some European cities.<sup>5</sup>

When cities draft their vision and agenda, they are hoping to achieve certain outcomes through their city diplomacy efforts. One group of these outcomes is improving and strengthening service delivery. City diplomacy is an activity that involves joint innovation processes and

knowledge transfers, meaning that potentially this form of cooperation will result in the development of municipal services in terms of improving both their quality and cost-effectiveness. It aims to do so through introducing innovative technologies and methodologies to prepare cities for any unexpected and unprecedented crises (like a global pandemic or refugee crisis). Another result cities are hoping to achieve is enhancing their attractiveness, from both a cultural and economic viewpoint, potentially leading to a more emphatic global positioning of the city and a higher influx of foreign tourists, foreign direct investment, talent, and students that will ultimately all contribute to the local development of the city.

### 3. WHY DO WE NEED A CITY DIPLOMACY INDEX?

Several indexes measure and rank regions, countries, or cities by specific social, economic, cultural, or administrative aspects on an annual basis. There are examples of innovative tools assessing a country or region's performance in dealing with the rest of the world as well. The most well-known is the European Council of Foreign Relations' Foreign Policy Scorecard, but there are examples of national assessments of foreign relations by Central European think-tanks, such as the Czech Foreign Policy Indicator created by the Association of International Affairs (AMO) or the similar publication of the Ukrainian PRISM.

However, there is not a single index thus far that attempts to measure and assess city diplomacy activities. City networks and city diplomacy is becoming increasingly important and in coming decades, city diplomacy will be the fastest developing field of international relations.

Therefore, the **Equilibrium Institute of Budapest** decided to develop The **City Diplomacy Index**, which is a unique methodology to measure the effectiveness of the foreign policies of cities. The index is capable of comparing the foreign policy efforts of the capital cities of the world on an annual basis; support them to increase and improve their international cooperation and help them to become more inclusive and more liveable for expats.

“However, there is not a single index thus far that attempts to measure and assess city diplomacy activities.”

<sup>5</sup> Acuto, Michele. 2013. 'World Politics by Other Means? London, City Diplomacy and the Olympics.' *The Hague Journal of Diplomacy* 8 (3-4): 287-311.

## 4. HOW DOES THE CITY DIPLOMACY INDEX WORK?

**City Diplomacy Index** aims to measure the city diplomacy of selected cities on an annual basis. The index itself is a mixture of 58 indicators and almost 110 sub-indicators (both qualitative and quantitative) organised into four categories.



As our categories clearly show, only one is directly covering the foreign policy performance of cities, while the rest measure other important soft power elements and the broader city environment where the main stakeholders operate. Currently, the methodology is developed in a way that is capable of comparing capital cities of the world on an annual basis.

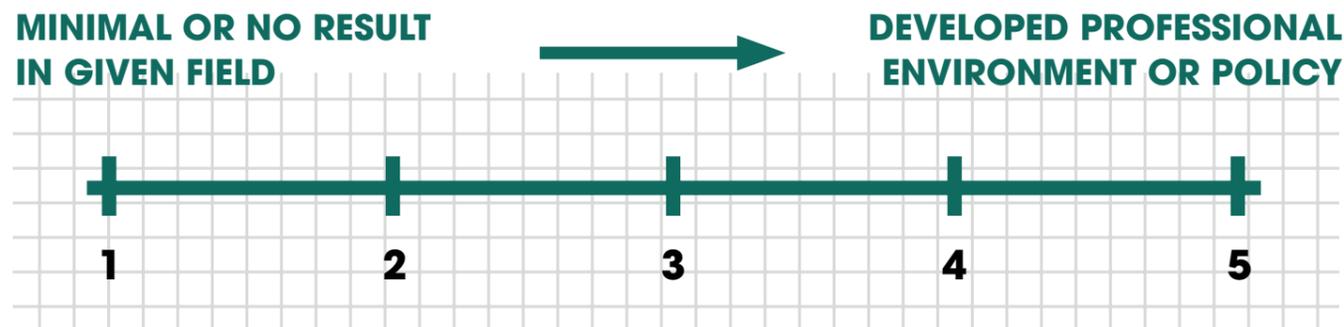
Our qualitative indicators are based on desk research, accessible public data and in selected cases we use the data and the rankings of well-known international indexes. Our quantitative data is mainly based on statistical information accessible from public sources, such as Eurostat or national statistical offices. We have created all of our indicators in a way that information is available on almost any capital city.

We should note that city diplomacy is a complex and not easily defined task. Beyond the traditional diplomatic toolkit, soft power is also important. Therefore, when analysing city diplomacy, we measure both the institutional achievements of the city diplomacy units and their cooperation with other important bodies covering education, culture, business relations, sports, and tourism, among others.

After collecting all relevant data, we translate every result into a score, scaled from 1 to 5. A low score represents minimal or no results in the given field, while a high score represents a developed professional environment or policy, a performance of the highest standards even on an international scale.

The city evaluations will be first prepared and reviewed by local experts, while a second review to harmonise the results of every city covered by the Index will be carried out by experts at the **Equilibrium Institute**. The work of the evaluators is reviewed carefully, and quality checked by statisticians before publication to ensure that every city index is developed with the same level of professionalism. We support our local evaluators by providing examples, ensuring scoring in different cities will not generate different results. Scoring also helps us to better compare qualitative indicators with quantitative ones.

Every sub-indicator, indicator, category, and overall score can be compared with the results of other cities, not only supporting us with deeper knowledge on the overall quality of city diplomacy but also highlighting potential fields where further development is necessary or where other cities implemented the best practices. The review process, together with the interviews conducted by the evaluators helps us to provide detailed recommendations to every city that is included in the **City Diplomacy Index**.



## 5. CATEGORIES OF THE CITY DIPLOMACY INDEX

In this section, we discuss the four categories of our index in depth. We reached the composite score by deriving the average of the four groups: city relations, business relations, tourism and cultural relations, and multiculturalism. As we consider city relations the most important pillar, **we gave its score a 1.5 multiplier**. However, it is in the nature of our index that more insight can be provided than the final score alone. To derive conclusions and identify the strengths and weaknesses of a city’s diplomatic performance, we can delve deeper into the categories and subcategories.



### 5.1. CITY RELATIONS

Cities derive most of their power on the international scene from their networks and networking ability. We, therefore, consider city relations as the most important category when crafting a city diplomacy index. Under this category, we have collected indicators measuring the institutional setup and the most visible results of city diplomacy activities.

Firstly, we score the quality of the formal bodies of city diplomacy. The existence and position of the city diplomacy unit within the city structures, the professional qualification of its staff and the operation of the unit describe the international relations capacities of the city accurately. The most important aspects concerning this data include the budget earmarked for international relations, its political, democratic, and professional oversight within and outside of the city hall and the transparency of its operational conduct. In our understanding, transparency includes the communication of city diplomacy activities, therefore we are taking a deeper look at the platforms through which city diplomacy communicates with citizens.

The day-to-day activities of city diplomacy manifest in entering cooperation agreements and leading multinational projects. Cooperation between cities can be differentiated by its depth. A type of cooperation is nominal twinning agreements. However, other types of cooperation might not

be written in a contract, but involve regular conferences, meetings, and common projects. The index not only reviews all these categories but also puts a special emphasis on networking among cities.

We consider it important to introduce the concept of

**“Cities derive most of their power on the international scene from their networks and networking ability.”**

city networks among the indicators of the index. Most city networks are between European cities, although this trend is slowly changing with more and more Asian cities stepping into the ring. When we selected the networks to examine, we considered several aspects. We had to exclude networks that are exclusive to selected cities based on national, country-level considerations. We have also excluded those networks where every European capital had already secured a membership.

We have grouped the selected networks based on their priorities and membership. Only those important networks were included that already had at least 10% of EU capitals in their membership, but less than 80%.

The first group is the networks promoting democracy and tolerance. Cities emerged as advocates for peace and as the voice of their constituents. After the Cold War, there was a rise in city networks with pacifist goals, such as the Mayors for Peace network. They evolved into powerful actors in conflict resolution, became lobbyists, and as countless examples highlight, cities are often the bridge between the people and the government, tending not to carry the same grievance-fuelled historic tensions that national governments do. Cities can be regarded as steady and efficient actors since their actions are more easily accepted because they are seen as the direct protectors of their municipalities. They do not face the same vetoes as national governments and their funding is not dependent on grants and volunteers like NGOs. However, we must not forget that cities' room for action is often constrained by their national governments. Nevertheless, networks focusing on promoting peace and tolerance represent one important group we measure.

Climate issues represent the second group of networks. Cities account for 60 to 80% of energy consumption and generate 70% of greenhouse gas emissions, therefore playing a significant role in fighting climate change. The

issue of climate change is a good example of how cities can step in and make up for gaps in government action, and can cooperate and achieve meaningful change when concentrating their power. The two biggest networks that strive for environmental sustainability are the C40 and the ICLEI networks.

Finally, networks that have a social and health agenda represent the third group of networks we score. Health and social networks are developing very rapidly, and the COVID-19 epidemic proved that there is room for new networks in this field in Europe.

Beyond formalised cooperation, we also review the participation of cities in the international sphere. The index analyses international activities, most importantly the participation of key stakeholders as speakers at international events, bilateral meetings with key international stakeholders and the key events the city hosts. As we believe the transparency of international travel costs are important, we only measure international visits that were announced in domestic or international media or appear among publicly accessible and transparent lists of international trips.

**QUESTIONS ON CITY RELATIONS FOR THE CITY DIPLOMACY INDEX**

Category	Question	Sub-indicator	How do we assess?
<b>CITY DIPLOMACY</b>	Is there any separate strategy for city diplomacy?	<b>Formal existence</b>	Qualitative assessment
		<b>Democratic oversight</b>	Qualitative assessment
		<b>Transparency and inclusiveness</b>	Quantitative assessment
	Is there a separate unit responsible for city diplomacy?	<b>Institutionalisation</b>	Qualitative assessment
		<b>Finance</b>	Qualitative assessment
		<b>Transparency and communication</b>	Qualitative assessment
		<b>Involvement of professional bodies</b>	Qualitative assessment
		<b>Involvement of business and public bodies</b>	Qualitative assessment
	What is the proportion of women in the following positions and units?	<b>Mayor and Deputy Mayor</b>	Men-women ratio
		<b>City Diplomacy Unit</b>	Men-women ratio
<b>REPRESENTATION AND COOPERATION</b>	Is the city represented in key city networks on the future?	<b>Membership in key climate networks: C40, ICLEI, Energy Cities</b>	Number of memberships
		<b>Membership in democracy and tolerance networks: International Cities of Refuge Network, European Coalition of Cities Against Racism, Rainbow Cities Network, Solidarity Cities</b>	Number of memberships

Category	Question	Sub-indicator	How do we assess?
REPRESENTATION AND COOPERATION	Is the city represented in key city networks on the future?	<b>Membership in peace and global health networks: Fast-Track Cities (Ending Aids), Mayors for Peace,</b>	Number of memberships
	Does the city have political representation in Brussels?	<b>Office</b>	Qualitative assessment
	How many cities is the inspected city twinned with?	<b>Quantity of agreements</b>	Number of agreements
		<b>Quality of agreements (frequency of meetings, knowledge transfer)</b>	Qualitative assessment
	How many cooperation agreements or friendship agreements is the city involved in?	<b>Quantity of agreements</b>	Number of agreements
		<b>Quality of agreements (frequency of meetings, knowledge transfer)</b>	Qualitative assessment
	How many international organisations have a seat, representation office, SSC or HQ in the city?	<b>Country Representation</b>	Number of organisations
<b>Regional Representation (Covering at least 4 countries)</b>		Number of organisations	
<b>Headquarters</b>		Number of organisations	
INTERNATIONAL RELATIONS	How many international conferences (with over 250 participants) was the leadership of the city invited to last year?	<b>Mayor</b>	Number of invitations
		<b>Deputy Mayors</b>	Number of invitations
	How many international conferences (with over 1000 participants) was the leadership of the city invited to last year?	<b>City Diplomacy Unit (Head and Deputy Head)</b>	Number of invitations
		<b>Number of major conferences</b>	Number of major conferences

Category	Question	Sub-indicator	How do we assess?
INTERNATIONAL RELATIONS	How many high-level international meetings did the mayor attend?	<b>State-level visit (minister, prime minister, president)</b>	Number of meetings
		<b>International organisation meeting (deputy director and above)</b>	Number of meetings
		<b>Ambassador</b>	Number of meetings
	How many high-level international meetings did the deputy mayor(s) attend?	<b>Foreign mayors</b>	Number of meetings
		<b>State-level visit (minister, prime minister, president)</b>	Number of meetings
		<b>International organisation meeting (deputy director and above)</b>	Number of meetings

## 5.2. BUSINESS RELATIONS

Economic indicators may not seem of high importance when talking about the diplomatic performance of cities. However, there are several reasons why we should highlight economic results.

There is an obvious correlation between the economic power a city exercises with the political power it can wield in terms of its foreign relations. But reaching the point of becoming an internationally relevant economic stakeholder also requires a lot of diplomatic effort. Encouraging foreign investment and attracting major companies to select the city as their regional or global headquarters is at least as dependent on the city's policies as the country's.

The budget of a city often determines its opportunities to embark on multinational projects. We must also acknowledge that the more economic opportunities available in a city, the more attractive it is to foreign investors as well. In our index, we strived to highlight this by measuring how many Forbes 2000 companies chose the city as their headquarters or shared service centres. The

There is an obvious correlation between the economic power a city exercises with the political power it can wield in terms of its foreign relations.

index also incorporates a purchasing power index as well as the GDP per capita to provide an account of the economic performance at the level of the local consumers. Our **City Diplomacy Index** also maps the business environment by measuring the import-export movements of cities from different perspectives.

Cities are facing similar challenges all over the world, such as unemployment, deindustrialisation and so forth. The global networks can help them in sharing best practices to tackle these issues and boost their economies. Close cooperation between the city diplomacy and economic

units seems to be key for the success of a city. If the city's diplomacy and competitiveness strategy are not aligned, it is unlikely that such incoherence will lead to a strong international reputation. Mayors can induce economic performance by acting as quasi-urban entrepreneurs who try to score the best deals in the international sphere and promote local products as well. Moreover, so-called growth coalitions involving the major entrepreneurs and the wider metropolitan area of the city tie the public and private sectors together in fighting for common goals. Therefore we measure the institutional preconditions within the city hall and the formal existence of an economic and investment encouragement strategy in our index.

Cities are also at the forefront of the fourth industrial revolution. There is an ongoing digitalisation of the systems of production, management, and governance through

technology. Even the UN's New Urban Agenda identifies the development of ICT technologies and a smart city as a vital goal.<sup>6</sup> ICT technologies have made it easier for citizens to navigate their everyday lives in the city, they have easier access to public services, through public transportation applications etc. City administrations also have an easier job as they can collect relevant data to improve their services and bureaucratic procedures have become much simpler. ICT readiness is also a significant factor in attracting multinational companies, and digitalisation centralises the most advanced economic sectors in urban areas.<sup>7</sup> Hence, we included IMD's smart city index, as well as some local data about internet coverage in our index, while we are also focusing on long-term perspectives by including important indicators on the future readiness of the cities.

QUESTIONS ON BUSINESS RELATIONS FOR THE CITY DIPLOMACY INDEX			
Category	Question	Sub-indicator	How do we assess?
TRADE	How much air cargo arrived to the city the past year?	Annual increase of cargo flights	Increase in %
		Annual increase of cargo volume	Increase in %
	What is the city's purchasing power index performance? (based on Numbeo)	Local purchasing power index	Index ranking
	How export-oriented is the industry in the city?	Stock	Percentage of export from total sales (in %)
		Flow	Increase of export from total sales (in %)

<sup>6</sup> United Nations, 2016

<sup>7</sup> Kaldor, M. and Sassen, S., 2020. Cities at war. New York: Columbia University Press.

Category	Question	Sub-indicator	How do we assess?
FOREIGN ECONOMIC RELATIONS	What is the weight of FATS (Foreign Controlled Enterprises) in the economy of the city?	Turnover of FATS of total (%)	In %
		Employees of FATS of total (%)	In %
	Does the city have a department dedicated to foreign economic relations?	Foreign econ. relations dept.	Qualitative assessment
	Does the city have a platform through which it communicates with foreign companies?	Foreign companies platform	Qualitative assessment
TECHNOLOGY	How foreign-oriented is the domestic capital in the city (outward FATS)?	Turnover of FATS of total (%)	In %
		Employees of FATS of total (%)	In %
	What is the quality of the ICT infrastructure of the city?	Internet speed	Download speed in Mb/s
		NGA Broadband coverage	% of households
	What is the city's performance in the smart city index? (based on IMD)	IMD smart city index	Index ranking
INVESTMENT	How much FDI arrived in the city compared to the average of the previous year?	Stock	Euros
		Flow	Increase in %
	How is the city ranked on fDi's European Cities of the Future list ?	On fDi's European Cities of the Future how many times the city appeared among its own size level (major, micro, mid-size cities) in the top 10 in the following categories: business friendliness, connectivity, cost effectiveness, human capital/lifestyle, economic potential, future	Number of appearances in top 10

Category	Question	Sub-indicator	How do we assess?
INVESTMENT	Does the city have a separate department dedicated to investment encouragement?	Investment encouragement inst.	Qualitative assessment
	Does the city have an investment encouragement strategy?	Investment encouragement strategy	Qualitative assessment
BUSINESS AND GDP	How many Forbes 2000 companies are represented in the city?	HQ	Number of companies
		SSC	Number of companies
	How much did the GDP per capita of the city increase compared to the previous year?	City GDP growth	Increase in %
	How important is R&D for the public sector (expenditure as percentage of GDP)?	Index value from the Regional Innovation Scoreboard	Index value

observe that cities use their history, shared experiences and shared culture on the diplomatic scene to get closer to other cities with a similar cultural heritage. This allows them to enhance their branding strategy based on the shared cultural identity, shared history, shared challenges, and goals.

Tourism and culture are important diplomatic tools, as the cultural heritage and infrastructure a city possesses can be a gateway to communication with other similar cities. We believe the impression it gives to tourists is of utmost importance as it can lead to formal and informal connections that can materialise in the form of foreign

direct investment or simply brand recognition through mouth-to-mouth communication. In our **City Diplomacy Index**, we tried to grasp the tangible elements of tourism and cultural relations. Cities are not only political entities; they work as brands as well. Thus, to attract tourists, they need a branding strategy and to build brand recognition and brand loyalty. Our index evaluates the institutional brackets of city branding. We also measure the effectiveness of the brand by taking a closer look at tourism indicators, such as the guest nights spent in the city, or the money spent in the city by tourists.

QUESTIONS ON TOURISM AND CULTURAL RELATIONS FOR THE CITY DIPLOMACY INDEX			
Category	Question	Sub-indicator	How do we assess?
INTERNATIONAL GUESTS	How many guest nights were spent in the city the past year?	Nights / 100.000 inhabitants	Number of guest nights
	How much money did tourists spend in the city this past year?	Average per tourist	spending per tourist in EUR
		Increase	Increase in % compared to previous year
	How long did tourists stay in the city in the past year on average?	Stock	Number of nights spent by foreigners divided by the total number of arrivals
		Flow	Increase in % compared to previous year
How internationally oriented is the tourism sector?	Stock	Number of nights spent by foreigners in the city divided by the total number of nights spent by tourists	
	Flow	Increase in % compared to previous year	
How important is the tourism sector in the economy of the city?	Stock	Percentage of employees working in travel and tourism (in %)	

## 5.3. TOURISM AND CULTURAL RELATIONS

Tourism is the best point of reference on the strength of the image and brand of a city. The experiences tourists take with themselves can further the city's name in the international sphere. Raising new monuments and trying to dominate the cultural scene when a city prospers is hardly a new practice.

Although private and state-level stakeholders have a crucial impact on formulating the tourism industry and cultural relations, there are only a few other policy fields where cities are more influential than in this one.

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Cities are continuously trying to include intangible elements such as music and gastronomy in their cultural agendas to attract more tourists and improve their global position. There is also a notable trend of trying to involve more and more local cultural actors in the agenda to support the sector and preserve the culture. We can also

Category	Question	Sub-indicator	How do we assess?
TOURISM INFRASTRUCTURE	How many capital cities can you directly access from the city?	Rail	Number of destinations
		Flight	Number of destinations
	How developed is the basic infrastructure of tourism?	Stock	Number of beds in tourism accommodation.
		Flow	Increase in % compared to previous year
	How many information offices are provided by the city for foreigners?	No. of offices	Number of offices
In how many languages is the official guide about the city available in?	No. of languages	Number of languages	
CITY BRANDING	How regularly is the city promoted as a tourism destination in foreign language media (expenditure paid by the national tourism agencies or the city in media outlets)?	Stock	Share of spending compared to touristic income in %
		Flow	Increase in % compared to previous year
	Does the city have a city branding strategy?	Formal existence	Qualitative assessment
		Transparency and inclusiveness	Qualitative assessment
	How attractive is the city for international association meetings (at least 50 people, attended by foreign guests)?	Stock	Number of international association meetings
		Flow	Increase in % compared to previous year

## 5.4. MULTICULTURALISM

We believe that there is a great opportunity in cultural diversity to strengthen the international presence of the city. City diplomacy relies on bonds between societies and local and regional communities as well as individual citizens and representatives of the civil society. Cities have tangible options to create a dialogue among different ethnic groups and to break the nationalistic stereotypes present in several countries.

A city can actively encourage and create a welcoming and safe environment for expatriates, a lifestyle that is concentrated in urban areas. A city that is attractive for foreigners to live in is more attractive to multinational companies as they can better attract qualified labour. It is also more welcoming for international students to study, and for conference organisers and the tourism sector as a whole. Our index measures this by assessing the preconditions for starting a life in a foreign city. In more detail, we measure the educational opportunities for foreigners from kindergarten to university as well as the status of local media for foreigners.

The number of international students at universities, including the number of students choosing the city within the Erasmus program, also demonstrates the attractiveness of the city from a different angle.

International events are a great platform to present the city and the opportunities that lie within to foreigners and potential investors. They can boost the international profile and create short-term and long-term economic benefits. These events also provide an opportunity to engage the guests in a dialogue about the local history, minorities and culture. Measuring the quantity and size of both recurring cultural events as well as sports competitions organized in the city gives us an idea of the cultural potential of the city. The number of candidacies to these events compared with the number of successful bids also reveals the effectiveness of city diplomacy from a different angle.

City diplomacy relies on bonds between societies and local and regional communities as well as individual citizens and representatives of the civil society.

International organisations and sports federations carry a certain prestige as well as a significant amount of potential events and gatherings that draw a global crowd. Our index also measures how many of these organisations a city is hosting to paint a broad picture of the cultural prowess of a city.

QUESTIONS ON MULTICULTURALISM FOR THE CITY DIPLOMACY INDEX			
Category	Question	Sub-indicator	How do we assess?
<b>EDUCATION</b>	What is the total capacity of foreign language kindergartens/pre-schools in the city?	<b>Quantity</b>	Number of institutions
		<b>Available languages</b>	Number of available languages
	What is the total capacity of foreign language elementary schools/ high-schools in the city?	<b>Quantity</b>	Number of institutions
		<b>Available languages</b>	Number of available languages
	How many foreign language university programs are available in the city?	<b>Quantity</b>	Number of programs
		<b>Available languages</b>	Number of available languages
	How many universities within 50 kms of the given city are in the top 1000 of the QS / World University Rankings?	<b>No. of universities in top 100 universities based on QS World University Ranking</b>	Number of universities
		<b>No. of universities in the top 101-500 universities based on QS World University Ranking</b>	Number of universities
		<b>No. of universities in the top 501-1000 universities based on QS World University Ranking</b>	Number of universities
	How many students spent at least a semester with Erasmus or Erasmus+ in the city this past year?	<b>Increase of foreign students on an annual basis in %</b>	Annual change in %

Category	Question	Sub-indicator	How do we assess?
<b>INTERNATIONAL EVENTS</b>	How many recurring, itinerant (non-sport) events that require cities to enter an international competition did the city win the rights to in the past year?	<b>Number of bids to host international events won</b>	Number of international events
	How many international cultural festivals did the city organise with a minimum of 1500 participants?	<b>Number of cultural festivals / 100.000 inhabitants</b>	Number of festivals
	How many international sports competitions, that the city has to win the rights to organise, did the city host last year?	<b>1000-5000 attendees</b>	Number of international sport competitions
		<b>5000-10000</b>	Number of international sport competitions
		<b>10000+</b>	Number of international sport competitions
How attractive is the city compared to the country?	<b>Stock</b>	Nights spent by foreigners in the city divided by the total number of guest nights spent in the country (in %)	
<b>NEWS AND MEDIA</b>	How many foreign language, print newspapers are available in the city?	<b>Quantity</b>	Number of newspapers
		<b>Available languages</b>	Number of available languages
	How many foreign language, local online newspapers are available in the city?	<b>Quantity</b>	Number of online newspapers
		<b>Available languages</b>	Number of available languages
Does the city have an English language newsletter?	<b>Newsletter and regularity</b>	Qualitative assessment	

Category	Question	Sub-indicator	How do we assess?
<b>FOREIGN PRESENCE</b>	How many foreigners does the city host as a percentage of the population?	<b>EU foreigners</b>	Number of people
		<b>Non-EU foreigners</b>	Number of people
	How many international entities have representation in the city?	<b>Embassies and consulates</b>	Number of countries
		<b>International representation (regional and suparegional entities ex. UN bodies, EU bodies, OSCE)</b>	Number of organisations
<b>CULTURE AND SPORT</b>	How many sports federations have an HQ in the city (operational or registered seat)?	<b>National Cultural centres (ex. French Institute, Italian Cultural Institute etc.)</b>	Number of centres
		<b>Sport federation HQs</b>	Number of federations
	How many foreign movies were shot in the city (and studios within 25 km radius) in the last year?	<b>Number of international productions with a budget over 10 million USD</b>	Number of films
		<b>Stars</b>	Number of Michelin-stars in total
How many MICHELIN-starred restaurants does the city have?	<b>Restaurants</b>	Number of restaurants in the Michelin guide in total	

## 6. WHAT IS NEXT FOR THE CITY DIPLOMACY INDEX?

The methodology and index are a work in progress. We have provided an account of how the methodology should look, but we encourage more research and plan to revisit the methodology every year before the publication of our index in cooperation with those cities ready to implement and assess their annual activities.

Although the **City Diplomacy Index** was created to serve as a tool to assess the management of international relations of European capitals, the potential applicability is much wider. With minor adaptation, it can assist in visually

mapping the gaps in existing networks, help cities to adapt their systems for meeting international standards and guide them towards establishing cooperation in new fields.

Overall, the **City Diplomacy Index** can support cities to create new working groups and share best practices more often at different international fora.

The **Equilibrium Institute** believes that the wider use of our methodology can boost the ongoing development of city diplomacy and help cities all over the world to increase their political influence even faster.

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## ABOUT US

Equilibrium Institute of Budapest is a non-partisan future-oriented think tank in Hungary. Our main focus is to convey research, draft political, economic, and cultural visions and prepare policy recommendations on a local, national, regional and European level to underpin the success of Hungarians in the rapidly changing 21st century.

Our topics include robotization, the transforming labour market, national identity and the role of communities in a society, the future of education, the country's economic take-off, or the changing world order.

The Equilibrium Institute's research team and its advisory board consist of a wide variety of economists, sociologists, political analysts, climate experts, foreign policy experts, and researchers with extensive experiences in their academic fields being theoretical or applied sciences.



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