

Embedding Urban and Subnational Diplomacy in a Multi-Level Governance Framework

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Executive Summary

Promoting urban and subnational diplomacy within a coordinated and synergetic multi-level governance framework is an important way to address global interconnected risks and challenges. Given the different nature, interests and positions of cities, subnational regions, national states and international organizations, their visions and ideas can substantially diverge from each other in some points. In a multi-level governance role play conducted at the Academy of International Affairs NRW's summer academy "Subnational Diplomacy: Shaping Global Affairs" in June 2025 in Bonn, hypothetical common positions between the four governance levels were explored. Four courses of action as well as key factors for promoting a coordinated and coherent multi-level governance approach to subnational diplomacy have been identified. Central to those are the establishment of training and policy coordination formats that can be important first steps to further institutionalize subnational diplomacy. A bolstered role of regions seems central to the functioning of a multi-level governance framework. Given their intermediary position they seem to be accepted interlocutors for all other governance levels examined – cities, states and international organizations – when it comes to international diplomatic action.

Context and importance of the issue

Some interconnected risks and challenges, such as climate change, natural disasters, societal polarization and migration, are global in reach but have a large impact at the local level. Managing them requires an effort across borders and across all governance levels. In this context, subnational diplomacy, understood as the international action of governance entities below the national level, becomes increasingly relevant.

However, the interests and logics that guide their international action are different and sometimes in conflict with each other. This is especially the case between governments at the national and the municipal level. While supporting internationally oriented action at all governance levels is crucial to tackle globally interconnected risks, coordination between them is necessary in order to create synergies and avoid negative feedback effects.

In June 2025 the "Subnational Diplomacy: Shaping Global Affairs" summer academy of the Academy of International Affairs NRW has dedicated a workshop on this issue. The workshop was conducted by the German Aerospace Center (DLR), the IQIB and Hive Ventures and has leveraged the collective intelligence of diplomats, scholars and practitioners from all over the globe. Together they have identified key factors and elaborated four courses of action for promoting subnational diplomacy within an effective and coherent multi-level governance framework.

Common key pain points, visions and action ideas

During the course of the workshop, it was possible to locate a consensus between the four governance levels – cities, regions, states and international organizations – around certain pain points, visions and action ideas. The pain points that were most broadly shared across them were (in descending order):

- Lack of international recognition of subnational actors.
- Lack of legitimacy of subnational actors.
- Asymmetric capacity distributions between cities.
- Lack of communication between the subnational and central governments.
- Lack of a legal framework attributing the necessary competencies to regions.

Risk of interference, lack of financing by nation states and lack of state capacity were also among the most voted pain points, but missed the votes of cities, states and international organizations respectively.

The visions that were most broadly shared across the groups were (in descending order):

- Better training of subnational actors in topics such as cultural sensitivities, diplomatic protocol and foreign policy.
- Alignment between national and subnational entities on a shared vision.
- City diplomacy as an education subject in school and universities.

An established legal status for cities and a global role for regions also were among the most voted visions but didn't include any state votes. The integration of regions into national policies was another one of the most popular visions but didn't receive any support from cities.

Finally, the action ideas that were most broadly shared across all governance levels were (in descending order):

- Establishment of an academy of city diplomacy and finance.
- Allocating more money to research on subnational diplomacy and multi-level governance.
- Strengthening communication between regional and national policy levels.
- Creation of specific international networks between regions.
- Institution of capacity building and knowledge exchange formats for regions.
- Establishment of mixed training programs for national and city diplomats.
- Secondment of diplomats to cities and regions.
- Institutionalization of subnational diplomacy.

Legal reforms to give cities more autonomous capacities have also been among the most voted action ideas but lacked any support by states. The same is true for the idea of streamlining financial accountability across the governance levels that missed the support of cities.

Key factors

Based on the most shared action ideas, pain points and visions, the participants have collectively identified a set of general key factors and defined four prioritized courses of action for promoting subnational diplomacy within a coherent multi-level-governance system. The key factors include:

- The establishment of clear institutional frameworks.

- The inclusion of both normative (administrative) and social (interpersonal) elements in the architecture of said frameworks.
- The creation or strengthening of coordinating bodies between the subnational regional and the national levels.
- The implementation of training and staff exchange activities across all governance levels.
- The conduction of comparative studies on different institutional models.
- Establishing a common understanding of the benefits, costs and risks of subnational diplomacy.
- Reaching a higher symbolic recognition of subnational diplomacy.

Prioritized courses of actions

The four courses of action for increasing the effectiveness of subnational diplomacy within a coherent multi-level governance framework are:

1. *Establishing an academy for city diplomacy and finance in order to address cities' lack of qualified staff and financial resources.*

Directly addressing their lack of qualified staff and resources, such an academy could in the long run significantly increase the visibility and recognition of city governments at the international level as well as their prestige among the public opinion. A decentralized structure seems most appropriate for the academy for city diplomacy and finance that could accordingly be located across different local universities. The programs offered could take a hybrid form. They should include model city simulations and information on funding opportunities. In the spirit of city diplomacy, external cooperations with other institutes and, ideally, also an international accreditation of its programs are important cornerstones. For its establishment, institutional and financial support are required, and already existing relevant structures should be identified through institutional mapping.

2. *Strengthening communication between regional and national policy levels given the current lack of adequate legal competence frameworks.*

Coordinating bodies between states and regions should be established. They can engage or even include other governance levels and stakeholders. Trainings, knowledge exchange and staff exchanges between regions, are necessary to let regions live up to a greater role within such a multi-level governance framework. Involving other governance levels might increase the overall quality of the communication flow and further bolster the systemically relevant position of regions as intermediaries between the state and lower governance levels and other stakeholders. In addition, some form of citizen engagement should be integrated, for example in the form of regional town halls or citizens assemblies. The devolution of authority and legal competences to the regional levels and

the creation of sustainable financing sources could support that course of action. Deeper legal advice and competencies as well as a better understanding of the costs, risks and benefits are required to advise on the details of this process.

3. Establishing personal relationships between the national and subnational governance levels in order to overcome the lack of communication.

Fostering people-to-people relationships between the governance levels can be achieved through the institution of joint committees (such as those also envisioned under the course of action number 2), the secondment of national diplomats to cities and regions, and the creation of training programs involving all governance levels. These training programs should not be limited to equipping subnational diplomacy professionals with the necessary international and diplomatic expertise but also train national diplomats in city diplomacy. By fostering a deeper understanding between the different needs and realities of cities and states, this could contribute to bridging the strategic and institutional divide between them. Joint training opportunities could potentially even be provided through executive programs by the academy for city diplomacy and finance elaborated in the course of action number 1. Accompanying mentoring and alumni programs could, besides serving as yet another tool for cultivating interpersonal relationships between the governance levels, also play an essential role for fundraising.

4. Institutionalizing subnational diplomacy in order to overcome the lack of legitimacy and financing by nation states.

Institutionalizing subnational diplomacy within an effective multi-level governance framework requires the move away from project-based funding towards permanent and predictable institutional financing mechanisms and a diversification of funding sources. Alternative sources of financing could include Multilateral Development Banks, International Financial Institutions and the private sector. For best engaging the private sector, research on synergies and common interests should be conducted. Mappings of local actors can be a good start to broadening the range of partnerships with the private sector and beyond in line with the Sustainable Development Goal number 17. In this way, new synergies can be created, a duplication of efforts avoided, and the impact of subnational diplomacy increased. This would in turn strengthen its legitimacy. Dedicating more attention towards the development of a solid theory of change and the deployment of monitoring and evaluation techniques can help to provide more clarity on the outcomes and impacts of subnational diplomacy. Besides further increasing its legitimacy, this clarity can help to secure result-based funding sources as an additional pillar of subnational diplomacy next to permanent funding. In addition to a clear legal and administrative framework, the socio-cultural and people-centered foundations for an effective coordination between governance levels need to be laid. Boots-on-the-ground activities for interpersonal networking, training opportunities (as also contemplated in the courses

of action number 1, 2 and 3), and awareness-raising measures (see also the courses of action number 1 and 2) are important ways to do so. The institutional framework for subnational diplomacy should allow for a flexible and sustainable multi-level management of crises. To this end more comparative studies on different institutional models should be conducted.

Concluding Summary

Almost all governance levels perceive the need for increasing coordination between governance levels both on the policy and strategy level and on the operational level. What they differ in is their positions as to how hierarchical this should be with national governments stressing the predominance of national foreign policies, cities advocating more autonomy in pursuing their interests, and regions and international organizations collocating themselves in the middle of the spectrum calling for the integration of their positions into national foreign policy and the formulation of a shared vision respectively. Better coordination can be achieved through “hard” institutional and legal frameworks as well as through “soft” formats that increase interpersonal ties, mutual trust and a shared appreciation for the benefits of cooperation. For both funding is essential (see below). Comparative studies on different institutional models can provide guidance on what different institutional frameworks could look like in detail. Participatory models that provide space for citizen engagement are favored by city governments.

The absolute need for training activities at all governance levels has been stressed by all governance levels. Training programs on both subnational and national diplomacy can fill the lack of diplomatic, intercultural and legal expertise of subnational actors while creating the necessary competence needed to coordinate subnational diplomacy by national governments and international organizations. At the same time, training programs can be an additional way of strengthening communication and deepening interpersonal ties, besides committees and networks within and across governance levels. Hybrid decentralized approaches were deemed most suited by the city level, and the need for including knowledge on the financing possibilities for subnational diplomacy activities has been stressed. Alumni networks could help in that sense.

While an as-stable-as-possible mechanism of state funding is essential for the activities of both subnational and international governance levels, the need for diversifying funding sources has been highlighted. Alternative sources include Multilateral Development Banks, International Financial Institutions and the private sector that could be engaged by identifying synergies and cooperation potentials in subnational diplomacy. A move away from project-based financing towards more stable and potentially also result-based financing was desired mostly by city governments. Spreading and institutionalizing monitoring and evaluation practices can support that, and, in addition, address states’ concerns for national safety and policy coherence.

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