Graça Fonseca

Graça Fonseca has been a Councilwoman of Lisbon City Council since 2009. She is responsible for the areas of Economy, Innovation, Modernisation and Decentralisation.

1. From Academic to City Leader

Graca Fonseca was born in Lisbon in 1971. She remained in the city for her undergraduate studies, obtaining a Law degree from the University of Lisbon. Fonseca went on to obtain a Masters’ Degree in the Sociology of Law from Coimbra University and a PhD in Sociology from Lisbon’s ISCTE. I She began her career as an academic, working as a research assistant at the Social Studies Centre of Coimbra University in 1997. ii Fonseca’s work at Coimbra was in the field of justice and internal affairs, and in 1999 she began to work with the newly appointed Minister of Justice, Antonio Costa. Fonseca developed a strong working relationship with Costa. She followed him into politics, and has worked with him ever since. iii

Initially, Costa and Fonseca worked together in Portuguese central government, with Fonseca taking up appointments including chief of staff to the Minister of State for the Interior (2006-2007), chief of staff to the Secretary of State for Justice (2005-2006), advisor to the ombudsman for the area of the State Administrative Organization (2002-2005), and deputy director of the Office of Policy and Planning, Ministry of Justice (2001-2002). iv In 2007, Costa resigned from his posts in central government in order to run for Mayor of Lisbon. v Fonseca remained involved in central government, as a consultant to the Office of the Secretary of State Assistant to the Prime Minister until 2009 when she ran as Costa’s deputy. vi

Having been elected as Councilwoman, Fonseca found that she developed a liking for local government:

“It is a totally different area from where I come from – justice and internal affairs is not a matter of local policy - but in fact it is the level of administration where you can really make a change and touch peoples’ lives, and a level where you feel that you can make a difference. So I just kept on going”.

2. Problems in Portugal

When Graca Fonseca became a Councilwoman in 2009, Portugal was on the brink of its worst recession since democracy was established in the country. vii Government debt stood at roughly 77% of GDP at the end of 2009. viii By 2011, unable to finance its budget deficit, Portugal obtained a bailout from the IMF, and austerity measures were implemented across the country. More than a quarter of young people (aged between 16 and 25) nationwide were unemployed ix. The situation in Lisbon was equally dire. The city was struggling from three decades of out-migration: around 100,000 inhabitants had left the city each decade for the preceding 30 years. Along with the people, went jobs and investment. Lisbon was losing out, not only to international competitors, but also to domestic ones who could offer companies cheaper operational costs. Fonseca explains that previous leaders had neglected to focus on the city’s economy, believing that it would survive purely by virtue of
its role as a capital city. They were proven wrong - by 2009 unemployment in Lisbon was 12.8%. Graca Fonseca, in taking on responsibility for Economy, (as well as Innovation, Modernisation and Decentralisation) had a difficult job on her hands.

3. Fonseca’s Innovative Leadership

Since becoming a Councilwoman in 2009, Graca Fonseca has tried to innovate and introduce creative new approaches in order to resuscitate Lisbon’s economy. Some of the most significant of her new measures have been:

3.1. Encouraging Entrepreneurship and Start-Ups

Fonseca’s key strategy for tackling unemployment in the city has been to develop Lisbon into an international hub for entrepreneurs and innovative or creative start-ups. She explains the rationale behind the strategy:

“At times when countries and cities face a particular crisis... people are more willing to take a risk, to take a chance. If people have the right support framework in which to do it, they will create their own job and they will create more jobs for other people.”

Under Fonseca’s leadership Lisbon Council has invested around 1 million euros in encouraging start-up businessesxi. Startup Lisboa is their flagship initiative, and was launched in February 2012 following citizen support under the participatory budgeting process.xii Startup Lisboa is a not for profit incubator which provides infrastructure, support services and ‘co-working space’ to new companies in sectors which are considered to be of strategic importance for Lisbon’s economic development, in particular: tech, the environment, tourism, creative industries, university education and research, and the maritime economy.\ The scheme makes the most of the glut of vacant offices in the city’s downtown area, by partnering with private landlords who are incentivised to ‘donate’ their office space by the prospect of a revitalisation of that part of the city. The incubator is seen as an important means of retaining Lisbon’s young talent.

The city’s support for start-ups was deepened with the launch of the Lisbon Incubators Network in 2013. The Network is run in partnership by the city, academia and the private sector. It connects the 11 business incubators around the city, and seeks to create a supportive ‘ecosystem’ for micro, small and medium businesses.xiv Lisbon council’s role is as a co-ordinator, sharing best practice and strategic partners, and fostering international visibility.

Fonseca’s outlook in relation to entrepreneurialism is international rather than purely domestic: she is acutely aware of the need for Lisbon to be seen internationally as a leading location for start-ups. She has been at the helm of council support for numerous global conferences in the city, including TEDxEdges Lisbon, Silicon Valley comes to Lisbon, Start Up Weekend and Sandbox Global Summit which attracted 300 young entrepreneurs from around the world.xv

Graca’s innovations have witnessed some success: in May 2013 Lisbon was named as one of the ‘9 International Startup Hubs’ to watch by Entrepreneur magazine. By August 2013 149 startups had been set up in the city, creating 630 jobs and generating €14 million in turnover.xvi Availability of
funding for Lisbon’s start-ups is also growing: Espirito Santo Venture, Pathena Capital, Faber Ventures, Eggnest and Busy Angels are prominent investors.xvii

3.2. Engaging with large corporates

Fonseca has sought to enhance Lisbon’s economy by focusing on innovation not only a micro-level (i.e. by supporting start-ups), but also at the macro level – in the attraction of major investment and major companies.

As Lisbon’s economy has struggled, so too has it become a more competitive business location – rents have become cheaper, wages are lower, and the city still has the advantage of a highly skilled labour force thanks to the presence of 17 universities (which produce 30,000 graduates each year) and 30 research and development centres.xxiii Fonseca has tried to promote these advantages in order to attract corporate investment, both from national and international sources. The promotion has had some success – for example, Microsoft returned to Lisbon from a neighbouring Portuguese city just over a year ago. Graca also played a role in a recent partnership agreement with the Massachusetts Port Authority, which will seek to foster valuable business connections with Boston and the wider USA.xix

A particularly innovative approach to the city’s relationship with ‘big business’ has been the establishment of Lisbon Business Connections, a project which was begun in 2012 and was spearheaded by Fonseca. The project established regular meetings in which the local business community could meet with the council to discuss city matters which affect their businesses – whether that is housing, transport, integration of employees or even the city’s strategic planning.xx Fonseca explains that “those sorts of networks and dynamics are very important for big corporations and big enterprises” – they give the council the opportunity to solve corporations’ problems, and thus to enhance the city’s competitiveness.

Finally, Fonseca’s role as councilor for both economy and modernization prompted her to lead an exercise in reducing bureaucracy for companies looking to engage with the city. A particularly successful initiative was undertaken in the film sector, where Lisbon has natural advantages due to its year-round daylight, sea front aspect, and historic architecture. The City Council set about simplifying the procedure that film producers had to go through to obtain a licence to film in the city – the application period was reduced from around 10 days to only 2 days, and the number of city departments involved in the application process was reduced. A new Lisbon Film Commission responsible for promoting the industry was also set up.xxii Indications are that these improvements are beginning to make the city more attractive as a film-making destination.xxii

3.3. Administrative Reform

In addition to being responsible for Lisbon’s economy, Graca Fonseca is also in charge of decentralization and modernisation, and she has recently led an innovative administrative reform programme in these areas. Lisbon has two levels of administration – parishes and the city. Fonseca’s recent reform consolidated the city’s lower tier of administration, reducing the number of parishes from 53 to 24, in order to increase power and resources at the local level and bring decision making
closer to citizens. As Fonseca explains “we really do believe that we should decentralize competence and we should give the power to those entities that are closer to people”. Parishes now have a larger budget of around 68 million euros a year, compared with 20 million prior to the reform.\textsuperscript{xiii}

The reform is ongoing – 1000 city employees are currently being transferred from the city to the parish level – and represents the most significant innovation in Lisbon’s administrative structure in more than 50 years.\textsuperscript{xiv} Fonseca hopes that the overhaul in Lisbon will act as inspiration for Portugal’s central government, which also operates within a very centralized structure.

4. Advice for City Leaders

Graca Fonseca has more than 10 years’ experience of working in both central and local government in Portugal. With the benefit of that experience she has the following advice for prospective city leaders:

4.1. “Inspire Confidence”

Mistrust of politicians and concerns of corruption plague electorates around the world. Fonseca advocates that prospective city leaders must do all that they can to tackle this issue by building confidence amongst their citizens. She explains:

“The first role [of the city leader] is to make people believe that [what they promise to do] is possible. If people don’t believe that you can make a change and do what you are promising to do then you are not a city leader”.

Fonseca feels that working in a transparent and open manner is key to building confidence amongst citizens. Explaining your decisions, plans and even mistakes is particularly important, and enables citizens to de-mystify the workings of City Hall.

4.2. “Be True to Yourself and to People”

Graca Fonseca warns against the dangers of city leaders developing an ‘ego’. She advises that city leaders should not let themselves be changed by their position, and should remember at all times that their role is as a representative of their citizens. She explains:

“Even if you are prime-minister it doesn’t matter – you can have a sense of proximity with people in terms of speaking with them and empathizing with them. That is what I have learnt is very important.”

Fonseca believes that it is particularly important for leaders at the local level to be available to speak with citizens. In her own role as representative for the economic sphere, she has tried to make time to hear all the ideas, projects and businesses that citizens propose. She feels that this builds
confidence not only in the city leader, but also amongst the citizens themselves – fostering a sense that they can make a success of their idea and achieve change.

4.3. “The People Know Best”

Graca Fonseca also cautions against city leaders being blinkered to others opinions, and believing that they always ‘know best’. She believes that, particularly at the local level, often the citizens themselves are the best equipped to make decisions. Lisbon’s recent decentralisation of powers and resources to the parish level (see section 3.3) reflects this belief.

With this principle in mind, Fonseca has also been at the helm of an innovative new method of participatory budgeting in Lisbon which seeks to bring decision making closer to the people. Introduced in 2008, the scheme sets aside 5% of the city’s investment budget to be used as the citizens wish. This means that the citizens currently dictate the expenditure of around 2.5 million euros of the city’s money. In Fonseca’s view this is only right as “it is the money of the people in Lisbon who pay taxes, it is not ours” xxv

Citizens propose projects that they would like to see in the city, either online, or through participation in on-street ideas ‘collection’ (for example, the city has an outdoor post-it wall specifically for citizens to attach ideas to). After a period of two months the city collects the ideas and adapts them into schemes – by assigning each project an appropriate price and timescale. The collated schemes are then presented to the public, who have a further two month period in which to vote for their favourite. The council undertakes to implement all schemes with the most votes, up to the threshold investment amount (currently 2.5 million euros), within two years of the winners being decided. In 2013, there were 16 project winners, including two projects which secured over 150,000 euros of investment – a botanical garden project and a mobility project.xxvi

![Figure 1: Lisbon’s Participatory Budget ‘Post-It Wall’xxvii](image)

The scheme has been a huge success – in only six years the number of participants has increased from 1,000 to 40,000 voters. Fonseca is, justifiably, proud of the scheme:

“We have managed to make people feel that it is worth going there each year [i.e. to the participatory budget website] and having a say on something about public money and public policy”.

She also feels that the scheme is of benefit to city leaders themselves, as it gives them the opportunity to interact with citizens, to explain internal processes, and ultimately to improve transparency and trust.
4.4. “Don’t lose sight of your motivation”

Fonseca admits that life as a city leader can be challenging, involving long hours and hard work. She advises that, to maintain motivation and momentum, it is crucial not to lose sight of an individual’s initial reasons for becoming a city leader, saying: “If you want to go into politics and be a city leader because you feel you have the ability to change something, to make a difference, then never lose that perspective”.

5. Lisbon and the Future

Lisbon’s economic climate remains tough: more than a third of young people (under 35) were out of work in 2013 and wages were continuing a downward trend. However the city is noticing the impact of Fonseca’s innovations. The investment in start-ups and entrepreneurialism is beginning to put Lisbon’s name on the global map as a viable home for new tech companies. Creative industries are also beginning to flourish as a result of specific support given to the sector and EU funding. About 30% of Portugal’s creative employment and 47% of GVA are generated in Lisbon by almost 22,000 sector companies.

Figure 2: Organisations and Events in Lisbon’s Growing Creative Industries

Perhaps the longest lasting legacy of Fonseca’s leadership will be the reforms she has led to place Lisbon’s citizens closer to the heart of the city’s decision making processes. The administrative decentralization reforms, together with the growing popularity of the city’s novel participatory budgeting process, promise to transform the way in which choices are made about the city’s future course.
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