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Case Study Report
The ECC Pécs Project and the Challenges of Territorial Governance

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1. Introduction to the case

The title European Capital of Culture (ECC) is annually awarded by the European Union to grant the nominated town the opportunity to present its cultural life and developments. A number of European towns have used the title to transform and improve their cultural life, as well as their national and international reputation. Formally, this kind of project belongs to the European Common Cultural Policy since the designated city celebrates dozens of cultural programmes and events. But for the last decade the scheme could be characterised rather as a complex urban development project with strong connections to culture/knowledge-based investments.

The case study of ECC in Pécs, 2010 focuses much more on the large and complex urban development project implemented within a relatively short time. The complex development package was financed by the Structural Funds so the case provides information on how an integrated urban development program can be proceed within the concrete local, national and European multilevel institutional context.

Pécs is a medium size Hungarian city near the Croatian border and it counts as a regional centre in Hungary, with it's about 150,000 inhabitants. The former coal-mining city started to decline after 1990 after industrial activities were almost completely eliminated. The Balkan war worsened the economic situation even further, along with its historically poor accessibility from the Hungarian capital Budapest. The ECC project was therefore a key opportunity to catch up and generate economic growth.

The town is the centre of an economically declining NUTS 2 region which enjoyed priority within the framework of the so called "Pole programme" of the National Development Plan (2007–2013) designed for the absorption of the Structural Funds. The top down target of the Pole Programme was to strengthen cohesion within the artificially created development regions through the "bottom-up" development of the central towns within the regions.

As the bid formulated, the ECC project was an excellent chance for the city to launch a "cultural turn of urban development" (2005: 14). The development paradigm stemmed from the western literature, although the cultural assets of the city provided real basis for the plan. The aim was to construct new cultural institutions (concert hall, library, exhibition centre), the regeneration of an old industrial district for cultural activities, and the renovation of public places; each assuming that the developments would substantiate subsequent development opportunities using culture (creative and performance cultural industries) for economic growth. As the "gate to Balkan" or the "Southern Cultural Zone", there were elements aimed at cooperating with neighbours both within the region and abroad. The total investment (cultural institutions, public spaces, and a motorway) was a realatively large monetary intervention for Hungary.

The five-year story was a hectic process which was full of conflicts. The local struggles with time, politics, media, central government departments, development agencies, European offices and with the disappointed local stakeholders each provide evidence on mechanisms and determinants of a complex urban development programme in the territorial governance context characterised by centralised finance and decision making system, and therefore by a paternalistic political culture.

The ECC program was challenging from two aspects: first was the fact that central and local levels of governance had to collaborate with each other; and second, that European institutions had to apply the partnership model for the collaboration with the civil society, and creative communities (partnership). Both of these challenges are conceptual pillars of the European multi-level governance model and therefore the project is precedent of the Europeanisation process.

The implementation proceeded both in a horizontal (among sectors, policies) and vertical (among levels) framework, which required innovative solutions to harmonise project actions with the traditional, parliamentary government system. The *most important governance feature* of this project, however, was that it needed a bottom-up, place-based approach since the city was in the focus, but the centralised decision making system gave not enough place of movement to behave "place-based".

The project combined various policy sectors (cultural policy, regeneration of public spaces), and had a complex set of territorial considerations (i.e., different parts of the city, its agglomeration, the broader region and beyond the borders, etc.). This so-called large project was actually a punctual and drastic involvement into the development of the city with all its risks, which is generally characteristic for similarly large projects (Häussermann and Simons, 2000).

The project management organisation thus suffered from a fragmented and centralised governance context, as well as a branch-oriented management model of Structural Funds and a lack of local governance potential. All of these obstacles were also embedded in an Eastern European political culture characterised by a lack of trust and tolerance, and even state manipulation (even corruption).

The case study gives an outlook on the era when the Hungarian territorial governance reforms occurred, therefore rescaling and restructuring the territorial administration in Hungary.

CASE STUDY AREA 10: PÉCS
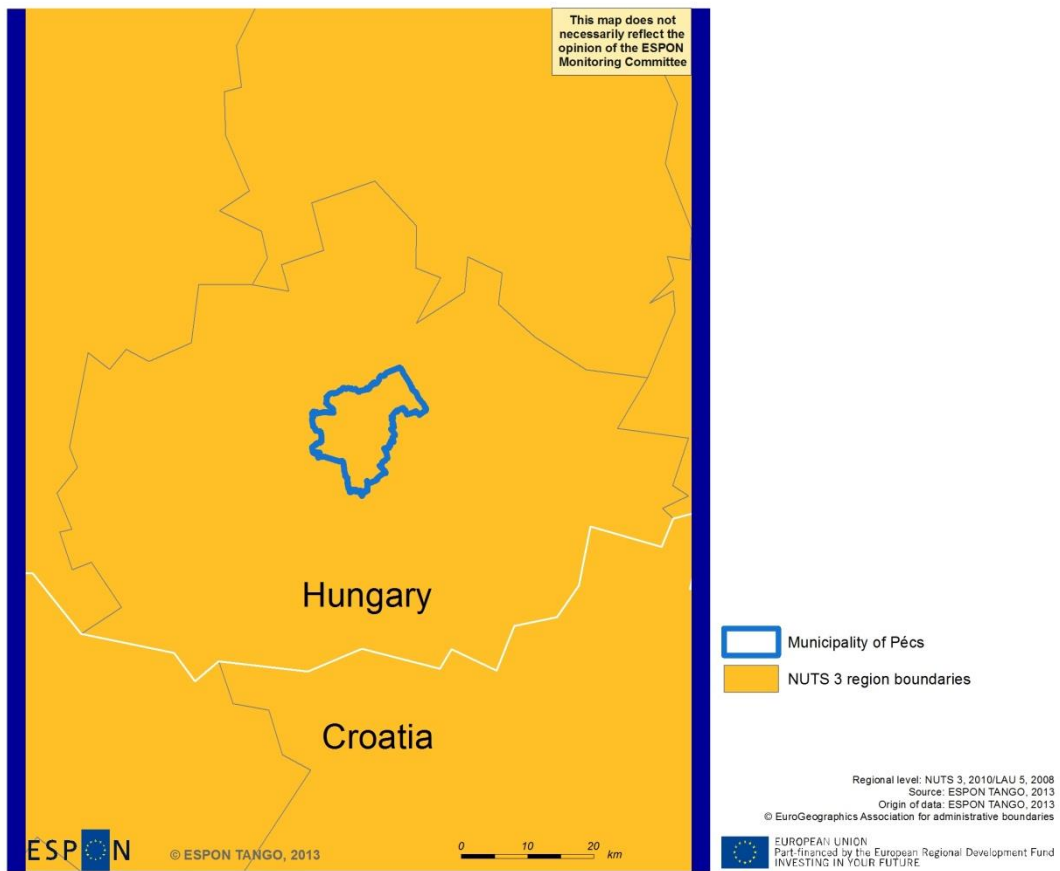
Map 1: Case study area: Pécs

2. Integrating policy sectors

a. Formal and informal actors, and institutions designed for cooperation between regional levels, sectors and branches

In order to List the solutions used during the project we have to distinguish the *ordinary* public institutions and the *new agents* and forms established specially for the project.

- The *general public bodies* (like the central (national) government and local government assembly) formally made the main decisions (selecting the application, programming, investments, selecting the staff, finance etc.). The central government discussed the issues of the project only to a limited extent. Although the central government units dominated the project there was no a single designated agent at this level to coordinate the local actions. The central level was rather a loose group of persons representing some ministries, and therefore the central government could not harmonise the separate actions involved in the project.

- The local self-government assembly was of course much deeper involved, but it made its decisions under time pressure and on forced track, having no real chance to consider and harmonise the project targets for the long term (Takáts, 2011). The actual operational tasks always oppressed the examination of long term consequences. The time pressure and the lack of local alternatives explain why the assembly made its decision with formal consensus (vice mayor responsible for culture). When the assembly voted on the bid most of the representatives just left the book in the council room unwrapped (interview J).

The project cycle was dogged by the *confusion of competences of permanent and (new) temporary managers.* The city hall would have been fundamentally appropriate for the overall project management, however the majority of the tasks were finally outsourced to a special management company and therefore the city hall was not in the overall coordination (ECC Pécs 2010 evaluation report, 2011).

Management and integration forms set up for the project cycle:

- The typical formal platforms of cooperation and policy integration were the *various committees at national and local levels* consisting of selected representatives of governance levels, policy branches (ministries), sectors (civil, artisan organisations, professional groups, business) and territorial partners (other cities, the county government, local governments abroad). These had mostly no formal decision-making competences and lacked a legal background. For the cultural events aspects and investments separate inter-departmental committees were set up, so that there was no single special body with complex and overall overlook of the entire ECC. The number of local bodies was higher and more diverse as the following figure presents.

2005	2006	2007	2008	2009	2010
ECC Board					
	International Advisory Board				
	Programme Council				
	Architectural and City Image Council				
	Regional Cooperation Council				
	Art director				
	Architectural director				
			Inter-ministerial Committee		
			Project Steering Committee		
			Communicational Coordination Committee		
			Artistic Council		

- There were nominated *commissioners* in order to help the information flow and transmitting of personal contacts between the top and the bottom. These persons sometimes had formal power (the first one was a state secretary) but rather informal influence as well being "good, powerful clients" of the government (for example members of the parliament), but their activity occurred rather in the grey zone of governance. The central government insisted of its representation even in local bodies. Thus every member of the artistic council, consequently the local members too had to be assigned by the minister. The governmental commissioners defined their mission not only as the mediation between the two tiers but as the coordination between elements of the project (interview B).

- The company responsible for the direct management of the project (Pécs 2010 Development Ltd.) and its head could have played a key role. However, the concrete person was changed during the project, which symbolised the distrust against them. The statement of an interviewee on the real role of the organisation is fairly characteristic: "we were not assigned to question what the town and the county wanted, but much more to perform and implement their wish; the feasibility study is about to implement the investments. Since the town is the proprietor we can put an equal mark between the self-government and us" (interview E). The local coordination bodies were run by the management organisation although it had neither empowering nor sufficient administrative capacity to synthetise the information and opinions gathered or to make decisions.

b. Mechanisms of public policy packaging

The recent general ECC regulation recommends the combination of cultural events and investments with the broader urban and regional development context; recognising that culture may be a driving force of local/regional development and economy. The relatively soft cultural policy of the EU supports regional identity, combining socio-economic and cultural development, and opening up new ways of participation for the local/regional civil society. The synergy however is still missing between different policy fields and cultural aspects are usually neglected in the different policies (During et al. 2009) although these driving forces are recognised as an innovation potential in development policy. Paradoxically, Structural Funds'

regulation does not favour integrated solutions since it is difficult to coordinate and finance an integrated project from different funds.

The other dilemma is how single projects are to be integrated into the general institutional framework. The *temporally created "project" structures* work well if the permanent government structures are able to integrate them (the problem of the best "fit"), if the administrative and political culture is compatible, and if the actors can behave as partners. ECC projects should be integrated into overall context of city-marketing and cultural industry or more generally of creative cities (Cook and Lazzeretti, 2008). The so-called project-based organisation could be efficient if it was embedded also in the territory (Belussi and Sedita, 2008) and in the governance traditions.

Looking at our case these dilemmas also emerged.
- The first stage of policy packaging is *planning.* In our case, the first phase was the preparation of the bid aimed to be selected by the national government as the holder of title of ECC. The bid was prepared by a very small team representing different institutions, profiles and disciplines. Only a few persons worked really at the beginning - inviting local civic organisations, artists, scholars mostly informally in order to collect ideas, program elements. This face to face working method was ideal to gain support and build trust. This period focused mostly on the cultural challenges and programming, since business and urban planners were absent (Takáts, 2011).
- The relatively independent local cultural elite involving the civil society was working *on the second bid* (Tarrósy, 2011). The city hall financed the bid but did not care too much about them. The mayor started to use this challenge to build his own political carrier and also to grant political support for huge infrastructural investments, like the highway between the capital and Pécs, the airport near to Pécs etc. It means that the policy packaging occured both by the formal planning and informal lobbying for additional infrastructural development. The narrow group had no knowledge in urban planning, and were isolated from the experts to involve practical considerations. As a result, the identification of the five large investments (concert hall, library, exhibition hall, Zsolnay cultural district, and public places) was rather the result of ad hoc individual ambitions than it was about rational and comprehensive "planning" (Takáts, 2011).
- The third phase of planning was the preparation of investments - that is, the *real programming within the frame of Regional Operative Programme* financed by the European Structural Funds. When the preparation of the big investments started in 2005–06 there was no national plan for the next programming period 2007–13. This fact hindered the ability to imbed the project within a more general policy programme or iniatiave (interview E). The aims and philosophy of ECC were mentioned in the Regional Operative Programme, for instance, culture based development, opening towards the Balkans, renewing public spaces etc. In spite of that there was not too much synergy between the ECC and the Regional Operative Programme. Although the ECC project was officially a so-called prioritised project selected by

a central government decree during the programming and implementation, all of the investments of the project package were selected and managed by separate applications (each having 3–4000 pages of documents). For the programming it was obligatory to follow the instructions of the handbook made for integrated urban development - that is, to prepare an integrated urban development strategy, action plans, feasibility plan, sustainability/feasibility analysis, etc. This was a very intensive period in 2008, when the applications and programs were designed by external and not local consulting companies. Although local independent experts at the university and other academic organisations had much more local knowledge for this task, the cultural strategy was prepared by external experts commissioned by the city hall. So, there was no time and interest to consider the interdependencies of the different elements in the concrete local space (interview E). The programming was regarded rather as a task to be ticked, and the Regional Operative Programme remained a residual frame of the smaller scale local project.

- It is important to emphasize the *agreement concluded by the government and the town* in which the government provided a contribution to the costs of the preparation and communication and it contained the main investments and their financial construction. This contract placed the minister for culture and education into the key position because Pécs "would not have been able to fight its battle with the minister for finance alone" (interview B). Due to this contractual relationship the central level organs had to keep their promise even at the times when it was harder to raise money (interview C).

- The *finance* is also a mechanism by which policy packaging is enabled or hindered. Money from the European Structural Funds was available, since Pécs is eligible as a centre of a "lagging behind" region. The EU financial model however had a big disadvantage, namely the very slow and difficult process of using the European funds and due to the difficulties of integrating money from different operational programmes. The external financial and procedural determination proved to be an obstacle to integrate the elements of the project (interview E). The city had to apply separately in the case of each investment to the National Development Agency – a process which dragged out the implementation phase, disabled the local creativeness and left no space to handling problems in complex, "place-based" and flexible way. Despite the strict requirements of the Structural Funds concerning feasibility and sustainability, almost all of the investments, as new cultural institutions, are recently suffering with the problem of running costs. For example in the time of construction nobody knew precisely who will be the real owner, which kind of functions and profile will the huge cultural district in the place of the former Zsolnay ceramic company have, or how the new concert hall will be financed (interview H). The strict public procurement regulation for example made it impossible to prioritise the local business companies (interview E), even the catering services were provided not by local companies and the cultural events, and attractions were celebrated in such a way that locals were many times excluded.

c. Dominating policy sectors

Looking back to the original aim of the project it is questionable whether one short term project could be able to move the city into completely different development direction; especially when the main governmental actors showed a weak commitment to change the former routines?

- During the project period the original cultural aims and elements were step by step weakening and the infrastructural development and investments were becoming dominant. Almost all of the energy of local governance were used in the struggle with the time in order to complete the huge investments, but another, hidden explanation is more convincing - that is, achieving visible success in short term is easier than to launch long term, invisible, "softer" development processes (interview D). So, instead of the complex, integrated city development or renewing, grandiose building construction and one year long cultural jamboree has been implemented. The new investments have not been coupled by conscious restructuring of economy and human capital development (see ECC Pécs 2010 evaluation report, 2011).
- The territorial considerations have also disappeared during the time although special programmes were launched for the settlements in the regions. For example, for creating jobs connecting to the ECC implementation (tourism, communication, joint cultural programmes), but since the representatives of the region were not involved into the decision making the original promises for cooperation have been forgotten and the city (called in the bid as "borderless") was was more of an island that implemented its own investments.

d. Conflicts

The ECC projects are always full of conflicts (see Palmer reports); and indeed this was the case in Pécs as well. But the main conflicts were not found between the similar actors like is typically in the former ECC stories.

- Generally the most crucial (and for ECC project typical) conflicts emerged between the city hall and the direct project management (interview E). The "project type" decision-making process suffered under the distrust between "ordinary" bureaucrats and the external "project managers", a problem that was exasperated by the traditional central–local tensions. However, from our point of view, a temporal management organisation employing new personall would be by no means able to connect sectors since it had no enough space of movement and personal resources to consider all of the dimensions which would be crucial.
- Besides this rather "normal" or "expectable" conflict between the local government and the management organisation the tensions between the central and local level were predominant.
- The theoretically most important level and actor group should be the local civil ones because of the project aim to generate local ideas, and to involve local citizens and stakeholders. But the locality has been

progressively weakened during the project (Tarrósy, 2011). The third line of conflicts emerged between public and civil actors since the latter group have been excluded after they had elaborated the successful bid (Takáts, 2011). Later on the civil organisations and individuals participated neither in the decision making nor in the execution. Locality would be an ideal frame where sectors almost automatically are joining each other in a very pragmatic way. This opportunity has been missed in Pécs.

e. Synergies, barriers of cross-sectoral integration

It is no wonder that not so much synergies have been emerged among the different interventions. The two lines (urban development and cultural) of programming and their public institutional frameworks were separated and even the actors which could represent locally holistic, integrated approach (like civic and business sector) were almost excluded. Neither the dominant governance level (the central one) nor the involved sectors (mostly public) were properly designated and the transmitting mechanisms proved to be not strong enough to bridge the gaps. The investments did not launch long term development changes, the cultural programs did not enable local actors to act beyond 2010 and also, the figures of tourism growth potential were not overly convincing. Although fashionable (and partially expected by the EU), the paradigm of culture-based urban economic development was but was not realised in Pécs from several reasons:

- ECC in Pécs was not regarded as an integrated urban development project from the central level. Most of the political actors at central level were ambivalent towards the "pure local" project.
- Local politicians who took the most important decisions did not truly believe that the culture could be a main driving force of economic development. Local artists, independent experts, university teachers however had no direct influence on the cultural programming and didn't have the private capital to launch projects aimed at developing cultural business.
- While the staff of cultural public institutions had closer access to the cultural programming than the independent civics or business men (who would invest into the cultural industry), the interests and opinions of cultural institutions (status quo) and of the "independent creatives" differed. A good example is that instead of building workshops or galleries for local artists, the programme ffundes were instead used to construct the exhibition hall (for an out-of-town audience) (interview H). Although the cultural industry has been mentioned in different documents, the culture-based business firms, "clusters" have been established only far later and independently from the ECC. Unfortunately most of them did not prove to be successful.
- The ECC had crucial expectations concerning tourism since, according to the literature, the effect of larger festivals can be well evaluated and measured (Kundi, 2012). The marketing activity, however, was also centralised (interview G) and the city was not able to coordinate the activity of other from touristic aspects attractive places, so the city could not sell itself efficiently.

3. Coordinating actions of actors and institutions

a. Governance capacity. Mechanisms and constraints of coordination

The governance of the project needed a strong cooperation between levels (European. national, local) and sectors (cultural policy, urban development, cultural industry, urban regeneration, etc.) but the real channels and powerful actors were centrally controlled. This fact was the main obstacle for place-based /territorial and policy integration causing a big loss of synergy and a number of sustainability problems later.

Within the case we can distinguish between the public (political/administrative) and technocratic or management type of governance: the public political and administrative sector dominated the whole project due to the fact that almost everything has been financed by public (national and EU) money. It was almost absolutely unsuccessful to attract private investments or actions with the public ones (interview I). The whole process was over politicised since actors having public, elected legitimacy or party affiliation insisted to their "responsibility" and power, during the negotiations with outsiders the argumentation was frequently used, "we take the responsibility", or "we know better" (interview B). The tolerance and the ability to make compromises are generally missing from the political and administrative staff in Hungary. It became a slogan during the ECC project that one of the most important tasks would be to establish the culture of cooperation in order to be successful. But this task would need more time and commitment to be achieved. Thus:

- A significant territorial governance feature was the dominance of the central level. There was no chance to behave as a partner of the central government the political actors associated with it. As such, there was a clear governing hierarchy rather than horizontal coordination; so bargaining and informal political pressure was dominant within this multi-level governance game (interview F). The contract between the city and the central government was seemingly horizontal but in the end the will of the central government prevailed.
- Within the local arena it is indisputable that the mayor personally dominated the decision making process (interview G). He was in the middle of the networks. Unfortunately three persons held this position during the project which caused lot of difficulties in rebuilding personal contacts.

Another central issue here was the management system of Structural Funds: that is, the connections between the National Development Agency (and its regional branch) and the ECC project management centre in Pécs. This formal mechanism was strictly regulated (following the European procedural requirements) which designated the roles and the frames of movement so the actors had not so much chance to bypass them. Sometimes these clearer rules seemed to be too inflexible and time consuming causing delay etc., but

according to the interviews this context was fair and transparent since the political arena was dark and unpredictable.

b. Leadership and subsidiarity or what instead of? The national governance context matters

The crucial point to understand what happened in Pécs is that Hungary is a centralised country, where even though subsidiarity was a frequently mentioned principle in official political documents and events, neither regions nor cities or civil society are able to reconcile and enforce their interests and values.

Formally, the local government was the owner of the project but it missed the legal, financial preconditions to control the whole process confirming the old rule "He who pays the piper call the tune". In other words, there were no resources for the local programming from the beginning and the dependency on national or EU funds filtered through national bodies remained during the whole project cycle. Referring to the fact that the national government paid the cultural programmes, a central cultural agency (Hungarofest) was been commissioned for the management of the local cultural programmes to celebrate in 2010. Therefore, the local management, the ECC artistic director and local artists were almost completely excluded which was really unique in the history of ECC projects (interview G). The external determination and inserting "outsiders" (central agencies) into the system limited the local discretion made the decision-making process slowly and difficult, less transparent and unpredictable contributing to the loss of trust. The central actors mostly tried to avoid any risk which limited also the local innovations and flexibility (interview D). The representative of the ministry of culture said about the cultural programme: "It wasn't bad but had no face!" (interview C)

The urban development investments were also externally controlled by the regime of European structural funds. Both, the National and the Regional Development Agency were obliged to control the entire process (applying, planning, public procurement etc.) following the strict EU regulations and regularly reporting to the EU Commission. These agencies behaved possibly the most rational although the decision making processes were extremely slow but on the other side they prescribed for example feasibility studies and eliminated the big exhibition hall from the "list of dreams" declaring that it will be unsustainable (interview J). Experts of these elements of European regulations and its national and local agents tried to keep the project to some extent close to the European standards and provided special skills for the operators but most of the domestic stakeholders regarded these frames rather as obstacles than guaranties of the quality and efficiency.

The fragmented, non-transparent governance context also made it difficult to keep in hand all of the factors and dimensions. The central government agencies (National Development Agency and Hungarofest) became the real leaders together with the intensive executive mission of the local project management firm. Even the most appropriate organisation, the elected local government (and its administrative background), lost their leadership function

even though they were the ones possessing the complex, local knowledge and commitment. This centralised leadership model has led to the lack of legitimacy and local civic support. The absence of civil and private actors explains why so called "urban regime" has not been emerged and the public actors missed a strong local "advocacy coalition" as well.

There was no time and firm ambition to investigate which governance mode would fit to this project; and to be totally honest, there was no clear design of the whole governance cycle from the beginning. When problems arose, the result was ad hoc solutions and no regulated channels of feedback. Although monitoring was prescribed by the EU regulation, these reports were written for the "European audience" and not from an implementation perspective (in order to learn the correct processes and where they would be needed).

We also have to mention that Hungarian governance culture generally lacks an evaluation phase and even the professional and institutional frames are missing for this activity. Unfortunately this was the case with the ex-post evaluation of this project as well. The central government completely forgotten this "episode" because election took place in 2010 and the new cabinet started with a more comprehensive governance reform (new constitution etc.).

The same thing happened in the local sphere as the intention to evaluate the lessons of ECC project is still lacking. But the recent problems (economic crisis, lack of money to run the new institutions etc.) are too big to neglect the past, and because the expectations considering the ECC were too ambitious, so the re-elected mayor asked independent experts to investigate the impacts of ECC. Although the report is an honest writing it is not an appropriate basis for a comprehensive and planning of the future.

Perhaps most importantly, there is a real danger to continue the former practice again since the new EU cohesion policy period has been approaching and the cities have to draw their development conceptions and concrete projects soon in order to be included them into the national wide plan. So the city is considering new project ideas without firm visions or elaborated experiences and clear lessons learned from the past.

4. Mobilising stakeholder participation

The ECC projects in general, as Sykes (2011) argues have a bottom-up spirit because their mission makes it necessary to generate local ideas, to build trust and to involve potential sponsors. This was the case in the first stage in Pécs too. It was also the case when the task was to convince local politicians about the sense of applying for ECC status, and when local actors needed to cooperate with each other to win. During that stage, the Pécs 2010 Management Centre was the platform of a broad informal network that allowed participation for individuals according to their merits and skills and even to have a say in some decisions. In the second phase of the tendering phase, local management already had a complex organisational structure,

with a Bidding Cabinet, a Bidding Office, a Board (for consultation with the city's leadership), its own Programme Council, a Development Council and several working-groups encompassing more than a hundred persons. The different project components were presented to an international body of experts (Somlyódy, 2010).

Cooperation between the city hall and the project management was promised right through the success of the bid. Real conflicts emerged during the project implementation phase, almost immediately after the official announcement because of the city hall's obvious intention to centralise competences (Rampton et al. 2011). It is, of course, hard to involve artists, cultural institutions and civic groups in a very intensive and complex process. Tensions between politicians, bureaucrats, managers and the direct stakeholders in culture are evident as they all have different interests, attitudes and positions within the local sphere.

a. Local stakeholders and their options for participation

Integration of the following local stakeholders seemed necessary at the beginning of the implementation phase: 1) the local economy; 2) the project consortium partners 3) neighbouring local governments (including foreign ones); 4) local intellectuals and generally the "civil community".

Actors representing the local economy
At the very beginning the city hall categorically expressed its intention to concentrate all the relevant powers and functions one infrastructure developments (General Assembly of Pécs minutes, 2006). This approach hampered the integration of the local and broad business sector, and it was drastically against the original motives basing the injection of external financial sources (ECC Pécs 2010 evaluation report, 2011). Though some company leaders were involved to help the preparation of the five key investments, due to their tight connections to the mayor (almost all of the involved company leaders managed firms which were owned by the local government and supplied public services).

Although the bid set the target of an economic model change by the dynamic emergence of cultural and creative industry, this absolutely failed (Pálné Kovács, 2012). Local stakeholders (mainly small and medium sized enterprises, SMEs) were excluded from the planning phase and also from the implementation of developments. However, it is important to notice that these local SMEs were really too weak and struggled with capital- and capacity-shortages (interview E). Actors from the local business sector were too disorganised to compete with important large firms from the national level. The few – in overall insignificant – involvements were outcomes of informal agreements and personal connections, which strengthen the critical voices about corruptions.

Consortium partners
The group of prioritised consortium partners as stakeholders in the infrastructural developments were formed just after the city hall realised that

the operating costs of the new institutions will be unacceptably high. After lengthy and sometimes dangerously complicated negotiations, two important partners emerged: the county self-government and the University of Pécs. The regional library and knowledge centre was planned to be a joint institution maintained by accurately defined financial contributions from the three partners, while the Zsolnay cultural quarter provides benefits for the University (classrooms, departments). The involved stakeholders had moderate influence on the planning process. Generally the project leaders tried to integrate a lot of local (mainly cultural) public or semi-public organisations into the new institutions, according to cost-saving goals, nevertheless realisation of joint strategy-making efforts failed.

Local governments in the region and abroad
Unfortunately, ECC-related partnerships with neighbouring settlements almost failed, mostly because the city hall lost sight of this original goal to cooperate with the region. However, at the international level, the city reached relevant outcomes. (ECC Pécs 2010 evaluation report, 2011). It was obvious to cooperate with German and Turkish partners, as parallel ECC projects took place in the Ruhr area and in Istanbul. On the other hand, promising opportunities arose related to the creation of the so-called Southern Cultural Zone, by the integration of Croatian, Bosnian, Serbian and Romanian cities. In addition, to politicians, some local artists and other civil cultural actors had the chance to participate in these international partnerships and hopefully some of these cooperations will still exist in the future (most likely this would be the Zagreb, Novi Sad (the newest twin-city of Pécs), Banja Luka, Tuzla and Subotica partnership. The on-going cooperations increasingly focus on the acquisition of EU financial resources, while the cultural aspects have been marginalised.

Local intellectuals, professionals, artists and generally the civil sector
During the ECC start-up years the city hall was generally active about integrating local intellectuals, professionals and artists. There were different bodies (already mentioned above) with independent professionals, however, these forums were just for consultative functions, without relevant decision-making competences. Later most of these bodies were dissolved (interview F). This process of continuous marginalisation badly influenced the willingness of the local civil sector to participate: loss of confidence became typical, the legitimacy of the planning and implementation activities decreased, the habitants of Pécs became ambivalent towards the ECC (Takáts, 2011). It was clearly controversial that the mayor announced a civil tender, but without enough financial resources (Tarrósy, 2011). The local intellectuals, artists and professionals became also frustrated and disappointed. They gave up the chance for effective participation, and "locked" themselves into a character of independent critics (Takáts, 2011). It is indisputable that the city hall just imitated the intention to create real partnerships. Beside these circumstances the civil sector itself remained disorganised despite the common interests and frustrations, failed to demonstrate unity or to present alternative methods, structures and strategies (Pálné Kovács, 2010).

b. Public participation, public accountability, transparency

The continuous arguments and scandals, the acute uncertainties about the infrastructural investments, the perpetual personnel changes in the different level of the structures, furthermore the critical articles, statements and interviews in the local and national media were badly against the civil participation (Koltai, 2011). Mobilisation and integration of the local population failed, attempts of the city hall were not enough to overcome this challenge.

In some cases the locals were asked about general questions, but not in an organised way and just via online sites. In general, there wasn't any attempt for dialogue or real community building. In addition, access to public information and data took place in a slow and insufficient way, which hampered transperancy of the project (Somlyódy, 2010). Only one example about these deficiencies: feasibility studies of the ECC Pécs key infrastructural developments were released just after a civil movement called Társaság a Közérdekű Adatokért (Society for Data of Public Interest) submitted and won a lawsuit against the local government.

Essential good practices also emerged thanks to the ECC project. The most important of these results is the broadly recognised importance of the bottom-up spirit although this civil enthusiasm was damaged a lot during the start-up years. Some of the civil attempts which started during the ECC programme and are still functioning include:
- An online and offline consultative forum on several topics [EKF – A fal (www.afal.hu)] by relatively broad public participation.
- City Cooperation (www.varoskoop.pecsicivil.hu/city_cooperation/) for the participative planning of sustainable development.

5. Being adaptive to changing contexts

During the start-up period and also in the official season year, there was a constant pressure to be adaptive because of the hectic organisational and financial challenges. Two aspects have to be underlined:
- Usually, unprepared ad hoc crisis management happened in the name of adaptation, and not conscious flexibility.
- Decision-makers cannot cope with the challenge of multi-level governance in a practical sense. Governance principles of the EU were rejected both by the central and local government. Nonetheless, the relative success of adaptation intentions of the Management Centre is clear since this institution is still functioning, responsible for development projetcs.

a. Aspects of reflexivity

The central government and the city hall wanted to interfere more into the functions of independent management actors. This interventional attitude

badly influenced the progress of infrastructural developments as well as the cultural programming (interview G). Although the management adapted to the EU criteria and expected organisational frameworks, the two main decision-maker bodies could not harmonise to these mechanisms.

Local stakeholders, actors of the local civil and the business sector were quite well-informed about EU mechanism. Although, this knowledge was not absolutely comprehensive, it could have been useful for the local government by valuable and helpful experiences. To ignore this knowledge was a serious mistake. Nonetheless, it is no doubt that the Regional Development Agency just as the Management Centre acquired a fairly well-functioning human base and operational culture. This organisational learning would be important outcomes for the local government as well, although it seems that Regional Development Agency will be increasingly controlled by the central government.

b. Barriers to adaptability and attempts to overcome these challenges

One of the main barriers to organisational adaptability was the lack of comprehensive systematic management structure. The whole preparation process was not analysed according to professional management aspects. Only mandatory ex ante and ex post feedbacks reacted to the problematic circumstances; but without systematic responses the deep evaluation of the positive mechanisms and the negative experiences failed (interview F). The monitoring reports for the EU mainly summarised the activities of the management but without detailed comments. Although, the implementation of the infrastructural development later became strictly standardised (albeit much of the governmental decrees were adopted too late), however many dysfunctional methods remained (interview E).

The financial sustainability of the new institutions has also generated a lot of problems, while the management could not influence the strategic conceptions of the investments (interview E). The feasibility studies already emphasised this, however, the decision-makers mostly neglected the different recommendations (feasibility studies of the ECC 2010 Pécs, 2009). The exclusion of local civil and business actors also strikes back now: the city hall cannot integrate external sources for management of the facilities, so the only source of funds is via national contributions, which in turn seriously threatens the local ownership. The marketisation of the functional capacities of the new infrastructural developments, what is more, the "sale" of the whole ECC project failed (Pálné Kovács, 2012). Maybe the city not even had a real strategic intention about this challenge. Without external market sources, parallel investments and sustainable financial management, the operation of these new institutions will be a constant problem.

The management structure had to struggle with professional deficiencies because the necessary knowledge was not available generally, rather individually, and the continuous personnel changes blocked the evolution of intellectual and technical capacities. However, even though the operational autonomy of the management was not expanded formally, its independence

was strengthened informally and resulted in reduced employee turnover and incidents of personal conflicts (interview D). The relationship between the local government and the management therefore became consolidated after some informal status-compromises (interview D).

In conclusion, we can say that adaptability and reflexivity among the local actors (in the case of the local government as well as the local stakeholders too) were significantly better than on the central level. The "locals" usually had to act without enough information, not to mention the constant financial shortages. Their adaptability and reflexivity often served as a correcting option to the failures of the central level.

6. Realising place-based/territorial specificities

The selection criteria of the international jury just as the EU expected and also (or therefore) the conception of the ECC Pécs 2010 placed great emphasis on the territorial aspects as well as on the local capacities and capabilities (Plagge, 2009). However, this spirit was removed from the agenda after the success of the bid (Bakucz, 2008).

a. The tendering process

After announcing the possibility of an ECC season in Hungary, the government mobilised its diplomatic lobby capacities (interview C). Thereafter, the European Commission authorised the Hungarian government to designate a host city, the National Cultural and Heritage Ministry announced a two-stage tender. In the first stage, eleven cities submitted their bid, and the seven-member jury gave green light for seven candidates, including Pécs with clear support. In parallel with the elaboration of the detailed ECC bids, complicated political lobby activities and rivalries evolved in the background. The prime minister was under pressure to announce the official nomination of Budapest, as the ECC will be an EU debut for Hungary, so the capital is the only potential host city; others would be too risky (interview G). Behind the political arena, the quasi *centre-periphery debate* influenced the intellectuals too. Heated polemics emerged on the pro-contra arguments about the nomination in several periodicals and forums.

Summarising, we can say that although the conception was indisputably high-level and coherent, it reinterpreted the role of local cultural capitals, not to mention the positive echo of the civil commitment behind the initiative. However, political pressure and explicit territorial considerations were also key factors related to the success of the ECC bid of Pécs. If the mayor and the lobby of Baranya county were weaker among the members of the coalition-leader party (there were two ministers in the cabinet from Pécs as well as the President of the Parliament was a "local" too), in all likelihood Budapest would have been the nominated host city (interview A).

It was not accident that the Pécs bid emphasised the significance of cultural decentralisation and the necessary counter-balance of territorial and functional concentration of the country when the governmental reform got started with the goal of creation of political regions.

b. The failure of realising place-based/territorial specificities

The ECC bid was explicitly based on the spirit of emerging consciousness of the periphery, including the idea to expand cultural cooperation across the wider region and beyond the Croatian border as the "gate of the Balkan". This regional vision was supported by the fact that the so-called pole programme financed by the Structural Funds also had the aim to develop the regional centres to contribute to regional development and inner cohesion. During the implementation phase these "locally specific" aspects were not in the focus.

The impacts of excessive territorial concentration
The faded commitment to the original aim of creating broad cooperations destroyed the possibility of regional partnerships and intensive connections in the city agglomeration (Pálné Kovács, 2012). The ECC Pécs became a one-time development without parallel investments in the city or the region (Inkei, 2012). The regional cultural-touristic capabilities were absolutely ignored, which has been a major reason why the business sector investments in the city are significantly lower than was expected during the tendering phase (Trócsányi, 2008). And as a result, parallel touristic developments, for example constructions of new hotels, recreation and entertainment centres, sport facilities, as well as investments in the local catering sector usually didn't make it past the planning phase.

Effects on the city's urban development
Impacts of the project are observable on the urban territorial structure of Pécs (Trócsányi, 2011). Although the original idea was to concentrate the financial resources on the rehabilitation of the city centre and frequented areas, the fact that local politicians wanted to achieve some spectacular results in their individual electoral districts meant that revivial projects of public spaces and parks were also implemented far from the centre in a rather uncoordinated manner. The revival of peripheral public spaces meant that while the quality of life could conceivably be improved in some places, the fragmentation and dillusions of the financial sources resulted in much of the developments being implemented with a poor quality (Magay, 2010).

7. Conclusions

The case of Pécs exemplifies where the dominance of a centralised governance context did not allow for the implementation of the original ECC governance logic. The other important lesson is that even the regulatory framework of Structural Funds does not favour local engagement in such an integrated project. We have to draw the conclusion that such a large and important project being implemented on such a short time scale does not

provide the impetus to change the governance paradigm. In this light we argue that territorial governance demands proper national legal and institutional frames besides of course the local preconditions; and the temporal project management should fit into the general governance framework locally as well.

Positive lessons:
- Bottom-up approach and activity in the planning phase of the project, which resulted in a winng bid.
- Likewise, the involvement of the civic society and creative class in the shaping of the vision.
- The ambition to bridge the cultural programming with the economic and urban development.
- Outsourcing the management of the project together with some partnership.

Negative lessons:
- Strong determination of centralised governance structures and culture.
- Lack of local competences and resources.
- The Structural Funds financial scheme hindered the intergrated implementation.
- Lack of trust towards any "independent" actors.
- Inability to integrate different interest and aspects.
- Absence of local businesses and other key stakeholders in order to create branching development opportunities and investments.
- Lack of culture and routine of cooperation, communication, evaluation
- Lack of territorial embeddeddness of city governance.

There are a number of lessons to be learned from the experience:
- ECC project was a very effective *external motivation* to initiate a bottom-up, complex development programme and to require horizontal governance elements. Due this project new initiatives emerged. The local intelligence is therefore pushing the local government to open the gates during the new planning process for EU cohesion policy.
- But this alone is not sufficient to change the traditional administrative structures and attitudes because it is too short in time and did not take into consideration the political, administrative, cultural contexts which have much stronger determination for the actors than the new challenges.
- The volume and size of the project on its own caused a shocking effect and it became the source of a number of conflicts and contradictory consequences.
- The logic of multi-level governance is crucial and necessary for the success of the European cohesion policy but it has many obstacles in centralised countries. The asymmetric power picture could be counterbalanced by much stronger European role. Without local space of movement and responsibility the place-based projects will be just a performance of marionette puppets.

- New schemes of Structural Funds are welcome since it promotes the so called "community led local development" and "integrated territorial development". These new schemes provide more opportunities for local implementation and control of place-based projects.
- The EU requirements should deal with the decision-making and institutional model of the development programmes more detailed. It would launch *special* programmes for local governments and other local actors to build capacities for preparing such locally integrated development programmes.

The efforts of Pécs regarding ECC project management were not bad but the external determination strongly limited the local discretion. The city was rather the audience than the provider of its "own" cultural events. What is more important however is the fact that the new governance challenges have not penetrated the local government structure, thereby providing little in the way of key lessons that can be learned for moving forward. As a result, the original long-term goals about sustainable economic development have not come to fruition and the remnants of the project are large, new, underused buildings.

8. Promoters and inhibitors of territorial governance

Promoters of territorial governance
- The integrating role of the Regional Operative Programme.
- Learning of special management knowledge about how to deal with large scale, complex urban development.
- Active local civic engagement during the bidding phase.
- The official website of the project as an informational tool.
- The need to cope with unexpected crisis situations and the role of the general (conceptual) agreement between the town and the central government.
- Organisational learning about cultural and infrastructural project implementation.
- Regionalism and bottom-up spirit as basic conceptual requirements about the ECC tenders.

Inhibitors of territorial governance
- Disintegrated financial mechanisms of cultural and urban (infrastructural and economic) development.
- Central governmental efforts to hamper the local government's competencies in relation to the financial and decisional aspects.
- Domination of the central level and the management of Structural Funds.
- Failure to integrate local actors during the programming and implementation stages.
- Closed networks of the political elite dominated the organisational structures, decisions and processes.
- Difficulty gaining information on public interest.

- The complex structure of multi-level goverence as a hampering factor.
- Often occurring organisational changes and instability in the staff structure.
- Regional cultural-touristic capacities and possibilities for cooperation were ignored.
- Local knowledge sources (recommendations from actors of the local business sector, artists, planners and other professionals) during the implementation phase were also ignored.

From the perspective of territorial governance, the differnces between the normative view of multilevel cooperation (that were effectively positioned in order to secure the ECC project funding) and the reality (that ensued during project development) show that it is one thing to conceive a notion of multilevel governance, but it is nother thing altogether to implement it in practice. Conicidentally, this in turn highlights the usefulness of this report; for providing examples of good practices as well as potential barriers to the development of good multilevel governance.

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- Decrees of the Local Government of Pécs

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List of interviewees: "All interviewees are listed in a random order to guarantee anonymity."

Name	Function, institutional affiliation	Date	Place
Márton Méhes	artistic director of ECC Pécs 2010 (between the 1st of January 2007 and 23rd of November 2007)	15th November 2012	Pécs
András Bozóki	minister of culture (between the 14th February 2005 and the 8th June 2006)	7th December 2012	Budapest
Márta Schneider	under-secretary of Ministry of Culture	8th November 2012	Budapest
Zoltán Pál	member of the artistic board	20th November 2012	Pécs
Csaba Ruzsa	head of Pécs 2010 Management Centre (between the 1st of November 2008 and the 1st September 2011)	9th November 2012	Pécs
Tamás Szalay	cultural manager of Pécs 2010 Management Centre	13th November 2012	Pécs
Ferenc Csák	commissioner of Ministry of Culture responsible for ECC Pécs 2010	7th November 2012	Budapest
Péter Merza	development manager of Pécs 2010 Management Centre	10th November 2012	Pécs
Kiss Endre	head of local saving bank (Szigetvári Takarékszövetkezet)	22th November 2012	Pécs
Zsolt Szokolai	expert of RDA	23th November 2012	Pécs

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