



**BUDAPEST**

**MAYOR OF BUDAPEST**

**Mr. Valdis Dombrovskis  
Executive Vice-President  
European Commission**

Subject: the EU's Recovery and Resilience Facility

Budapest, „20,, November 2020

**Dear Mr. Vice-President,**

Let me start with calling your attention to the letter of nine European mayors sent to the leaders of the European institutions on 29th October 2020 advocating for the better involvement of cities in the Recovery and Resilience Facility (attached). Similarly, I am also referencing our position paper of May 2020, endorsed by now by 36 European cities, on prospective direct EU-funding for municipalities (attached).

Bearing these objectives in mind, I am certain that mayors and local governments across Europe applaud the draft report voted in the EP on the proposal for a regulation of the European Parliament and the Council establishing the Recovery and Resilience Facility. We all hope that the final report and the regulation will be just as supportive of cities as the draft has been.

That said, seeing that national plans are already being submitted, let me share with you my deep concern in regards to whether and how cities can get access to the RRF, and whether and how they can be practically involved in the planning and implementation of this crucial facility.

As you are well aware, European cities are hit particularly hard by the pandemic, as well as by the ensuing increase in their expenditures and a parallel decrease in their revenues. Talking specifically about Budapest, the government's recent actions, such as the transfer of substantial local revenues to the national budget without compensating for the extra expenditure caused by the COVID-19 crisis, as well as its decision to shut out enterprises in Budapest from some of the national support programmes will significantly hinder our recovery process and limit our ability to implement crucial climate- and recovery-related investments. Based on our calculations, Budapest's budget will suffer a net loss of 88 billion HUF next year (approx. 245 million euros, one third of the city's revenues in 2020).

Against this background, let me once again voice my concern that the EU's recovery package will not be able to fulfil its full potential and provide much-needed aid for millions of European city-dwellers without appropriate earmarking for cities combined with clear criteria for access (e.g. population size). It is my firm belief that in order for Europe to overcome the crisis while simultaneously kick-starting a sustainable, low-carbon economic recovery, local and regional authorities must by all means be involved in the planning and implementation of the Recovery and Resilience Facility.



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I truly hope that European institutions will recognize the crucial role of the local level in tackling this unprecedented challenge and will act to ensure the active participation of urban centres in the recovery process.

Sincerely yours,

  
Gergely Karácsony

