

**Igor Mavrin, Ph.D.**

Independent researcher

Phone: +385-91-554-82-79

E-mail address: imavrin@gmail.com

**Maja Lamza-Maronić, Ph.D.**

Faculty of Economics in Osijek

TrgLjudevitaGaja 7, 31000 Osijek

Phone: +385-91-224-40-36 Fax: 031/211-604

E-mail address: maja@efos.hr

**Jerko Glavaš, Ph.D.**

Faculty of Economics in Osijek

TrgLjudevitaGaja 7, 31000 Osijek

Phone: +385-91-224-40-82 Fax: 031/211-604

E-mail address: jglavas@efos.hr

**MANAGING URBAN AND REGIONAL DEVELOPMENT THROUGH  
EUROPEAN CAPITAL OF CULTURE PROGRAMME AND CREATIVE  
INDUSTRIES WITH APPLICATION ON THE CITY OF OSIJEK**

**EUROPSKA PRIJESTOLNICA KULTURE I KREATIVNE INDUSTRIJE  
U UPRAVLJANJU URBANIM I REGIONALNIM RAZVOJEM S  
PRIMJENOM NA GRAD OSIJEK**

***ABSTRACT***

*European Capital of Culture is a thriving cultural programme of the European Union, with benefits for the cultural life of cities and regions and also for the economic development of some of the titleholders. Development of cultural and creative sector – cultural and creative industries – is an integral part of the economic development of cities who decide to run for the European Capital of Culture title. (Cultural) tourism and the overall economy of the region are also developed directly through the project. In 2020, for the first time in history of the project, one city from the Republic of Croatia will hold the European Capital of Culture title. This is a great opportunity for Osijek as a regional center – there is a possibility of redefining and reprogramming city development strategies and the possibility of a new positioning within the European Union. The paper provides an overview of the connections of the European Capital of Culture and urban and regional development through the growth of the cultural and creative sector, and also brings a draft of a successful development strategy for Osijek and the region in the context of this programme. The purpose of the survey is to identify trends in the development of the creative sector within the European Capital of Culture, and the attempt to forecast what would be the positive effects of the programme on Osijek. It provides an overview of the possible directions of development in the city's independent candidacy, regional and macro-regional candidacy (Osijek - Eastern Croatian – Pannonian candidacy).*

**Key words:** *Osijek, urban development, regional development, cultural industries, creative industries, European Capital of Culture*

## **SAŽETAK**

*Europska prijestolnica kulture uspješan je kulturni program Europske unije, koji je svoje benefite osim na kulturni život gradova i regija uspješno prenio i na gospodarski razvoj pojedinih nositelja naslova. Razvoj kulturnog i kreativnog sektora, odnosno kulturnih i kreativnih industrija, sastavni je dio gospodarskog razvoja gradova koji se odluče kandidirati za naslov Europske prijestolnice kulture. Neposredno se kroz sam projekt razvija i sektor (kulturnog) turizma, ali i cjelokupno gospodarstvo regije. Po prvi put u povijesti projekta jedan od gradova s područja Republike Hrvatske biti će nositelj naslova Europske prijestolnice kulture. Ovo ujedno znači i priliku za Osijek kao regionalno središte – javlja se mogućnost redefiniranja i reprogramiranja gradskih razvojnih strategija i mogućnost novog pozicioniranja unutar Europske unije. Rad donosi pregled povezanosti programa Europske prijestolnice kulture i urbanog i regionalnog razvoja kroz rast kulturnog i kreativnog sektora, te prijedlog nacrtu uspješne strategije razvoja Osijeka i regije u kontekstu ovog programa. Svrha istraživanje jest prepoznati trendove razvoja kreativnog sektora u sklopu programa Europske prijestolnice kulture, te pokušaj prognoziranja kakve bi pozitivne učinke program mogao imati na Osijek. Donosi pregled mogućih razvojnih pravaca u samostalnoj gradskoj kandidaturi, regionalnoj i makroregionalnoj kandidaturi (Osijek – Istočna Hrvatska – Panonska Hrvatska) i model kreativnog razvoja grada kroz program Europske prijestolnice kulture.*

**Ključne riječi:** *Osijek, urbani razvoj, regionalni razvoj, kulturne industrije, kreativne industrije, Europska prijestolnica kulture*

## **1. Introduction**

Since 1985 and the beginning of the European Capital of Culture (ECOC) programme (then named the European City of Culture), European citizens have witnessed an evolution from a large cultural festival into the cultural mega-event with far-reaching and permanent positive outcomes for cities (and regions) – holders of this prestigious title. Smaller and medium-sized cities from European Union and other European countries came into focus especially since the beginning of the 21st century, as cities who have used the title of Cultural Capital most successfully for generating new economic growth. The growth of the cultural and creative sector, and focus on the (cultural) tourism have been used as a good initiator of new growth in the post-industrial ECOC cities, such as Glasgow (1990), Lille (2004) And Pecs (2010). A similar scenario, with high-quality management programme, could be expected in one of the Croatian cities in 2020, with European Capital of Culture title coming to Croatia for the first time.

## **2. Urban and regional development through cultural policies**

Cultural policy proved to be a good model for urban (and regional) development, and it has been successfully implemented in a number of European and world cities, with special emphasis on cultural mega-events as cultural policy development tools. Monclus & Guardia emphasize the European Capital of Culture project intended to urban branding as potentially dangerous for urban regeneration, because "... too often, Capitals of Culture have

focussed most of their efforts on funding of events and projects that form part of a year-long celebration, with too little time and investment given to the future". (2006:206) But the undeniable is the fact that the use of such large-scale events can have a positive impact on urban revitalization in all respects, whether it's about building infrastructure, rebuilding parts of the city, or long-term orientation on job creation.

In the process of creating an urban brand the European Capital of Culture project can serve as an extremely useful tool. Most authors usually emphasize the example of Glasgow (Capital of Culture in the 1990) as an example of successfully transformed the city in which the city government "... used the ECoC event as part of a longer term arts based strategy which attempted to engineer economic, social and, perhaps most importantly, image change (...) to facilitate its emergence from a conceptual steel clad cocoon as a beautiful post-industrial butterfly, a center of cultural creativity". (Binns; 2005:4)

Undoubtedly, the European Capital of Culture project contributed to the process of Glasgow's successful urban transformation, the same as Barcelona's urban transformation was helped by Olympic Games (1992), and the impact of opening the Guggenheim Museum have had on Bilbao (1997).

### **2.1. Urban cultural policy**

Culture can be accessed as a development policy for urban areas, particularly in post-industrial cities, which have not yet found a model of stopping urban decay, and a model for further development in economic and social terms.

When it comes to the process of urban regeneration, cultural policy can be used on three potential ways (Griffiths, 1995:263-265):

1. integrationist model - characterized by the culture as a way of life in the community, and consequently concentrated on ways cultural projects can support public social life and help create a sense of local identity;
2. cultural industries model - focused on the production and dissemination of cultural products; the emphasis is on the so-called commercial cultural industries, such as fashion design and audiovisual industry;
3. consumerist model - refers to a variety of art, primarily as a tool to attract visitors, tourists and business.

Using one of these models can help the cities to transform their current development models into new, more sustainable.

### **3. Creative industries**

Creative industries are virtually impossible to cover with one definition, and a few of them are outlined here. Thus, for example, UNCTAD creative industries defined as follows (UNCTAD, 2008:13):

- are the cycles of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs;
- constitute a set of knowledge-based activities, focused on but not limited to arts, potentially generating revenues from trade and intellectual property rights;
- comprise tangible products and intangible intellectual or artistic services with creative content, economic value and market objectives;

- are at the cross-road among the artisan, services and industrial sectors; and
- constitute a new dynamic sector in world trade.

Hartley also does not offer a single and uniform definition of creative industries, however points out that they are "... companies that liquidate (creative) ideas in the consumer economy (...) use the commercialization of identity, as well as the idea of civic identity (...) mediate convergence and integration of entertainment and politics (comfort and freedom) (...) are scattered and disorganized, but still coherent effort of society to the individual talent to raise the level of the industry (...), are suppliers of goods and services for 'sector of creative identity' in society, as well as social organizers of creative industries themselves (...) they use consumers as innovators of research and development sector."(Hartley, 2007:176-177)

Lamza-Maronić et al point out that the creative industries are „...human activities that by incorporating specific skills, creativity, knowledge and technology generate products and services, i.e. contents aimed at providing information, education and entertainment, and indirectly generate employment and financial capital“. (Lamza-Maronić et. al.; 2010:134)

Single definition, or delineation of cultural and creative industries do not exist, but in the previous section, it is evident that the contours of the cultural and creative sectors could certainly be highlighted and viewed as a separate segment of the economy. Individual activities of the cultural and creative sectors (cultural and creative industries) achieved outstanding financial results globally, and they ensure economic growth in some countries. The film industry in the 20th and 21st centuries, and computer games industry at the beginning of the 21st century represent good examples of how creative industries can generate profits.

### **3.1. Europe 2020 and Creative Europe - economic growth through cultural and creative sector**

The European Strategy for smart, sustainable and inclusive growth, better known under the short name of Europe 2020, does not mention the cultural and creative industries explicitly as part of the European development times in the period until 2020, but in its very subtitle there are visible elements in which cultural and creative sectors can greatly be recognized. The Europe 2020 is based on the following three types of growth (European Commission, 2010:8):

- Smart growth – developing an economy based on knowledge and innovation.
- Sustainable growth – promoting a more resource efficient, greener and more competitive economy.
- Inclusive growth – fostering a high-employment economy delivering economic, social and territorial cohesion.

Cultural and creative industries certainly include smart, sustainability and inclusiveness, and can therefore be viewed as an invisible backbone of the new EU development strategy. In the same programming period (2014-2020) the Creative Europe, with the following objectives is implemented (Creative Europe):

- Helps the cultural and creative sectors to seize the opportunities of the ‘digital age’ and globalisation
- Enables the sectors to reach their potential so that they can contribute to the Europe 2020 goals for sustainable growth, jobs and social cohesion.

- Opens up new international opportunities, markets and audiences Builds on the success of the MEDIA and Culture programmes.

Some more developed European Union member states recorded higher figures in the creative economy sector, sub-sector or specific creative industries. For example, in the UK sector of employment in the creative economy reaches „...for 2.55 million jobs in 2012, or 1 out of every 12 jobs in the UK“, while in terms on crative industries it is „...1.68 million jobs in 2012, 5.6 per cent of the total number of jobs in the UK“. At the same time an increase in employment was recorded, which also supports the argument of sustainable growth. (DCMS, 2014:7)

#### **4. European Capital of Culture and the creative economy - the development of cultural and creative industries**

The concept of cultural and creative industries and the creative sector as one of the most prominent elements of the economic development in the 21st century can be largely linked to the implementation of the European Capital of Culture (ECoC) programme. ECoC project is a unique opportunity for the prosperity of the city and its growth and development, not only in the hospitality and tourism sector (which will greatly benefit from a yearlong cultural festival), but also for the very cultural and creative sector of the city. The well-implemented ECoC project in itself will certainly include the launch of new cultural institutions in the city (new theaters, galleries, museums, etc.), which will certainly lead to an increase in the number of newly employed in the cultural sector - experts in the field of heritage, curators, directors, actors. Increased cultural production in ECoC year will yield an increased interest in urban culture, and indirectly lead to increased cultural consumption, which may not necessarily be limited to one year. Increased interest in the culture of the home crowd, and increased cultural consumption can then generate increased employment in the cultural/creative sector, both public and private (private launch of theaters, museums, encouraging local independent artists on entrepreneurial advances, etc.). Changes in the urban landscapes are also a significant segment of ECoC project, with a series of new architectural endeavor that permanently alter the appearance of the city. It could also have positive impact on the architectural activity itself as one of the bases of the creative industries. The design activity may also benefit from ECoC project - most ECoC cities establish a specific visual identity in relation to the created logo. Advertising is another subsector with possible benefits derived from ECoC project implementation. In essence, the creative industries are the core of European Capital of Culture programme.

The Tallinn 2011 project was concentrated on the development of creative industries in the Estonian capital - in September 2009 Tallinn Creative Incubator (TCI) was established, as planned phase of growth and development of the creative industries sector. The mission of the TCI is „...is to provide a supportive environment for creative enterprises by initially providing them with incubation services. The main emphasis is to improve the business expertise of creative enterprises and to establish a soft infrastructure by developing mechanisms of inclusion, cooperation and participation and to help enterprises become international. This includes making the Creative Incubator an important influence in the creative industries sector“. (Loov Eesti; 2010)

Tallinn ECoC candidacy and Tallinn 2011 implementation greatly changed the economic orientation of the city, and the long-term development of the city turned to the creative sector. This is reflected in the following facts (Lassur et al, 2010:77-78):

- Changes have taken place within the CI sector. The paradigm of CI and actions connected to it have brought the creative people together as a stronger force in the society. This has included an increased awareness of their important role in the economic success of the state and the city. (...)
- The functions of structures and institutions have changed. On one hand the institutions have taken on a wider range of functions, on the other hand, there are multifunctional organizations emerging or that have already emerged (e.g. Cultural Cauldron). Also new structures for developing CI, such as the Tallinn Creative Incubator, have emerged.
- The emergence of CI has also influenced other policies, such as entrepreneurship policy and innovation policy; it has broadened them and made them more 'humane' – less technocratic. The policy documents refer to new co-operation patterns between economic and cultural fields (e.g. Tallinn Innovation Strategy). Culture has become one of the drivers in achieving economic success; the CI have been placed among six priority areas in the innovation strategy, etc.

Liverpool 2008 as by now one of the most successful ECoC title holders also recorded significant progress in the development of urban and regional creative sector. Information on the progress of the creative sector Liverpool are next (Impacts08; 2009:2-3):

- Over three years, between 2006 and 2008, the size of the creative industries sector in Liverpool has grown, with the total number of enterprises increasing by 10% and the total employment by 14%;
- (...) the number of enterprises within the creative industries in the sub-region has increased over five years, with 2007 representing the peak of that increase and 2008 showing a slight falling away;
- (...), it is possible to identify: growth in the overall number of workplaces (7% over the five years); a steady increase up to 2007 in the numbers of organisations in the size bands of between 1 to 5 employees and between 6 to 10 employees (with a small decline in 2008); a decrease in the average business size, although an upward trend in the growth of business sizes appears to be emerging which may be confirmed beyond 2008; that the Liverpool sub-region has a sustained base of creative industries enterprises, suggesting that the city region is considered a viable context for existing and start-up businesses.

RUHR.2010 project also had its creative dimension – the gradual replacement of the still current industrial processes (Ruhr is one of the largest industrial zones of Europe) with processes of creative industries and ultimately the creation of the creative class. AKreativeKlasse Ruhr project was launched, conceived as "...action and communication platform for creative endeavor of RuhrMetropole, and as one of the RUHR.2010 European Capital of Culture projects in the creativity field". The term creative class can be defined as "...the working people whose daily duties involve the creative process; the key is not an industry in which an individual works, but a creative output that is delivered". (KreativeKlasse Ruhr, 2010)

Analyzing the program of the three European Capitals of Culture (Pecs 2010, Turku and Tallinn 2011). Lähdesmäki established the existence of an extremely pronounced context of cultural diversity, which is reflected in cultural production. In these three cities it "...utilizes more or less the global imagery of popular culture, youth culture, street culture and contemporary art. Cultural variety is understood in the global frame, where globalised cultural phenomena form a common starting point for cultural dialogue and communication. Stressing

globalised cultural phenomena is a strategy for producing the discourse of cultural diversity which does not seek the origins or authenticity of cultural products, but underlines the production of urbanness, urban culture and creativity in addition to experiences within the culturally mixed urban community of the city". (Lähdesmäki; 2010:35)

## **5. European Capital of Culture and the Croatian cities - the potential of urban and regional development through creative industries**

The current European Capital of Culture regime ends in 2019. The following year (2020) a new ECoC regime begins, with one of the Croatian cities involved in the programme for the first time. The new designation rules will also be applied on cities involved in the programme in 2020 and beyond – most likely the state itself will designate one of the candidate cities. Tender for selection of Croatian representative is published in 2014, but it is not the first step for Croatian cities in ECoC. The speculations and unofficial nominations of potential candidate cities are actual for few years, especially since 2012. The cities which will most likely try to win the nomination are Zagreb, Split, Rijeka, Osijek, Zadar, Pula, Dubrovnik and Varaždin. In this paper, the possibilities of Osijek (in independent and regional candidacy) as the holder of the title of European Capital of Culture will be analyzed.

### **5.1. Osijek as European Capital of Culture candidate**

City of Osijek is mostly known for its baroque old town center of the Citadel (Tvrdä), which is on the UNESCO tentative list for a long time. An event dedicated to the creativity of children and young – Land without borders – puts Osijek on European and world youth cultural map. However, the remaining cultural facilities are currently not sufficiently recognized in the European context, as a result of under-representation of cultural policies in urban development strategies, and low levels of investment in culture as a direct result of the economic situation of the city – the predominating industry was destroyed in 1990 – is in the war and post-war period; the other reason of underdevelopment is in the lack of search of new development strategies. Deficiencies of the current Osijek cultural and artistic offer can be corrected, and the competitiveness can be boosted through the European Capital of Culture. One of the ways is the activation of neglected industrial heritage and conversion into a cultural/creative centers (examples of Lille 2004 and Turku 2011). Also, the potential of the Osijek University can reverse the current negative trends in Osijek cultural scene. More than 20,000 students in a city with about 100,000 residents, and the existence of the Art Academy and the Cultural Studies Department are the main strengths in this field. Attendance at the Osijek Summer of Culture events is the indicator that Osijek has cultural audiences, which in turn should be further educated and focused on the consumption of new cultural events and products, with simultaneous strengthening of cultural production. Osijek's comparative advantage in the ECoC nomination run is the partnership with two cities in the region, already involved in the project of the European Capital of Culture - Pecs (2010) and Maribor (2012). Some of artists and cultural organisations from Osijek were already involved in ECoC project in these two cities, and this experiences could also be used in successful candidacy.

#### *5.1.1. Regional (Eastern Slavonian and/or Pannonian) candidacy*

Lille 2004, Luxembourg 2007, Stavanger 2008, Ruhr 2010, Maribor 2012, and Marseille and Provence 2013 show how the concept of the European Capital of Culture is gradually evolving into a concept of European regions of culture, and Osijek might consider this option

as a reality in his potential candidacy. There are two potential options for Osijek ECoC candidacy in a regional context:

- A. Eastern Slavonia candidacy (regional), which assumes the following criteria, and generate synergy benefits:
  - networking with Osijek as a coordinator for the cities and municipalities in the eastern part of the Republic of Croatia;
  - uses the existing heritage which unites the common 'umbrella of creativity', and further refines the new cultural/creative activities (events, workshops, infrastructure...);
  - the reality of this option is the synergistic effect of regional culture and the real potential lies in the common historical and cultural context of the cities and sub-regions, which still managed to generate a number of differences.
- B. Pannonian candidacy (macro-regional), which combines the culture and art of the counties located eastern of the city of Zagreb:
  - cultural resources include eight administrative counties;
  - further enhancement of the synergy effect, and also a cultural outreach of programme (larger population, or cultural audiences).

With the independent candidacy of Osijek, Eastern Slavonia candidacy is imposed as a more realistic option, while the macro-regional Pannonian Croatian candidacy is less probable because of the potential inability to deal with such a large number of units of local government financing programs around. A similar situation was observed in Marseille (2013), where some of the municipalities of Provence refused to co-finance a cultural programme and cultural projects.

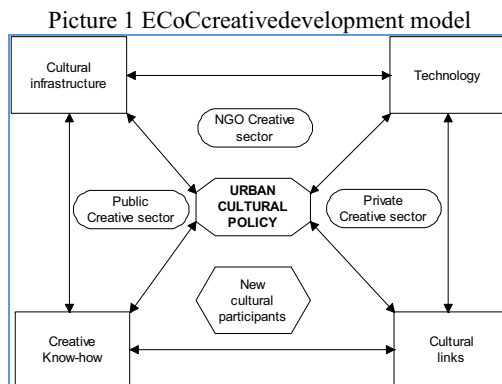
## **6. Conclusion**

In terms of the uncertainty of cultural projects funding in Osijek and the whole Republic of Croatia (extremely low level of investment in culture), it is difficult to talk about the potential positive outcomes from nomination (or potential nomination) on the creative sector of the city. It should be noted that nominations for the European Capital of Culture title imply an investment in a cultural program at an average of 100 euros per capita – as the practices from title-holders since 2001 have shown. In the case of Osijek it would mean an investment of 10 million euros in the cultural programme (co-financed jointly from the city, county and state budgets, and through European co-financing, but also private sponsorship). Investments in cultural and other infrastructure are also an important part of the programme, which can largely be realized through EU structural funds. Potentially successful nomination would have the following positive effects on the cultural and creative sector of Osijek: the preservation and restoration of heritage, redevelopment and reimagining of industrial heritage in the new polygons for creativity, new initiatives (public, private and civil) in the cultural and creative sector (e.g. new museums, theater initiatives, etc.), empowering the processes of creative education, strengthening the private and civil sectors through creative financing programmes and new links with European partners, implementation of cultural policies as development policies, integrating and reflecting culture as the bearer of a new urban development.

This is the only part of the potential effects, focused on the cultural and creative sector, but with proper guidance and coordination the European Capital of Culture programme can have



far-reaching positive effects – not only cultural but also economic and social. The following figure represents a model of creative development through the European Capital of Culture.



*Source: edited by authors*

Urban cultural policy in this programme is focused on the development of four key elements: cultural infrastructure, the technological advances of the cultural and creative sectors, the transfer of creative skills and cultural links. Civil, public and private creative sector can at the same time benefit through changes in urban cultural policy. As the final outcome of such model – the creation of new cultural audiences and active cultural participants– could be expected.

## REFERENCES

- Binns, L. (2005): Capitalizing on culture: An evaluation of culture-led urban regeneration policy; Dublin Institute of Technology, available on: <http://arrow.dit.ie/cgi/viewcontent.cgi?article=1004&context=futuresacart>;
- Creative Europe: support programme for Europe's cultural and creative sectors from 2014; available on: [http://ec.europa.eu/culture/creative-europe/index\\_en.htm](http://ec.europa.eu/culture/creative-europe/index_en.htm); accessed on: 24th of February 2014;
- DCMS (2014.): Creative Industries Economic Estimates; Department for Culture, Media & Sport, London, UK; available on: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/271008/Creative\\_Industries\\_Economic\\_Estimates\\_-\\_January\\_2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271008/Creative_Industries_Economic_Estimates_-_January_2014.pdf); accessed on: 24th of February 2014;
- European Commission (2010): Europe 2020 – A European strategy for smart, sustainable and inclusive growth; Bruxelles, available on: <http://ec.europa.eu/>; accessed on: 24th of February 2014;
- Griffiths, R. (1995): Cultural strategies and new models of urban intervention; Cities, vol 12, no 4, pp. 253-265;
- Hartley, J. (2007): Kreativne industrije; Clio, Beograd; ISBN: 978-86-7102-274-3;

Impacts 08 (2010): Creating an impact: Liverpool's experience as European capital of culture; available on: <http://www.liv.ac.uk/impacts08/Publications/publications.htm>;

Impacts08 (2009): The impact of the Liverpool ECoC within social media environments; available on <http://www.liv.ac.uk/impacts08/Publications/publications.htm>;

Kreative Klasse Ruhr (2010): Informationen; available on: <http://kreativeklasseruhr.de/network/informationen/>; accessed on: 29th of March 2014;

Lähdesmäki, T. (2010): European capitals of culture as cultural meeting places – Strategies of representing cultural diversity; *The Nordic Journal of Cultural Policy*; vol 13, no 1; pp. 27-43;

Lamza-Maronić, M, Glavaš, J, Mavrin, I. (2010): Cultural Management in the Republic of Croatia – Possibilities of Development; u *Interdisciplinary Management Research VI*. (2010), pp. 133-142;

Lassur, S., Tafel-Viia, K., Summatavet, K., Terk, E. (2010): Intertwining of drivers in formation of a new policy focus: The case of creative industries in Tallinn; *The Nordic Journal of Cultural Policy*; vol 13, no 1; pp. 59-86;

Loov Eesti (2010): Good Practices; available on: <http://www.looveesti.ee/creative-industries/estonia/good-practices.html>; accessed on: 29th of March 2014;

Monclus, G, Guardia, M. (2006.): *Culture, Urbanism And Planning (Heritage, Culture and Identity)*; Ashgate Publishing, Hampshire; ISBN: 978-0-7546-4623-5;

UNCTAD (2008): Creative economy report; United Nations; ISBN: 978-0-9816619-0-2;