

THE HUNGARIAN RECOVERY AND RESILIENCE PLAN: NEGLECTING CITIES' CONTRIBUTIONS

The Recovery and Resilience Facility (RRF) is an innovative and exceptional European Union initiative to provide financial help to countries to fight the dramatic consequences of the pandemic. For reasons of urgency, member states were given decisive roles, with low involvement of sub-national authorities in planning and implementation. The case of Hungary is amongst the most extreme in neglecting the contribution of sub-national actors to resilience planning.



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The process of recovery and resilience planning in Hungary

The case of Hungary's Recovery and Resilience Plan (RRP) is unique: to date (October 2022) Hungary is one of the only two EU countries whose RRP has yet to be approved, and the only country which is still working on a new version. There are two main reasons for this. On the one hand neither of the two versions of the RRP, sent to the European Commission in April and in May 2021, fulfilled the basic conditions required by the Recovery and Resilience Facility (RRF) regulation – such as being based on an overall resilience strategy and addressing the Commission's country-specific recommendations. On the other hand, there is an ongoing Rule of Law conditionality procedure against Hungary and the envisaged sanctions, on which the European Council decided on December 2022, also affect Hungary's RRP, as well as 15% of its total Cohesion Policy allocation.

Currently, the Hungarian government is busily adopting 17 laws to show its willingness to address the problems highlighted by the Commission regarding serious shortcomings in the situation of the rule of law in the country (corruption, connections between the judicial institutions and the ruling party, etc.). Besides

that, a third version of the RRP is under preparation in the relevant ministry, in total confidentiality. It is in these particular circumstances that this paper will focus on analysing local government involvement in public consultations during the preparation of the first two versions of the RRP in 2021. To this regard, there is no Hungarian experience of local governments participating in the implementation, monitoring and evaluation of the RRP – simply because no approved plan exists yet.

The public discussion around the RRP

The meaningful involvement of local authorities in the preparation and implementation of the national RRP is key to the real success of the EU-funded recovery. In terms of consultation with local governments over the reform plan, Hungary can be considered one of the worst examples in the EU. Less than one month before the deadline for submission to the European Commission at the end of April 2021, the country's RRP was still not public in its entirety. Meaningful consultations have never been organised, and the government was not open to accepting constructive proposals formulated at the local level. In fact, the government released the 432-page document only on April 16th 2021, that is, two weeks before the deadline for submission to Brussels. By postponing the RRP's publication to the last minute, the government purposefully avoided the possibility of a meaningful discussion about the plan.

Page 32 of the RRP says that the preparation of Hungary's Recovery and Resilience Plan and the process of compiling the related reforms/ investments were preceded by extensive public consultation by the Hungarian Government. The central element of this process was the government portal on which, after registering on the recovery and resilience sub-page, anyone (individuals, civil organisations, economic operators and professional forums and groups) could consult the plan as a whole, or its individual component parts.

In reality, the first information about the RRP was only uploaded to the website in December 2020. This was a mere 12.5 pages of material that is devoid of all substantive and numerical information. The process of publishing more detailed versions of the nine components of the RRP (albeit still without financial allocations) started only on February 24th 2021. Local governments and other organisations were allowed from December to give their project ideas: the government asked the 19 counties, as territorial institutions that are exclusively dominated by governing parties and thus are the *most politically credible*, to collect "bottom-up" proposals. But even the counties were not commissioned to organise coordination

meetings in their territory. In this way any substantive regional planning and coordination in connection with the huge RRP development opportunities has been avoided. It is clear that the uncoordinated collection of local projects is only good for covering up the lack of substantive consultation, as the government can easily influence the national evaluation of projects that are isolated from each other in terms of space and content.

According to page 33 of the RRP, the government held a parliamentary debate day with the participation of all representative groups, where it gave a detailed presentation of the RRP's reforms, investments and objectives and the expected results. In reality, the parliamentary debate day only took place on March 22nd 2021, in reaction to a joint request by the opposition parties. By that day, more detailed (10–12-page) materials were available for only four of the nine components of the reform plan and no information was available on the financial allocation. Thus, by the day of the parliamentary debate, local governments, civil organisations, economic actors and the like could only “review” a short pamphlet instead of professional material.

THE CASE OF HUNGARY IS AMONGST THE MOST EXTREME IN NEGLECTING THE CONTRIBUTION OF SUB-NATIONAL ACTORS TO RESILIENCE PLANNING.

The parliamentary debate

It is worth talking about this debate in more detail because this is the only source that reflects the government's arguments and true intentions.

Based on the detailed minutes (published by the [National Assembly of Hungary, accessed in April 2021](#)), the debate began with the State Secretary of the Prime Minister's Office praising the programme without providing any further details beyond the meaningless information available on the website at the time. After that, the state secretary immediately diverted the matter to the political sphere, criticising the past activities and attitude of the opposition. According to the speakers from the governing party, there should be national consensus on the planning of this huge amount of money, and during the debate “the political recolouring of professional issues” should be avoided.

The opposition speakers criticised the entire procedure, emphasising that without knowing the details of the plan, well-founded criticism was not possible. The state secretary explained that through the sending of letters sent to more than 500 organisations and interest representatives, as well

as organizing press conferences, online and personal conferences, they continuously encouraged a process of gathering as many opinions as possible. This argument was refuted by the opposition, saying that in the absence of the detailed plan it was not possible to comment on anything. The government should have published the exact plan with the planned financial allocations so that the professional organisations could have expressed their opinions aware of the detailed plan.

For its part, the government explained why certain plans were only posted on the internet so late. It claimed that a procedure was in place whereby, first, a draft plan is drawn up, then the consultation with Brussels takes place, then the plans have to be reworked, then the public dialogue takes place, the proposals are incorporated, more and more plans are made, and they are continually uploaded to the internet. This government justification shows a complete (and intentional) misinterpretation of the public debate: the government prioritised the consultations with Brussels instead of consulting the municipalities, organisations and interest representatives of its own country. In some EU countries the process was different, for example Finland and Spain, where the main components of the reform were made public in the fall, preliminary territorial needs surveys were conducted, the government's ideas were presented to the parliament, and the plan was finalised after an open and meaningful debate. In contrast, the Hungarian government had no intention of discussing the priorities of the RRP at home. No wonder, then, that the speakers of the opposition during the parliamentary debate expressed their hope that the EU institutions would not accept the RRP, as the public consultation did not fulfil the minimum requirements of any meaningful consultation.

In the end, and primarily because of the government's attitude, the parliamentary debate was more like an unproductive give-and-take than a meaningful discussion of a topic affecting the fate of the country as a whole. This was not unexpected from the Orbán government, which does not usually get involved in parliamentary debates, and when, as an exception, it does, degrades them to a terribly low standard.

The continuation of the story

Over the course of the last two weeks of April 2021, following the last minute publication of the full RRP, the disappointed local stakeholders made a final attempt to change the situation. The Association of Hungarian Local Governments formulated comprehensive alternative ideas for the resilience plan. Realising that the government had deaf ears when it comes to alternative proposals, the idea was raised that specific investments in

line with the reform plan should not be decided immediately, only later, after regional consultations, giving the opportunity for the territorial actors to at least influence the concrete interventions. Besides this, the option was also raised of transferring a given portion of the RRP funds directly to local governments to decide by themselves, in the light of local needs and realities, planning in micro-regional coordination what improvements could best be implemented.

Nevertheless, all these ideas were disregarded by the government and the RRP was officially delivered to Brussels. This first version of the Hungarian RRP was, however, rejected by the Commission. It became clear that the Hungarian RRP lacked any comprehensive vision for post-COVID recovery. Instead, planning was carried out along traditional lines, arbitrarily choosing between acute problems, focusing on institutional and political interests, exclusively at the national level, and not involving any ideas from sectoral or territorial organisations. Quite quickly, in May 2021, the government handed in a second, substantially different, version of the RRP, again without any consultation with stakeholders.

THE RRF REGULATION ONLY APPLIES TO MEMBER STATES; IT DOES NOT CONTAIN A SPECIFIC, NON-GENERAL OBLIGATION TO INVOLVE SUB-NATIONAL AUTHORITIES IN PLANNING AND IMPLEMENTATION.

Since then, no details have emerged about the negotiations between the government and the Commission over the RRP. The only thing that is clear is that the mounting problems with Hungary in the rule of law procedure also affected the fate of the RRP. As the final deadline for the decision on the RRP (December 2022) approaches, the government is working on a third version, for eventual Commission approval in the last weeks of 2022.

Conclusion

Local communities are the most affected by the economic and social consequences of the pandemic. Municipalities face increasing challenges while their revenues are declining, jeopardising the delivery of public services. Moreover, in the European recovery, local authorities and cities can be considered the drivers of the green, digital and equitable transition, so their meaningful involvement in the planning and implementation of recovery is key.

This line of thinking was partially mirrored in a [December 2020 European Council document](#) on the provisions on public consultation over the RRP: "The recovery and resilience plan shall be duly reasoned and substantiated.

It shall in particular set out the following elements: [...] a summary of the consultation process, conducted in accordance with the national legal framework, of local and regional authorities, social partners, civil society organisations, youth organisations, and other relevant stakeholders, for the preparation and, where available, the implementation of the plan and how the inputs of the stakeholders are reflected in the plan”.

In reality, however, the RRF regulation only applies to member states; it does not contain a specific, non-general obligation to involve sub-national authorities in planning and implementation. Consequently, most EU countries followed centralised planning and RRFs were usually prepared by ministries, more or less omitting the sub-national level. There are, of course, exceptions: in some countries, such as France, Spain, Finland and Poland, the national level at least consulted the regions, while in Italy some portion of the resources has been transferred to the sub-national level.

While the general picture is not satisfactory from the perspective of local influence on the RRFs, the Hungarian case is amongst the most extreme in neglecting sub-national actors when planning for resilience.