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1. Introduction

The Visegrad Group (V4) countries – the Czech Republic (hereafter Czechia), Hungary, Poland and Slovakia – are at different stages of the EU's Recovery and Resilience Facility (RRF) process. All four countries have had their National Recovery and Resilience Plan (NRRP) approved by the European Council. This happened in 2021 for Czechia and Slovakia, while it came much later for Poland (June 2022) and Hungary (December 2022). From any perspective, the clear frontrunners in the RRF process among the V4 are Czechia and Slovakia. Both countries have signed their operational arrangements with the European Commission, received prefinancing and collected the first disbursements (one tranche for Czechia, two for Slovakia). Poland and Hungary, on the other hand, are trailing behind. Neither has received any payment yet and in Hungary's case, it has still to sign the operational arrangements.

The delay on the part of the latter two countries is all the more striking as even the countries commonly considered the stragglers among the EU partners are much further forward in the RRF process: both Romania and Bulgaria received their first payments in the course of 2022. The explanation for the disappointing RRF situation in Poland and Hungary is linked to the ongoing [rule of law conditionality procedure](#), which requires both countries to fulfil a given number of conditions (milestones) before the disbursement of RRF resources can start.

For all these reasons, the cities of the V4 countries are discussed in two groups in this paper: cities in Czechia (Prague and Brno) and Slovakia (Bratislava) fall into the more advanced category, while cities in Poland (Warsaw) and Hungary (Budapest) are the stragglers.

2. The stakeholder consultation process

All the cities under consideration have serious grievances about the stakeholder consultation process in the planning phase of the NRRPs.

Czechia: There were huge expectations at first, as the amount of the RRF money was said to be €7bn. Over the course of 2020 and 2021, Prague was asked to draw up a list of projects for the National Investment Plan of the Babiš government¹. The city put together important projects in a variety of fields (infrastructure, parks, buildings), but failed to receive any relevant feedback. Brno said there was no real consultation with the Babiš government; cities were simply asked to state their wishes as the government hinted at a unique opportunity to do a lot of things that are not possible with regular EU funds. However, the Babiš government was highly centralistic and drew up the plan without the territorial partners, failing even to take the regions' ideas into consideration.

There was no relation between the absorption capacity expressed in the National Investment Plan and preparation for the NRRP. Later, the cities were asked to group their projects into certain topics (components), such as support for investments or brownfields. As the territorial partners were extremely disgruntled, they were subsequently officially accepted into a committee which had started to work during the Babiš government. However, this was more for formality's sake, to tick the box; not all the issues discussed were included in the final version of the NRRP. Brno thought that the European Commission would be dissatisfied at the lack of any real consultation with the subnational partners, but this did not prove to be the case.

Slovakia: Bratislava participated in the consultation between government departments on the NRRP and other documents related to the NRRP, and some comments were incorporated and/or taken into consideration. The city would have welcomed the opportunity to directly consult the proposed calls for proposals within the framework of the NRRP to put forward steps to simplify the calls based on practical experience, but municipalities were not consulted in this regard.

Poland: From the very beginning, the public consultations on the NRRP were conducted in such a way as to bypass large cities, including Warsaw. Initially (in July 2020), a project identification procedure was organised under the responsibility of regional governments, and for projects at the local level too. The regional authority merged Warsaw's proposals (20 large projects) with other projects of the region and sent umbrella project proposals to the national level. The final draft of the NRRP, however, totally omitted this stage of work and the identification of specific investments².

In the course of the spring 2021 consultations, the city submitted several dozen comments on the draft plan. This work, however, also proved futile, as the final version of the NRRP was radically different from the draft version submitted for public consultation. Thus, the remarks made in the consultation process were practically ignored. Then the NRRP strategy has changed, rejecting any more direct project proposals with specific ends and territories in mind, opting instead for general reforms and investments. Even in this general approach, small and medium-sized cities were prioritised, while larger cities were only included in a kind of simulation. The capital city could make remarks but these were essentially disregarded.

Hungary: As the Hungarian chapter of the 2022 CIDOB Report points out, the Hungarian NRRP procedure was very far from being consultative or participatory in any way, as no stakeholder proposals or opinions were taken into consideration during the preparation of the final draft.

1. The government of the populist prime minister, Andrej Babiš, lost power in the autumn of 2021, and was replaced by a new five-party liberal-conservative cabinet. Slovakia also had changes of government in 2021 and in 2023, while no such changes occurred in Poland and Hungary, where the nationalist-populist leaders (Kaczynski and Orbán) have strong power bases.
2. Warsaw's commentary on this stage of work can be found in an article from February 2021: <https://eurocities.eu/latest/no-appetite-to-include-warsaw-in-polands-covid-recovery/>

The final NRRP, which was fundamentally different from the original plan, was not even published prior to submission to the European Commission. Budapest had clear proposals and a very precise and tangible list of projects, mostly related to transport decarbonisation and energy efficiency and renewables. This was communicated to the government many times, in many forms, without real feedback from its side. Budapest's attempts to convince the commission to criticise the Hungarian government for neglecting real communication with the cities were also in vain.

3. Ways to access national funding

The implementation of the NRRP of a given country is regulated by the operational arrangements signed between the country and the commission. Three out of the four V4 countries have already signed such a document.

Czechia. The *Operational Arrangements between the commission and Czechia* is a 230-page document. The following items seem to be open for cities: zero-emission vehicles for municipalities; revitalisation of areas in public ownership for non-business use and rehabilitation into natural carbon sink; energy efficient revitalisation projects of brownfields owned by municipalities; revitalisation of areas in public ownership for business use through demolition and energy-efficient construction and energy-efficient renovation; rainwater management in urban agglomerations; cultural and creative centres, transport (mainly in Prague) and support for public investments.

Slovakia. The *Operational Arrangements between the commission and Slovakia* is a 229-page document. Some of the items open to cities are: development and application of top digital technologies; increasing kindergarten capacity; new primary health care.

Poland. The *Operational Arrangements between the commission and Poland* is a 230-page document. Some of the items open to cities are: support for development of general spatial development plans; enabling framework for green transition investments in urban areas; investments in a green transformation of cities; the purchase of low and zero-emission buses in cities above 100,000 inhabitants; new trams in operation for public.

Hungary. As mentioned, no Operational Arrangements document exists between the commission and Hungary yet.

4. Local participation in national calls

The potential ways to obtain information about and access to funding from the NRRP are related to the institutional structure of NRRP planning and implementation set up at national level.

In **Czechia** there are three institutions which would be formally responsible in the NRRP process: the Office of Government, the Ministry for EU Affairs, and the Ministry of Industry and Trade. This structure causes confusion; it is not clear from below which institution to contact, or who has what kind of competences. Following intense pressure from below,

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steering sub-committees for the NRRP have been created. Only one person, from the Union of Towns and Municipalities of the Czech Republic, represents the Czech cities on these committees. The general perception is that this is just a cosmetic measure for the benefit of the EU.

The new structure comprises a committee and sub-committees, and the one covering the territorial dimension is especially relevant for cities. Implementation is not centralised, it is the responsibility of the component owner, i.e., the various ministries. Calls are published centrally on the website of the Ministry for Regional Development and on the website of the relevant ministry. On the NRRP website there are overviews, for example of the largest beneficiaries. The working groups for preparation of calls are not in operation systematically. The Ministry for Regional Development has recently invited stakeholders (including city representatives) to discussions to shape the calls for supporting strategic investments.

All in all, the NRRP management situation is improving now in Czechia, and personnel capacity in the relevant ministries has been strengthened recently.

According to the person representing the cities in the steering committee, cities in theory can apply for all calls in the NRRP. In reality, however, only brownfields and transport (mostly Prague), culture (small cultural and creative centres), support for public investments for cities and, most recently, affordable housing are seen as components for cities. The last two are still under negotiation and as time is quickly running out, the likelihood that local projects can be delivered by 2026 is decreasing.

In **Slovakia**, the sources of information are the national NRRP website, details published in the media, several e-mail communications and webinars organised either by the national coordination authority or the relevant ministries.

For Bratislava, the only way to access NRRP resources are the ministerial calls for project applications where cities are eligible for funding.

Regarding **Poland**, Warsaw does not have a direct representative in the NRRP Monitoring Committee. Twelve large cities, those comprising the Union of Polish Metropolises, are represented by a total of one person in the committee, which currently consists of 60 members.

As the NRRP considers the entire local government sector collectively, including the regional and local levels (rural governments too), indicating a specific amount for cities, especially large cities, is a difficult task. In the 2022 version of the Plan €10.81bn, i.e., 30.6% of the funds, was allocated to the local government sector, which is less than the share for the private sector (35.5%) and the share of the government sector (33.9%).

The Polish NRRP has not been officially launched yet. In order to beat the deadline, the national government decided to award some prefinancing from the national budget. However, the lines between the nationally prefinanced RRF and the ongoing EU financed cohesion funds are blurred; sometimes only the details of a project determine which pot they come from.

Warsaw previously submitted multiple direct proposals to the NRRP, with precise topics, amounts, etc. The national government rejected them. Instead, open calls for proposals were launched and Warsaw now has to apply in competition with other cities. So, in the framework of the “green transformation of cities” call Warsaw might stand some chance of getting a few buses and trams. The majority of NRRP investments are going to the national and regional level, with a lesser amount earmarked for large cities, and in the latter case not as grants but as part of the loan side (according to the government’s promises this will be repaid at national level, not by the cities). All this shows the national government’s bias against large cities.

In **Hungary**, because implementation of the approved NRRP is suspended under the conditionality procedure until fulfilment of all the “milestones” set by the commission, there are only limited experiences regarding the implementation process. For the moment, the setup of the NRRP monitoring committee is on the agenda. According to reports, the government had to accept (at the insistence of the commission) NGOs as members in this committee with whom the government had never collaborated before. Experiences with the monitoring committees of the different cohesion policy operational programmes (of which Budapest forms part) show that in the meetings of these committees, which are also attended by representatives of the commission, real issues can be raised and discussed.

In a similar manner to Poland, the Hungarian government also released some prefinancing from the national budget. From below, i.e., the cities’ standpoint, it is hard to see a clear difference between the nationally pre-financed RRF and the ongoing cohesion funds.

5. Local results in the cities

It is difficult to gauge to what extent cities might access national funding. There are components that are intended exclusively for cities (a few are mentioned in the article), but then there are components that cities also gain support from through a sectoral programme or through a city-owned institution.

In **Czechia**, Brno hopes that some brownfield or cultural and creative projects will get funding. The biggest project that has received support so far is the development of the flood protection infrastructure in Brno. Supporting affordable housing could also be a project, but quite problematic, as the negotiations with the commission are still ongoing. Similarly, the conditions for the revitalisation of brownfields are also very difficult to meet. Cities expected more support for projects in the transport field (only Prague is getting some support). In short, the NRRP seems to be rather a lost opportunity. On the other hand, the regular structural funds schemes work well; the long-established processes and institutions function better.

In Prague, originally there was one project for a park renovation in the city centre, which has been included to the NRRP. Recently, the new government has wanted to use RRF funds to support affordable housing in all cities. For the moment the scheme is under preparation; discussions are underway (cities have been involved as well) over how to do it. This could become a key topic, as the availability of affordable housing is a major problem.

Data on the 100 biggest Czech final recipients shows that Brno has signed agreements on several projects (e.g., €32m for anti-flood measures) and the biggest total allocation of all the other cities – although, if combined, the city of Prague and its two districts get more. It is not easy, however, to calculate and compare the RRF money reaching cities, as other institutions might also be beneficiaries. For example, Dopravní podnik hl. m. Prahy, which is a company 100% owned by Prague, is also a major beneficiary with €18m. Besides, other calls are also open and awaiting big projects for low emission vehicles and public transport infrastructure in Prague (e.g. under the **clean mobility** allocation of €119m).

In **Slovakia**, Bratislava has not received any funds yet, nor has the city been informed about the funding decisions. Three proposals were submitted to finance cycling infrastructure and one project idea to build a community-based care home for the elderly. In both cases, the decisions on the submitted proposals are pending. The city is currently working on the submission of a proposal focused on increasing energy efficiency of city-owned buildings and developing e-charging infrastructure in the city.

The legal and administrative requirements for receiving the funding imposed by the national government and the European Commission are very similar to the European Regional Development Fund (ERDF)/Cohesion Fund requirements. Each call has some specificities depending on the thematic scope and managing authority. Cooperation with the Government Office, as the main coordinating body for the NRRP, is mostly straightforward.

In **Poland**, due to the problems with the implementation of the required reforms at the national level, the calls for proposals currently announced under the NRRP are, in a way, “pre-financed” from the national budget. The main means of obtaining information about potential financing is through unofficial talks and monitoring websites.

Initially Warsaw submitted a list of 20 projects. These include three relating to hospitals, three regarding important cultural facilities, five transport projects, four in the area of environmental protection, two in the field of innovative economy, one digitalisation project and two educational projects. As a rule, they were comprehensive projects that had a significant impact on the development of a given sector in Warsaw. After selection, the regional authorities included ten projects for submission to the central authorities. Due to the government’s subsequent change of the NRRP concept, these projects did not make it into the final plan.

So far, only one contract has been signed, for the purchase of 12 low emission buses, but for now this is linked to funds from the National Fund for Environmental Protection and Water Management. In addition to the application for buses, Warsaw will bid for trams when the call relating to “green transformation of cities” is launched.

A review of the NRRP is currently underway. Indicators must be changed in order to take inflation into account and there is a proposal to postpone some actions. There will be a target of 88 trams in the NRRP. Warsaw predicts that Cohesion Fund will still be the main source of financing for the tram projects.

On a working level, there are people in the ministry who have a good knowledge of the situation and know that Warsaw is a reliable and important partner. Yet politics means that priority goes to those municipalities where more people vote for the government, i.e., to smaller cities and rural areas.

Ultimately, most probably only smaller projects will be available for Warsaw – provided that by end of this year the government meets all the conditions, i.e., it implements all the required reforms.

In **Hungary**, the “Green Bus Tender” (approximately €125m in grants out of the €6bn total NRRP) was originally designed by the government in such a way as to exclude Budapest. The municipality criticised this and turned to the commission, which issued a statement saying that this practice was clearly discriminatory and obliged the government to withdraw the original tender and launch a new one in a non-discriminatory manner. Thus, in the end, the city can harbour some hopes of accessing a minimum level of the resources (from the loan part of the RRF). The city is now waiting for the new tender and Budapest is hoping it will be able to apply for electric or trolley buses. There is an informal agreement with the government that Budapest can access approximately €25m.

The negotiations are going on behind closed doors, in the triangle of the government, Budapest and the commission. The government’s strategy is to transfer some Budapest projects from the cohesion policy operational programmes to the RRF. This would mean that rather than getting any more, Budapest would get just the same but from different sources.

According to city officials, the green buses are the only thing the city can hope for from the NRRP – in other words, only 0.4-0.5% of the total amount is devoted to the capital city. This is highly discriminatory, bearing in mind the city’s detailed and communicated project proposals to achieve carbon neutrality and energy independence. Budapest is part of the **EU Mission** for 100 climate-neutral and smart cities by 2030 and it is hard to imagine how the city can fulfil its tasks without any support from the central government. In more general terms, the government is blocking any EU funding from reaching the capital city and forbids the city from even taking out loans.

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6. Concluding remarks

The synergies and differences between the two EU funding schemes: Cohesion policy implementation governance vs RRF governance

In the opinion of Czech experts there are thematic and personal synergies between the two EU funding schemes, even if the conditions are not the same. There is also some transit between the two schemes: some projects get support from the NRRP, even if initially the support was earmarked to come from the cohesion policy. In general, the territorial stakeholders play a more important role in cohesion policy, while implementation in cohesion policy appears to be more difficult.

From the point of view of local needs, including large cities/metropolises, tailored support of their needs and potentials seems to be more appropriate than relying solely on national statistics.

In Poland, the demarcation and complementarity between the RRF and cohesion policy funds are seen as very unclear in many cases; they are constantly adjusted to the financial situation regarding these sources.

Would a performance-based mechanism, built on the partnership principle and multi-level governance, be better than a cost-based mechanism?

The Czech opinion: in principle yes, but when the whole process is highly centralised, it would not work. A performance-based mechanism is something that centralised countries are not prepared to work with; it could lead to an emphasis on form over content to some extent.

The Polish opinion: the mechanism for target-based indicators is an interesting solution, but quite problematic when there are delays in the implementation of support systems beyond the beneficiaries' control. This is case of the Polish NRRP, but also the case of cohesion policy. Therefore, other forms of flexibility are preferred, for example the possibility of phasing projects between individual programming periods (as is currently the case with transport projects under cohesion policy from 2014-2020 and 2021-2027).

From the point of view of local needs, including large cities/metropolises, tailored support of their needs and potentials seems to be more appropriate than relying solely on national statistics, which often do not provide an accurate picture of a given Nomenclature of Territorial Unit for Statistics (NUTS) unit below the regional level.

The realities of the RRF process in the V4 countries so far

The EU regulation did not require national governments to include the subnational level in the planning and implementation of the new RRF funding opportunity. The case of the V4 capital cities clearly shows the difficulties in the planning and implementation of the RRF because of highly centralistic national governments. This is true of all four countries, but it is especially clear in the case of Poland and Hungary. In these countries the national decision makers systematically sought to exclude the larger cities from the opportunities offered by the RRF, for clear political reasons. The big projects proposed by the large cities were not considered; almost all funding is allocated on the basis of open calls, where it is easy to give priority to other clients. Moreover, representatives of large cities were practically excluded from the monitoring committee of the NRRP.

In Poland and Hungary, representatives of large cities deliver a blunt assessment: the RRF is a disaster. Poland will not be able to spend the structural funds money in time, but this is not an argument for the government. Despite talks with commission officials, it is clear that the European Commission will not intervene. Besides, the critical voices of large city mayors often go unheard domestically, due to the fact that oppositional politicians have no access to state-controlled TV and media outlets.

Despite all the contradictions surrounding RRF programming and implementation, it is a significant acknowledgement on the part of city officials

that an RRF-type regulation might in principle be a good model for the future of EU financing. Not only are the simplified administrative rules important, but also the clear goal-setting and tight deadlines, as such outside pressure could speed up the projects to make urgently needed changes.

However, there are some important preconditions to achieve the maximum benefits of such an approach. First, the regulation should prescribe an inclusive process, in which subnational governments, and larger cities too, are involved in the planning at the beginning, implementation and monitoring stages of the RRF process. Secondly, firm and constant control is needed over the national governments in order to limit their gatekeeper role, ensuring that subnational governments are considered as equal partners (and not only as potential beneficiaries) in the whole process. The close involvement of cities could be assured by a requirement to allocate a portion of money to them directly, while strengthening decentralised planning power and capacities in cities.

Even if these conditions were to apply, it is clear that RRF-type systems, aiming for strategic spending of resources in order to carry out important reforms in a short period of time, might function better in countries with more decentralised government structures, where the local level has sufficient independence and capacities to develop and implement strategic changes that best fit their situation. Hungary is also an extreme case in this respect: the strong centralisation of political and financial decision-making deprived most cities of the capability to influence the processes.

How could the RRF process be made more efficient in the remaining two to three years?

It is highly likely that national governments will soon recognise that, if nothing changes, large sums of the designated RRF resources will remain unspent by the 2026 deadline. As any type of change in the NRRPs must be approved by the commission, it requires coordinated efforts on both sides to speed up the process. The commission must require Member State governments to be more open towards the local level, where real project ideas exist, and national governments must act quickly in this regard.

Besides shifting to existing local projects, another potential tool is to relax administrative controls over the spending of money. In Czechia, for example, the “Lex Ukraine” law allows quick building for refugees in existing areas in the form of an extraordinary process. This only applies for three years, and the normal procedures have to be fulfilled afterwards, applying for the usual permits. A similar procedure would be the only option for RRF projects, due to the strict time limit. As well as the building permit procedures, the procurement process must be made less bureaucratic too.

All these extraordinary measures to relax the implementation process, however, increase the risk of corruption and direct political interference. To avoid that, it is extremely important to improve transparency, ensuring oversight and control over the process in the shape of powerful and well-informed monitoring committees, including all important actors.

Finally, even after relaxing some administrative rules, a substantial amount of RRF money may remain unspent by the 2026 deadline. It is foreseeable

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there will be much debate about extending the deadline on RRF spending and about the fate of the unspent money. Large cities can obviously show their existing strategic, resilience-oriented projects as a good alternative to the inefficient ideas of the national governments. Any hopes of large cities to have their projects directly financed by the EU from the unspent part of the NRRP allocation, however, are unrealistic, as the decision about any modifications of the RRF rules is in the hands of the Member States.

RRF, a lost opportunity in the V4 countries?

For all the reasons mentioned in this study, most of the large cities in the V4 countries consider the RRF a lost opportunity. This is especially true of the cities of Poland and Hungary (the Slovakian case is less clear due to the limited information supplied). The criticism from the Czech cities subsided after the change of government in 2021 – clearly proving that the inclusion of cities in the RRF process is first and foremost a national political issue, depending on the national government.

All in all, in the view of large city representatives, in the V4 countries the RRF failed to fulfil expectations of providing a new model of EU funding for the future. This is because of the strong national gatekeeping power, directed mostly against the interests of larger cities. The lessons learnt from the experience gained in the last three years must be taken into consideration in the process of planning the next EU budget, also taking into account the fact that the loan taken out for the RRF will have to be repaid, thus less money will remain for cohesion policy and for eventual future experimentation with RRF-type development policy.