

Pécs2010, European Capital of Culture

In 2010, Pécs aimed to use the European Capital of Culture programme, managed by the European Commission's Education and Culture DG, to restructure its local economy from a former industrial base to a new culture-based approach. To achieve this goal, the ERDF co-financed five large-scale investment projects – costing around €120 million – that were complemented by an enormous number of cultural activities concentrated in the year 2010. The initiative boosted tourist interest, but its financial sustainability remains in doubt.

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In 2010, Pécs was the European Capital of Culture (simultaneously with Essen and Istanbul). The city was declared the winner of the Hungarian competition for the title in October 2005 on the basis of a fabulous programme proposal that aimed at 'changing the scale' of culture in the city – making it the driving force of economic recovery.

The plans contained a new vision for encouraging the cultural life of the city through a series of large-scale infrastructure investments, including five key facilities: the Kodály Centre (a concert and conference hall), the Regional Library and Centre for Learning, the Zsolnay cultural quarter, the Great Exhibition Hall and the reconstruction of public museums, and finally the reconstruction of public spaces in eight neighbourhoods including the city centre. The infrastructure investments cost approximately €120 million, of which nearly €100 million came from the ERDF.

The implementation of this ambitious plan – which far exceeded the city's basic needs for 2010 – led to a series of conflicts which diluted the original spirit of the programme during the implementation period in fields such as democratisation and decentralisation. Meanwhile, with centralised management that operated outside City Hall, all the investments were completed between November 2009 and April 2012 to very high architectural standards. However none of the cultural buildings were ready for operation by the beginning of the important year of 2010.

Despite the incomplete facilities, the year 2010 was full of cultural programmes consisting of approximately 5 000 events and resulting in a 25-27% increase in tourist nights spent in the city. It was an outstanding year, but what has remained both opens up new potential for the city and raises a number of serious question marks:

- On the one hand, the new cultural buildings and infrastructure are very popular among local residents, but on the other hand their purchasing capacity seems insufficient to sustain the new investments financially. As a result, the municipality and the University of Pécs have had to assume additional costs, as at this stage state financing is not involved in the operation – despite former promises.
- The new buildings and the renovated public spaces have considerably improved the urban environment and contributed to the city's significant architectural heritage, thus increasing its attractiveness as a tourist destination. However, this still needs to be backed up by additional private investments to provide a complete range of necessary services (e.g. completed airport, hotels, wellness and spa facilities).
- The operational cost of the new cultural infrastructure had the effect of diverting funds from existing public services. However there are signs that new and innovative operational methods and forms of cooperation are evolving in the operation of the new infrastructure which may contribute both to sustainability and also to the optimal operation of the new cultural investments.

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What are the opportunities for cities that once played a central role in their region, had a vital economy and culture, but lost most of their potential as a result of global political and economic transformation?

The city of Pécs had to face the question above. It is located in the southern part of Hungary, approximately 200 kilometres from Budapest, close to the Croatian border. For centuries, Pécs has been a regional administrative, cultural, religious and economic centre. The city was the focus of a multicultural society before the Treaty of Trianon in 1920, 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 forced 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 in the 1960s, 1970s and 1980s the cultural life of Pécs was one of the most flourishing in Hungary – with avant-garde initiatives, theatre, contemporary ballet, several museums and festivals.

However, the economic and political transition of the 1990s seriously undermined the economic and demographic conditions. In the last 20 years, traditional industrial sectors have lost their markets and competitiveness, the mines were closed in the 1990s, and the city has lost approximately 13% of its inhabitants.

By the beginning of the 2000s, Pécs was facing serious economic decline and was seeking new and innovative opportunities to restructure its economy based on its rich cultural heritage and lively cultural atmosphere. The possibility of becoming a European Capital of Culture (ECC) was a promising 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. The crucial question is whether Pécs had all the resources it needed to use this opportunity to reposition itself as a culture-based economy.

Is the European Capital of Culture title the solution?

The title of European Capital of Culture (ECC) as an opportunity was understood differently by the local politicians and the intellectuals working in the cultural economy. For the politicians it was an opportunity to implement large-scale investments that would restructure the whole texture of the city. For the local intellectuals it was a unique opportunity to encourage the cultural life of the city and its region and also to implement new community-based planning methods.

For the European Union (the Commission's Education and Culture DG) the ECC started as a series of well-structured cultural events held in selected European cities during the 1980s and 1990s. But following decision 1419/1999 (EC), it turned out to be a tool for urban development. According to the new paradigm, 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. Thus the emphasis was still on cultural innovation, but infrastructure developments started to play a bigger role than before. It was exactly what Pécs needed: an opportunity to build the cultural infrastructure that it had lacked for so long, and also to wake up the creative energy that was thought to be hiding in the city.

However opportunity brings hunger, and there is always a fear that the actors will strive to get as much as possible from an opportunity, and fail to realise its limits.

The first actor that saw too much potential in the ECC title was the state. The Hungarian call for proposals for the capital of culture adopted the EU-wide requirements but made infrastructure developments the centre of attention. These requirements encouraged the potential candidate cities to put many infrastructure developments into their tender documents in order to increase their chances of winning. Pécs duly took the bait, and beat 10 other Hungarian cities to the nomination.

Pécs had seen this opportunity not only as a way of cashing in on its existing cultural tradition, but also as an opportunity to create a complete vision of changing the cultural behaviour and the structure of cultural provision of the city. The vision was to firstly to achieve cultural decentralisation, so as to make Pécs a counterpoint to Budapest, and secondly to engineer a 'change of direction' in the economy, restructuring it to rely on cultural industries and tourism, thereby fostering economic development. A third goal was a 'change of scale' in culture by creating a new dimension of cultural infrastructure and cultural capacity, and a fourth was to open up new cultural dimensions on both regional and international scales and create new contacts to the south, as 'Gateway to the Balkans'.

At the time of planning the programme (in 2004-2005) the planners thought that the Pécs2010 programme would be complemented by other important investment programmes that together would form a complex development plan: firstly, the Growth Pole programme that aimed to strengthen the flagship economic sectors of the city, namely health, environment and cultural industries; secondly, the revitalisation of the former airport at Pécs-Pogány in order to link Pécs directly with the rest of the world; thirdly, the extension of the M6 motorway to Pécs and then beyond to the border with Croatia. However, in fact the Pole Programme was not implemented in its complexity by the National Development Agency, the airport development remained restricted and while the M6/M60 motorway was extended to Pécs, it was completed only by March 2010. So the Pécs2010 capital of culture programme ended as the only remaining powerful element of a complex mid-term development strategy. It soon became doubtful whether it could achieve its ambitious goals on its own.

So the Pécs2010 concept was ambitious as a dream, and became more ambitious when implementation came about. The different projects (five key infrastructure investment projects were implemented) had different project owners: the municipality of Pécs, the county of Baranya and the University of Pécs. Despite the different project owners, the management was centralised by the municipality and its Development Company, operating in close cooperation with the other partners. The final management structure was created during the years 2005 to 2007. The managing bodies that were finally defined might have had the potential to implement and coordinate the process (management body, artistic director, national mediators, coordinating committee), but even the most efficient management structure operates below its potential if the decisions are not taken in time and the management suffers from a constant shortage of manpower. These problems meant that soon the management forgot the spirit of the programme and concentrated purely on implementation, peeling off those elements that would require a time-consuming investment in human development and new cooperation.

The results of the Pécs2010 programme can be evaluated from very different viewpoints:

'The city has stepped forward by 30 years'

This is the viewpoint of the members of the project management – and it is a statement that can be built on. Besides the nearly 5 000 cultural events that took place in 2010 (financed from national and local resources) inside and around the city of Pécs, an enormous amount

of new cultural infrastructure was built adjoining the city centre, enlarging it in a south-easterly direction.

The Kodály Centre – containing a Concert and Conference Hall – was completed in December 2010. The building cost €27.6 million (of which €19.9 million from the ERDF) for a highly equipped facility consisting of a main auditorium and seven smaller rooms, together occupying approximately 11 000 m². This unique facility provided a new opportunity for the already quite famous local orchestra (Pannon Filharmonikusok, which is resident there) to further strengthen its international network, and provided a proper place for rehearsals and performance.



Figure 1: The Kodály Centre



Figure 2: Lobby of the Kodály Centre

The first elements of the **Zsolnay quarter** (based on the total reconstruction of the former Zsolnay porcelain factory) were completed in May 2010, and the last parts were finished in April 2012. The cost of the reconstruction was €38.3 million (of which €32.5 million from the ERDF). The reconstruction resulted in new exhibition, entertainment and education facilities of about 30 000 m², of which 12-13 000 m² is rented by the University of Pécs (Arts Faculty, Faculty of Communication and Media, Faculty of Sociology). The Zsolnay quarter provides space for three Zsolnay exhibitions, the city puppet-show, the Planetarium, the House of Youth, the Pécs Gallery and the Pécs Cultural Centre. Certain complementary facilities are also located in Zsolnay, such as a guesthouse, handicraft shops, restaurants and cafés. There are still partly reconstructed buildings standing empty in the quarter, which, if and when they fulfil their intended function, could help Zsolnay to become a cultural and creative cluster in the future.



Figure 3: Renewed buildings in the Zsolnay quarter



Figure 4: University faculties in the Zsolnay quarter

As part of the exhibition centre project a smaller scale **Exhibition Hall** – next to the county hall – was completed in October 2010. In addition the **renovation of eight museum buildings** was completed by summer 2010. Altogether, the museum reconstruction project element cost €8.5 million (including €7.5 million from the ERDF).



Figure 5: One of the renovated museums



Figure 6: The Exhibition Hall

The Regional Library and Centre for Learning was completed in September 2010 and cost nearly €20 million (€16.2 million ERDF). It is 13 000 m² in size and accommodates the unified city and county public library, the central library of the University of Pécs and the specialist libraries of the economic and law faculties, plus two auditoriums for these two faculties. It also provides space for some research centres of the university. It is not only appropriate for use as a library but can also accommodate conferences and workshops.



Figure 7: The Regional Library and Centre for Learning



Figure 8: Inside the Regional Library (the 'beehive')

The regeneration of **public spaces** was implemented in stages. The majority of the spaces were completed in November 2009, but some large spaces were finished some months later. All together the programme resulted in the reconstruction of approximately 320 000 m² 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 was some €28 million, of which €24 million came from the ERDF.



Figure 9: A playground in the reconstructed 'Tettye'



Figure 10: The city's renewed main square

The architectural design of the buildings is of outstanding quality and is widely appreciated by the society of architects. The new facilities are quite popular among local residents and students, and the number of visitors to each of them greatly exceeds former expectations. Some of the public spaces have also become very popular since playgrounds were installed in several neighbourhood centres, which elicited a very warm response from local residents.

'The city has lost the unique opportunity'

This was the opinion of the local intellectuals and many inhabitants as well. At the beginning of the planning process there was a kind of public euphoria that the leaders of the city would plan and implement the project together with the local intellectuals and the residents. The planning phase was governed by a group of local intellectuals with the involvement of several stakeholders and interest groups. It was a real hope from their side that not only the planning but the implementation would be substantially different from the 'old school' top-down methods. Their hope was nicely demonstrated by an action in which 2010 local inhabitants signed an enormous card (in just two days) that was taken to the Ministry of Culture in August 2005 as an attachment to the proposal representing the common will of the local people.

The reality – as in most cases – is never as bright as planned: Pécs was declared the winner of the ECC title on 19 October 2005. After this decision it took about a year to set up a proper management system but in the new management system, the individuals and organisations that had played such a significant role in the planning phase did not get or did not want to take a role as they considered that the decisions were not transparent any more.

Local intellectuals (all of whom should have had important roles according to the original plans) looked at the planning phase and the years preceding 2010 as a unique opportunity to create cultural demand and foster cultural economic activity that would strengthen the sustainability of the infrastructure created for Pécs2010. On the other hand project managers say that the illusions nursed by the local intellectuals would never lead to completed infrastructure projects and large-scale cultural events.

The year of Pécs2010 was a golden opportunity to foster local tourism and economic activity. The numbers are impressive: tourist visits increased by 25% (among foreigners even more), and the number of employees also increased slightly – despite the economic

crisis which made itself felt at that time. However the following year, 2011, was disappointing. The touristic intensity dropped back to that of 2009, so the effect seems to be temporary. However this statement needs to be treated with caution as some ECC cities, like Graz, experienced an initial drop in demand after the year of culture followed by a systematic increase due to the new developments.

'The city is risking its future financial stability'

Such is the opinion of financial experts. In the case of Pécs, the original assumptions were based on cultural education and creation of demand by local residents and the creation of new cultural linkages on an international level in the years leading up to 2010, which should have led to increasing demand and better financial sustainability in the future. This plan would have required intense promotion and cultural events even before 2010 – which barely happened in the end. The original planners also assumed that not all the infrastructure would be constructed immediately, so sustainability problems could be solved gradually, but the hunger of the politicians was bigger and they needed prompt results. In addition, the planning process took place in the middle of the 2000s, at the height of the economic boom in Europe, so the planners took constantly growing demand for granted – and things did not turn out like that.

The reality is that the operational and maintenance expenses of the new infrastructure incur €3-4 million/year in extra costs for the county, city and university together. According to the ERDF rules (which were even further strengthened in Hungary) the operation of the new infrastructure for the original goals is compulsory for at least 10 years. Naturally the balance in the coming years will also depend heavily on how the buildings that were replaced can be capitalised upon – sold or rented out – while observing the ERDF rules. Currently these buildings stand empty or are occupied by other university or municipal functions, and thus they still result in operational losses. There is a plan to sell some of these buildings; however real estate prices are so low that it is nearly impossible to sell the redundant infrastructure. So currently the university and municipality are suffering from an additional financial burden at a time when they are already facing financial difficulties and when new national laws are transferring many tasks from the county to the city.

In the original plan and contract between the municipality and the state, it was foreseen that the central government would cofinance 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 in three equal parts between the institution, the municipality and the central government; however the state contribution has not yet materialised. This means that the final beneficiaries have to sustain the new infrastructure by cutting elsewhere (reducing the scale of new developments, and trimming the operational costs of existing cultural, but also educational and social infrastructure).

Time will decide

The Pécs2010 programme is a contradictory mix of noble goals and significant physical achievements coupled with serious faults in terms of the process followed and the financial sustainability of the results. Many people argue that it is still an open question whether the Pécs2010 programme should be considered a success or a failure, as it still has considerable potential but also carries substantial risks.

The management – on the national, regional and local levels – must be appreciated for the incredible work which made it possible to complete – even if not for the beginning of the very

important year of 2010 – all infrastructure investments. There are several examples of postponed or incomplete pieces of infrastructure in the history of European capitals of Culture, and Pécs was able to complete its ambitious goals. What makes the results more valuable is the high quality of architectural design which resulted in remarkable cultural buildings and public spaces that the inhabitants of Pécs are proud of.

The infrastructure elements of the Pécs2010 programme were not limited to buildings, but were extended to the renovation and reconstruction of public spaces all around the city – not only in the centre – that made a difference to each neighbourhood affected, and brought a spirit of democratisation and decentralisation into the programme. The improvements this brought to their everyday life helped local residents to overcome the suspicion that the programme only invested in ‘high culture’. In addition the new buildings were filled with innovative contents, which is why all of them have become very popular: the number of events and number of visitors have already exceeded forecasts for each of the cultural facilities.

On the other hand the Pécs2010 programme repeated a lot of problems that are typical for ECC cities. This concurs with the conclusions of Robert Palmer’s evaluation of the ECCs from 1995-2004, which found that nearly all of them resulted in sustainability problems, and suffered from the direct political influence on the management process.¹

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 an electoral cycle. 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.

It is also important to insist that implementing such complex projects in such a short time period inevitably causes 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 exert additional pressure. Planners should be aware of that.

In such a complex project, it is not only the results but the process itself that matters, as it creates a community spirit that is necessary for implementing the original goal: the ‘change of scale’ in both the economic and the cultural sense. According to the planners, the biggest problem with the Pécs2010 programme was that it lost touch with its original spirit. However it seems that even given this loss, local actors have now started to develop new, open and cooperative methods of operating the new infrastructure, thereby creating an opportunity to achieve and sustain the aims for which it was built.

There are major question marks surrounding the sustainability of the investments in the Pecs2010 programme which the EU, national governments and cities would be wise to take into account when planning their programmes.

The Pécs2010 event and the preceding years provided many lessons for the stakeholders in Pécs but also nationwide. The city has acquired a new base for development with emblematic new cultural facilities and the new M6 motorway, as well as other significant investments of recent years, such as the renovation of public institutions, the creation of new university science centres and several other private investments cofinanced mostly from ERDF funds. Based on the lessons and on the new investments, a new urban planning process has just started in Pécs. Local intellectuals are about to create a new institutional

¹ Robert Palmer (ed.): European Cities and Capitals of Culture. Part I-II. Brussels, Palmer/Rea Associates 2004.

framework for communication and cooperation with the local political sphere in order to influence the new long-term development plan for Pécs, work on which is just about to start. The legacy of Pecs2010 is still to be decided.

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