

OPENCities Feasibility Study – September 2009

Summary by Greg Clark



Connecting cities
Building successes





1. Introduction

In response to the British Council's 2008 report entitled "Towards OPENCities," an international OPENCities conference was held in Madrid in February 2008. Experts discussed the questions: What are the characteristics of an "open" city and how can the "openness of cities" be measured and compared? The British Council, subsequently, together with URBACT, commissioned BAKBASEL to conduct a feasibility study to answer these questions.

Richard Florida suggests that economic prosperity is tied to tolerance, and openness is tied to diversity¹. According to Florida, places are tolerant and open if there are "low barriers of entry for individuals". These places are open for new people and ideas and, therefore, will manifest a higher concentration of talent and higher rates of innovation. These international populations are seen as positive contributors to the labour force who simultaneously improve the quality of life and the attractiveness of the city for international events, investors and visitors². Internationalisation and the resulting human diversity is a spur, via different channels, to the economic success of cities. If open cities are more successful than less open ones, cities will want to know how open they are in order to become more successful.

The following cities were included in the study: Belfast, Bilbao, Bucharest, Cardiff, Dublin, Dusseldorf, Poznan, Gdansk, Sofia, Vienna, Madrid, Nitra, Manchester, Newcastle, Nottingham and Edinburgh (European cities), and a set of "international" mega-cities: London, New York, Sao Paolo, Singapore, Toronto.

The aim of the feasibility study: The main purpose of the study was to examine the validity of the proposed concept of openness (cf. *Towards OPENCities*, 2008), including which indicators and data are relevant, available and internationally comparable to measure the openness of cities. The study aimed to develop and test approaches for measuring city openness and give advice on ways and possibilities for going forward with these approaches.

2. Definition and the Concept of Openness

Definition of openness: The openness of cities can be described as the provision of low barriers of entry and good opportunities for integration and participation with international populations. The first report published by the British Council in 2008, defined openness more explicitly as: "The quality and sum of the local conditions that attract and retain international populations over time".³ However, the results of this feasibility study have challenged this definition (see recommendations) to "Openness is the capacity of a city to attract international populations and to enable them to contribute to the future success of the city".

Open for Whom? After careful consideration, it was decided that city openness would attract four types of international populations, known as "status groups": Highly qualified migrants, less qualified migrants, students and retirees.

¹ Florida, R. (2004): *The Rise of the Creative Class and how it's transforming Work, Leisure, Community and Everyday Life*. New York.

² Clark, G. (2008): *Towards OPENCities*. Published by British Council, Madrid: 11.

³ Clark, G. (2008): *Towards OPEN Cities*. Published by British Council, Madrid: 12.

What makes cities and regions successful? What is the long-term relationship between the economic performance of cities and other relevant factors?

Cities are characterised by certain factors (endowment of the city) such as population, human capital and business structure, relative prices, regulations, innovation capacity, integration capacity, spirit and amenities. Economic decisions are based to a large extent on these location factors. However, economic actors or agents (people, companies, universities and governments) determine the economic performance of the city in terms of output, jobs, productivity and welfare. In the short term, factors influence and shape performance. However, in the long term, performance has a considerable effect on the actors and on most factors. Thus, it is a mutually dependent process with forward and backward links and distinctive development cycles with both short and medium term processes.

For demographic reasons, the total work force will not increase in the next twenty years in most Western economies. The economic change towards service economies and the growth of knowledge-based industries means that physical capital is not the scarcest resource. The most valuable resource today is human creativity.

How can cities achieve long-term economic growth? The economic performance of a city depends on its potential, its attractiveness and its openness. Productive manpower and capital (resources) along with the portfolio of industrial and business sectors make up the economic foundation of a city (its potential). The capacity of a city to be successful in today's economy depends on its framework conditions for companies (business climate) and people (quality of life). In order to succeed, cities need these framework conditions to be attractive (appealing to both people and business) and open (accessible for both people and business). Cities should try to remove or reduce barriers for people entering, staying and / or eventually leaving. Moreover, the barriers for starting, conducting and closing a company should be as low as possible.

3. Index of Openness: Key factors, components and indicators

How can openness be presented? BAKBASEL recommends creating an Index of Openness with various sub-indices (a so-called index family). This index family can be created by aggregating individual indicators as a weighted average. Participatory methods (surveys) are used to assign weights which incorporate the values of different stakeholders. Sub-indices can be created not only for the key factors, but also for other important information such as input/output; national/regional/city control; attractiveness/openness. Benchmarking based on an index family makes it possible to divide the sample into comparable sub-groups and thus compare how open a city is compared to a pre-selected sample of cities. In addition, we propose to use two kite-marks to measure the commitment and the progress of the cities.

How can openness be measured? Openness is a complex phenomenon which has to be measured using more than one factor and also by a large number of individual indicators which measure different aspects of openness. BAK-Basel proposes to group the indicators thematically into the following nine key factors & indicators:

1.- International populations

- International population (change / inflow and stock)

- The total foreign labour force according to labour force qualifications (low skilled, medium skilled and highly skilled) as a proportion of the total non-national labour force, international students, international retirees (people over 65 years)
- The difference (in %) between a highly-qualified international population and the national population
- The diversity of the international population (top 10 foreign nationalities)
- Non-EU nationals as a proportion of the total population

2.- Governance and leadership factors

- Languages which appear on the official city website (scores)
- The existence of a welcoming service for the international population, the existence of an on-line information service
- Plan of action taken by the city: setting up a migration-specific administrative department, the employment of interpreters, start-coaching programme, a migration integration policy
- The percentage of immigrants who have been elected to the city council / parliament

3.- Regulatory factors:

- MIPEX (Migrants' Integration Policy Index): long-term residence, family reunion, political participation, anti-discrimination and naturalisation
- The granting of naturalisation rights (as a percentage of people born abroad)
- The Freedom House Index

4.- Economic factors

- Income and consumption: disposable income, personal income tax (for high incomes)
- Housing: the rental of flats, average liveable area, access to property market
- Labour market: total unemployment rate, the difference (shown as a percentage) between the unemployment rate of non-nationals and nationals, the percentage of the total labour force with university education, access to the labour market (MIPEX), work permits for non-EU immigrants

5.- Social and societal factors

- Safety: the feeling of safety, crime rates, the percentage of right wing parties (seats) in the city council / parliament
- Health: the subjective perception of health services
- Education: the proportion of foreign students in upper secondary education, the quality of universities and international schools
- How immigration is perceived: immigration & the economy, immigration & culture, the influence of immigrants on the country

6.- Culture and leisure

- Museums, cinemas (the number of cinemas and percentage of movies in foreign languages), different places of worship (for minority religions), international restaurants, the percentage of television channels which are broadcast in foreign languages

7.- Internationalisation factors

- International festivals, international fairs, consular and embassy representations, freedom of investment, international companies, international meetings, international organisations, number of tourists

8.- Connectivity and accessibility factors

- Accessibility: global accessibility (average travel times), percentage of (international) airline passengers, passengers who have embarked and disembarked (maritime transport) and cargo freight, intra-metropolitan accessibility

- Connectivity: internet hotspots

9.- Environmental conditions: Average days of rain, the proximity to water, air quality

How can the Index of Openness be used? Cities can use the data results contained in the Index of Openness for individual peer reviews, to monitor their "openness" within their city but also to compare themselves with specifically-defined city types. Such a targeted analysis will give politicians the necessary information to improve their policies and will help the cities become truly open and more economically successful cities.

4. Cities featured in the feasibility study

We need to ascertain the availability of the proposed indicators, being important that they can allow international comparability. The cities included in the feasibility study consist of a sample of cities which can be arranged in three modules. The first module contains the following European cities (including the URBACT cities): Belfast, Bilbao, Bucharest, Cardiff, Dublin, Dusseldorf, Gdansk, Madrid, Nitra, Poznan, Sofia and Vienna. The second module consists of core UK cities such as Manchester, Newcastle, Nottingham and Edinburgh. The feasibility study demonstrated that the sample of European cities was a heterogeneous group. The cities featured in these two modules were examined for data which is readily available and internationally comparable. Data was evaluated and / or supplemented by the cities through a data gathering process and a survey on perception.

The third module consists of a sample of international cities (London, New York, Sao Paulo, Singapore, and Toronto). Data from these cities was examined only at the desk. These cities did not participate in the data gathering process or the survey because there were no contact persons available for these cities.⁴

This group of international cities was too small for us to draw general conclusions for international cities from the feasibility study.

5. Collecting and Preparing the Data

BAKBASEL checked a large number of official sources (international, national, regional or city statistics) and surveyed and collected information from a wide range of other sources (embassies, private and public organisations etc.). Three categories of data emerged from the research undertaken:

- Internationally comparable data from official sources (Eurostat / Urban Audit, European Social Survey (ESS) and OECD).
- Data collected by BAKBASEL research projects and from regional statistics. A data gathering and validation process was initiated in collaboration with the European cities with the aim of both checking the validity of the data which had been researched and

⁴ The British Council, Greg Clark as well as BAKBASEL tried to find a contact person in these cities who would have like to participate in the feasibility study. Unfortunately, the people contacted during the feasibility study in these cities did not respond to emails or letters.

filling data gaps. Until June 2009 eleven cities sent in the data they had collected.⁵ BAKBASEL checked each city's input and validated these inputs with respect to their comparability.

- Missing data.

Most data used to construct the indicators of the **groups of international population** are available from official sources (such as Urban Audit or the European Labour Force Survey). Some cities, however, were not included in these official statistics. These cities were asked to close the existing data gaps. Unfortunately, some of the cities concerned did not deliver the requested data.

6. Potential issues with regards to the reliability of data and lessons learned from the gathering of data:

Overall, it can be concluded that there are enough valid and meaningful indicators available to measure openness. Nevertheless, there are challenges in obtaining globally comparable data in certain aspects of openness. The following lessons can, therefore, be learned:

- A lot of data can be obtained from internationally-comparable sources and databases. This data should be collected centrally to ensure comparability.
- Some of the international comparable data were taken from databases with limited geographical coverage. Thus, some cities which feature in the sample of cities do not appear. Therefore, it is necessary to have somebody who can conduct negotiations with the owners of the databases and a municipal representative/delegate in order to determine how a city can be integrated in the future.
- Openness has many qualitative aspects (such as governance and leadership factors or access to the property market etc.). In order to obtain this qualitative data, the cities can contribute considerably via the data gathering questionnaire and this information is available worldwide. A problem within the feasibility study was that so far no transnational comparative studies about the qualitative aspects of openness exist. For example, there were no studies on cities' strategies for promoting the participation and integration of foreigners or for promoting the settlement of foreigners. Such instruments are already used in part by the cities participating in the feasibility study. Therefore, it would be reasonable for the main project to integrate the existing knowledge of the participating cities in order to have a better grasp of the qualitative aspects of openness. Such an exchange would provide a stronger and better quantification of the qualitative aspects, and the significance of the Index of Openness would be strengthened.
- There is also a quantity of quantitative data which has to be collected or evaluated by the cities. The cities had more problems in delivering the quantitative data because it is more time-consuming to collect and there were more problems with definitions. At the moment, a number of indicators have been included to measure openness which can only be used if the definition is refined. For example, there is not a clear definition of an "extreme right-wing party" which has been agreed upon. Nonetheless, all the cities did name the parties. Therefore, it is possible to discuss the results with experts on this subject to assure comparability and to work out a refined definition.
- Some data was not available for various cities within one country. Thus, it would be efficient for these cities to delegate one expert in data to find a way to close the gap

⁵ Because of various reasons, Bucharest, Sofia, Gdansk and Newcastle did not deliver data.

between them all. The solution should apply to all cities within that particular country because it is a nationwide problem.

7. Data Presentation Conclusions

Should cities' openness be compared using an index, a kite-mark or benchmarking? After much research, the resulting favoured solution is a hybrid form of data presentation which combines the strengths of all three options. Firstly, create an Index Family (instead of an index of openness) covering the various aspects of openness. Such indexes are kept by the data-holder. Data display in the form of city profiles, as a benchmarking tool to analyse strengths and weaknesses of the individual cities and thirdly, establish a kite-mark standard that cities can choose to participate in.

The Index Family (index of openness and its sub-indices) indicates the degree of openness a city has achieved compared to its peer group. The Index of Openness can be split into various groups, for example, into nine sub-indices (key factors) which are weighted differently. The indicators differ with regard to their significance and quality, but together they form a meaningful entity for the measurement and benchmarking of the respective aspect of openness. Values above 100, for example, signal that the city is more open than its peer groups' average.

Demonstrating the utility of city benchmarking, two city profiles (Vienna and Cardiff) based on the Index of Openness as an index family were presented (see comprehensive report, pg 63 & 65). It should be kept in mind, however, that these city profiles are based on preliminary and incomplete data. In addition, the informative value of the city profiles would be higher by using carefully selected benchmarking partners instead of selecting cities according to data availability.

A core element of benchmarking is the selection of cities compared. It makes no sense to compare a city in question with all other cities. It is more useful to restrict the comparisons to a specific "league" of cities, for example, ones that are of similar size, have a similar degree of internationalisation or are specialised in the same business sectors (such as knowledge centres, visitor destinations) and spatial economic functions.

City benchmarking and continuous comparison facilitates the development and ongoing review of a city's visions and actions to become more open. Over time, the benchmark results can also help define the progress that a city should make in order to call itself an "open city" as a kite-mark.

8. Recommendations

The following recommendations for the "Index of Openness Project" are based on the results of the feasibility study:

Recommendations regarding the definition of openness:

- Ensure the definition of openness is valid yet flexible enough to include various aspects of openness and allows for gradual development.
- According to the 2008 British Council report on openness, the concept was defined as follows: "Openness is the quality and sum of the local conditions that attract and retain

international populations over time"⁶. This initial definition of openness was discussed by the steering group during the feasibility study and eventually modified as follows: "Openness is the capacity of a city to attract international populations and to enable them to contribute to the future success of the city."

- Overall, the definition still needs developing so that it can provide a framework for the Index of Openness in a way that fosters meaningful communication about a city's openness.
- The feasibility study highlighted the fact that both the integration and contribution of international populations to a city's success are especially important.
- International populations can contribute to cities' successes in various ways. For example, districts with a high percentage of immigrants are often perceived as an integration problem. However, such districts can at the same time contribute to the city's diversity and thus to the city's success.
- Produce a glossary of all relevant terms to ensure everyone understands the terminology.
- Openness must be measured multi-dimensionally. The indicators can be grouped thematically, for example, into the reviewed nine key factors.

Recommendations regarding data gathering:

- Allow the database to be as large as possible. Each single indicator only covers a small section of the whole picture of openness. Thus, the higher the number of indicators the more likely all aspects of openness are taken into account - hence the higher the quality of the overall presentation of the Index of Openness.
- All indicators must be defined as precisely as possible. BAKBASEL suggests that the definitions for some indicators should be refined with the collaboration and involvement of the participating cities. More international cities should also contribute so that both the definition and indicators are internationally comparable.
- Use indicators even if they are not fully comparable. BAKBASEL is well aware that some of the indicators cannot be observed perfectly (stochastic errors in variables). In addition, some of the indicators are not perfectly comparable on an international scale. For single indicators, there might even be a systematic bias (distortion) for specific countries. Using a large number of indicators will make up for any deficiencies and ensure that there is no systematic bias in the index values computed from the original data.
- Collect the indicators centrally, whenever possible, and collect all other indicators directly from the cities. Since data is retrieved from a variety of sources, it is vital to be able to collect and organise the data centrally in order to ensure its quality control and comparability. Various data can, however, only be obtained from the cities directly. To assure the validity of the researched data and to fill in gaps in the data, a data gathering and validation process was initiated in collaboration with the European cities.
- Overall, data research revealed that a lot of internationally-comparable data to construct indicators measuring openness are available for the EU cities. The availability and comparability of the data are somewhat lower for Non-EU cities.

⁶ Clark, G. (Ed.): Towards OPENCities. Published by British Council 2008: 12.

- Define both the final set of indicators and their weights with the help of an international expert group. At the beginning of the main project, the procedure and, in particular, the set of indicators and the weights of all indicators will have to be fixed in accordance with the views of the expert group.
- Initiate perception surveys in the participating cities. The indicators in the study focus on facts, either political activities or outcomes, of the openness process. Therefore, it seems reasonable to also include a range of perception variables asking what people in the city think about openness and what some key results of openness are.

Recommendations regarding data presentation:

- Use a hybrid form of data presentation: Collate data in a Family index and provide data as city profiles for useful benchmarking. Ensure dynamism through the means of a kite-mark that motivates such movement.
- A benchmarking index family enables us to divide the sample into comparable sub-groups and to compare cities with homogeneous or individually-defined benchmarking partners. It also enables us to compile detailed information about each city as well as specific guidance for the cities.
- Two kite-marks can be defined:
 1. Kite-mark 1: A city commits to being open. This can be "measured" by the fact that a city is a full participant in the OPENCities project.
 2. Kite-mark 2: A city improves its openness over time. This can be "measured" using a limited set of indicators to define the openness position of a city over time. Such a sub-index will only include data and indicators that are at least under partial control of the city and its politicians.
- Aggregate the indicators to the indices. Since single indicators only relate to one aspect of openness, BAKBASEL recommends benchmarking only aggregate information and not single indicators.
- Compute the indices for the entire sample of cities and also for various city sub-samples.
- Create and implement a web-based benchmarking tool.
- Update the Index of Openness every two years.

Recommendations regarding the requirements for participating cities:

- Ensure that the cities participating in the main project have a strong political commitment and top political support as this is essential for internal staff to commit the necessary amount of time to work on the Index of Openness project.
- Ensure sufficient funding is allocated to the project. Funding is required for: Internal contributions (e.g. for data collection, for setting up, using and communicating the Index of Openness, for travel costs to conferences and taking the perception surveys etc.); a contribution to the "Index of Openness diagnostic tool"; and a contribution to the overall coordination of the project.

Recommendations regarding the organisation of the project:

- Create a clear structure with defined roles and functions:
 - i. The steering committee oversees the project, makes all important decisions (content, finance, time schedule, participants, contracts).

- ii. Data warehouse: coordinates all data-related activities, collects the data, computes all indices and approves the quality of the index.
 - iii. Network: a communications' platform for all people who are both involved and interested in the project (regular conferences, web-based exchanges).
 - iv. The International Expert Group (such as the OPENCities International Expert Group) makes important content decisions on the Index of Openness and validates the scientific nature of the project.
- Ensure there is sufficient coordinated communication.
 - The cities need to be able to interact with all relevant persons / partners in the other cities. Language barriers have to be addressed.
 - The project needs a yearly press conference in which progress is highlighted.
 - Participating cities should all make their communication measures on the web-based platform available.
 - All project documents and project developments should be well noted and documented so that personnel replacements do not lead to a knowledge loss.

Recommendations regarding how to start the project:

- It would be best to start with a group of about 20 cities which ideally fulfil the following characteristics:
 1. Are rather homogeneous in size (not Nitra or London, but e.g. Dublin and Dusseldorf).
 2. The participating cities should have at least 120,000 inhabitants in the core city and a minimum of 300.000 people living in the metropolitan region.
 3. Do not have a language barrier (can easily communicate in English).
 4. Are included in international databases (OECD, Eurostat etc.).
 5. Are able to support the data gathering process actively.
- To begin the main project, choose cities which are already informed about the project. In addition, give priority to those cities which actively participated in the data gathering process of the feasibility study. This will reduce costs, both communication costs as well as data collection costs.
- The following cities should, therefore, be asked to take part in the first round of an Index of Openness: Belfast, Bilbao, Cardiff, Dublin, Dusseldorf, Madrid, Poznan, Vienna, Nottingham and Edinburgh.
- From our experience, we would suggest that other European cities which are most probably interested in joining the project are: Basel, Oslo, Gothenburg, Milano, Brussels, Berlin, Lyon, Amsterdam, Helsinki, Frankfurt, Munich, Geneva, Barcelona, Copenhagen and Prague.
- Non-European cities should be included in the next step of the main project. It seems most feasible to include Canadian cities (such as Toronto) first, followed by cities in the US (e.g. New York, San Francisco or Miami) and Australia (e.g. Perth). In this phase, it is also recommended to include European cities such as London and Paris to compare international "mega-cities".

- BAKBASEL recommends a commitment of at least 3 years for cities to the project to ensure its longevity. The longer commitment should also allow better cost division over the project's duration.
- Monitoring over time allows a city within a dynamic process to observe the progress and variation of its degree of openness. Only then, will it be able to apply the necessary policies in order to become a more open city.

How much does the Index of Openness cost?

The following cost calculations are based on at least 20 cities participating.

The costs for the creation of an "Index of Openness diagnostic tool" for a city which already actively took part in the feasibility study are the following:

5,000 €	Data collection and calculation of indicators
2,500 €	Index calculation
3,000 €	Production of a diagnostic tool (as a CD delivered to the British Council which might provide it as a web-based tool)
2,500 €	Presentation of the results in the city by one person in English (excl. travel costs)
13,000 €	Total

The costs for the creation of an "Index of Openness diagnostic tool" for a European city are:

First year:

12,500 €	Data collection and calculation of indicators
5,000 €	Index calculation
3,000 €	Production of a diagnostic tool (as a CD delivered to the British Council which might provide it as a web-based tool)
2,500 €	Presentation of the results in the city by one person in English (excl. travel costs)
23,000 €	Total

Annual update:

5,000 €	Data collection and calculation of indicators
1,000 €	Index calculation
1,000 €	Production of a diagnostic tool (as a CD delivered to the British Council which might provide it as a web-based tool)
7,000 €	Total

- The costs for the creation of an "Index of Openness diagnostic tool" for Non-EU cities will be slightly higher depending on the geographical location and the accessibility of international data for these cities. The costs for the data collection and data gathering might increase by between € 2,000 and € 5,000 depending on data availability.
- In addition, the participating cities have to provide some data (data which are only available in the cities or missing data from international statistics) to create the Index of Openness. The time the city needs to collect these data and send it to the "data

warehouse" depends on the available conditions in the respective city council: whether the data can be delivered by a statistical office or whether they have been collected by different boards of the city administration.

- **Note:** The calculated costs above only include costs which are necessary to create the Index of Openness. Additional resources which are necessary for the OPENCities project coordination etc. are not included.

By: Greg Clark, September 2009



City of
Düsseldorf



POZnań
* Eastern energy, Western style



City of Vienna



URBACT II

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

It enables cities to work together to develop solutions to major urban challenges, reaffirming the key role they play in facing increasingly complex societal challenges. It helps them to develop pragmatic solutions that are new and sustainable, and that integrate economic, social and environmental dimensions. It enables cities to share good practices and lessons learned with all professionals involved in urban policy throughout Europe. URBACT is 300 cities, 29 countries, and 5,000 active participants. URBACT is co-financed by the ERDF Funds and the Member States.

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EUROPEAN
PROGRAMME
FOR
SUSTAINABLE
URBAN
DEVELOPMENT



OPENCities is a British Council project funded by URBACT and led by Belfast City Council in collaboration with a network of European cities. The partner cities include Bilbao, Cardiff, Dublin, Düsseldorf, Nitra, Poznań, Sofia and Vienna.