

## PÉCS, HUNGARY

BACKGROUND INFORMATION	
<b>PROJECT TITLE</b>	Pécs2010 European Capital of Culture
<b>Beneficiary</b>	The Municipality of Pécs Baranya County University of Pécs Pécs Fejlesztési Kft. (Pécs Development Company)
<b>Duration of project</b>	19.12.2008 – 12.08.2012 <sup>1</sup>
<b>Member State</b>	Hungary, South Transdanubia, Pécs
<b>Geographic size</b>	Population of Pécs: <sup>2</sup> 157 721 (January 2011) Population of the FUA of Pécs: 208 000 (according to ESPON)
<b>Funding</b>	Total budget: <sup>3</sup> €121 775 402 ERDF contribution: €99 963 574 National budget: €5 494 290 Local partners (city, county, university, development company): €16 317 537
<b>Operational Programme</b>	Regional Operational Programme of South Transdanubia Priority axis 4: 'Supporting integrated urban development actions', Measure 'The implementation of the programmes of the European Cultural Capital of Pécs 2010'. Call: DDOP 2008-4.1.3
<b>Managing Authority</b>	Managing Authority: National Development Agency, <sup>4</sup> Managing Authority of Regional Operational Programmes Intermediate Body: Regional Development Agency of the South Transdanubia Region
<b>Cohesion Policy Objective:</b>	Convergence
<b>Main reason for Highlighting this case</b>	<ul style="list-style-type: none"> <li>– large-scale complex project with relevant impact on urban development</li> <li>– an attempt to implement a new paradigm of cultural planning and culture-led city development</li> <li>– cooperation between several actors and an attempt to encourage public participation</li> <li>– many lessons about the conditions that need to be in place for the success of large-scale interventions to stimulate urban development centred on culture and creativity</li> </ul>
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<b>Keywords/Tags</b>	European Capital of Culture / Pécs2010 / Cultural city planning / Kodály Centre Zsolnay quarter/culture led urban development

<sup>1</sup> The infrastructure developments of the programme were structured into 6 component projects (the 4 key projects plus the public space development in 2 packages) that were individually submitted for ERDF support and obtained individual contracts. The duration of each project was different, so the duration of the whole programme in this sense contains the implementation of all 6 projects.

<sup>2</sup> There is no sense in specifying the population of the target area, as the real target area is the city itself as the projects were implemented in several locations throughout the city.

<sup>3</sup> The budget was set in HUF; the following exchange rate is used: €1=284 HUF

<sup>4</sup> The National Development Agency (NDA) is a separate national-level organisation, which operates under the supervision of the Ministry for National Development. The NDA consists of the Managing Authorities of all operational programmes, among them the 7 regional operational programmes of the 7 Hungarian regions. The Intermediate Bodies are the regional development agencies settled in each of the 7 regions, which are contracted to the NDA for this task.

## 1. PROJECT DESCRIPTION

<p><b>Overall objective / goals</b></p>	<p>The Pécs2010 European Capital of Culture (ECC) programme consists of two major types of activities that complement each other: the cultural programmes and activities in 2010 and the preceding years and the infrastructure developments (key projects) that were financed from ERDF. The case study will concentrate more on those project elements (physical investments) that were financed from the ERDF.</p> <p>However in formulating the goals of the programme it is impossible to separate the aims of the infrastructure elements and the cultural programmes, as both types of actions should complement each other and have a synergic impact.</p> <p>As the tendering document to the ECC call (Borderless City) expresses, the Pécs2010 programme aims at:</p> <ul style="list-style-type: none"> <li>– Cultural decentralisation, both in the sense of counteracting the monocentric cultural system of Hungary that focuses on Budapest, and also in the sense of supporting bottom-up approaches and involving different neighbourhoods in the programme.</li> <li>– ‘A Change of direction’ in the economy, so as to restructure it into cultural industries and tourism, thereby fostering economic development.</li> <li>– ‘A Change of scale’ in culture by creating a new dimension of cultural infrastructure and cultural capacity.</li> <li>– Opening up new cultural dimensions on both regional and international scales and creating new contacts to the south (Gateway to the Balkans).</li> <li>– By means of the infrastructure projects – and especially the renewal of public space – the aim was to encourage the revitalisation of the urban fabric.</li> </ul>
<p><b>Description of activities</b></p>	<ul style="list-style-type: none"> <li>– Construction of 4 remarkable pieces of local cultural infrastructure, with ERDF co-financing</li> <li>– Upgrading the public spaces in the downtown area and also in the sub-centres of the city, co-financed by the ERDF</li> <li>– The Pécs2010 programme contained the organisation of several hundred cultural events before and in 2010, financed mainly from national and local resources.</li> </ul>
<p><b>Recipients</b></p>	<p>Besides the final beneficiaries the project aimed to reach all the inhabitants of the city and its agglomeration through active participation in the planning and implementation phase but also as recipients of the project results.</p> <p>Based on the characteristics of the programme special attention was given to independent cultural organisations, cultural enterprises and cultural institutions.</p> <p>The project aimed to increase the number of domestic and international tourists, so their needs should have been especially taken into account.</p>
<p><b>Intended outputs and results</b></p>	<p>The intended outputs of the ERDF project elements of the Pécs2010 programme were:</p> <ul style="list-style-type: none"> <li>– Kodály Centre – a concert and conference hall</li> <li>– regional library and centre for learning (containing the city, the county and the university libraries)</li> <li>– Zsolnay Cultural Quarter located in the regenerated part of the old Zsolnay porcelain factory</li> <li>– Great Exhibition Hall and the reconstruction of museums in Káptalan Street (‘Museum Street’)</li> <li>– reconstruction of public spaces in seven neighbourhoods besides the city centre</li> </ul> <p>The intended results of the ERDF programme (according to the tendering documents) were:</p> <ul style="list-style-type: none"> <li>– Creating infrastructure that provides substantial cultural supply and attracts tourists;</li> <li>– Constructing public spaces and renewing green spaces that could serve as</li> </ul>

	<p>real community areas;</p> <ul style="list-style-type: none"> <li>– The formation of a commercial and service centre at the eastern gate of the city centre.</li> </ul>
<b>2. POLITICAL AND STRATEGIC CONTEXT</b>	
<p><b>National and regional framework for implementing ERDF funded urban development projects and the planning context</b></p>	<p>The city of Pécs is located in the southern part of Hungary, approximately 200 kilometres from Budapest, close to the Croatian border. Pécs has been a regional centre for centuries, in the administrative, cultural, religious and economic senses. The city was a cultural centre for a multicultural society and the first university in Central Europe was founded there in 1367. Its industry developed rapidly in the 19th century and its economic basis was further strengthened in the 1950s as a result of enforced heavy industrialisation and the extensive mining of coal and uranium. Not only the economic but the cultural life of the city developed considerably alongside the economy during this period. In fact by the 1960s, 1970s and 1980s the cultural life of Pécs was one of the most flourishing in Hungary – with several avant-garde initiatives, theatre, contemporary ballet, museums and festivals.</p> <p>However, the economic and political transition of the 1990s seriously undermined the economic and demographic conditions. The city of Pécs has lost approximately 13% of its inhabitants in the last 20 years and traditional industrial sectors have lost their markets and competitiveness. The mines were closed in the 1990s. (Barta, 2012)</p> <p>By the beginning of the 2000s Pécs faced serious economic decline and was seeking new and innovative opportunities for restructuring its economy based on its rich cultural heritage and lively cultural atmosphere. The possibility of becoming a European Capital of Culture (ECC) seemed to be an idea as there was already evidence showing that other cities – like Glasgow – had used the title to carry out a successful culture-based transformation of an industrial economy.</p> <p>The strategic background that made up the framework for the creation of the European Capital of Culture programme for Pécs consisted of four major elements:</p> <ul style="list-style-type: none"> <li>– The requirements of the European Capital of Culture programmes set by the European Union (Decision 1419/1999 EC);</li> <li>– The national call for proposals for choosing the Hungarian ECC city and programme;</li> <li>– The call for proposals of the South Transdanubia Regional Operational Programme that provided the financial framework for the infrastructural investments and the parallel calls that were planned to complement the programme;</li> <li>– The local strategic plans and planning processes that had the task of converting the local strengths into opportunities.</li> </ul> <p>During the 1980s and 1990s, the European Capital of Culture programme took the form of a series of well-structured cultural events in the selected European cities, as opposed to bring a tool for urban development. In 1999, however, there was a change in the paradigm reflected in a new legal document (decision 1419/1999 (EC). This emphasised that cultural events and cultural development should be synchronised with the medium-term urban development plans of a given city and with the process of regeneration of their urban structure. The emphasis was still on cultural innovation, but infrastructure developments started to play a bigger role than before. The new European Capital of Culture (ECC) cities now started to use the opportunity to build the cultural infrastructure that they had lacked for a long time. (Somlyódy 2010. p. 20)</p> <p>The Hungarian call to implement these EU-wide requirements placed a lot more emphasis on infrastructure developments, putting them at the centre of attention. As one of the founders of the Pécs2010 programme said: ‘the cultural programmes were just secondary motives in the tender’. These requirements motivated the potential candidate cities to include many infrastructure developments in their tender in order to increase their winning potential.</p> <p>The answer of Pécs to the call was a well-developed cultural vision of the city and its potential. The goals and the development package that were formulated as part</p>

of the tender constituted far more than a complex programme for the special year of 2010 – they consisted rather of a total change in cultural behaviour and structure and a huge investment programme that would have been enough even for a long-term development plan.

In spite of that the Pécs2010 programme was not a complex urban development plan itself, as it was complemented by another strategic set of ideas that taken together formulated a complete basis for economic change:

- The Growth Pole Programme that aimed to strengthen the flagship economic sectors of the city, namely: health, environment and cultural industries ('Quality of life pole in Pécs'). The pole programme was prepared in 5 major cities of Hungary – with different content – and was about to receive substantial funds from ERDF;
- The revitalisation of the former airport at Pécs-Pogány in order to link Pécs directly to the world;
- The extension of the M6 motorway to Pécs and then beyond to the country's borders.

In order to understand the planning context it is vital to know that the mid-2000s was the most prosperous period for Hungary after the collapse of the socialist regime. The planners may have relied on further economic growth which together with the above-mentioned infrastructure – they thought – would result in a complete transformation of the city's economy. In reality the Pole Programme was not realised in its complexity by the National Development Agency: the airport development remained restricted – currently it has only two destinations to Burgas and Corfu and the M6 motorway was extended to Pécs but was only completed by the end of March 2010.

Finally the Capital of Culture programme (besides the motorway) was the only remarkable part of the mid-term development strategy which remained, and thus it had the task of restructuring the local economy alone. In addition, as there were no local resources to finance its proposed investments, the National Strategic Reference Framework (NSRF) happened to be the only feasible source for this purpose. When the call for proposals for choosing the Hungarian ECC was published the government had no idea how to finance the investment projects that would probably be proposed. The negotiations that resulted in the insertion of the infrastructure elements of the ECC programme into the South-Transdanubian Operational Programme caused serious delays in its preparation. The ERDF requirements, which were included in the call of the ROP, did not influence the ECC infrastructure projects strategically, but imposed some technical requirements, e.g. eligible costs, way of tendering etc. As there was a separate title created for the Pécs2010 programme in the South Transdanubian ROP, and a certain amount was dedicated to it, Pécs did not have to compete with other cities (Pécs2010 programme was a Priority Project in the South Transdanubian ROP). Thus it was not a competition but rather an iteration with the National Development Agency and the Regional Development Agency to create a call for the Pécs project that would meet the ERDF requirements and the goals of the ECC programme at the same time. Finally the infrastructure investments of the Pécs2010 programme were organised into six key projects: the four cultural facilities, plus the programme for public space revitalisation which was divided into 2 packages. As the projects in Pécs were financed from the priority axis that supported urban rehabilitation measures, Pécs was also obliged to prepare its Integrated Urban Development Plan (all bidders in this priority axis had to prepare this IUDP according to a template that was developed by the Ministry for Regional Development.) This IUDP of Pécs – that did not precede but followed the planning of the Pécs2010 programme – put the ECC programme into an urban development context, not adding too much to the existing tendering documentation. The importance of the IUDP was rather that it appointed not only the ECC areas as target areas for potential development, but also defined target areas for socially sensitive rehabilitation interventions.

### 3. IMPLEMENTATION

#### 3.1. PROJECT DESIGN AND PLANNING

The idea of Pécs being a potential Capital of Culture was initiated by the local intellectuals in January 2003. One of the local journals (*Echo*) organised an event in which local intellectuals and politicians defined the basic deficits of the cultural infrastructure. This event was followed by some other meetings with civil stakeholders and politicians, which led to the mayor of Pécs announcing in October 2003 that Pécs would like to be a European Capital of Culture. At the beginning of 2004 the European Council decided that in 2010 a Hungarian city could be the ECC besides a German one. There was a realistic fear at that time that the Hungarian city would not be chosen by tender, but would be appointed by the government (which would certainly choose Budapest, the capital), so a local literary critic, József Takáts, wrote an article in a national newspaper (*Élet és Irodalom*<sup>5</sup>) to highlight the fact that the government had already espoused decentralisation, so that it would be wise to allot this important role by tender. The government decided to do so. In order to accelerate the programme creation process Takáts – with the help of Europa Centre public company – organised a conference in October 2004 in which prominent representatives of local civil and political life took part. Some days before the conference the call was published, so the conference was able to reflect on the requirements. This conference laid down the basis for the future tender document, defining the main structural elements, goals and development projects. The conference specified that the Pécs2010 programme should:

- reflect the fact that Pécs is the gateway to the Balkans, being close to the southern border and having a multicultural identity;
- bring the opportunity for a ‘change of scale’, meaning the opportunity to restructure the city from an industry-driven to a culture-driven economy;
- result in a new way of planning, implementation and communication among citizens, stakeholders in the cultural industry and the political sphere.

The conference also defined three of the five future major infrastructure projects:

- the Concert and Conference Hall: as the famous orchestra of Pécs (Pannon Filharmonikusok) had lacked a proper place to rehearse and perform for decades;
- the Zsolnay quarter: which, with its porcelain factory, is the most famous witness to the industrial heritage of Pécs, and has potential for revitalisation;
- the Great Exhibition Hall: as Pécs always lacked a satisfactory place for large scale contemporary exhibitions.

This background, the additional ideas of some active local intellectuals and some useful suggestions from the former planning documents of the city formulated the tender document for the first round of the call for proposals – as the Hungarian ECC call for proposals was organised into two phases. As the mayor’s office was not prepared to put the tender together, some individual civil servants developed it over some weeks under the umbrella of the Europe Centre according to a contract with the city hall.

As the result of the first call round, 7 cities out of the 11 remained in the second round. The evaluation of the Pécs proposal was very positive, however the jury indicated that the winning tender would be the one to put more emphasis on urban development projects, and place the whole programme in a complex urban development context. (Somlyódy 2010 p. 48)

This impetus resulted in the enrichment of the original proposal with additional infrastructure developments:

- The creation of a new regional library with the role of a learning and knowledge centre. (The idea of a new, integrated library came from the successful model of the library in Szeged.)
- Revitalisation of public spaces, including not only the downtown area but the

<sup>5</sup> József Takáts: *Európa Magyar kulturális fővárosa. Budapest vagy Pécs?* ÉS, 2004 április 2. p. 17

centres of various neighbourhoods of Pécs.

What was finally put together for the call's second round was a large-scale at least medium-term development programme, a 'convincing fiction' (quotation from József Takáts) which was to prove that Pécs has a vision of cultural lead city development. The creators of the proposal for the second round (still civil experts) thought that their role was to put together a vision which would serve as a basis for negotiations. They did not think that all of these investments would be completed by 2010. They thought that it was for the politicians to decide which investments were to be implemented, when and in which order.

The local politicians however did not want to reject any of the project elements as it was a sign of their political power, so from the beginning all investment programmes were on their way to implementation.

The major milestones in the preparation and implementation process were:

- 19 October 2005: official announcement of Pécs as the winner of ECC 2010 in Hungary.
- 7 April 2006: decree that the government will support (through the ERDF) the implementation of the programme (the subsidy was worth 29.41 billion HUF – appr. €100 million<sup>6</sup>);
- 16 September 2006: signing of the contract that aimed at providing 1 billion HUF for the preparatory works of the infrastructure projects (the goal was to submit the tenders by the end of 2007);
- December 2006: agreement between the national government and the city on the financing of the cultural programmes, with a budget of approximately 9 billion HUF. This amount covered the financing of the preliminary programmes before 2010, the cultural programmes of the year 2010, the marketing, communication and management costs. The agreement was terminated from autumn 2007 to June 2008;
- End of 2006: the international calls for architectural design were published;
- First half of 2007: contacting the feasibility studies for the investments. The first drafts were ready by the end of 2007, and the final drafts were ready by the end of 2008;
- April 2008: all the infrastructural projects of Pécs2010 became 'Outstanding National Investments' which resulted in shorter time limits to get the all the necessary permits;
- 5 June 2008. the call for proposals for ERDF funding was published;
- 30 June 2008: the first project proposals were submitted (the first proposal was the Regional Library);
- The first investment project was completed by November 2009 (most of the public spaces). The last one was completed in April 2012. Apart from most of the public spaces, no project was completed by the beginning of 2010.

Over the years most of the projects underwent certain changes:

- Concert Hall: it was planned as a high standard music hall, with all the necessary technical amenities. Originally it was planned to seat approximately 1 500 spectators, but based on the feasibility plans the number was reduced to 999 seats.
- Zsolnay quarter: originally it was only planned that the quarter would house an exhibition hall; afterwards the plan was to make a culture-based industrial revitalisation project. A Dutch-Hungarian conference was organised in November 2006 on the future of the quarter that defined the major characteristics of the revitalisation programme: the new aim was to create an infrastructural framework for a cultural cluster – exhibitions, cultural institutions, education, cultural incubator, film and media enterprises. It was advised not to fill in the area with already defined functions, but leave some space for future ad-

<sup>6</sup> 1038/2006 government decree

justment. In the original proposal the Zsolnay quarter was planned to comprise new cultural supply complementing the already existing one in the inner-city area. Step by step – by involving the leaders of the cultural institutions in the preparation and by facing the depressing financial result of the feasibility study which estimated the costs of the operation – the Zsolnay quarter became the place not only for new cultural activities but also for relocated municipal cultural institutions – thus not increasing but relocating the relevant share of the cultural supply.

- Exhibition Hall: This was the most uncertain element of the package, as the original site was found not to be appropriate for the construction, and the sustainability of this element was also very uncertain; thus the government tried to skip this project element. However part of it returned to the project, not as a new construction of 1 500 m<sup>2</sup> but rather an extension of the County Hall of Baranya county. In addition eight museums were renovated – based on the original plans – and thus the museum quarter in the downtown was rehabilitated.
- Regional Library: Its construction budget was also reduced as there was a reduction in all other elements of the programme.

Most of the investments were implemented next to the city centre enlarging it in the easterly direction. This enlargement was described in the former urban plans of the city; however the exact place (Balokány) was specified only in the ECC proposal (Borderless City).

A very short period was available for preparing the proposals for the ECC calls (approximately six weeks to produce the proposal for the first round, and approximately four months to produce the final proposal) so there was no room for proper needs assessments. However some surveys were made even in 2005, showing that approximately 1 600 artists live in the city and its surrounding area, and approximately 12 000 families live in the cultural economy. It was already known that 1 in 4 inhabitants is a student, and approximately 10% of university students are foreigners.

As emphasised, the planning phase concentrated on producing a ‘convincing fiction’ that described the possible ways and means of taking a big step forward to change the cultural scale and transform the economy of Pécs into a new dimension. It was a very ambitious plan that did not take any type of risks seriously, as the planners thought that the risks should be considered in the implementation phase. The planners may have been under the illusion that they set out the intellectual basis in the proposal, and if all the actors were to behave in a rational way, then the risks would be avoided or at least dealt with.

### **3.2. MANAGEMENT, MONITORING AND EVALUATION SYSTEM**

The management structure has changed significantly over the planning and implementation process (based on Somlyódy, 2010):

- The proposal for the first round of the national call was written by some civil intellectuals under the umbrella of the Europe Centre public company between October and December of 2004.
- The proposal for the second round of the call was officially delegated to Europe Centre, where a ‘cabinet’ was set up with four members (external civil intellectuals). Two additional external experts helped with the formulation of the proposal (an architect and a designer). This organisational structure operated between March and August 2005. This was the ‘Golden Age’ of planning in the opinion of the civil participants, as publicity was very strong, working groups and meetings were organised and civil participation was very influential during this period.
- After the official announcement of Pécs’ winning, the organisational structure changed significantly. Between January and July 2006 three different types of organisational structure were decided by the city council. The decision-making process slowed down, and the original creators of the programme resigned or were crowded out of the system.
- In January 2007 a new organisation was established: the Pécs2010 Management Centre public company. It was responsible for the infrastructure pro-

jects and for the management and communication of the whole programme. However another organisation was set up (or more precisely, an existing organisation was given new functions) that was responsible for the implementation of the five key projects as well (and some other rehabilitation programmes besides the ECC). This was the Pécs Development Company (Pécsi Fejlesztési Kft.)

- The organisation of the cultural programmes of the event was the responsibility of the artistic director from December 2006 (till November 2007). In theory this artistic director worked independently from the Management Centre but in practice he became a subordinate of it. When the artistic director resigned, his role was replaced by an Artistic Council of 6 members (4 from the city and 2 from the central government) that had the task of preparing the programme's concept. The preparation and implementation of the cultural programmes were delegated to the Management Centre and Hungarofest (Hungarofest is a national agency for organising cultural events.) Approaching the year 2010, Hungarofest took the leading role, thus most of the local events were organised from Budapest. According to the contract between the city and the state (December 2006) the minister of education and culture had direct authority to influence the programmes in 2010 and in the preceding years. According to this agreement, national and international communication was organised from Budapest, while the local and regional communication remained the responsibility of the local management.
- The architectural issues were managed by a civil organisation (ÉVarc) in 2006. It initiated the first calls for architectural plans. After it resigned from this role, there was an architectural director of the project for a short period of time till June 2007.
- There was no clearly defined unit in the major's office that would have the role of preparing the documents for decision and managing their implementation from a local political viewpoint. From January 2008 most of the decisions were taken not in the City Council but in the Economic Committee of the municipality.
- The state also appointed its mediators: one commissioner was appointed to coordinate the infrastructure projects and another commissioner for the cultural events. (The latter operated a special committee consisting of experts and politicians from different ministries.)
- From May 2008, based on the suggestion of the National Development Agency (the Managing Authority of the ROPs), a Programme Coordinating Committee was set up. It held a meeting every two weeks and consisted of all the important stakeholders that could influence the implementation of the programme: National Development Agency, Regional Development Agency (the Intermediate Body of the South-Transdanubian ROP), final beneficiaries (city, university, county, development company), authorities that were responsible for the permits, Ministry of Education and Culture. This committee operated till the summer of 2010.
- The final beneficiaries operated special committees as well, such as the committee of the consortium in the case of the Regional Library, consisting of the representatives of the city municipality, the university and the county of Baranya.

The tasks of the management were more than enormous just to implement the infrastructure investments. In numbers: 95 different types of permits were issued, 47 contracts to rent and 24 contracts for sale were prepared, 50 public procurement processes were carried out, and approximately 150 claims for payments were submitted. (Elemző Értékelés 2010. p. 98).

The official evaluation of the programme – based on the original indicators – has not been carried out yet as the programme has not yet finished. Currently the closure of the payment procedure is under way. Nevertheless, as the programme was of great importance and created particular tensions from the beginning, several articles and unofficial evaluations were prepared. The statements of these evaluation reports



	<p>however are criticised by several stakeholders, as this complex programme has resulted in many interests and positions with different views, and naturally it is not possible to reach an easy consensus in evaluating the messages. In general the years of preparation and implementation were filled with negative media messages mainly about the changes in the management system and the unfortunate deaths of two mayors in Pécs during this period.</p>
<p><b>3.3 GOVERNANCE: PARTNERSHIP, PARTICIPATION AND EMPOWERMENT</b></p>	<p>The governance system of the Pécs2010 programme was very complex as the size and the content of the project exceeded the competence and authority of the city municipality.</p> <p>The programme had four final beneficiaries:</p> <ul style="list-style-type: none"> <li>• <b>Pécs and its development company</b> were both final beneficiaries in all projects and co-ordinated the complex programme, however in some project elements (Regional Library and Exhibition Hall) the municipality played a minor role.</li> <li>• The <b>University of Pécs</b> was a final beneficiary in the case of the Regional Library (and the biggest tenant in the Zsolnay quarter). At the beginning of the project, the university was a bit reluctant to join in, as it had continuous operating deficits and had a fear of generating additional operating costs with the new infrastructure. Finally the university joined the project either as a result of political pressure (Somlyódy 2010 p. 114) or as a result of the realisation that it could replace the dilapidated buildings of the Arts Faculty and the central library and had a chance to create not only new infrastructure but new and innovative methods of research and education.</li> <li>• The <b>county of Baranya</b> was a final beneficiary of the Regional Library project and also of the Exhibition Hall project. In the case of the Regional Library, it was even the library manager as the city and the county libraries were merged just before the project, establishing a common set of public collections. The museums were in general operated by the county which is why this project element was lead by the county, but the management of the project was still undertaken by the Pécs2010 Management Centre.</li> </ul> <p>Besides the local bodies, the state was also heavily involved not only in connection with the cultural programmes of the year 2010, but with complementary investments (M6 motorway) and with the responsibility of governing the ERDF resources.</p> <p>The involvement of <b>local residents and other stakeholders</b> was a very sensitive issue during the project preparation and implementation. The tender documents were developed by civil intellectuals (external experts) and the municipality had a limited role in that phase of the project. The original goal of the Pécs2010 project was a kind of change in paradigm showing that civil participation and the empowerment of residents would lead to a more sustainable result. The programme also aimed to encourage civil organisations and groups to recover hidden cultural potential to show themselves to an international audience.</p> <p>Not only did this philosophy dominate the planning phase, but its influence could be observed in the preparation and implementation phase as well:</p> <ul style="list-style-type: none"> <li>– Major expert groups of the civil society took kinds of management roles at the beginning of the preparation phase in 2006 (e.g. ÉVarc, Kultúra 2010);</li> <li>– The local media actively participated in influencing public opinion (<i>Jelenkor, Echo</i>);</li> <li>– In September 2006, a public call was announced for the inhabitants of the city with the title of 'My Capital of Culture' which resulted in 362 tenders. (However none of the proposed ideas were implemented as these ideas were considered by the project management as inconsistent with the programme ;</li> <li>– In July 2009 a civil fund was set up and funded by the municipality with €340 000 in order to support the cultural activities of civil groups in 2010.</li> </ul> <p>According to the most common opinion of the local intellectuals this public participation and empowerment did not go far enough, and could not result any kind of new form of public culture that was expected as a result of the Pécs2010 programme. The architectural plans, the most democratic elements of the planning structure,</p>

	<p>were presented to the public – as it is obligatory by law. The presentation took the form either of a public forum, or the plans were taken to public spaces or into the mayor’s office – but real negotiation did not happen. On the other hand there were also opinions according to which civil negotiations and public awareness-raising took too much time and slowed down the construction works, and it was also emphasised that the civil groups would not have been able to organise themselves without the help of the cultural institutions.</p>
<p><b>3.4 PROJECT OUTPUTS &amp; RESULTS</b></p>	<p>The Pécs2010 programme, besides the infrastructural investments, had a strong ‘soft part’ consisting of the cultural programmes but also activities that contributed to the effective planning and implementation of the event.</p> <p>This analysis however puts more emphasis on those investments (‘hardware’) that were financed from ERDF – as the effect of the ERDF is the major focus of the study.</p> <p>In fact none of the five key projects (structured as six ERDF project packages) were completed by the beginning of the important year 2010, but all of the projects originally planned were finished sooner or later on a smaller or modified scale. As the head of the management company stated: ‘As a result of these investments Pécs has stepped forward by 50 years’.</p> <ul style="list-style-type: none"> <li>– The Kodály Centre, the Concert and Conference Hall was completed by December 2010. The construction cost €27.6 million, and resulted in a specified, highly equipped conference hall with a main auditorium and 7 smaller rooms, altogether covering approximately 11 000 m<sup>2</sup>. This facility meets the highest requirements of musical performances, but – as a trade-off – is not sufficient for a wide range of activities, like dance or theatre performances. This unique infrastructure resulted in a new opportunity for the already quite famous local orchestra (Pannon Filharmonikusok, which is based in Kodály) to further strengthen its international network and provide a proper place for rehearsals and performances.</li> <li>– The first elements of the Zsolnay quarter were completed by May 2010, and the last parts were finished in April 2012. The cost of the reconstruction was €38.3 million. The reconstruction resulted in new exhibition, entertainment and education facilities of about 30 000 m<sup>2</sup>, of which 12-13 000 m<sup>2</sup> is rented by the University of Pécs (Arts Faculty, Faculty of Communication and Media, Faculty of Sociology). The Zsolnay quarter provide space for three Zsolnay exhibitions, the city’s puppet-show, the Planetarium, the House of Youth, the Pécs Gallery and the Pécs Cultural Centre. There are complementary facilities located in Zsolnay like a guesthouse, handicraft shops, restaurants and cafés. There are still partly reconstructed buildings that are currently empty but if and when they fulfil their intended role they could serve the further development of Zsolnay into a cultural and creative cluster.</li> <li>– A smaller-scale Exhibition Hall – next to the county hall – was completed in October 2010; however the renovation of 8 museum buildings was completed by summer 2010. Altogether the reconstruction project cost €8.5 million.</li> <li>– The Regional Library and Centre for Learning was completed in September 2010 and cost nearly €20 million. It is 13 000 m<sup>2</sup> in size and accommodates the unified city and county public library, the central library of the university and special libraries of the economic and law faculties, plus 2 auditoriums for these two faculties. It also provides space for some university research centres. It is suitable not only for the purpose of a library but also conferences and workshops could be organised there.</li> <li>– The revitalisation of the public spaces was implemented in stages. The majority of the spaces were completed in November 2009 but some large pieces were accomplished some months later. Altogether the programme resulted in the reconstruction of approximately 320 000 m<sup>2</sup> of public spaces in eight different locations of the city. The downtown area was totally renewed with the complete reconstruction of the main square (Széchenyi Square) and all the neighbouring pedestrian streets. The cost of the public space renewal was approximately €28 million.</li> </ul>

The architectural design of the buildings is of outstanding quality and widely appreciated by the society of architects. (This is not totally true for the quality of the construction.) The new facilities are quite popular among the local residents and students and the number of visitors to each of them far exceeds former expectations.

Some of the public spaces have also become very popular: playgrounds were created in several sub-centres of the city, which elicited a very warm response from the inhabitants. The biggest complex of playgrounds for different age groups together with fabulous walking paths was created in a hilly area, called 'Tettye', formerly inhabited mostly by homeless people, and currently it has become one of the most popular and vital places for children and families.

Most of the infrastructural investments were implemented next to the city centre in order to extend the downtown area to the east, and to increase the status of the new development area which is currently among the most dilapidated in Pécs. It is too early to evaluate 1.5 years after the completion of the project whether the investments have had the desired results – the increase of the market potential of the area – or if this would require bigger-scale changes in the road infrastructure and in spatial planning.

The results concerning the cultural events are numerous (approximately 5 000 events were organised in Pécs and neighbouring locations in 2010). Just to list some: the exhibition on Bauhaus, 'The Eight – Cezanne and Matisse', the 'Architecture and context' series of events, a circus and street art festival and Pécs Cantat, several classical and contemporary concerts. The involvement of civil organisations and individual involvement was lower than previously planned, but in spite of that some organisations that were formerly 'invisible' could be strengthened.

The Pécs2010 event brought in new international connections to the main stakeholders, e.g. it encouraged the establishment of a new network of universities of former and future Capital of Culture cities (UNECC) which already has 42 members, and Interreg projects were also initiated on this basis.

The most anticipated result of the Pécs2010 event was the impact on tourism. The number of visitors and nights spent in Pécs had been decreasing since the beginning of the 2000s. The year 2010 brought in a significant increase as it added approximately 25% in visitor-nights compared to 2009, bringing it back to the 2006 level. The share of foreigners increased from 20% to 30% in 2010. However in 2011 the number of nights dropped back to the level of 2009, so the effect so far seems to be temporary. (Even with the increase Pécs was not amongst the 10 most popular tourism destinations in Hungary in 2010<sup>7</sup> as it was overtaken by smaller cities with wellness and spa services.) Nevertheless the hotel capacity of the city was totally exploited in 2010 so it would not have been able to receive significantly more visitors. Nevertheless the statement on the sharp drop of tourist output in 2011 needs to be treated with caution as some ECC cities, such as Graz, have experienced an initial drop in demand after the year of culture followed by a systematic increase due to the new developments.

In 2010 the number of employees in the city also increased slightly (by 1.3%) despite the economic crisis, which could be the effect of the Pécs2010 programme. However it seems that most of these jobs depended on heavy subsidies and disappeared when the subsidy ended. The new services created both in construction and in cultural services were provided mostly by entrepreneurs located outside Pécs. This could have been obvious in the case of large-scale construction – as these complicated works could have been accomplished only by big companies – but not so much in case of other types of services, thus the investments contributed more to the growth of firms outside Pécs than inside it.

There are some developmental elements on the local economy that had an effect not only for the year of 2010 but beyond. These are the private investments in the touristic potential of the city: e.g. a 4\* hotel (Hotel Corso) was constructed, several 3\* hotels were upgraded to 4\*, and an adventure park (Mecsextrém) was created in 2009.

<sup>7</sup> <http://itthon.hu/sajtoszoba/februar/2010-leglatogatottabb>

#### 4. INNOVATIVE ELEMENTS AND NOVEL APPROACHES

##### 4.1 INNOVATION

The Pécs2010 programme, including the period of planning and preparation, resulted in several innovative solutions worth mentioning:

- The concept itself was an innovation bringing significantly new ideas and new approaches to urban planning.
- The way the concept (tender documents) for the ECC title was prepared could also be considered an innovation, as the open method of cooperation, and idea-generation by conferences and workshops, are not the usual way of planning in Hungary.
- There were innovative elements in the architectural design concerning both the new cultural buildings and also the public spaces. Some of these buildings have become architectural sights that experts and students come to visit for scientific reasons.
- The new system of operation for most of the cultural institutions of Pécs by an umbrella organisation called 'Zsolnay Heritage Management Centre' is an approach that has not been experienced before in Pécs. One of the main goals of the Pécs2010 programme was to provide a new institutional framework for the city's cultural structure, and hopefully this new structure may have results on the effectiveness of cultural performance. According to the new model, the Zsolnay Management Centre is directly responsible for the operation of the Zsolnay exhibitions, the Concert Hall, the House of Art and Literature, the Pécs Gallery and the Pécs Cultural Centre, while it rents out space in the Zsolnay quarter to other institutions like the Pécs puppet-show, Planetarium and faculties of the university. The institutions under the Zsolnay Centre may have their own strategy concerning their cultural activities; however some tasks are allocated to the Management Centre, e.g. marketing, sales, finance and communication. In this way parallelism could be avoided between the different institutions and capacities could be used in a more rational way.
- The new Regional Library and Centre for Learning brought innovation into the project in several ways:
  - Even the content and future functions of the Centre for Learning were newly established by the experts working on the proposal. Besides the libraries it accommodates some research centres of the university but it is also a goal of the operators to create a virtual library of the available university and other scientific documentation (which needs additional IT development) and the leaders of the library aim to join up the education of the university (e.g. by teaching research methodology);
  - The new institutional structure developed for this organisation resulted in some functions of the county/city library and the university library being totally integrated (e.g. consumer desk), coordinated (e.g. literature processing, purchase) or separately managed (e.g. human resource management). The long-term goal is to totally integrate all functions; however currently it is not totally clear how the needs of a 'Cultural Plaza' and a specialised university library could be synchronised, where the mix of functions currently sometimes causes small-scale conflicts;
  - The distribution of the operational costs also required the elaboration of new mechanisms. The centre is 35% owned by the university and 65% by the county, but the operational costs are divided in a 49-51% basis. The costs of special services will be based on who is responsible for their development;
  - As the new library was too far from certain faculties of the university, a new bus line (30Y) was inaugurated to provide a direct link between the two locations.

<b>4.2. THEMATIC FOCUS</b>	<p>Europe 2020 smart growth:</p> <p>The Pécs2010 programme is an example of a culture-led strategy (at least an attempt at it.) Its main goal was to open up new possibilities for cultural economy which would not only restructure the economy itself but also the urban structure.</p> <p>By encouraging the development of cultural industries, it aimed to strengthen knowledge and innovation as drivers of future growth.</p>
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**5. FUNDING**

	<p>It is of major concern that the EU would not automatically contribute more than a symbolic amount (distributed through the Melina Mercouri Award of €1.5 million) to the financing of European Capital of Culture programmes. As a rule the member states should put up the financing schemes with the completion of private funds. In Hungary's case, the cultural programmes were financed from national and local resources – and aimed at obtaining some private donation. Nevertheless in the new member states there is a common pattern to use ERDF to co-finance the infrastructure developments. In Hungary's case ERDF was the only source – with the obligatory co-financing through national and local funds – of finance for the major infrastructure investments. The project elements had the following budget:</p> <p style="text-align: center;"><b>Division of costs according to the modified grant agreements</b> (as at April 2012) in euro (1 EUR= 284 HUF)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Total costs</th> <th>ERDF</th> <th>State</th> <th>Municipality</th> <th>University</th> <th>County</th> <th>Pécs development company</th> </tr> </thead> <tbody> <tr> <td><b>Regional Library</b></td> <td><b>19 313 104</b></td> <td>16 225 288</td> <td>654 482</td> <td>352 409</td> <td>940 187</td> <td>1 108 564</td> <td>32 173</td> </tr> <tr> <td><b>Exhibition Centre</b></td> <td><b>8 409 986</b></td> <td>7 471 153</td> <td>302 679</td> <td>98 973</td> <td>0</td> <td>516 862</td> <td>20 319</td> </tr> <tr> <td><b>Music and Conference centre</b></td> <td><b>27 630 700</b></td> <td>19 930 452</td> <td>1 275 124</td> <td>6 368 772</td> <td>0</td> <td>0</td> <td>56 352</td> </tr> <tr> <td><b>Zsolnay Cultural Quarter</b></td> <td><b>38 343 455</b></td> <td>32 511 193</td> <td>1 890 562</td> <td>3 855 570</td> <td>0</td> <td>0</td> <td>86 131</td> </tr> <tr> <td><b>Public spaces I.</b></td> <td><b>8 810 794</b></td> <td>7 471 153</td> <td>432 953</td> <td>875 405</td> <td>0</td> <td>0</td> <td>31 282</td> </tr> <tr> <td><b>Public spaces II.</b></td> <td><b>19 267 363</b></td> <td>16 354 337</td> <td>938 490</td> <td>1 899 901</td> <td>0</td> <td>0</td> <td>74 635</td> </tr> <tr> <td><b>Total</b></td> <td><b>121 775 402</b></td> <td><b>99 963 574</b></td> <td><b>5 494 290</b></td> <td><b>13 451 031</b></td> <td><b>940 187</b></td> <td><b>1 625 427</b></td> <td><b>300 892</b></td> </tr> </tbody> </table> <p>76% of the ERDF subsidy has already been paid, and the final accounts are being prepared for the remaining part. Concerning the provision of the final beneficiaries' own share, the following information should be noted.</p> <ul style="list-style-type: none"> <li>– The university did not have the capacity to provide cash of its own, and instead it contributed some of its land (the land for the Kodály Centre<sup>8</sup>).</li> <li>– The city and the state took a loan from the European Investment Bank to provide its share (the first payments are due in 2012)</li> <li>– As a general rule the national co-financing rate is 15%, which complements the EU funding, and together makes up approximately 85% of the investment costs. In this case all 85% of the subsidy came from ERDF, while the</li> </ul>		Total costs	ERDF	State	Municipality	University	County	Pécs development company	<b>Regional Library</b>	<b>19 313 104</b>	16 225 288	654 482	352 409	940 187	1 108 564	32 173	<b>Exhibition Centre</b>	<b>8 409 986</b>	7 471 153	302 679	98 973	0	516 862	20 319	<b>Music and Conference centre</b>	<b>27 630 700</b>	19 930 452	1 275 124	6 368 772	0	0	56 352	<b>Zsolnay Cultural Quarter</b>	<b>38 343 455</b>	32 511 193	1 890 562	3 855 570	0	0	86 131	<b>Public spaces I.</b>	<b>8 810 794</b>	7 471 153	432 953	875 405	0	0	31 282	<b>Public spaces II.</b>	<b>19 267 363</b>	16 354 337	938 490	1 899 901	0	0	74 635	<b>Total</b>	<b>121 775 402</b>	<b>99 963 574</b>	<b>5 494 290</b>	<b>13 451 031</b>	<b>940 187</b>	<b>1 625 427</b>	<b>300 892</b>
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<sup>8</sup> The plot is officially owned by the state, but the University had the right to use it, so basically the value of this right was the contribution to the project. The university operated a former sports-field in the place of the future Kodály Centre.

	<p>member state provided a grant to the municipality of Pécs and the County of Baranya through a special fund (down-payment fund) of up to 5% of the expected investment costs. This was the state's official contribution.</p> <p>The project financed some ESF-type interventions as well (from ERDF resources as cross-financing is allowed under Article 8 of 1080/2006 EC). These interventions were e.g. training of policemen and guides to meet the needs of the increasing number of visitors, or financing some parts of the communications costs of the events.</p> <p>There were some parallel investments from ERDF resources complementing the Pécs2010 programme, like the development of the local TDM (touristic destination management) organisation, and empowering it to strengthen the marketing activities of the event.</p> <p>Private funds were not directly involved in the five key project elements; however large-scale investments were supposed to complement the public urban developments. The major ones were the construction and upgrading of hotels; however as a result of the economic crisis a lot of these proposed investments were put off or terminated as even the service providers who had won the ERDF tenders could not get bank loans for pre-financing or down-payment. Nevertheless some hotel investments were completed by the beginning of 2010.</p>
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## 6. PROJECT ASSESSMENT

<p><b>6.1. FINANCIAL SUSTAINABILITY</b></p>	<p>This is one of the major issues concerning the Pécs2010 programme. An enormous amount of new infrastructure was constructed, but financial sustainability was not a major concern in the planning period. Or to be more precise, one of the planners expressed the belief that 'it is possible to create such a complicated system that will increase the demand for culture, and will sustain the enlarged cultural infrastructure'. (In order to achieve that, the years preceding 2010 would have been very important, as they had the role of increasing domestic and international demand.) The planners also anticipated that not all pieces of the infrastructure would be constructed in the short term, thereby solving sustainability problems gradually.</p> <p>In reality all infrastructure elements were constructed, even if on a bit smaller scale than originally planned, and consequently all the rules of an ERDF programme had to be met. According to these rules it is a must to sustain the new buildings in their original function for at least 10 years,<sup>9</sup> and the remaining buildings that were emptied could be capitalised according to the rules for revenue-generating activities.<sup>10</sup></p> <p>The plans were prepared under favourable conditions of the world economy; the recession that occurred in 2008 seriously decreased local demand, and increased the problems of financial sustainability.</p> <p>The new pieces of infrastructure have different parameters concerning financial sustainability:</p> <ul style="list-style-type: none"> <li>- Kodály Centre: According to the feasibility studies, 200 events annually with approximately 50 000 visitors were estimated. In reality the numbers reached approximately 90 000 in 2011; however so far it does not mean that the costs are covered. The revenues from the tickets cover approximately 10-15% of the operation and amortisation costs. The Concert Hall also has revenues from conferences – the number of which has lagged behind the original plans – and also from the local orchestra (Pannon Filharmonikusok, the resident orchestra) which pays rent. The operating costs of the building and its events were lower than expected, mainly as a result of effective human resource management. The building is so popular in international terms that famous orchestras would come to perform, but the costs of such performance could not be covered by the local demand based on their payment capacity. (A survey in 2010 showed that an average family in Pécs could afford to spend ap-</li> </ul>
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<sup>9</sup> The original ERDF rule is about sustaining the new infrastructure for at least three years, but in case of Pécs2010 the National Development Agency set more serious rules considering the scale and importance of the project elements.

<sup>10</sup> The rule on revenue generating activities indicates that in the case of selling or renting out the buildings that remained empty (as functions were transferred into the new buildings), the net present revenue (that is decreased by the costs) should be calculated and deducted from the investment costs eligible for subsidy.

	<p>proximately €4/month on cultural-type expenditures.)</p> <ul style="list-style-type: none"> <li>- The Zsolnay Centre rents out the facilities of the Zsolnay quarter, as the owner is the municipality. 1/3 of the space of the quarter is rented out to the university, and some other spaces and facilities are also rented out to municipal cultural institutions and private enterprises. It is expected that approximately 150 000 visitors would fully cover the operating costs of the quarter. As there is no experience of a complete year as yet, we cannot know whether or not this is realistic. What is a fact is that in the first big event of the quarter (Zsolnay festival in 27 April-1 May 2012) approximately 16 000 visitors came in four days; this was an outstanding beginning to the quarter's activities and the follow-up is uncertain as yet.</li> <li>- The Regional Library is operated by the County of Baranya and the University of Pécs. This integration in theory brings financial benefits to the city/county/university as their integrated operation is more rational than their separate ones.</li> <li>- The Exhibition Hall and the renovation of the eight museums resulted in higher maintenance and operational costs for the county of Baranya; however it had already spent its operational budget by the beginning of 2012. The future of the museums is currently uncertain as the task of operating them will be transferred to the city (according to the recent legal proposals on the redistribution of county functions).</li> <li>- The renewed and restructured public spaces significantly increased the operational costs (approximately €0.3-0.5 million/year extra) as the new infrastructure is of high quality and contains elements that need serious maintenance (e.g. new playgrounds).</li> </ul> <p>The operation and maintenance of the new infrastructure results in €3-4 million/year in extra costs for the county, city and university. Naturally the balance in the coming years will also heavily depend on how the buildings that were replaced can be capitalised. Currently these buildings stand empty, or are occupied by other university or municipal functions, thus they still incur operational losses. There is a plan to sell some of these buildings, and the real estate strategies of the city and the university are now being coordinated; however the real estate prices are so low that it is nearly impossible to sell the redundant infrastructure. So currently only the additional financial burden is experienced in a situation as with the university which has several millions in unpaid invoices,<sup>11</sup> and the city which has nearly as much debt as its annual budget.</p> <p>It was planned – and was set out in the contract between the municipality and the state – that the state would co-finance the operation of some of the new cultural institutions (Zsolnay quarter, Kodály Centre) as these are of national or international importance. The plan was to divide the operational costs: 1/3 would be paid by the institution, 1/3 by the municipality and 1/3 by the state. Not a single penny has yet come in from the state, which means the finances of the institutions now show a significant loss.</p>
<p><b>6.3 ISSUES AND PROBLEMS</b></p>	<p>Strategic issues:</p> <ul style="list-style-type: none"> <li>- The Pécs2010 programme is a result of a typical 'illness of poor countries' which is 'tender-driven urban development'. The main goal was to win the tender and the risks that could have been understood at the beginning of the planning phase were not taken seriously; or rather the planners had hoped for such a favourable economic and political framework that it became more a dream than a reality.</li> <li>- The principle perception could also have been wrong at the beginning: 'The cities that were experimenting with cultural city planning – Glasgow, Graz and further on Liverpool or Linz – have completed a long term development pro-</li> </ul>

<sup>11</sup> For the university the financial burden resulting from the operation of the infrastructure of the ECC programme makes up an evanescent part of its problems comparing to other infrastructure investments in recent years, like the reconstruction of the hospital operated by the university and the construction of new science buildings. In the last 3-4 years the university has invested as much as the whole ECC itself.

cess with the ECC title, while Pécs was intending to start the process with it', (Somlyódy 2010, p. 75) which might have been a wrong call at least with such a big leap in scale. It was more or less known from surveys and previous experiences that the cultural demand of 2004 was not appropriate for such big investments, and the conditions for culture-based urban development were not stable so the Pécs2010 concept took very high risks.

- The developments were based on the perception that the years before 2010 would be supported by a rich cultural programme, which would increase the demand for culture and bring up a new generation of cultural consumers, thus helping to sustain the new facilities in the long run. As the programme of the preceding years was very weak it was not able to serve this purpose.
- The Pécs2010 programme was part of a complex approach that had other elements besides the ECC: namely the motorway, airport, Growth Pole concept with the development of other economic sectors. Only some parts of the original ideas were achieved, and it is quite questionable whether the investments already implemented would be enough to result in economic change.
- In addition, culture-based tourism would require complementary investments, as culture in itself offers a very weak supply. Proper infrastructure, hotel and wellness/spa facilities are also required. It is the same for the cultural economy as such, as cultural institutions do not represent a complete cluster in themselves, and more economic completion (in film, design, multimedia) is needed.
- Most of the facilities were not ready for 2010. For some, this was not a major problem, but for certain elements (e.g. Kodály Centre, Exhibition Hall, Zsolnay) it was a major loss, as there was a scarcity of proper venues in 2010 and the new elements of the infrastructure could not be introduced to the international audience.
- The switch towards the southern part of Europe, towards the Balkans, did not happen. The motorway does not go to the border, nor does it continue into Croatia. The new cultural or educational connections are not at all numerous, and do not reflect any specific southern orientation.
- It would increase the sustainability of the new infrastructure and would cash in on the results of the ECC programme if the international demand could be met (cultural tourism). However in the current period of serious budgetary cuts there is no money for international marketing while the marketing effects of 2010 alone seem not to be enough.
- The domestic payment capacity is constantly decreasing instead of increasing as was expected.
- There is a fear that the inner city will be culturally emptied out as a result of creating new cultural centres outside the city centre. (The construction of a big shopping mall adjoining the city centre had the same effect of diminishing the role of retail inside the city centre.) Opinions are very divided on this: some experts say that there is such a low cultural energy in the city that the relocation of the existing facilities would result in a hole in the city centre, while others say that it is visible that the spaces and facilities that had been emptied are already filled with new cultural activities.

Implementation issues:

- Planning, preparation and implementation require very different skills and organisational models. The successful planning phase was not followed by a successful preparation and implementation phase. The reasons behind that could be several, ranging from lack of experience and knowledge to the will for direct political influence.
- The preparation and management of the project were basically implemented by the Pécs2010 Management Company, but because it had no 'mirror organisation' in the municipality political decisions were not taken in time.
- The continuity of preparation was hurt by many factors: two mayors died be-



	<p>tween 2005 and 2010, local and national elections were held twice, the heads of the management company and the complementing bodies changed several times, there were three presidents of the university during this period.</p> <ul style="list-style-type: none"> <li>– There was a serious lack of human (experienced human) capacity for the preparation required.</li> <li>– Local capacities were not used properly: the inhabitants were not properly involved, Hungarofest – the national cultural agency – replaced the local cultural organisations, local developers and service providers had very few possibilities ('the Pécs programme was implemented from Budapest'). The underuse of local potential may have contributed to the common public opinion that this huge amount of money was wasted, and should have been used for something other than high culture.</li> <li>– According to the civil stakeholders the programme concentrated on the 'hardware' – infrastructure – rather than the 'software' – new contents and contacts – thus there is a need now to create new software for the sustainability of the new facilities.</li> <li>– Serious technical problems occurred that resulted in changes in the project contents or increased costs: e.g. the site of the planned Concert Hall happened to be a swamp that required the installation of piles.</li> <li>– The technical planning and construction procedure was implemented according to the FIDIC regulations (yellow book process) which means, among other things, that the developers and not the original architects must produce the detailed construction plans. It was criticised by civil authorities and architects; however managers claim that this process is much more appropriate for construction in brownfield areas where a lot of modifications should be made to the original plans.</li> <li>– The cultural programmes of the year 2010 were not organised into a coherent structure, rather they were part of a dispersed, partial logic, and thus the quantity in this sense had no chance to turn into quality. (Takáts, 2011 p.322)</li> </ul> <p>Financial issues:</p> <ul style="list-style-type: none"> <li>– The financial sustainability of the new infrastructure is very uncertain; there is a risk, that the new facilities will be run down fast or that their cultural supply must be limited.</li> <li>– As the investment and the operation of the new infrastructure elements put a great pressure on the budget of the final beneficiaries, it resulted in a crowding out effect in several ways: <ul style="list-style-type: none"> <li>○ The municipality has not enough finance for cultural institutions other than the new facilities – thus the remaining elements lack resources.</li> <li>○ The municipality is not able to implement any other larger-scale ERDF programmes and projects (e.g. social rehabilitation programme) through not having own share for that and also not obtaining new grants as the city has used up the resources that were dedicated to it.</li> <li>○ Both the municipality and the university have to withdraw resources from their other operational activities in order to allocate funds for the operation of the new infrastructure.</li> </ul> </li> </ul>
<b>7. CONCLUSIONS: KEY SUCCESS FACTORS AND LESSONS LEARNED</b>	
	<p>The Pécs2010 programme is full of contradictions. The most common opinion is that the stakeholders are happy with the fact that the new infrastructure has been constructed, but most think that the programme had more opportunities at the beginning than were finally achieved. Nevertheless there is also a common opinion that it is a question for the future whether the Pécs2010 programme could be considered a success or a failure as it still has potential but it also has substantial question marks hanging over it.</p> <p>The most important success factors could be named as:</p>

	<ul style="list-style-type: none"> <li>- High quality of architectural planning which resulted in remarkable cultural buildings and public spaces that the inhabitants of Pécs can be proud of;</li> <li>- The renovation and reconstruction of public spaces all around the city – not only in the centre – that brought improvement into each neighbourhood concerned;</li> <li>- The new buildings were filled with innovative contents which is why they all became very popular. (It is still a question whether this popularity will persist, and how this popularity could contribute to their sustainability, but as a starting point it is a very positive phenomenon.)</li> </ul> <p>Lessons learned:</p> <ul style="list-style-type: none"> <li>- Naturally the Pécs2010 programme repeated a lot of problems that are typical for ECC cities (Robert Palmer<sup>12</sup> evaluated the result of the ECCs of 1995-2004 and found that nearly all of them had sustainability problems, and suffered from the direct influence of politics);</li> <li>- For many cities the availability of EU grants can appear like a once in a lifetime opportunity to make much-needed physical investments. This can lead to escalating demands to show short-term results within the time scale of electoral cycles. But cities need to take a long-term perspective and consider how they are going to finance the running and maintenance costs of infrastructure under best and worst case scenarios;</li> <li>- It is also important to know that such projects, being implemented in such a short time period, cause a lot of problems and conflicts. One should not expect to have a smooth process of preparation and implementation, and naturally the ERDF rules and the high administrative burden put additional pressure on the implementation. Planners should be aware of that in time;</li> <li>- The special and very remarkable feature of the Pécs2010 programme preparation and implementation was the great political pressure both from local politicians and national politicians in each period of preparation and implementation. This over-politicised framework did not allow risks to be reduced (e.g. by dropping or postponing some project elements) – as the visible results turned out to be more important – or the whole process to be democratised by involving a wider range of stakeholders in the preparation and implementation process;</li> <li>- In such a complex project it is not only the results but the process itself that matter, as it creates a shared vision and a spirit of community that are able to achieve the original goal: the ‘change of scale’ in both economic and cultural senses. According to the planners the biggest problem with the Pécs2010 programme was that it lost touch with its original spirit. It seems that even without this spirit – to make the new infrastructure a success – the actors have to develop new, open and cooperative methods otherwise they will not be able to operate the new infrastructure properly.</li> </ul>
<b>8. FURTHER INFORMATION</b>	
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<sup>12</sup> Robert Palmer (ed.): *European Cities and Capitals of Culture*. Part I-II. Brussels, Palmer/Rea Associates 2004.

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AEIDL has been contracted by the European Commission in 2012 in order to provide 50 examples of good practice in urban development supported by the European Regional Development Fund during the 2007-2013 programming period (contract reference 2011.CE.16.0.AT.035). The views expressed by AEIDL remain informal and should not under any circumstance be regarded as the official position of the European Commission.