

**CITY FUTURES-**  
International Conference in Globalization and Urban Change

8-10 July 2004  
University of Illinois at Chicago

**The critical role of governance structures  
in Oporto city-centre renewal projects**

**Isabel Breda-Vázquez**  
*Professor*  
University of Oporto, Portugal  
[ivazquez@fe.up.pt](mailto:ivazquez@fe.up.pt)

**Sónia Alves**  
*Research Assistant - FCT*  
University of Oporto, Portugal  
[sonial@fe.up.pt](mailto:sonial@fe.up.pt)

University of Oporto  
Faculty of Engineering  
Territorial Planning Division  
Rua Dr. Roberto Frias  
4200-465 PORTO – PORTUGAL

## **1- Introduction**

The understanding of the institutional organization processes in terms of their relationship to urban intervention is the order of the day. This relationship has been centred on the principle according to which governance systems play a key role in the more efficient pursuit of urban policy strategies. The issues that are related to the social change and urban economic restructuring processes of the cities, to the growing complexity of their problems, to the diversity of actions and decision-making agents, and to the need to include the urban agglomerations in global development networks justify new procedures in terms of urban policy, of which the organizational level is a part (cf. Goldsmith, 2001; Cars, Healey et al., 2002).

There are several challenges, in this context, to those in charge of the conception and implementation of urban policies. On the one hand, organizational approaches adapted to the integration of investments (public and private) are required, regarding the strategic effort of urban competitive advantages, with the involvement of excellent economic and institutional agents. On the other hand, the need to address the problem of the effects of those organizations on the creation of significant ‘focuses’ of differentiation (social, functional), and the fact that organizations should operate in contexts associated with local development with regard to the improvement of living conditions of the urban community in general. The issue of the correct balance between these different practices and principles has been widely debated (see Adair, Berry et al., 2003; Newman and Verpraet, 1999).

This paper attempts to reflect upon these questions. Particularly, it aims at analysing the way the success or failure of urban regeneration strategies devised for the critical area of Porto, Portugal, have depended on specific organizational contexts of action and decision-making. Therefore, we will begin by presenting the problematic framework that justifies the urban interventions, as well as the integrated and wide nature of the considered strategies. Then, the limited nature of the actions actually implemented will be explained through two central and interconnected elements: the urban planning model that was implemented (with the corresponding urban interventions’ regulating procedures) and the defined urban governance structure types.

## **2. The context: cultural-led urban regeneration policy and inner-city problems**

With about 260 thousand inhabitants, the city of Porto is the main urban centre of Portugal’s north region and of a metropolitan area with almost 1,3 million inhabitants, the second largest urban agglomeration in the country, which has 10,4 million inhabitants, 38% of which are concentrated in the metropolitan areas of Porto and Lisbon.

In 2001, the city of Porto was designated as *European Capital of Culture*<sup>1</sup>, together with the Dutch city of Rotterdam. The application of Porto to host this event was made in a

---

<sup>1</sup> Note that this is a cultural “title” that was established by the EU Council of Ministers of Culture of the Member States, through Resolution no. 85/C/153/02, of June 13th 1985, with the purpose of expressing the European cultural wealth and diversities and to promote tourism, urban employment and territorial development (Decision 1419/1999/CE, of May 25th 1999, L 166/5).

context of international promotion of the city and stimulus to its development. In particular, it was assumed that this event would represent an opportunity to capitalize financial resources that are taken as essential for the city of Porto to be able to overcome an alleged “peripheral” status in relation to Lisbon’s hegemony, and to make a stronger affirmation in a context of inter-urban competition as regards the European space itself.

For this purpose, the responsibility of the city in the European Capital of Culture (PECC) event<sup>2</sup>, in 2001, involved a process for the clarification of goals, in which the importance of associating the cultural dimension with significant urban renovation objectives was highlighted.

This position is justified by the fact that this event should constitute an opportunity to capitalize essential financial resources so that Porto could overcome an alleged ‘peripheral’ status in relation to Lisbon’s hegemony, but also to make its mark in a competitive context extended to inter-urban Europe.

It is worth noting this link between culture and urban policy, which is similar to the ‘new’ cultural strategies that have been carried out in several European cities, and based on the idea that cultural events, urban ‘marketing’ and competitive development of cities can be mutually encouraged.

To the overall framework of the urban regeneration strategies of the PECC event one must add the more restrictive context associated with the identification of the central area of Porto as a ‘vital space’ for intervention, considering the large diversity of the problems in that area and their structural nature.

The identification of an urban crisis scenario in the centre of Porto, in the late 90’s, is a recurring theme in several studies (see, among others, Breda-Vázquez et al., 2000), where the following problems are frequently mentioned:

- i)- a situation of continuous demographic decline and changes in the family structure, with severe consequences for the population’s social segmentation and ageing; this conjunction of circumstances results specifically in a low income and social “dependency” concentration in the area, making it particularly susceptible to problems such as unemployment, poverty or concentration of pockets of immigrant populations;
- ii)- the tendency for the decrease of the residential function of the centre, with effects on the clear physical degradation of real estate and the area’s growing hygiene problems; this loss of the residential component is accompanied by situations of ‘structural blocking in housing investment’ which results in a large concentration of empty or old rented houses, as well as by transformation procedures of the residential function towards uses related to services activities; together, these phenomena worsen the residential problems and decrease the city centre’s ability to attract and preserve new inhabitants;
- iii)- the change in the functional profile of the city centre’s economy, whose high degree of specialization in activities of the tertiary sector has been subject to selective processes of relocation of the more specialized services and, even more significantly, to a process of loss of commercial structures to support the families, including the ones associated with real estate market. This relative fragility of the local economy comes as

---

<sup>2</sup> The decision to select Porto and Rotterdam for this event in 2001 was taken by the 15 Ministers of Culture of the EU in May 1998, six months after the submission of the applications and only two years and seven months before the event itself.

a result of the combined effect of the new locations for activities associated with the higher tertiary sector in other city areas, from the competition of the commercial spaces in the periphery, and from the above mentioned tendency to demographic decline.

In short, it is now clear a scenario of urban crisis that combines serious and complex situations in terms of the fragility of the economic and social basis of the city centre<sup>3</sup>. We are facing a downward spiral, and it is even more frustrating because the city's central area has a great potential for cultural events and tourism, as it concentrates the main cultural facilities and institutions of the whole metropolitan area, apart from including a Historical Centre that is on the list of Unesco's World Heritage Sites.

To the seriousness of the current situation of the city centre we have to add other obstacles. Portugal does not have models of public action specifically directed to the integrated treatment of urban decline problems.

On this matter it is relevant to mention that Portugal has two levels of government<sup>4</sup>, central and local, and the latter is highly dependant of the previous in financial terms. It is the central administration that manages financial resources and decision-making processes and, therefore, it is the dominant agent on the formulation of public policies and definition of forms of action, including those directed at urban issues.

The reduced importance of local powers and national urban policies – including those directed at problems of urban decline – have led some authors to underline the non-existence, in Portugal, of “explicit” urban policies<sup>5</sup>, like some other Southern European countries (Atkinson, 2000, p.1043).

It has been postulated that this situation is caused by the lower visibility and extension of the urban decline in these countries (compared to Central and Northern European countries, where the urbanization and industrialization processes are older)<sup>6</sup>, but, nevertheless, the current extension and intensity of the process of urban decline in the centres of the major Portuguese cities (Lisbon and Porto) require other explanations.

In fact, the lack of attention paid, in Portugal, to models for public action directed at the integrated treatment of the problems of urban decline, is caused by three fundamental aspects.

Firstly, we should mention the financial limitations that have been restricting the conception and implementation of public policies in Portugal, despite the influence exerted, from 1986 on, by the EU financing programs, which that increased the ability to provide an answer to these problems (in terms of areas of intervention and range of

---

<sup>3</sup> Which includes the *Central Business District* and the Historical Centre

<sup>4</sup> Note that without regional elements of governance, Portugal has developed a process of institutional adjustment for its governing structures after entering the EU in 1986, which was based on the creation of regions and decentralized units of the Central Administration. As several authors have stated (Bailey e Propriis, 2002), the EU regional policy and the proceedings for allocation and implementation of Structural Funds, namely through the principles of partnership and subsidiarity, has been exerting a strong influence on the development of new governing practices.

<sup>5</sup> At national or local level.

<sup>6</sup> Atkinson (2000).

beneficiaries)<sup>7</sup>. At this level, it is fair to underline the influence of both the Urban Pilot Programme, which was set by the European Commission between 1989 and 1999, to support strategies combining hard infrastructures with environmental, social and economic measures<sup>8</sup>, and the Urban Community Initiative<sup>9</sup>, which would consolidate the experience of the previous programme.

Secondly, the public policies directed at the problem of urban decline in Portugal are restricted and their duration is limited (Breda-Vázquez e Conceição, 2002). It can be said, also, that these policies have been oriented towards two main domains of action: the physical rehabilitation of degraded real estate in historical areas with old rented houses, and the modernization and requalification of the traditional commerce located in the centres.

Beyond the aspects that arise from financial restrictions and the sectoral and circumscribed nature of the interventions directed at the problems of urban decline, urban policies have been characterized by contexts of case-by-case or vague decisions, which are associated with specific events that are related to the development of *flagship urban projects* or *prestige projects*<sup>10</sup>. These projects have been responsible for the high mobilization of public investments in restricted domains (in spatial and sectoral terms), and include a component of strong land and real estate valorisation.

The *Urban Project Expo 98*, developed on the eastern area of Lisbon between 1994 and 1999, constitutes a significant example of forms of urban intervention marked by the logic of management of opportunities and its relationship with the concept of *flagship urban project*. This project involved an investment of 241 million euros, more than half of which was destined to interventions or urban regeneration all over the country, in that five year period<sup>11</sup> (Cabral, 2002).

---

<sup>7</sup> For reference, it should be said that, together, the interventions in the context of the CSF II (xx-xx) co-financed about a third of the overall expenses in municipal investment (Breda-Vázquez and Conceição, 2002).

<sup>8</sup> In Porto, the *Urban Pilot Project* was centred on the rehabilitation of some buildings on the Bairro da Sé, which is located in the historical area, in the city centre (see [http://europa.eu.int/comm/regional\\_policy/urban2/urban/upp/src/frame1.htm](http://europa.eu.int/comm/regional_policy/urban2/urban/upp/src/frame1.htm)).

<sup>9</sup> The Community initiatives are special financings using structural funds that are defined and proposed by the European Commission to the EU Member States. In the years of 1994-99, the Community Initiative URBAN I financed programmes in 118 urban areas, which were co-financed by two of the European Community's Structural Funds: the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The Urban, which was created to consolidate the experience developed by the Urban Projects, was directed, in Porto, at peripheral social housings with high rates of unemployment, poverty and social exclusion, in a particularly degraded residential environment (see [http://europa.eu.int/comm/regional\\_policy/urban2/urban/initiative/src/frame1.htm](http://europa.eu.int/comm/regional_policy/urban2/urban/initiative/src/frame1.htm))

<sup>10</sup> Loftman e Nevin (1995) define flagship projects as high scale and high profile projects, created to attract investments, to promote new images and to act as instruments for regeneration (Loftman e Nevin, 1995) and define prestige projects as a hybrid form of "flagship projects", created in order to promote the physical restructuring of the areas, by introducing and promoting new usages for land and infra-structures. (Loftman e Nevin, 1995).

<sup>11</sup> Note that on the area of Expo alone 4,10 million euros were invested, and the rest was employed in the great infra-structural works of EXPO, namely as regards transportation and environment, including a new metropolitan line (Cabral, 2002, p.31). This project would work as an experience for the beginning of a new national programme – the Polis Programme, launched in 2000, for the purposes of urban requalification and environmental valorisation of some areas that were to be turned into *exceptional sites*

The Porto **European Capital of Culture 2001** event follows the same logic, as it is particularly directed at purposes of urban regeneration of the city centre, seeking to invert the downward spiral of urban decline mentioned above.

### **3. Urban regeneration policy and practice**

The strategic importance of urban regeneration actions focused on the city-centre is clearly undertaken by the Porto 2001 Agency<sup>12</sup>, a public institution responsible for the definition and coordination of all the initiatives related to the European Capital of Culture event in 2001. Therefore, the framework outlined by the Agency to guide the city-centre's urban transformation process (see Sociedade Porto 2001 SA, 1999) highlights the necessity to develop interventions acting at the level of i)- the public space and buildings, ii)- the economic revitalization, iii)- housings and iv)- mobility, in order to contribute not only to overcome problems, but also to promote new functionalities and capacities within the city-centre: "The aim is to ensure that urban regeneration reaches the heart of the problems and not just their surface" (Sociedade Porto 2001 SA, 1999, p. 40).

Despite the integrated and wide nature of this framework of objectives, the urban interventions started and implemented were, in practice, restricted to the requalification of the urban public space (cf. Sociedade Porto 2001 SA, 2002). There is therefore a strong gap between the outlined strategy and its effective implementation.

In this process of transition between the initial strategic aims and their final implementation, several aspects are at stake. From a financial point of view, the intervention's feasibility is obviously a significant aspect. However, the main questions are, above all, related to the urban planning approach effectively adopted and to the different organizational action and decision-making contexts. As we shall see, these issues aren't independent from each other

#### *3.1. The planning approach: guiding principles and general features*

The planning approach that was adopted to carry out the implementation of urban requalification actions can be systematized in its several dimensions and guiding principles, which are outlined as follows. These features reflect the way in which the priorities of urban intervention are defined and valued. They have therefore important constraining efforts on the way intervention strategies are carried on.

Firstly, the spatial dimension should be mentioned: the areas subject to intervention hardly adjust to "problem-areas", in the sense that they aren't meaningful as critical situations associated with the 'urban deprivation' context identified in the city centre area. However, it is visible that those areas were selected according to aesthetical (or formal) criteria, namely for having spaces with a morphology of great cultural and symbolic importance and for being relevant in terms of their "value of use" for circulation (of which squares are an example).

---

(river or sea fronts, central squares or notorious public facilities) in some Portuguese cities, keeping in view the attraction of investments and the production of spin-off benefits.

<sup>12</sup> Note that about 38% (that is, 86 million euros) of the whole budget associated with this event were directed at urban renovation operations.

The second aspect to be highlighted is the importance given to the conception of urban projects anchored in ‘urban design procedures’, in which the public space is particularly appreciated. It could be said that this dimension constitutes ‘the core of the planning approach’.

Closely linked to these thoughts, one should highlight the issues associated with the technical skill required to produce urban intervention projects. This process was carried out by direct invitation, or consultation, to particular technicians, where the professional profile of the architect was privileged. However, even more important is the “instrumental” dimension given to the project team, which, in practice, limited itself to addressing the programmatic orientations previously defined.

To sum up, there is a noticeable methodological impulse on “urban project” oriented towards the formal valorisation of selective public spaces. This methodological attitude does not embody a logic of adjustment to the nature of urban problems or to the integration of specific local interests.

Two other methodological aspects should equally be mentioned: firstly, the regulating importance assumed by the mobility management in the process of urban requalification and public space transformation. This relevance should be understood in the context of the severe traffic jam problems that affect the city centre area and of the need to direct the different urban designers to a common mobility strategy, able to coordinate the different urban public transport methods. The central issue is, therefore, the promotion of public transports, complemented by parking policies. Mobility criteria are set in order to become norms to the urban design procedures (such as street sizing criteria, as well as of restrictions to its use for parking and for loading/ unloading).

Secondly, the importance of the coordination between “physical and economic regeneration” should be mentioned. The connection between the physical space rehabilitation and the economic revitalization is the concern for addressing the issues related to the change in the functional profile of the city-centre’s economy, namely in terms of the local commercial network’s fragility. Therefore, the commercial revitalization programme is associated with “specific areas”, where an intervention occurs in terms of “urban design procedures”. This space coincidence looks to capitalize, the effects of attractiveness associated to public space improvement, on the local economy.

It equally aims at addressing the (technical and financing) requirements of a national programme of commercial urbanism. This ‘integrated’ model represents, accordingly, an important methodological dimension of the urban requalification processes to carry on in the city centre.

### *3.2 The limits of the planning approach*

What are the consequences of this set of methodological requirements and procedures for the management of the urban regeneration process?

Firstly, we can assert that the adopted planning approach involves a limited perspective of intervention in critical urban areas, as we can conclude from the extensive literature debating urban deprivation issues and the requirements for the development of effective and sustainable intervention strategies ( see Carley, 2000; Bell and Jayne, 2003; Mc Gregor, 2003, among others)

In terms of the case that is being analyzed, we dare to say that the planning approach proves itself unable to integrate the different factors and processes that contribute to the urban crisis situation that was diagnosed. In particular, the approach is not congruent with a strategic intervention in terms of housing. The dimension and multiplicity of problems associated with this sector in the city centre, and the system of agents involved in its stipulation make the setting up of an intervention model a complex one (on this issue, see the systematisation outlined in Breda-Vázquez et al., 2000).

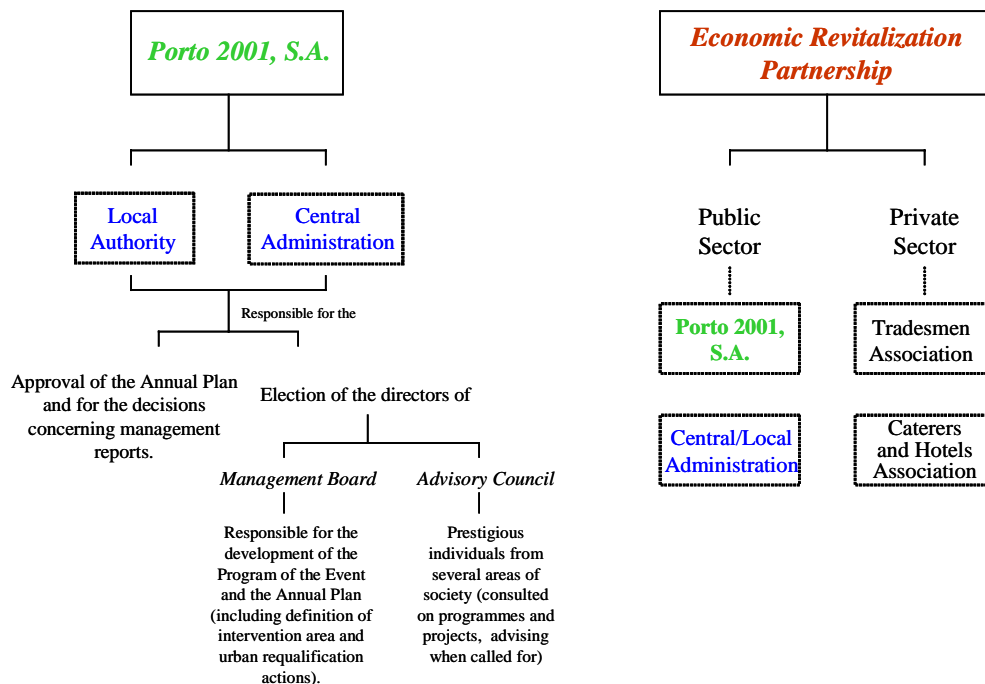
These remarks aim at drawing attention to the fact that the adopted planning (or urban intervention) ‘model’ is not compatible with the vast framework of intentions initially defined to orientate the urban transformation process in the city centre.

It is our understanding, on the other hand, that the model shows an unusual ability to provide for the programmed goal of conferring added-value to the physical space and its influence to reinforce city centres urban attractiveness. It is therefore adjusted to the build-up of an attractive urban image, targeting consumption and investment, potentially creating competitive advantages.

#### 4. The critical role of governance structures

In this section, we will try to get deeper into the role played by the organization conditions among the different institutions, agents and levels of authority in the conception and implementation of the urban regeneration initiatives.

In this case, two types of organizational structures were developed: the Porto 2001 Agency, a public institution created for the coordination of the European Capital of Culture event in 2001, and the economic revitalization partnership responsible for the coordination of the public action with the private interests<sup>13</sup>, designed to structure common initiatives in terms of ‘physical and economic regeneration’. (see Chart 1)



<sup>13</sup> Two associations representing businessmen from market and services.

In these two types of governance structures, several dimensions correspond to different action and decision-making contexts. Accordingly, which is the critical role played by these different governance structures in the process of planning and urban regeneration process?

#### 4.1 *The role of Porto 2001 Agency*

This private agency, which also has public funds, and whose shareholders are the Portuguese government and the local authority, represents the organizational solution that aimed at facilitating and accelerating the design, launching and execution process of the Portuguese government's action on the PECC event. It was a solution that pursued, in a flexible way, to make specific financial appropriations, cost/efficiency criteria, and different levels or sectors of public action. It is worth noting that this solution has been adopted in Portugal for the organisation of specific or one off programmes (as it is the case of the urban intervention related to the international exposition 'Expo 98') within the principles of State organization/modernization and public management currently used in Europe, in the 80's and 90's, for local coordination of urban policy interventions (Cf. Berry et al. 1993; Caillose et al., 1997; Syrett and Baldock, 2001; Fraser, 2003, among others<sup>14</sup>).

There are here, however, some distinctive characteristics, different from other organizational contexts<sup>15</sup>, and we should highlight the influence exerted by local authorities on these companies, by appointing directors and defining the main strategic action plans.

In this context, private companies with public funding are seen by local powers as a positive instrument of governance, which is created to adapt and facilitate its performance at the level, for example, of budget management and coordination of various levels or sectors of public administration.

This is, therefore, the scenario for the creation of the Porto 2001 SA. Agency, which is to manage a global budget of over 226,5 million euros, between 1999 and 2002.

To these general characteristics and conditions we can add two specific demands made by the Empresa Porto 2001, which are linked to its function as service provider with hybrid nature, given the connection between cultural and urban issues, which justify its performance in three main action spheres:

- i) Planning and execution of urban requalification works, with the right, given by the municipality of Porto and other public organizations of central administration, to manage EU programmes that co-finance urban renewal and revitalisation interventions;
- ii) Investment in cultural facilities, with particular emphasis on the *construction* of a new central library and a cultural facility equally notorious and

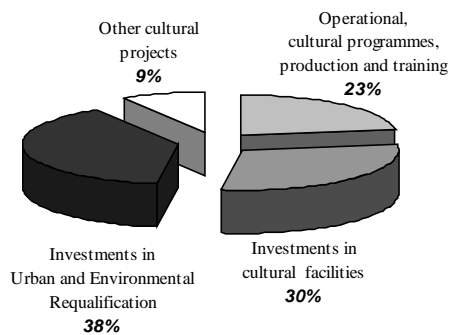


<sup>14</sup> Apostol and Chaudhuri, 2003; Carrière and Demazière, 2002.

<sup>15</sup> Unlike other contexts of decision-making processes where the political control is made essentially by the central administration (Leach and Percy-Smith, 2001).

controversial, because of the amount of money involved – the “Casa da Música” (*House of Music*), designed by Architect Rem Koolhaas, which is still being built (see Fig. 1). As regards the *requalification* of facilities, important interventions were also conducted in museums and theatres located in the city centre; the rest of the budget was directed at iii) the cultural programming and other expenses associated with the operation of the event, 32% of the total (Graphic 1).

**Distribution of Porto 2001 Global Budget**



The influence of these aspects on the design of the urban regeneration process is clear. The public agency plays a role more concerned with ‘specifications’, since it provides the financial resources and the execution efficacy of diversified projects, in due time, rather than intermediating, in the sense that it operates as a supporting structure to the local agencies and organizations. From this point of view, it had difficulties in addressing ambitious objectives, related to serious local problems, in spite of

favouring a more simplified intervention model adapted to a ‘flagship urban project’ reasoning. One should note that this logic is indeed the chosen one in numerous urban regeneration operations in Europe managed by organizational structures with similar objectives (see Bianchini, Dawson et al., 1992), which, in addition, allows us to understand the important role played by the urban project, and by the subsequent physical space requalification actions in Porto.

#### 4.2 The impacts of the public/private partnership

The second governance structure mentioned above (Economic Revitalization Partnership) includes another type of objectives and characteristics, since it relies on an association of public and private agents. The issue here is the attempt to integrate different interests in the implementation of urban requalification actions in specific areas of the city. On the one hand, the public interest represented by the Porto 2001 Agency and by the local authority and, on the other hand, a series of private interests connected to economic activities such as commerce and services, represented by two associations of the corporate sector.

This partnership constituted by the four above mentioned institutions intends to achieve two fundamental purposes. Firstly, it attempts to invert the city centre’s functional decline through the articulation between the physical space requalification actions and the revitalization of the urban functions at loss (which is the local commerce and restaurants’ case). However, from a more operational point of view, it equally involves making the best out of the financial resources of a national programme of commercial urbanism to subsidise investments in urban public space requalification<sup>16</sup>. These aims

<sup>16</sup> The co-partnership of private investments for the modernization of the commercial activity was highly significant since this program, supported by EU funds, allowed for a non-refundable subvention that could range from 50 to 66% of the eligible expenses on the investment of each businessman, and a maximum limit of 30% of the total amount invested by the private sector for the requalification of the urban public space.

are interrelated, since the reasons for economic revitalization also affect the access to financial instruments.

However, this organisation, constituted in a similar way as other partnerships essentially created as *marriages of convenience*<sup>17</sup> (Kearns and Turok, 2000) would constitute, paradoxically, a factor of fragmentation of power and conditions for public action (cf. Alves, 2001).

This fragmentation was associated with the presence of various types of institutions with different directors, but without a clear and consensual leadership and a deficit of work routines that endangered the principle of creation and implementation of policies on the form of investment and influence networks. Adding to this environment of multiple thinking and lack of shared purposes and expectations, there is also a dubious legislation: on the one hand, this legislation transfers some rights and duties of the local authorities to the Empresa P2001, making it exceptional, from the point of view of autonomy and facilitation associated with the PCEC 2001 programme, and, on the other hand, the specific legislation associated with the programme of economic revitalization compromises the autonomy of the Empresa Porto 2001, forcing it to share the power in an important intervention programme within the frame of the global strategy.

This confusion is reinforced by the instrumental way in which the institutions are created, namely the partnership of economic revitalization that is set as a requisite for application and access to the national programme URBCOM, co-financed by the EU and that, therefore, should respect the principles of partnership and subsidiarity demanded by this supra-national governance institution (CEC, 1997; EC, 2003). Moreover, these principles are also emphasised by the official documents in Portugal, namely the Programa Operacional da Economia (POE, Economic Operational Programme), which criticizes the dominant organizational culture in Portugal, which is individualist and hermetic, concerning a scarce cooperation in the governing frame of Public Administration and economic agents (POE, 2001, p.11)<sup>18</sup>, and prescribes a more significant cooperation and coordination between these institutions when designing and carrying out the economic projects.

Despite these political recommendations, the inadequacy of the action and decision-making processes of the Empresa P2001 to the expectations of the institutions involved in the partnership would lead to misunderstandings and to a unilateral decision taken by the Porto Businessmen Association, of not subscribing the application to the URBCOM programme.

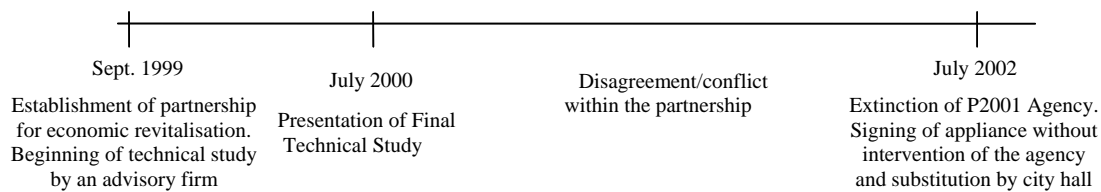
This deadlock lasted more than two years until the extinction of the P2001 agency (Chart 2), when its competences were transferred to the municipality and the change of political party in the local government facilitated the resolution. This same deadlock was responsible for a decrease of about 14% of the financing fixed for Urban Requalification in the Porto European Capital of Culture event (with a budget of 88.7 million euros) and would create a very adverse background to private investment, when,

---

<sup>17</sup> Since it implied a *utilitarian perspective of budget enlargement*.

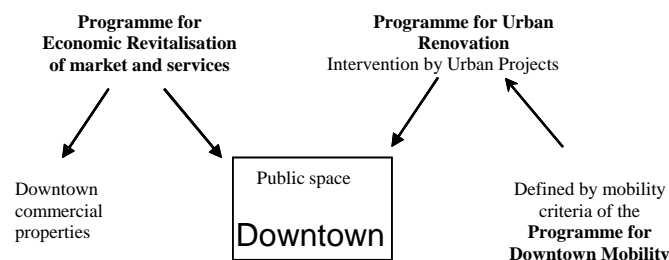
<sup>18</sup> Article 3 of Decree-Law no. 70-B/2000, which approves the framework for the creation of instruments for economic action policy for the period comprised between 2000 to 2006, recommends, therefore, the joint participation of public powers and economic agents (companies and associations representing them) in the matter of conception and supervision of the actions (Decree-Law no. 70-B/2000, May 5<sup>th</sup>).

in late 2003, the Programme for Economic Revitalization was finally launched (with a low adherence rate).



Next, we will get deeper into some of the aspects associated with the arising conflicts and analyze some of their implications for the purposes of urban regeneration.

The instrumental character of the partnership has already been highlighted, and it was related to the access to incentive-based instruments for the traditional business network’s modernisation and the city centres’ commercial revival, which were provided by the Portuguese government through European Union funding, and which involved significant amounts of money. With this scenario, and since the aesthetical quality and the good maintenance of central public spaces contribute to commercial attraction, the areas of the local commercial revival programme were conceived to coincide with the ‘specific areas’, which were the object of attention in the context of the urban renovation initiatives to be promoted by the Porto 2001 Agency (Chart 3).



The combination of these areas, on the one hand, would potentially generate common benefits for the involved partners; on the other hand it posed specific technical questions that derived from the methodological presuppositions defined for the public space requalification project.

Above all, what was at stake was the non-adequacy of the mobility criteria that were applied in these projects to the specific interests of commerce and services in terms of general accessibility and logistics. As it was mentioned in the previous section, mobility management represents one central dimension of the urban requalification and public space transformation model promoted by the Porto 2001 Agency.

The mobility criteria are reflected on the streets dimensioning (imposing a reduction of the space available for car circulation, therefore promoting enlarging of sidewalks), as well as on the restriction to its use for parking and loading/ unloading purposes. These

solutions are criticized by corporate associations involved in the partnership, considering that they don't fit into the logistics of commercial activities, and also wondering about its potential impacts in the promotion of local accessibility and, therefore in the increased drive of the commercial areas involved.

This position, which is related to technical reasons, generates uncertainty and conflicts among the involved agents, not only in terms of technical mechanisms of intervention, but also in terms of the role of the different agents and their decision-making contexts, and to methodological issues, associated with the decision-making processes that allegedly left out the economic interests of the commercial sector (for example as regards loading-unloading or parking solutions).

Therefore, it aggravates a situation of conflict among the partnership members (Alves, 2001) and clearly has negative implications on the development conditions of the commercial revival programme and its associated mobility and public space requalification programmes.

These issues introduce two central questions. On the one hand, the lack of explicit points of reference in terms of the power relationships between the various agents involved, which is responsible for the difficult coexistence among partners. On the other hand, the issue of the (social) legitimacy of partnerships, namely the corporate associations' (which are represented by the partnership) lack of interest in the cooperation with the public institution is evident as soon as their members feel that their 'performance' has been questioned. However, equally at stake was a sustainable mobility strategy based on the harmonized development of different modes of urban public transport.

## **5. Partnerships and urban regeneration policy**

An analysis was conducted on the relationship between the adopted planning model for urban regeneration carried out in Porto's centre, and the types of urban governance structures.

Links were established between the operational conditions of those strategies and specific actions and decision-making contexts. In addition to the concluding remarks made through this analysis, an important outcome of this case study is the fact that the organizational structures ended up as being a constraining element of the urban planning challenges.

The public/private partnership, for having unequivocally blocked the development of the functional revitalization project of the city centre, and also for having obstructed the carrying out of a sustainable mobility strategy. The public agency for having centered the urban intervention model in urban planning procedures tied to the urban shape and the public space layout, following a flagship urban project logic unadjusted to the overcoming of the diagnosed urban deficiency situation when the objectives were initially outlined.

The disparity verified between the initial urban intervention purposes and the final accomplishments, or between the diagnosed problems and the actions that were conceived, also reveals the problem enunciated at the beginning of this paper, where the

importance of establishing a balanced relationship between the organizational level and the outline of adequate urban policy strategies was underlined.

The case study incisively exemplifies the tension between an organizational logic adapted to the strategic reinforcement of urban competitiveness (where not only the 'flagships urban projects', but also the selective involvement of economic agents are considered key elements), and the need to develop systems of institutional organization, or urban governance, closer to the local problems and aims of sustainable urban development, where the new urban regeneration policies have been generally included.

It identifies also the way in which these organizational logics follow international tendencies for the changing of the traditional government ways to new governance forms based on a multi-agency approach (Stoker, 1998), which seek to restructure the classical separation between state and market (Le Galès, 1998)<sup>19</sup> and how they are strongly backed up by the European and national political agendas.

In fact, in the case of the Empresa Porto 2001, it was clear that its institutional design was determined by a logic of urban policies directed at *ad hoc* projects of city marketing, which are characterized by enormous demands in terms of deadlines and by a great level of discretionarity and hierarchical procedures that would have an influence on the quality of the communication and negotiation processes, as well as in the work processes.

It is important to keep in mind that the *European Capital of Culture* event had a time frame of just four years for planning, carrying out and presenting the event in the last year, and therefore the ambitious urban regeneration strategy that was formulated in the early stages was to be materialized in terms of the mere requalification of some symbolic public spaces (squares, streets) and to the construction or renovation of some cultural facilities.

In regard to the sectorial partnership and concerning primarily the economic development, it should be reminded that its creation was directly associated with purposes of application to financings from the Central Government and the EU, a very frequent motive for the creation of this type of local-based partnerships (Bassett, 1996; Geddes, 2000, Carter, 2000), which have been seen as temporary arrangements for obtaining central government funding<sup>20</sup>.

In fact, the purposes of sharing information, resources or working methods, reducing the levels of uncertainty between the parts and the whole or create a better understanding within the partnership were never at stake (Fuller and Vassie, 2002; Elander, 2002), but only the instrumental objective of obtaining access to financings, which restricted an adequate clarification of roles, expectations and responsibilities among the partners and

---

<sup>19</sup> It should be said that in Portugal the vast majority of organizational arrangements based on forms of cooperation between the private and public sectors have been choosing to exclude any communal participation, except in situations in which the financing programmes demand themselves public participation as an application requisite or methodology (e.g. Urban Programme), which has been giving rise to criticism concerning a limited adequateness of the public agendas to social development purposes (Alves, 2001).

<sup>20</sup> According to a process that (McDade, 1998) considers paradoxical, as the constitution of these organizations for the development of *bottom-up* strategies come as a result of an imposition determined at a higher level and not of a need diagnosed locally.

would eventually give rise to a conflict that was responsible for the fading of the institutions and for the wearing out of the image given by the network of local governance.

To conclude, it should be said that, although the (vague) concept of partnership includes a great variety of institutional combinations and frameworks with variable geometry (Kearns and Turok, 2000)<sup>21</sup>, it can be said that the principle of *collaborative governance* (Healey, 1997), which implies the notion of *managing and regulating differences* instead of controlling them in an authoritarian and hierarchical way (Kearns and Turok, 2000) is a key element for its success.

For this purpose, a bigger investment is necessary, both of time and personal and institutional commitment, in the coordination of different interests and expectations, and in the combination of bottom-up and top-down approaches, to enable the integration of different operational cultures, which may be associated to different intervention scales and rationalities.

This is a challenge that depends on the characteristics and attributes of the agents involved (their charisma, leadership and ability to establish dialogue), which affect in an unequivocal way the quality of the organizations<sup>22</sup>, but also on legal frames that are created for these institutions and that are part of models of participated governance, in which it is postulated that the valid decisions are the ones that are negotiated and conquered through joint deliberations<sup>23</sup> (Fordham, Hutchinson et al., 1999; Denters and Klok, 2001; Haus and Heinelt, 2003).

Thus, although this case study confirms the criticisms of some literature centred on the analysis of partnerships<sup>24</sup>, saying that “*with a few exceptions, partnerships are bureaucratic, hierarchical and non-productive, rather than informal, non-hierarchical and synergistic*” (Davies, 2001, p.14), we consider that these organizations are important vehicles for the attraction of private investments and the promotion of social objectives, but, for that purpose, there must be a bigger investment in the arrangement of more comprehensive agendas, not only from a dimensional point of view, but also as regards the agents involved and the scale of intervention (Carley, 2000; Hull, 2002; Mc Gregor, 2003; Percy, 2003).

The experience of urban policy described in this paper shows clearly the relevance of the configuration of shared agendas, socially legitimated for the purposes of urban regeneration. In this context, it is important to remember how the involvement of the

---

<sup>21</sup> As for the type of agents involved, levels of distribution of power and scales of cooperation (Elander, 2002).

<sup>22</sup> Partnerships represent complex interpersonal and organisational interactions, so they depend on the quality of their people (Carley, 2000), and in particular, we see as fundamental qualities of human resources for these purposes the communication and diplomacy skills for the building of mutual understandings and joint spheres of action.

<sup>23</sup> Although, sometimes, an additional ratification by the national government comes as necessary.

<sup>24</sup> Particularly of the implicit or explicit *objectives* their constitution implies (the *why* and *for what*), or its operation mode (Newman and Thornley, 2002; Davies, 2003).

private sector in a late stage of the strategic formulation would turn out to be a reason for upheaval and a blockage to the economic revitalisation process and to the financings of the urban requalification programs (by means of Urban Projects) and the mobility that was associated with them, and that lead us to make the following general recommendations: firstly, and logically, the introduction of cooperation processes from the very beginning of the planning processes (when there is still space for a constructive debate), to gradually establish relationships of ‘confidence’ and ‘transparency’,<sup>25</sup> (Kumar e Paddison, 2000) and building “perspectives” and compromises on what everyone intends to achieve, as well as the potential paths to get there ...

Secondly, we also recommend the involvement of the community or volunteers for a better adequateness of the strategies formulated (by both the public and private sectors) to the local necessities, in such a way that the characteristics of these events, particularly the timescale and the level and nature of funding, won’t separate the answers from the needs or problems felt locally.

In this matter, we should also point out that the character of “emergency” associated with this type of events (which has been legitimating the configuration of companies with power to overcome some bureaucracies that retard the public action), has been revealing spheres of action dominated by the implementation of disperse and symbolic works, with a strong design led component (the requalification of squares, sea fronts, the construction of buildings with a strong impact on the media). These are works that are very attractive for the people, feasible in short term political cycles, but that don’t provide an answer to the structural problems that weaken, day after day, the centres of the major Portuguese cities, namely those concerning the degradation of the social and architectonic patrimony (with the corresponding manifestations of social exclusion). In fact, although these city marketing initiatives have positive aspects, namely in terms of taking advantage of financial opportunities in the context of EU funds, they haven’t been able to provide more specific political answers to the problems of the urban decline of the city centres, which demand decisions at central level and a better horizontal and vertical coordination between the various authority levels of the state and the network of urban governance, which haven’t been promoted by these isolated and fragmentary solutions.

In short, the case study shows the importance of specific organizational context of action and decision making on the success or failure of urban regeneration strategies.

---

<sup>25</sup> Which are fundamental conditions for the removal of barriers associated to decision-making processes and for the construction of a “joined-up thinking”, fundamental for the integration of a wider range of agents in urban regeneration agendas.

## References

- Adair, A., Berry, J., et al. (2003) – Financing property's contribution to regeneration, *Urban Studies*, Vol. 40, N.º 5-6, 1065-1080.
- Alves, S. (2001) - *Planeamento Colaborativo em contextos de Regeneração Urbana*, Tese de Mestrado, Faculdade de Engenharia e Arquitectura da Universidade do Porto.
- Apostol, I. and Chaudhuri, S. (2003) - *An Institutional Approach to flagship projects within the Los Angeles Region and the Ruhrgebiet*. AESOP-ACSP Congress 'The network society: the new context for planning', Leuven.
- Atkinson, R. (2000) - Combating Social Exclusion in Europe: The New Urban Policy Challenge, *Urban Studies*, Vol. 37, N.º 5-6, 1037-1055.
- Bassett, K. (1996) - Partnerships, Business Elites and Urban Politics: New Forms of Governance in an English City? *Urban Studies*, Vol. 33, N.º 3, 539-555.
- Bell, D. and Jayne, M. (2003) – 'Design-led' Urban Regeneration: A Critical Perspective, *Local Economy*, Vol. 18, nº 2, 121-134.
- Berry, J., Stanley, M., Deddis, B. (Eds) (1993), *Urban Regeneration - Property Investment and Development*, E&FN SPON, London.
- Bianchini, F., Dawson, J., et al. (1992) – Flagship Projects in Urban Regeneration, In P. Healey, S. Davoudi, O. T. Mo, S. Tavsanoğlu and D. Usher (Eds), *Rebuilding the City. Property-Led Urban Regeneration*, (pp. 245-255): E & FN Spon.
- Breda-Vázquez, I., Conceição, P., Batista, L., Branco-Teixeira, M. (2000), *Contributos para a Definição de Intervenções de Regeneração Urbana*, Universidade do Porto, Faculdade de Engenharia, Porto.
- Breda-Vázquez, I., Conceição, P. (2002). EU Initiatives and Programmes in practice: in what sense a new approach to urban and regeneration policies?, *EURA Conference – Urban and Spatial European Policies: Levels of Territorial Governance*, Turin.
- Cabral, J. (2002) - Para uma Política de Cidades - Os imperativos, as novas políticas urbanas, as questões críticas, *Sociedade e Território*, 33, (Balanço dos anos 1970-2000), 24-35.
- Caillosse, J., Le Galés, P., Loncle-Moriceau, P. (1997), Les Sociétés d'Économie Mixte Locales: outils de quelle action publique?, in Godard, *op.cit*, pp. 23-96.
- Carley, M. (2000). The strategic dimension of area regeneration. In J. Low (Ed.), *Regeneration in the 21st century - Policies into practice* (pp. 41-49): Policy Press and Joseph Rowntree Foundation.
- Carrière, J.-P., & Demazière, C. (2002). Urban Planning and flagship development projects: lessons from Expo 98, Lisbon. *Planning Practice & Research*, Vol. 17, N° 1, 69-79.
- Cars, G., Healey, P., Madanipour, A., & De Magalhães, C. (2002). Urban Governance Capacity in Complex Societies: Challenges of Institutional Adaptation. In G. Cars, P. Healey, A. Madanipour & C. De Magalhães (Eds.), *Urban Governance, Institutional Capacity and Social Milieux* (pp. 204-225).
- Carter, R. (2000). Strategy and Partnership in Urban Regeneration. In P. Roberts & H. Sykes (Eds.), *Urban Regeneration a Handbook* (pp. 37-58): SAGE

- CEC, Commission of the European Communities (1997) - Towards an Urban Agenda in the European Union, Communication from the Commission. Brussels. COM (97) 197, final.
- Davies, J. (2001) - *Partnerships and Regimes the politics of urban regeneration in the UK*, Ashgate.
- Denters, B. and Klok, P. (2001) - Rebuilding Roombeek-West. *EURA Conference Area-based Initiatives in Urban Policy*, Copenhagen.
- EC, European Commission (2003) - *Partnership with the Cities*, Office for Official Publications of the European Communities, Luxembourg.
- Elander, I. (2002) - Partnerships and urban governance, *Unesco*, Vol., N.º 191-204.
- Fearnley, R. (2000) – Regenerating the Inner City: Lessons from the UK's City Challenge Experience, *Social Policy & Administration*, Vol. 34, N. 5, P. 567-83.
- Fordham, G., Hutchinson, J. and Foley, P. (1999) - Strategic Approaches to Local Regeneration: The Single Regeneration Budget Challenge Fund, *Regional Studies*, Vol. 33, N.º 2, 131-141.
- Fraser, C. (2003) – The institutional and financial conditions of Urban Regeneration in Europe, in *Urban Regeneration in Europe*, C. Couch, C. Fraser and S. Percy (eds), Blackwell Science, 180-199.
- Fuller, C. W. and Vassie, L. H. (2002) - Assessing the maturity and alignment of organizational cultures in partnership arrangements, *Employee Relations*, Vol. 24, N.º 5, 540-555.
- Geddes, Mike (2000) - Tackling Social Exclusion in the European Union? The Limits to the New Orthodoxy of Local Partnership, *International Journal of Urban and Regional Research*, Vol. 24, N.º 4, 782-799.
- Godard, F. (Editor) (1997), *Le Gouvernement des Villes*, Territoire et Pouvoir, Descartes & Cie, Paris.
- Goldsmith, M. (2001) – Urban Governance, in *Handbook of Urban Studies*, R. Paddison (Ed.), SAGE, 325-333.
- Haus, M. and Heinelt, H. (2003) - *Conceptual framework for the PLUS project*, PLUS - Participation Leadership Urban Sustainability, Disponível em <<http://www.plus-eura.org/>> [Consultado em 12/01, 2003].
- Healey, P. (1997) - *Collaborative Planning*, Macmillan.
- Hull, A. (2002) - Neighbourhood Regeneration: Delivering Holistic Area-Based Strategies, in *Planning in the UK - Agendas for the new millenium*, Y. Rydin and A. Thornley (eds), Ashgate, 203-223.
- Kearns, A. and Turok, I. (2000) - Power, responsibility and governance in Britain's new urban policy, *Journal of Urban Affairs*, Vol. 22, N.º 2, 175-191.
- Kumar, A. e Paddison, R. (2000) – Trust And Collaborative Planning Theory: The Case of the Scottish Planing System, in *International Planning Studies*, Vol. 5, Nº 2, 205-223, UK.
- Le Galès, P. (1998) - Regulations and Governance in European Cities, *International Journal of Urban and Regional Research*, Vol. 22, N.º 3, 482-504.

- Leach, R. and Percy-Smith, J. (2001) - *Local Governance in Britain*, London.
- Loftman, P. and Nevin, B. (1995) – Prestige Projects and Urban Regeneration in the 1980s and 1990s: a review of benefits and limitations, *Planning Practice and Research*, 10, N. 3/4, p. 299-315.
- McDade, C. (1998) - *The Effectiveness of Public Participation in the Regeneration of Town Centres*, MSc in Urban Planning, Oxford Brookes University, Oxford.
- Mc Gregor, A. (2003) - *Developing people-regeneration place: achieving greater integration for local area regeneration*, Policy Press and Joseph Rowntree Foundation.
- Newman, P. and Verpraet, G. (1999) – Impacts of partnership on urban governance: conclusions from recent European research, *Regional Studies*, Vol. 33, N.º 5, 487-491.
- Percy, S. (2003) - New Agendas, in *Urban Regeneration in Europe*, C. Couch, C. Fraser and S. Percy (eds), Blackwell Science, 200-209.
- Programa Operacional Economia - Disponível em <[http://www.poe-incentivos.com/urbecom\\_2.shtml](http://www.poe-incentivos.com/urbecom_2.shtml)> [Consultado em 25/09, 2003]
- Sociedade Porto 2001 SA (1999) - *Porto 2001: regresso à Baixa. Consulta para a elaboração do Programa de Requalificação da Baixa Portuense*, FAUP Publicações, Porto
- Sociedade Porto 2001 SA (2002) – *Relatório e Contas do Exercício de 2001*, Porto.
- Stoker, G. (1998) - Public-Private Partnerships and Urban Governance, in *Partnerships in urban governance - European and American experience*, J. Pierre (eds), Palgrave, 34-51.
- Syrett, S. and Baldock, R. (2001) - Changing Times, Changing Styles: New Forms of Economic Governance in London, in *Governing London: Competitiveness and Regeneration for a Global City*, S. Syrett and R. Baldock (eds), Middlesex University Press, London, 1-21.