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# **The Basque Case**

Bilbao - Basque Country  
City-Region Competitiveness

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## I. INTRODUCTION

Analyze the Bilbao - Basque Country case enables us to identify clear relevant for the achievement of sustainable competitiveness (inclusive) in a City-Region and point out critical ingredients for your learning and application throughout the world.

*Figure 1* collects the Framework of “Determinants of Competitiveness Cities and Regions” that we propose from the GAC-Competitiveness in the WEF. By pointing out these key factors, we can understand the City’s evolution as well as the successful roadmap to build a competitive vision. According to it, the Bilbao case offers the following actions of interest:

1. In a short period of time (30 years), Bilbao has undergone a radical transformation from a city-region immersed in a deep industrial decline (based on traditional crisis sectors over the iron monoculture) in a growing alienation towards the periphery of the European growing regions in the 80-90 years, with high unemployment (26%) and a pessimistic psychology of its population with a total lack of self-esteem and influence. In addition, as a complex region, there were multiple economic, political, institutional, financial problems, as well as political violence and terrorism, consequences of a process to undertake after the end of a 40 year dictatorship, after a bloody civil war and a deep international isolation, in the economic and political fields. In this context, Bilbao - Basque Country designed its own Strategy in/from the City Region (in/from City’s Strategy). That is, a dual strategy guided to their opening and connectivity with the outside, while "inward" at the service of its citizens, companies and local agents.

This strategy is synthesized in its explicit purpose formulation: **"Modernize and internationalize the country and its economy at the service of well-being"**.

2. The **proposed Strategy** was articulated around the four key themes already indicated in terms of the “determinants for Competitiveness”, outlined attending a concrete four-part taxonomy solving the City-Country’s needs and the weakness highlighted as what we may call “the unfinished business”: Institutions (how to reform), Market Regulation (what to reform), Hard Connectivity and Soft Connectivity. These key elements must be defined (and answered) based on a specific and unique vision or unique value proposition. ***(Each City-Region is unique, has its own purpose and assumes a differentiated commitment, within a specific strategy in different times)***.

## II. THE FOUR-PART TAXONOMY

### 2.1 HOW TO REFORM?

#### A) Vision

The own view established in its strategy led to a own model both in the definition and the participation of its economic and social people, strengthening the democratic system, citizen control mechanisms and generation of ad hoc instruments for the management of the different lines of action.

#### B) Leadership

**A shared, public-public**, (between the different institutional levels and public opinions in municipal and regional fields as well as with central Governments and the European Union) and **public-private leadership** (under directories and public strategy but with the participation and private execution).

Aimed to access and reinstall (Devolution process) self-government with a new Autonomy Statute and an internal confederal organization, the Basque Country assumed leadership and its own orientation, differentiated from Spain's strategies and certain European policies used in those years. Although a common framework was needed (let's say to become "global" as well as "European") each city-region has its own specific strengths, a concrete and different "state of development", a unique culture, priorities, motivations and purpose so different times, strategies and resources are needed.

#### C) Institutions

The use of formal institutions of Governance (Government, Parliament, financial institutions...) allowed the Basque Country to redefine an "institutional framework" ad hoc to the main vectors of the radical transformation underway, emphasizing: **a)** A competitiveness program support of a score of AIE and enabling associations of the 20 main CLUSTERS that would drive its economic renewal; **b)** A network of science and technology (from the Education-Industry ministry); **c)** An agency of innovation integration of business and social participation; **d)** Public-private agencies for planning and infrastructure; **e)** A "Network of Welfare" at the service of its society in terms of education, health and social welfare so much by equity principles as a key factor of competitiveness and generation of wealth and employment.

Additionally, a budget framework (Public) support of major tractors initiatives of the transformation.

#### D) Trust and Confidence

The institutional system, the Government's credibility, the business culture and the shared vision as well as Democratic Control and Transparency support a high level of Trust and Confidence. This represents more than a "leading and management culture" but the real fuel for a sustainable model.

All these elements, present along the medium and long term process, enables governments and society the opportunity to build a successful path to approach all reforms needed.

## **2.2 WHAT TO REFORM?**

Given that the Regulatory character corresponded largely to Central Government (Spain) or supranational (Community Europe) as well as the main macro-economic policies, the strategy of Bilbao concentrated on microeconomic towards operations approach, the Management and its social implications.

The Basque strategy "worked" against current either re playing general policies at the service of its own path in order to prioritize the following reforms:

- Clustering its economy breaking classic swaps, interrelating companies, Technological Centers, Universities, financial institutions and Governments for competitiveness. More than 2.000 leaders work steadily in the process around a dozen clusters.
- Internationalize companies (attracting foreign investment and complementary companies of ongoing strategy), favoring the output abroad (Europe, USA, Japan and emerging countries), making easier the exit of students and researchers abroad and attracting talent to the country. Foreign companies and country support network.
- Modernize and Reinvent Public administrations installing an entrepreneur driver philosophy.
- Special projects of strategic nature, integrating economic, fiscal, industrial, technological and budgetary policies in the service of their goals.
- Physical transformation of cities across the country, providing each individual special plans, interconnected, generating instruments (corporate, financial and specific management for each case) and with international expert support.
- Redefine a unique social and economic eco-system so all strategies had a limited interaction avoiding a panel of parallel planes, frameworks or actions but a unique integrated and systemic framework to work in a convergent complete context, creating the "Basque Model" for competitiveness, wellbeing and human development. Bilbao's strategy was just ONE, relevant, piece of this entire model.

## **2.3 STRATEGIC: HARD INFRASTRUCTURE AND CONNECTIVITY SOLUTIONS**

The main HARD Infrastructure and Connectivity Solutions may meet in:

**2.3.1)** Successive plans of Infrastructure (physical and intelligent) favoring internal and external connection (Spain, Europe, international).

Railways, Ports, Airports, Roads, Logistics, Transport, Municipal Services Centers (Education, Health, Sports, Culture, Entertainment, etc.), Energy, Telecommunications... Unemployment activities for the following programs:

- 1) Overcome the Shortage of Country Equipment ('80-86') and infrastructure due to lack of public and private instrument along the Dictatorship period.
- 2) "Euskadi-Europe '93" before the creation of the Internal Market ('87-'93). A multi-level government and public-private long term plan to set a new infrastructure (named "physical and intelligent") to prepare the Country, to avoid the ongoing marginalization process that the "new single market" would concentrate at the so called "blue Banana" in the North-South axis London-Brussels-Milan". This main plan was developed, jointly, with a social and cohesion Development Initiative oriented to avoid poverty, inequality and emergency social isolation.
- 3) 2010 Infrastructure ('96-2001) Program, reinforcing the previous budget initiatives, advancing the development options.
- 4) Sustainable investments along 30 years.

**2.3.2) Programs and Innovation Plans in key areas of the economic and social strategy:**

- Welfare Infrastructure Network (Public Health for all, Education - at all levels for all-, Social Services for all) and Equipment of Public space.
- Logistic areas, Industrial and Tech Parks network, remark "local" initiatives related to the industrial policy defined.

**2.3.3) 25 + Bilbao:**

- Twenty five Strategic Projects strengthening the physical transformation (and content) of the country (from the sanitation, home, promoting economic development, transport and mobility, enterprising incubation centers, mobility and cultural and tourist infrastructures), in order to reinforce the overall framework and ongoing strategy.

**2.3.4) An intensive investment in a Science, Technology and Innovation strategy applied in an inter departmental, interinstitutional and private-public basic involving all fields, disciplines and budgets in a coherent model aligned to the ongoing, at the time, clusterized "New Economy" driving the industrial policy for the Country and the City-Region.**

**2.4 STRATEGIC: SOFT INFRASTRUCTURE AND CONNECTIVITY**

Being of vital importance HARD infrastructure, the content associable to culture, values, inclusion, talent, training, education, connectivity and innovative access to new sources of employment and welfare, have made up the SOFT, vector of strategies of Bilbao.

Developed strategic main lines can be summarized in:

1. An extensive digitalization and technological literacy of universal access (IT4 ALL, PC's at school, SPRITEL for Internet access in public space, introduction to the

microelectronics and information systems -IMC-, CONNECT, KZ-GUNE -network of centers of training and access to the ICT's in all the regions, BIZKAITIK -for local administrations and the 100% of citizens and the Foundation for the information society).

## **2. Euskalit**

A movement (Public and Private agents) for quality with diffusion of knowledge, training and quality assurance at all levels beyond industry, manufacturing and business, going in to health care (companies, industries, the educational system, services, Government).

## **3. E-Government CORAME**

Rationalization and modernization of Public Administrations at all levels, trying to create an entrepreneurial culture and attitude in all public servants and government's actions.

## **4. E-TAX**

Fiscal architecture and permanent contributory relationship Administration, design, control, based on one key driver: "Taxes for a sustainable project and not only to collect money for government". People have to be involved in the taxation process, understanding how and what we need to finance our vision and future. Beyond specific initiatives and programs, the SOFT Connectivity strategic effort has been supported in a social movement. Social Capital is reinforced, permanently, towards an "appropriation goal" in order to commit people to build their own future. This explains an ongoing innovative process. An unfinished process to redefine, daily, how to reform, what to reform as well as the land and soft connectivity needed.

## **5. Social Wage**

Universal access to a minimum income of assistance and social insertion. The Basque Country was the first government in Spain and one of the pioneers in Europe to introduce this social salary.

## **6. Science-Technology Network. Technology Centers, Basic Research Network, Excellence Network. More than 8,000 researcher's network, in a coordinated strategy.**

## **7. Social Capital**

Broad Social innovation programs with tools ad hoc for innovative partnerships in the country (INNOBASQUE) TO CREATE AND DISSEMINATE "INNOVATION CULTURE" along the Country.

### III. Co-creation inner value process

A key lesson in the Bilbao case is the implementation of the strategy at the service of the **Co-creation of Value** from and for the City Region.

The wished international connectivity, economic modernization and its global commitment, the attraction of talent, the generation of a competitive economy is the priority service of citizens themselves and Basque society. The effort is not fixed to transform a city to delight and pleasure or outside admiration but for the improvement of an inclusive and sustainable competitiveness in the service of their economic agents and, above all, of the welfare of Basque citizens. The key question is here: For what a strategy? For what a Competitiveness City? Why the effort to carry out reforms?

This is the real answer to a single proposition of value in every City in the world.

In the end, a process of CO-CREATION of Value on a number of key pillars:

1. A shared, long-term view, under a public leadership implemented on multiple strategies, specific instruments of management and financing, constant evaluation.
2. Public-Public and Public-Private partnerships.
3. A socio-economic vector directing the process in an integrated way to generate an area of competitiveness and well-being, out -international connectivity- and inward, inclusive.
4. Self-government. Appropriating of our own future.

## IV. LEARNING FROM BILBAO?

Is there something different in the Bilbao-Basque Country story that may be applied in other Cities along the world? YES.

If we come back to the beginning of the “BILBAO TRANSFORMATION” will see an old manufacturing-port city, similar to all of those with an evolutionary development from an interrelated and historical chain of clustered industries moving from a strategic geographic position, initial trade needs, navigation pre-maritime industries, an outward economy and the comparative advantage that traditional manufacturing industries provided. We can see successful times, declining into deep common crisis. We may find similar approaches to overcome such crisis, we same players (methods, consultants, initiatives...) but only few of them succeed. Why? : “co-creating a unique value proposition aligned to its own identity, culture and needs”. A long Journey towards a competitiveness city-region.

Bilbao and the Basque Country assumed its crisis, understood the need of a new way (unique), redefine its own value proposition, drew a connectivity track to the changing world and translated the new trends into their own strengths and culture, learning from others but not copying any model, leading a public-private permanent partnership, allocating resources and facilitating frameworks and roadmaps and time to achieve it. This strategy was based on a comprehensive and complete model, not only defined but implemented through economic, political, and social policies at the time, redefining their governance instruments. This so called the “Basque Model” has been built with a sustainable effort and commitment during a long process (35 years) and everybody knows that, by definition, the competitiveness of Cities is an unfinished path. New demands, new needs, new agents, new aims will come. And ad hoc evolved strategies must be implemented at any time.

**FIGURE 1**

# **“Determinants for City-Region Competitiveness. Changing/transforming their state...”**

