

# URDICO

## Urban Dimension of Cohesion Policy and other EU programmes

### CITY OF BUDAPEST

#### City Description

Budapest is the capital city of Hungary, with 1,686,222 residents (in 2024). The city has a significant weight among the Hungarian settlements, accounting for 18% of the country's population and 38% of its GDP. The city is the economic, educational, cultural, and touristic centre of Hungary. Budapest in itself is a NUTS 3 and, since 2021, also a NUTS 2 region (earlier it was part of the Central Hungary region). Budapest consists of 23 districts, which are local governments in their own rights, having elected mayors, budgets, responsibilities and regulations.

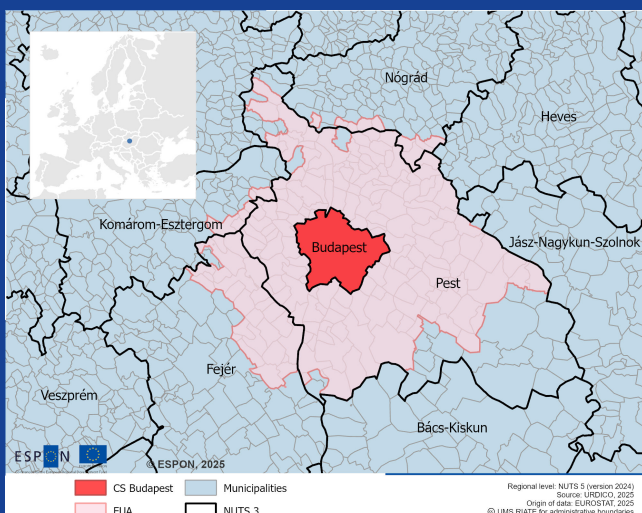
#### Role in Cohesion Policy delivering

For Budapest Cohesion Policy funding is essential, since local tax revenues have not been sufficient for development. Major developments, for example the renovation of metro lines, the development of the sewage and flood control systems, and the introduction of modern trams were all supported by EU funds along with various green and social interventions.

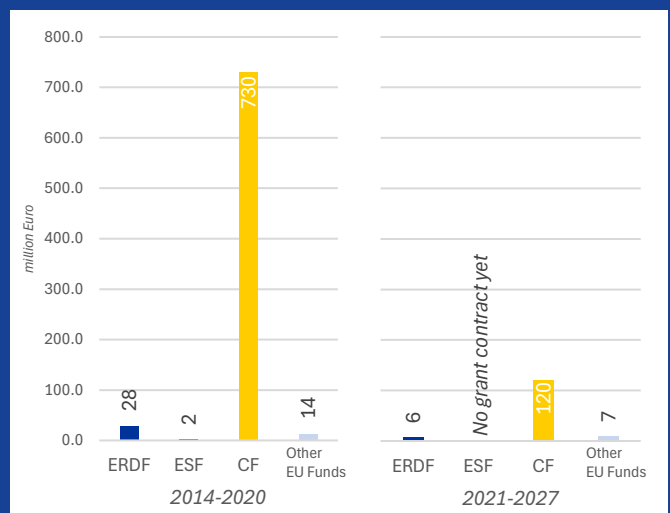
In the Hungarian multilevel governance system for CP, cities were never assigned Managing Authority or Intermediate Body roles, and the ITI tool was not introduced in the country. During the 2021-2027 period, there is only one regional OP for Hungary (TSDOP Plus), having separate priorities for Budapest as the only one competitiveness region of the country. However, the implementation of TSDOP Plus is challenged; very few projects have actually started as of the end of 2025, due to political differences with the national government.

The Municipality of Budapest prepared long-term urban development concepts and strategies for both periods, harmonised to the EU's goals, adopted to the real needs of the city. The city's financial situation and the lack of EU funding, however, are serious barriers to implementing the plans.

#### Spatial Organisation



#### EU Funds 2014-2020 and 2021-2027





## Local

**Fragmented institutional structure within the municipality** - Coordination within the city is not always efficient. Decision-making is centralised but the reactions to political and financial crisis situations prevent strategic thinking. A proactive unit is needed to promote the development policy of the capital.

**Weakening EU project management capacity due to the lack of ongoing projects** - as during the current period there are virtually no new projects approved at the national level, only some smaller-scale, directly funded projects.

**The two-tier, horizontal municipal structure within the city complicates planning** - and weakens strategic thinking. Since 2024 district mayors are not automatically involved in the City Council, which makes collaboration even more challenging.

**The lack of institutionalized or voluntary FJA/metropolitan cooperation** - Budapest lacks a formalized governance framework that integrates the city with its surrounding municipalities, which leads to fragmented decision-making and inefficient urban planning.

## National

**Strong centralisation in the governance system, reduction of municipal financial autonomy through increased central government oversight** - by narrowing local functions and responsibilities, decreasing central transfers, tightening restrictions on local borrowing, redistributing revenues from higher-income municipalities. As a result, **Budapest is facing severe financial challenges.**

**Strong centralization in EU Cohesion Policy: elimination of regions, exclusion of territorial actors from EU CP programming.** - In the 2010s regional institutions were abolished, as a result of which most development and planning decisions were effectively made at the national level.

**Decrease of the share of territorial programmes within CP and gradual elimination of territorial control over sectoral OP-s.** From 2021 there is only one territorially focused OP in Hungary, moreover the territorial control over sectoral OP-s was eliminated.

**Narrowing of partnership, no MA or IB functions to major cities,** as a result of which the role of cities in decision-making has been limited.

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During the 2014-2020 period, Budapest got a relatively high amount of EU funding, mostly from the sectoral OPs, which made it possible to realise large infrastructural developments. In the 2021-2027 period only minimal amounts of EU funding reach the city. The city is part of the EU Mission for 100 climate-neutral and smart cities by 2030.

