Ibone Bengoetxea Otaolea

Ibone Bengoetxea Otaolea has been Deputy Mayor of Bilbao since 2007. She is City Councillor for Culture and Education, and Co-ordinator of Cultural Policies, Education and Leisure. She is also President of EUDEL, the Basque Association of Municipalities.

1. An Accidental Leader

Ibone Bengoetxea was born in Bilbao in 1967. She trained as a psychologist at the University of Deusto in the city and later worked as a psychologist for the Council of Bilbao’s children’s service. Although she was a member of a political party (Partido Nacionalista Vasco (PNV), the Basque nationalist party), Ibóne’s membership reflected a personal sense of Basque identity and family ties to the party - she had never considered a career in politics.

Her election as a city councillor came about almost by accident. In 2003 Bengoetxea was working at Metro Bilbao, having spent six years in various roles both there and at Eusko Train. The PNV asked Bengoetxea if her name could be added to the list of electoral candidates to ‘make up numbers’. There was no danger of Ibone being elected, the party assured her, as her name was so far down the list of nominees. However, the PNV were hugely successful in the 2003 municipal elections, and Bengoetxea was, unexpectedly, elected into one of their representative positions. She began her political career as City Councillor for Traffic and Transport, and has remained in local government ever since. Ibone explains:

“I fell in love with local government because it is very close to the needs of the people. You are very close to the problems of the people. And I like people, so I remained!”

The subsequent local elections in 2007 saw Bengoetxea elected second Deputy Mayor, and she became City Councillor responsible for Culture and Education. She was re-elected to these roles after the 2011 elections. In 2011 she was also named President of EUDEL, the Association of Basque Municipalities – the first woman ever to hold that position. When Mayor Inaki Azkuna was forced to step down in March 2014 due to ill health, Bengoetxea moved up the Council hierarchy to fill the position of First Deputy Mayor.

2. Crisis and Transformation in Bilbao

When Bengoetxea was growing up in Bilbao in the 1980s, the city was crisis-ridden. Its shipbuilding, steel and iron industries could no longer compete on price with new competitors in emerging markets, and the city’s port function was declining. Unemployment rose to 27% and the city entered a period of social depression. The separatist group ETA were in one of their most active periods of terrorist activity, and severe flooding of the Nervión River in 1983 destroyed much of the historic centre of the city. As Bengoetxea recalls “the crisis was not only economic, it was also urban and environmental and it became also a social crisis. All the society was depressed.”
Under the leadership of Bengoetxea and other city leaders before her, Bilbao has become a model example of the ‘renaissance city’. It has transformed from a declining industrial port into a hub of knowledge and culture, and a city with a strong tourist draw. Annual visitor numbers to the city increased from 100,000 in 1996 to more than 700,000 in 2011. The transformation was achieved through a mixture of infrastructural investment; a focus on culture, internationalisation and design excellence; and environmental and urban regeneration. (The city leaders’ revitalisation strategy is described in detail in section 3.1). Twenty-five significant projects were implemented during a 25 year period of regeneration and transformationa. The iconic Guggenheim Museum, which was opened in 1997, is recognised worldwide as a symbol of the city’s new identity.

3. The Role Played by Bilbao’s City Leaders

Bilbao’s city leaders were instrumental in the city’s transformation, and have won numerous international accolades in recognition of that fact: Bilbao City Hall was awarded the prestigious Lee Kuan Yew World City Prize in 2010 in commendation of its integrated and holistic approach to urban transformationa, and in 2012 Mayor Inaki Azkuna was awarded the World Mayor Prize.xi

Bengoetxea recounts that a number of leadership strategies were involved in securing a new pathway for Bilbao:

3.1. Have a Plan

Bilbao’s city leaders adopted a three-fold plan for the city’s transition from a declining industrial city to a service-based economy:

- Improve external accessibility and internal mobility

  City leaders focused much of their investment strategy and budget on the development of physical infrastructure in Bilbao. They aimed to enhance transportation links both to the city and within the city. In order to improve external accessibility, the city built a new airport terminal which opened in 2000, and was designed by “Starchitect” Santiago Calatrava.xi The Outer Port was expanded and trade facilities at the port were improved. The city attracted private sector investment to secure the addition of a new container terminal and cargo facilities.xiii

  The city also invested in large scale ‘internal’ mobility improvements, namely a new metro system and rail links, as well as new sustainable transport options, such as a city-wide bike sharing scheme.

- Environmental and urban regeneration

  Bilbao’s city leaders believed that environmental and urban regeneration would be the best way to obtain a strong social rate of return from their investmentxiv. They sought to protect and restore the city’s natural environment, and made a considerable investment in the cleaning up and ‘regeneration’ of the River Nervion. Investments were also made in recovering and reusing urban space, especially in reviving the artistic and historical heritage of the city’s built environment.
Environmental and urban regeneration created new spaces for economic activities, but also created new leisure spaces – improving quality of life for citizens. Cultural transformation and revitalisation was not restricted just to the city centre, but also was extended to surrounding neighbourhoods, so that all citizens felt their homes were affected. Cultural regeneration was the major strategy for rebuilding social cohesion.

- **Innovative public management**

Under the strong leadership of Mayor Azkuna, Bilbao’s City Hall fostered several innovative administrative practices, and modernised itself internally. Practices which were encouraged included:

- Commitment to the development of a systematic and long term plan;
- Flexibility: an appreciation that the ‘plan’ might have to change as the situation in the city changed and a willingness to do so;
- Investment in HR – aligning civil servants with the city’s plan;
- Modernisation of administrative practices, including IT overhauls.

### 3.2. Prudent Budgetary Management

By 2012 the City of Bilbao was debt free, despite the fact that 1 billion euros of infrastructural investment had been financed in the city since 2003.\textsuperscript{xv}

**Figure 1: Comparative Debt Levels in Spanish Cities in 2012\textsuperscript{xvi}**

Bilbao was lucky enough to be able to secure funds for its transformative projects from a wide variety of sources. The city received considerable financial support from higher tiers of government, including the Basque Government, the Provincial Council of Bizkaia and the Spanish Government. EU structural funds helped to finance around 12% of the metro and port projects. The city was also successful in
attracting private sector partner investors, which was inevitably an essential financial ingredient in such a large scale project.

However, the city itself also developed public finance innovations to increase the pot of money it had available: it made extensive and profitable use of publicly owned, obsolete industrial land, which it consolidated, upgraded and sold on to developers. The city also financed the river upgrade through user charges levied on the city’s water users over a period of around 25 years. Begoëtxea is keen to emphasise that a major factor in the city’s financial success was its prudent financial management – in particular the strict programme of economic stringency and strategic budgeting carried out at City Hall.

Economic and budgeting decisions were placed solely in the Mayor’s hands. Budgets were defined in relation to and linked with the strategic plan, and items which did not have budgetary clearance were simply not financed. Begoëtxea explains, “The [strategic] plan had objectives, those objectives had money inside and whatever wasn’t in that plan, whatever thing was not approved or was not in the long term or medium vision, was not [approved or financed]”.

The team at City Hall, firmly aware of the approach, rarely asked for out-of-budget expenditure. Furthermore, in years of surplus, any excess monies were not spent on additional projects or services, but used to pay off debt. Stricter financial management of day to day city expenditure was also introduced – for example with the imposition of a rule that all contracting companies had to be paid within 30 days of invoice.

3.3. Transparent Governance and Citizen Participation

Guiding principles such as openness, transparency and accountability have been crucial to Bilbao’s journey, and it is held up around the world as a ‘reference city’ for transparent governance and citizen participation. Begoëtxea sees transparency and participation as “two sides of the same coin….. People cannot participate if they don’t know what we are doing”. Whilst transparency is an internal matter (i.e. internal to City Hall), participation is external. Bilbao as a city, and Begoëtxea as a leader herself, have been committed to improving both sides of the equation.

In terms of transparency, Begoëtxea explains that communication is key - particularly talking to citizens. She believes that city leaders should not be afraid to admit when they have been wrong, or when they have not fully understood a situation, or made decisions without full sight of all the facts. The City of Bilbao goes above and beyond the transparency requirements imposed by law. Begoëtxea explains why: “Because we are quite selfish and if you are transparent then people are much more happy with you. So it’s a matter of selfishness!”

In 2009, Bilbao was recognized by the European Institute of Public Administration as one of the most transparent local authorities in Europe, and in 2012, 2010 and 2008 Transparency International declared Bilbao the Most Transparent Municipality in Spain.

In terms of citizen participation, Bilbao’s City Council has also been an innovator in developing new participatory governance systems. Participatory Councils have been set up for a number of different interest groups, which provide representatives with an opportunity to discuss how to improve their neighbourhoods. Groups are composed along a myriad of lines - by geographical area, economic sector, age and gender, as well as participatory assemblies for those who live in specific ‘problem’
areas. The city also has a civic council, which is a consultative and deliberative body for economic and strategic issues and includes not only citizens but also representatives from corporates, universities and other stakeholders in the city. Finally Bilbao has a Neighbourhood Urban Observatory - an instrument for analysing and diagnosing social and planning situation in each neighbourhood.xx

Bengoetxea believes that participatory systems are more necessary than ever because citizens are more active and more empowered than ever before. They can, and do, react against government decisions, and it is useful for city councils to use, rather than work against, that active citizenship. As Bilbao’s leaders are aware that a large number of citizens do not participate in the established community groups or civic councils, they try to take into account their interests and gauge any concerns with questionnaires and surveys. Surveys are taken at regular intervals, so that the council can develop a long term impression of their performance. Bengoetxeas’ time in public office has been characterised by an increasing public satisfaction in the local administration, which commentators have linked to enhanced citizen engagement and council accountability. In 2013 only 4% of citizens had negative perceptions of their city’s public management. An overwhelming 68% were positive.xx

Bengoetxea’s personal commitment to open and participatory governance is evident in her role as President of EUDEL. EUDEL was founded in 1982 in order to support the autonomy of Basque municipalities and to represent their interests with other institutions.xxi Furthermore, through her role as Councillor for Culture and Education, Bengoetxea has instilled a belief in her department that cultural rights are the rights of all citizens. She has employed cultural initiatives such as Slow Food Bilbao Bizkaia as tools to foster interaction between diverse groups and encourage broader citizen engagement.

4. Advice for City Leaders

Having spent more than 10 years working in one of the world’s most lauded and successful city governments, Ibone Bengoetxea has learnt a lot about what makes an effective city leader. She suggests four mantras for aspiring city leaders to bear in mind:


Ibone Bengoetxea attributes much of Bilbao’s success to hard work at City Hall. She says that city leaders must be willing to fight to ensure their city is competitive, and to secure quality of life for their citizens. Furthermore, she believes that hard work is necessary at all stages of a city’s development cycle if the city is to succeed. In the initial days of Bilbao’s transition from an industrial economy, city leaders had to work very hard to convince other stakeholders and citizens to accept and support their approach. However, once that ‘buy-in’ was achieved, city leaders needed to maintain that work ethic:

“Now we are also working hard ... because difficulties are always appearing. It is not a process that you begin and then you finish .... the process is always going on. The city is always changing and new challenges are always coming”.
4.2. “Develop a Shared Vision”

Bengoetxea is clear that securing buy-in from different stakeholders is key: “to take a city ahead and to go through the difficulties - one cannot do it alone – different people are needed to go with you, and with the decisions”.

Bilbao’s city leaders had a vision of what their city could become. That vision was shared between all levels of government: the city council, the regional government, Basque government and Spanish government. Bilbao Ria 2000, set up in 1992 to facilitate land acquisition and redevelopment in the city, provides a good example of the true multi-partner nature of the transformation in Bilbao. Bilbao Ria 2000’s activities were guided by the shared strategic vision of the city, provincial and Basque governments, all of whom were shareholders in the company. Major landowners, including the Port Authority and railway companies, were also part-owners of the organisation. The Mayor of Bilbao was appointed President, and the national planning minister the vice-President.xiii

Unity of vision and approach was a particularly important issue in Bilbao, where there were difficult decisions to be made. Citizens found it difficult to understand why money was being spent on cultural regeneration, rather than propping up industry, and the unity of different government levels and different political bodies helped in building trust and securing support.

4.3. “You can’t rely on an icon”

The Guggenheim Museum is symbolic of Bilbao’s renaissance, and its new global identity as a centre of culture. The museum is often cited as a cultural project which lead a city’s regeneration.xiii However, for other city leaders considering a similar project, Bengoetxea is keen to emphasise that “the Guggenheim Effect” was only one part of the city’s regeneration strategy, and that an icon is not a strategy in itself. In fact she says, “The Guggenheim was the symbol of a new challenge for the city in the next 50 years”.

4.4. The Three Cs: Commitment; Coherence; Confidence

Bengoetxea identifies three characteristics that a successful city leader should seek to develop.

- **Commitment**: city leaders should be committed to their city vision. They should be willing to “work, work, work” at achieving their city’s targets. It is only through commitment to a city vision that city leaders will be able to convince others of the approach, and if necessary convince higher tiers of government to commit resources.

- **Coherence**: It is important to develop a clarity and coherence to your vision, ideas and your strategy. Bengoetxea emphasizes that this does not mean that city leaders should be inflexible: they should be able to change their ideas and plans as the city changes, and should be willing to change it if the citizens require.

- **Confidence**: City leaders should *inspire* confidence amongst their citizens. They should have credibility and be able to build relationships of trust. Transparency will be particularly important in achieving this.
5. Leading into the Future

Ibone Bengoetxea’s own future as a city leader will once again be determined at municipal elections in May 2015. She is currently considered one of the favourites to succeed the hugely popular and successful Mayor Inaki Azkuna, who died in March 2014. xxiv

In the meantime, Ibone Bengoetxea, and other leaders at Bilbao’s City Hall, are working on the next phase of Bilbao’s development. The city is embarking on a major project, Bilbao NEXT (standing for New Economy + Territory), which looks to improve economic vitality for the region by creating relationships in the city’s wider metropolitan area and beyond. The strategy focuses on four economic sectors in which Bilbao believes it can be particularly competitive: Advanced Business Services; Eco-technology and Urban Solutions; Art, Technology and Design; and Tourism, Quality of Life and Health. xxv

Bengoetxea believes that the job of transforming Bilbao is only just beginning, and continues to live by her motto of ‘work, work, work’. “Bilbao NEXT” she says “is what we are working quite hard on now”.
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