



# PÉCS2010

EUROPEAN CAPITAL OF CULTURE

MONITORING REPORT

BRUSSELS, 22 APRIL 2009





## PÉCS2010 EUROPEAN CAPITAL OF CULTURE

### I. Mission Statement

Being awarded the European Capital of Culture title brings cultural change of unprecedented magnitude in the city holding the title and the country as a whole as well. In Hungary the title was awarded on the basis of an open tender, which enabled numerous representatives of cultural life in the city to play an active part in planning, therefore the programme is placed in the context of different expectations and emotions than in the case of former Central and Eastern European ECoC cities. The main goal of the ECoC programme is to develop cities on a cultural basis and thereby transform the system of cultural institutions by launching a sustainable development process – this is what, among other things, makes an ECoC year different from a traditional festival year. From the very beginning the Pécs ECoC application laid strong emphasis on ensuring that the year of 2010 will be the starting point of a long-term regional economic and cultural development process. It was in this spirit that the idea of the preparatory years arose.

#### 1. The “preparatory years”

The role of the preparatory years in the programme is to bring system errors and incompatibilities to the surface that arise from the cooperation between the idea of civil initiatives and existing structures. The project expressly undertook to explore remedy to these problems. As a result, today a very different kind of partnership characterises the relationship between cultural players (cultural institutions, civil organisations and other professional forums of the city) and politics.

Pécs is located in a multinational frontier region, so its geopolitical position makes the city especially suitable to play the role of a gateway between regions of the EU and regions of South-Eastern Europe that do not yet belong to the EU. Due to its size, however, the city can attain real European-level visibility only through close international cooperation. Therefore, the goal is to establish exemplary forms of cultural cooperation, create networks and encourage cultural exchange with strategically important target areas. The events of the preparatory years were meant to facilitate the establishment and strengthen this network.

Pécs makes considerable effort to ensure that the cooperation with its partner cities and the other two 2010 ECoC cities serve as an example for the future capitals of culture with similar potentials in the region. In this role both the positive and the negative examples teach us a useful lesson, so Pécs takes great pains to explore and discuss them openly.

From the very beginning we selected initiatives as “preparatory events” for the series of thematic programmes (2006 – the year of cultural heritage; 2007 – the year of education and learning; 2008 – the year of environmental culture and healthcare; 2009 – the year of religious culture) which have strong roots and traditions in the rich cultural life of the city and which could also be built into the series of cultural programmes as professionally recognised events that generate international interest as well.

As a summary of the experiences provided by the events of the preparatory years it can be established that the regional role of the city has become stronger partly as a result of involving villages and cities in the neighbourhood of Pécs and partly because these programmes have paved the way to the establishment of the “cultural bridge” planned to be built towards the Southern Cultural Zone, and created or strengthened the network-like forms of cooperation. The actual realization of the objectives of the “borderless city” in 2010 defined in the application is ensured by these efforts.

In the preparatory years Pécs has launched several calls for action for its residents with the purpose of providing information for them and involving them in the project. In this framework:

- The ECoC volunteer programme began in 2007;
- A network of InfoPoints was established to provide information to the public;
- As part of the action called “Future Stone” the citizens are invited to paint unique ceramic tiles which will be built into the Zsolnay Cultural Quarter.
- A foreign language training programme was launched involving 700 people: taxi drivers, bus drivers, policemen and employees working in the service sector.
- A regional cultural-touristic network was established with the support of a job creation programme for 150 people, to be maintained until 2012, for the purpose of strengthening touristic objectives.

## 2. Events in 2010

In addition to urban development, the goal of the ECoC series of programmes is to present the cultural and artistic diversity of the city and emphasize the creative power of common cultural heritage. Therefore, the 2010 events are essentially built on the existing potentials of Pécs, its 2000 year-old history, its university, its artistic traditions, the built heritage of its city centre, its geopolitical position and its multinational traditions. A related goal is to explore hitherto unexploited possibilities – “hidden treasures” – and integrate them in the cultural life of the city for the long-term. Naturally, the above potentials are inseparably connected to the middle-class tradition whose essence is that powerful economic growth always entails an increased demand for cultural products and services, which signals a higher level of middle-class life. This is what made Pécs a metropolis as early as the turn of the last century in South Transdanubia, and this is the solid cultural basis that the ECoC programme can rely on.

In addition, Pécs also boasts a pleasant climate, which is especially suitable for hosting numerous outdoor events as “the city with a touch of the Mediterranean”. Furthermore, these events can integrate an extremely diverse built heritage in the cultural life of the city in the form of (partly new) event venues.

The Pécs2010 ECoC programme attaches great importance to extending the traditional concept of culture, which still bears the traces of communist policy in Hungary, and the boundaries of genres, and to encouraging fusional programmes integrating borderline genres in the concept of culture partly by representing genres that have already gained ground in Western Europe.

Long-term culture-based urban development can only be accomplished by actively involving the people and the civil society. In Hungary the political transition took place just twenty years ago. In general it can be established that the forms and institutions of parliamentary democracy and free speech have already been established, but the third important component of democracy, strong civil society – in a Western-European sense – is still in the process of evolution. In the context of generating this process, the basic idea of the ECoC programme, namely that the city belongs to its citizens, plays an extremely important role. Although the political conditions have been established, the civil society itself can obviously develop only through slow processes of self-development. The ECoC programme sees the encouragement of this process as one of the most important missions partly by means of particular programmes and partly by continuously keeping in mind the involvement of the people as a basic principle.

Another important consideration in connection with the city and its citizens concerns the endeavour to extend the range of potential audience, with special regard to providing easier access for disadvantaged groups to cultural products and services.

## II. MANAGEMENT STRUCTURE OF PROGRAMME IMPLEMENTATION

The Municipality of Pécs and the Government of the Hungarian Republic concluded an agreement on 15 December 2006 on the implementation of the European Capital of Culture programme and the provision of funds. Under this agreement the government sources are managed by Hungarofest Public Benefit Company (Pbc.) and the municipal funds by Pécs2010 Management Centre Non-profit Limited Company (hereinafter: Pécs2010 Ltd.). Some of the funds is provided by the National Cultural Fund on the basis of tenders evaluated by the board of trustees.

The Cultural Director and the Artistic Advisory Board finalized the artistic concept by the beginning of 2009 for the cultural events of 2009 and the cooperating partners. This means that the content and the organisers of the main cultural programmes and the budgetary estimates for 2010 have been determined with a view to the work and experience gained in the previous – preparatory years.

### Preparation of decision-making on undertaking obligations – Operative Artistic Board

In the preparatory phase of decision-making the main body of cultural management is the Operative Artistic Board consisting of 9 members which includes the cultural director as chairman, the 6 members of the former Artistic Advisory Board and the acting directors of the Management Centre Ltd and the Hungarofest Pbc as the leaders of the organisations undertaking responsibilities and obligations.

The events are organised by the programme managers in accordance with the tender objectives with the support of the staff of the two public benefit companies\* engaged in the organisation of events and communication, in compliance with the financial obligations undertaken by these two organizations. Negotiations with the programme managers are continuous during the preparatory phase of decision-making on finalizing budgets and in connection with the detailed conditions and the venues of the programmes to be organized.

The Municipality of the City of Pécs established the **Programme Coordination Board** on 15 December 2008. This body is a forum for the cultural director and the leaders of the cultural institutions of the city to negotiate venues and dates.

The agreements containing financial obligations are prepared by the two public benefit companies: by Hungarofest Pbc. in case of resources from the budget of the Ministry of Education and Culture; and by Pécs2010 Pbc. regarding the funds arriving from the budget of the Municipality of Pécs.

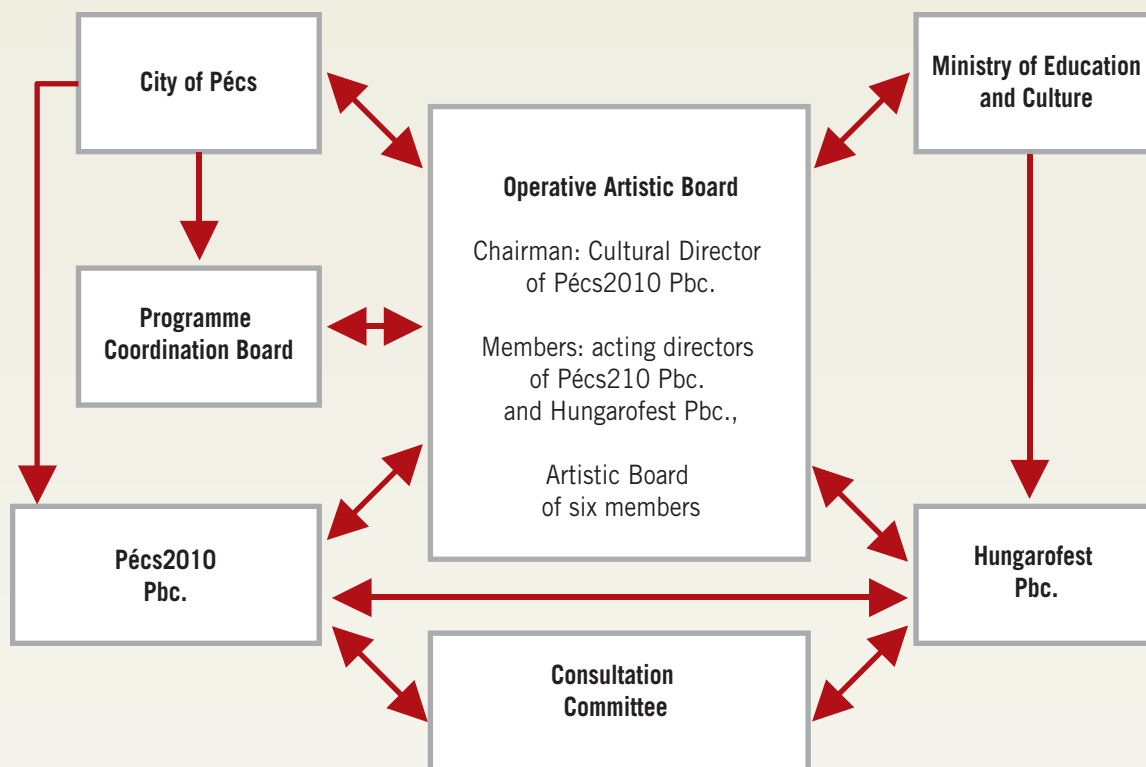
### Submission to the City and the Ministry of Education and Culture as financing entities

The period of preparing decisions has practically been completed in April 2009. Thereafter, following the practice of previous years Pécs2010 Pbc. and Hungarofest Pbc. will prepare a submission on the entire series of programmes and the legal-financial obligations. The decision will be made by the Municipality of the City of Pécs and the Ministry of Education and Culture on the basis of this submission. Once the submission is approved, the next stage includes the conclusion of agreements, the undertaking of obligations and operative work.

The communication and marketing campaign will begin in May and June of 2009 with the programmes fully prepared, which will be managed by the Consultation Committee set up by Pécs2010 Pbc. and Hungarofest Pbc. The responsibility of the Committee is to manage the work of the communication agencies - selected via public procurement - on the basis of the completed and approved marketing strategy at the local, national and international levels.

\*Regarding former Pécs2010 Pbc. – now Ltd. please note that based on the Hungarian Act on non-profit organisations, all „Pbc.” organisations will be transformed into “non-profit Ltd.” organisations in 2009.

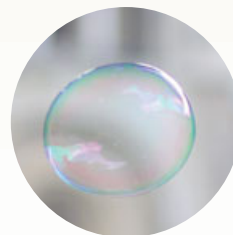
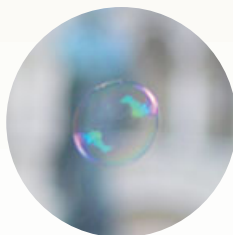
On the basis of the above, the table below shows the structure of cultural management.



### The process of programme implementation

#### Phases of programme implementation

- Undertaking obligations
- Concluding agreements
- Planning marketing and communication
- Organising and implementing programmes
- Accounting
- Financial and quality control



### II.1. Undertaking obligations

On the basis of the approved series of programmes, the two non-profit organisations undertake financial obligations (announce public procurement tenders, if necessary, give a declaration of intent) for the financial support required for the implementation of the artistic content defined for the programme in the agreement.

### II.2. Concluding agreements

The two non-profit organisations conclude agreements with the programme managers on the basis of undertaken obligations, finalized professional content, coherent budgets and the precise schedule of implementation. Concurrently with the conclusion of contracts an agreement is made on the organisational background of implementation (project management), scopes of responsibility, a marketing plan related to the given project, the implementation concept, the technical background, et cetera.

### II.3. Planning and implementing marketing and communication work

The implementation of a preliminary marketing and communication plan defined at the time of concluding the contract and a detailed action plan (integrated communication plan) begins, followed by the creative planning and manufacturing of tools.

### II.4. Organising and implementing programmes

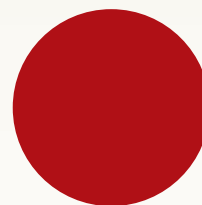
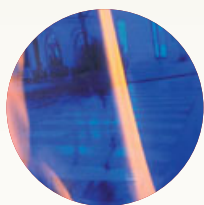
The programme managers execute the programmes in accordance with the contract.

### II.5. Accounting

Pursuant to the contract and in accordance with the rules regulating the careful management of public funds the programme managers settle the accounts of the support provided.

### II. 6. Quality control

As part of their quality control activity the cultural director and the Operative Artistic Board is responsible for verifying whether a given programme complies with the requirements for content specified in the contract and with any other requirements.



Below is an example for the different phases of work described above.

The **East – West Passage – Balkan World Music Festival** began as an ECoC development in 2007 and will be organised in 2010 for the fourth time. With its constantly growing musical offers and artistic content it represents what the Southern Cultural Zone has to offer.

On the basis of the tender submitted by the Pécs Cultural Centre – as programme manager – the programme is included in the official list of ECoC programmes.



The project manager prepares the programme proposal together with a preliminary budget. Then the project manager reviews the possibilities and risks of the programme along with the Artistic Board.



The cultural manager and the programme manager prepare a complete programme proposal in terms of content, participants and budget estimates.



Based on the above, the public benefit company providing the source undertakes an obligation to finance the project. The programme manager prepares a detailed script for the contract, an itemized budget in line with it and a schedule for implementation. Using the above annexes the public benefit company concludes a contract with the programme manager.



The members of the communication staff prepare the marketing and communication plan of the project, distribute the tasks with the programme manager and begin to implement them.



The project is implemented with the cooperation of the programme manager and the staff of the two public benefit companies.



Quality assurance is concerned with artistic content and communication tools during the implementation of the event. The documentation of the event includes photos and films, media monitoring, measurement of communication effects and visitor numbers.



The financial and professional report is completed by the deadline specified in the contract and control begins.

## FINANCING THE PÉCS2010 EUROPEAN CAPITAL OF CULTURE PROGRAMME

The **Ministry of Culture and Education** and the **City of Pécs** concluded an Agreement of Cooperation on the 15th of December 2006 on “**The tasks related to the implementation of the 2010 European Capital of Culture programme.**” The agreement contains the amount of budgetary funds provided by the Municipality and the Ministry during 2007 – 2010 to cover the expenses of ECoC cultural and artistic programmes, promotion, marketing and communication tasks and operating costs. It also includes the rules regulating the use and the availability of these funds as well as the rights and obligations of the Parties.

In summary it can be established that the **resources** required for the 2010 ECoC year are secured both by the Municipality and the government and the contracting Parties **undertook obligations in an binding agreement under the Civil Code.** The Parties also undertook to continue to support the programme in 2011 as well.

### DESCRIPTION OF RESOURCES

#### *Government funds for the Pécs2010 European Capital of Culture programme*

Pursuant to the Agreement, **the Ministry** will take into account **HUF 3,629 million, 40% of the planned operative costs for the years 2007–2011** (a total of HUF 9,072.4 million), that is, the pro rata amount of this sum broken down by the given year when planning the budget for the subject year.

The Ministry will use a pro rate financing method during the implementation of the programme. The **annual support agreements** will be concluded in accordance with the following schedule by the 31st of January every year:

2009: HUF 750 million,

2010: HUF 1,990 million

2011: HUF 139 million.

#### *Funds provided by the City of Pécs for the Pécs2010 European Capital of Culture programme*

**The Municipality** will finance **33% of the operating costs in the amount of HUF 2,993.6 million** between 2007 and 2011 from its own budget broken down **by year** in accordance with the following:

2009: HUF 622.3 million,

2010: HUF 1,649.4 million,

2011: HUF 118.3 million.

### *Other resources for the Pécs2010 European Capital of Culture programme*

The planned revenues, amounting to 27% of the operating costs, and “other sources” must be ensured by the Municipality and the Pécs2010 Kht. The title “Other resources” will include all sources/revenue provided by partners (county, region, cooperating cities), sponsors and the National Cultural Fund.

The **National Cultural Fund** provides a total of **HUF 500 million** for the programme in 2007, 2008 and 2009.

In addition to the resources provided by the Ministry and the Municipality the remaining part of the operating costs will be financed from the following resources:

resources provided by the county and partner cities,  
direct support coming from the European Union,  
other resources coming from the European Union (tenders),  
sponsorship (cash, products, services),  
resources coming from other donations, funds and foundations,  
revenue coming from ticket sales and product sales.

When mentioning other resources it should be noted that **revenue from sponsors** are currently below expectations, however, significant support comes through cooperation (e.g. Magyar Posta Zrt).

### **DESCRIPTION OF PROJECT COSTS**

The Municipality of Pécs provides the necessary funds for the **full (100%) financing** of the following items: “Wages and wage-like personal expenses”, “Administration”, “Evaluation and follow-up” and “Reserve funds”.

#### **Marketing costs and communication sources in 2009 and 2010**

The Municipality provides **HUF 500 million** between 2007 and 2011 for the item “**Promotion and Marketing**”, while the amount of support by the Ministry of Education and Culture for “Promotional and marketing” tasks” is **HUF 1.322 million** (which is 67.3% of the operating costs to be ensured for this item). So, a **total of HUF 1,822 million** is available for promotion and marketing from two sources.

Nevertheless, **it is important to note** that the resources have been dedicated and the 2008 “**promotion and marketing**” resources will be used in 2009 and 2010.

It is important to note here that the marketing strategy was prepared in November 2008 by the acting director appointed in October 2008 and by external experts.

The agreement between Hungarofest Pbc and the Pécs2010 Ltd on **marketing and promotional activities** provides that contractors with suitable professional competence should be selected in the public procurement tenders to be called for implementing the tasks listed in the ECoC promotional and marketing strategy that has been jointly created and negotiated.

With a view to the conditions laid down in the promotional and marketing strategy (whose completion was a pre-condition for launching procurement tenders) the caller of the procurement tender, Hungarofest Pbc currently manages public procurement procedures in three topics (**PR agency** in the amount of HUF 700 million, **provision of media space** in the amount of HUF 880 million and **printing work** in the amount of HUF 180 million) for a total of HUF 1.760 million. The process has been going on since the beginning of 2009.

In the meantime the PR agency has been selected and begun to work on the communication strategy comprising the period up to the end of 2010.

## FINANCING CULTURAL PROGRAMMES

Under the Agreement between the Ministry and the City mentioned in the monitoring report the Municipality provides sources in the amount of **HUF 3.257 million for cultural projects between 2007 and 2011**, while the Ministry wishes to ensure support in the amount of **HUF 2.297 million** for cultural projects and programmes (which is 41.1% of the operating costs to be ensured for this item). So, a **total of HUF 5,554 million** is available for cultural programmes.

In general the **cultural funds of a given subject month** are closed in the autumn of the previous year. For 2009 the distribution of funds was closed at the end of October 2008.

The cultural budget for 2009 is financed from three different sources:

Ministry – HUF 460 million,

City – HUF 150 million

and the National Cultural Fund (NKA) – HUF 200 million.

**A total of HUF 810 million** is available for the organisation of the **2009 cultural programmes from these three sources**.

The city of Pécs provides **HUF 150 million in 2009** for cultural programmes; HUF 60 million will be distributed on the basis of open tenders, while the remaining amount will be allocated in restricted tenders.

It is important to note that **some 30 to 35%** of the total 2009 budget involves **costs that are used for the preparation phase of events in 2010** so their return will materialize in 2010. The same ratio is true of the budget of the previous year, 2008.

In 2010, the year of the ECoC programme the government will spend HUF 1 billion and the city HUF 450 million on programme financing.

**The total budget for the year 2010 therefore is HUF 1.45 billion.**

The Ministry provides the sources allocated for the artistic and cultural programmes without exception through Hungarofest Pbc acting as a financial manager. So Hungarofest Pbc directly concludes agreements in regard to these sources for the implementation of these programmes. In regard to cultural and artistic programmes financed by the Municipality's budget the legal-financial manager is the Pécs2010 Kht.

### Description of related high-priority regional events, processes

- The principle of “**The winner takes everybody else along**” supported by the National Cultural Fund has clearly positive effects in the entire country. The network established by the former Hungarian applicant cities is very active with Miskolc acting as its coordinator. The goal of these cities is to ensure that they can **join in the 2010 programmes in an organised way** and have a joint opportunity with Pécs to increase the international reputation of their respective cities.
- The programme “**For the success of new jobs**” to be implemented with a total expenditure of over **HUF 1.4 billion** by the National Employment Centre is a key initiative in the labour market at the national level too, since it will create a job for **150** registered unemployed people in the region **for three years**, most of them job-seekers with a higher degree. In this way a new cultural network can be created in the region with the objective to disseminate the ECoC programmes. Another basic goal is to increase cultural organisational capacity, develop the tourism network and support initiatives to develop communities. They should know that their assignment will last until the spring of 2012, so they will not lose their contacts after 2010 and the cultural network of institutions will remain strong.
- It is important to note here the **foreign language courses organised specifically for the ECoC programme**. So far **700 people** have received language training for a cost of **HUF 60 million**. The training programme for selected groups of policemen, fire-fighters, health care workers and people working in disaster protection has been completed. Two courses in the village catering programme have also been completed and the graduates also received a certificate for a trade. Knowing the amount of available additional funds we now need to begin language training courses for mass transport workers like taxi drivers, bus drivers, employees of the Hungarian Railways and certain

institution such as museums, public collections and theatres. In addition, we wish to involve the shop assistants of stores in the city centre as well.

- The **volunteer programme** was launched in December 2007 in the city. By the spring of 2009 nearly **350 volunteers**, several civil organisations and initiatives have joined the programme and continuously provide assistance for the work of the Pécs2010 Management Centre. The volunteers worked nearly 2,000 hours in the 2008 ECoC events.

Anybody is eligible to apply for the volunteer programme that would be happy to join in a particular action or the organisation of a specific event as an assistant or contributor. By “donating their time” they can contribute to the successful implementation of the ECoC programme and the success of Pécs. 2009 was the year of establishing networks so the growing number of volunteers can work in an even more organised way in 2010.

- **On the 13th of November 2007 the Information Office** of the European Capital of Culture programme opened in the main square of the city. People dropping by can get information on the Pécs2010 ECoC programme, the ongoing and the planned cultural events, and they can look at models and view short animation films that show the investment projects of the programme. The provision of information is not unilateral in the InfoPoint in Széchenyi Square, since everybody is encouraged to express their opinion, make a proposal or comment in connection with the programme and the preparations.

Visitors can also have a photo taken using an automatic camera with a Pécs site in the background, so anybody can popularize the Pécs2010 ECoC programme by their “personal” presence on the web page [www.pecs2010.hu](http://www.pecs2010.hu), because their pictures will be posted there.

Visitors to the InfoPoint can leave their trace on “Future Stones” (see below) in the European Capital of Culture. The Future Stones are small pyrogranite plates made in the Zsolnay Factory on which people can write, draw or paint a message to their liking for the future for a symbolic amount of HUF 2010.

**In March 2009, with the help of civil organisations, further Infopoints were opened in the suburbs of Pécs and the InfoPoint network of the city is now in place.** The network will continue to expand during 2009 so information can be provided at a regional level about the Pécs2010 European Capital of Culture programme.

- **Message to the future – “Future Stone”**

*“Memories not going backward but forward to the future”*

(Sándor Weöres: Pécs improvisations)

The “Future Stones” are small pyrogranite plates made in the Zsolnay Factory distributed at the Pécs2010 InfoPoint (7 Széchenyi Square) on which people can write, draw or paint a message to their liking for the future for a symbolic amount of HUF 2010. The buyer of a plate receives a certificate on site which certifies that he or she has left a trace in the borderless city.

The numbered plates will be kept on the spot until they dry; thereafter, they will be taken to the Zsolnay Factory for burning and will be kept there until they go on display. The revenues from the sale of the Future Stones will serve the cause of the Pécs2010 ECoC programme and the local communities.

## INFRASTRUCTURAL CITY DEVELOPMENT PROJECTS OF THE PÉCS2010 ECOC PROGRAMME

The development of the city infrastructure in Pécs is a significant component the ECOC Pécs2010 programme embedded into the city's long term culture-based development programme. During the preparatory phase in 2004-2005 it was planned (and hoped) that all infrastructural facility and capacity will be built by 2010. In 2005 and 2006, when the first official decisions were taken about the title, Pécs started the negotiations with the national governmental bodies about the financial and legal implementation of the infrastructure development components of the ECOC Pécs2010 programme. All timing and scheduling of the 'constructions' were fixed after consultations with the National Development Agency and its result (the actual implementation) is described in details below.

### EVALUATION OF THE SITUATION IN APRIL 2009

In November 2007 Pécs reported in the first monitoring of the ECOC programme, that all constructions would be started during autumn 2008. Due to the following reasons the construction works of the 'key projects' could have started only in April and May 2009:

#### Preparation phase for EU funded infrastructural projects National Development Plan

The form of financing - was only decided in Hungary after the Pécs2010 bid won successfully the ECOC title. The infrastructure development projects of Pécs are implemented from ERDF support in the framework of the National Development Plan (NDP). As the NDP utilising the EU funds started officially on 1 January 2007 the complete legal and financial scheme of the financing mechanism was approved by the beginning of 2007. In addition to this the ECOC infrastructure development projects are implemented in an application procedure, which means, that Pécs had to prepare grant applications for the elaboration of the key projects (in the South-Transdanubian Regional Operational Programme). The call for proposals (i.e. tender) for the infrastructure development projects of the operational programme following all the preparation phases – planning, public procurement procedures, archaeological studies - was opened in June 2008. Pécs submitted five applications based on its 2005 bid. The applications for EU subsidy for the Pécs Conference and Concert Centre, The South Transdanubian Regional Library and Knowledge Centre and the Revitalisation of Public Squares and Parks in June 2008. The Zsolnay Cultural Quarter application was submitted in November 2008; the Grand Exhibition Space-Museum Street project application in December 2008 and in February 2009 the application for the 2<sup>nd</sup> phase of the revitalisation of public squares and parks.

#### Impacts of Global Financial Crisis

The financial crisis has a serious indirect impact on the investment projects of the Pécs2010 ECOC programme. In practice it means that the increase of bank costs, the restricted credit opportunities and the devaluation of the Hungarian currency may result in financing deficit in case of the support arriving from the tenders the amount of which is fixed, and in providing additional municipal resources. It is important to note that EU subsidies are set in Hungarian Forints in Hungary.

The construction companies participating in the implementation of the projects must be selected in a public procurement tender, generally requiring 90-120 days. The Municipality of the City of Pécs decided upon the launching of the call for the construction works of the conference centre and the knowledge centre in September 2008 and it was estimated that the construction contracts will be signed in December 2008. The contracts were not signed due to the following reasons:

The global financial crisis resulted in the huge volatility of the HUF/EUR conversion rate. All EU tenders and applications were prepared on the summer 2008 conversion rate of 245 HUF/EUR; meanwhile the constructors had to cal-

culate upon the rate of 300 HUF/EUR with high daily and weekly volatility. As all tenders of the programme are fixed-price public procurements (the constructors cannot change the actual implementation cost to any global monetary reasons) the first tenders of the ECOC Pécs2010 programme were unsuccessful.

The global financial crisis and the crisis of Hungarian currency has at least three not anticipated negative effects on the infrastructure development projects of the ECOC Pécs2010 programme:

It is estimated that all building constructions in Hungary has about 35-40% import content, which implies, that the offer price of the constructors will result about 20% deficit compared to the available resources in the EU applications.

The credit crunch results an unprecedented increase of the price of bank guarantee insurance cost for the constructors, resulting a general increase of 3-4% in construction costs.

The cost of pre-financing for the companies has become more expensive due to the lack of free financial resources in the Hungarian Banking system at the end of 2008.

Pécs prepared with the government several steps to overcome these difficulties at the end of 2008 and at the beginning of 2009. As a result, the already launched public procurement procedures for choosing the construction companies had to be restarted in January 2009. The government introduced instructions immediately to provide support to overcome these difficulties. One of the main tools was to introduce a prepayment system only for the Pécs2010 project. The amount of prepayment from EU funds in the first 30 days after signing the contract was increased mainly to 20% from the generally applied rate of 5-8%.

We note that the proposals submitted for the first two public procurement procedures with respect to construction works show that the instructions carried out will do help Pécs to start construction works. The renewal of squares and parks has already been started in April and mainly will be finished this year. The construction of Conference and concert hall may also begin in May based on the decision of the local government at the end of April 2009. The currently running public procurement procedures will be closed until 25 May 2009 for all projects.

### **Synchronising infrastructure development with cultural programming**

As a result of the financial crisis, Pécs started to review at the end of 2008 how the cultural programming (the actual events of 2009 and 2010) has to be prepared regarding locations. This means that in practice 10-15% of the cultural programs for 2010 had to find a new optional place. This meant mainly only the concerts to be carried out in the conference and concert hall. Pécs has decided in the meantime to provide two additional locations for these concerts. Pécs decided to develop the National Theatre of Pécs. In addition, the University of Pécs also offered to make acoustic developments in its main auditorium where symphonic concerts can also be held.

Above all, the deadlines for the infrastructural projects are the followings:

The five main projects will be finished in 2010, however, due to the delay mainly resulting from financial crisis these buildings can only be opened in summer and in autumn 2010 except for the parks and squares.

The construction works of the revitalisation of public squares and parks will be finished by the end of 2009.

It is expected that the Museum Street project will be finished by March 2010 and the fine arts exhibitions may also be organised in the Museum Street.

During 2010, the different functions of the Zsolnay Cultural Quarter will be opened to the public, starting with the opening of the Gyugyi Porcelain Exhibition in February and ending with the moving of the Faculty of Arts of Pécs University to the quarter in December 2010.

The South Transdanubian Regional Library and Knowledge Centre is planned to be opened in September 2010.

The Pécs Conference- and Concert Centre will be finished by August- September 2010.

## TRAFFIC AND TOURISM INFRASTRUCTURE DEVELOPMENT IN PÉCS

During the ECOC application period one of the greatest questions about Pécs was the city's accessibility and the city's touristic capacity to host hundreds of thousands of tourists. In the last two years an unprecedented construction boom started in these fields, which enables Pécs to fulfil the general infrastructural criteria of a cultural capital.

It is essential to mention that the Government manages the ECOC project as a complex city and regional developmental project besides its cultural content. The ECOC title gives "the push" for all these developments and the regional development.

### Highway construction

Since the monitoring of the ECOC programme in November 2007 the first 60 kilometres of the highway between Budapest and Pécs (M 6) has been built and opened. The remaining 160 km is under construction, the contracted deadline of the constructor for the opening is March 2010. This development is fully financed by the State and this is **the development the City is waiting for since 1990.**

The City of Pécs is planning reconstruction works amounting to EUR 18 million in the road network of the city. All primary roads will be renewed by the fall of 2009 which are related to cultural infrastructure.

### Touristic infrastructure – hotel capacity

During the spatial development programming of 2006-2007 it was realised that the greatest barrier of the development of the region is the lack of high quality hotel capacity. The South Transdanubian Regional Development Plan contains a successful action plan to promote and support the development of the hotel capacity in the region and in Pécs and as a result of this the **construction (conversion of existing and green-field constructions) of four four-star-hotels has been started in Pécs.** These new hotels will help the region extend its touristic capacity and supply.

## DETAILED INFORMATION ABOUT THE STATUS OF THE KEY PROJECTS

The "Borderless City" application documentation was prepared on the basis of a significant cultural-touristic infrastructure development programme, inevitable for the success of the ECOC Pécs2010 programme. Altogether a cultural-touristic investments programme of 140 million EUR is planned to be invested into the ECOC programme, co-financed by the European Regional Development Fund, in the framework of the South-Transdanubian Operational Programme of the New Hungary Development Plan. The indicative budget of the programme is made up of 85% ERDF contribution for which we have to make a bid for, 5% governmental contribution and 10% own share allocation. The tenders were submitted according to the planning call and guidelines launched on the 5<sup>th</sup> of June, 2008. For each project a separate feasibility study, the cost-benefit analysis and the environmental impact analysis had been prepared. For the entire development project an Integrated Infrastructural Development Strategy, Action Area Plan and Cultural Strategy had been submitted. The tenders submitted to the South-Transdanubian Operational Programme were made separately for each key project. Following the submission, the South-Transdanubian Regional Development Agency evaluated the applications. After the completion of documents, the tenders were accepted. The realisation of the projects is predated by the public procurement process, through which the contractor for each project is chosen.

The key projects are:

Zsolnay Cultural Quarter

South Transdanubian Regional Library and Knowledge Centre

Pécs Conference- and Concert Centre

“Grand Exhibition Space”

Revitalization of public squares and parks

## **SOUTH TRANSDANUBIAN REGIONAL LIBRARY AND KNOWLEDGE CENTRE**

The main goal of the project is to build a modern regional library on more than 13.000 m<sup>2</sup> which will operate as a knowledge base and a community centre for the city, the county and the region. The idea is to simultaneously performing traditional library functions and new ones compatible with the requirements of the information society in the spirit of providing equal opportunity of access to information for all the people of the city. The new facility will integrate the city's three main libraries: the City Library, County Library and the Centre Library of the University of Pécs, including the Libraries of the Law and Economy Faculty.

Two auditoriums will be built within the Knowledge Centre with the capacity of 200 people respectively. These will be used primarily by the above mentioned two faculties, but since the two spaces can be opened up into each other, it can host larger events. Above this, a conference room will be available with the capacity of 150 people. The Knowledge Centre's functions will be extended by research rooms, internet workstations and a research centre of the university. The upper level's roof-garden, children-library and a play room will serve the demands of the children. To improve the approximation of the facility, a new road will be built in order to be able to approach the building comfortably. Behind the building, an aboveground parking lot will be built with the capacity of more than 250 cars.

### **Scheduling**

The Municipality of the City of Pécs announced the international design competition – December 2006

Announcement of the results of the design competition: the Török és Balázs Architectural Office submitted the winning proposal – 22 April 2007

Conclusion of design contracts – 29 February 2008

Submission of the demolishing and design plans- 19 March 2008

The Architectural Office submitted the building permit plans – 21 May 2008

The plan documents required for the public procurement were handed in by the Office – 15 July 2008

Submission of the EU application to the South-Transdanubian Regional Development Agency – 30 June 2008

Obtain the necessary permits – 25 September 2008

The Evaluating Committee of the development Agency has announced the decision of successful application – 20 October 2008

Entering the support contract – 19 December 2008

According to the contract, the project will be awarded by HUF 4,624 billion provided by the European Regional Development Fund, in the framework of the South-Transdanubian Operational Programme of the New Hungary Development Plan.

The public procurement for the selection of the general constructor was launched (published on TED) on 28 March 2009, the estimated time of the signing of the contract is May 2009.

## PÉCS CONFERENCE- AND CONCERT CENTRE

The goal of this project is to establish an internationally significant, state-of-the-art designed multifunctional building with modern background technology which can accommodate an audience of one thousand. It will function primarily as a concert hall, with the secondary function of a conference centre. The new building will also provide a home for the symphony orchestra of the region, the Pannon Philharmonic. The Music and Conference Centre is expected to make Pécs the musical centre of its international small region and increase high-quality cultural and conference tourism in the city. It will also serve to promote the strengthening of international relations in university education and research, and the improvement of training and scientific research.

The Centre will be built on the eastern boundary of the historic city centre. According to plans, the concert hall will be able to accommodate one thousand people on 11.144 m<sup>2</sup>. The capacity of the hall can be changed according to the needs of the orchestra by repositioning of the stage. By the ability to lift the whole area of the auditorium, the facility will be able to host representative events with the capacity of one thousand people. The new building will include, in addition to a concert hall and a large rehearsal room, the offices of the Pannon Philharmonic and the Conference Centre, other rooms necessary for the operation of the orchestra (such as storerooms for sheet music and instruments), facilities serving the audience –café, bookstore, lounge, etc. – and several service premises. By the ability to lift the whole area of the auditorium, the facility will be able to host representative events with the capacity of thousand people.

A new road from Sport Street running parallel with the railway line will provide access to the building. There will be a parking lot next to the building with 111 parking spaces: 38 in front of the building, 73 behind it.

### Scheduling

The Municipality of the City of Pécs announced the international design competition – 1 December 2006

Announcement of the results of the design competition: the Építész Stúdió Ltd. from Budapest submitted the winning proposal – 1 April 2007

Conclusion of design contracts – 29 February 2008

Submission of the demolishing and design plans- 17 March 2008

The architectural office submitted the building permit plans – 14 May 2008

The plan documents required for the public procurement were handed in by the office – 19 June 2008

Submission of the EU application to the South-Transdanubian Regional Development Agency – 30 June 2008

Requirements for completing the documentation fulfilled – 30 July 2008

Obtain the necessary permits – 27 October 2008

Demolishing works on the lot of the project had been finished – 24 November 2008

The Evaluating Committee of the development Agency has announced the decision of successful application – 20 October 2008

Entering the support contract – 19 December 2008

According to the contract, the project will be awarded by HUF 5,254 billion provided by the European Regional Development Fund, in the framework of the South-Transdanubian Operational Programme of the New Hungary Development Plan.

The public procurement for the selection of the general constructor was launched (published on TED) on 10 March 2009. The procedure was finished in the meantime and the city is to decide on the contract for construction works on 29 April 2009.

## ZSOLNAY CULTURAL QUARTER

One of the most prominent investment projects of the European Capital of Culture programme is the establishment of the Zsolnay Cultural Quarter with a total ground floor space of about 41 thousand square meters on the premises of the reviving Zsolnay Factory. The factory is on the eastern boundary of the historic city centre. The factory that is currently in operation on the site will move to the eastern blocks, making room for a cultural and artistic area that will not only be a new patch of color on the palette of the city but the residents of Pécs will be able to add a novel facility to their wealth. This will invite people to relaxation and recreation rich in content. The Zsolnay Cultural Quarter is planned to host some 200 thousand visitors every year with its informative visitor's centre, exhibition space, car park, cafés, university community spaces and lively cultural life. The project will improve the quality of the park in the Zsolnay Factory that includes decorative, valuable plants, monument sculptures and vases. Together with the building complex on it the entire facility will be broken up into four Quarters by function:

*Exclusive Quarter:* This Quarter will be situated at the site of the most impressive buildings, the former dwelling-houses of the Zsolnay family. A permanent Zsolnay exhibition, including the world-famous, privately owned Zsolnay porcelain Gyugyi-collection, Art-Nouveau coffee house, residencies, exclusive event hall and incubator functions will be located here.

*Creative Quarter:* This Quarter will be situated in the present pyrogranite unit, probably, the part of the factory with the best preserved authentic atmosphere. A Contemporary Art Centre, galleries, Zsolnay design centre, rehearsal rooms, creative workshops, and a large area for concerts, performances will be assigned here.

*Family and Youth Quarter:* One of the most beautiful buildings of the compound will house the Bóbita Puppet Theatre of Pécs. Beside theatre performances and puppet workshops, a playground, scientific exhibitions and an interactive "House of Experiments" will entertain children and adults.

*University Quarter:* The Southern part of the Zsolnay Cultural Quarter will house the two faculties of the University of Pécs (Faculty of Visual Arts and Music; Faculty of Humanities). All facilities will be available here to ensure a high standard education. The Janus University Stage will serve the youth of the university and the city. Furthermore pubs, restaurants, event halls will entertain students and young people.

### Scheduling

The Municipality of the City of Pécs announced the international design competition – 3 January 2008

Announcement of the results of the design competition: the MCXVI Építészterem Ltd. from Budapest submitted the winning proposal – 9 May 2008

Conclusion of design contracts – 30 July 2008

Submission of the demolishing plans- 11 August 2008

Submission of the design plans – 1 September 2008

The architectural office submitted the building permit plans in 4 segments: 22, 27, 30 October and 3 November 2008

Based on the building permit plans, the Cultural Heritage Protection Office started the procedure of demolishing and recruitment – 10 November 2008

Submission of the EU application to the South-Transdanubian Regional Development Agency – 25 November 2008

Completing the documents is under the process.

The plan documents required for the public procurement will be handed in by the office – 5 January 2009

The public procurement for the selection of the general constructor was launched (published on TED) on 25 March 2009, the estimated date of entering into contract is May 2009.

## “REVITALIZATION OF PUBLIC SQUARES AND PARKS”

The project’s goal is to give public spaces a new community and cultural function that can facilitate growth in international and domestic tourism as an attraction and can also host several outdoor cultural events in the 2010 cultural season.

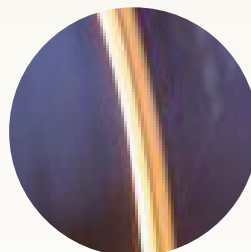
More than 70 public spaces will be revived during the preparations for the Pécs2010 ECOC programme, including the following: the entire city centre of Pécs, the central sections of suburban city quarters – Uránváros, Meszes, Kertváros – as well as the suburban Budai Quarter on the east of the city centre and the Tettye Quarter. The planned revival works focus on creating a link among the different planned investments and on establishing a unified and attractive image for the city. The central component of the project is to give public spaces a new community and cultural function that can facilitate growth in international and domestic tourism as an attraction and can also host several outdoor cultural events in the 2010 cultural season. The pavement of public spaces, street objects and green areas in the city will be renewed, and new, high quality recreation centers will be established by bringing underground waters to the surface and presenting them in an attractive, true-life fashion.

### Scheduling

The design competition proposals for the different public spaces, completion of the plans and the design competition and the submission of building permit plans have already been completed. After the completion of the plans and the design competition, renewal works will begin in the late summer of 2008.

The realisation of the construction works of the project will be segmented into two parts. The first constructor contract was signed on 27 March 2009. Based on the contract the construction of 7 units/lots of public squares and parks will be finished by 2 November 2009.

The public procurement of selection of the constructor of the second lot was launched on 30 March 2009. The planned date of the signing of the contract is May 2009.



## MUSEUM STREET DEVELOPMENTS

Under the project practically the entire Museum Street will be renewed and Hungary's largest unified museum structure and the most versatile exhibition space will be established here. The project will develop facilities with modern, internationally high levelled infrastructure, which can accommodate the city's prestigious collections and other permanent exhibitions, to attract even more visitors.

We also have to note that that Grand Exhibition Space was moved to the Zsolnay Cultural Quarter since the archaeological risks seemed to be very high at the end 2007, therefore, an old historical museum building has been decided to be renewed additionally in the Museum Street for exhibition purposes and the Grand Exhibition space was moved to Zsolnay Quarter.

With a total of 5,300 square metres floor space, the project includes the following components:

Renewal of the historic buildings in Káptalan Street on the basis of a new architectural and museum programme, Development of the old County Hall and Building No. 2 of the Modern Hungarian Gallery at 5 Papnövelde Street, both of which are extremely important from a functional and cultural point of view and also because of their role in tourism and urban architecture.

The planning site includes the public spaces in Káptalan Street, the museum gardens and the public spaces in Papnövelde Street adjoining the parts of real estate involved in the project.

### Scheduling

The Municipality of the City of Pécs announced the international design competition – 15 March 2007

Announcement of the results of the design competition – 13 July 2007

Conclusion of design contracts – 30 July 2008

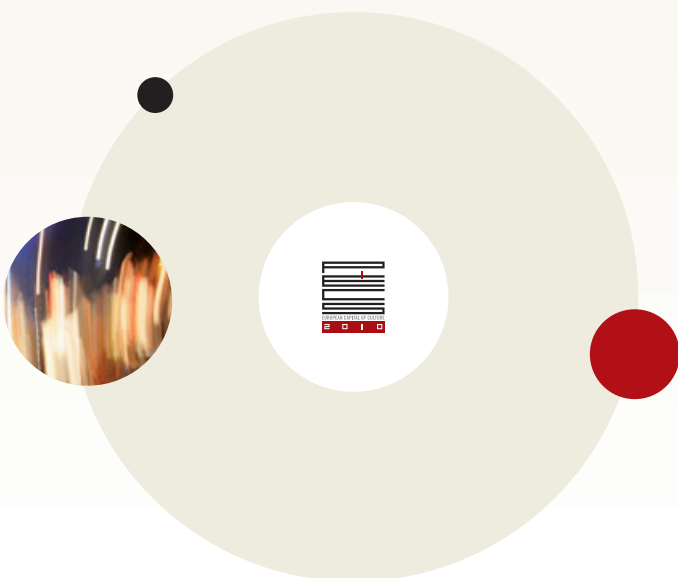
Submission of the demolishing and design plans - 26 November 2008

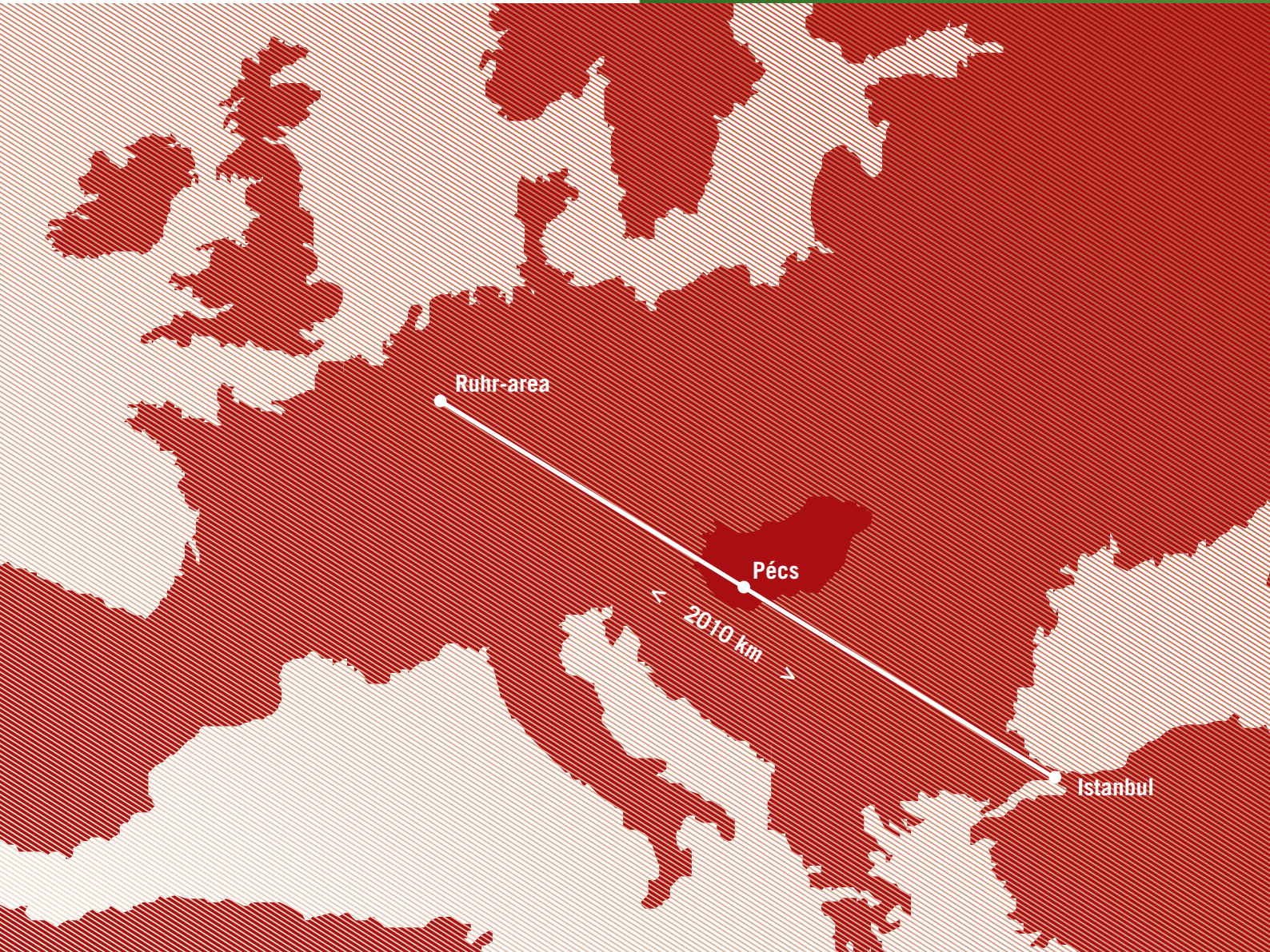
The architectural office submitted the building permit plans – 15 December 2008

The plan documents required for the public procurement will be handed in by the office – 2 February 2009

Submission of the EU application to the South-Transdanubian Regional Development Agency – 19 December 2008

The public procurement for the selection of the general constructor was launched (published on TED) on 28 March 2009, the estimated date of entering into contract is May 2009.





Ruhr-area

Pécs

2010 km

Istanbul





