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The role of cities in EU Cohesion Policy. A comparative study of institutional innovations in Budapest, Florence and Rotterdam.

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Abbreviations

ANCI: National Association of Italian Municipalities

BFK: Budapest Development Agency

CAP: Common Agricultural Policy

CEE: Central and Eastern Europe

CEMR: Council of European Municipalities and Regions

CF: Cohesion Fund

CLLD: Community-Led Local Development

CoR: European Committee of the Regions

CP: Cohesion Policy

EAFRD: European Agricultural Fund for Rural Development

EAGGF: European Agricultural Guidance and Guarantee Fund

EC: European Commission

EEC: European Economic Community

EIB: European Investment Bank

EMFF: European Maritime and Fisheries Fund

EPRS: European Parliament Research Service

ERDF: European Regional Development Fund

ESF: European Social Fund

ESF+: European Social Fund Plus

ESIFs: European Structural and Investment Funds

EU: European Union

EUI: European Urban Initiative

FKT: Capital City Public Development Council

FUA: Functional Urban Area

GDP: Gross Domestic Product

HUF: Hungarian Forint

IB: Intermediate Body

ITI: Integrated Territorial Investment

JTF: Just Transition Fund

LAU: Local Administrative Unit

MA: Managing Authority

MFF: Multiannual Financial Framework

MLG: Multi-Level Governance
MS: Member State(s)
MTR: Mid-Term Review
NGEU: Next Generation EU
NMS: New Member States
NRPP: National and Regional Partnership Plan
NRRP: National Recovery and Resilience Plan
NUTS: Nomenclature of Territorial Units for Statistics
OP: Operational Programme
PN/PON: National (Operational) Programme
PO: Policy Objective
PR/POR: Regional (Operational) Programme
RRF: Recovery and Resilience Facility
RO: Research Objectives
SEA: Single European Act
SMEs: Small and Medium-sized Enterprises
SUD: Sustainable Urban Development
TO: Thematic Objective
TOP Plusz: Territorial and Settlement Development Operational Programme Plus
UIA: Urban Innovative Actions
UNCEM: National union of municipalities, communities and mountain authorities
UPI: Union of Italian provinces
YEI: Youth Employment Initiative

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Executive summary

This thesis investigates the implementation of the European Union Cohesion Policy during the 2014–2020 and 2021–2027 programming periods in urban regions, with a particular focus on the case studies of Budapest, Florence and Rotterdam, in respect to their respective institutional frameworks.

While all three cities operate within the broader European multi-level governance structure, their distinct national and local institutional configurations shape their roles in Cohesion Policy implementation. By comparing governance models and the actors involved in decision-making processes, this study explores how these factors influence the allocation, management and implementation of EU funds.

A key focus of this research is the evolving relationship between cities and central governments, particularly in the negotiation and management of EU funding mechanisms. The study investigates how varying degrees of decentralisation, political dynamics and national regulatory frameworks either empower or constrain urban authorities in shaping EU Cohesion Policy.

Furthermore, it examines institutional innovations that have emerged to enhance administrative capacity, improve coordination between governance levels and align local strategies with national and EU priorities. Through a mixed-method approach combining qualitative institutional analysis with quantitative funding data, the research assesses whether governance reforms, new cooperation mechanisms and flexible funding arrangements have strengthened cities' agency in EU policy implementation.

By highlighting both best practices and structural challenges, this thesis provides insights into how cities can navigate national constraints and reinforce their role in EU territorial governance. The findings contribute to the broader discourse on urban policy integration, offering recommendations to optimise institutional frameworks for more effective delivery of Cohesion Policy, with implications for the post-2027 period.

Keywords

EU Cohesion Policy, Multi-Level Governance, Urban dimension, Institutional innovation, Urban agency, Post-2027 reform.

1. Introduction

1.1. The crucial role of urban regions in European governance

Urban regions have become key players in addressing the multifaceted challenges of the 21st century. In 2023, over 40% of the European Union (EU) population lived in urban areas, and another 36% lived in intermediate areas near cities, accounting for more than 76% of the total population (Eurostat, 2023). Current urbanisation trends indicate that this number is set to increase, underscoring the need for cities to determine the future of the EU. This demographic concentration, combined with the growing complexity of urban systems, has transformed cities from passive recipients of state-led development to active agents of governance (Le Galès, 2002; Brenner, 2004; European Commission, 2016; Cotella, 2019). This development follows a general shift from conventional hierarchical state models to more interconnected and Multi-Level Governance (MLG) forms, in which cities cooperate with regional, national and European entities.

As a result, despite varying degrees of autonomy and organisational capacity, urban governments are increasingly called upon to implement policies, provide public services and plan strategies. Within the overall governance structure of the EU, its agencies have gradually recognised the “urban dimension” in crucial policy areas such as climate action, digital transformation and social, economic and territorial cohesion. However, cities’ capacity to operate within this system is heavily mediated by domestic political and institutional frameworks, resulting in varying degrees of empowerment in shaping EU Cohesion Policy (CP).

1.2. Research problem

Although there is greater awareness of the strategic role of cities in EU policy frameworks, there remains a significant gap between this recognition and their actual capacity to influence and effectively implement these policies in practice. This difference is particularly evident in the EU programming framework, which is essential for promoting balanced territorial growth and reducing regional disparities. Although urban areas benefit greatly from funding, their participation in the creation, management and distribution of these funds is often limited by MLG dynamics that tend to favour national or regional authorities.

The complex nature of CP implementation, which involves various levels of authority, shared responsibilities and different institutional arrangements, means that a city's ability to obtain and influence EU funds depends not only on its administrative powers, but also on the broader governance frameworks within its specific Member State (MS). This disparity has become more apparent during the 2021-2027 programming period, where the intensified focus on policy performance, strategic alignment with EU objectives and integrated territorial approaches has paradoxically emphasised the persistent challenges cities face in fully participating and leveraging CP funds, often constrained by national and regional authorities (Bachtler et al., 2022; Eurocities, 2024a).

As the EU prepares for the post-2027 period, it is important to understand how cities can be better supported within the CP framework. This requires an in-depth study of the institutional mechanisms that help or hinder urban action.

1.3. Selection of case studies

To analyse the research problem, this thesis employs a comparative case study approach, focusing on three major European metropolitan areas: Florence, Budapest and Rotterdam.

The rationale behind this selection is not to analyse a representative sample, but to deliberately choose three cases that illustrate radically different institutional relationships and governance structures within the CP framework. It is precisely the analysis of these distinct national and local institutional configurations that allows to understand how cities are empowered or constrained in the implementation of funds.

These case studies are selected to provide a specific comparative view of their divergent starting positions in the MLG architecture of CP. Their fundamental differences are as follows:

- Florence (Italy): Florence is chosen because it exemplifies a specific type of institutional innovation relevant to the Italian setting. The city serves as an Intermediate Body (IB) for a National Operational Program (PON) focused on metropolitan areas (previously known as PON Metro and now PN Metro Plus and medium-sized cities in the south). This position is related to its status as a Metropolitan City, an administrative and political entity created by legislation in which the city council and the metropolitan authority intersect. In contrast to other contexts,

Florence's CP implementation is carried out through a national program that grants direct management authority to the city (i.e. *Piani Operativi*).

- Budapest (Hungary): Budapest is selected to analyse urban governance in a context of intense political conflict. Since 2019, political divergence between the city administration and the national government has led the latter to try to exclude the capital from main funding streams of CP (namely indirect funds). This situation forces the city to seek alternative ways to attract funds (e.g. direct funds) and to develop institutional ploys to overcome national blockages. This case allows to investigate urban agency in conditions of extreme centralisation and conflict, in an administrative system polarised between the centre and the local level.
- Rotterdam (The Netherlands): Rotterdam exemplifies a developed example of urban empowerment. The city was selected because the municipality itself serves as the Managing Authority (MA) for the entire regional program. This role, which evolved from the 2014-2020 programming period, positions the city as a leader in program management, with direct involvement in coordinating other cities' dynamics. This situation enables us to examine the operations of a city authority that serves both as a recipient and a manager of cohesion funds, employing Integrated Territorial Investments (ITIs) in a creative manner, even at a very local level (for instance, specific neighbourhoods).

The selection of these three case studies is strategic rather than random. By comparing three such divergent trajectories, the thesis can investigate the research topic in depth. This set of cases allows us to isolate and analyse the institutional, political and administrative factors that determine the success or failure of the urban agency. It is precisely through the analysis of these different forms of empowerment and constraint, and the resulting institutional innovations, that this study aims to provide concrete insights.

1.4. Research questions and objectives

This thesis analyses the roles of cities within the EU's MLG system, specifically regarding the implementation of CP during both the 2014-2020 and 2021-2027 programming periods, to solve the previously outlined research problem. The objective is to determine how differing institutional arrangements either facilitate or obstruct the management of EU Structural Funds and to identify implications for future policy development. To achieve this, the study is guided by the following primary research question:

How do governance structures in cities influence policy implementation, and what lessons does this offer for post-2027 reforms?

The thesis seeks to address this question by the following specific research objectives (RO), which constitute the analytical framework of the study:

- RO1 – Setting the context of CP: To situate CP within the general framework of EU funding system by outlining the policy's history and development.
- RO2 – Unpacking the urban dimension of CP: To examine the changing urban dimension of CP in relation to the achievement of the territorial and socio-economic objectives of the EU, thereby setting the necessary background for evaluating city-level policy implementation.
- RO3 – Analysing city governance systems: To explore the specific institutional structure and governance systems that support the implementation of CP in the three case study locations. It will precisely define the role of each city within the broader European MLG context, therefore clarifying the respective responsibilities of national, regional and local governments.
- RO4 – Identifying power dynamics and stakeholders: To conduct a comparative analysis identifying which decision-making actors and stakeholders have the greatest influence on the allocation and oversight of EU funds, paying close attention to the different levels of decentralisation in each context.

- R05 – Assessing political and structural influences: To examine the relationship between central governments and metropolitan/municipal authorities to understand how political contexts influence policy outcomes. This includes evaluating how national regulations, political factors and decentralisation/centralisation processes either enhance or limit the authority of urban governments, ranging from cooperation to conflict.
- R06 – Evaluating institutional innovations: To evaluate innovations in institutions and improvements in governance, designed to strengthen administrative capacities and improve the delivery of CP. These processes will be assessed for their practical efficacy and replicability, highlighting both effective practices and persistent organisational difficulties.

Following this rigorous comparative analysis, the thesis concludes by formulating a series of suggestions to improve governance structures and underscore the decisive importance of urban areas for CP's future.

1.5. Significance and contribution of the study

Building upon the objectives and analytical framework outlined above, this thesis aims to provide a critical, research-based contribution to the debate on the future of CP. Based on the ESPON URDICO project¹ “Urban dimension of Cohesion Policy and other EU programmes”, the study develops much on this previous work. Although the first research inside the URDICO project, coordinated by the Politecnico di Torino team, concentrated on the Florence case study, this thesis takes a different perspective. Among the bigger group of cities examined in the whole URDICO project, it chooses Florence, Budapest and Rotterdam to offer a specific comparative perspective to highlight the diversity of cities regarding their management of EU funds and to subsequently record the unique institutional innovations across the different contexts. Through these case studies, the research underscores the diverse organisational structures of countries in implementing CP, contrasting MS with highly centralised frameworks against those with more decentralised systems, to then develop the analysis at local level.

This research’s main academic contribution is its capacity to relate the ambitious goals of EU policies with the complex realities of their implementation in cities. Through careful examination of these case studies, the thesis improves knowledge of how MLG systems operate, or fail, in practice. It goes past theoretical debates to suggest specific governance solutions that can inspire other cities across the EU and identify concrete institutional structures that actively foster true urban involvement. It clarifies therefore how local plans fit EU priorities and how territorial and political factors directly affect the effectiveness of spatial planning.

Beyond its academic value, the thesis provides significant practical use for policymakers approaching the post-2027 programming period. The study offers a reform roadmap by analysing how political dynamics, national legislation and decentralisation/centralisation factors empower or restrict urban authorities. It finds both replicable success patterns and continuing systematic barriers. By turning technical governance analysis into practical ideas, this study closes a crucial gap and contributes to the debate on the future of CP.

¹ ESPON URDICO project: <https://www.espon.eu/projects/urdico-urban-dimension-cohesion-policy-and-other-eu-programmes>

1.6. Thesis structure

The procedural diagram illustrates (Figure 1) how this thesis is constructed and organised to assist the reader logically through the study. The structure consists of five research sections:

- Section 1 – Conceptual and contextual foundations: Provides the necessary background by tracing the historical evolution of CP and its governance structures, from the Treaty of Rome to current frameworks. It analyses the MLG system and the specific shift from "urban blindness" to the "urban dimension," concluding with an analysis of the Commission's 2025 proposal and the institutional crisis surrounding the post-2027 reforms.
- Section 2 – Theoretical and analytical framework and research methods: Details the research design, including the interpretivist philosophy and the mixed-method approach combining quantitative financial data with qualitative interviews. It defines the specific three-level analytical framework used to measure urban agency, outlining the categories for local analysis and the dimensions for comparative assessment.
- Section 3 – National contexts: Offers a comparative analysis of the institutional frameworks in Italy, Hungary and the Netherlands across the 2014–2020 and 2021–2027 programming periods. It examines how varying degrees of decentralisation, national funding priorities and governance models create the operational environment for the selected cities.
- Section 4 – Case studies: Presents the empirical core of the research, investigating the specific implementation realities in Florence, Budapest and Rotterdam. It applies the analytical framework to explore local governance models, financial allocation and management, mechanisms of empowerment or constraint, and specific institutional innovations in each city.
- Section 5 – Comparative analysis and discussion: Synthesises the findings through a structured multidimensional comparison to identify cross-cutting patterns, divergences and causal mechanisms. It compares vertical and horizontal governance relationships and analyses how different institutional setups impact administrative capacity and alignment with EU priorities.

The architecture of this thesis is designed to guide the reader through a logical deductive process. The study follows a "funnel" structure, moving from the macro-level of European governance to the micro-level of urban implementation, before returning to a broader policy synthesis.

The research begins by constructing a robust theoretical and contextual framework. By grounding the study in a deep analysis of CP's evolution and the governance systems that support it, the text establishes the necessary benchmarks against which the practical reality of the case studies will be measured. This theoretical grounding is not merely descriptive; it is essential for positioning the research within the complex tensions of the post-2027 debate.

Building upon this foundation, the narrative transitions to the empirical core of the study. This section justifies the strategic selection of the three city-regions and details the analytical methodology. By adopting a mixed-methods approach that integrates quantitative financial data with qualitative insights from interviews, the structure allows for a multidimensional assessment of how national and local dynamics intersect.

Finally, the thesis reverses the trajectory, moving from specific observations back to general conclusions. The results of the multi-level analyses are integrated into a systematic comparison to identify cross-cutting themes and institutional innovations. This synthesis ensures that the final policy recommendations are not isolated observations, but are deeply rooted in empirical evidence, thereby offering a concrete contribution to the future design of the urban dimension in CP.

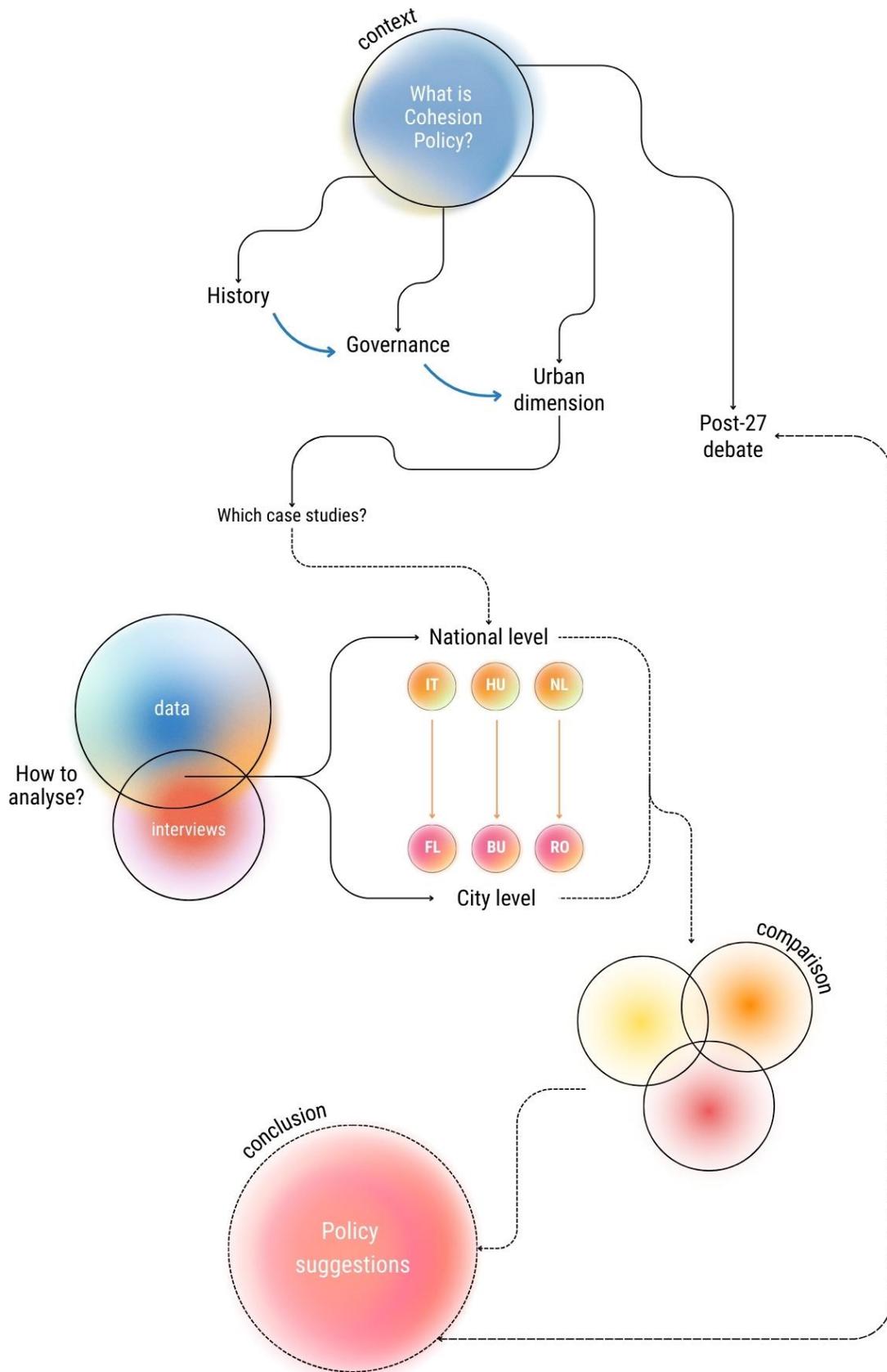


Figure 1 - Methodological structure of the thesis.
 (Source: Author's own elaboration).

2. Conceptual and contextual foundations: Cohesion Policy, governance and the urban dimension

2.1. Introduction

This chapter establishes the conceptual and contextual foundations for understanding the role of cities in CP. Moving from the general policy framework to specific urban applications, it provides the essential context for comparative studies of the selected case studies.

The analysis begins by tracing the historical evolution and objectives of CP, from its origins in the Treaty of Rome to the fundamental reform of the Structural Funds in 1988 and subsequent enlargements. It highlights how the policy has become the Union's primary instrument for reducing economic, social, and territorial disparities, while continually adapting to new challenges.

The chapter thereafter looks at the governance structures that support implementation. It defines the territorial classification system and examines the MLG framework, which distributes decision-making power across multiple levels through the principles of partnership and programming.

Particular attention is paid to the evolving role of cities, documenting the paradigm shift from 'urban blindness' to the formal recognition of a distinct 'urban dimension'. The section analyses specific mechanisms for urban engagement, while addressing the structural constraints and adaptation pressures imposed by national institutional frameworks.

Finally, the chapter contextualises the research within the post-2027 critical debate, analysing the tension between the European Commission's (EC) 2025 proposal for centralised National and Regional Partnership Plans (NRPPs) and the subnational demand for continued autonomy.

2.2. Historical evolution and aims of EU Cohesion Policy

From the very beginning and throughout its development, the main goal of what we call the European Union Cohesion Policy (originally known as European regional policy) has been to reduce the significant economic and social disparities between MS and their various regions. This long-standing objective has consistently motivated the mobilisation of substantial financial resources over the several programming periods, mainly channelled through specific tools such as the Structural Funds. The primary objective of these initiatives has been to promote growth in the most disadvantaged areas of the Union by addressing existing shortcomings in important productive elements, such as basic physical infrastructure and the necessary human resources, with the overall aim of improving the quality of life and increasing the per capita income of residents.

This chapter examines in depth the evolution of this policy, starting from its initial recognition in the Treaty of Rome and following its development, changes in principles and expansion of influence over time. It will explain how its overarching aims have been improved and expanded over time, adapting to the evolving socio-economic environment of an enlarging Union. This will provide the important historical context necessary to understand its current importance and functional structure.

2.2.1. Genesis and early stages of regional policy

The foundational principles that later developed into CP were, in a sense, already included within the foundational text of the European Economic Community (EEC). The Treaty of Rome, signed in 1958, did not create a specific policy for regional development. However, as detailed in the infobox (Figure 2), its preamble and Article 2 clearly expressed a strong, albeit aspirational, objective to reduce economic differences between regions. To support these broad goals, the Treaty established the European Social Fund (ESF) and the European Investment Bank (EIB). While these instruments had indirect implications for regional development, they were not exclusively dedicated to it.

Infobox - Treaty of Rome

While the Treaty of Rome did not establish a specific regional policy, it laid the legal and financial groundwork for future cohesion initiatives through three key elements:

1. The Preamble explicitly stated the objective to:

"strengthen the unity of their economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less favoured regions."

2. Article 2 committed the Community to promoting:

"a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the States belonging to it."

3. Early financial instruments

- The European Social Fund (ESF): Focused on workforce mobility and training to address labor market shifts, particularly for workers from Southern Europe.
- The European Investment Bank (EIB): Tasked with financing projects that modernized industry and encouraged balanced development within the Common Market.

Figure 2 – Infobox: Treaty of Rome.
(Source: Author's own elaboration on Treaty of Rome)

Despite these important recognitions and essential developments, the initial framework of the EEC clearly did not include specific instruments or mechanisms aimed at reducing regional disparities. As a result, no policy aimed at regional development emerged in these early years. From an institutional point of view, most interactions took place between MS or directly between MS and the EEC, with little or no involvement from local government levels or civil society organisations in policy creation or implementation.

Furthermore, EEC interventions focused on specific sectors, with national governments exercising almost total control over the procedures to be used. The dominant economic theory of the time leaned towards a neoclassical paradigm, according to which economic growth would naturally "spill over" from richer to poorer regions through market self-regulation, promoting convergence among regions without the necessity for broad, prescriptive objectives (Cuadrado-Roura & Parellada, 2002). The emphasis remained primarily on the creation, development and safeguarding of industries associated with the ongoing industrialisation process.

The 1970s represented a significant turning point, changing perceptions of regional differences and leading to a re-evaluation of the non-interventionist strategy. This decade was characterised by significant external disruptions, in particular two major oil crises which had a major impact on both the global and European economies, as well as a marked decline in European competitiveness compared to emerging Asian and American industrial powers (Leonardi, 2005). These difficulties highlighted the vulnerability of regions lacking economic diversification and development, thus making the idea of specific financial assistance for these areas more relevant.

In response to these growing concerns, the EC published the influential Thompson Report in 1973. The EEC's regional economic circumstances were thoroughly examined in this report, together with key ideas for lowering regional inequality. It stressed that existing regional structural disparities represented a major challenge to the achievement of future monetary union and explained an important guiding principle for Community intervention: it should support, not replace, national and regional policies. One of its main suggestions was to establish a specific European Regional Development Fund (ERDF) together with a committee dedicated to regional policy.

The need for a more direct regional policy became even more pressing with the first enlargement of the EEC in 1973. This expansion included the United Kingdom, which had strong concerns about regional disparities, Ireland, which had a very low level of economic growth, and Denmark. This raised awareness of diverse regional challenges on the Community's political agenda. As a result, the ERDF was formally institutionalised in 1975, with the explicit aim of addressing significant regional disparities within the Community (Council Regulation (EEC) No 724/75, 1975). However, its initial budget was very limited, representing only around 5% of the Community's total budget, a sum the Commission itself described as 'modest' (European Commission, 1976). This initial version of the ERDF encountered several notable limitations (Leonardi, 2005): a widespread lack of operational transparency, the absence of well-defined common objectives, and a problematic method of budget allocation that distributed funds across MS irrespective of the actual prevalence of underdeveloped areas, thus making it inadequate to achieve convergence (Manzella & Mendez, 2009). In addition, there was a significant lack of standardised criteria for defining which projects could benefit from funding and the specific areas that could receive assistance, resulting in disorganisation and eventually inefficiency.

2.2.2. The Delors Packages and the rise of Cohesion Policy

European regional policy underwent a radical change in the 1980s, marking a crucial shift towards what would later become the comprehensive CP. In 1981, the Commission presented to the Council an innovative proposal for the reform of the ERDF, which included two important innovations (Commission of the European Communities, 1981): a directive aimed at allocating 80% of ERDF resources towards specific priority regions and the establishment of an integrated programming approach (Leonardi, 2005). The proposed reform was officially accepted in 1984 (Council Regulation (EEC) No 1787/84, 1984) and included four main changes: the creation of a structure for coordinating national regional policies, the clarification of the general rules governing the operation of the Fund, the specification of provisions governing actions, and the formalisation of rules relating to commitments and payments. These changes represented a first, even though modest, step towards a more organised and strategically oriented regional policy.

In 1985, a significant organisational change took place with the drafting of the Single European Act (SEA) during an intergovernmental conference. This important agreement promoted regional policy as a key objective and formally established the idea of economic and social cohesion as a fundamental objective of the Treaty, as outlined in Title V Article 130a of the SEA that clearly stated:

“In order to promote its overall harmonious development the Community shall develop and pursue its actions leading to the strengthening of its economic and social cohesion.

In particular the Community shall aim at reducing disparities between the various regions and the backwardness of the least-favoured regions.”

This clear legal basis provided a strong impetus to increase the Community’s efforts to address regional disparities, moving from indirect recognition to a direct need for political action.

The implementation of these more ambitious objectives was significantly supported by the introduction of the “Delors Packages”, i.e. Multiannual Financial Frameworks (MFF) proposed by the Commission to provide the necessary funding for the expanding objectives of the European Community, in particular the completion of the Single Market and the strengthening of CP.

The Delors I Package (1988-1992) was created primarily to provide the necessary funding for the implementation of the SEA, focusing on resolving issues related to regional disparities (CVCE, 2025). The main measures involved a doubling in real terms of the Structural Fund from 1987 to 1993, with a significant increase in resources allocated to cohesion. In addition, this package established a method of budget management through multiannual financial plans, which improved the organisation and supervision of European Community expenditure. At the same time, a reform regarding ‘own resources’ altered the way in which the European Community was financed, reducing dependence on customs duties and increasing the share coming from the gross national product of MS. This was seen as a way of making the financing system fairer and more stable.

The Structural Funds Reform of 1988 (Figure 3) was the direct result and integral component of the Delors I Package, which radically changed the way the European Community’s structural policies worked. The main goal of this reform was to make the funds more effective in supporting economic and social unity. The reform was based on four fundamental principles (Decand, 2000; Council Regulation (EEC) No 2052/88, 1988; Bollen, 1999):

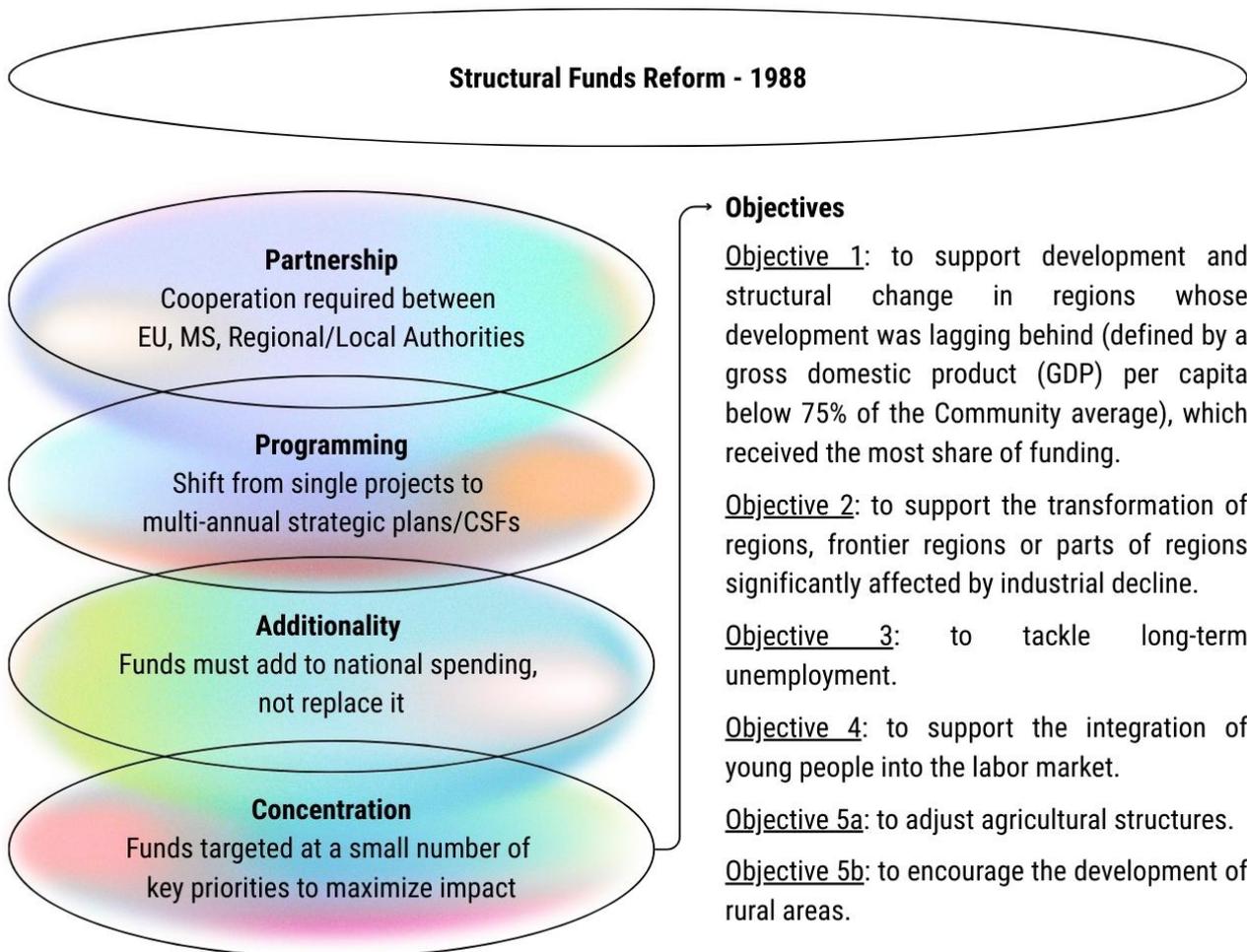


Figure 3 - Key pillars of the 1988 Structural Funds Reform.

(Source: Author's own elaboration on Decand, 2000; Council Regulation (EEC) No 2052/88, 1988; Bollen, 1999)

The Delors II Package (1993-1999) established the financial framework necessary for the implementation of the Maastricht Treaty (Treaty on European Union), which laid the foundations for Economic and Monetary Union and encouraged deeper integration. Alongside other lines of action, Cohesion was emphasised once again as the key objective of the Union and as "the essential means of reducing development disparities" (Delors, 1992). Among the important measures in this package was a substantial increase in Structural Funds, including the creation of the Cohesion Fund (CF), as provided for in the Maastricht Treaty. This new fund was specifically intended for the four "cohesion countries" (Spain, Portugal, Greece and Ireland), where Gross Domestic Product (GDP) per capita is below 90% of the EU average.

The current Structural Funds, as reformed in 1988, have retained their specific objectives in achieving cohesion goals, now reinforced by the addition of the CF. These funds have been allocated for the specific purposes described below:

- The European Regional Development Fund (ERDF) has played a key role in supporting growth and structural change in regions lagging behind in development, as well as helping to transform regions in industrial decline. Its interventions have focused on promoting productive investment, improving infrastructure and developing local capacity.
- The European Social Fund (ESF) was tasked with the occupational integration of young people and the long-term unemployed. It has also aimed to support workers in adapting to change in industrial sectors and production methods. Its activities included vocational training, employment aid and measures to combat social exclusion.
- The Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF Guidance Section) was dedicated to accelerating the adjustment of agricultural structures, supporting rural development and assisting in the transformation and diversification of agricultural activities, particularly in disadvantaged rural areas.

The overall effects and lasting influence of the Delors packages and the 1988 reform of the Structural Funds have been significant. These efforts significantly increased the funds allocated to reducing regional disparities, thereby positioning CP as a key component of EU policy. They established a more planned, systematic and collaborative approach to regional development, moving away from the previous project-based funding that was carried out on an ad hoc basis. From a political perspective, these reforms played a crucial role in securing political support for the single market among less developed MS by offering significant financial assistance, that might otherwise have been concerned about the possible disadvantaged of increased competition.

Furthermore, the concept of partnership strengthened the influence of regional and local authorities, giving them greater responsibility for the use of EU funds and thus promoting a clearer regional aspect in European governance. These changes certainly laid the

organisational and financial foundations for future versions of CP, which remains a key part of the Union's efforts to encourage equitable development. Although the overall success of the Structural Funds in achieving full convergence has been the subject of ongoing academic and political debate, the 1988 reform, led by Jacques Delors, clearly represented a significant turning point, establishing economic and social cohesion as a key and enduring objective of the European initiative.

2.2.3. Enlargements and adapting to new challenges

The ongoing expansion of the EU (Figure 4), particularly involving countries in Central and Eastern Europe (CEE), has posed unprecedented challenges to the existing structure and effectiveness of the Union's CP. The inclusion of these countries, which began with the important accession of ten New Member States (NMS) in 2004, followed by Romania and Bulgaria in 2007 and Croatia in 2013, has radically changed the socio-economic landscape of the Union. These NMS together account for around 24% of the EU's surface area, 21% of its total population, but only around 7% of its GDP, leading to a significantly diversified economic environment characterised by considerable differences in development (Gorzela et al., 2010).

The inclusion of these countries required a significant adjustment of CP. The NMS began to benefit from EU structural funds during a transition phase from 2004 to 2006. More organised and comprehensive assistance was provided during the 2007-2013 programming period, during which almost half of the total CP budget was allocated to these states (Costantin et al., 2010).

This enlargement led to a significant increase in the number of areas eligible for Objective 1 funding (areas with a GDP per capita below 75% of the EU average), from 46 in the EU-15 to 70 in the enlarged Union by 2004 (Pálné Kovács, 2016). This increase had led to challenges related to the equitable distribution of funds between established and emerging cohesion areas. In addition, the NMS experienced a situation of internal regional polarisation (Blokker & Dallago, 2009), characterised by the rapid growth of significant urban areas, particularly capital cities, alongside continuing social and economic difficulties and the concentration of poverty in rural and peripheral regions.

The economic power of capital cities has, in some cases, been exacerbated by the implementation of CP. Although this policy aims to promote overall growth, it can inadvertently increase differences within the country. The process of adaptation and learning for these NMS has placed considerable importance on regionalism (Pálné Kovács, 2016), often leading to the creation of regional administrative frameworks primarily to improve access to and management of EU funding.

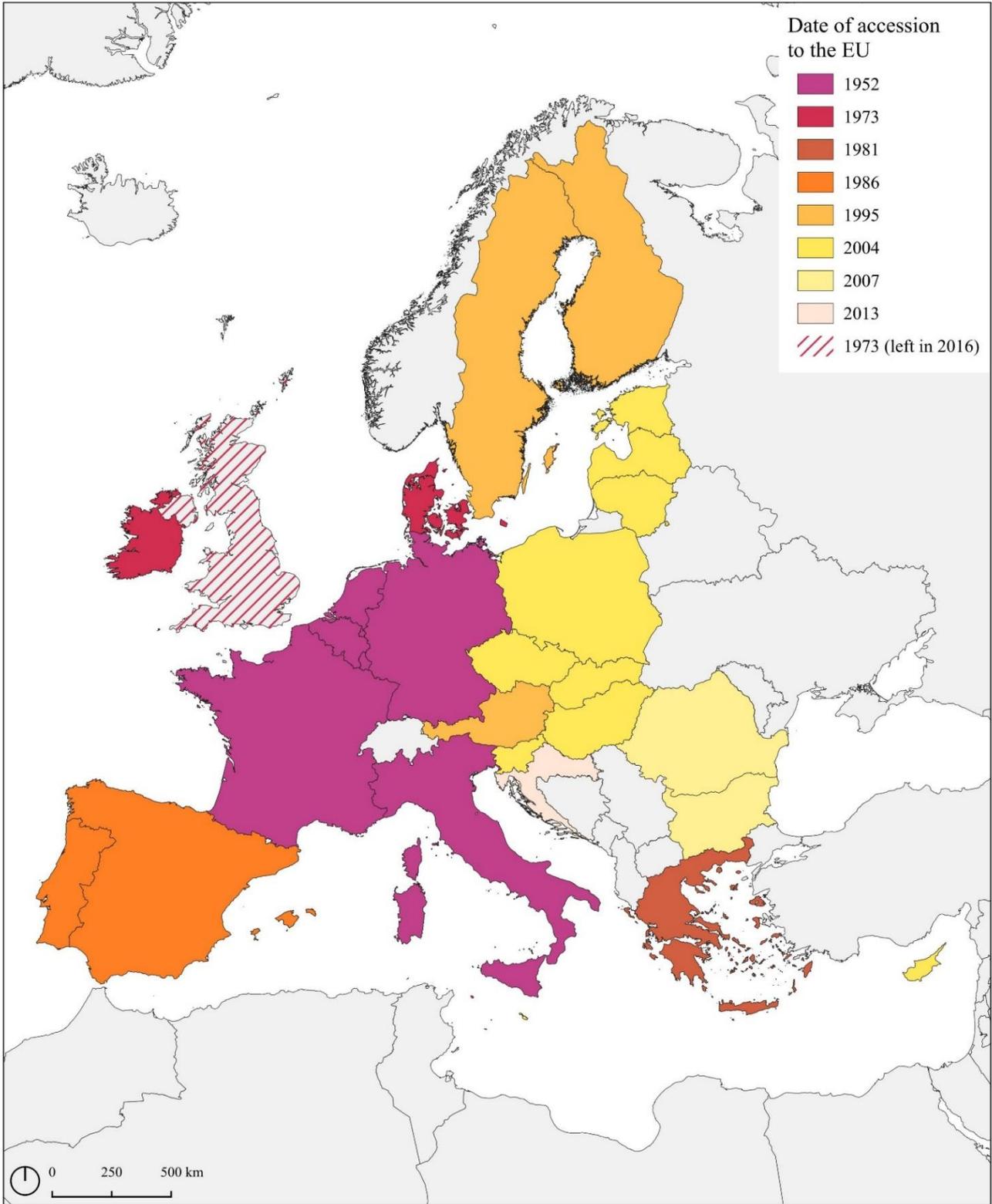


Figure 4 - Map of European Union enlargements, highlighting the accession dates of Member States. (Source: Author's own elaboration).

The 2007-2013 programming period witnessed a significant change in the objectives of CP, which aimed to address the development needs of the Union as a whole and its various components. Three main objectives (Constantin et al., 2010) were set (Figure 5).

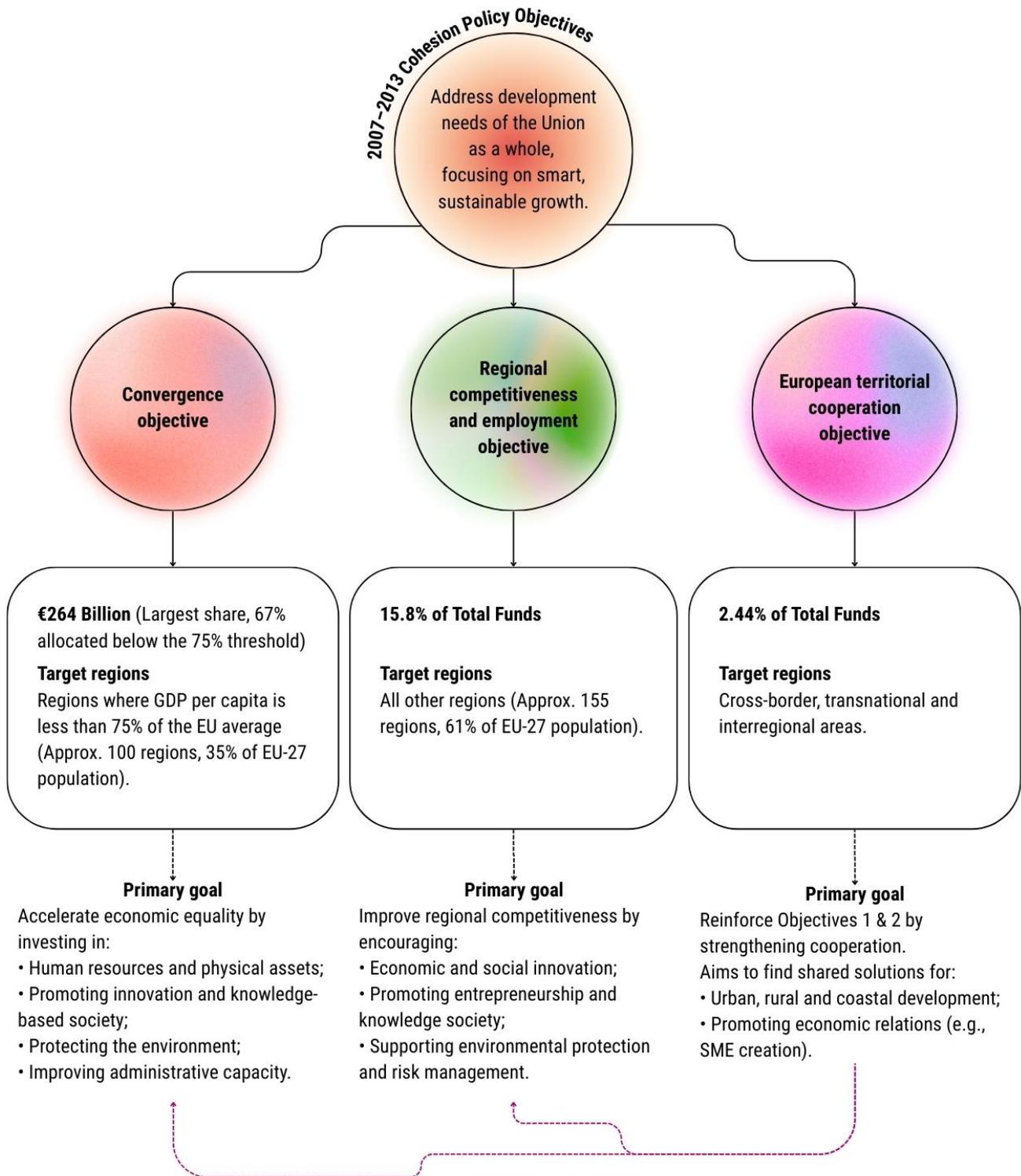


Figure 5 - Schematic overview of CP Objectives in the 2007-2013 programming period. (Source: Author's own elaboration on Costantin et al., 2010).

In addition to these programmatic changes, the structure of the EU underwent further significant changes with the drafting of the Treaty of Lisbon in 2007. This agreement, which builds on previous foundational texts, strengthened the commitment to cohesion, by introducing the concept of territorial cohesion, equating it with economic and social cohesion among the Union's objectives. This formal recognition of the territorial dimensions represented a more comprehensive understanding of inequalities, recognising that challenges could arise not only from economic and social factors, but also from geographical characteristics and accessibility issues.

The Treaty of Lisbon was mostly viewed positively for its ability to improve the Union's efficiency, strengthen its democratic legitimacy and increase its capacity to act in various policy areas, such as CP. It was expected that a clearer institutional framework and a more solid legal basis for territorial cohesion would provide a stronger foundation for future efforts to promote balanced development across all regions.

However, the global economic and financial crisis that began in 2008 had a significant effect across the EU, halting or reversing growth trajectories in both established and newer MS (Berkowitz et al., 2015). This crisis, which initially manifested itself as a sudden disruption of the banking system, quickly spread to the real economy, causing a significant decline in business investments, household spending and total production. In response, CP showed great flexibility in reaction. Quick measures were promptly taken to simplify procedures and speed up payments, thereby maximising the use of funds and safeguarding ongoing projects (Smail, 2010). This resulted in an increase in the amount of funding allocated to Operational Programmes (OPs) and, in some cases, a temporary increase in EU co-financing rates for MS facing significant financial difficulties. The crisis required a practical shift in the emphasis of CP interventions. Although long-term development objectives remained important, the urgent needs arising from the crisis often became the main focus. This led to simpler actions and a reduction in co-financing requirements, necessitated by the deteriorating financial situation of beneficiaries (Berkowitz et al., 2015).

In addition, CP interventions became more closely linked to the broader framework of economic governance in Europe, in particular through the European Semester (i.e. annual cycle of economic and fiscal policy coordination) and the implementation of country-specific recommendations (Berkowitz et al., 2015). Thematic focus emerged as a key

feature, directing resources towards priorities deemed most suitable for promoting growth, employment and competitiveness. This involved directing investments in areas such as research and innovation, digital initiatives, support for Small and Medium-sized Enterprises (SMEs), effort to combat climate change, network infrastructure, employment, social inclusion and education. The crisis highlighted the fundamental need to improve administrative capacity in MS to ensure the efficient management and use of resources. Meanwhile, measures were taken to improve the use of financial instruments in order to attract funding from the private sector, thereby providing essential capital to businesses in a difficult economic situation.

The Barca Report, published in April 2009, provided an in-depth independent assessment of CP in the wake of the crisis, recommending major reforms to improve its efficiency and relevance. The report highlighted a “place-based approach” as the optimal strategy for addressing the continuing underutilisation of potential and social exclusion. It argued that public interventions should be tailored to specific local contexts, rely on local expertise and be open to scrutiny and review. It proposed that the EU’s involvement in CP was justified by a “sustainability argument”, which ensures that all citizens benefit from integration, regardless of their geographical location, and a “logic of political effectiveness”, which uses the Union's unique strengths to address cross-border interdependencies while preventing “beggar-thy-neighbour policies”. It called for a review of governance based on ten pillars, including a more targeted allocation of resources to a limited number of key priorities, the establishment of a new strategic framework, a results-oriented contractual relationship, strengthened governance for key priorities, encouragement of additional contributions, a spirit of experimentation and forward-looking impact assessment. These suggestions, in particular the focus on a place-based approach and results-oriented governance, had a significant impact on subsequent discussions and changes to CP, reinforcing its importance as a key tool for promoting balanced development across all EU regions.

2.2.4. Current framework and future directions

The severe economic and financial crisis that began in 2008 called for a complete reassessment of the EU's key priorities and policy instruments. The crisis revealed significant structural flaws within the European economy, underscoring the urgent need for a more decisive and coherent policy response (European Commission, 2010). In the aftermath of this economic shock and building on essential evaluations such as the 2009 Barca Report, the Union engaged in a profound strategic reassessment. The insight gained from these analyses, particularly the focus on the need to tailor interventions to local situations and to use local resources, shaped subsequent policy direction.

In reaction to this significant shift, in 2010 the EC launched the Europe 2020 Strategy, which serves as a comprehensive plan for “smart, sustainable and inclusive growth”. This strategy outlined three mutually reinforcing priorities:

- ‘Smart growth’, which focuses on an economy driven by knowledge and innovation;
- ‘Sustainable growth’, which encourages resource efficiency, environmental sustainability and competitiveness;
- ‘Inclusive growth’, aims at a high-employment economy that supports social and territorial cohesion.

To guide progress, the strategy set five specific and measurable EU 2020 headline targets, including employment levels, investment in research and development, climate and energy goals, education outcomes, and efforts to reduce poverty. These targets were supported by seven “flagship initiatives” to promote actions in these key areas. The approach highlighted that these targets, although challenging, can be achieved through collective action and better economic governance frameworks.

Considering this shift toward strategic realignment and the significant awareness of the social vulnerabilities highlighted by the 2008 crisis, the CP reform was implemented in 2013. This reform created the necessary laws for the 2014-2020 programming period and sought to improve the role of CP as a public investment tool, with the aim of increasing its effect on growth and employment, while continuing to work to reduce development disparities (Haase, 2015).

A significant innovation was the clear alignment with the Europe 2020 Strategy through thematic concentration. Resources were allocated to a narrow set of 11 Thematic

Objectives (TOs), which included areas such as research and innovation, information and communication technologies, strengthening the competitiveness of SMEs, and the transition to a low-carbon economy.

This shift has led to a significant increase in funding for these growth-promoting areas compared to the previous period (Bachtler & Mendez, 2014). The focus on these issues can be seen as a practical example of a “place-based approach”, which allows regions to focus on their relative strengths and advantages within these broader strategic goals.

The reform enacted in 2013 also established a Common Strategic Framework, which serves as an overarching document to direct the programming and coordination between all European Structural and Investment Funds (ESIFs), including the ERDF, ESF, CF, European Agricultural Fund for Rural Development (EAFRD) and European Maritime and Fisheries Fund (EMFF) (Haase, 2015). A significant, even if debatable, aspect was the introduction of conditionality. This included preconditions, meaning that it required MS to meet certain legal and administrative requirements before obtaining funds, as well as macroeconomic conditions, which tied the disbursement of funds to adherence to EU economic governance rules (Bachtler & Mendez, 2014). New categories of regions were also defined (Less developed, Transition and More developed) to allocate funds more effectively on the basis of GDP per capita (Bachtler & Mendez, 2014). Furthermore, a stronger performance orientation was established, requiring measurable objectives, specific targets and a “performance reserve” designed to reward successful program implementation (Haase, 2015). The aim of these reforms was to transform CP into a more strategic and results-focused instrument, thus rooting it more deeply within EU (Haase, 2015).

As the EU prepared for the 2021-2027 period, the strategic approach evolved further to address emerging global challenges. A key aspect of this evolution was the reform of the objectives’ framework. In order to streamline policy and move from sectoral objectives to broader strategic objectives, the eleven specific TOs of the previous period were consolidated into five broad Policy Objectives (POs).

This shift from TOs to POs represents a move towards simplification and flexibility, focusing on five broad themes: a smarter Europe, a greener Europe, a connected Europe, a social Europe and a Europe closer to its citizens. This restructuring allows for a more integrated approach, moving away from rigid sectoral silos towards broader development objectives.

Within this new framework, significant importance has been given to the “twin transition” (digital transformation and decarbonisation), which is significantly changing the way the EU economy works (European Commission, 2022a; Maucorps et al., 2023). This strategic emphasis is necessary to address climate change, promote environmental sustainability and improve competitiveness in a rapidly changing global economy. While these transitions offer important opportunities, they also require major structural adjustments that could lead to new regional inequalities, especially if not managed in an inclusive manner (Maucorps et al., 2023). CP is increasingly focusing its efforts on these areas to ensure that all regions and citizens can benefit from these transformation processes, thereby reducing the risk of growing socio-economic inequalities (Bachtler et al., 2022; European Commission, 2022a).

The constantly evolving challenges and strategic priorities have encouraged the use of new methods and operational tools within CP. The integrated approach, which emphasises the importance of collaboration between different policy areas (cross-sectoral integration), between various levels of government and stakeholders (MLG) and between different geographical areas (territorial integration), has become increasingly significant (Pertoldi et al., 2022).

To put these methods into practice, new territorial instruments have been launched from the 2014-2020 programming period onward. These tools include ITI, Community-Led Local Development (CLLD) and Sustainable Urban Development (SUD) (Pertoldi et al., 2022). ITI promotes integrated strategies on various themes by securing funding from different priority areas and funds, thus facilitating a tailored approach to policy development. In contrast, CLLD is a bottom-up, participatory and place-based method designed to mobilise local potential, often implemented through Local Action Groups. SUD, particularly for urban areas, encourages coherent approaches for lasting development in urban environments. These tools are designed to improve governance and collaboration between different sectors. They enable the creation of solutions developed by local communities that respond to the specific needs and possibilities of different regions (Pertoldi et al., 2022).

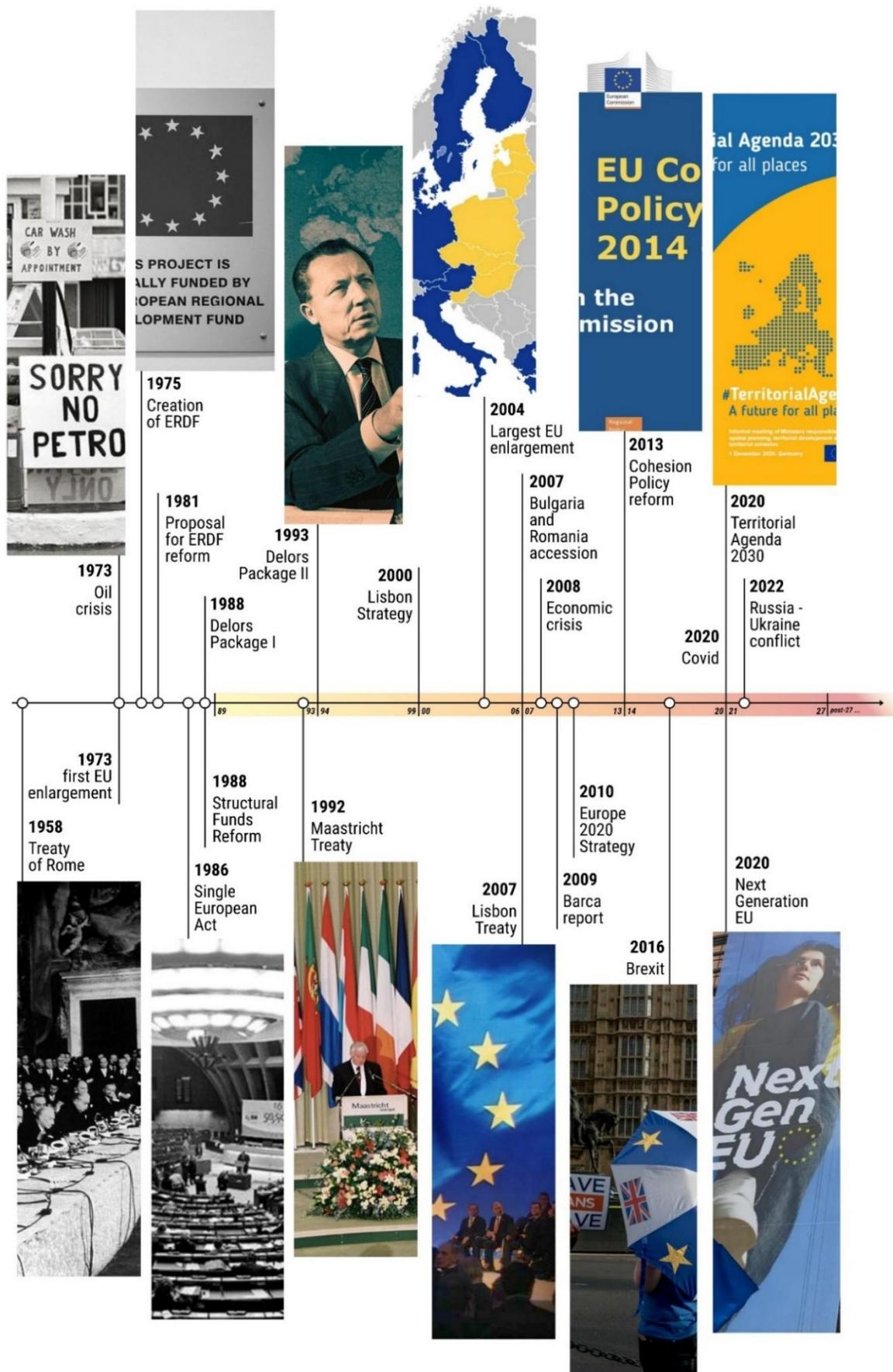


Figure 6 - Timeline of the historical evolution of EU Cohesion Policy. (Source: Author's own elaboration).

2.2.5. Overarching aims and principles of EU Cohesion Policy

Over decades of institutional evolution, CP has developed a framework based on fundamental principles and enduring objectives that have adapted to the changing social, economic and political circumstances of the EU. At its core, the policy is clearly focused on strengthening economic, social and territorial cohesion across the Union (European Commission, 2022a). From its initial recognition in the Treaty of Rome to the specific actions in the current programming phases, CP's primary objective has been to reduce the development gap between richer and poorer areas, thereby promoting more equitable and cohesive growth across the Union as a whole. This objective has led to the allocation of significant financial resources and the creation of advanced policy instruments, demonstrating a constant commitment to unity and equitable development.

Furthermore, CP is increasingly focusing on promoting sustainable development and smart growth. Even though the policy's initial focus was on addressing the industrial decline and essential infrastructure needs, it has gradually incorporated broader strategic objectives. This evolution has been particularly evident since the introduction of the Europe 2020 strategy and the subsequent reform of 2013 (Haase, 2015). This involves investing funds in innovation, research and development, digital change, environmental protection and the transition to a low-carbon economy (European Commission, 2022a). These objectives are pursued through foundational principles such as partnership, which requires cooperation between different levels of governance; additionality, which ensures that EU funding enhances national initiatives; concentration, which directs resources towards critical priorities; and a growing emphasis on a place-based approach.

2.3. Understanding EU territorial units and governance levels

After examining the historical development and main objectives of CP, it is clear that its success is closely linked to the mechanisms used to implement it. This requires a thorough understanding of the EU's definitions and classifications of its various territories, as well as how it manages the complex relationships between supranational, national, regional and local authorities. This subchapter will therefore explore the fundamental ideas of EU territorial units and the MLG framework that enables CP to deliver real benefits to its intended beneficiaries.

2.3.1. EU territorial classification: the NUTS system and beyond

The successful implementation of CP requires a standardised system for classifying territories, which facilitates the systematic collection, analysis and comparison of regional data between MS. The Nomenclature of Territorial Units for Statistics (NUTS) system (Figure 7), established under Regulation (EC) No 1059/2003, forms the basis for this classification (Eurostat, n.d.).

Created in the early 1970s as a purely statistical framework to produce consistent regional statistics, NUTS quickly became essential to the EU regional policy. It is widely used to define regional policies in the EU and, most importantly for this research, the regions eligible for CP assistance, which are identified at NUTS 2 level.

Although the EC does not directly distribute funding to specific NUTS 2 regions, it allocates financial resources to “categories of regions” and “programmes”, using NUTS 2 boundaries (Figure 8) as the main reference framework for defining fund eligibility (Eurostat, n.d.).

Infobox - Nomenclature of Territorial Units for Statistics (NUTS) system

I. NUTS Hierarchical Levels

NUTS provides a structured, three-tiered subdivision of EU territory for statistical and policy purposes.

- **NUTS 1:** Major socio-economic regions (Largest units).
- **NUTS 2:** Basic regions (Primary unit for defining regional policy and fund eligibility).
- **NUTS 3:** Small regions (Used for more specific diagnoses).
- **Below NUTS:** Local Administrative Units (LAUs) further subdivide territory, often aligning with municipalities, to support local-level data and implementation.

II. Fundamental Principles

The classification is maintained according to three core principles:

- **Administrative alignment:** Statistical regions must generally reflect the administrative frameworks of the EU countries to facilitate data accessibility and policy execution.
- **Population comparability:** Ensures regions are comparable by setting minimum and maximum population limits for each level (e.g., NUTS 2 typically ranges from 800,000 to 3,000,000 inhabitants).
- **Stability over time:** The classification favors stability, with updates occurring infrequently (generally no more than once every three years) and only following significant changes in national administrative structures.

Figure 7 – Infobox: Nomenclature of Territorial Units for Statistics (NUTS) system.
(Source: Author's elaboration on Eurostat data)

During the 2021-2027 programming period, the categorisation of NUTS 2 regions was updated based on GDP per capita relative to the EU average: “Less developed regions” (below 75%), “Transition regions” (now expanded to cover 75-100%) and “More developed regions” (above 100%) (Eurostat, n.d.). This categorisation ensures that a significant portion of financial resources is deliberately allocated to less developed and transition areas, mainly located in the southern and eastern EU MS, along with various outermost regions, which collectively receive 90% of the resources of the ERDF and ESF+ (Eurostat, n.d.). Therefore, the NUTS system is essential for the MLG structure of CP, providing the standardised spatial units necessary for both top-down allocation and bottom-up data collection.

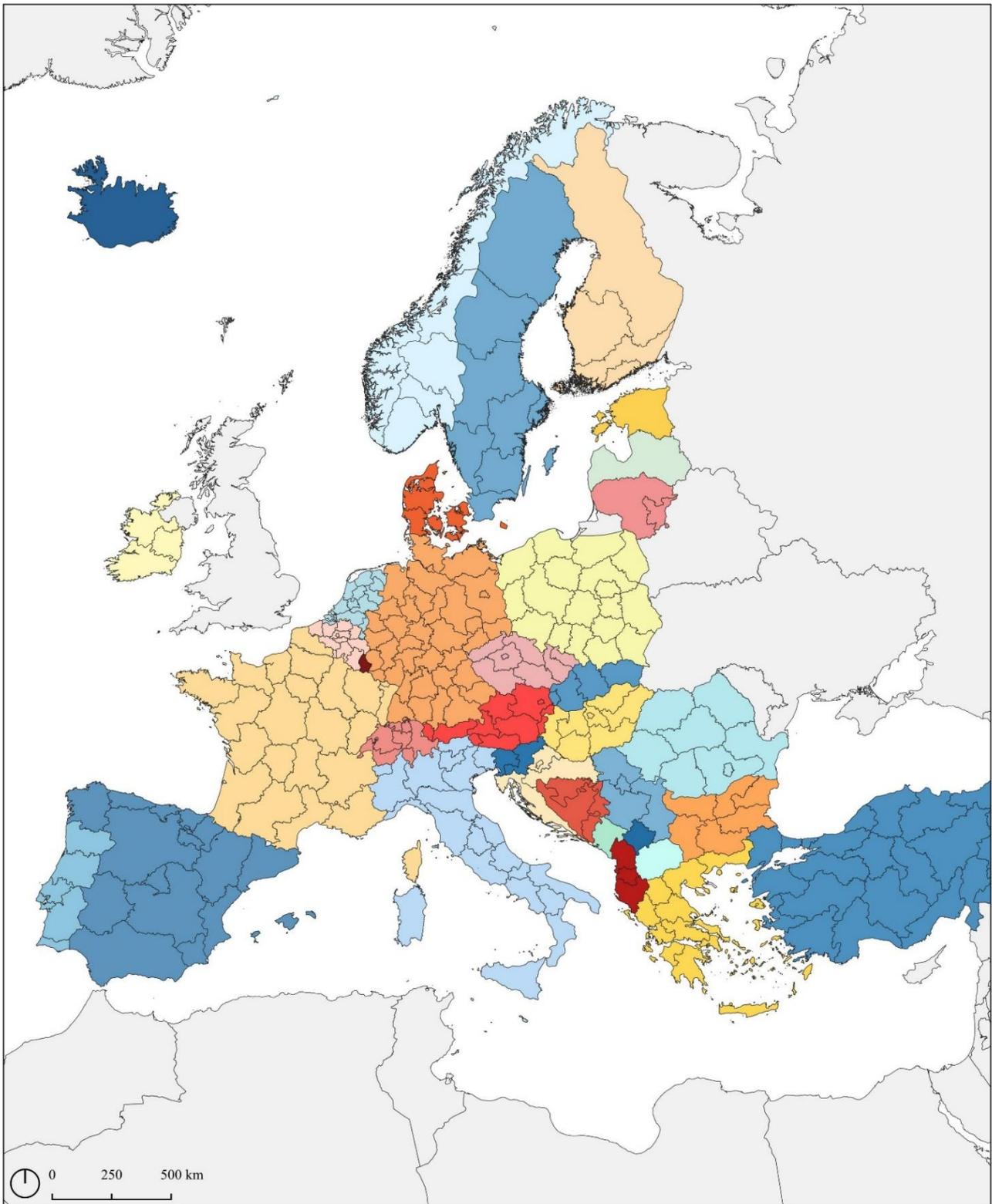


Figure 8 - Map of NUTS 2 regions in Europe.
(Source: Author's elaboration on Eurostat data).

Although the NUTS system provides a solid administrative structure for regional statistics and fund allocation, it often fails to adequately represent the complex, evolving and interconnected nature of current territorial conditions. Economic, social and environmental phenomena frequently transcend rigid administrative boundaries, requiring complementary territorial typologies to support a more nuanced understanding of spatial dynamics. This awareness has prompted the EU to progressively integrate additional classifications, notably Functional Urban Areas (FUAs) and different types of urban-rural typologies, in its policy and statistical systems (Figure 9).

Infobox - Functional Urban Areas (FUAs)

Core concept

FUAs represent a crucial evolution in EU territorial classification, moving beyond rigid administrative boundaries (like NUTS) to define regions based on functional relationships.

Defining basis

Primarily defined by commuting patterns related to labor markets. This captures the reality that urban issues and opportunities extend beyond a city's legal limits.

FUA structure

Consists of two interconnected parts:

- "City": The densely populated urban center.
- "Commuting Zone": Adjacent local units where a significant portion of the population travels to the city center for work.

Methodology

Defined by identifying densely populated grid cells, clustering them to form urban centers, and linking them to adjacent local units with significant commuting flows.

Policy relevance

Provides a more appropriate spatial framework for implementing place-based initiatives (e.g., Sustainable Urban Development, SUD). It recognizes the blurred boundaries between urban and rural areas within a functional economy.

*Figure 9 – Infobox: Functional Urban Areas (FUA).
(Source: Author's own elaboration on Eurostat data)*

These additional categories are considered essential for several reasons. Firstly, they contribute to a deeper understanding of territorial development, recognising that different types of areas face specific challenges and offer unique opportunities (Eurostat, n.d.). Secondly, and crucially for CP, they allow for the customisation of place-based initiatives. FUAs, representing actual socio-economic interactions rather than being limited to administrative boundaries, offer a more appropriate spatial framework for the formulation and implementation of coherent and integrated urban development strategies. For example, SUD strategies, which have been allocated a substantial portion of ERDF funds in both the 2014-2020 and 2021-2027 programming periods, are increasingly using a functional area-based approach to address complex urban issues affecting several municipalities (Commission for Territorial Cohesion Policy and EU Budget, 2024; Fioretti and Pertoldi, 2020).

The inclusion of these territorial typologies in the NUTS regulation in December 2017, notably through the “Tercet” legislative initiative, highlights their growing importance for the development of targeted policies (Eurostat, n.d.; Fioretti & Pertoldi, 2020). However, challenges persist in precisely defining these non-administrative territorial units. While statistical FUAs are established by a common approach, the “strategic functional areas” that CP actions aim to address often do not entirely coincide with these statistical definitions, being influenced by POs and interactions between local stakeholders (Fioretti & Pertoldi, 2020). This flexibility, while allowing for better alignment with local conditions and promoting inter-municipal cooperation, also highlights the ongoing need for robust data and collaborative governance systems to effectively implement these functionally defined areas within the framework of the EU’s MLG framework of CP.

2.3.2. Multi-Level Governance in EU Cohesion Policy

After discussing the territorial classification of the EU, it becomes evident that an effective CP operates in a complex and multi-layered spatial context. The combination of different territorial typologies, such as FUAs, highlights the increasing importance of targeted decision-making that goes beyond conventional administrative boundaries. This inherent flexibility to define areas not only allows for better adaption to local circumstances and encourages cooperation between municipalities but also emphasises the essential need for cooperative governance systems to effectively implement these functionally defined territories.

Essentially, MLG refers to a framework where decision-making powers are distributed among actors at different levels and policy areas are interconnected rather than purely hierarchical (Figure 10). This perspective moves beyond conventional state-centric views, emphasising that policy-making is not just a top-down approach where national representatives impose policies on local actors.

Instead, MLG is based on both vertical and horizontal integration. It stresses that good governance consists of collaborative methods aimed at ensuring that important stakeholders can express their opinions on issues that matter most to them. When addressing complex global issues, efficient MLG is an essential tool for promoting actions that are both economically and socially inclusive. It is crucial to understand that there is no universal method for creating MLG structures; rather, they should be tailored to local, regional and national contexts to improve policy frameworks.

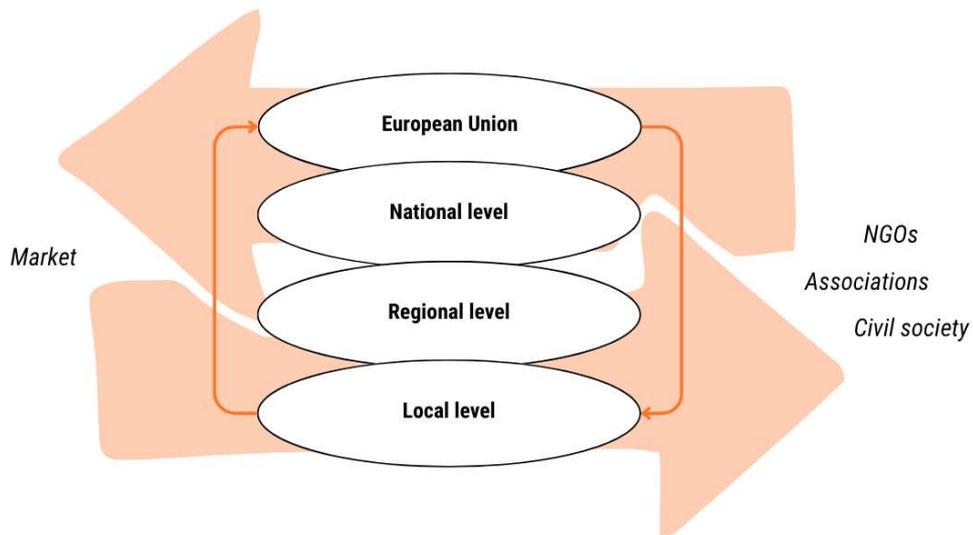


Figure 10 - The Multi-Level Governance system in the EU.
 (Source: Author's own elaboration)

In this complex territorial context, MLG emerges as an essential framework for understanding the interactions between the various actors and institutions involved in contemporary decision-making, particularly within the EU. Within the framework of CP, MLG is particularly evident, as decision-making and implementation roles are distributed across different territorial and functional levels, rather than being under the exclusive control of national governments (Hooghe, 1996).

The application of MLG within CP is clear in its core requirements of partnership, programming and regionalisation (Bache, 2008). These principles necessitate active involvement from different levels of governance, moving beyond the traditional dominance of the nation-state. The table below (Table 1) details the key roles and functions of the different governance levels within the CP framework.

Governance level	Key role in CP framework	Primary responsibilities and functions
<p>Supranational</p> <p>(European Commission)</p>	<p>Strategic oversight and financial steward</p>	<ul style="list-style-type: none"> • Defines the overall strategic framework and financial rules for CP. • Proposes policies, supervises Structural Funds and ensures proper implementation. • Ensures the consistency of Partnership Agreements across the EU.
<p>National</p> <p>(Member States)</p>	<p>Gatekeeper and strategic coordinator</p>	<ul style="list-style-type: none"> • Acts as “gatekeepers,” managing the link between the EU and subnational entities. • Strategic planning: Converts EU objectives into national strategies and action programmes. • Coordination: Ensures both vertical and horizontal integration. • Financial Management: Supervises and co-finances structural funds (often acting as MAs).
<p>Regional</p>	<p>Programme creation and implementation</p>	<ul style="list-style-type: none"> • Strengthened by CP’s focus on regionalisation. • Programming: Develops multi-year strategic plans to ensure consistency of funded projects. • Partnership management: Manages resources and collaboration among national, subnational and supranational representatives. • Local needs assessment: Provides essential understanding to ensure policies are tailored and effective. • Mobilisation: Demonstrates the ability to bypass central governments to interact directly with the EU (Piattoni, 2009).
<p>Local and civil society</p> <p>(Municipalities and Non-State actors)</p>	<p>Community engagement and implementation</p>	<ul style="list-style-type: none"> • Represents the “governance” layer, going beyond government organisations (Marks et al., 1996). • Community engagement: Represents local interests and ensures policies respond to population needs. • Implementation and monitoring: Actively participates in the delivery and evaluation of EU policies. • Advocacy: Supports specific issues and enhances the broader policy debate.

Table 1 – Governance levels within CP framework.
(Source: Author’s own elaboration)

In summary, MLG in CP represents a dynamic framework where authority is shared across supranational, national, regional and local levels, involving both governmental and non-governmental actors. This collaborative approach aims to enhance policy effectiveness and legitimacy by ensuring broad participation and tailored solutions to complex territorial challenges.

Building on this MLG system, it is important to examine how these structures lead to real change in MS. The mechanisms of partnership, programming and regionalisation do not just implement policies; they also significantly change local governance structures. These processes lead to what is commonly referred to as the Europeanisation of internal governance (Cotella & Janin Rivolin, 2015): a dynamic landscape in which EU requirements integrate new practices, shift authority and reshape the institutional frameworks through which territories are managed (Figure 11).

Infobox - Europeanisation

Definition

Europeanization is "the reorientation or reshaping of politics in the domestic arena in ways that reflect policies, practices or preferences advanced through the EU system of governance". It emphasizes the "top-down" influence of European integration on its MS.

The "Misfit" mechanism

The process often occurs because of a "misfit" between EU-level policies and their domestic counterparts. A considerable discrepancy produces "adaptational pressures".

Theories of Change: domestic changes are influenced by "facilitating factors" and can be understood through two main theories:

1. **Logic of Consequences** (Rationalist): Europeanization presents new opportunities and challenges. Change occurs when national actors, depending on their government's structure, can take advantage of these new circumstances.
2. **Logic of Appropriateness** (Sociological): Actors adopt new rules through persuasion and social learning. "Change agents" are crucial for helping new norms become accepted.

These approaches, often working together, can lead to different outcomes, from very little change ("absorption") to moderate change ("accommodation") or a fundamental shift ("transformation").

Figure 11 – Infobox: Europeanisation
(Source: Author's own elaboration on Cotella & Janin Rivolin, 2015; Bache, 2008)

CP, with its substantial financial resources and broad territorial reach, serves as a uniquely powerful instrument for Europeanisation (Bache, 2008). Its inherent design directly promotes MLG principles within and across the EU's diverse territorial units.

The core principles of CP act as direct drivers of this Europeanisation process:

1. The partnership principle: This requires that EU funds be supervised by cooperation frameworks including representatives at national, subnational and EU levels. It formally establishes a role for local and regional stakeholders in decision-making, promoting cooperation and interdependence.
2. The programming principle: This requires areas to create multi-annual strategic plans for the use of EU funds. This procedure promotes coherence and an integrated approach for the development within territorial units like NUTS regions or FUAs.
3. The regionalisation principle: This requires the creation or strengthening of administrative structures at the regional level for effective program delivery. This significantly affects the capacity and independence of regional and local authorities.

By design, CP intentionally uses these territorial units as operational spaces for MLG, ensuring policies are developed through negotiation and cooperation between all levels (Marks et al., 1996; Hooghe and Marks, 2001; Cotella, 2020).

The impact of CP on domestic governance is not uniform; it varies significantly based on the pre-existing institutional structures of MS (Bache, 2008).

- Compound polities (e.g., Germany, Italy, Spain), which already have diffused power, generally experience less dramatic effects. In these cases, CP tends to reinforce and intensify existing federal or regionalised arrangements.
- Simple polities (e.g., France, Greece), where power is traditionally centralised, often encounter a greater “misfit” with EU requirements. This can lead to more pronounced impacts, including the strengthening of regional tiers and the emergence of new subnational actors.

The rise of MLG, driven by CP, fundamentally challenges traditional state-centric views of governance. While this does not mean the irreversible decline of the state, it does require a re-evaluation of its role. CP has clearly strengthened subnational and non-state entities by providing them with essential resources: informational, legal, political and financial. This

organised empowerment leads to a greater sharing of control over decision-making and involves both a logical redistribution of power and a thoughtful learning process.

In conclusion, the Europeanisation of domestic governance, driven by CP, is a dynamic and complex process. It leverages recognised territorial units as the basis for applying collaboration, planning and regional development. This process presents varying degrees of “fit” and “misfit” with local structures, resulting in variable adaptation outcomes. By strengthening the role of local government and NGOs and encouraging new ways of cooperation, CP improves MLG, challenging conventional views of the state and highlighting the complex relationship between European integration and domestic policy changes.

2.4. The evolving role of cities in EU policy implementation

As Europe continues to urbanise and confront new challenges, the strategic importance of its urban centres has become increasingly undeniable. This section will trace the historical trajectory of cities' engagement with EU policies, highlighting key shifts in perspective and mechanism. It will analyse the primary drivers behind this transformation, outline the various avenues through which cities now actively participate in governance, and acknowledge the persistent challenges and constraints that continue to shape cities' capacity for influence and implementation.

2.4.1. From "Urban blindness" to "Urban dimension"

Throughout the 1970s and 1980s, CP exhibited a tendency towards "urban blindness", neglecting cities in favour of national and regional governance frameworks. Prior to the 1988 Reform and the introduction of the Urban pilot projects in 1990s, EU actions have focused primarily on MS and their sub-national actors, viewing urban areas as mere passive recipients of state-led development initiatives, with limited direct involvement or targeted policy measures addressing their specific challenges (Ferry & Kah, 2022; The German Association for Housing, Urban and Spatial Development, 2025; Leonardi, 2005). This initial approach was based on the belief that disparities between regions could be effectively managed through more general national and sectoral policies, without the need for specific, targeted interventions at the urban scale. This perspective meant that urban areas were often integrated into broader regional strategies without distinct recognition of their unique complexities or potential.

However, this view has begun to change as the demographic, economic and social importance of cities has become increasingly apparent across Europe. Over 75% of the European population lives in cities, which have become essential drivers of economic growth and centres of innovation, and at the same time, face significant social challenges, including social exclusion, environmental degradation and unemployment (Eurocities, 2023; European Commission, 2022a). This dual reality, of being both hubs of opportunity and focal points of acute issues, necessitated a re-evaluation of their role within EU policy.

This growing recognition has consequently led to a gradual, yet profound, consolidation of the "urban dimension" in EU policy (Medeiros, 2019). This acknowledgment goes beyond merely identifying cities as demographic centres; it highlights their specific needs, unique

opportunities and inherent complexities (Eurocities, 2024b). The concept of an urban dimension promotes the necessity for more tailored, integrated and place-based strategies for urban development within the overarching framework of CP. It signifies a move towards recognising cities not just as locations where policies are applied, but as active, strategic partners in the design and implementation of EU objectives.

2.4.2. Drivers of change: why the role of cities evolved

The evolution of cities' role in the implementation of EU policies has been influenced by a combination of interconnected factors: changing functional needs, significant changes in governance models and the introduction of specific EU policy programmes (Figure 12). The growing complexity and interconnectedness of urban issues, including efforts to mitigate and adapt to climate change, reduce social inequalities and embrace advances in digital technology, highlight the urgent need for solutions that are tailored to local contexts and involve multiple sectors. These issues cannot be effectively addressed by conventional national or regional methods alone (Eurocities, 2023).

This growing awareness of urban complexity has led to a significant shift in how governance is viewed, moving away from conventional state-centric hierarchical models towards more interconnected, decentralised and multi-level systems (Bache & Flinders, 2004; Hooghe & Marks, 2001). The way in which authority is shared between different levels has become a key feature of European governance, providing a framework through which the growing influence of sub-national actors, such as cities, can be explained (Hooghe & Marks, 2001). This evolving understanding of governance has emphasised that effective policy implementation often requires the active involvement and strategic capacity of urban stakeholders.

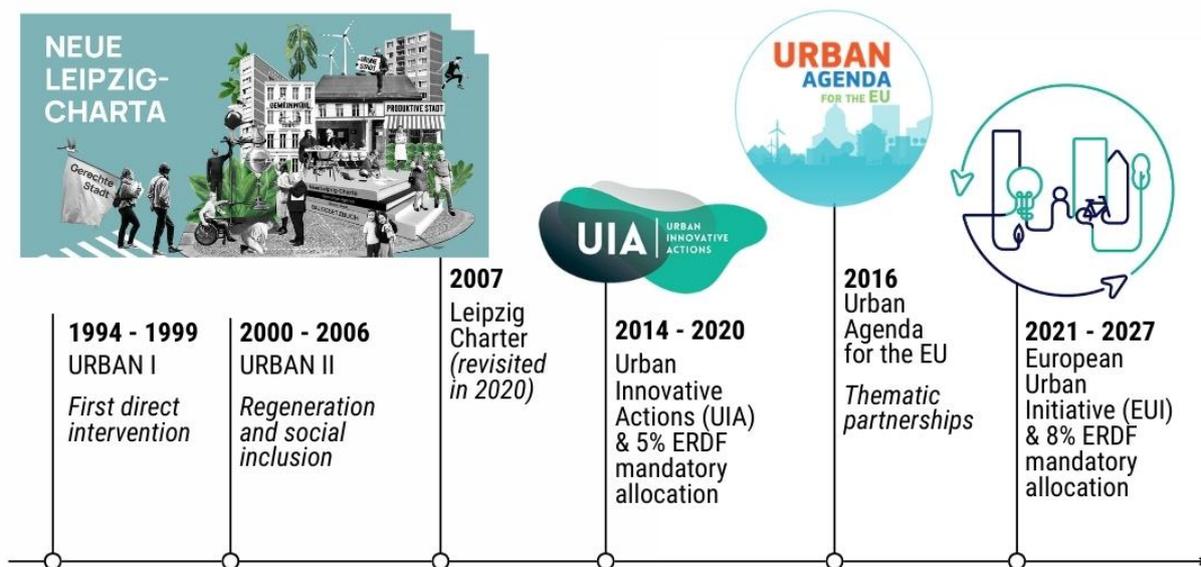


Figure 12 - Timeline of the evolving “urban dimension” in EU policy.
(Source: Author’s own elaboration)

Furthermore, the EU has gradually implemented important policy changes that have officially recognised and incorporated the urban dimension into its strategic plans and financial instruments. One of the first and most direct forms of EU intervention specifically focused on urban areas was the URBAN Community Initiative. These innovative initiatives, known as URBAN I (1994-1999) and URBAN II (2000-2006), were specifically focused on comprehensive urban development and renewal, offering direct financial assistance to urban regions. They enabled cities to implement creative initiatives aimed at addressing issues such as economic and social regeneration, environmental improvement and the inclusion of marginalised groups, particularly in disadvantaged urban areas. Although these initiatives were not large-scale, they played a key role in demonstrating the possibilities of direct engagement between the EU and cities, encouraging integrated and multidisciplinary strategies at the local level, and establishing a conceptual basis for future urban policies.

Building on these early experiences, the Urban Innovative Actions (UIA) initiative (2014-2020) was a direct follow-up, providing urban authorities with the means to experiment with new and untested approaches to urban issues. The UIA enabled cities to explore new methods for SUD, focusing on themes such as circular economy, digital transition and urban poverty. This initiative encourages the sharing of knowledge and effective practices across the EU (Ferry & Kah, 2022; Haase et al., 2018). The UIA has promoted a culture of urban experimentation and capacity building.

Subsequent strategic frameworks and legislative developments further consolidated the importance of the urban dimension. The Leipzig Charter on Sustainable European Cities, adopted in 2007 and revisited in 2020, established an important policy framework. It emphasised the importance of integrated urban development using a place-based approach and strengthening collaboration between different sectors and levels of governance, promoting strategic methods that integrate social, economic and environmental factors for sustainable change in urban contexts (European Commission, 2020). This Charter served as a significant political statement, advocating a more comprehensive perspective on urban development in EU policy discussions.

A significant step towards formal integration was the introduction of specific provisions in CP regulations. The 2014-2020 programming period represented an important change, as it required that at least 5% of the ERDF be specifically allocated to SUD. This meant that a dedicated portion of funding had to be allocated to coordinated approaches in urban areas, often implemented through instruments such as ITI managed by urban authorities themselves (Eurocities, 2024b). This system was designed to give cities greater authority over their local development objectives and available resources (Haase et al., 2018). This commitment has been further strengthened during the current 2021-2027 programming period, in which the minimum ERDF allocation for SUD has risen to 8% (Eurocities, 2024b).

In addition to this financial investment, the introduction of the Urban Agenda for the EU (2016), a multi-level and multi-stakeholder working method, marked significant progress in integrating urban issues into EU decision-making processes. It has created thematic partnerships that include cities, MS, the EC and various stakeholders, that collaborate on specific urban issues to formulate actions, proposals and policy recommendations (European Commission, 2020). These collaborations were designed to improve the implementation of existing EU policies and instruments, promoting greater attention to urban issues and encouraging cooperation between different sectors (Haase et al., 2018).

Directly reflecting the legacy of UIA and the Urban Agenda for the EU, the European Urban Initiative (EUI) was created for the 2021-2027 programming period. The EUI serves as a follow-up to the UIA, maintaining its commitment to promoting urban innovation and skills development. It acts as a specialised tool managed by the EC, providing significant funding for innovative projects that address urban issues and encouraging the exchange of knowledge and capacity building among urban authorities (The German Association for

Housing, 2025). The EUI emphasises the importance of collaborative and integrated approaches, thus enabling cities to lead their own sustainable development. These legislative and strategic changes highlight the political commitment to empower cities to be more active participants rather than mere passive recipients in the EU's developing MLG framework, demonstrating a growing recognition of urban agency (Jouve and Lefèvre, 2017).

2.4.3. Cities as active governance actors: mechanisms of engagement

With the formalisation of the urban dimension, cities have acquired a more direct and influential role in the implementation of EU policies through various mechanisms. One notable change has been the improvement of direct access to financial resources. This includes instruments such as ITIs and CLLD, which enable urban authorities to manage and implement their own strategies for sustainable development. In theory, this system represents a move towards greater urban independence and a more localised strategy, allowing actions to be tailored to meet specific needs and priorities of the community. In certain circumstances, it facilitates bypassing traditional national or regional intermediary bodies in the direct management of resources, thereby strengthening the direct link between EU priorities and local implementation (Pertoldi et al., 2022; Tasan-Kok & Faludi, 2019). This direct involvement highlights the growing and significant role of cities as key players in urban governance and the delivery of EU objectives (Jouve & Lefèvre, 2017). For instance, in the 2014-2020 period, approximately €17 billion from CP funds reached urban areas, supporting around 980 strategies focused on urban development (Eurocities, 2024b). In the 2021-2027 period, this amount rises to €24 billion allocated to SUD (Eurocities, 2024b).

The principle of partnership has formally established the involvement of local and regional authorities in the planning, programming and implementation of EU-funded projects (Eurocities, 2024b). From a theoretical point of view, this principle is essential for the successful implementation of MLG, as it requires joint decision-making between the supranational, national, regional and local levels (Bache, 2008; Hooghe and Marks, 2001). This mechanism provides cities with a formal way to share their local knowledge and priorities, thereby improving the legitimacy and efficiency of EU actions (Tasan-Kok and Faludi, 2019).

Furthermore, the development and strengthening of city networks, such as Eurocities or the Council of European Municipalities and Regions (CEMR), demonstrate the growing policy innovation and lobbying efforts of urban actors. These networks serve as important platforms for bringing together different urban interests and collaborating directly with EU institutions, setting policy agendas and promoting greater attention to urban issues in EU decision-making processes (Eurocities, 2023; CEMR, 2020). CEMR stands out as the largest organisation of local and regional governments in Europe, actively supporting their influence in EU policy development (CEMR, 2020). This bottom-up influence reinforces general policy guidelines, promoting a more active and unified approach to urban development. Furthermore, it highlights the growing capacity of non-state actors to influence MLG dynamics (Marks et al., 1996; Jouve and Lefèvre, 2017). Through these networks, cities actively participate in the politics of Europeanisation, with the aim of harmonising EU policies with their local needs and experiences.

2.4.4. Challenges and constraints: the persistence of national control

Although there is growing recognition of the urban dimension, cities' involvement in EU policy implementation remains constrained. As previously outlined, Europeanisation is the process by which a country's domestic policies are reshaped to align with the practices and preferences of the EU. This process does not always follow the same pattern but often encounters a "misfit" between EU policies and diverse national institutional structures (Börzel and Risse, 2003; Risse et al., 2001). This is particularly evident in the persistent presence of national veto points and varying degrees of decentralisation, which can either empower or constrain urban authorities and lead to misalignment of policies or institutions. While EU policies strongly advocate multi-level engagement and a more active role for cities, actual implementation often remains highly contingent on the discretion and pre-existing institutional design of individual MS (Eurocities, 2024b; Tasan-Kok & Faludi, 2019). National governments may retain significant control over fund allocation, overall strategy and even the selection of local partners, which limits the capacity for genuine urban agency and decision-making authority at the local level. This may appear as a tendency towards centralisation and political influences which, as previously mentioned, generate "adaptational pressures" on sub-national actors, especially in systems where power is traditionally concentrated. The degree of decentralisation in a MS significantly influences the capacity of the Europeanisation of the urban dimension to lead to effective

empowerment of cities. This translates into differences in the capacity of cities to participate fully in EU POs.

Furthermore, complex administrative procedures and capacity constraints at the local level often hinder the efficient management of EU funds. The demanding requirements of developing integrated strategies, designing effective project pathways and implementing complex monitoring systems pose considerable challenges, especially for smaller cities or those with limited technical expertise (Ferry and Kah, 2022; Tadan-Kok and Faludi, 2019). The repetition of assessments and verification procedures between programme authorities and urban authorities can lead to inefficiencies, causing delays and increasing administrative burdens (Ferry and Kah, 2022). These challenges highlight the continued need to focus on capacity building and simplifying administrative processes to enable cities to effectively leverage the opportunities offered by EU funding (Ferry & Kah, 2022; The German Association for Housing, Urban and Spatial Development, 2025). The perceived high bureaucratic burden and, in some cases, reduced co-financing rates may discourage smaller cities or those with financial constraints from actively engaging in EU funding programmes (The German Association for Housing, Urban and Spatial Development, 2025), and also affect the uniformity with which the urban dimension is implemented across the EU.

2.5. Relevance to post-2027 debate and broader policy landscape

CP stands at a critical juncture, facing intense strategic debates regarding its future design and operationalisation beyond the current 2021-2027 programming period. As the EU addresses unprecedented global challenges and refines its long-term objectives, the efficiency and adaptability of its primary investment policy are continually evaluated.

This section explores the dynamics of these discussions, moving from the academic foresight that predicted a shift toward centralisation to the concrete legislative proposals of the EC. The focus is put on the proposal for the MFF 2028-2034, the institutional backlash that ensued and the evolving role of cities in this framework. Understanding the complex relationship between the objectives set by the EU and practical implementation at the urban level is an essential requirement for developing efficient CP frameworks in the years to come.

2.5.1. The pre-2025 context

Even before the EC announced its official proposals in July 2025, academic and institutional debate was raging about the future of CP, warning that the policy was navigating “stormy waters” (Bachtler & Mendez, 2023) and facing a profound “identity crisis” (Schwab, 2024).

As mentioned above, a combination of external crises and internal structural problems within the EU significantly intensified this debate in 2023 and 2024. In a political context where short-term crisis response prevails over the long-term structural development that characterises traditional program interventions, the policy has come under increasing pressure to defend its own existence.

One of the critical issues that emerged in the preliminary phase of the proposal was financial. A “budgetary quandary” (Bachtler & Mendez, 2023) for the years after 2027 was described: the combination of the EU's current commitments (such as the transition to net zero) and new crises (such as the conflict in Ukraine) has led to insufficient funding for both. This has led to an “incoherent financial architecture” (Begg, 2023) in which MS have been reluctant to contribute new resources, putting pressure on the reallocation of existing policy funds, as highlighted by the 2023 Mid-Term Review (MTR).

Parallel to the financial squeeze, a debate emerged regarding the delivery model of EU funds. The Recovery and Resilience Facility (RRF) fundamentally challenged the traditional

management of CP. Operating under direct management with a performance-based approach (financing linked to the fulfilment of milestones), the RRF was viewed by some as a model for simplification (Bachtler & Mendez, 2023). However, scholars warned that while this centralised model accelerated spending, it lacked the MLG structures essential for local ownership, raising fears that the post-2027 architecture might adopt this top-down approach permanently (Bachtler & Mendez, 2023).

This period of debates was marked by the publication of two key Commission reports, which diagnosed the evolving threats to European unity and laid the groundwork for the controversial proposals that followed.

The publication of the “Eighth report on economic, social and territorial cohesion” in February 2022 initiated the reflection process, highlighting that while convergence among MS had improved, internal regional disparities had stagnated or even increased. Crucially, it introduced the concept of ‘do no harm to cohesion’, arguing that all EU policies, not just CP, must be assessed on their territorial impact to avoid aggravating divisions.

In 2024, the “Ninth report on economic, social and territorial cohesion” marked a crucial moment in this process of reflection. The report recognised that, over time, CP has acted as an economic stabiliser and source of support during the financial crisis, the pandemic and Russia's war against Ukraine. However, the report emphasised a key warning: although the policy's contribution to the socio-economic fallout from these crises has been crucial, “its main objective must remain the achievement of the EU's long-term structural goals” rather than serving solely as an emergency tool.

Fundamentally, the report shifted the focus significantly towards governance and administrative capacity as prerequisites for development. It emphasised that the respect for the rule of law and high-quality administrative capacity is essential for maximising the return on public investment. Good governance is identified as a prerequisite for regional economic progress. It is therefore considered necessary to formulate new structural reforms to remove obstacles to development, whether they are specific barriers to investment or regulatory obstacles.

Complementing these institutional reports, at the end of 2024 the European Parliament Research Service (EPRS) published a study outlining potential future scenarios. It warned against a “sectoral approach” (Scenario 3), in which EU policies would operate in a compartmentalised manner to maximise global competitiveness, giving priority to growth-

related policies and centralised management. The study warned that, in such a scenario, CP would be relegated to a “secondary role”, with the risk of worsening regional disparities, as funds would be allocated to areas with the highest economic returns rather than those with the greatest needs.

2.5.2. The Commission’s 2025 proposal

Considering this academic and institutional debate, on 16 July 2025 the EC presented its proposal for the 2028-2034 MFF. The proposal outlines a budget of €1.98 trillion (1.26% of EU Gross National Income), marking a significant paradigm shift toward a “policy-based budget” designed to be “simpler, more flexible and more strategic”.

The Commission's strategy rests on a fundamental restructuring of the EU's financial architecture, moving away from the traditional siloed programmes. This new architecture is built upon main pillars that confirm the shift toward the centralised, performance-based mechanisms predicted by foresight studies.

The most significant and controversial innovation concerns shared management funds. The Commission proposes merging the ERDF, the CF, the ESF+ and Just Transition Fund (JTF), along with rural development and migration funds, into single NRPPs.

Modelled directly on the RRF, this new delivery model links EU funding strictly to the fulfilment of national reforms and investments. While the Commission argues this offers “simplification” by applying a single set of rules to replace the complex fund-specific regulations, it fundamentally alters the governance structure. The proposal mandates that MS allocate resources to “key reforms and investments”, moving the focus from regional OPs to aggregate national targets. Although the Commission declares to “provide more flexibility to adapt to regional and local needs”, the structural shift concentrates decision-making power at the national level, challenging the traditional MLG model of CP.

Building on the governance concerns highlighted in the 9th Cohesion Report, the proposal stresses the link between EU funding and fundamental values. The Commission insists that “the principles of the rule of law and the Charter of Fundamental Rights are non-negotiable”, keeping them as strict prerequisites for receiving support across all new instruments. This effectively integrates the conditionality regime, giving a direct financial lever to enforce institutional standards in MS. The proposals introduce mechanisms for bypassing central

governments in situations where a MS persistently violates the Rule of Law and the Charter of Fundamental Rights. The proposal includes:

- Prerequisites: MS must demonstrate adequate mechanisms to ensure compliance throughout the implementation of funds before plans are approved.
- Blocking mechanisms: A possibility to block part or all payments at any moment during implementation if breaches are identified, proportionate to the nature and gravity of the breach.
- Correction: MS are required to address identified breaches in a timely manner or face a permanent reduction of EU support.

The proposal also institutionalises a fundamental shift in the delivery of EU funds, moving from cost-based reimbursement to “results-based delivery”, a model piloted by the RRF. The Commission argues that, together with combining investments with reforms, this will “bring more impact and value for money”.

Under this new model, payments will be “conditional upon the fulfilment of investment and reform milestones and targets linked to agreed priorities”. This approach aims to deliver “funding and results faster and more efficiently”, shifting the audit focus away from verifying incurred costs to verifying “the results of EU spending”. While the Commission frames this as a simplification measure to reduce the burden on beneficiaries and to ensure sound financial management, it fundamentally changes the accountability structure. The focus shifts to whether agreed-upon targets are met, placing a premium on administrative capacity to deliver measurable results and further centralising the audit trail around national performance.

Finally, the proposal fundamentally redesigns the budget to address the “rigidities” of the previous framework and the need for a “more agile budget”:

- Global Europe: the external dimension is significantly strengthened with a €200 billion Global Europe instrument. This consolidated instrument aims to “channel EU funds more strategically towards key priorities” in order to adapt to the Union's interests and flexibly to changing global conditions. It explicitly includes “unwavering support for Ukraine” and the willingness to continue supporting the Union's response to other

existing conflicts. Indeed, it includes a massive increase for security and defence, allocating five times the current level, alongside a dedicated mechanism for Ukraine.

- Crisis mechanism: to prepare for “the known – and the unknowns”, the Commission proposes a new “extraordinary crisis tool”. This mechanism would provide loans to MS backed by EU borrowing “solely for the period of the upcoming long-term budget should a severe crisis occur”. Activation of this tool would be decided by the Council with the consent of the European Parliament, ensuring the EU can respond “quickly and efficiently” to major shocks without the need for ad-hoc, improvised solutions.

By restructuring the budget around these pillars, the 2025 proposal realises the “sectoral approach” (Jančová et al, 2024) warned against by regional stakeholders. It prioritises national reforms and strategic agility while subsuming traditional territorial development into broader, centrally negotiated frameworks.

2.5.3. The subnational perspective

While the Commission emphasises flexibility and simplification, the proposal has provoked a “unanimous uprising” (De La Feld, 2025a) among Europe's local and regional authorities, who view the new architecture as a direct threat to the principle of MLG.

The Local Alliance, a coalition of Europe’s leading city and regional networks comprising ACR+, CEMR, Climate Alliance, Energy Cities, Eurocities, FEDARENE, ICLEI Europe and POLIS, has strongly criticised the NRPP approach. They argue it risks “centralising the EU budget” and “weakening Cohesion Policy” (Eurocities, 2025), by placing discretionary power in the hands of central governments. The European Committee of the Regions (CoR) formally rejected the proposal in October 2025, warning that merging ESIFs and the Common Agricultural Policy (CAP) into a “single nationalised package with no clear allocation criteria” (De La Feld, 2025a) would incite competition between farmers and local communities.

Regional leaders described the political unity against the proposal as a “miracle”, noting that it brought together regions “from north to south, from east to west, across the political spectrum”. This sentiment was echoed by other Italian leaders who argued that the proposal attempts to “deprive the regions of the cohesion policies” (De La Feld, 2025a).

For urban areas, the proposal lacks guarantees. Eurocities notes that the proposal fails to ensure cities receive the “effective support they need to deliver a just, sustainable and prosperous future”. Specifically, architectural improvements are being requested (Eurocities, 2025):

1. Necessary MLG: A rigorous MLG strategy must be used to identify investments and reforms. Eurocities maintains that the NRPPs should include safeguards to make cooperation with local governments compulsory during both the design and implementation stages, rather than merely aspirational.
2. Mandatory territorial chapters: The territorial chapter of these plans must be explicitly defined as a binding duty to prevent funds from being diverted into overall national objectives. Central governments cannot retain it as an option to be decided at their own discretion.
3. Direct access mechanisms: The creation of clear and enforceable safeguarding mechanisms to guarantee that local and regional governments have direct access to EU funds is a crucial need. This is critical, as the current proposal “fails to clarify how cities and regions would be affected if national governments fall short on reform commitments or breach horizontal conditions”.
4. Partnership in governance: Cities refuse to be mere beneficiaries, demanding instead to be “partners in setting priorities” for instruments, like the European Competitiveness Fund, and “strengthening place-based innovation”.

2.5.4. The broader institutional crisis

The resistance of the territories was amplified by a broader institutional crisis, creating a stalemate between the EC and the co-legislators. The debate went beyond technical adjustments, touching on fundamental issues related to the balance of power and the philosophy of EU integration.

In a rare show of unity, the political groups that typically support the Commission, the “Ursula majority” (EPP, S&D, Renew, Greens), lined up against President von der Leyen. In a joint letter signed on October 30, 2025, the group leaders formally rejected the Commission's proposal on NRPPs “in its current form” (Pascarella, 2025).

Members of the European Parliament argue that the shift to a “money for reform” mechanism, modelled on the Recovery Fund, effectively excludes Parliament from the decision-making process on the distribution of resources. They see this centralisation as a threat to democratic control and transparency and are calling for greater involvement in the approval and modification of national plans. The proposal is interpreted as a “democratic deficit” aimed at weakening the Union by depriving regions and municipalities of their voices and resources. Furthermore, they stated that the separation of agricultural (CAP) and ESIFs is “non-negotiable”.

At the same time, debate within the EU Council became fragmented, with the General Affairs Council in November 2025 recording almost unanimous opposition to the proposal, albeit for differing reasons.

A bloc of 13 MS, including Italy, Poland, Spain, Greece and Belgium, rejected the idea of a single fund combining CAP and CP (Bonini, 2025). Italian Minister for European Affairs Tommaso Foti argued that the proposal did not guarantee the long-term investment stability necessary for cohesion.

Conversely, a group led by Germany, the Netherlands, Austria and Sweden opposed the size of the budget. The German government explicitly called the significant increase in the budget “unacceptable” at a time of national fiscal consolidation. In addition, the Netherlands and Sweden led an alliance against any new common debt instrument, arguing for the need for “a better budget, not a bigger one”.

To break the deadlock, on November 10th 2025, Commission President Ursula von der Leyen presented a number of amendments to the co-legislators. While refusing to dismantle the architecture of the single fund, she offered a number of specific guarantees (De La Feld, 2025b):

- The “rural objective”: a new obligation for MS to allocate at least 10% of their national plans' resources specifically to agriculture and regions.
- Regional guarantees: a mechanism requiring MS to provide objective justification if resources allocated to transition or more developed regions are reduced by more than 25% compared to the current period.

Although Parliament President Roberta Metsola called these changes a “good step forward”, the political reaction remained sceptical. Prominent figures such as Dario Nardella (S&D) have criticised the concessions as “largely insufficient”, arguing that they do not address the fundamental structural issues raised by Parliament regarding the nationalisation of funds. As a result, negotiations remain at a standstill, with the Commission caught between Parliament's demand for regional governance and the Council's demand for fiscal restraint.

2.5.5. Contribution of this thesis to the post-2027 debate

The increasingly heated debate on the post-2027 programming period puts the CP in a difficult position, torn between the Commission's proposal for centralised NRPPs and the subnational demand to continue with the MLG structures already in place. In light of this institutional halt and the suggested transition to a vastly altered budget framework, this thesis offers a significant and research-based input to the debate.

While the macro-level discussion focuses on legislative proposals and financial architecture, this research shifts the focus to the practical reality of implementation. By comparing three distinct urban case studies, this study analyses how complex urban realities interact with cooperation program frameworks in different institutional contexts. This approach is particularly relevant given the Commission's new emphasis on administrative capacity and governance as prerequisites for development.

This is achieved through:

- Analysis of institutional arrangements: the research details institutional innovations developed to strengthen administrative capacities and improve coordination between levels of governance.
- Assessing decentralisation models: by examining how these mechanisms work in different governance contexts (centralised, regionalised and decentralised), the study identifies which institutional structures best encourage genuine urban participation and are in line with EU priorities.
- Identifying structural traps: the analysis goes beyond theoretical policy design to reveal ongoing structural issues and potential ‘development traps’ that could hamper the effectiveness of the proposed results-based delivery models.

This empirical evidence serves to clarify the territorial influence on spatial planning, detailing how national regulations and political factors either support or constrain urban authorities. This understanding is crucial for designing future policy frameworks that are not only bold in their objectives but also flexible and practical in their application across all MS. By highlighting both effective methods and structural difficulties, this thesis offers concrete recommendations for improving institutional structures and assisting cities in managing national constraints, thereby strengthening their essential role in EU territorial governance beyond 2027.

3. Theoretical and analytical framework and research methods

3.1. Research philosophy

This research adopts an interpretive analytical perspective. Unlike positivist approaches that seek to discover universal laws or objective truths independent of social actors, interpretivism assumes that reality is socially constructed through the subjective experiences and interactions of actors within specific contexts.

This perspective is particularly appropriate for analysing the implementation of CP, as it recognises that policy outcomes are not simply the result of technical regulations, but are shaped by the different interpretations, negotiations and relationships between European, national and local officials. Consequently, the knowledge generated by this study does not aim to establish universal causal laws, but rather to gain a deep and contextualised understanding of social phenomena.

From an epistemological point of view, this implies that knowledge is derived primarily from qualitative data that allow for a nuanced interpretation of social processes and meanings. Although this thesis uses a mixed methodological approach that includes quantitative data on funding, in line with the interpretivist philosophy, such data is used to contextualise the environment in which actors operate rather than to establish causal relationships in a rigid positivist sense. The focus remains on understanding how and why urban actors deal with the institutional constraints they face.

3.2. Conceptual framework

Building on the contextual foundations laid in the previous chapter, this section outlines the conceptual framework that guides the empirical analysis. This framework synthesises the main theoretical lenses needed to understand the interaction between actors at different levels in policy formulation and implementation.

MLG is the primary conceptual lens of this study. This framework identifies MLG as an analytical tool for mapping the distribution of power, responsibilities and influence at the supranational, national and subnational levels. Within this study, MLG is used to analyse:

- Vertical relationships: the tension between centralisation and decentralisation, particularly how national governments act as “gatekeepers” or partners.
- The growing recognition of subnational actors: how cities are moving from passive recipients to active participants within the political hierarchy.

To understand not only what happens, but also why it happens, the theoretical framework incorporates institutionalism. This perspective is applied to explain why actors behave in a certain way within political processes. It allows the research to analyse how formal rules (regulations, funding requirements) and informal norms (political culture, administrative habits) influence the strategies of urban authorities in the chosen case studies.

The framework distinguishes between “government” and “governance”, focusing on the shift from traditional hierarchical state models to more interconnected forms of urban management. In this context, the concept of urban agency is key. It is defined here as the capacity of urban actors to influence policy outcomes despite structural constraints. This concept guides the analysis of how cities use specific mechanisms, such as the integrated approach and partnerships, to maximise their influence and align local strategies with EU priorities.

3.3. Analytical framework and methodology

To put the conceptual framework into practice and facilitate a structured comparison of CP implementation across the selected case studies, this thesis employs a detailed analytical framework comprising two levels. This structure is designed to isolate specific variables within the complex governance systems of Florence, Budapest and Rotterdam, ensuring that the comparative analysis remains focused on consistent dimensions across different national contexts.

The first level of analysis defines the categories used to examine individual case studies at the local level, thereby ensuring a uniform and organised analysis across contexts. The second level establishes the dimensions for comparative analysis, enabling the identification of cross-cutting patterns, divergences, and causal mechanisms.

3.3.1. Local level analysis categories

For each case study, the research investigates five specific operational categories (Figure 13):

1. Local institutional framework and spatial structures

This category maps the formal administrative context in which the city operates. The aim is to understand the structural basis of each city by examining:

- Legal status: the specific administrative designation of the urban area (e.g., metropolitan city, municipality), defining whether this status confers upon the city the power to act in any particular capacity.
- Spatial arrangements: the definition of the territory for policy implementation, analysing the distinction between rigid administrative boundaries and FUAs.

2. Governance models and actors involved

This dimension identifies the main stakeholders driving the process and the nature of their interactions. It focuses on:

- Governance models: the specific type of governance adopted, ranging from collaborative and participatory models to top-down or conflictual approaches.
- Key stakeholders: mapping the actors involved in the decision-making processes, including municipal departments, regional bodies and national agencies.

3. Allocation, management and implementation of EU funds

This category adopts a mixed-method approach to assess both the financial and operational reality of CP. It examines:

- Quantitative financial data: the analysis of funding flows from the various structural funds and by TOs (2014-2020) and POs (2021-2027) to trace resource distribution.
- Qualitative management assessment: evaluation of financial autonomy and the practical mechanics of implementation.

4. Empowerment or constraint of urban authorities

This category evaluates the degree of genuine political and administrative autonomy urban authorities possess. It investigates:

- Empowering mechanisms: the identification of structural or legal conditions that enhance urban agency, such as direct access to funds or delegated authority.
- Constraining mechanisms: the analysis of systemic barriers, such as national veto points, financial dependence or political obstruction, that limit local influence.

5. Institutional innovations and coordination mechanisms

This dimension identifies specific reforms and novel instruments introduced to improve policy delivery. It focuses on:

- Reforms and innovations: the identification of new structures or processes explicitly designed to improve administrative capacity or policy effectiveness.
- Coordination mechanisms: the assessment of specific instruments created to bridge gaps between governance levels or enhance cooperation.

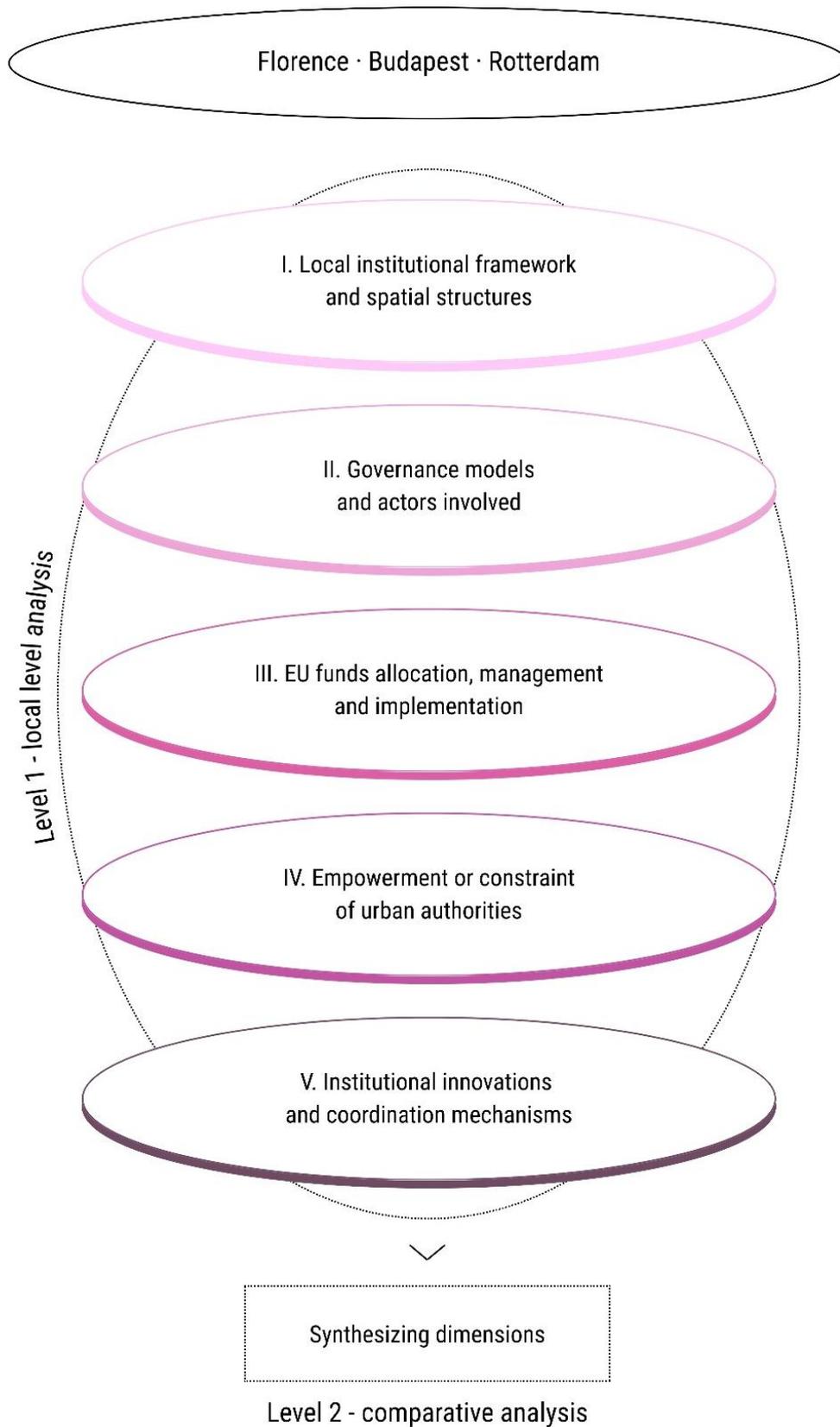


Figure 13 – Categories of analysis for the local level.
(Source: Author's own elaboration)

3.3.2. Comparative analysis dimensions

To move beyond a descriptive juxtaposition of the case studies, this research adopts a structured multidimensional framework. This approach is designed to isolate and measure the specific institutional variables that determine the degree of urban agency within the European MLG system.

The comparative analysis is organised around three macro-areas (Formal structure, Political dynamics and Strategic output), which are further articulated into six specific strands. These dimensions serve as analytical benchmarks against which the diverse realities of the selected cities will be measured, enabling a precise evaluation of the gap between EU policy intent and local implementation.

Macro-area 1: Formal structure

This first section assesses the institutional framework from a legal perspective, analysing the statutory limits and administrative powers granted to urban authorities by national and European regulations.

- Dimension 1 - Hierarchical status: this dimension measures the formal administrative authority assigned to the city within the CP management structure (MA, IB or beneficiary). It evaluates the city's position on a spectrum of autonomy – from high to low.
- Dimension 2 - Spatial definition: this dimension analyses the extent to which the policy implementation framework recognises the “functional” city versus rigid administrative boundaries. It determines whether the funding tools are designed to address the complex socio-economic reality of the metropolitan area or are constrained by traditional municipal limits.

Macro-area 2: Political dynamics

This area assesses the actual governance situation, examining how political relationships and financial constraints either activate or neutralise the formal powers identified above.

- Dimension 3 - Political alignment & gatekeeping: this dimension identifies the nature of the vertical relationship between the urban administration and the central government. It analyses the central government’s role as manager of EU funds and

measures the quality of its interaction (cooperative, collaborative, conflictual). Moreover, the nature and extent of horizontal relationships are analysed.

- Dimension 4 - Financial & fiscal agency: this dimension measures the city's capacity to act as a financially independent agent. It evaluates the degree of fiscal autonomy required to effectively utilise EU funds, specifically focusing on the ability to co-finance projects and manage cash flow without crippling central interference or debt restrictions.

Macro-area 3: Strategic output

This final area analyses the strategic results of the governance models, comparing the underlying strategy of the investments and the institutional legacies they generate.

- Dimension 5 - Strategic logic: this dimension captures the divergence in the strategic purpose of CP implementation. It places the city's strategy on a continuum between two opposing logics: competitiveness and convergence. It also compares the shift in funding priorities between the two analysed periods.
- Dimension 6 - Innovation typology: this dimension assesses the type of institutional change generated by the management of CP. It categorises the "Europeanisation" effect on local governance in terms of structural innovation, process innovation or institutional regression.

By systematically applying these six dimensions, the analysis transitions from the specific description of individual cities to a holistic comparative synthesis as illustrated in the comparative analysis flow diagram (Figure 14).

By mapping Florence, Budapest and Rotterdam against these axes, the research will identify:

- Patterns: Cross-cutting similarities in how cities attempt to leverage EU funds, regardless of their national context.
- Divergences: The structural variations where national gatekeeping or institutional choices create unbridgeable gaps between the cities.
- Causal mechanisms: The specific institutional triggers that explain why a governance model leads to empowerment in one context or constraint in another.

This structured comparison moves beyond a static snapshot of governance, revealing the dynamic interplay between EU policy intent and domestic institutional reality.

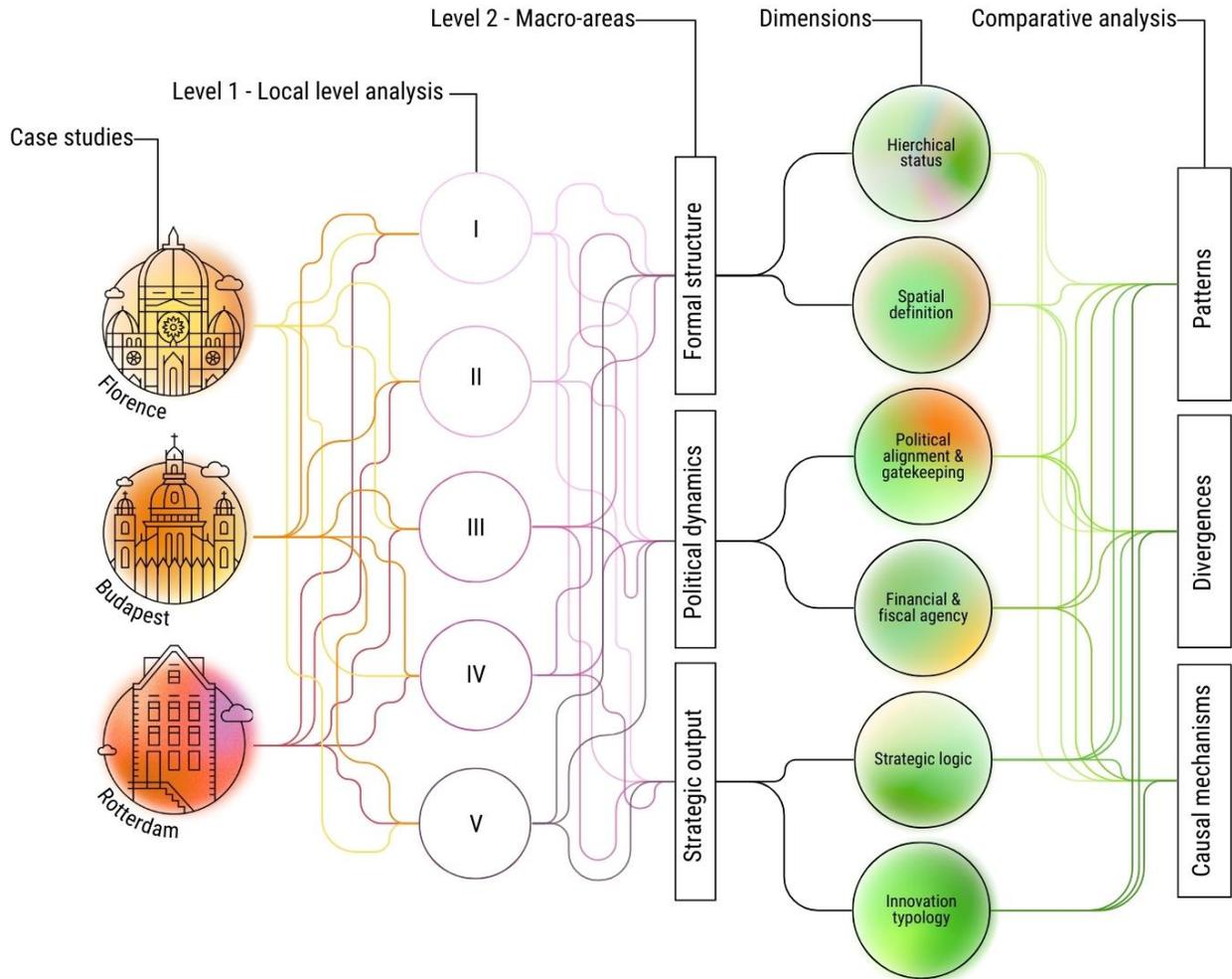


Figure 14 – Comparative analysis flow.
(Source: Author's own elaboration).

3.4. Research design

This thesis utilises a comparative case study method. This approach was chosen because it enables a thorough understanding of how implementation occurs in specific contexts, while also allowing comparison across cases to recognise similarities, differences, and shared patterns.

The selection of cases is strategic, not arbitrary. The three metropolitan areas were selected not to constitute a representative sample, but to illustrate markedly different institutional relationships and governance structures within CP.

By comparing these divergent trajectories, the research isolates the specific institutional, political and administrative factors that determine the success or failure of urban agency. The study examines how these cities are empowered or constrained by their respective national frameworks, providing a comprehensive view of the urban dimension across the EU.

The three selected cities represent distinct models of urban governance, situated in diverse financial and political contexts. Each case study serves as a specific prototype of how cities interact with the CP framework.

Florence serves as the primary example of specific institutional innovation within a centralised but adapting system. Unlike standard models where cities draw from regional programs, Florence acts as an IB for a National program. This unique arrangement grants the Metropolitan City direct management authority through a national channel, bypassing the administrative complexity of conventional tools such as ITIs.

In terms of financial context, Italy is a major beneficiary, receiving a substantial volume of aid. This high volume of funding makes CP a central pillar of national public investment rather than a marginal addition. Consequently, the strategic focus is redistributive and broad.

Budapest is selected to analyse urban governance under conditions of extreme centralisation and political conflict. The city represents a scenario where the national government seeks to exclude the capital from main funding streams. This polarisation forces the city administration to develop institutional stratagems to overcome national blockages and seek alternative funding sources, operating in a polarised administrative system. Moreover, Hungary represents a Cohesion country (GDP <90% EU average), making

it eligible for the CF, which constitutes a significant portion of its allocation alongside the ERDF (for the 2014-2020 programming period). It is therefore interesting to analyse a case of this type where this specific mix of financing reflects a phase of development that requires substantial investment in structural foundations and consequent priorities.

Rotterdam exemplifies a model of advanced urban empowerment within a wealthy MS. The municipality serves as the MA for the complete regional program, a highly empowered position. This role allows the city to lead program management directly and coordinate dynamics with other cities, employing ITIs creatively even at the neighbourhood level. The Netherlands is a “net contributor” with a limited CP budget that serves as financial “supplementation” rather than a survival necessity. This scarcity drives a distinct competitive logic.

To capture the evolution of the urban dimension, the research design incorporates a longitudinal comparison between the 2014–2020 and 2021–2027 programming periods. This temporal scope allows for an assessment of the evolution of funds in quantitative terms, but, crucially, it highlights the evolution of governance and management structures over time. Furthermore, this approach addresses the dynamic of “institutional continuity vs. innovation”: analysing two consecutive periods distinguishes between temporary administrative fixes and lasting institutional innovations, revealing whether these structures are stable entities or evolving systems.

3.5. Data collection methods

This research employs a mixed-methods approach, which allow for an intentional integration of quantitative desk research with qualitative insights. This dual methodological design is essential to capture the full reality of CP implementation: it contrasts the hard evidence of financial distribution with the soft governance dynamics, such as negotiating power and administrative culture, that influence how these funds are used.

3.5.1. Quantitative data collection

The first phase establishes the structural and financial baseline of the research by reconstructing the operational environment of the three case studies. Data is drawn from primary regulatory texts, National Partnership Agreements of both programming periods, the EU Cohesion Open Data Platform, local regulatory text and the ESPON URDICO project.

The collection focuses on the following key dimensions:

- Financial sources and tools: Identification of the specific funds utilised by each case study (e.g., ERDF, ESF+, JTF, CF and direct funds) and the specific implementation tools when adopted (e.g., ITI, CLLD or specific national programmes).
- Financial volume and allocation: Analysis of the total funding envelopes available at the national level compared to the specific resources allocated to the metropolitan/urban areas. This establishes the relative financial weight of the city within the national system.
- Strategic alignment (POs and TOs): Mapping of financial flows according to TOs (2014–2020) and POs (2021–2027) at national level. This quantitative breakdown reveals the actual strategic priorities of the urban areas (e.g., focus on infrastructure vs. innovation vs. social inclusion).
- Regulatory framework: Primary legal texts are analysed to define the formal rules of engagement, including the specific legal status of urban authorities.
- Actor mapping: Identification of the stakeholders' system, defining the number and type of actors involved to visualise the complexity of the governance network.

3.5.2. Qualitative data collection: Semi-structured interviews

To complement the quantitative data and interpret the soft dynamics of governance, such as trust, negotiation power and administrative capacity, the research relies on primary qualitative data.

For the case of Florence, qualitative data was derived from direct involvement in the research activities of the ESPON URDICO project. As part of the coordinating research framework, access was granted to internal documentation and stakeholder meetings previously conducted with the Metropolitan City of Florence. This privileged access allowed for a deep, longitudinal analysis of the administrative bottlenecks and governance innovations in Florence. The insights gathered were strictly mapped against the same analytical categories used for the other cities to ensure comparability.

For the remaining case studies and the supranational perspective, where direct institutional immersion was not established, primary data was collected through targeted semi-structured interviews.

Interviewees were selected as “privileged witnesses”, specifically high-level experts and practitioners with direct knowledge of CP management in Budapest, Rotterdam and at the EU level. This targeted approach allows for the gathering of expert insights that go beyond official public documentation.

To maintain consistency with the data available for Florence, the interviews were guided by a specific analytical protocol. This guaranteed that, despite the difference in data collection modes (direct participation vs. interviews), the resulting dataset covered the same theoretical dimensions.

Regardless of the data source, the inquiry for all case studies was structured around six consistent macro-themes:

1. Local institutional framework: Assessing the clarity of roles and the stability of the technical units dedicated to fund management.
2. Governance models and actors: Investigating the decision-making process (top-down vs. bottom-up) and the influence of external actors on the investment agenda.
3. Allocation and management: Identifying procedural bottlenecks and bureaucratic delays.
4. Empowerment or constraint: Evaluating whether the EU framework acts as a lever for local political autonomy or as a restrictive system imposed by central governments.
5. Institutional innovations: Identifying permanent changes in administrative culture induced by the management of CP.
6. Post-2027 perspectives: Gathering expert opinions on the future trajectory of CP, specifically regarding the potential risks of centralisation versus the need for a strengthened urban dimension.

3.6. Limitations of methodology

Despite the rigour of the research design and the systematic application of the comparative analytical framework, this study has some inherent limitations that must be acknowledged to interpret the results correctly. However, these limitations do not invalidate the conclusions but rather delimit the scope of applicability of the results and pave the way for future research prospects discussed in the concluding chapter.

The main limitation stems from the choice of a qualitative approach based on comparative case studies. Although the selection of three strategic case studies (Florence, Budapest, Rotterdam) allowed for a depth of analysis that would have been impossible to achieve with a large-scale quantitative study, this limits the statistical generalisability of the results. The governance dynamics observed are deeply rooted in the specific institutional contexts of Italy, Hungary and the Netherlands. Consequently, while the identified “causal mechanisms” have transferable analytical validity, they cannot be automatically extended to all 27 MS, especially those with federal constitutional traditions (such as Germany) or different cohesion contexts.

A second limitation concerns the asymmetry in data collection methods between the case studies. For Florence, the analysis was based mainly on direct and immersive access through the ESPON URDICO project, allowing for the analysis of internal documentation and participant observation. For Budapest and Rotterdam, the study was based mainly on semi-structured interviews with “privileged witnesses” and document analysis. Although a rigorous interview protocol was used to ensure comparability (as previously detailed), the depth of informal details and understanding of “unwritten” internal dynamics may inevitably differ. Furthermore, reliance on interviews with senior officials carries the inherent risk of internalising the institution's “official narrative”, a risk that was mitigated by triangulating the interviews with analysis of objective financial data and regulatory texts.

The study focused exclusively on large metropolitan areas that have significant administrative and political critical mass. This creates a dimensional bias. The conclusions regarding urban agency and institutional innovation may not be applicable to small and medium-sized cities, which often lack the technical resources and political clout to negotiate directly with central governments or the EC.

Finally, the study has limitations in terms of time and scope. By analysing the 2021-2027 programming period while it is still ongoing, the research captures a “moving target”. The long-term impact of governance innovations or RRF interference is not yet fully visible. Furthermore, the thesis focuses on the governance architecture (the rules of the game) rather than on assessing the physical or social impact of the projects funded. Therefore, the study assesses the cities' capacity to act but does not measure whether such action has produced greater economic or social cohesion in the territory, an aspect that would require an ex-post evaluation at the end of the programming cycle.

4. National contexts: Cohesion Policy implementation in Italy, Hungary and the Netherlands

4.1. Introduction

This chapter provides the national context for CP implementation, conducting a comparative analysis of the 2014–2020 and 2021–2027 programming periods. It examines the institutional frameworks of Italy, Hungary and the Netherlands, and how their evolution across these two periods shapes the governance environment for the urban regions at the core of this thesis.

While all three case studies operate within the broader European MLG structure, their national institutional configurations are decisive. These frameworks determine the degree of decentralisation, the nature of the relationship between central and urban authorities and the mechanisms available for managing and implementing EU funds. Territorial governance systems across Europe are highly diverse, and the relationship between CP and domestic spatial planning is often complex and not automatically aligned (ESPON, 2018).

Through the analysis of the different Partnership Agreements, this chapter analyses these three specific national models to understand the distinct national and local institutional configurations that either empower or constrain their respective urban authorities, which will provide the essential background for subsequent city-level analysis.

4.2. Cohesion Policy implementation in Italy

4.2.1. National institutional framework and participatory urban governance

Italy's institutional framework for CP has been characterised by a dual structure of national and regional levels. In both programming periods, the general framework consists of a central Coordinating Authority overseeing two main pillars: Regional Programmes (POR/PR) and National Programmes (PON/PN).

In the 2014-2020 period, the Coordinating Authority was the Agency for Territorial Cohesion. This body oversaw the Regional Programmes, managed by the individual regional governments, and the National Programmes, managed by the Central government. This body also acted as the MA for specific national programs. For the 2021-2027 period, this general dual structure remains, but the central coordination role was transferred to the newly

created Department for Cohesion Policy and the South, a support structure within the Presidency of the Council of Ministers established by Decree in 2023. This Department holds the competencies for coordination, surveillance and monitoring of CP, as well as the direct management of specific national programs.

Within this general structure, the specific innovation for the urban dimension becomes clear. In the 2014-2020 period, the Partnership Agreement identified the standard ITI model as being administratively complex and ineffective in Italy. The real institutional innovation was the creation of a dedicated National Operational Programme for Metropolitan Cities (PON Metro) as an alternative. As shown in the institutional diagram (Figure 15), this was a specific type of PON, with the Agency for Territorial Cohesion acting as its MA, which then delegated implementation directly to the 14 Metropolitan Cities (including Florence) as IBs.

This model bypassed the bureaucratic complexity of having cities draw funds from various regional programmes, stabilising the governance structure. It also elevated urban policy from a sub-component to a central strategic axis, empowering cities to modernise urban services directly. This shift cemented a move toward empowered, city-led development, where cities could also exchange operational solutions among themselves.

This innovation aligns with the evolution of the Italian legal framework towards a MLG model. The 2001 Constitutional reform broadened the scope from the traditional concept of Urbanism (*Urbanistica*), historically understood as a technical activity of land-use regulation strictly relegated to the single municipality, to Territorial government (*Governo del territorio*). This linguistic and legal shift was not merely semantic but legitimised a more comprehensive planning approach that connects the individual municipality to the surrounding territory. By dismissing the isolation of the old model, Territorial government requires both vertical coordination between different levels of government and horizontal coordination across municipal boundaries, thus creating the legal space to manage complex territorial dynamics beyond simple zoning (ESPON, 2018).

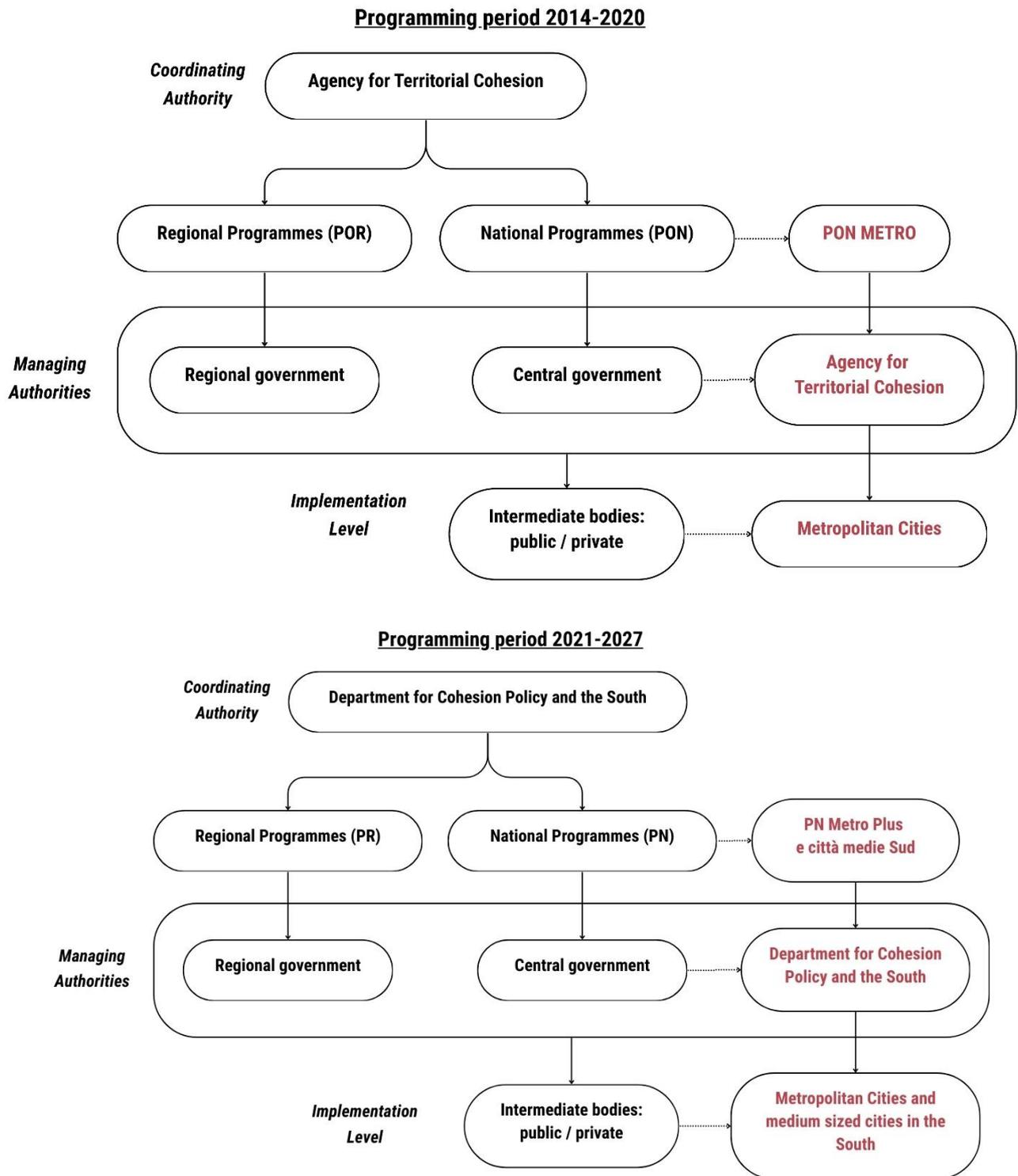


Figure 15 - Comparative diagrams of Italy's institutional framework for Cohesion Policy implementation (2014-2020 / 2021-2027).
 (Source: Author's own elaboration on Partnership Agreements)

The relationship between the central government and urban authorities has been characterised by a considerable degree of institutional continuity, which has favoured stability over structural change. Rather than reinventing the governance model at each cycle, Italy has consistently relied on a formal partnership model based on structured consultation and the active involvement of representative bodies.

In both programming periods, the subnational level has been integrated into the policy framework through specific and established intermediaries. The National association of Italian municipalities (ANCI), the Union of Italian provinces (UPI) and the National union of municipalities, communities and mountain authorities (UNCEM), together with the Conference of Regions, have been confirmed as the main institutional partners representing subnational interests.

The role of these associations goes beyond a simple advisory function; they are in fact integrated into the policy lifecycle. They were key players in the development of the partnership agreements for both periods, participating in a broad and structured process of strategic definition. Their involvement is also institutionalised in the implementation phase, with permanent seats on the national monitoring committees. This ensures a continuous cycle of feedback between local needs and national oversight.

Although this formal architecture has remained stable, the 2021-2027 framework has introduced a qualitative evolution in interaction. The partnership agreement explicitly states that it has facilitated a constant dialogue with metropolitan cities on specific urban strategies. However, this direct involvement was designed to complement, not replace, the existing hierarchy. The formal governance structure has been strictly preserved, with the national associations that represent local authorities maintaining their specific roles to ensure a stable and recognisable consultation mechanism linking the two programming periods.

4.2.2. Fund allocation and policy priorities

Between the two programming periods, the financial allocation (Table 2) for CP in Italy has undergone structural changes.

Italy's total allocation fell from around €63.77 billion in the 2014-2020 period to €43.14 billion for the 2021-2027 period. The main reason for this decrease is technical rather than a reduction in support: it is mainly due to the fact that the EARFD, which amounted to over €14 billion in the previous cycle, is no longer included in the standard totals for CP for the current period, but part of the CAP.

Despite this overall decrease, funds allocated to regional and social development remained substantial, with only minor reductions. The allocation for the ERDF fell from €27.7 billion to €26.3 billion, while that for the ESF fell from €18.2 billion to €14.8 billion. A significant addition to the 2021-2027 budget is the introduction of the JTF, which allocates over €1 billion specifically to support territories facing serious socio-economic challenges resulting from the transition to climate neutrality.

2014 - 2020 programming period

ERDF	ESF	EAFRD	EMFF	YEI	Interreg	TOT
27.718.460.454 €	18.266.607.327 €	14.314.195.729 €	537.262.559 €	1.880.204.992 €	1.057.780.157 €	63.774.511.220 €

2021 - 2027 programming period

ERDF	ESF+	JTF	Interreg	TOT
26.341.324.645 €	14.808.620.616 €	1.029.588.558 €	961.304.225 €	43.140.838.044 €

Table 2 - Financial allocation of EU funds for Italy (€ billion).
(Source: Author's own elaboration on Cohesion Open Data Platform)

The strategic orientation of the CP in Italy underwent a significant structural transformation between the two programming periods, moving from a more detailed sectoral approach to a consolidated framework based on broader objectives.

In the 2014-2020 period, the partnership agreement was structured around the 11 TOs envisioned by the EU. As illustrated in the funding flow diagram below (Figure 16), financial resources were distributed across a wide range of specific priorities. Substantial allocations were made to SMEs competitiveness (TO3), environmental protection and resource efficiency (TO6) and network infrastructure (TO7), together with a strong emphasis on social inclusion (TO9) and employment (TO8). This granular structure allowed for targeted interventions but resulted in a high degree of fragmentation between the different funding streams. It should be noted that the largest stream visible “Fostering crisis repair and resilience”, represents NGEU funds, which were only introduced later in response to the COVID-19 crisis, distorting the original planned structure.

For the period 2021–2027, this framework has been simplified into five broader OPs to promote thematic concentration and reduce fragmentation. This change is visually evident in the corresponding funding diagram (Figure 17), where the numerous streams of the previous period have been consolidated into a smaller number of substantial pillars. In the case of Italy, the new architecture prioritises three main areas:

- A smarter Europe (PO 1): consolidation of previous objectives relating to innovation, digitalisation and SMEs competitiveness.
- A greener Europe (PO 2): grouping of interventions for energy transition, climate change adaptation and environmental protection.
- A more social Europe (PO 4): absorbing all ESF+ resources to focus on employment, education and inclusion.

This consolidation reflects the EU's strategic alignment towards the twin transition (green and digital), ensuring that most ERDF resources are concentrated on PO1 and PO2, while ESF+ resources are strictly focused on PO4 to address social inequalities.

The new JTF, on the other hand, has its own specific dedicated objective (PO8).

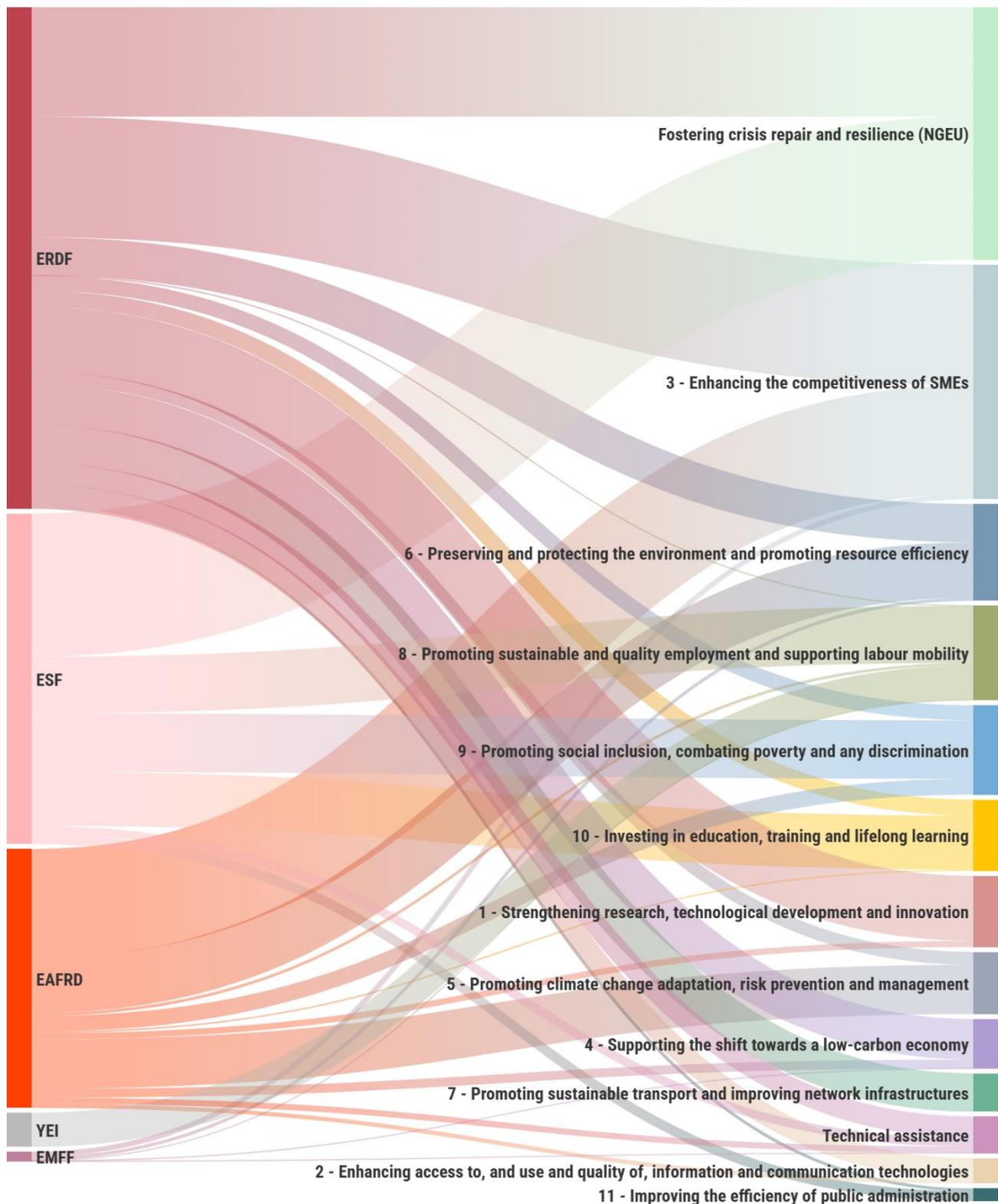


Figure 16 - Funding flows by Thematic Objective in Italy (2014–2020).
 (Source: Author's own elaboration on Cohesion Open Data Platform)

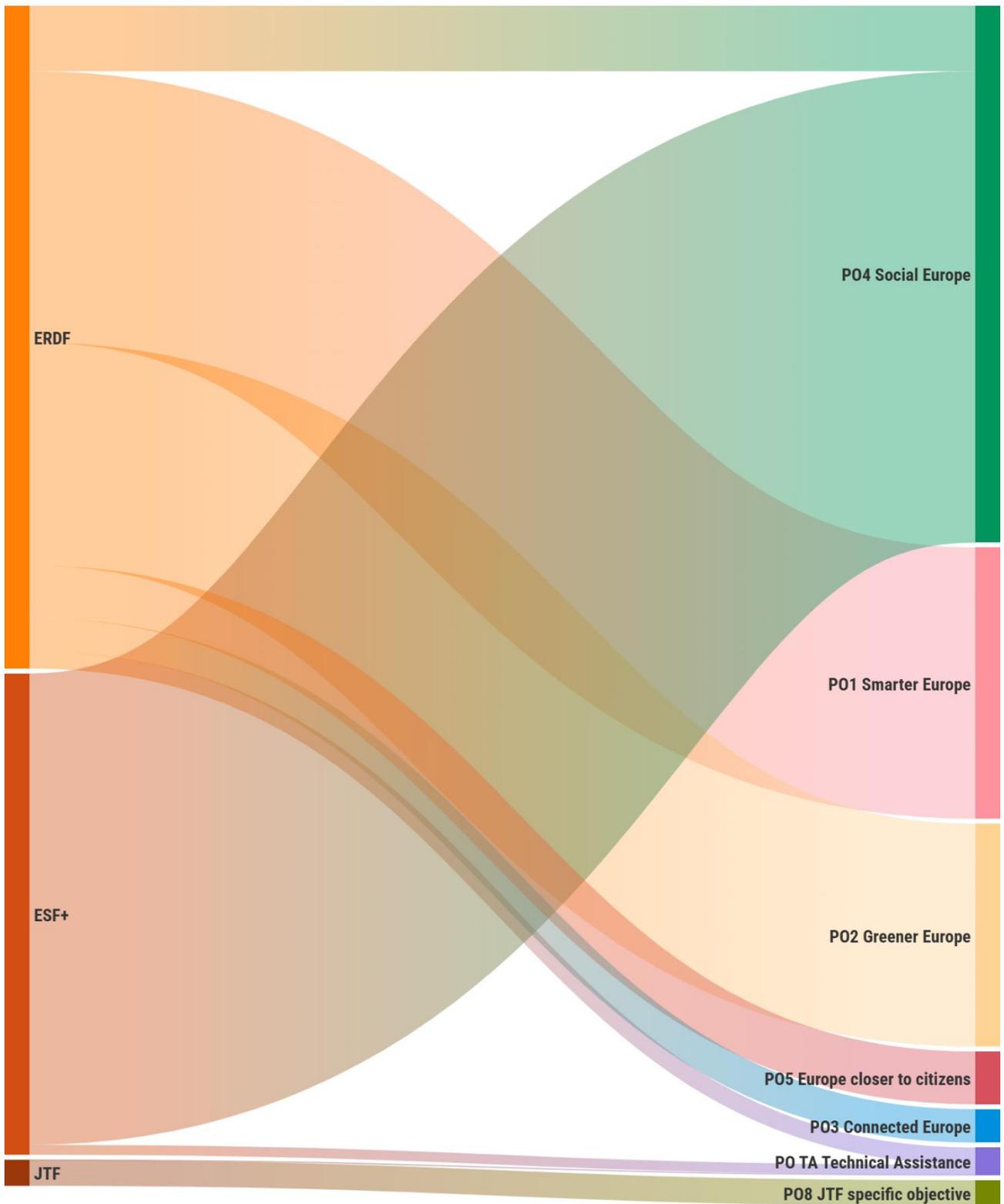


Figure 17 - Funding flows by Policy Objective in Italy (2021–2027).
 (Source: Author's own elaboration on Cohesion Open Data Platform)

Within the 2014-2020 framework, a strategy for urban areas was established not as a sub-component, but as a central strategic axis, also responding to the obligation of allocating 5% to SUD. On the one hand, the strategy identifies medium-sized cities and regional urban centres, i.e. densely populated urban areas that are hubs for the provision of essential services to large areas, to which the POR will be applied. On the other, the focus shifts to the 14 metropolitan cities, which will be the target of the dedicated PON Metro. This programme focused on three specific TOs deemed critical for metropolitan development (TO2, TO4 and TO9), as it intends to focus on applying the smart city paradigm to redesign and modernise urban services for residents and city users. The partnership agreement specifies that other regional programs with an urban focus must not exclude metropolitan areas but rather integrate with the interventions envisaged by the PON Metro.

For the 2021-2027 period, the strategy has evolved to align with the new structure of 5 POs. The urban dimension has been further strengthened and institutionalised, aiming also at respecting the mandatory allocation of at least 8% of national ERDF resources dedicated to SUD. The successor to the PON Metro is the PN "*Metro plus e città medie Sud*" (Metro plus and medium-sized cities in the South). This new programme represents a significant evolution in scope: while maintaining the 14 Metropolitan Cities as key actors, the PN has expanded to include 39 medium-sized cities in the South as direct beneficiaries. This shift recognises the vital role these intermediate urban poles play in the socio-economic fabric of less developed regions.

The strategy integrates multiple POs. It directs funding towards social inclusion (PO 4), the digital and green transitions (PO 1 & PO 2) and integrated sustainable development (PO 5). The added value of all the measures planned for these subregional areas is the possibility of exchanging operational solutions between the cities involved, also in support of the surrounding municipalities with widespread dedicated measures.

4.2.3. Key challenges and opportunities

The primary opportunity within the Italian context stems from a decisive institutional innovation born out of criticism regarding past failures. The 2014–2020 Partnership Agreement explicitly identified the standard model of ITI, specifically when used to combine funds from different priority axes, as administratively complex and generally ineffective. It explicitly warned against “long and complex processes of strategic definition” that fail to translate into concrete projects. Consequently, the Agreement advised limiting the use of ITI to specific, concentrated target areas, criticising the model where cities were effectively forced to “fish” for funds from different streams without a clear return on the administrative investment.

The primary value within the Italian context lies in the validation of the previously analysed institutional innovation. By definitively moving away from the complexity of the standard ITI model, Italy has successfully stabilised the governance structure.

The confirmation of the PN Metro Plus for the 2021–2027 period, with cities firmly established as IBs, cements the shift toward empowered, city-led development. Consequently, the decisive challenge is no longer structural, but managerial: success now depends entirely on whether these cities, including the newly added medium-sized urban areas, can effectively leverage this delegated authority to deliver coordinated and tangible results.

Despite the innovations, some challenges remain. On the one hand, there is the issue of administrative capacity. Following the dissolution of the Agency for Territorial Cohesion and the creation of a new department within the Presidency of the Council of Ministers, questions have been raised about the continuity of technical support to cities.

Furthermore, with the PN Metro Plus now also focusing on medium-sized cities in the south, there has been a shift in the primary investment objective, moving away from the idea of policy integration in sub-regional areas. In addition, ensuring that these smaller urban centres have the capacity to absorb significant funding remains a crucial challenge.

Finally, bureaucratic inertia persists. Historical issues related to the absorption of funds, particularly in the south, continue to exist due to procedural complexities and the fragmentation of responsibilities in the MLG system.

4.3. Cohesion Policy implementation in Hungary

4.3.1. National institutional framework and government-city relationship

The institutional framework of CP in Hungary is characterised by a process of extreme centralisation that began in 2010 and intensified in subsequent programming periods. Although the formal structure complies with EU regulations, the practical reality is characterised by a significant reduction in municipal autonomy and a vertical concentration of power.

This centralisation is technically reinforced by the dual nature of the Hungarian planning system, which draws a sharp distinction between Development Plans (*Területi Tervezes*) and Land Use Plans (*Településrendezés*). While municipalities retain responsibility for Land Use Plans (which are strictly technical and regulatory), the central government dominates Development Plans, which oversee socio-economic strategies and financial support. Crucially, these plans are hierarchically organised: higher-order regulations from the national level are legally obligatory for the lower levels (ESPON, 2018), which limits the strategic independence of cities while leaving them with the administrative responsibility of physical regulation.

In the 2014-2020 period, the governance system underwent a radical transformation. The National Development Agency, responsible for the strategic planning, tendering and financial management of EU funds, was abolished and the functions of MAs were transferred to the relevant ministries, with the Prime Minister's Office (PMO) taking on the role of central coordination. This change was not only administrative, but also political: the intermediate regional level (NUTS 2), which previously played a role in planning, was effectively dismantled. Regional development agencies were abolished and their coordinating role was transferred to the county level (NUTS 3). However, these counties were politically significant, but administratively weak and cash-strapped, lacking the capacity to exercise meaningful planning functions. As a result, decision-making power over development policy was effectively centralised at the national level.

For the period 2021-2027, this centralised model has been consolidated and strengthened by the creation of new territorial instruments that bypass traditional administrative hierarchies. As illustrated in the governance diagram (Figure 18), the current structure operates through a rigid top-down hierarchy:

1. Coordination: The PMO retains strong central coordination, overseeing all CP funds and the RRF.
2. Management: Sectoral programmes are managed by line ministries, and specifically territorial programmes fall under the Ministry for Finance.
3. New functional zones: A key innovation in this period, distinct from the administrative map, is the establishment of “economic development zones”. These are top-down functional groupings of counties led by government-appointed commissioners rather than elected officials. These zones allow the central government to direct development funds to specific regions, bypassing local or county-level actors in the decision-making process. This effectively marginalises local authorities, reinforcing a sectoral approach rather than genuine territorial planning.

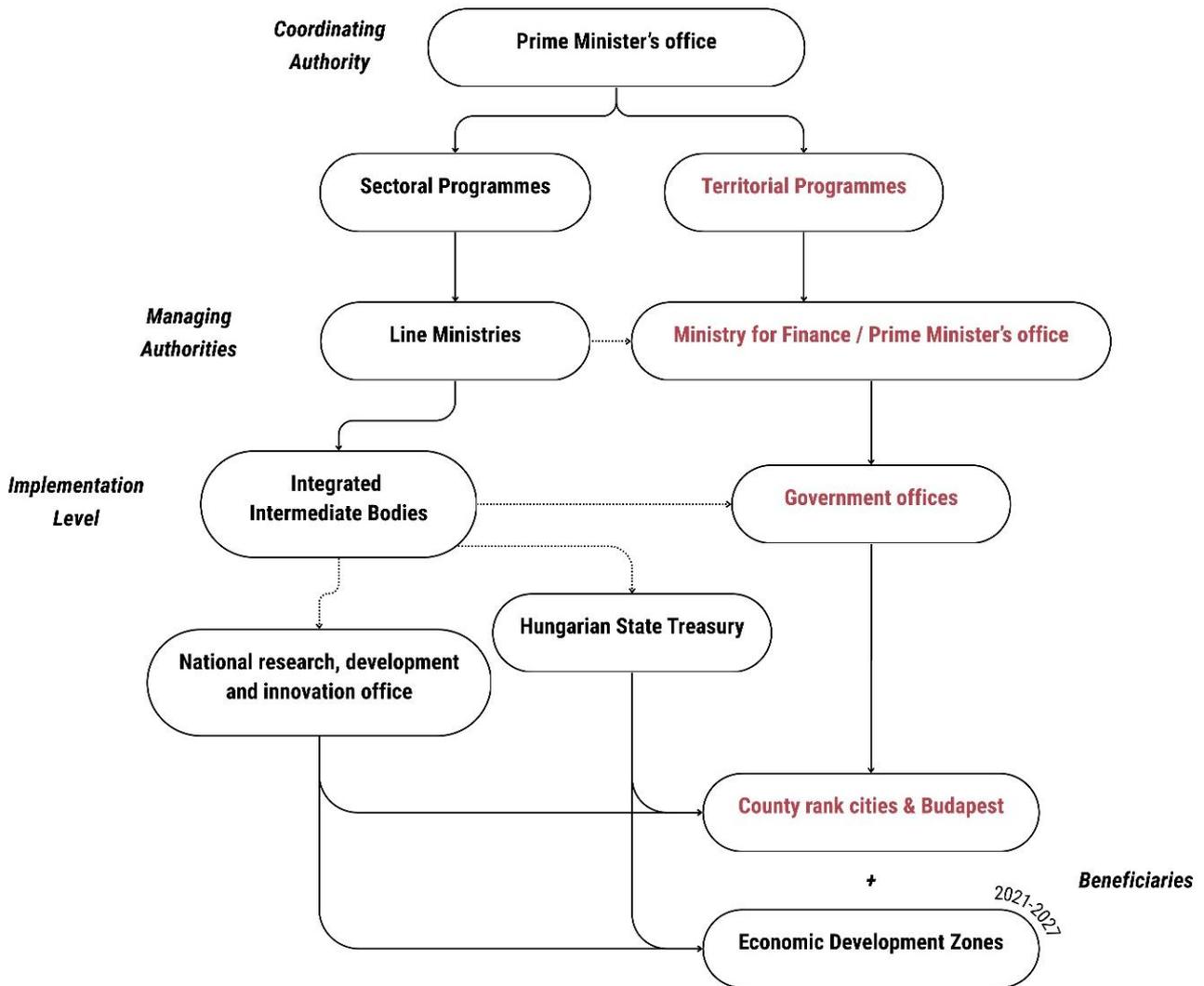


Figure 18 - Diagram of Hungary's centralised institutional framework for Cohesion Policy implementation.
 (Source: Author's own elaboration on Partnership Agreements)

A specific feature of the Hungarian framework is the financial relationship between the central government and the capital, which has deteriorated to the point of becoming an instrument of political control. Since 2019, following the election of an opposition leadership in Budapest, the central government has reduced local financial autonomy through two main mechanisms:

- The “Solidarity Contribution”: this mechanism redirects local tax revenues from “richer” cities to the central budget. For Budapest, this levy has increased dramatically from HUF 5 billion in 2018 to HUF 89 billion in 2025. This tax levy now exceeds the value of central transfers that the city receives, pushing the capital towards a fiscal crisis.
- Debt control: municipalities are prohibited from taking out loans without the central government's countersignature. Since 2019, no loan applications from Budapest have been approved, severely limiting the city's liquidity and its ability to co-finance projects.

Unlike the collaborative models observed in other MS, the relationship between the Hungarian government and the Municipality of Budapest is characterised by political obstruction rather than partnership. While several cities in Europe have obtained MA or IB status, such decentralisation has never been allowed in Hungary.

Formal coordination mechanisms have proven to be ineffective *facades* rather than functional bodies. The Capital city public development council (FKT), established in 2018 to facilitate dialogue, ceased to function in 2021. Consultations have become mere front operations, mere formalities to satisfy administrative requirements rather than meaningful dialogues. The FKT was briefly replaced by the Budapest development agency (BFK), a body controlled by the government and designed to manage city projects without direct supervision by the municipality, before being abolished in 2022. The explicit goal of the BFK was to implement city development while leaving the municipal administration out of the process. Currently, there is no official and effective institutional coordination between cities and the national level.

4.3.2. National policy priorities and programs

As shown in the table, Hungary's financial allocation for CP underwent significant structural changes between the two programming periods (Table 3).

2014 - 2020 programming period

ERDF	ESF	EAFRD	EMFF	YEI	CF	Interreg	TOT
11.380.672.466 €	5.024.065.913 €	4.590.416.862 €	38.412.223 €	99.530.712 €	6.025.427.012 €	564.538.960 €	21.697.637.136 €

2021 - 2027 programming period

ERDF	ESF+	JTF	CF	Interreg	TOT
13.568.227.267 €	5.298.665.303 €	261.053.355 €	2.602.158.279 €	533.098.772 €	19.661.044.697 €

*Table 3 - Financial allocation of EU funds for Hungary (€ billion).
(Source: Author's own elaboration on Cohesion Open Data Platform)*

Overall, Hungary's allocation has decreased slightly, from €21.7 billion in the 2014-2020 period to €19.66 billion for the 2021-2027 period. However, the composition of this funding has undergone a notable change. The most significant change is the drastic reduction in the CF by more than half, from €6.0 billion to €2.6 billion. This reduction is partially offset by a significant increase in the ERDF allocation (from €11.3 billion to €13.5 billion) and a stable allocation to the ESF/ESF+ (slightly increasing to around €5.3 billion). The new JTF adds a component of €0.26 billion to address the specific challenges of climate transition. It is important to note that the overall decrease in the total is, also in this case, technical, as the large EAFRD, which contributed over €4.5 billion in the previous cycle, is no longer included in the standard CP totals for the current period.

The strategic orientation of CP in Hungary underwent a formal administrative transformation between the two periods, shifting from a detailed sectoral approach to a consolidated, objective-based framework, in line with the general change in the European directive.

In the 2014-2020 period, Hungary's national strategy was structured around 11 Tos (Figure 19). As illustrated in the funding flow diagram below, financial resources were distributed across a wide range of specific priorities. Substantial funds were allocated to a fragmented set of objectives, with significant allocations directed towards 'Competitiveness of SMEs' (T03), 'Environmental protection and resource efficiency' (T06) and 'Network infrastructure' (T07). This granular structure allowed for targeted interventions but led to a high degree of fragmentation between different funding streams.

For the 2021-2027 period, Hungary has moved to the new EU structure, adopting the five broader Pos (Figure 20). This change is visually evident in the corresponding funding diagram, where the numerous streams of the previous period have been consolidated into a smaller number of more substantial pillars, with a notable shift towards "Social Europe" (PO4) and "Greener Europe" (PO2).

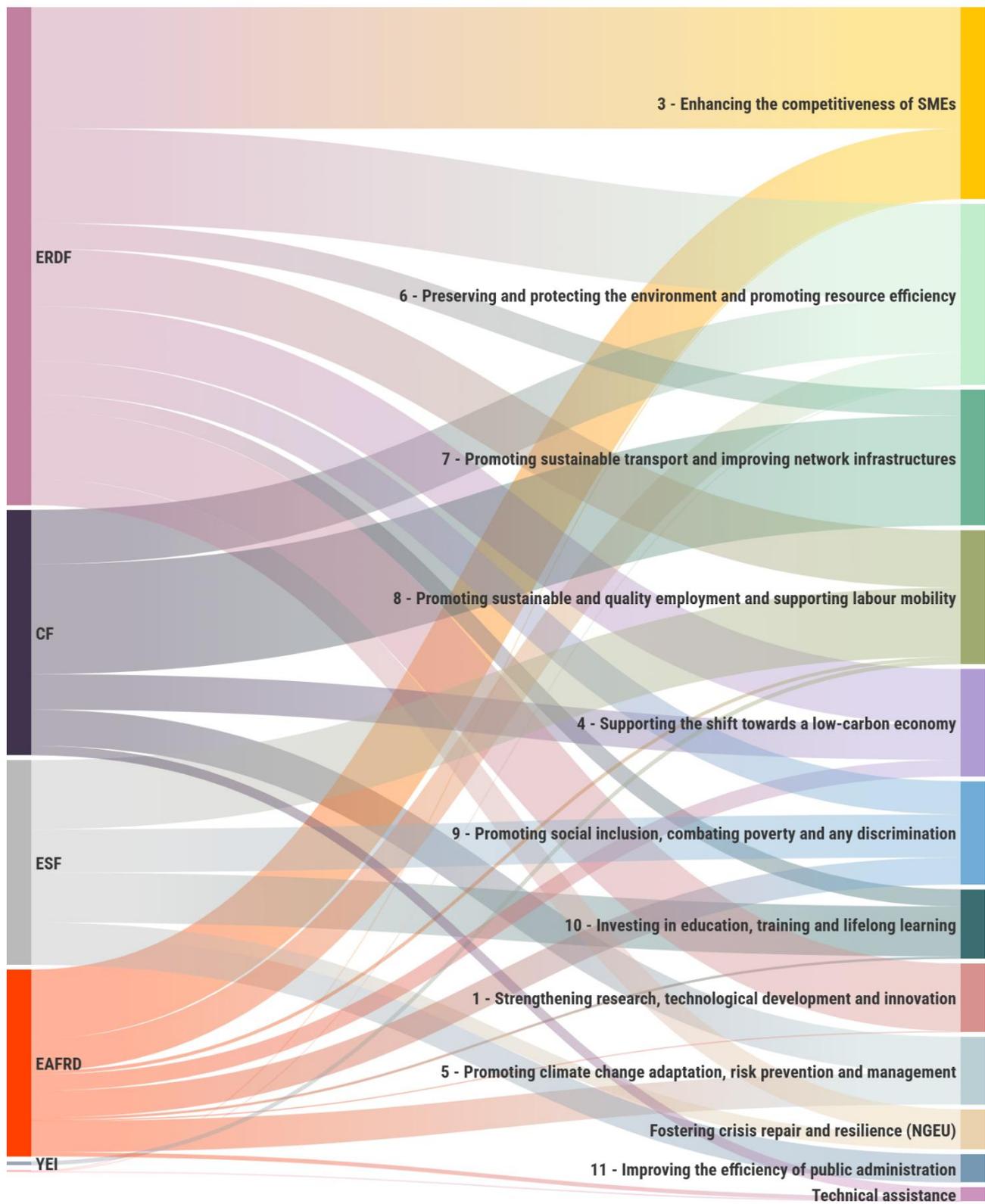


Figure 19 - Funding flows by Thematic Objective in Hungary (2014–2020).
 (Source: Author's own elaboration on Cohesion Open Data Platform)

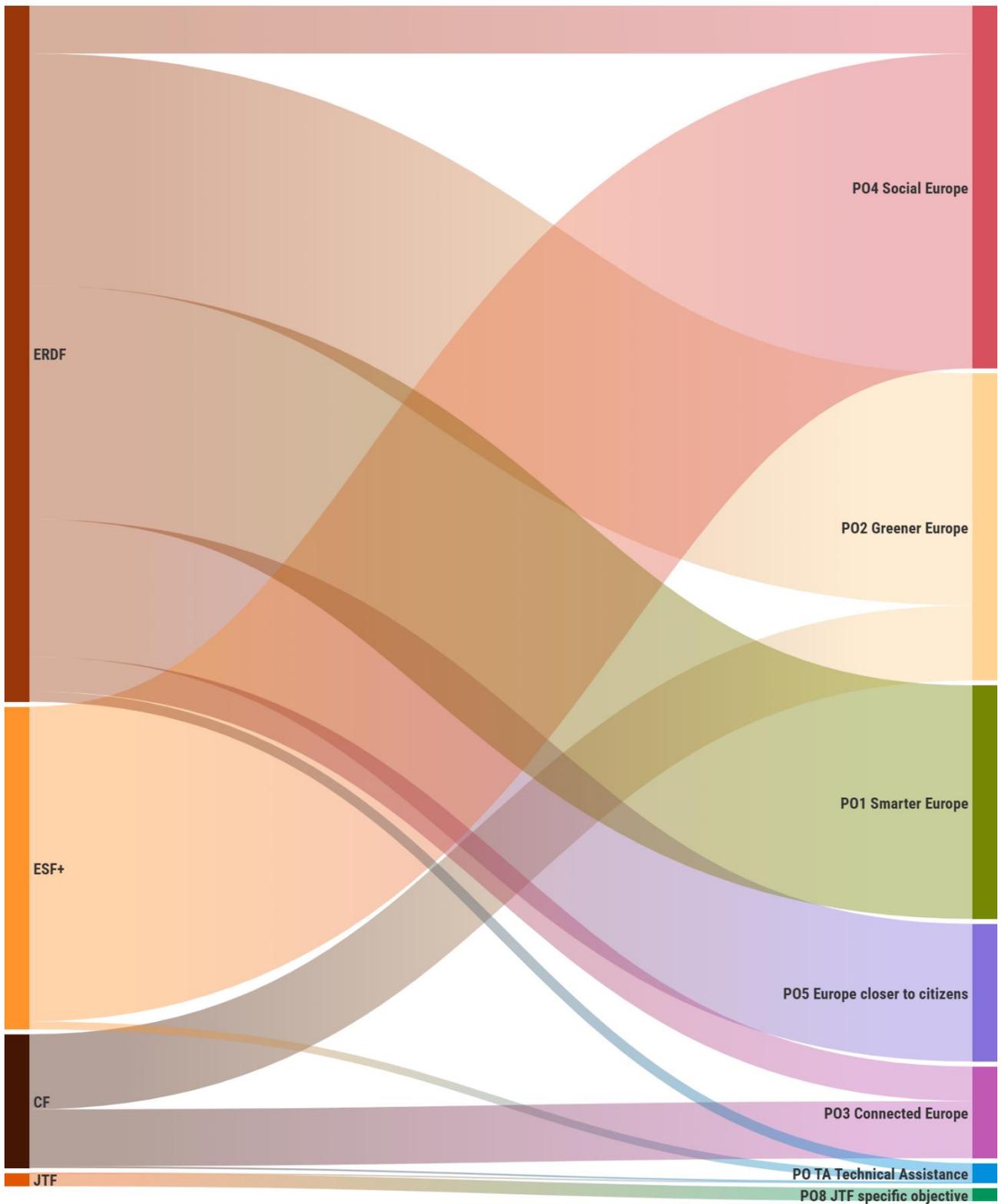


Figure 20 - Funding flows by Policy Objective in Hungary (2021–2027).
 (Source: Author's own elaboration on Cohesion Open Data Platform)

Despite this structural alignment with EU objectives, Hungary's specific national priorities remain predominant. The national strategy explicitly aims for a multi-centered spatial structure, designed to reduce the economic dominance of Budapest by strengthening other major cities (such as Debrecen, Szeged and Pécs) as 'counter-poles'. While technically a territorial development strategy, this approach has been interpreted by city leadership as a means of politically excluding the capital from development resources.

This strategic choice has resulted in a marginalisation of the metropolitan dimension within the national territorial programmes. This is particularly evident in the management of the Territorial and Settlement Development Operational Programme Plus (TOP Plusz). Within TOP Plusz, the urban dimension is formally recognised, including the mandatory allocation of 8% of ERDF resources for SUD. Budapest and County rank cities are nominally responsible for creating integrated urban development strategies to access these decentralised funds.

Within TOP Plusz, the urban dimension is formally present to meet the EU requirement to allocate 8% of ERDF resources to the SUD. However, the management of this objective remains highly centralised. Although cities are required to develop strategies to access these funds, the national government retains the power to validate which projects qualify as SUD. This governance model creates a discrepancy between the funds programmed on paper for large urban areas and the actual release of resources. By controlling the definition of eligibility and the opening of calls for proposals, the central government can effectively freeze the implementation of SUD strategies in specific territories without formally violating the requirement for the allocation of funds. As a result, the implementation of the urban dimension in the TOP Plusz program is less a reflection of local strategic autonomy and more a product of discretionary approval at the national level.

4.3.3. Key challenges and opportunities

The implementation of the CP in Hungary is going through a period of systemic tension, characterised by extreme centralisation and the growing subordination of development objectives to political loyalty. Unlike the collaborative MLG models encouraged by EU regulations, the Hungarian context presents a scenario in which the central government acts not as a partner but as a gatekeeper, strictly controlling the flow of resources at all subnational levels. This structural framework has generated three interconnected national challenges that threaten the effectiveness of territorial cohesion throughout the country.

The most critical challenge is the complete erosion of regional and local autonomy. By concentrating MA functions in the relevant ministries and abolishing regional bodies, the central government has effectively eliminated the intermediate level of decision-making. This affects all municipalities, not just the capital. The refusal to devolve the status of a genuine MA or IB to any large urban centre means that local development strategies, whether in Budapest, Szeged or Debrecen, are subject to discretionary validation by the central level. The creation of economic development zones further exacerbates this problem: by establishing functional regions led by government-appointed commissioners, the state has created a parallel administrative structure that bypasses elected county and municipal leaders, reinforcing a top-down sectoral approach rather than genuine place-based planning.

The allocation of funds has increasingly become a tool for political reward or punishment. Although the 'counter-poles' strategy formally aims to balance territorial development by supporting secondary cities, in practice it often serves to direct resources to politically aligned municipalities, leaving those led by the opposition short of funds. This dynamic is institutionalised through mechanisms such as the Solidarity Contribution and strict debt control rules, which drain local revenues and prevent municipalities from borrowing to co-finance EU projects without central approval. This effectively places all local governments in a position of financial dependence, where access to EU funds is contingent on maintaining a cooperative relationship with the national executive rather than on the merits of the development strategy itself.

A unique national challenge in the period 2021-2027 is the impact of the rule of law conditionality mechanism. The suspension of EU funds, triggered by the democratic regression of the national government, has paradoxically penalised local governments the most. While the central government has the liquidity to pre-finance projects in loyal municipalities, opposition-led cities often face a total freeze on investment. This 'hostage' situation means that the national government's failure to meet EU democratic standards directly blocks local modernisation efforts, from green transport to social housing. The freezing of funds leads to a situation where money is decommitted and lost to the country, with no possibility of redirection or safeguard mechanisms.

4.4. Cohesion Policy implementation in the Netherlands

4.4.1. National institutional framework

The institutional framework for CP in the Netherlands is characterised by a decentralised unitary model that has demonstrated considerable stability in the 2014-2020 and 2021-2027 programming periods.

As illustrated in the institutional diagram (Figure 21), the governance structure operates with a clear separation between national and regional competences. At the highest level, the Ministry of Economic Affairs and Climate Policy acts as the central coordinating authority for the ERDF, while the Ministry of Social Affairs and Employment coordinates the ESF+ and the newly introduced JTF (regarding only the 2021-2027 period).

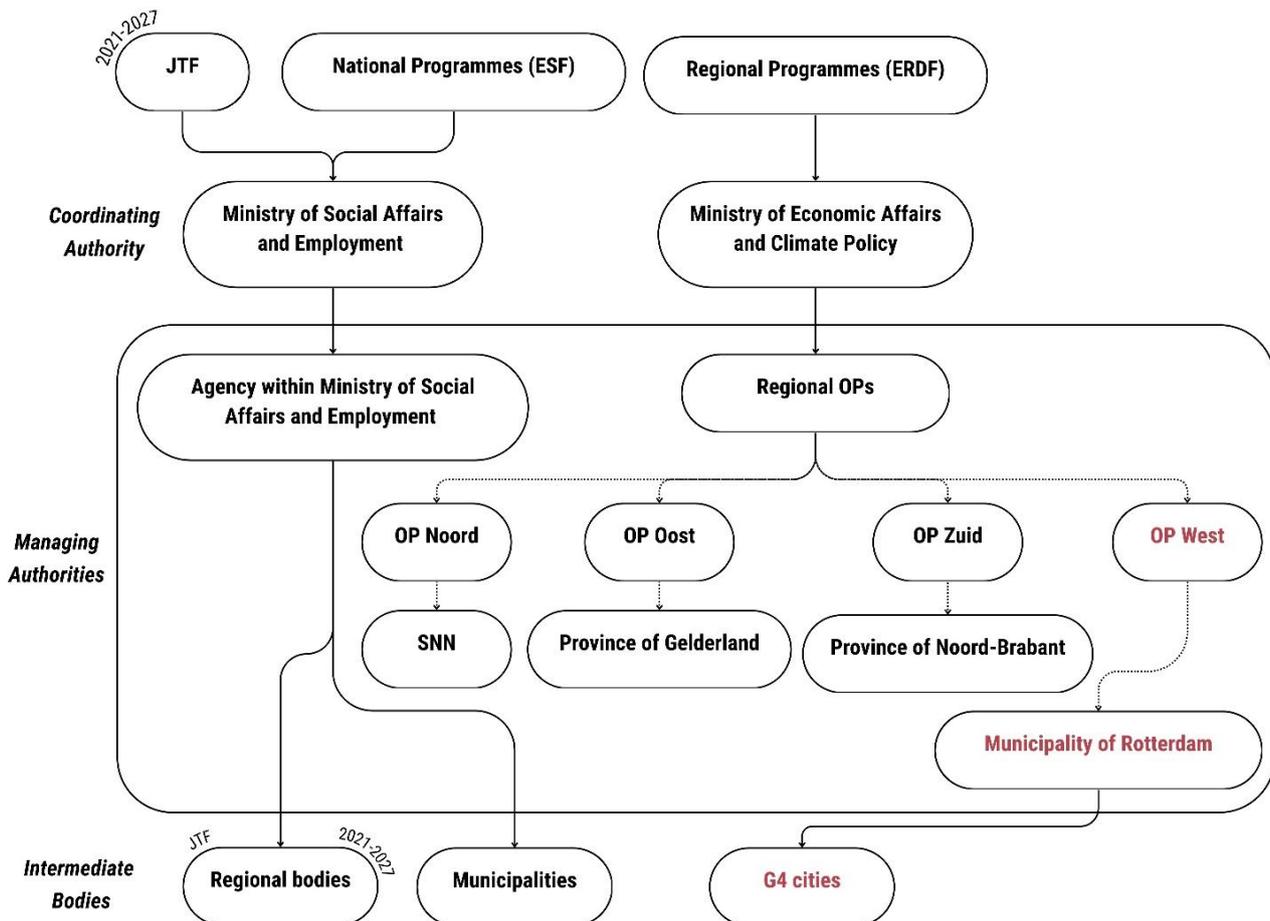


Figure 21 - Diagram of the Netherlands' institutional framework for Cohesion Policy implementation. (Source: author's own elaboration on Partnership Agreements)

However, the diagram reveals that actual implementation is highly decentralised. Unlike other MS that only use a single national MA, the Netherlands delegates the management of the ERDF entirely to four regional MAs, corresponding to the four *Landsdelen*: North, East, South and West.

Hence, it can be noted that there has been institutional continuity in the implementation of CP: the structure has remained virtually unchanged between the two periods. The bodies acting as MAs have retained their roles, as well as coordinating bodies.

Furthermore, although a new fund (JTF) has been introduced in the 2021-2027 programming period, its implementation has been incorporated into existing structures, thus complementing the ESF+, without the need to create ad hoc institutions.

A distinctive feature of the Dutch framework, located at the bottom right of the institutional diagram, is the unique governance of the western region. The *Kansen voor West* (Opportunities for the West) program represents a highly collaborative governance model, known as the “polder model” (Dąbrowski et al, 2020).

In a configuration unique within the EU, the MA for the entire regional program is not a province or a ministry, but a city: the municipality of Rotterdam. This represents a significant delegation of power. The relationship is formalised through a cooperation agreement between the four provinces and the four largest cities (G4: Amsterdam, Rotterdam, The Hague, and Utrecht).

In this structure, Rotterdam acts as the legal MA, while the other three G4 cities are designated as authorised partners (functioning similarly to IBs), managing their own urban allocations under the supervision of the MA. This structure confirms that in the Netherlands, cities are not mere beneficiaries, but key constitutional partners in the management of CP.

4.4.2. National policy priorities and programs

The Netherlands is a net contributor to the EU, and CP funds represent a small part of its public investment, around 0.59%. As the comparative table shows (Table 4), the figures are significantly lower than those seen in the other cases.

Here too, the total volume of CP policy has decreased significantly in nominal terms between the two periods, from around €3.58 billion in 2014-2020 to €1.99 billion in 2021-2027.

However, this 44% decrease is technical rather than substantive in nature. Again, it is explained by the removal of the EAFRD – which accounted for €1.1 billion – from the CP framework in the new regulations.

Looking specifically at the funds:

- ERDF: appropriations decreased from €791 million to €506 million.
- ESF/ESF+: appropriations decreased from €791 million to €413 million.
- JTF: the 2021-2027 period sees the introduction of the JTF, which introduces €623 million into the system, effectively offsetting some of the reductions in other funds.

2014 - 2020 programming period

ERDF	ESF	EAFRD	EMFF	Interreg	TOT
791.056.051 €	791.056.053 €	1.168.188.879 €	101.523.244 €	727.383.897 €	3.579.208.124 €

2021 - 2027 programming period

ERDF	ESF+	JTF	Interreg	TOT
506.249.109 €	413.757.776 €	623.103.298 €	446.180.737 €	1.989.290.920 €

*Table 4 - Financial allocation of EU funds for the Netherlands (€ billion).
(Source: Author's own elaboration on Cohesion Open Data Platform)*

The flowcharts illustrate the flow of funds from specific EU sources to the Netherlands' thematic priorities. A comparison of these charts reveals how external shocks and structural changes have reshaped the Dutch investment landscape.

The diagram for the 2014-2020 period shows a complex network of funding flows (Figure 22), strongly influenced by the inclusion of the EAFRD, the largest fund, and the late addition of emergency funding. Visually, the most prominent investment flow in the diagram is the objective 'Promoting crisis recovery and resilience' (associated with NGEU resources). Although this appears to be the main investment category, it is important to note that it was

not part of the original national strategy but was only introduced later in the programming period as a specific response to the COVID-19 pandemic.

Looking beyond this emergency injection to the original structural programming, the diagram shows a clear division of tasks between the funds:

- EAFRD: dominated the landscape, channelling most of its resources into TO 6 and TO 5, reflecting a strong agricultural component of the available funding.
- ERDF: as indicated in the diagrams, the main ERDF funds were strategically concentrated on TO 1 and, to a lesser extent, on TO 4. This confirms the national choice to use regional funds primarily for economic competitiveness and green transition rather than for broad redistribution.
- ESF: the diagram illustrates the distribution of the fund across three key social dimensions: TO 9 and TO 8. This confirms the complementary role of the ESF in addressing labour market participation and social challenges.

The diagram for the period 2021-2027 reveals a much clearer and simplified architecture (Figure 23). This is partly due to the removal of the EAFRD from the CP framework, but it also reflects a strict alignment with the new European OPs.

As shown in the 2021-2027 diagram, the 'tangle' of cross-financing observed in the previous period has been replaced by distinct and dedicated channels:

- JTF: the new stream at the top flows 100% into its specific objective (PO 8), targeting the transition of carbon-intensive regions.
- ESF+: the stream is now entirely dedicated to PO 4 ("Social Europe"), clearly separating social investments from infrastructure and innovation.
- ERDF: the stream strictly serves three specific objectives: OP 1 ("Smarter Europe"), OP 2 ("Greener Europe") and OP 5 ("Europe closer to citizens"), the first two with the greatest amounts.

This mapping shows that, although the nomenclature has changed, the underlying Dutch strategy remains consistent. The priorities related to innovation and low Carbon from the previous period have been seamlessly incorporated into the new PO 1 and PO 2 framework, ensuring that most regional funding continues to support the Netherlands' status as a competitive, knowledge-based economy.

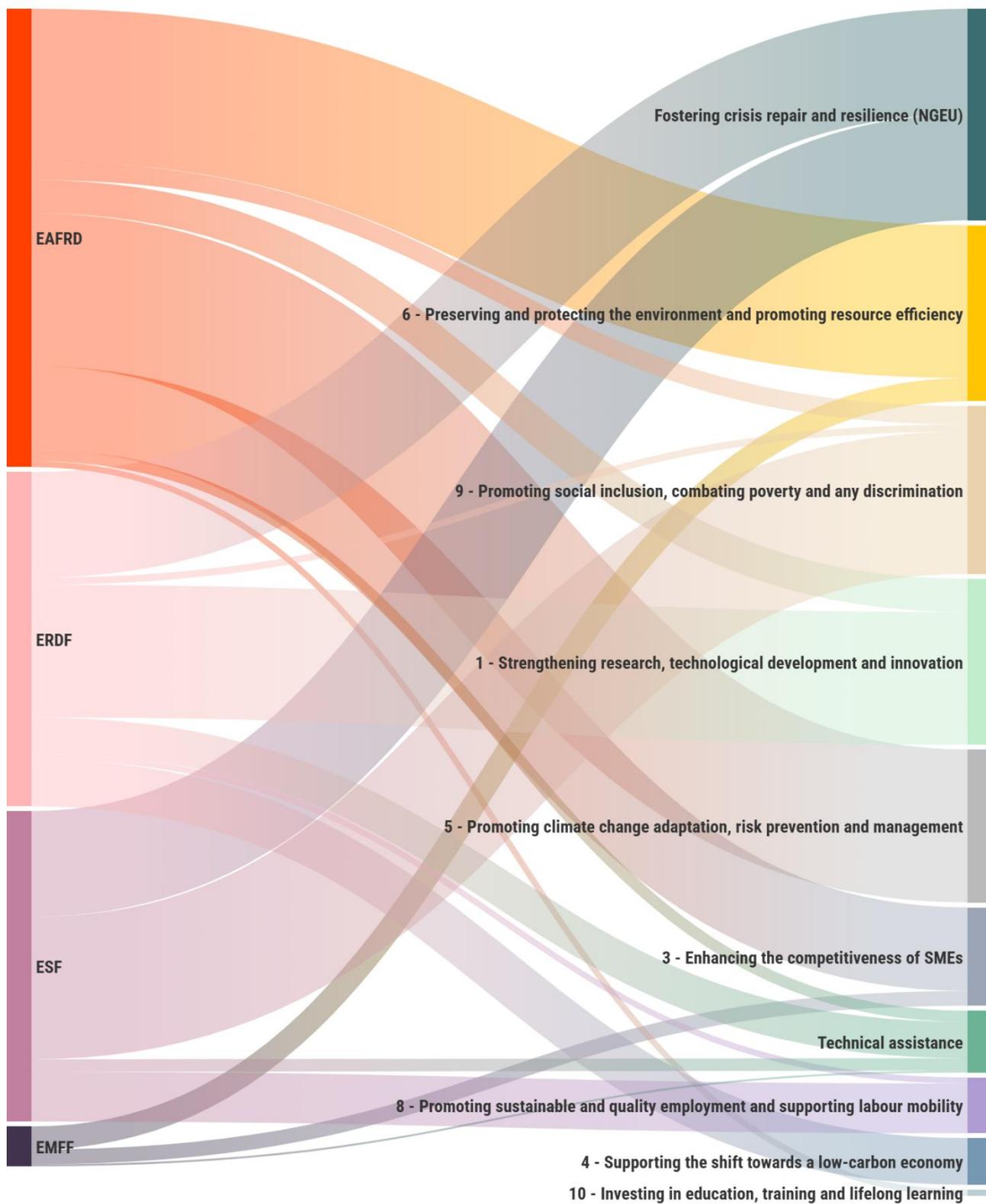


Figure 22 - Funding flows by Thematic Objective in the Netherlands (2014–2020).
 (Source: Author's own elaboration on Cohesion Open Data Platform)

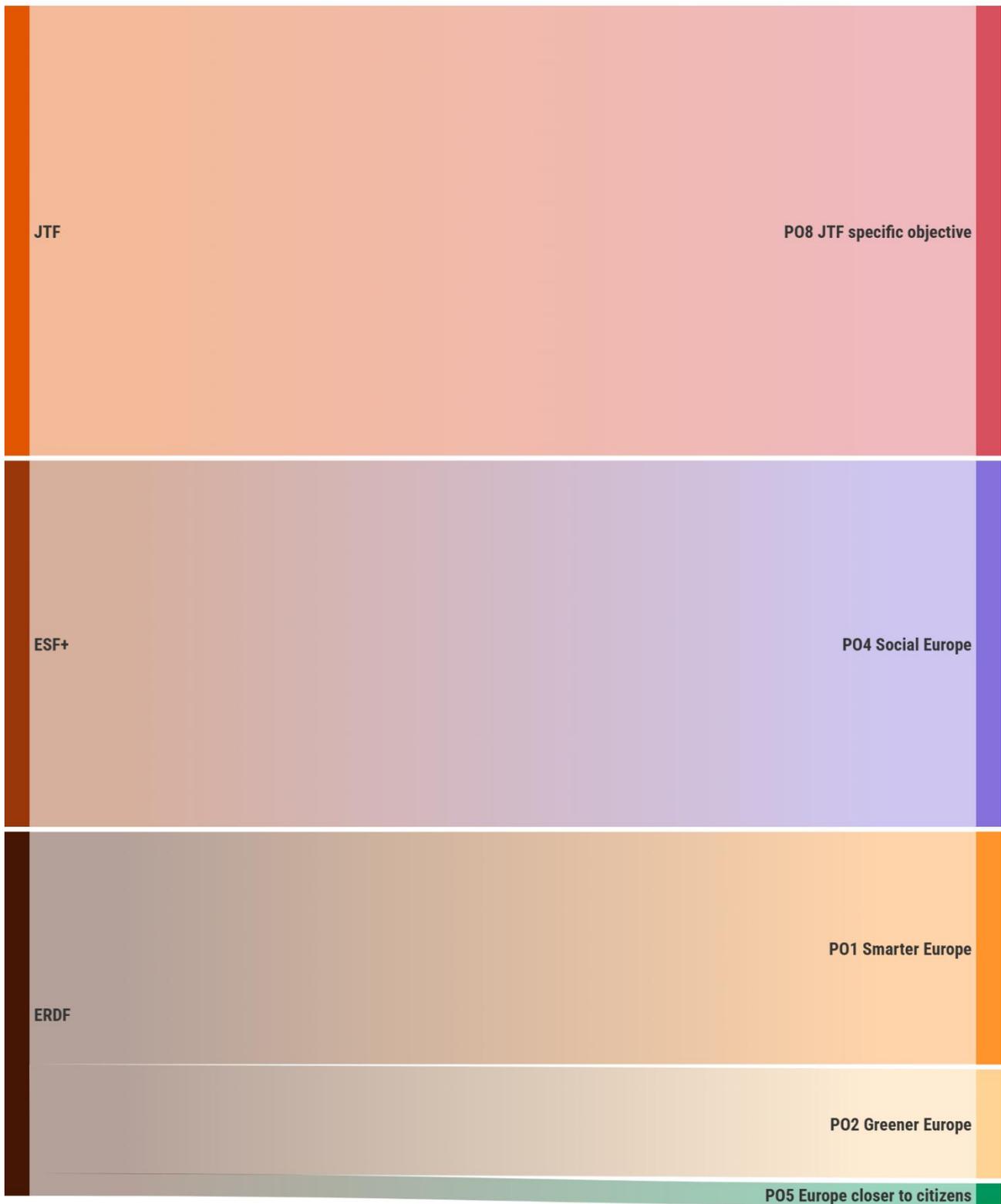


Figure 23 - Funding flows by Policy Objective in the Netherlands (2021–2027).
 (Source: Author's own elaboration on Cohesion Open Data Platform)

4.4.3. The urban dimension and ITI

The urban dimension is a distinctive feature of the Dutch implementation strategy, which is characterised by high concentration and city-led management.

The Netherlands has consistently exceeded EU requirements for urban allocations. In the 2014-2020 period, the country achieved the minimum of 5%; for the 2021-2027 period, this mandatory allocation for SUD has been increased to 9% of national ERDF resources (exceeding the EU minimum of 8%).

It is important to note that this funding is not distributed evenly across the country. It is geographically concentrated in the OP West (*Kansen voor West*) program, which targets the G4 cities. The thematic focus of these urban funds is closely aligned with national objectives, targeting energy transition and the circular economy in densely populated areas.

This strategic focus is deeply rooted in the Dutch legal definition of spatial planning (*Ruimtelijke Ordening*), which goes beyond simple land-use regulation to include normative policy standards. As noted in the EU Compendium, the current Spatial Planning Act (*Wet ruimtelijke ordening*) explicitly departs from the goal of achieving 'sustainable spatial quality'. This 'spatial quality' serves as the primary meta-concept guiding governmental activity, justifying the concentration of resources in areas where they can produce the most desirable outcome for the community rather than spreading them evenly.

To implement this dimension, the Netherlands has fully adopted the ITI tool, known locally as *Geïntegreerde Territoriale Investerings* (GTI). The Dutch framework has explicitly rejected the bottom-up mechanism of CLLD for ERDF urban funds, preferring the ITI model, but managed by the cities themselves. This allows G4 cities to integrate EU funds directly into their local urban development strategies, ensuring that EU funding is not a secondary project but a fundamental component of urban planning.

4.4.4. Key challenges and opportunities

Despite the mature institutional framework, the implementation of CP in the Netherlands faces structural challenges stemming from its status as a wealthy MS.

As the Netherlands is a net contributor and the total cohesion budget is modest (0.59% of public investment), EU funds are not considered essential for survival, as they might be in other European countries. Instead, they serve as financial 'supplementation'. This creates a paradox: funds are welcome for their added value in specific projects, but the administrative burden of complying with EU rules often outweighs the financial benefits. This leads to a focus on 'absorption' (spending funds to avoid losing them) rather than on the pure effectiveness of policies.

Finally, there is a fundamental philosophical misalignment between the objectives of the EU and those of the Netherlands.

- EU logic: redistributive, aimed at reducing disparities by helping regions lagging behind in development.
- Dutch logic: competitive, investing heavily even in the strongest regions (the Randstad/G4) to maximise national growth.

By concentrating most of its urban development and innovation funds in the wealthy western region of the Netherlands, the Dutch strategy effectively uses CP to strengthen its competitive centres. Although economically efficient, this approach contradicts the EU's fundamental objective of convergence, creating constant tension where the Netherlands uses redistribution instruments for competitive purposes.

5. Case studies: urban Cohesion Policy implementation in Florence, Budapest and Rotterdam

5.1. Introduction

Having examined the national institutional frameworks of Italy, Hungary and the Netherlands in the previous chapter, the analysis now shifts to the core empirical focus of this research: the urban level. This chapter investigates the practical implementation of CP in the three distinct municipalities, Florence, Budapest and Rotterdam, across the 2014–2020 and 2021–2027 programming periods.

While Chapter 4 defined the macro-context, outlining the legal boundaries, financial allocations and general governance architectures of the MS, it is within the cities themselves that these frameworks are tested, adapted and occasionally contested. As highlighted in the conceptual framework, cities are transitioning from passive recipients of state-led development to active agents of governance. However, this research demonstrates that this transition is neither uniform nor linear; it is deeply shaped by specific domestic realities that determine the actual “manoeuvring space” available to urban authorities.

This chapter adopts a comparative case study approach to explore this divergence. To ensure a rigorous comparison, each case study is analysed using the consistent analytical framework previously established and structured around the five categories:

1. Local institutional framework: Mapping the legal status and spatial definition of the urban area (administrative vs. functional).
2. Governance models and stakeholders: Identifying the decision-making hierarchy and the key actors involved.
3. Financial allocation and management: Contrasting theoretical funding allocations with the actual reality of management, distinguishing between indirect (shared management) and direct funds.
4. Empowerment or constraint mechanisms: Isolating the specific factors, such as financial autonomy, political alignment or administrative capacity, that either strengthen or limit the city's agency.
5. Institutional innovations: detailed analysis of the specific reforms and coordination mechanisms cities have developed to navigate their national contexts.

5.2. Florence

The Municipality of Florence



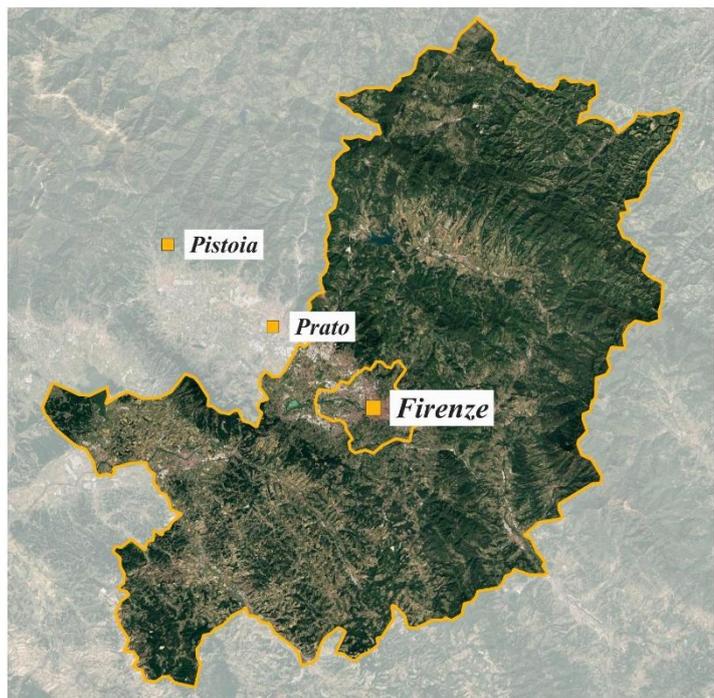
- **Area:** Approximately 102.4 km²
- **Population:** 362,353 residents (2024)
- **Key characteristics:**
 - Florence is the core of Central Tuscany's socio-economic system and the main regional hub for higher education, cultural industries, and advanced services.
 - It has a large urban footprint, with 56% of its land occupied by settlements and infrastructure.

Under the Delrio Law (56/2014), Florence operates as a core Municipality (LAU 2) within the Metropolitan City (NUTS 3). While the Metro level handles strategic planning, the Municipality retains administrative dominance. This creates a unique dynamic where the City of Florence manages significant EU resources directly while navigating a FUA that extends far beyond its administrative borders.

The Metropolitan City of Florence

- **Area:** 3,514 km²
- **Population:** Around 1,000,000 inhabitants
- **Territory:** 41 municipalities

The city's economic influence extends along the Florence-Prato-Pistoia axis, forming a polycentric, non-hierarchical urban network characterised by strong commuting flows and economic interconnections.



5.2.1. Local institutional framework

The planning and governance system that defines the Florence case study is part of a complex MLG system that reflects Italy's institutional architecture, characterised by distinct but often overlapping responsibilities between the national, regional, metropolitan and local levels. In this structure, public action is not the result of a monolithic central authority, but rather the outcome of vertical and horizontal interaction aimed at promoting SUD strategies.

In the Italian context, territorial governance unfolds through a hierarchy in which the state defines the fundamental principles and major infrastructure, while planning powers are devolved.

- Regional Level (Tuscany Region): The Region plays a dual crucial role. On the one hand, it manages Regional Programs (such as the POR FESR and FSE+), distributing cohesion funds and providing guidelines for implementation. On the other hand, it has primary responsibility for spatial planning through instruments such as the "Spatial Planning Plan" (PIT) with the status of a Landscape Plan and the "Regional Spatial Plan" (PTR), which define the spatial structure and protect the landscape.
- Municipal Level (Municipality of Florence): At the local level, the Municipality exercises regulatory and operational powers, acting as a key player in the physical transformation of the territory. Planning is implemented through the Structural Plan (long-term strategic vision) and the Operational Plan (zoning and implementing regulations).

Between the Region and the Municipality there is an intermediate level, which was profoundly reformed by Law 56/2014 (so-called Delrio Law). This legislation marked a fundamental institutional change: the provinces of the main Italian urban areas were transformed into Metropolitan Cities. In this specific case, the Metropolitan City of Florence was formally established in 2015, taking over from the pre-existing Province and inheriting its administrative boundaries, but with a renewed mandate focused on the strategic coordination of a large area.

The Metropolitan City is therefore not limited to the ordinary management of the former province, but is responsible for coordinating the development of the 41 municipalities in the area through specific tools:

- Strategic Planning: The Metropolitan Strategic Plan (PSM)², called “Metropolitan Renaissance 2030”, outlines the long-term vision for sustainable development, innovation, and territorial cohesion.
- Territorial Planning: The Metropolitan Territorial Plan (PTM)³ regulates spatial planning and land use at the supra-municipal level, coordinating infrastructure and services.
- Sustainable Mobility: Integrated transport management is carried out through the Urban Sustainable Mobility Plan (PUMS)⁴, which aims to reduce emissions and improve multimodal accessibility.

However, despite its formal mandate, the Metropolitan City remains an institutionally weak body (Cotella et al., 2021), often lacking a significant role in providing technical support to smaller municipalities or in the direct management of CP, which remain fragmented.

Furthermore, although the Delrio Law defines the structure, a substantial critical issue arises: the administrative boundaries of the Metropolitan City of Florence still coincide exactly with the boundaries of the former Province, creating a mismatch with the territory’s real dynamics.

Although the Metropolitan City provides a formal institutional framework, socio-economic dynamics outline a much more extensive and complex FUA. Recent studies show that the official definition of FUA tends to underestimate the area’s actual functional integration. The reality of central Tuscany is, in fact, characterised by a polycentric system that develops along the Florence-Prato-Pistoia axis (Città Metropolitana di Firenze, 2017).

This conurbation has intense commuting flows and economic interdependencies that transcend provincial and municipal boundaries. Consequently, while the Metropolitan City plans for its administrative territory (which includes peripheral mountain areas), it risks having limited tools to effectively govern the dynamics linking Florence to the industrial plains of Prato and Pistoia, and, more generally, inter-municipal planning, highlighting the need for territorial governance that overcomes current administrative rigidities.

² Metropolitan Strategic Plan: https://www.cittametropolitana.fi.it/wp-content/uploads/PSM_DOCUMENTO-APPROVATO.pdf

³ Metropolitan Territorial Plan: <https://www.cittametropolitana.fi.it/piano-territoriale-metropolitano/piano-territoriale-metropolitano-adozione/>

⁴ Urban Sustainable Mobility Plan: <https://www.cittametropolitana.fi.it/pums/>

5.2.2. Governance models and key stakeholders

The implementation of CP in Florence does not follow a purely hierarchical model; rather, it is structured around a complex Italian MLG system in which cities have gradually gained formal and substantial recognition. Although the national and regional framework defines strategic priorities and manages most of the structural funds (such as the ERDF and ESF+ managed by the Tuscany Region as the MA), a clear urban dimension has emerged, with metropolitan cities no longer seen as mere passive beneficiaries, but as active players in programming.

The turning point in the recognition of the role of Italian cities was the introduction of the National Operational Program for Metropolitan Cities (PON Metro) in the 2014-2020 cycle (European Commission, 2014d). This instrument, unique in Europe for its structure, directly delegated the role of IB to the 14 Italian Metropolitan Cities (including Florence). This configuration enabled the Municipality of Florence (as the capital and urban authority) to directly manage resources and to take responsibility for the design and implementation of interventions in crucial areas such as digital transition, sustainable mobility and social inclusion.

This governance model, based on delegation and direct responsibility of cities, has been confirmed and strengthened in the 2021-2027 programming cycle with the PN Metro Plus. In line with the previous program, the new program maintains the delegated governance structure but expands its scope to include integrated urban regeneration and social innovation.

It is important to note a functional distinction in local governance: while the Metropolitan City plays a strategic coordination role across a large area, it is often the Municipality of Florence, through its dedicated offices (such as the EU Project Joint Office), that exercises the administrative and technical capacity necessary to manage these complex funds (Comune di Firenze, n.d.-b), acting in fact as the main driver of European investments in the area.

In addition to directly managing funds, Florence exerts strong political influence at the national level through the ANCI. The city plays a pivotal role within the association, a leadership position formally recognised by the appointment of the Mayor of Florence, who also presides over the Metropolitan City, as the Coordinator of Metropolitan Cities (ANCI,

n.d.). Leveraging this strategic function and its administrative capacity for innovation, Florence does not limit itself to formal participation but acts as a key policy shaper. It brings local experiences to national attention, strengthening the representation of Italian metropolitan areas in both national and European policy-making forums. This specific coordination role positions Florence as a benchmark in urban governance, effectively bridging the gap between local priorities, national advocacy, and European funding opportunities.

In parallel with its national commitment, Florence has developed an outward-looking governance model, investing significantly in transnational relations and city networks. This lobbying and networking activity is not incidental, but strategic in influencing the European urban agenda and anticipating funding lines (Comune di Firenze, 2021).

Florence's position is particularly strong within Eurocities (Cities Today, 2020), the leading network of large European cities. The city has been a member since 2003 and has held positions of great importance, serving as Vice-President (2018-2021) and President (2021-2023). Through this platform, Florence has actively contributed to the European debate on key issues such as climate neutrality and culture, supporting the need for more direct access for cities to EU funds and greater flexibility in resource management.

In addition to the public institutional sphere, the governance ecosystem in Florence involves a variety of other stakeholders whose role, however, appears to be more operational than strategic. The University of Florence emerges as a key partner for accessing direct EU funds such as Horizon Europe (Università degli Studi di Firenze, 2022), where the city has secured significant resources for research and innovation. However, this academic contribution often remains confined to specific niches of excellence rather than permeating ordinary territorial planning. Similarly, public service companies act as essential “operational arms”, particularly for the National Recovery and Resilience Plan (NRRP), mobilising massive investments in water infrastructure and waste management (Comune di Firenze, n.d.-a). Although crucial to project execution, these entities operate under industrial logics that run parallel to municipal planning. Finally, the Third Sector is actively involved in co-design processes within the PON Metro and PN Metro Plus (Comune di Firenze, 2022), especially for social inclusion services. Nevertheless, the participation of these actors, and civil society in general, is often limited to the implementation phase or consultative forums, lacking structural weight in the definition of upstream strategic priorities (Comune di Firenze, 2017).

In short, Florence's governance model is characterised by a dual approach: at the local operational level, it acts as an IB with strong managerial autonomy thanks to the Metro programs; at the international political level, it uses European networks as a lever of “soft power” to attract resources, exchange good practices, and claim a central role for cities in EU policies.

5.2.3. Financial allocation and management of EU funds

The analysis of financial data for the Municipality of Florence (Table 5) reveals a clear trajectory of increasing administrative empowerment and an expansion in the volume of managed resources between the two programming periods. Unlike the standard model where cities are passive recipients of transfers, the financial flows in Florence demonstrate the city's pivotal role as a direct manager of European resources. This dynamic is observed at two distinct levels: the funds the municipality manages for its own territory, and the massive national programmes the city manages on behalf of the metropolitan area.

At the municipal level, the data for the 2014-2020 period highlights a reliance on traditional funding streams combined with a strong capacity for innovation. During this period, the city utilised the Regional Operational Programmes (POR) to finance a significant volume of interventions, securing approximately €32.5 million (ERDF and ESF). This funding stream was characterised by a high fragmentation of projects, 70 ESF projects and 53 ERDF projects, focused primarily on social inclusion, education and SMEs competitiveness. However, an indicator of administrative excellence in this period is found in the management of Direct Funds. The table highlights that Florence secured €12.9 million in competitive funding, a figure that testifies to a high level of specialised expertise within the municipal offices. Notably, €6.7 million of this came from Horizon 2020 across 10 distinct projects. While the volume of these funds is lower than that of structural funds, their strategic value is disproportionately high. They act as a "test bed" for innovation, demonstrating new smart city solutions, which, once validated, can be scaled up using larger envelopes.

The transition to the 2021-2027 period at the municipal level is defined by a change in scale that poses significant management challenges. While the Regional ERDF programme continues to support the city with an increased allocation of approximately €42.7 million, specifically foreseeing actions for sustainable urban mobility, this is overshadowed by the impact of Next Generation EU. The most striking element emerging from the data is the massive injection of resources from the RRF. The table highlights a staggering figure of €770.7 million in direct financing for the Municipality across 55 funded projects. This amount far exceeds standard CP allocations. The influx fundamentally alters the city's financial landscape: while CP continues to serve as the qualitative engine for soft investments, the RRF has taken over as the primary engine for heavy infrastructure, education and digital transformation. This shift introduces a complex duality in governance:

the city must now manage the strict, performance-based logic of the RRF (with its tight deadlines) alongside the traditional compliance-based logic of regional funds.

Moving the analysis to the metropolitan level, it becomes evident that the National Programmes have become the backbone of the area's investment strategy, far outstripping the resources provided by the Regional authority for the supralocal area. For the 2014-2020 period, the data shows that the Regional ERDF and ESF programmes allocated €47.6 million to other municipalities in the metro area. While significant, this figure is eclipsed by the resources managed by Florence through the PON Metro: a total of €120.4 million for the area. This total comprises an initial allocation of €40.4 million, which was subsequently more than tripled by a REACT-EU top-up of €80 million. This massive expansion during the programming period demonstrates the flexibility of the PON Metro compared to rigid regional planning, allowing the city to direct resources swiftly toward digital transition and social innovation during the post-pandemic recovery.

The qualitative and quantitative leap in the 2021-2027 period confirms the structural consolidation of this role. The new PN Metro Plus raises the stakes with an allocation of approximately €149.3 million. This increase reflects the city's evolution into a fully-fledged IB. While regional funds continue to flow to the hinterland, this PN allows Florence to operate with a high degree of strategic autonomy, planning 33 complex projects focused on the green transition and social inclusion. The data confirms that Florence has successfully shifted from a fragmented project-based approach to a programmatic management style. By managing nearly €150 million directly through the national programme, the Municipality acts effectively as a "mini-Managing Authority" for its territory. This creates a distinct governance tier in which the city interacts directly with the national level to fund metropolitan needs, reducing its reliance on the POR for strategic urban development.

The financial picture of Florence depicts a city that has achieved "financial maturity". The transition within periods shows a consolidation of delegated management models. The data indicate a clear division of labour: the Regional funds support specific mobility and social targets, the National Programmes drive the strategic metropolitan agenda, and the RRF has provided the massive capital required for infrastructural modernisation. The challenge for the current period is no longer the access to funds, but the absorption capacity required to manage them.

Level	Period	Fund Type	Amount	Notes
Municipal	2014-2020	ERDF&ESF Regional OP	€32.5 Million	<ul style="list-style-type: none"> Volume: <ul style="list-style-type: none"> 70 ESF projects 53 ERDF projects Focus: Social inclusion, education, SME competitiveness
		Direct funds Horizon, LIFE	€12.9 Million	<ul style="list-style-type: none"> Horizon 2020: €6.7M (10 projects) Demonstration of the strength of the administration, as access to these funds requires high levels of specialised expertise
	2021-2027	ERDF Regional OP	~€42.7 Million	<ul style="list-style-type: none"> Foreseen for sustainable urban mobility priority under two different actions. Focus: infrastructure development, mobility, cycle paths.
		ESF+ Regional OP	data not available	<ul style="list-style-type: none"> The region delivers services benefiting the Florence area through specific calls for proposals and agreements. Focus: social inclusion, training and employment.
		RRF (NextGenEU)	€770.7 Million	<ul style="list-style-type: none"> Direct Financing: Massive increase compared to cohesion funds 55 funded projects Focus: infrastructure development, education, digital transformation and social inclusion
		Direct funds Horizon, LIFE	data not available	<ul style="list-style-type: none"> Participation is confirmed, but data is currently incomplete on database
Supralocal	2014-2020	ERDF&ESF Regional OP	€47.6 Million	<ul style="list-style-type: none"> Volume: <ul style="list-style-type: none"> 221 ESF projects 114 ERDF projects Beneficiaries: Other municipalities in the metro area (excluding Florence).
		PON METRO National ERDF/ESF	~€120.4 Million	<ul style="list-style-type: none"> Breakdown: <ul style="list-style-type: none"> €40.4M (Initial allocation) €80M (REACT-EU top-up) Focus: Digital transition, sustainable mobility, social innovation
	2021-2027	PN METRO PLUS National ERDF/ESF+	~€149.3 Million	<ul style="list-style-type: none"> Foreseen for 33 projects Focus: green transition and social inclusion. Status: Early implementation phase.
		RRF (NextGenEU)	€227.8 Million	<ul style="list-style-type: none"> Managed by the Metropolitan City for integrated plans (sports, well-being, culture) across municipalities

Table 5 – Funds allocation for the Municipality and Metropolitan City of Florence.
(Source: Author's own elaboration on ESPON, 2026)

5.2.4. Empowerment and constraint mechanisms

The capacity of the Municipality of Florence and the Metropolitan City to effectively implement CP and the NRRP is determined by a dynamic interplay between empowerment factors, primarily political stability and financial autonomy, and significant constraint mechanisms, most notably human resource deficits and bureaucratic volatility.

Contrary to the common narrative in many European contexts, particularly in Eastern Europe where co-financing is a barrier, Florence demonstrates that financial requirements can act as an empowerment mechanism when aligned with strategic planning. As a local stakeholder explained, co-financing has never been a hurdle for the city because European funds were accessed to finance interventions that were already part of the administration's political agenda. Consequently, municipal resources that would have been spent regardless served as the co-financing share, creating a virtuous cycle rather than a fiscal burden.

Moreover, the interviews reveal a high degree of administrative ingenuity in managing these financial constraints. The administration utilises “financial engineering” to bypass liquidity issues. It can be described as a “matryoshka” strategy where large projects are funded through a mix of EU sources, national grants and private capital. In some cases, the city splits complex interventions into functional lots, allocating EU funds to one specific lot while covering others with municipal budget spread over several fiscal years. This ability to manipulate financial streams demonstrates a high level of administrative empowerment, allowing the city to “absorb” funds that less organised administrations might forfeit.

Despite this financial capability, the interviews identify human resources as the most severe constraint facing both the Municipality and the Metropolitan City. A former Director General described the situation as a haemorrhage, noting that the Municipality of Florence lost approximately 30% of its staff over the last 15 years.

However, the constraint is not merely numerical but qualitative. The stakeholders highlighted a critical issue regarding the “loss of institutional memory” due to high turnover. National hiring mechanisms often result in the recruitment of staff from distant regions who view the position in Florence as temporary before transferring closer to home due to the high cost of living in Tuscany compared to public sector wages. This constant rotation prevents the accumulation of the specific “European project culture” skills, such as impact assessment and stakeholder engagement, which are often acquired by doing rather than

through formal education. As a result, the administration is trapped in a cycle of continuously training new staff who then leave, eroding the long-term governance capacity required for complex 7-year EU programming cycles.

The transition from standard CP (National and Regional Programmes) to the NRRP introduced a new constraint mechanism: extreme regulatory volatility. Stakeholders described the management of NRRP funds as “chaotic” and barring in the dark, given the lack of central support. A key constraint identified was the lack of stability in funding sources: projects regarding urban regeneration were initially approved under NRRP, then shifted to national funds, then back to NRRP, or moved elsewhere.

This volatility forces the administration into a reactive rather than strategic stance. As one interviewee admitted, it is nearly impossible to provide a precise snapshot of the managed funds because “the picture changes month by month”, requiring the constant re-signing of conventions and adaptation to different reporting standards. Furthermore, the centralisation of technical assistance funds at the ministerial level during the NRRP was cited as a major policy failure. Unlike the PON Metro, which empowered cities by delegating funds to hire their own technical support, the NRRP centralisation resulted in the hiring of “super-consultants” who were often unavailable or useless, as the NRRP was new to everyone, leaving cities like Florence to manage the bureaucratic weight without adequate resources.

Finally, a significant constraint mechanism emerges from the rigid thematic concentration of EU funds. Stakeholders expressed frustration that while the city is successful in attracting hundreds of millions for “Green” and “Smart” projects, there is a “blind spot” in European policy regarding maintenance and social housing renovation. A local official noted the paradox of having 800 vacant public housing units and 2,000 families on the waiting list; the city cannot use EU funds to bring these existing units up to code, as EU programming prioritises social innovation or temporary housing over structural renovation. Similarly, while funds are available for new tramways, there are no resources for maintaining existing roads or bridges, creating a risk of infrastructure collapse in the shadow of new “smart” developments. This thematic constraint limits the city’s ability to address its most immediate, basic needs while pushing it towards futuristic projects preferred by the Commission.

5.2.5. Institutional innovations and coordination

To navigate the previously described constraints, the Municipality of Florence has developed a set of institutional innovations and coordination mechanisms. These range from internal organisational restructuring, designed to break down administrative silos, to proactive external networking that positions the city as a policy shaper rather than a mere beneficiary.

A decisive moment in Florence's institutional evolution was the creation of a special office for Euro-planning and Fundraising. As described by a key stakeholder, this was not a standard bureaucratic reorganisation, but a strategic innovation to recruit specialised leadership from outside the traditional civil service. This office acts as a centralised brain, coordinating technical directorates (social services, mobility, engineering) that possess technical expertise but often lack the specific European mindset required to frame projects in terms of impact indicators and cross-cutting EU goals.

This innovation was further refined during the PON Metro implementation. Stakeholders explained that to meet the complex audit and validation requirements of acting as an IB, the administration created a parallel control structure where managers took on dual roles, performing their standard municipal duties while simultaneously acting as controllers for European projects. This allowed the city to internalise the MA functions without hiring a massive external bureaucracy, leveraging existing expertise in a flexible manner.

Furthermore, to overcome the rigid separation of competencies, the administration established a Task Force in 2010 which remains active today. As an interviewee noted, this interdepartmental group involves about 20 representatives from different sectors (mobility, environment, IT, etc.) who meet regularly to align their respective agendas with funding opportunities. This mechanism has been crucial in shifting the administrative culture from a "siloed" approach to a "project-based" approach, ensuring that when a call for proposals is published, the city already has a shared vision and ready-to-go projects.

Perhaps the most vivid example of adaptive institutional innovation was the invention of the "PNRR Caffè". Facing the chaotic implementation of the Recovery Plan and contradictory circulars from Rome, the Director General instituted a weekly Wednesday morning video call involving up to 100 technicians, managers, and even external utility companies (water, waste management).

This informal mechanism served a dual purpose: operational problem-solving and collective psychological support. It allowed the administration to interpret confusing national guidelines in a unified way and provided a platform to involve external stakeholders, such as public service companies, who might otherwise have preferred traditional bank loans over the complex NRRP grants. This case highlights that effective urban coordination often relies on informal, human-centric management tools rather than formal protocols alone.

Externally, Florence has aggressively pursued a strategy of internationalisation to bypass national bottlenecks and influence the European agenda directly. The city's engagement in Eurocities is described by stakeholders as its most solid network. By holding the Presidency and chairing working groups, Florence uses this platform to anticipate funding lines and shape policy debates before they become regulations. An interviewee emphasised that this is not merely ceremonial; active participation allows the city to benchmark its challenges, facilitating the transfer of solutions.

A significant recent innovation in multi-level coordination is the network formed under the "100 Climate-Neutral and Smart Cities" Mission. Florence, as one of the nine Italian pilot cities, advocates for a collective negotiation with the national level. This coordination aims to harmonise conflicting data requests and simplify the bureaucratic burdens. This demonstrates a shift from passive participation in EU networks to active lobbying for national regulatory changes.

However, coordination remains asymmetrical between the Municipality and the Metropolitan City. While the Municipality acts as a powerhouse of innovation, the Metropolitan City operates with severe structural limitations. To address this, an innovative solidarity mechanism was implemented: the Metropolitan City used its own budget to get external staff and create a support office dedicated to smaller municipalities that lacked the capacity to manage the funding platforms. This institutional innovation essentially transformed the Metropolitan City from a mere planning authority into a technical service provider, preventing the collapse of NRRP and, in general, EU funds implementation in the peripheral territories.

5.3. Budapest

The Municipality of Budapest



- **Area:** Approximately 525.2 km²
- **Population:** 1,686,222 residents
- **Key characteristics:**
 - Budapest is the economic, educational, cultural and touristic centre of Hungary, generating 38% of its GDP.
 - The city operates under a unique two-tier horizontal municipal structure, consisting of the Municipality of Budapest and 23 individual districts.

Budapest operates in a highly fragmented and centralised administrative context. Since 2018, the city has been classified as a standalone NUTS 2 region, separated from Pest County to optimise funding. However, the lack of a formal metropolitan governance framework creates a barrier between the core city and its surroundings, severely restricting autonomy and integrated planning.

Central Hungary Region (Pest County)

- **Area:** ~7,626 km²
- **Population:** ~3,000,000 inhabitants
- **Territory:** 187 Municipalities

The FUA extends beyond the city limits, historically defined as the “Central Hungary Region” (Budapest plus Pest County). Strict national regulations have led Budapest and its neighbouring municipalities to be distinct.



5.3.1. Local institutional framework

The institutional framework in Budapest is characterised by complex administrative fragmentation and a high degree of centralisation of power at the state level, factors that significantly hinder strategic planning across large areas (ESPON, 2018). Local governance operates on a two-tier system: the Municipality of Budapest (City) and the 23 districts, which enjoy legal autonomy as local governments, with directly elected mayors and their own budgets. This specificity, where the districts control over 55% of the capital's combined budget, weakens the strategic planning power of the central city administration, making it difficult to implement unified projects (Tosics & Gerőházi, 2013).

One of the critical issues that has emerged is the absence of effective metropolitan governance that can bridge the gap between the city's administrative boundaries and its FUA. Although the functional city extends well beyond the municipal boundaries, encompassing a vast agglomeration, Budapest remains administratively separate from the surrounding areas due to rigid national regulations that hinder joint development initiatives (Tosics & Gerőházi, 2013).

This fragmentation is reflected in weak metropolitan governance. Although there is formally a dedicated body, the Budapest Agglomeration Development Council (BAFT), its effectiveness is extremely limited. Originally established in 2005 and abolished in 2012, the Council was re-established by the government in 2022, but to date it operates without real decision-making powers or a dedicated budget (BAFT, n.d.). In fact, BAFT operates merely as an advisory forum that is still taking its first steps towards joint planning, without however being able to impose structured cooperation between the capital and neighbouring municipalities. The absence of a formalised governance framework integrating the city with its surrounding area results in fragmented decision-making, where cooperation to solve public service or infrastructure problems remains sporadic and non-institutionalised.

Unlike other CEE capitals, which have developed functioning metropolitan relationships thanks in part to CP initiatives, as one interviewee mentioned, Budapest has remained isolated from its hinterland in terms of governance and strategic planning.

A decisive event for the current institutional structure was the territorial reorganisation of the Central Hungary Region (Szabó et al., 2021; Medve-Bálint, G. 2025). Until 2020, Budapest and Pest County formed a single NUTS2 region. However, as this region had a GDP above

90% of the EU average, it was gradually losing its eligibility for cohesion funds intended for less developed regions.

To overcome this economic problem, it was decided in 2018 to split the region: from the 2021-2027 programming period, Budapest became a separate NUTS2 region, separate from Pest County. Although this move allowed Pest County to benefit from a higher regional aid intensity (50%), it had negative consequences for integrated planning. The administrative separation created a clear boundary between the capital and its agglomeration, making it easier for the central government to exclude Budapest projects from funding and further hindering the creation of joint development strategies. Today, Budapest is “cut off” from its administrative hinterland, with no common strategies in place for the functional area.

The city's capacity for action is further limited by a process of extreme political and financial centralisation that began in 2010. The central government has reduced local autonomy, transferring many powers and resources to the national level and abolishing regional development agencies.

The government exercises a strong control over resource allocation, limiting Budapest's access to EU funds, especially after the city's leadership passed to the opposition in 2019. In addition, financial instruments, such as the Solidarity Contribution, have drained vital resources from the city budget (Rath & Varga, 2025), pushing the capital towards a fiscal crisis and limiting its ability to finance essential public services or infrastructure investments. In this context, urban and infrastructure development decisions are often made by national bodies, leaving the city with limited room for manoeuvre and subject to state priorities.

5.3.2. Governance models and key stakeholders

The governance model that defines the management of European funds and development policies in Budapest is highly centralised and inherently conflictual. While during the 2014-2020 programming period, political alignment between the city administration and the national government had ensured a certain fluidity in the implementation of projects, the change of leadership in 2019, with the victory of the opposition in Budapest, transformed MLG into a political and institutional battleground (Medve-Bálint, G. 2025). This shift fundamentally altered the relationship between the capital and the state, devolving from cooperation into what can be best described as forced coexistence. In this configuration,

the central government frequently acts as a hostile actor rather than a partner, significantly constraining the municipality's operational capacity.

At the top of the decision-making hierarchy is the national government, which exercises almost total control over CP funds. Unlike other European cities, Budapest has never served as a MA or IB, remaining relegated to the position of a simple beneficiary (European Commission, 2014b; European Commission, 2022b). Strategic direction is entrusted to the PMO, which coordinates allocation decisions, while operational management has been progressively centralised in the National Development Centre (NFK) and line ministries. Among these, the Ministry of Public Administration and Regional Development (MPARD) oversees the territorial operational program (TSDOP Plus), while the Ministry of Construction and Transport (ÉKM) has taken on an increasingly pervasive role, intervening directly in the management of large infrastructure projects, such as those related to flood protection, sometimes causing delays or the revocation of funding.

This state dominance translates into a conflictual model of governance, where the lack of institutionalised cooperation penalises spatial and regional planning (Szabó et al., 2021). A prime example of this dynamic was the government's attempt to establish the BFK in 2020. This state agency, active until 2022, was tasked with managing urban development projects independently of the municipal administration, representing a clear attempt to centralise planning by excluding the city from the decision-making process. At the same time, as noted by the interviewees and previously mentioned, the conflict manifested itself financially through an exponential increase in the Solidarity Contribution paid by the capital and the withholding of part of the EU funds due to rule of law procedures, drastically reducing the city's investment capacity.

To counterbalance this domestic isolation, the Budapest municipal administration has aggressively pursued a strategy of city diplomacy, seeking allies at the European level to bypass the central government's control. In 2019, Budapest was a founding member of the Pact of Free Cities alongside Warsaw, Prague and Bratislava. This alliance was explicitly formed to lobby the EC for direct access to EU funds, arguing that populist national governments were politicising CP to punish opposition-led cities (Pact of Free Cities, 2019). The lobbying efforts of the Visegrad 4 capitals were instrumental in the Commission's decision to increase direct funding streams in the 2021-2027 period (Euractiv, 2020).

Furthermore, Budapest has successfully integrated itself into high-level EU climate governance frameworks. It was selected as one of the 100 Climate-Neutral and Smart Cities by the EC. Through this participation, Budapest prepares its own Climate City Contract, dealing directly with Brussels institutions (Municipality of Budapest, 2024). The city is also an active member of Eurocities and the Covenant of Mayors, using these platforms to secure technical expertise and political validation that is often denied by national agencies like the NFK (Municipality of Budapest, 2024; Szabó et al., 2021). This “Brussels-first” strategy represents a functional decoupling: while the city is financially strangled at home, it is increasingly integrated into transnational municipal networks that provide an alternative source of legitimacy and, to a lesser extent, resources.

At the local level, the complexity of governance is exacerbated by internal fragmentation due to the two-tier administrative system. The Municipality of Budapest and the 23 city districts operate as separate legal entities, each with its own elected mayor and budget. The districts wield considerable power, controlling more than half of the capital's total budget, as the interviewees mentioned. This institutional architecture weakens the strategic power of the central Municipality, as district interests often diverge from those of the city as a whole, making it difficult to implement unified projects (Nyikos & Soós, 2020; Szabó et al., 2021). The consequences of this fragmentation were evident in the period 2014-2020, when projects were implemented partially or inefficiently due to the inability of the various districts to coordinate effectively.

Finally, at the operational level, a crucial role is played by large municipal companies, such as BKK (Center for Budapest Transport) for mobility, BKM (Budapest Public Utilities) for urban services, and BGYH (Budapest Spas) and others. These companies, which often have greater technical capabilities than individual municipal departments, act as direct beneficiaries and operational arms for the most important EU projects. However, while collaboration with civil society appears to be well established, city officials report that coordination with the private sector and academia is still weak, limiting the potential for truly participatory and innovation-oriented governance.

5.3.3. Financial allocation and management of EU funds

The financial analysis of Budapest for the 2014-2020 and 2021-2027 programming periods (Table 6) presents a paradox: the city appears on paper to be a major beneficiary of European investment, yet in practice, it operates in a state of financial siege. The data reveals a stark dichotomy between “indirect” fund, nominally allocated to the city but operationally blocked by the state, and “direct” funds, which the city actively pursues to bypass national bottlenecks.

A critical reading of the data for the 2014-2020 period shows that Budapest was the destination for massive investment volumes. The data shows an eligible budget of €1.08 Billion from the CF and €56.5 Million from the ERDF. These funds financed critical infrastructure, covering 93% of the city’s project volume, including major undertakings like the renovation of Metro Line 3 and wastewater treatment. However, the term “Eligible Budget” masks a lack of agency. These funds were managed entirely via national sectoral programmes (ITDOP, EEEOP), where the Municipality acted merely as a beneficiary, not a manager.

For the 2021-2027 period, this dependency has materialised into a critical risk. Although significant sums are theoretically allocated in the table, most notably around €467 million from the CF for transport developments, the implementation status is stalled. Qualitative evidence from local interviews highlights that while the projects are ready and the allocation exists to satisfy EU earmarking requirements, the national MA (controlled by the Prime Minister's Office) refuse to open the necessary calls for proposals. The funds are “envisioned”, but the financial flow is severed. Unlike a simple bureaucratic delay, the suspension of funds in Budapest suggests a strategic weaponisation of administrative procedure, where the central government leverages its gatekeeper role to stall metropolitan development.

The financial analysis also reflects the profound impact of territorial administrative changes, specifically the separation of Pest County from the Central Hungary Region, as previously mentioned. In the 2014-2020 period, the CCHOP Territorial programme allocated €47.5 million to the region, creating a pool of shared resources (with €45 million earmarked for Pest County), that could allow for a strategic supralocal planning, not confined to administrative boundaries.

Qualitative analysis suggests this split was a “double-edged sword”. On one hand, it was a necessary corrective for Pest County: under the previous unified structure, Budapest’s high GDP inflated the regional average, disqualifying the underdeveloped hinterland from accessing Cohesion Funds. On the other, this has successfully reclassified Pest County as a less developed region, granting it access to the funds it deserved.

However, for Budapest, this separation has been detrimental to strategic metropolitan development. By establishing its own financial independence, Pest County has effectively broken the institutional connection necessary for integrated development. The city and its agglomeration function as a single economic unit, yet the funding streams are now hermetically sealed from one another. Budapest is now an administrative island, classified as a developed region with strict co-financing rules, while its commuter belt operates under a different aid regime. The national government’s refusal to utilise ITI, which could have bridged this divide, further exacerbates the issue. Local stakeholders argue this rejection is political: implementing an ITI would require giving the Municipality of Budapest a leading role in the wider territory, a form of empowerment the central government actively seeks to prevent.

Level	Period	Fund Type	Amount	Notes
Municipal	2014-2020	CF (Eligible budget)	€1.08 Billion	<ul style="list-style-type: none"> Managed via national sectoral programmes (ITDOP, EEEOP). Use: Metro 3 renovation, wastewater treatment, trams. This fund covered 93% of the city's total project volume.
		ERDF (Eligible budget)	€56.5 Million	<ul style="list-style-type: none"> Primarily from the CCHOP (Regional) allocation for Budapest. Use: Cycling infrastructure, social urban rehabilitation, kindergartens.
		ESF (Eligible budget)	€17.8 Million	<ul style="list-style-type: none"> Allocated through: <ul style="list-style-type: none"> PACSOP CCHOP Use: Capacity building, social inclusion projects.
	2021-2027	CF (Allocation)	~€467 Million	<ul style="list-style-type: none"> Source: ITDOP Plus (Transport). Use: Allocated for transport developments (CAF Trams, Trolleybuses), though implementation has been delayed/frozen
		ERDF (Allocation)	~€165 Million	<ul style="list-style-type: none"> Source: TSDOP Plus (Priority 4). Use: "Budapest Infrastructural Developments" (Climate adaptation, Healthy Streets, Housing renovation)
		ESF+ (Allocation)	~€67 Million	<ul style="list-style-type: none"> Source: TSDOP Plus (Priority 5). Use: "Budapest Human Developments" (Social services, Housing guarantee, Employment pacts). No calls published yet
Supralocal	2014-2020	ERDF&ESF CCHOP Territorial	€47.5 Million	<ul style="list-style-type: none"> Breakdown allocation: <ul style="list-style-type: none"> €45 Million to Pest County €2.5 Million to Érd Note: This is distinct from the €56M allocated to Budapest within the same programme.
	2021-2027	Separated funds	not applicable	<ul style="list-style-type: none"> The region was administratively split. Pest County is now a separate NUTS2 region with its own separate funding stream, which is no longer linked to Budapest's allocation.

Table 6 - Indirect funds allocation for the Municipality of Budapest.
(Source: Author's own elaboration on ESPON, 2026)

In response to this domestic strangulation, the data highlights Budapest's aggressive pivot toward direct EU funds (Table 7). While the absolute numbers for 2014-2020, €8.8 million from UIA and €4.8 million from Horizon 2020, are negligible compared to the billions in structural funds, they represent the city's only source of unmediated financial autonomy.

For the 2021-2027 period, this strategy has transitioned from a supplementary activity to an existential necessity. The city has secured €2.7 million from the EUI for affordable housing and €2.5 million from Horizon for the NetZeroCities Mission. Although these amounts are described by city officials as “peanuts” relative to the city's needs, they act as a vital lifeline for innovation.

Furthermore, this desperate need for autonomy has driven institutional innovation. The Municipality is currently lobbying Brussels for a “Safeguarding Mechanism”, a proposal to ensure that EU funds “de-committed” or lost by the national government due to Rule of Law breaches are not lost to the country but are redirected directly to local final beneficiaries. This highlights that, for Budapest, direct management is no longer just about excellence; it is a survival strategy to maintain a minimum level of development activity while the primary national funding channels remain frozen.

For these reasons, the financial management of EU funds in Budapest is characterised by this “hostage” dynamic. Although theoretically allocated, the bulk of resources (indirect funds) are effectively blocked by the national government. The administrative split of Pest County, while financially beneficial for the hinterland, has come at the cost of metropolitan disintegration, leaving Budapest isolated. Consequently, the city has been forced to rely on small, competitive direct grants to bypass the national level, turning the municipality into a test case for how cities can survive when cut off from their national financial lifeline.

Level	Period	Fund Type	Amount	Notes
Municipal	2014-2020	UIA	€8.8 Million	<ul style="list-style-type: none"> Beneficiaries: District Municipalities (e.g., Zugló for "E-Co-Housing"). Note: The Municipality of Budapest itself was not a beneficiary
		Interreg	€5.9 Million	<ul style="list-style-type: none"> Projects: 28 projects total (highest number of projects). Beneficiaries: Municipality (2 projects) and Districts/Companies
		Horizon 2020	€4.8 Million	<ul style="list-style-type: none"> Projects: 22 projects total. Focus: Smart city solutions, mobility, energy
		LIFE	€3 Million	<ul style="list-style-type: none"> Projects: 2 projects. Focus: Climate adaptation and environmental quality
	2021-2027	EUI	€2.7 Million	<ul style="list-style-type: none"> Project: "AHA Budapest" (Affordable Housing for All). A critical pilot project for social housing given the lack of ESF+ funds
		Horizon Europe	€2.5 Million	<ul style="list-style-type: none"> Projects: 8 projects active. Focus: "NetZeroCities" (Mission Cities), climate neutrality
		LIFE	€1.7 Million	<ul style="list-style-type: none"> 1 major project. Focus: Climate adaptation.
		Interreg	€1.6 Million	<ul style="list-style-type: none"> Projects: 7 projects. Funding levels are lower so far compared to the previous period.

Table 7 – Direct funds allocation for the Municipality of Budapest.
(Source: Author's own elaboration on ESPON, 2026)

5.3.4. Empowerment or constraint mechanisms

The case of Budapest stands in stark contrast to the cooperative models often observed in Western Europe, representing an extreme example of “negative constraint” and “adversarial MLG”. While European CP is designed to empower local authorities through subsidiarity and multi-level partnership, the analysis of the documentary evidence and interviews confirms that in Hungary, the national framework actively inverts this logic. The relationship between the central government and the Municipality of Budapest is not merely characterised by a lack of coordination, but by active political antagonism and deliberate financial suffocation. As the interviews reveal, the institutional framework, manipulated by the supermajority of the ruling party, serves as a tool for the “containment” of the opposition-led capital rather than its development.

The primary constraint mechanism identified is the radical recentralisation process that has systematically stripped the city of key competences. As the interviewed stakeholder detailed, this was not a sudden event but a “progressive tightening” over the last 15 years. While Budapest historically functioned as a powerful administrative entity, the period following 2010 saw a rapid acceleration of state control. The turning point was the complete dissolution of regional authorities in 2015, which eliminated the intermediate level of governance that typically acts as a buffer between the city and the state. All competences for programming, managing and controlling EU funds were transferred directly to the PMO and line ministries.

Consequently, unlike other European cities which often serve as IBs, Budapest has been relegated to the position of a simple beneficiary with no management authority. This structural change has profound practical implications. As the interviewee noted, the city is forced to rely entirely on central government decisions for accessing funds, placing it in a position of complete subordination. The “partnership principle,” a cornerstone of EU regulations, has been reduced to what the stakeholder described as “window dressing” or “ticking boxes”. Monitoring committees exist on paper, but meaningful consultation is absent; the city’s proposals are frequently ignored, and the municipality is often excluded from the actual decision-making table. This centralisation is not driven by administrative efficiency but by a political logic where “political considerations always win against professional considerations”.

A specific example of this constraint is the national government's refusal to utilise ITIs for Budapest. Despite the pressing need to address metropolitan issues like transport and urban sprawl, problems rooted in the commuter belt surrounding the city, in an integrated manner, the government rejected this instrument. According to the local stakeholder, this decision was “simply political”. Implementing an ITI would inherently empower the Municipality of Budapest to coordinate development beyond its administrative borders, granting it influence over the wider agglomeration. The government's priority to “cut off Budapest from EU funding” necessitated the rejection of these tools, even though professional consensus deemed them necessary for efficient urban management. Instead, the government attempted to create the BFK to manage funds for the city without the city's involvement, a clear attempt to centralise planning power and exclude the elected municipal leadership.

The most potent constraint identified is financial. Beyond the mere allocation of EU funds, the national government uses fiscal instruments to drain the city's autonomous resources, effectively neutralising its capacity to act. The interviews reveal the severity of the Solidarity Contribution. However, this has morphed into a punitive mechanism. The interviewee described a dynamic where the government attempts to “undermine the financial stability of the city” by taking away national funding while simultaneously blocking EU funds.

This creates a paradox of “reverse financing”: the city is stripped of its own revenues, which are necessary to provide the mandatory 15-20% co-financing for EU projects. Without this liquidity, even if EU funds are theoretically available, the city cannot access them. Furthermore, the “Debt Cap” acts as a hard constraint. Hungarian law requires central government authorisation for any municipal borrowing. The analysis shows that the government uses this tool to veto the city's ability to take loans, even for green projects supported by the EIB. The city is thus trapped: it has valid projects and a political mandate, but it is legally prevented from securing the liquidity to execute them.

A unique and highly complex constraint in the 2021-2027 period is the impact of the Rule of Law conditionality mechanism. As seen before, the national government's conflict with the EU over democratic standards has led to the withholding or “de-commitment” of significant portions of funds. Paradoxically, this penalises the pro-European, opposition-led city the most. While the national government can use its own budget lines to pre-finance its priority

projects (bypassing the EU freeze), Budapest, financially exhausted by the solidarity tax, cannot advance funds.

As the stakeholder explained, “the money is not arriving to the city”. Even when projects are included in operational programs and funds are allocated on paper, the national MAs simply refuse to open the calls for proposals. The funds are envisioned, but the financial “tap” is turned off at the national level. This creates a scenario where the city is doubly punished: first by the national government's centralisation (which limits its powers), and second by the EU's sanctioning of that government (which freezes the funds intended for the country). The result is that CP, rather than acting as a tool for empowerment, becomes a mechanism of constraint, as the city is filtered through national control that prioritises political exclusion over territorial cohesion.

5.3.5. Institutional innovations and coordination

Faced with a domestic institutional environment that functions as a blockage rather than a bridge, the Municipality of Budapest has been forced to develop “compensatory innovations”. These are not traditional administrative reforms aimed at efficiency or capacity building, as seen in other European contexts. Instead, the interviews highlight that these are “political-strategic survival mechanisms” designed to bypass the national level and establish direct connectivity with the European sphere. The city has had to construct a parallel foreign policy to secure the resources denied to it at home.

The most significant institutional innovation is the creation and empowerment of a specialised “City Diplomacy” unit and a reinforced Brussels Representative Office. While many cities maintain a presence in Brussels, Budapest’s office has been transformed from a ceremonial representation into a strategic operational hub. The interviewee emphasised that this was a direct response to the domestic blockade; since the national channel for Structural Funds was obstructed, the city shifted its strategic focus to “Direct Management Funds” (such as Horizon Europe, LIFE and others), which are managed directly by the EC.

This required a significant “institutional learning” process. The city had to professionalise its capacity to write competitive bids, effectively learning to “speak Brussels” because the national government had stopped listening. The results of this innovation, while small in absolute financial terms compared to Cohesion Funds, are strategically vital. The interviewee cited successes such as the NetZeroCities Mission, a housing agency

established via EU funding, and nature restoration projects funded by LIFE+. These funds, even if fewer relative to the city's total budget, are nonetheless crucial because they provide the only source of unmediated financial autonomy. They allow the city to launch pilot projects and maintain a “development pulse” despite the national freeze. This shift represents a fundamental innovation in governance: moving from a “beneficiary” mindset (waiting for national distribution) to a “partner” mindset, engaging directly with European institutions.

The most sophisticated innovation emerging from Budapest is not a project, but a policy proposal: the “Safeguarding Mechanism”. As detailed by the interviewee, the city has actively lobbied the EC to introduce a new financial rule aimed at circumventing non-compliant national governments. The proposal argues that EU funds “de-committed” or lost by a MS due to Rule of Law breaches should not be returned to the general EU budget. Instead, these funds should be retained for that MS but redirected directly to local authorities (final beneficiaries) via existing direct management channels like the EUI.

This proposal represents a major innovation in MLG advocacy. The city is not merely asking for a grant; it is proposing a structural change to EU financial regulations to protect local governments from the “collateral damage” of national disputes. The interviewee noted that while this mechanism is not yet fully in place, there are “good signs” in the Mid-Term Review of the 2021-2027 CP, which creates a precedent for moving money from shared management (like from ERDF) to direct management (EUI). This demonstrates a new form of “upward” coordination where a city acts as a quasi-diplomatic entity, shaping EU legislation to secure its own survival.

In parallel with vertical lobbying, Budapest innovated in horizontal coordination by co-founding the “Pact of Free Cities” alongside Warsaw, Prague, and Bratislava. This alliance is a formalised institutional coordination mechanism designed to lobby the EU for systemic changes. It transforms individual city complaints into a collective geopolitical voice, representing the “urban liberal islands” in “illiberal national seas.” Through this platform, the mayors have secured direct meetings with high-level Commission officials, including the Commission President and Commissioners for Regional Development and Rule of Law. This alliance successfully lobbied for the increase of direct funding streams in the 2021-2027 period, proving that horizontal city-to-city coordination can effectively influence supranational policy when national coordination channels fail.

Opposed to these international successes, “internal” coordination mechanisms within the FUA have failed or been hollowed out. The BAFT was re-established in 2022 but was described by the interviewee as a body without real power, budget, or influence, essentially a “formal shell”. Furthermore, the interviewee highlighted the “innovation of exclusion” attempted by the government: the creation of the BFK. This state agency was designed to plan the city's development without the city's elected leadership, handling major transport projects directly. Its subsequent dissolution has left a vacuum, with no effective forum currently existing to coordinate transport or housing between Budapest and its agglomeration.

Furthermore, the administrative split of the Central Hungary region into Budapest and Pest County (the NUTS 2 split) was a “technical innovation” with disastrous coordination consequences. While it allowed the hinterland to access funds by separating itself from the wealthy capital, the interviewee argued that it severed the institutional link between the city and its functional area. Budapest is now an administrative island, cut off from its commuter belt, with no ITI or shared governance structure to bridge the gap.

Looking to the future, the city's institutional strategy focuses on securing “hard safeguards” in EU regulations. The interviewee emphasised the need for a “mandatory partnership principle” where the Commission refuses to approve national plans without meaningful local consultation. Additionally, they advocate for a minimum level of mandatory decentralisation and a specific earmarking of funds (10-15%) that must be managed directly by cities, rather than filtered through national ministries. These proposed innovations highlight that for Budapest, the future of CP depends not just on how much money is available, but on who controls the “tap”.

5.4. Rotterdam

The Municipality of Rotterdam



- **Area:** 319.4 km²
- **Population:** 672,330 residents (2025)
- **Key characteristics:**
 - Rotterdam is the second largest city in the Netherlands and the industrial engine of the country, hosting Europe's largest seaport.
 - The ITI strategy targets Rotterdam-Zuid, an area covering the districts of Feijenoord, Charlois and IJsselmonde, to address the socio-economic gap with the rest of the city.

Rotterdam operates as a Municipality (LAU 2) within the economic Groot-Rijnmond region (NUTS 3), which serves as its FUA. However, funding is structured at the NUTS 2 provincial level (West Netherlands OP). This creates a disconnect between the functional metropolitan area and the level where strategic decisions are made.

Groot-Rijnmond Region

- **Area:** ~1,210 km²
- **Population:** ~1,488,475 residents
- **Territory:** 15 Municipalities

The Groot-Rijnmond region represents Rotterdam's FUA, capturing the actual scale of the city's daily economic life. This territory extends beyond administrative borders to encompass the entire port industrial complex and the surrounding commuter belt.



5.4.1. Local institutional framework

In the European CP landscape, Rotterdam's local institutional framework is a case study of exceptional importance, characterised by a degree of autonomy and managerial responsibility rarely found at the urban level. The city is not merely a passive beneficiary of structural funds but acts as a key player in the governance of the programs themselves. This specificity is primarily manifested in Rotterdam's role as MA for the ERDF regional program *Kansen voor West*. This position is unique in the Netherlands and very rare in Europe, where this function is typically the prerogative of national or regional authorities.

The legitimacy of this role is rooted in the history of Dutch urban policy, dating back to the Big Cities Policy onwards (Musterd & Ostendorf, 2008), and has been consolidated through subsequent programming cycles. Rotterdam currently manages the program on behalf of a complex partnership that includes the four largest Dutch cities (Amsterdam, The Hague, Utrecht, and Rotterdam itself) and the four provinces of the western region (South Holland, North Holland, Utrecht, and Flevoland). Although the Ministry of Economic Affairs retains a general coordinating and voting role in the Monitoring Committee, it is the Rotterdam Municipal Executive that holds formal administrative responsibility. This structure gives the city considerable institutional capacity and a reputation for professionalism, to the extent that it is consulted by the EC and other managing authorities as a model of efficiency, as noted by the local expert.

In the 2021-2027 programming period, the city's institutional profile has further evolved and become more complex. In addition to its established role as MA for the ERDF, Rotterdam has taken on the role of IB for the JTF, specifically for the territorial plans of the IJmond and Rijnmond regions. Here too, governance reflects a multi-level approach: while the Ministry of Social Affairs acts as the national MA for the JTF, Rotterdam's 'West Netherlands' program office acts as the intermediate operational arm, managing the actual implementation. This places the municipal administration at the centre of the port area's green and energy transition strategies, enabling it to synergistically coordinate ERDF and JTF funds through integrated regional steering committees.

The crucial issue in this institutional structure lies in managing the dichotomy between the role of decision-maker (fund manager) and that of implementer (project beneficiary). Since Rotterdam is both the body administering the call for proposals and one of the main

applicants, the city has had to develop rigorous internal separation mechanisms to avoid conflicts of interest and ensure transparency (Management Authority Kansen voor West, 2014). On the 'decision-making' side, the Program Office (acting as MA) is located within the 'Strategy' unit of the Urban Development cluster but operates with a mandate that responds to the regional partnership, maintaining a technical detachment from other municipal units (Scheurer, 2016). A key element in balancing this power is the establishment of the Urban Advisory Group (SAG). This body is tasked with advising the administration on the selection of projects for the ITI. Its composition is designed to ensure impartiality (Management Authority Kansen voor West, 2014): it is chaired by a deputy mayor, but includes representatives of external stakeholders such as educational institutions, SMEs, the National Program Rotterdam South (NPRZ) and neighbourhood representatives. An internal rule stipulates that no more than half of the SAG members may be civil servants; currently, only one civil servant sits on the group in Rotterdam.

On the "implementation" side, the city has strengthened its administrative capacity by setting up two specialised Project Offices, one dedicated to the physical domain and one to the social domain (Nationaal Programma Rotterdam Zuid, 2019). These offices operate across administrative clusters, providing the technical expertise needed to identify funding opportunities, draft applications and manage the complex reporting required by the EU. To mitigate conflicts of interest, Rotterdam enforces a strict separation of duties; such distinct Project Offices operate solely as beneficiaries, engaging with the MA through formal, arms-length procedures identical to those used by external applicants. It is interesting to note that, unlike other partner cities such as The Hague, Rotterdam does not have a central fund for co-financing European projects. This imposes strict financial discipline: any department wishing to apply as a beneficiary must find the resources for co-financing within its own budget or through external partners (Nationaal Programma Rotterdam Zuid, 2019). This mechanism ensures that the city only participates in projects that are truly a priority and aligned with local strategies, avoiding opportunistic applications aimed solely at acquiring resources.

Finally, the territorial application of this complex governance finds its maximum expression in the ITI. Rotterdam uses the ITI to focus CP resources on a specific area: Rotterdam South. It is important to note that the use of ITI acts as an institutional hinge (Scheurer, 2016). The ITI allows European priorities (innovation, energy transition, social inclusion) to be aligned

with local priorities defined in the NPRZ, the long-term strategy supported by national and local government. This geographical and strategic overlap transforms the institutional framework from a mere bureaucratic apparatus into a targeted development engine for the city's most fragile areas.

5.4.2. Governance models and key stakeholders

The governance model adopted by Rotterdam for the management and implementation of CP is a hybrid, multi-level system. It combines a solid vertical administrative structure, necessary for control and strategic direction, with an external “diplomatic” projection towards city networks and, finally, with horizontal implementation networks dominated by private actors and research institutes. This complex architecture responds to the need to align European fund procedures with the flexibility required to operate in a dynamic and constantly changing economic environment.

At the top of the decision-making pyramid, the municipal administration is organised into thematic “clusters” that reflect the duality of CP objectives. On the one hand, there is the “Urban Development” cluster (*Stadsontwikkeling* - SO), responsible for physical planning and home to the MA; on the other hand, there are the “Social Development” (*Maatschappelijke Ontwikkeling* - MO) and “Work and Income” (*Werk & Inkomen* - W&I) ones, which oversee inclusion and employment policies (Gemeente Rotterdam, 2016). Although formal responsibility lies with these departments, strategic coordination is centralised in the “Strategy” unit (within the Urban Development cluster). This unit acts as a control room, ensuring that the city's long-term vision is translated into operational terms in European programs.

However, Rotterdam does not only manage policies from above. The city is characterised by a high degree of decentralisation to the sub-local level, divided into 39 neighbourhood councils and two village councils (Gemeente Rotterdam, 2022). These elected bodies act as territorial sensors, but the real operational hub is represented by the figure of the “Neighbourhood Manager”. This official has the crucial task of bridging the gap between the “world of the system” (municipal bureaucracy) and the “world of life” (the daily needs of residents), facilitating the integration of European funds into local regeneration projects (Van Meerkerk, 2018).

The transition from planning to project selection takes place through a key filtering body: the SAG. The composition of this group reflects the desire to dilute exclusively public control. Although chaired by a deputy mayor, the SAG includes voting members from the worlds of education, SMEs, knowledge institutions and neighbourhood representatives (Gemeente Rotterdam, 2015). An internal governance rule stipulates that public officials cannot constitute more than 50% of the members (currently there is only one in Rotterdam), thus ensuring that the selection of ITI interventions is not self-referential but responds to the real needs of the socio-economic fabric.

However, Rotterdam's governance does not end at municipal or regional boundaries. The city has developed a genuine “urban diplomacy” strategy to influence upstream policy-making by actively participating in multiple city networks. At the European level, Rotterdam is a founding member of Eurocities and uses its presence in Brussels (with a shared G4 office) for structured lobbying activities (Eurocities, n.d.; Gemeente Rotterdam, n.d.). Its participation extends to specific thematic networks such as ICLEI for sustainability (ICLEI Europe, n.d.) or Polis for urban mobility (Polis, n.d.).

At the national level, cooperation is equally crucial. Through the G4, Rotterdam coordinates common positions, especially regarding the ESF, and chairs key committees within the VNG (Association of Dutch Municipalities) (VNG, n.d.). An innovative element in MGL is the figure of the Urban Envoy and participation in the interministerial BNC (Interdepartmental Working Group for the Assessment of New Commission Proposals) group (Europa Decentraal, n.d.). These mechanisms allow the city to sit at the same table as ministries to define the Dutch position on new EU regulations, overcoming the traditional state hierarchy.

Among private and semi-public stakeholders, the Port Authority of Rotterdam exerts a decisive influence, especially in the new programming linked to the JTF for the Rijnmond and IJmond areas (Government of the Netherlands, 2022). Investments for the green transition are penetrating the industrial fabric of the port (e.g., electrification of docks, hydrogen), where the Port Authority acts as a strategic partner in an ecosystem involving heavy industry and technical training centres.

At the same time, universities and knowledge institutes operate in a dual capacity: they are both recipients of research funding and strategic decision-makers (Management Authority Kansen voor West, 2022). Their presence institutionalises the “Triple Helix” model (MRDH, 2016), ensuring that funded projects have a solid scientific basis.

5.4.3. Financial allocation and management of EU funds

The financial landscape of Rotterdam (Table 8) offers a compelling example of competitive management, where the city acts not just as a beneficiary, but as a constitutional partner in the administration of funds. The data reveals a governance model where EU funds are viewed not as essential budgetary lifelines, but as high value “top-ups” that drive quality and innovation. Unlike contexts where cities are dependent on European transfers for basic service delivery, Rotterdam leverages these funds to impose strategic discipline and enforce integrated planning.

The most defining feature of Rotterdam’s financial approach is its relative independence from EU cash flows for survival. As highlighted in the interview with the local stakeholder, EU funds constitute “less than 1% of the city's annual budget”. This creates a fundamentally different dynamic compared to cohesion-dependent cities. The funds are not a necessity for keeping the lights on; they are a “luxury” used to finance the “cherry on the cake”: innovative pilots and transitions that would otherwise be considered too risky for the standard municipal budget.

This philosophy is quantified in the municipal funding data. For the 2014-2020 period, the city accessed approximately €40 million from the Regional ERDF Programme. This amount was strategically split: ~€18 million was earmarked specifically for the SUD strategy via the ITI, while ~€22 million was accessed through the general regional pot for innovation. Simultaneously, the city managed a massive ~€70 million from the National ESF Programme, with €60 million funding 10 large-scale labour market projects and €10 million explicitly integrated into the SUD ITI strategy.

The data for the 2021-2027 period reflects a shift towards even greater selectivity. The secured Municipal ERDF allocation stands at €24 million, strictly divided between €12 million for the SUD ITI and €12 million for sub-regional strategies. Notably, the City Administration itself” is listed as a direct beneficiary for only €4.1 million of this total so far. This low figure is not a sign of failure but of discipline: the city has strict internal rules requiring that departments provide 50-60% co-financing from their own existing budgets. This ensures that no project is invented solely to “capture” EU money; every euro of EU funding is matched by local commitment, guaranteeing alignment with the city’s Roadmap Next Economy (MRDH, 2016).

A central finding from the analysis is the city's enthusiastic adoption of the ITI, a tool that has faced criticism in other national contexts (for example, Italy). In Rotterdam, the ITI is utilised specifically for "Rotterdam South" (Hart van Zuid), a designated area of deprivation. The financial tables reveal the mechanics of this integration.

In the 2014-2020 period, the ITI was a true vehicle for cross-fund integration, blending ~€18 million of ERDF with €10 million of ESF into a single strategy. This allowed the city to tackle the multidimensional challenges of the area, unemployment and physical decay, simultaneously.

For 2021-2027, although the ESF component (€24 million allocated for 6 projects) is no longer formally integrated into the regional SUD ITI due to national administrative changes, the ITI logic remains the backbone of the €12 million ERDF allocation. The interview highlights that Rotterdam "loves" the ITI instrument because it provides a legal framework to enforce cooperation between municipal departments. It obliges the physical planning department to coordinate with the social department, creating a holistic strategy. Thus, the bureaucratic burden of EU rules is viewed as a "governance service", a mechanism that professionalises local administration and breaks down internal silos.

Rotterdam's financial influence extends far beyond its municipal boundaries through its role in the Supralocal sphere, as the city acts as the MA for the regional programme *Kansen voor West*. The table shows that in the 2014-2020 period, this programme mobilised €189 million, a figure that has risen to ~€237 million for the 2021-2027 period.

This places the Municipality in a position of power usually reserved for regions or ministries, managing the strategic direction of funds for the entire G4 network. To manage this dual role, the city has erected "Chinese walls" between the Program Bureau (which acts as the judge/MA) and the Project Bureaus (which act as applicants). This institutional separation ensures that Rotterdam's projects are judged as strictly as those from other cities, maintaining a culture of meritocracy.

As a "Developed Region", Rotterdam faces significantly lower aid intensities (40% co-financing rates) compared to less developed regions, which creates a scarcity of "indirect" structural funds. This "wealth penalty" drives the city's aggressive strategy towards Direct Funds (Horizon, UIA/EUI, LIFE).

Level	Period	Fund Type	Amount	Notes
Municipal	2014-2020	ERDF (Regional Programme)	~€40 Million	<ul style="list-style-type: none"> • SUD ITI: ~€18M earmarked for the city's ITI strategy. • Regional Pot: ~€22M earmarked for innovation. • The City Administration itself received ~€3.4M directly.
		ESF (National Programme)	~€70 Million	<ul style="list-style-type: none"> • City Level: 10 projects worth €60M • SUD ITI: 2 projects worth €10M integrated into the urban strategy. • Managed nationally, but distributed via 35 labour market regions.
		React-EU (Regional & National)	~€12 Million	<ul style="list-style-type: none"> • Regional (ERDF): €6.6M added to the West Netherlands programme. • National (ESF): €5.5M added via the national ESF programme.
	2021-2027	ERDF (Regional Programme)	€24 Million	<ul style="list-style-type: none"> • Breakdown: <ul style="list-style-type: none"> ◦ €12M for SUD ITI ◦ €12M for sub-regional strategies. • Beneficiary: City has secured €4.1M so far.
		ESF (National Programme)	€24 Million	<ul style="list-style-type: none"> • Status: 6 projects approved at the city level. • No longer integrated into the regional SUD ITI.
		JTF (National Programme)	Project-Based - ongoing	<ul style="list-style-type: none"> • Context: The JTF is a single National programme (managed by Ministries of Social/Economic Affairs). • Role: Rotterdam acts as an Intermediate Body (IB) for the Rijnmond region.
Supralocal	2014-2020	ERDF (Regional Programme)	€189 Million	<ul style="list-style-type: none"> • Scope: Total budget for the Regional West Netherlands OP (4 provinces + 4 cities). • Role: Rotterdam is the MA.
	2021-2027	ERDF (Regional Programme)	~€237 Million	<ul style="list-style-type: none"> • Status: Continues as a Regional Programme (Kansen voor West III).

Table 8 – Indirect funds allocation for the Municipality and Metropolitan area of Rotterdam. (Source: Author's own elaboration on ESPON, 2026)

The data confirms this pivot (Table 9). In 2014-2020, the city secured €5 million from UIA for the BRIDGE project and €4.4 million from Horizon 2020 across 12 projects.

For the 2021-2027 period, this success has been consolidated. The analysis highlights a €4.9 million grant from the EUI for a single project (Greening private gardens). Notably, this single EUI grant is larger than the city's entire Horizon 2020 allocation from the previous period, marking a major success in securing high-value urban instruments. Additionally, the city has already secured €3.5 million from Horizon Europe for 8 projects linked to the NetZeroCities Mission. The interview reveals that the city uses these competitive funds specifically to test “high-risk” innovations that the market is not yet ready to fund. Once these pilots are validated with direct EU funds, they are scaled up using local budgets or the larger regional *Kansen voor West* envelope.

Under these conditions, Rotterdam represents an “empowered” model of fund management. The city does not need EU funds to function, which paradoxically allows it to use them more effectively. By treating the ~€237 million regional envelope and the municipal allocations as a “top-up” for innovation rather than a baseline for survival, Rotterdam turns the constraints of EU regulations into administrative assets. The integration of funds through the ITI is not a burden but a strategic choice to force internal coherence, proving that in a wealthy administrative context, the governance of money is more impactful than the amount of money.

Level	Period	Fund Type	Amount	Notes
Municipal	2014-2020	Horizon 2020	€4.4 Million	<ul style="list-style-type: none"> Projects: 12 projects total with the City as beneficiary Focus: "Societal Challenges" pillar (Energy, Mobility)
		Interreg	€3.7 Million	<ul style="list-style-type: none"> Projects: 11 projects. While managed by cross-border bodies, funding comes directly for specific projects.
		UIA	€5 Million	<ul style="list-style-type: none"> Project "BRIDGE" (Building the Right Investments for Delivering a Growing Economy). Integrated into the South Rotterdam strategy (ITI)
		LIFE	FIND THE DATA	<ul style="list-style-type: none"> Project Volume: 3 projects. Focus: Climate change adaptation and environmental protection.
	2021-2027	EUI	€4.9 Million	<ul style="list-style-type: none"> Project: 1 major project (Greening private gardens) This single grant is larger than the entire Horizon 2020 allocation from the previous period, marking a major success.
		Horizon Europe	€3.5 Million	<ul style="list-style-type: none"> Projects: 8 projects Key Theme: "NetZeroCities" (linked to the EU Mission for Climate Neutral Cities).
		Interreg	€1.3 Million	<ul style="list-style-type: none"> Projects: 8 projects. Continued strong participation in North Sea and NWE programmes, though financial uptake is lower in the early phase compared to 14-20.
		LIFE	€0.8 Million	<ul style="list-style-type: none"> 1 major project. Focus: Nature and biodiversity.

Table 9 – Indirect funds allocation for the Municipality of Rotterdam.
(Source: Author's own elaboration on ESPON, 2026)

5.4.4. Empowerment or constraint of urban authorities

Rotterdam represents a distinct archetype in the European CP landscape: that of the “Empowered Manager”. Unlike cities where empowerment is sought through political rebellion (as in Budapest) or constrained by delegation (as in Florence), Rotterdam’s empowerment is derived from a combination of financial independence and technical superiority. However, the interview data reveals that this autonomy is not absolute: it is a constant negotiation where the primary constraint has shifted from the national government to the “audit culture” of the EC.

The foundation of Rotterdam's empowerment is not legal, but financial. The “power to say no” is the ultimate determinant of autonomy. As the local representative bluntly stated, EU funds constitute “less than 1% of the city's annual budget”. This lack of dependency fundamentally alters the power dynamic. The city does not view these funds as a lifeline for survival, as is common in Southern or Eastern Europe, but as a “luxury” or a “top-up” to finance high-risk innovations.

This financial resilience provides the city with a psychological shield against external imposition. Because the city has a “solid base” of over €5 billion and a Triple-A credit rating, it can finance standard infrastructure itself. Consequently, Rotterdam uses EU funds exclusively for projects that the market or the municipality finds too risky, such as the hydrogen transition in the Port or complex social resilience pilots. This allows the city to engage with the EU as a peer partner rather than a subordinate beneficiary. The interview highlights that this position allows the city to enforce strict internal quality controls: if a project does not meet the city’s strategic standards, they can afford to reject the funding, a luxury not afforded to cash-strapped municipalities.

Rotterdam’s status as a MA allows it to effectively “collapse” the traditional vertical hierarchy of CP. The interview reveals that this status grants the city’s civil servants a level of technical expertise that rivals, and often surpasses, that of the national ministry. The interviewee noted that national officials often turn to the Rotterdam program managers for interpretations of complex EU regulations, effectively reversing the traditional flow of authority.

This technical dominance translates into direct political leverage. Rotterdam negotiates program modifications directly with the EC, bypassing the national “middleman”. A striking

example provided in the interview concerns the energy grid crisis. When funded projects stalled because they could not connect to the overloaded national electricity grid, the city did not wait for a national solution. Instead, they negotiated a program amendment directly with the Commission to reallocate those funds, ensuring resources were not lost. This agility proves that empowerment in Rotterdam is defined by the capacity to navigate the “machine” of Brussels independently of the state.

While Rotterdam has successfully minimised national interference, the primary constraint on its autonomy has emerged from the European level: the “audit culture”. The interview data suggests that the Commission’s auditors have become the most significant hurdle to effective policy implementation, often prioritising financial control over policy impact.

The interview provided a vivid example of “disproportional bureaucracy” that acts as a constraint on innovation. In one instance, a beneficiary received a small EU grant of €30,000 to add a specific component to a larger €3-4 million public contract. The EU auditors demanded to audit the entire €4 million national procurement process to verify the €30,000 grant. The stakeholder argued that this lack of proportionality consumes immense administrative time and discourages the integration of EU funds into larger public investments.

Furthermore, the “bureaucratic behaviour” of the Commission regarding flexibility mechanisms also acts as a constraint. When Rotterdam attempted to use the MTR flexibility to adjust its program, the Commission initially blocked them for being “too far advanced” (having committed over 90% of funds). When permission was finally granted, it came with an impossible deadline, requiring complex program changes to be finalised in mere weeks. This illustrates that even an empowered city remains vulnerable to the erratic administrative timing of the Commission.

Looking forward, Rotterdam’s empowerment appears fragile. The interview reveals deep anxiety regarding the post-2027 proposals for NRPPs, which threaten to centralise management and demote the city from a MA to a “subcontractor”. The stakeholder warned that this would strip the city of its decision-making power while leaving it with the implementation risk.

This threat is exacerbated by national political instability. The interviewee described the Dutch context as being extremely politically instable. In this vacuum, there is a fear that

national bureaucrats will draft top-down plans without consulting cities. The stakeholder noted that if the specific MA status is lost, the urban dimension of the policy in the Netherlands could disappear entirely, as regional authorities would likely pivot funds toward generic innovation goals rather than complex urban regeneration. Thus, Rotterdam's current empowerment is not a permanent attribute, but a temporary legal privilege that is currently under siege.

5.4.5. Institutional innovations and coordination mechanisms

Rotterdam's institutional innovations are not merely structural; they are operational behaviours designed to professionalise the management of "shared sovereignty". Unlike cities that innovate to bypass the state, Rotterdam innovates to discipline itself. The interview highlights that the city has developed a "service model" of governance that absorbs bureaucracy centrally to protect beneficiaries, while simultaneously using EU tools as "internal weapons" to force collaboration between separated departments.

A major institutional innovation in Rotterdam is the transformation of the MA into a "bureaucratic shield". The interviewee explained that the city deliberately centralises the administrative burden of EU regulations to protect final beneficiaries (SMEs, NGOs). By "front-loading" the complexity, such as handling compliance, state aid checks and reporting at the program bureau level, the city makes it possible for smaller actors to participate who would otherwise be deterred by the red tape.

This innovation was highlighted during a visit by the EU Budget Commissioner, who was surprised to hear local beneficiaries describe EU funds as "quite simple" compared to national funding schemes. This simplicity is an artificial construct created by the MA's heavy investment in administrative capacity. The interviewee noted that this "service" approach is rare in Europe but essential for ensuring that funds are accessible to "normal people" and not just professional consultants. This mechanism ensures high absorption rates and reduces the risk of error and repayment demands ("corrections") later in the process.

While the ITI is often criticised elsewhere as an added layer of complexity, Rotterdam has innovated by using it as a tool for internal diplomacy. The interview clarified that the city "loves" the ITI not for the funding itself, but because it acts as a "stick" to force cooperation between departments that traditionally do not communicate.

The interviewee described how the ITI framework obliges the “hard” departments (responsible for physical infrastructure and ERDF) to sit at the table with the “soft” departments (responsible for social affairs and ESF). This is not just a suggestion but a requirement for funding. For example, physical investments in the Hart van Zuid regeneration area were contractually linked to social outcomes, such as training programs for local youth. By leveraging the external “hard” rules of the EU, the program managers can overcome the internal “silo mentality” of the municipal administration, effectively using Brussels' bureaucracy to solve local coordination failures.

To manage the inherent conflict of interest in being both the fund manager (MA) and a potential beneficiary, Rotterdam has innovated a rigorous control system. This goes beyond simple separation of duties; it involves a distinct organisational culture. The interviewee emphasised that the Program Bureau (MA) is “stricter with our own colleagues than with outsiders”.

This internal discipline is enforced through a competitive point system. Projects must meet a minimum threshold of 75 points to be eligible, regardless of political backing. The credibility of this system is such that in the last two programming periods, the city administration itself secured only one project under the regional innovation strand. This restraint is a deliberate institutional choice to maintain legitimacy among the other G4 partners. If Rotterdam were seen to be funnelling money to itself, the regional partnership would collapse. Thus, the innovation lies in the self-imposed constraint that prioritises the stability of the governance network over immediate financial gain for the municipality.

Finally, Rotterdam has innovated in how it spends money, shifting from traditional infrastructure to “ecosystem building”. The interviewee contrasted the national government’s approach, which might fund a single large chip factory (like ASML), with Rotterdam’s approach of funding “open access” infrastructure. A cited example is the investment in a Unilever factory. Rather than simply subsidising a multinational, the city used EU funds to mandate that “more than 50% of the lab time would be available for start-ups and scale-ups”. This effectively socialises private infrastructure for the public good, creating a competitive ecosystem for SMEs that the national government neglects to finance. This strategic use of conditionality represents a significant innovation in how local authorities can leverage limited EU funds to achieve broader economic goals, effectively functioning as an active industrial policy maker rather than a passive grant distributor.

6. Comparative analysis and discussion

6.1. Introduction

This chapter represents the analytical core of the research, synthesising the empirical evidence gathered from national contexts and urban case studies to answer the main research question: how do different governance structures influence the practical implementation of CP, and which institutional mechanisms determine the degree of urban agency?.

Having described in detail the “what” and “how” of implementation in the previous chapters, the aim here is to determine the “why”, in particular whether different institutional arrangements facilitate or hinder the management of EU structural funds within the MLG system.

The structure of this chapter is designed to guide the reader through a deductive analytical process, linking specific empirical observations (Chapter 5) to broader theoretical conclusions.

The analysis begins with cross-national observations, identifying macro-level trends and divergences in how MS interpret CP. It then proceeds to a systematic comparison of the three cities across the five operational categories defined in the analytical framework (from institutional frameworks to coordination mechanisms). These results are then integrated into a comparative summary, that reorganises the data into three explanatory macro-areas: formal structure, political dynamics, and strategic outcomes. Finally, the chapter concludes with some emerging insights, identifying the models that will inform and outline the final policy recommendations.

6.2. Cross-national observations

The analysis developed above, focusing on the specific national contexts of Italy, Hungary and the Netherlands, revealed profound differences in how each MS interpret and implement CP. Although the three MS operate within the same European framework, domestic implementation is strongly influenced by financial realities, national policies and administrative and bureaucratic traditions (Cotella, 2020).

By comparing the last two programming periods (2014-2020 and 2021-2027), the study highlighted structural trends: the dichotomy between financial dependence and strategic supplement, divergent strategic orientations even under a common framework, and finally opposing trajectories in the MLG system.

The most obvious trend emerges from the quantitative analysis of financial resources (Table 10). The immediate difference between the three national contexts stems from the significant disparity in terms of the numerical value of the financial resources allocated and their function within the national investment system. As we have seen above, this is due to their different classification within the European landscape, depending on their economic status. Therefore, the data reveals that CP plays completely different roles within the three MS.

On the one hand, Italy and Hungary, which have several NUTS 2 regions classified as “less developed”, receive substantial European funds, which represent a significant portion of public spending and thus act as the primary driver of development.

Italy remains the largest beneficiary in absolute terms, although its total allocation decreased from €63.7 billion in 2014-2020 to €43.1 billion in 2021-2027, with the ERDF consistently acting as the primary driver for cohesion at over €26 billion. This leads CP to play a central role in the national territorial cohesion strategy, in particular reducing disparities between north and south, but also between centres and peripheries within the regions themselves. This huge amount of resources, therefore, requires a complex organisational framework and well-defined governance, thus defining regional and national programmes with the aim of ensuring the absorption of resources and a real territorial impact.

Like Italy, Hungary is also heavily dependent on European funds, receiving very large sums at the national level. While its total allocation stayed relatively stable around €21.6 billion and €19.6 billion, its status as a convergence country is evidenced by its significant reliance on the CF, which provided €6.02 billion in the previous period and €2.6 billion in the current one, underscoring the need to continue focusing on basic infrastructure and economic convergence. Consequently, CP becomes the first step towards the country's economic and territorial development, thus ranking as a fundamental financial pillar for the Hungarian system.

Diametrically opposed is the Netherlands. The country operates as a “net contributor”, meaning it receives very little funding, with a marginal funding share that dropped from €3.5 billion to €1.9 billion. CP thus represents a marginal share of public investment. As a result, European funds do not act as a financial basis for development, but as economic supplements, used strategically to incentivise specific innovative projects, often risky ones, that national budgets might not cover.

2014-2020 programming period

Fund	Italy	Hungary	Netherlands
ERDF	€ 27.718.460.454	€ 11.380.672.466	€ 791.056.051
ESF	€ 18.266.607.327	€ 5.024.065.913	€ 791.056.053
ERDF	€ 14.314.195.729	€ 4.590.416.862	€ 1.168.188.879
EMFF	€ 537.262.559	€ 38.412.223	€ 101.523.244
YEI	€ 1.880.204.992	€ 99.530.712	–
CF	–	€ 6.025.427.012	–
Interreg	€ 1.057.780.157	€ 564.538.960	€ 727.383.897
TOTAL	€ 63.774.511.220	€ 21.697.637.136	€ 3.579.208.124

2021-2027 programming period

Fund	Italy	Hungary	Netherlands
ERDF	€ 26.341.324.645	€ 13.568.227.267	€ 506.249.109
ESF+	€ 14.808.620.616	€ 5.298.665.303	€ 413.757.776
JTF	€ 1.029.588.558	€ 261.053.355	€ 623.103.298
CF	–	€ 2.602.158.279	–
Interreg	€ 961.304.225	€ 533.098.772	€ 446.180.737
TOTAL	€ 43.140.838.044	€ 19.661.044.697	€ 1.989.290.920

Table 10 – Comparative table on funds allocation at national level during 2014-2020 and 2021-2027 programming periods (€ billion).

(Source: Author's own elaboration)

Across all three contexts, the transition to the 2021–2027 period marks a shift from the multiplicity of 11 TOs to the broader 5 PO, thereby imposing a strategic orientation from above. However, the strategic application of this shift varies across case studies.

Italy and Hungary have moved towards consolidating their objectives to address wide socio-economic disparities. In particular, Italy has concentrated resources on "Social Europe" (PO4) and "Greener Europe" (PO2), while also integrating a dedicated National Programme for metropolitan areas to address urban exclusion. Hungary has similarly concentrated funds but faces a unique challenge: its strategic planning is increasingly overshadowed by the "Rule of Law" conditionality, which threatens to freeze the implementation of these strategic shifts.

On the contrary, the Netherlands maintains its highly specialised focus, directing the vast majority of its ERDF resources solely towards innovation (PO1) and the green transition (PO2), effectively using CP as an instrument for economic competitiveness rather than broad redistribution.

In addition to this strategic transition and push for simplification, the introduction of the RRF changed the rules of the game in all three countries, but most drastically in countries that were already receiving high levels of funding. In Italy, the RRF introduced a parallel stream of results-based funding that far exceeds traditional CP funds, creating a dual-track governance challenge. In Hungary, the centralisation of RRF governance within the PMO has further strengthened state control over development resources.

The most significant observation concerns the diametrically opposed directions in which national governance frameworks are evolving regarding the role of subnational and urban authorities.

The Italian framework shows a trend towards empowering urban areas, particularly metropolitan areas. The institutional innovation of the PON Metro (2014-2020) and its successor, the PN Metro Plus (2021-2027), represents a deliberate political choice to delegate MA functions (even if recognised as IB) directly to the metropolitan cities themselves. This model bypasses traditional regional intermediaries, recognising large urban centres as distinct political entities capable of managing complex national programmes (Dipartimento per le Politiche di coesione e il sud, 2022).

On the other hand, Hungary shows a clear trajectory of intense centralisation (ESPON, 2026). The end of regional development agencies and the concentration of fund management tasks within national ministries illustrate a systemic withdrawal of independence from sub-national levels. The creation of "Economic Development Zones" further strengthens this top-down approach by establishing functional areas led by government-appointed officials rather than elected local ones, thereby bypassing the traditional municipal structure.

Finally, the Dutch context presents a model of stable decentralisation. The governance structure has remained largely unchanged between the two periods, characterised by a decentralised unitary state in which provinces and large cities are constitutionally recognised as partners. The system allows for unique arrangements, such as the delegation of MA status to the local level in the western region, reflecting a mature MLG system that integrates cities as equals in the decision-making process.

6.3. Comparative analysis of Urban Cohesion Policy Implementation

Given the thesis's focus on urban case studies within each national framework, this section aims to present a systematic comparison of the three case studies through the five operational dimensions previously defined in the analytical framework, namely:

1. Local institutional framework and spatial structures
2. Governance models and actors involved
3. Allocation, management and implementation of EU funds
4. Empowerment or constraint of urban authorities
5. Institutional innovations and coordination mechanisms

By juxtaposing the empirical evidence gathered in Chapter 5, this analysis goes beyond the description of individual cases to reveal structural differences in how these European cities implement CP.

6.3.1. Local institutional framework and spatial structures

The table 'Local institutional framework and spatial structures' (Table 11) allows to talk about one of the most pressing challenges facing contemporary European planning: the misalignment between static administrative boundaries (administrative status) and dynamic economic realities (spatial arrangements). Through a comparison of case studies, the document implicitly argues that institutional rigidity is a brake on metropolitan development, while functional flexibility, exemplified by the Dutch model, appears to be one of the best ways forward for effective governance.

The case of Florence clearly illustrates the failure of institutional reforms when they do not consider the real economic geography. The Delrio Law of 2014, originally conceived as a transitional measure, remained an incomplete reform following the rejection of the 2016 constitutional referendum. While it established the Metropolitan City with the aim of modernising governance, it retained a critical structural flaw: the boundaries of the new entity simply coincide with the old Province. This creates a fundamental mismatch, as it does not represent true territorial polycentrism. In fact, the real FUA extends along other axes (e.g. along the Florence-Prato-Pistoia economic axis).

Furthermore, the governance structure dictates that the Mayor of the central Municipality automatically serves as the Metropolitan Mayor. This institutional overlap inevitably influences political priorities and determines where funds and resources land, often creating a bias towards the central city rather than the wider metropolitan area.

Consequently, although the Municipality of Florence maintains strong administrative leadership, strategic planning tools (such as the PSM and PTM) at Metropolitan level operate within an obsolete administrative "container" that is incapable of managing the entire economic conurbation. Florence, therefore, has the administrative capacity but lacks the correct territorial extension to apply it effectively.

Budapest presents an even more problematic scenario, which could be defined as "administrative isolationism". Here, the institutional structure seems to have been designed not to optimise governance, but to maximise access to funds (separation from Pest County for funding eligibility). This opportunistic choice has transformed the capital into an "administrative island". However, this isolation is not solely fiscal; it is also heavily influenced by internal political dynamics. The national government has actively intervened

to constrain the capital's autonomy, a friction driven by the fact that the city administration holds a political orientation opposite to that of the national leadership.

The table describes a situation of paralysis: rigid national regulations prevent joint planning with the surrounding agglomeration. Unlike Florence, where the problem is a border inherited from history, in Budapest the border has been artificially reinforced for both fiscal and political reasons, leaving the FUA completely unmanaged. This case serves as a warning against policies that prioritise short-term financial gains or political control over long-term territorial coherence.

Conversely, Rotterdam emerges as a virtuous model, offering a solution based on functional pragmatism. Although Rotterdam also has fixed administrative boundaries, its “exceptional” administrative status allows it to act as an MA for regional programmes. The decisive element is the use of the ITI tool, which allows the city to ignore bureaucratic boundaries in order to target specific functional areas, particularly on a few of the most deprived neighbourhoods in the south. The table highlights how Rotterdam aligns funding with the economic reality of the “Randstad”, rather than limiting itself to municipal jurisdiction. Unlike Florence, trapped in its province, and Budapest, isolated in its district, Rotterdam manages to operate on a scale that reflects real economic flows (Groot-Rijnmond), demonstrating that effective governance depends not so much on redrawing maps as on having flexible legal instruments that allow them to be bypassed.

The study does not merely describe three institutional structures but builds a strong argument in favour of “soft governance”. It shows that top-down reforms, such as the Italian one (Delrio Law), or funding-based reorganisations, such as the Hungarian one, are doomed to fail if they do not recognise the “variable geometry” of the modern economy. Rotterdam's success suggests that the future of metropolitan planning does not lie in the creation of new provinces or rigid districts, but in the adoption of adaptive tools that allow institutions to follow the economy wherever it goes.

Local institutional framework and spatial structures			
Subcategories	Florence	Budapest	Rotterdam
Administrative status	<p>Florence is the core municipality (LAU2) within a Metropolitan City (NUTS 3) established by the Delrio Law (2014). While the Metropolitan City has strategic planning duties, the Municipality of Florence retains strong leadership and administrative capacity, effectively acting as the operational engine for the wider area.</p>	<p>Budapest operates as a Municipality with 23 autonomous districts (LAU 2). It was recently reclassified as a standalone NUTS 2 region (separated from Pest County) to optimize funding eligibility, though this administratively isolates it from its hinterland.</p>	<p>Rotterdam is a Municipality (LAU 2) but holds exceptional status as a MA for the regional program Kansen voor West. It is functionally integrated into the Groot-Rijnmond region (NUTS 3), though programming occurs at the larger West Netherlands (NUTS 2) level.</p>
Spatial arrangements	<p>The Metropolitan City's boundaries coincide with the former Province, creating a mismatch with the real FUA which extends along the Florence-Prato-Pistoia axis (economic point of view). Planning tools (PSM, PTM) cover the administrative territory, not the full economic conurbation.</p>	<p>The administrative separation from Pest County (FUA) created an "administrative island". Strict national regulations prevent effective metropolitan governance or joint planning with the agglomeration, leaving the FUA unmanaged.</p>	<p>While administrative borders are fixed, Rotterdam uses the ITI instrument to target specific functional areas (e.g., Rotterdam South, Groot-Rijnmond). The regional program covers the functional economic area of the "Randstad" cities, aligning funding with economic reality better than administrative lines.</p>

Table 11 – Comparative synthesis on local institutional framework and spatial structures.
(Source: Author's own elaboration)

6.3.2. Governance models and actors involved

The table 'Governance models and actors involved' (Table 12) offers a clear representation of how national politics and administrative cultures shape, and often distort, the capacity for action of metropolitan cities. Comparing the three case studies, a central argument emerges: the quality of urban governance does not depend solely on local technical skills but is defined almost entirely by the nature of the vertical relationship with the central state. The table outlines three distinct archetypes of this relationship: hierarchical cooperation (Florence), institutional conflict (Budapest) and collaborative autonomy (Rotterdam).

The Florence model is described as a system based on "delegation", a term that immediately reveals the subordinate, albeit functional, nature of the city in relation to the state. Although governance is defined as "cooperative", Florence operates on a complex "dual track": it manages national funds (PON Metro) with a certain degree of independence but must coordinate with the region for standard structural funds. This structure suggests an administrative maturity in which the Metropolitan City acts as a trusted implementing body ("IB role"), but still within a perimeter designed at the national level. The stakeholders involved reflect this institutional nature: the main partners are public bodies, universities and subsidiaries (water/waste services), outlining a solid "public-public" ecosystem that is not very open to pure market dynamics.

At the opposite end of the spectrum is Budapest, which represents a dramatic case study of 'adversarial MLG'. Here, the table implicitly argues that political polarisation can paralyse urban development. The central government does not act as a partner, but as a hostile gatekeeper, centralising control to exclude the opposition-led city. Governance becomes 'forced coexistence' rather than partnership. It is significant to note how the state bypasses municipal authority through dedicated agencies (such as the former BFK), forcing Budapest to seek legitimacy and resources externally, through the 'Pact of Free Cities' and other supralocal networks. This isolation has a tangible cost highlighted in the stakeholder section: coordination with the private sector and academia is described as "weak", suggesting that the political war between the state and the capital has created a toxic environment that discourages civil society and business participation.

Rotterdam emerges as a reference model, characterised by "single governance" in which the city itself acts as MA. This technical detail implies a profound difference in power:

Rotterdam does not ask for permission, it manages. The Dutch “polder model”, based on consensus, allows for the seamless integration of verticality and horizontality. Unlike Florence (dominated by the public sector) and Budapest (dominated by ministries), Rotterdam's ecosystem includes heavyweight economic stakeholders such as the Port Authority, knowledge institutions and SMEs. A revealing fact is the composition of the SAG, less than 50% of which is made up of public officials: this indicates technocratic and pragmatic governance, where decisions are guided by expertise and market needs rather than bureaucracy or political affiliation.

The comparative analysis of these models suggests that metropolitan effectiveness is directly proportional to the degree of emancipation of the city from central government. Florence shows that delegation works, but limits innovation to the state perimeter; Budapest demonstrates that political dependence can be lethal if political colours diverge; Rotterdam proves that urban resilience can be achieved when the city is treated as an institutional equal, capable of autonomously mobilising not only funds, but entire economic and social networks.

Governance models and actors involved			
Subcategories	Florence	Budapest	Rotterdam
Governance models	A model based on delegation. The National level (PON Metro) delegates the role of IB to the Metropolitan City. Governance is cooperative with the state, but characterized by a "dual track": the City manages national funds independently while coordinating with the Region for standard structural funds.	A model of adversarial MLG. The central government acts as a hostile "gatekeeper", centralizing control and excluding the opposition-led city. Governance is characterized by forced coexistence rather than partnership, with the state often bypassing the municipality (e.g., via the former BFK agency).	A unique model where the City acts as the MA for the regional program. Governance is highly collaborative ("polder model"), involving a partnership of 4 cities and 4 provinces, but led by Rotterdam. It combines vertical control with horizontal implementation networks.
Key stakeholders	<p><i>Core:</i> Municipality of Florence (EU Project Office), Metropolitan City.</p> <p><i>Partners:</i> Tuscany Region, University of Florence, Public Service Companies (water/waste), Third Sector (social inclusion).</p> <p><i>Networks:</i> Strong role in national and European networks (ANCI and Eurocities).</p>	<p><i>Dominant:</i> Prime Minister's Office (PMO), Line Ministries (MPARD, ÉKM).</p> <p><i>Local:</i> Municipality of Budapest, 23 District Mayors.</p> <p><i>External:</i> Pact of Free Cities, Eurocities (critical for bypassing state).</p> <p><i>Weak:</i> Private sector/Academia coordination is limited.</p>	<p><i>Core:</i> Municipality of Rotterdam (Program Bureau as MA).</p> <p><i>Advisory:</i> SAG with <50% public officials.</p> <p><i>Partners:</i> Port Authority, Knowledge Institutes, SMEs, Neighbourhood Managers.</p> <p><i>Networks:</i> G4 Cities, VNG.</p>

Table 12 – Comparative synthesis on governance models and actors involved.
(Source: Author's own elaboration)

6.3.3. Allocation, management and implementation of EU funds

The table 'Allocation, management and implementation of EU funds' (Table 13) debunks one of the prejudices in European CP: the idea that a greater volume of funding necessarily corresponds to greater urban development. By comparing the financial profiles of the case studies, the document builds a powerful argument about the difference between financial dependence and strategic autonomy. The analysis reveals that while some cities struggle to survive or suffocate under the weight of unmanageable resources, others use European funds as leverage for pure innovation, demonstrating that the quality of spending is infinitely superior to its quantity.

The case of Budapest represents the tragedy of "phantom wealth". On paper, the Hungarian capital appears to be a financial giant, with massive allocations in the 2014-20 cycle (~€1.1 billion) and significant forecasts for 2021-27. However, the table reveals a paralysing reality: these funds are structurally blocked by the central government due to disputes over the rule of law. This creates a cruel paradox in which the city is nominally rich but operationally poor. Dependence on indirectly managed (state) funds has forced Budapest into a survival strategy, pushing it towards Direct Funds (such as Horizon and UIA) not by strategic choice but out of vital necessity, even though these amount to a paltry sum (~€23 million) compared to the blocked structural funds. The argument here is clear: in a context of political hostility, structural funds become a weapon of blackmail, and the lack of management authority reduces the city to the status of a mere passive beneficiary.

Florence, on the other hand, illustrates the risks of "financial indigestion". The city finds itself in a position of abundance, managing ~€150 million for the PN Metro Plus and a huge injection of ~€770 million from the PNRR (RRF) alone. Although Florence demonstrates considerable technical capacity by acting as a "mini-MA" (IB) and applying sophisticated "financial engineering" to maintain liquidity, the table highlights a critical vulnerability: volatility. National programmes form the financial backbone of the city, tying the fate of Florence's infrastructure to frenetic deadlines and national bureaucracy. The implicit argument is that Florence, while technically competent, is trapped in a cycle of heavy infrastructure spending (social, digital, physical) that forces it to chase deadlines rather than drive long-term innovation.

Rotterdam stands out as a model of financial maturity. Its figures seem insignificant: EU funds account for less than 1% of the city's budget. However, this relative scarcity is its greatest strength. Rotterdam does not need EU funds to function; it uses them as a “luxury” to finance high-risk, high-reward projects that the ordinary budget would not cover, such as the transition to hydrogen or the circular economy. Having full financial autonomy as an MA, Rotterdam can afford to apply strict controls and internal co-financing rules to ensure meritocracy. Success in competitive direct funding (such as the €4.9M from the EUI) confirms that the city competes on the quality of its ideas, not on its need for subsidies.

The table argues that true urban resilience cannot be measured in euros per capita. Budapest is an example of how funds can be held hostage by politics; Florence shows how an excess of centralised resources can put strain on the administrative machine; Rotterdam demonstrates that the ultimate goal should be fiscal independence, where European funds cease to be a lifeline and become an accelerator for the future. The transition from “funds for survival” to “funds for innovation” is the true indicator of an advanced European metropolis.

Allocation, management and implementation of EU funds			
Subcategories	Florence	Budapest	Rotterdam
Quantitative financial data	<p>2014-20: ~€120M (PON Metro + REACT-EU) + ~€32M (POR).</p> <p>2021-27: ~€150M (PN Metro Plus) + massive ~€770M (RRF only for the Municipality).</p> <p>Focus: Social inclusion, digital transition, and heavy infrastructure (RRF). National programs are the financial backbone.</p>	<p>2014-20: ~€1.1B allocated (CF/ERDF/ESF) but state-managed.</p> <p>2021-27: Significant allocations on paper (~€467M CF + ~€230M ERDF/ESF+), but stalled implementation due to Rule of Law disputes.</p> <p>Direct Funds: Increasing reliance on Horizon/UIA/EUI/LIFE (~€23M across the two periods) for survival</p>	<p>Volume: Funds are <1% of budget.</p> <p>~€237M Regional Program (2021-27) managed by the city.</p> <p>Focus: Innovation, energy transition (hydrogen), circular economy.</p> <p>Direct Funds: High success in EUI (€4.9M) and Horizon, used for high-risk pilots.</p>
Qualitative management assessment	<p>The City acts as a "mini-Managing Authority" (IB) for PON Metro, managing calls and beneficiaries directly. It uses "financial engineering" (splitting projects across funding sources) to overcome liquidity constraints. RRF volatility is a major challenge.</p>	<p>"Indirect" funds are structurally blocked by the state (calls not opened). The city has no management authority (beneficiary status only). It relies on "Direct Management" funds (Brussels) to bypass national blockages, requiring a pivot to "City Diplomacy".</p>	<p>Rotterdam has full financial autonomy as MA. It uses EU funds as a "luxury" for high-risk innovation, not survival. It enforces a strict control system and internal co-financing rules to ensure meritocracy.</p>

Table 13 – Comparative synthesis on allocation, management and implementation of EU funds. (Source: Author’s own elaboration)

6.3.4. Empowerment or constraint of urban authorities

The table 'Empowerment or constraint of urban authorities' (Table 14) offers a candid snapshot of the real power dynamics governing European cities, going beyond the rhetoric of subsidiarity to reveal a constant struggle between the centre and the periphery. Through comparison, the document makes it clear that urban empowerment is not an acquired right, but a precarious condition that takes radically different forms: it is procedural in Florence, geopolitical in Budapest and structural in Rotterdam. However, the table also suggests that for every mechanism of emancipation there is a systemic counterweight ('constraint') ready to neutralise it, outlining three distinct scenarios of vulnerability.

The case of Florence describes a type of 'tactical' empowerment. The city does not have true structural autonomy but has learned to hack the bureaucratic system to its advantage. The document highlights how the PON Metro framework is used to bypass slow regional bureaucracy, transforming co-financing from a burden into an opportunity to fund pre-existing political priorities. However, this success is extremely fragile because it is based on human capital, not institutional capital. The table identifies a huge constraint: high staff turnover (a loss of 30%), which leads to a "loss of institutional memory". The argument here is that Florence's efficiency is ephemeral: a regulatory change (such as the volatility of the NRRP) or the retirement of a few key technicians is enough to throw the system into crisis. Furthermore, the thematic rigidity of EU funds creates a painful paradox: the city can finance complex and futuristic projects, but the rules prevent it from covering basic needs such as road maintenance or housing, revealing an empowerment that is powerful on paper, but limited in everyday reality.

For Budapest, the analysis paints a scenario of 'existential resistance'. Here, empowerment cannot come from the state (which is adverse) but must be imported from outside. The creation of the 'Pact of Free Cities' and direct lobbying in Brussels represent a desperate attempt to build international legitimacy in order to bypass the national government. But the constraints described are brutal and amount to a veritable economic war. The term 'reverse financing' is chilling: through the 'Solidarity Contribution', the state actively drains the local budget, while the 'Debt Cap' prevents the city from borrowing resources. The study argues that Budapest is suffering a 'double punishment': it is a victim of its government's policies, but it is also a victim of EU sanctions (freezing of funds for the rule of law) designed to

punish that government. In this context, empowerment is purely defensive; the city is not planning development, it is struggling not to suffocate.

In contrast, Rotterdam embodies “structural” empowerment, based not on rules but on wealth. The table introduces a fundamental concept: the “power to say no”. Unlike other cities that have to accept whatever funding is available, Rotterdam's wealth allows it to reject funding that does not fit its plans, ensuring absolute strategic consistency. Its MA status gives it technical expertise that is often superior to that of ministries, allowing it to negotiate on an equal footing with the EC, as demonstrated by the solution to the energy network crisis. However, even this giant has an Achilles heel: the EC's excessive bureaucracy, which discourages the integration of small grants into large projects. Furthermore, national political instability threatens the renewal of its privileged status after 2027, reminding us that even the most solid autonomy is subject to political winds.

This comparison argues that there is no real ‘urban power’ in Europe without financial independence. As long as cities depend on state or European transfers, their empowerment will always be conditional. Florence is limited by the rigidity of rules, Budapest by the malice of politics, and Rotterdam, despite being the freest, has to defend itself against excessive auditing. The analysis shows that real autonomy is only achieved when a city has the resources (such as Rotterdam) or international alliances (such as Budapest) to transcend national administrative boundaries.

Empowerment or constraint of urban authorities			
Subcategories	Florence	Budapest	Rotterdam
Empowering mechanisms	The PON Metro framework formally empowers the city to manage funds, bypassing regional bureaucracy. Co-financing is turned into an asset by funding existing political priorities. Modular funding strategy allows flexible funding of complex projects.	Empowerment comes from outside: The "Pact of Free Cities" and direct lobbying in Brussels (Safeguarding Mechanism proposal). Success in competitive direct funds (Horizon, EUI) provides the only unmediated autonomy.	The city's wealth ("power to say no") allows it to reject ill-fitting funds. Its MA status gives it technical expertise often superior to the national ministry, allowing direct negotiation with the EC (e.g., energy grid crisis solution).
Constraining mechanisms	High staff turnover (30% loss) leads to "loss of institutional memory". Regulatory volatility of the NRRP creates chaos. Rigid thematic concentration (e.g., no funds for road maintenance/housing renovation) limits addressing basic needs.	Radical centralization (loss of regional tier). "Reverse financing": Solidarity Contribution drains local budget, removing co-financing capacity. "Debt Cap" prevents borrowing. Rule of Law freezes doubly punish the pro-EU city.	The primary constraint is the EC's "disproportional bureaucracy" and audit focus, which discourages integrating small EU grants into large projects. National political instability threatens the future MA status in post-2027 reforms.

Table 14 – Comparative synthesis on empowerment or constraint of urban authorities. (Source: Author's own elaboration)

6.3.5. Institutional innovations and coordination mechanisms

The table 'Institutional innovations and coordination mechanisms' (Table 15) offers a conclusive and revealing perspective on the different natures of administrative innovation in Europe. Far from being a mere exercise in technical modernisation, the document argues that institutional innovation is a direct response to the specific environmental pressures of each city. Comparing the different strategies, it emerges that innovation takes three radically different forms: it is managerial and solidarity-based in Florence, diplomatic and existential in Budapest, and technocratic and market-oriented in Rotterdam.

In the case of Florence, innovation manifests itself as a pragmatic attempt to "humanise" and streamline a traditionally rigid bureaucracy. The most emblematic example cited is the "PNRR Caffè", an informal weekly video call. Although it may seem trivial, this tool represents an epistemological break with the formality of Italian public administration: it replaces protocols with operational dialogue to resolve bottlenecks in real time. In addition, Florence is introducing a mechanism of "asymmetric solidarity": the Metropolitan City is hiring external staff to support smaller municipalities technically, recognising that coordination cannot exist without widespread administrative capacity. The creation of an interdepartmental task force to "break down silos" confirms that Florence's main challenge is internal: overcoming fragmentation to manage the complexity of European funds. Innovation here is curative; it serves to make a machine work that would otherwise jam.

For Budapest, innovation is not a matter of efficiency, but of political survival. The study describes a radical transformation of the representative office in Brussels, which is shifting from a "ceremonial" to an "operational" role. This change argues that, in a hostile environment, city diplomacy becomes the only real lever of management. The proposal for a "Safeguarding mechanism" to redirect frozen state funds to cities is perhaps the most daring innovation presented: an attempt to rewrite the EU's constitutional rules to bypass the nation state. While internal coordination mechanisms are described as 'broken' or "empty" (the BAFT is defined as a 'hollow shell' and the state agency BFK as a failure), Budapest innovates externally, building horizontal alliances with Warsaw, Prague and Bratislava. Here, innovation is an act of resistance; it serves to create alternative channels when institutional ones are blocked.

Finally, Rotterdam presents a model of “ecosystemic” and disciplinary innovation. Unlike Florence, which seeks to help weaker administrations, or Budapest, which seeks to circumvent the strong, Rotterdam uses funds as a “stick” to force internal cooperation. The table highlights the strategic use of funding to compel “hard” (physical/infrastructural) departments to collaborate with “soft” (social) ones, imposing an integration that would not otherwise occur spontaneously. The most sophisticated innovation lies in the “competitive points system”: Rotterdam has separated internal functions to ensure that even municipal projects must compete meritocratically, eliminating internal privileges. In addition, the MA takes on the administrative burden to protect the final beneficiaries (such as SMEs), demonstrating a customer-oriented vision. The institutionalisation of external stakeholders through the SAG (which has influence over selection) confirms that in Rotterdam, innovation serves to hybridise the public and private sectors to maximise impact.

The analysis shows that there is no single recipe for “smart governance”. Florence's informal and supportive approach would be insufficient in Budapest, where aggressive diplomacy is needed. Rotterdam's hyper-competitive approach would be destructive in Florence, where the administrative fabric of small municipalities is too fragile to compete. The study therefore reveals that effective institutional innovation is not one that copies abstract “best practices”, but one that best adapts to the specific conditions (bureaucracy, political hostility or compliance) of its local context.

Institutional innovations and coordination mechanisms			
Subcategories	Florence	Budapest	Rotterdam
Reforms and innovations	<p>Creation of a specialized central office to coordinate technical departments.</p> <p>The "PNRR Caffè" (weekly informal video call) solves operational bottlenecks and aligns stakeholders.</p> <p>Solidarity mechanism: The Metro City hires staff to support smaller municipalities.</p>	<p>Transformation of the Brussels office from ceremonial to operational (securing direct funds).</p> <p>Proposal of the "Safeguarding Mechanism" to redirect frozen state funds to cities.</p>	<p>The MA centralizes administrative burdens to protect beneficiaries (SMEs).</p> <p>Internal separation and competitive point systems ensure meritocracy even for municipal projects.</p> <p>Ecosystem Building: Using grants to mandate public access to private infrastructure.</p>
Coordination mechanisms	<p>Interdepartmental Task Force to break silos.</p> <p>Active leadership in Eurocities to influence EU policy.</p> <p>Coordination with the hinterland is asymmetric (City supports Metro).</p>	<p>Horizontal alliance with Warsaw/Prague/Bratislava to lobby the EU.</p> <p>Internal coordination is broken: The BAFT is a "hollow shell," and the state's BFK (exclusionary innovation) failed.</p>	<p>Used as a "stick" to force internal cooperation between physical ("hard") and social ("soft") departments (e.g., Rotterdam South).</p> <p>The SAG institutionalizes external stakeholder influence in selection.</p>

Table 15 – Comparative synthesis on institutional innovations and coordination mechanisms. (Source: Author's own elaboration)

6.4. Comparative synthesis

Having systematically examined the specific operational dimensions of CP implementation across the case studies in the previous section, we now turn to the analytical core of this comparative study. This section aims to synthesise the empirical findings into a broader explanatory model. The objective here is to move beyond a merely descriptive juxtaposition of national differences, explaining how implementation differs, and to identify the underlying causal mechanisms that explain these divergences. By regrouping the evidence, we aim to isolate the specific institutional triggers that determine the success or failure of urban agency within the European MLG system.

To achieve this, the extensive empirical data gathered from the case studies are reorganised and interpreted through the three explanatory macro-areas established in the conceptual framework: (i) formal structure in addressing Cohesion Policy, (ii) political dynamics and (iii) strategic output. This tripartite structure is not arbitrary; rather, it is designed to trace the logical "causal chain" of urban empowerment, moving from the static rules of the game to the dynamic reality of play, and finally to the score.

The synthesis proceeds in three logical steps. First, the formal structure section examines the "legal container" within which cities operate. It investigates the foundational statutory limits, such as administrative boundaries and legal status, to determine if they align with the economic reality of FUAs or act as structural traps. Second, the political dynamics section moves to the "friction of real-world governance". It analyses how the static rules defined in the first section are activated, manipulated or blocked by the vertical power relations between the city and the central state, exposing the reality that legal status is often subordinate to political will. Finally, the strategic output section assesses the "institutional results". It measures the ultimate impact of these structures and dynamics on the city's capacity for action, determining whether the governance model results in genuine strategic autonomy and innovation, or merely in dependency and survivalism. By systematically traversing these three levels, this synthesis reveals how specific institutional setups directly translate into the varying degrees of empowerment or constraint observed in the case studies.

6.4.1. Formal structure in addressing Cohesion Policy

The first macro-area assesses the "institutional container" in which the city operates (Table 16), defining the scope of the statutory and administrative powers attributed by national and European regulatory frameworks. The comparison of the elements grouped in this section highlights a structural criticality of contemporary territorial governance: the discrepancy between the legal definitions of cities, which are intrinsically static, and the trans-border nature of the functional economy.

The table is not limited to descriptive cataloguing but documents a systemic tension in the relationship between the EU and MS. While the EU promotes place-based and variable geometry approaches (capable of adapting to the nature of the problems), national legal systems tend to maintain rigid legal frameworks. This administrative limitation hinders integrated planning, as it constrains political action to bureaucratic boundaries that no longer correspond to the actual flows of capital, goods and people. The comparison of the cases studies shows that the main obstacle to urban cohesion lies in the persistence of an "administrative cage" that precedes and conditions the very effectiveness of funds.

In the case of Florence, the table highlights the failure of the top-down reform model. The establishment of the Metropolitan City, intended as a vehicle for modernisation, turns out to be nothing more than a restyling of the old Province. By linking the new metropolitan institution to the old provincial boundaries, the Italian state has prioritised bureaucratic continuity over economic reality, effectively neutralising the strategic potential of the urban agglomeration. The study argues that Florence has the agency (in the strong municipal administration) but does not have the territory to exercise it effectively. It remains trapped in a "legal fiction" that ignores the real flows, making its planning tools structurally inadequate for the scale of the challenges it faces.

The situation in Budapest, described in the table as 'Administrative isolation', reveals a complex institutional divide, born of local pragmatism that has turned into a structural trap. The NUTS 2 division between the capital and Pest County should be seen as a strategy for territorial survival: a manoeuvre designed to allow the hinterland (Pest) to access European funds, effectively circumventing the political and financial blockade that the national government imposes on the opposition-led capital. Although created to 'save what could be saved', this split has institutionalised the disintegration of the wider area. The search for

resources has prevailed over territorial coherence, transforming a statistical border into an impermeable political barrier. Budapest thus remains an 'administrative island', an economic giant deprived of institutional connectivity with its own suburban expansion. It is a fierce criticism of EU mechanisms: rules designed for cohesion have paradoxically ended up incentivising the administrative fragmentation necessary to survive an antagonistic national context.

Rotterdam serves as a critical counterpoint, demonstrating the superiority of "functional privilege". The table illustrates that, although the city also has to deal with fixed administrative boundaries, these are made irrelevant by the "functional integration" of the ITI tool. Rotterdam's success is not due to better boundaries, but to better permissions. The Dutch state allows the city to operate according to economic logic rather than bureaucratic requirements, aligning funding with functional areas. The disparity between Rotterdam's adaptability and the rigidity of its counterparts serves as a critique of the rigid centralism that exists today. This suggests that the "territorial trap" imposed on other cities is a deliberate political choice by national governments to maintain control, denying their urban engines the functional autonomy needed to compete on a European scale.

This analysis argues that the 'local institutional framework' is the hidden determinant of policy success. No amount of funding from the CP can repair a broken container. As long as national governments prioritise administrative control over functional reality, the transformative potential of EU policies will remain structurally limited.

Formal structure in addressing Cohesion Policy			
Dimension	Florence	Budapest	Rotterdam
1- Hierarchical status <i>Authority level</i>	Delegated authority (IB) Florence acts as an Intermediate Body for the PON Metro. It has delegated management power but remains legally subordinate to the National Agency.	Subordinate beneficiary Budapest has zero management authority. It is a simple beneficiary with no formal power to manage calls or select projects, entirely dependent on national ministries.	Sovereign manager (MA) Rotterdam acts as the Managing Authority for the regional program Kansen voor West. It holds the highest possible administrative status, equal to a Ministry or Region.
2- Spatial definition <i>Territorial match</i>	Administrative mismatch The "Metropolitan City" is rigidly defined by old provincial borders, failing to capture the real FUA of the area.	Administrative isolation Because of the NUTS 2 split, the city is an "administrative island" with no institutional mechanism to govern the wider agglomeration.	Functional integration While administrative borders exist, the program flexibly targets functional areas using the ITI tool to bridge administrative divides.

Table 16 – Synthesis on macro-area “formal structure in addressing CP”.
 (Source: Author’s own elaboration)

6.4.2. Political dynamics

While formal structure sets the rules of the game, political dynamics determine how it is played. This macro-area assesses the "real" governance situation (Table 17), examining how vertical power relations and financial dependencies activate or neutralise the formal powers identified above.

The comparison of the elements categorised in the macro-area "political dynamics" represents a critique of the EU's idealised view of MLG. Far from the harmonious and cooperative ecosystem imagined in Brussels policy documents, this comparative synthesis reveals that urban governance in Europe is largely defined by raw power dynamics and the arbitrary will of the nation state. The table exposes the "partnership principle" as a fragile facade based entirely on the benevolence of central governments, rather than on legal rights applicable to cities. By categorising the case studies' vertical relationships, the analysis deconstructs the political hierarchies that determine the fate of CP.

The case of Florence illustrates the deception of "cooperative delegation". Although the table classifies the relationship as collaborative, a critical reading suggests a more paternalistic dynamic. Florence's empowerment is described as "delegated", implying that it is a privilege granted from above rather than an intrinsic right of the city. The "dual track" system, in which the city manages the PON Metro while remaining subordinate to regional planning for other funds, reveals a model of governance based on "supervised autonomy". The system described is dangerously isolated, dominated by public bodies and municipal subsidiaries. This closed "public-public" circuit creates a comfortable administrative bubble that may protect the administration from market pressures but limits its strategic horizon. The implicit political argument here is that Florence's governance is fragile: it only works thanks to the current political alignment between the city and the state. If this alignment were to fracture, the "delegated" power could be revoked as easily as it was granted, revealing the city's lack of structural sovereignty.

Budapest offers the clearest evidence of the EU regulatory framework's failure to protect urban democracy. The model can be identified as "hostile control", but describes a state of institutional warfare. The central government is not just a passive administrator, but an active adversary, using agencies to completely bypass the elected municipal leadership. This is a profound political crisis: the governance model here is designed to exclude rather

than integrate. The analysis highlights that the city has been forced to seek legitimacy externally through the 'Pact of Free Cities' or other networks, turning to diplomatic foreign policy because its internal governance channels have been used against it. This highlights a critical flaw in the EU structure: the assumption that MS act as neutral arbiters. The analysis shows that when a MS becomes rebellious, the EU's standard governance tools – monitoring committees and partnership agreements – become “window dressing”, leaving the city institutionally naked and isolated.

Finally, Rotterdam serves as a critical benchmark that exposes the structural and political limitations of the other case studies. The “Collaborative Polder” model is not just a different administrative style, but a manifestation of power. Rotterdam does not ask for permission; as the MA, it sits at the table as a constitutional equal to the provinces and the state. The analysis highlights a stark contrast in the composition of stakeholders: unlike the dominance of the public sector in Florence or the exclusion imposed by the state in Budapest, Rotterdam's SAG applies a meritocracy system in which civil servants are a minority. It is a governance system based on competence, not decree. The political implication is that true MLG requires the city to have the “power to say no”, a capacity that Rotterdam has thanks to its financial independence and legal status, but which is entirely absent in the other contexts.

This comparative analysis argues that the 'governance gap' in Europe is not a question of administrative capacity, but of political will. It strips away the technocratic language of CP to reveal a stark reality: in Italy, the city is a minor partner; in Hungary, it is a political target; only in the Netherlands it is a sovereign manager. This suggests that without a radical restructuring of EU regulations to bypass national control, “urban empowerment” will remain a rhetorical device rather than a political reality.

Political dynamics			
Dimension	Florence	Budapest	Rotterdam
3- Political alignment & gatekeeping <i>Vertical relations</i>	Cooperative delegation The relationship is collaborative. The state acts as a partner, delegating authority via the PON Metro. Political alignment (mostly) facilitates smooth implementation.	Hostile gatekeeping The relationship is adversarial. The state acts as a "gatekeeper," actively blocking funds and excluding the opposition-led city from decision-making (e.g., BFK agency).	Collaborative "Polder" The relationship is horizontal. Governance is based on negotiation between the City, Provinces, and State. The city is treated as a peer partner, not a subordinate.
4- Financial & fiscal agency <i>Autonomy</i>	Engineered autonomy High dependency on EU/National funds (RRF), but high capacity for "financial engineering" (using municipal budget for co-financing) allows the city to absorb massive resources.	Financial hostage The city is financially strangled. The "Solidarity Contribution" drains local revenue, while the state blocks "indirect" EU funds. Survival depends on small "direct" grants.	Independent "luxury" The city is financially independent (<1% budget dependency). EU funds are used as a "luxury top-up" for high-risk innovation, giving the city the "power to say no" to bad deals.

Table 17 – Synthesis on macro-area “political dynamics”.
 (Source: Author’s own elaboration)

6.4.3. Strategic output

The final macro-area measures the results (Table 18). It asks not how the funds are managed, but why (strategic logic) and what kind of institutional change they produce (Innovation typology).

The comparison between the elements of the macro-area “strategic output” provides a critique of the ‘more is better’ philosophy that underpins much of the discourse on CP. By comparing the substantial financial allocations to Florence and Budapest with the modest allocations to Rotterdam, the table highlights a fundamental “financial paradox”: in the current EU framework, financial volume is often negatively correlated with strategic autonomy. The analysis reveals that money, far from being a neutral tool for development, acts in various ways as a narcotic, a weapon or a luxury, depending on the political position of the recipient within the nation state.

The case of Budapest offers the most alarming view, which can be described as “phantom wealth”. On paper, the city appears to be one of the main beneficiaries with over €1 billion in eligible indirect funds. In reality, the analysis has revealed a state of “financial hostage”. The central government's refusal to open calls for tenders makes these huge sums purely theoretical, effectively freezing the capital's development potential. This turns the financial table into a map of political warfare: the “indirect” nature of the funds allows the state to starve the opposition-led city, while nominally complying with EU allocation rules. As a result, Budapest's switch to “direct management” funds is not a strategic choice of excellence, but a “survival strategy”. The disparity is stark: the city is forced to survive on “crumbs” (small direct grants) while billions in structural funds remain locked behind a national firewall. This shows that, without direct access mechanisms, high allocations for “less developed” regions are meaningless if the national intermediary is conflicting.

Florence represents the opposite danger: “financial indigestion”. The city manages an unprecedented volume of resources, combining large sums from national programs, with the abnormal figure of around €770 million from the RRF. Although this may seem like a boost, analysis also shows it to be a vulnerability. The city's financial landscape is dominated by national programmes, which create an “artificial autonomy” that depends entirely on the volatile legislative decrees of the central government. The weight of these funds forces the administration into a frenetic cycle of “absorption” and infrastructure implementation,

prioritising speed and compliance over long-term strategic innovation. The critical implication is that Florence is not mastering these funds, but is struggling to survive, trapped in a vicious cycle of heavy infrastructure spending that leaves little room for agile and risky experimentation or true long-term planning.

Rotterdam represents the indictment against the other two models. Its approach can be defined as “independent luxury” since EU funds make up less than 1% of its budget. This scarcity turns out to be its greatest strategic asset. Since Rotterdam does not need money to keep the wheels turning, it exercises the “power to say no”. The city completely rejects the logic of “absorption”, using EU funds exclusively as “supplementation” for high-risk innovations that the market would not touch. The analysis highlights the use of ITI not as a spending channel, but as a disciplinary tool to force internal cooperation between “hard” and “soft” departments. This is “smart spending” in its purest form: using a small amount of money to achieve massive organisational change.

The study suggests that the current financial architecture of CP actively penalises those it intends to help. It traps cities such as Florence in a cycle of dependency and administrative attrition, leaves cities such as Budapest vulnerable to political blackmail, and reserves true strategic freedom for wealthy cities such as Rotterdam. The result is that real urban power does not come from the volume of subsidies, but from the fiscal independence that allows them to be foregone. Until the EU addresses this asymmetry by providing direct, unmediated access to substantial funding for cities in hostile or centralised contexts, financial allocations will remain a measure of dependency rather than development.

Strategic output			
Dimension	Florence	Budapest	Rotterdam
5- Strategic logic <i>Purpose</i>	Modernization & convergence Funds are used to modernize basic infrastructure (tramways, social services) and close the gap with EU standards. Focus on social cohesion and digital transition.	Survival & bypass The strategy is defensive. The goal is to survive the national blockade and secure any unrestricted funding (Direct Management) to maintain a "development pulse".	Competitiveness & ecosystem Funds are used to build innovation ecosystems (e.g., hydrogen hubs, open-access labs). The logic is purely competitive: strengthening the strongest economic engine.
6- Innovation typology <i>Institutional change</i>	Organizational adaptation Internal innovations to break silos (e.g., "Task Force," "PNRR Caffè"). The city adapts its structure to manage the weight of EU funds.	Diplomatic innovation External innovations (e.g., "Pact of Free Cities," "Safeguarding Mechanism"). The city innovates in foreign policy to bypass the state.	Process shielding Bureaucratic innovations (e.g., "Chinese Walls," "Service Model"). The city innovates to discipline itself and shield beneficiaries from red tape.

Table 18 – Synthesis on macro-area “strategic output”.
(Source: Author’s own elaboration)

7. Conclusion

7.1. Thesis overview

This thesis has analysed the role of cities within the EU's MLG, with a specific focus on the implementation of the CP during the 2014-2020 and 2021-2027 programming cycles. The objective of the study was to determine how different national and local institutional frameworks influence the capacity of urban authorities to manage and implement EU Funds, identifying the mechanisms that enhance their autonomy (empowerment) or limit their action (constraints). The research was based on the hypothesis that, despite the growing formal recognition of the urban dimension at the European level, cities' actual capacity to act is strongly mediated by domestic political and regulatory frameworks. Specifically, it was hypothesised that the degree of decentralisation, the nature of political relationships between central and local government, and the institutional innovations implemented are the success or failure of urban agencies. The investigation was conducted through a comparative study of three divergent case studies: Florence, an example of institutional innovation in a concentrated yet adaptive system; Budapest, which illustrates urban agency in a context of extreme political conflict and centralisation; and Rotterdam, a model of advanced empowerment where the city acts directly as an MA. Based on this analytical framework, the following sections present the findings of the comparison, highlighting how Florence, Budapest, and Rotterdam have navigated their respective national constraints to translate European priorities into concrete territorial strategies.

7.2. Emerging insights

The comparative analysis conducted enables us to move beyond the specific administrative details of each case study to identify broader phenomena that shape urban governance in Europe. Applying the definitions established in the methodology, this section summarises the results in three analytical categories: patterns (cross-cutting similarities), divergences (structural variations), and causal mechanisms (the institutional factors that determine empowerment or constrain it).

Despite radically different national contexts, a clear pattern emerges across all three cities in the misalignment between administrative boundaries and economic reality. One cross-cutting similarity is that all three cities must contend with the rigidity of administrative boundaries that often do not align with their FUAs. In Florence, the metropolitan city is constrained by old provincial boundaries that ignore the industrial axis towards Prato. In Budapest, the separation from Pest County creates an “administrative island” that fragments the metropolitan area. Even in Rotterdam, although the situation is better managed, tension persists between the municipal mandate and the regional economic scale. The model suggests that across Europe, the city's “legal container” is consistently too small to accommodate CP, forcing cities to resort to complex solutions (such as the Dutch ITI or Italian inter-municipal agreements) to operate effectively. A second pattern is the constraint imposed by the thematic concentration of EU funds. Regardless of their financial situation, all cities reported a mismatch between the priorities of the EU's “twin transition” and local maintenance needs. Stakeholders in Florence noted that, while they can finance futuristic “smart” projects, they cannot use EU funds for basic maintenance of existing infrastructure. This creates a paradox that is observed across the board: cities are becoming “richer” in terms of innovative resources, but potentially “poorer” in maintaining their fundamental urban fabric. Although the challenges are similar, structural differences in how cities address them create unbridgeable gaps, defined primarily by their financial relationship with the state. The most profound divergence lies in the function of EU funds. For Budapest and Florence, these funds are structurally essential: Budapest relies on them for basic development (even if they are blocked), and Florence needs them to maintain public investment levels. In stark contrast, Rotterdam operates according to a logic of “independent luxury”, in which EU funds constitute less than 1% of the budget and are used

only for high-risk innovations. Importantly, there is a structural divergence in the legal definition of the city's role. Rotterdam acts as an MA, with the same constitutional status as the state. Florence operates as an IB, a form of “delegation of powers” that remains paternalistic and revocable. Budapest is reduced to a beneficiary, completely excluded from management. This divergence confirms that “urban agency” is not a sliding scale but rather a series of distinct structural levels determined by national legislation. Going beyond simple description, we can identify specific institutional factors that explain why a governance model leads to empowerment or limitation. The main causal mechanism identified is the correlation between financial independence and political bargaining power. Rotterdam's ability to say “no” to EU funding gives it the power to negotiate favourable terms with the Commission. Conversely, Florence's need to “absorb” large amounts of funding forces it to accept strict national deadlines and conditions. This mechanism demonstrates that fiscal autonomy is a prerequisite for true multilevel governance; without it, partnership is merely compliance.

The case of Budapest reveals a negative causal mechanism: the instrumentalisation of the MLG system. When the political alignment between the city and the central government fractures, the national government assumes its role as gatekeeper and freezes access to shared management funds. This demonstrates that the EU's cooperative governance hypothesis is structurally flawed; in the absence of direct access mechanisms (such as the EUI), national governments possess a “kill switch” for urban development. A positive causal mechanism is evident in Rotterdam's use of administrative capacity. By centralising the bureaucratic burden within the municipal management authority, the city creates a “shield” that protects final beneficiaries from EU bureaucracy. This leads to higher participation rates among SMEs and NGOs. Conversely, where such capacity is lower or centralised at the ministerial level (as in the Italian PNRR), the bureaucratic burden has a cascading effect, stifling local innovation.

7.3. Summary of main findings and answers to research questions

The comparative analysis of Florence, Budapest and Rotterdam has revealed that the implementation of CP is not a uniform technical exercise, but a highly politicised process defined by friction between European regulatory frameworks and internal power dynamics. Although the urban dimension has achieved formal rhetorical status within EU policy, this study demonstrates that its practical realisation depends closely on the specific scope of action granted or forcibly denied by the nation-state.

The synthesis of the three case studies identifies three distinct archetypes of urban agency within the EU MLG system:

- Florence (Delegated empowerment): this case exemplifies a model of supervised autonomy. The city exercises significant administrative capacity, managing national programmes such as the PON Metro, but its power remains a concession from the central government rather than an intrinsic right. Institutional innovation in this case is curative, aimed at overcoming bureaucratic fragmentation to ensure the absorption of large financial flows.
- Budapest (Centralised control): this case illustrates the collapse of the cooperative governance hypothesis. The breakdown of political alignment has transformed the MLG system into a mechanism of institutional warfare, in which the central government acts as a hostile gatekeeper. Innovation here is existential and diplomatic, forcing the city to bypass the state through horizontal alliances and direct lobbying in Brussels in order to survive financial strangulation.
- Rotterdam (Structural empowerment): this case represents the collaborative model of the polders supported by financial independence. As the MA, the city operates as an equal to the state. Innovation in this case is disciplinary and ecosystemic, using EU funds not for survival but as a strategic tool to strengthen internal cooperation and shape market dynamics.

This thesis sought to answer the main research question: “How do governance structures in cities influence policy implementation, and what lessons can be learned for post-2027 reforms?”

The results confirm that governance structures serve as a primary filter, determining whether CP functions as an instrument of local empowerment or as a mechanism of state control.

- Political will prevails over administrative capacity: the study challenges the technocratic view that administrative capacity is the main determinant of success. Florence has the capacity but is constrained by its mandate; Budapest has the capacity but is constrained by political hostility; Rotterdam is successful because it combines capacity with the political leverage of financial independence. Therefore, capacity is a necessary but not sufficient condition for urban action; political will is the activating energy.
- The fragility of the partnership principle: the research reveals that the partnership principle is a fragile façade in polarised contexts. As the Hungarian case shows, without binding legal guarantees or direct access mechanisms, national governments have a kill switch for urban development. The use of indicative law and advisory committees is not enough to protect cities from antagonistic MLG.
- The “administrative cage”. In all contexts, a consistent structural challenge has been observed: the misalignment between static administrative boundaries and dynamic functional urban areas. Whether it is the obsolete provincial boundaries of Florence or the artificial separation of Budapest from Pest County, the city's legal framework is consistently too narrow for the economic reality of CP, forcing cities to rely on complex, ad hoc solutions, such as the Dutch ITI, to operate effectively.

These findings offer a stark warning for the post-2027 debate. The research results indicate that a centralised NRPP model poses a severe risk to urban agencies. Without binding requirements for sub-delegation or direct access, the urban dimension risks being erased in politically centralised MS.

7.4. Contributions of the study

By systematically analysing the implementation of CP in three radically different national contexts, the study offers distinct contributions that advance the state of the art in both theoretical understanding and practical policy design. The main theoretical contribution of this research is the critical re-evaluation of the MLG framework in the context of contemporary European polarisation.

Traditional literature on MLG often assumes a benign and cooperative relationship between levels of governance. This study challenges this axiom by documenting the phenomenon of antagonistic multilevel governance. Using the case of Budapest, the research identifies and defines the mechanism of centralised control, demonstrating how national governments can exploit administrative procedures to actively block the Europeanisation of politically opposed urban areas. This contributes to the literature on democratic regression by showing how it manifests itself in practice through spatial planning and funding mechanisms.

The study analyses the concept of reverse financing to describe the fiscal dynamic whereby the state draws on local resources (e.g., through the solidarity contribution in Hungary) to neutralise the potential empowerment arising from EU funds. This provides a new perspective on how national fiscal policies can structurally undermine European cohesion objectives. The comparative analysis contributes to the debate on urban agency by demonstrating that strategic autonomy is determined more by the quality of institutional empowerment than by the sheer volume of financial allocations. The study introduces the concept of 'phantom wealth' (as seen in Budapest) to describe the vulnerability of cities that receive high funding quotas but lack formal authority; in such cases, financial abundance becomes a tool for national leverage rather than local empowerment. Conversely, the case of Rotterdam suggests that 'institutional ownership' (e.g., acting as an MA) is the true driver of urban agency. Even in a context of relative financial scarcity, the certainty of management powers allows cities to exercise greater strategic discipline and political independence. Therefore, the research concludes that while high funding without authority creates dependency, the formalisation of management roles is what effectively safeguards urban autonomy against central interference.

Empirically, the thesis provides a rigorous and comparative mapping of the urban dimension across the entire spectrum of EU membership profiles (net contributor, net beneficiary and

cohesion country). This study has enabled us to go beyond statutory analysis. This research shows that statutory labels (such as IB or MA) are insufficient indicators of agency. By isolating political dynamics as a separate analytical dimension, the study reveals how informal power relations, such as “paternalistic delegation” in Florence or “technocratic domination” in Rotterdam, prevail over formal legal definitions. By comparing the periods 2014-2020 and 2021-2027, the study captures the trajectory of institutional evolution. It distinguishes between structural innovations (such as the Dutch ITI) that require long-term cooperation and reactive adaptations (such as the Florence task forces) that depend on specific funding cycles.

Finally, the thesis offers a direct contribution to the ongoing negotiations on the 2028-2034 MFF. By analysing the effects of centralisation in Hungary, the study provides a “warning scenario” for the Commission's 2025 proposal to centralise funds in NRPPs. The results suggest that, without robust sub-delegation requirements, such a model would institutionalise the exclusion of sub-national actors in politically centralised MS. This study contributes to the field by shifting the debate on the urban dimension from a normative discussion of “what should be” to an empirical analysis of “what actually works” under conditions of stress, conflict and asymmetry.

7.5. Avenues for future research

Although this thesis provides an in-depth comparative analysis of urban governance within CP, the findings open several critical avenues for further exploration. The limitations of the current study design and the rapidly evolving policy landscape suggest several specific directions for future research.

While the research focused exclusively on large cities with significant administrative mass and political weight, most European implementation occurs outside these large centres. Future research should apply the three-level analytical framework developed here to small and medium-sized cities (ESPON, 2024) or rural regions. In this perspective, it is essential to verify whether the identified “governance archetypes” (e.g., delegated power or hostile control) are valid in contexts where administrative capacity is inherently lower and political visibility is reduced. For example, do small municipalities in centralised states face the same hostile control as capital cities, or are they subject to different forms of bureaucratic control? Testing the methodology in these “intermediate” territories would determine the universal applicability of the results. Recognising the limitations of a qualitative comparative method, this study relied on a selected sample of three case studies to allow for in-depth analysis. Consequently, the results, although analytically sound for the selected contexts, cannot be statistically generalised to the entire EU. The analysis remains partial and specific to the institutional traditions of Italy, Hungary and the Netherlands.

As was done for the URDICO project, future research should aim to expand the comparative sample to include a wider diversity of constitutional contexts. In particular, the integration of case studies from federal states (e.g., Germany or Belgium) or other cohesion countries (e.g., Poland or Romania) would be essential to validate the identified causal mechanisms.

While the main focus of this thesis was institutional architecture, i.e., the rules, relationships, and financial flows that define capacity for action, the study does not assess the physical or social impacts of the financed interventions. The next necessary step is to transition from governance to project implementation. Future research should investigate the correlation between models of “good governance” and the “quality of projects” in practice. For example, does the “structural empowerment” observed in Rotterdam translate into more sustainable or socially inclusive urban regeneration than the “delegated empowerment” in Florence? The evaluation of concrete results, in terms of the built environment, social indicators and citizen

satisfaction, would provide the missing link between administrative efficiency and policy effectiveness.

Finally, as highlighted in the analysis, the introduction of the RRF mechanism has acted as a systemic disruptor. As this temporary instrument will end in 2026, a key aspect of future research will be to assess its enduring institutional legacy. Researchers should monitor whether the RRF's centralised, results-based delivery models will be dismantled or whether they will permanently “contaminate” CP governance, leading to a long-term renationalisation of development aid. Understanding this trajectory will be key to assessing the MLG model's survival in the post-2027 era.

7.6. Concluding remarks

This thesis sought to shed light on the complex architecture that links cities to European institutions. Through case study analysis, it became clear that the success of CP ultimately depends on governance systems' ability to adapt and enhance local specificities. The research shows that the empowerment of cities is not a linear process guaranteed by Brussels, but the outcome of complex negotiations between levels of government. Although the EU has made significant strides in recognising the role of cities, the persistence of national bottlenecks and vertical political conflicts highlights the extent of work that remains to achieve a true MLG system.

The future of cohesion post-2027 will require further improvements: not only the allocation of resources but also the creation of a legal framework that protects the autonomy of cities in greatest difficulty, even in antagonistic national contexts. In an era of overlapping crises, cities remain the place where European policies become tangible for citizens. Cities are not only beneficiaries of funding but also political laboratories in which the challenge of European cohesion is played out. Providing them with the tools to act is not only a technical choice, but a democratic necessity for the continuity of the European project.

8. Annex: interview protocols

Interview protocol 1: Budapest case study

The institutional and governance framework

1. Could you describe the actual working relationship between the Municipality and Managing Authorities?
2. When the city is trying to advance a project, what does the process of negotiation and approval feel like in practice?
3. Is it still possible to establish a collaborative dialogue, or is it just a matter of receiving directives from above that must be followed?
4. In your perspective, how has this progressive tightening of central control over the last decade impacted the ability of the city to plan and implement long-term strategic projects? And, are there any big changes that have increasingly centralised the cohesion policy implementation framework?

Follow up questions:

5. My research highlighted the 2018 NUTS2 split of Central Hungary into 'Budapest' and 'Pest County,' with no new formal coordination body. How has this institutional gap practically affected the Municipality's ability to plan for metropolitan-wide issues like transport, housing, or urban sprawl?
6. Who are the key actors in this process? How much influence do non-governmental actors, like NGOs, universities, or the private sector, really have on the final agenda?

Allocation, management and implementation

1. My analysis of the Hungarian Partnership Agreement suggests the national government has rejected using ITIs for Cohesion Policy. Why do you believe the government chose not to use this tool, which is also designed to empower cities?
2. And, without tools, such as ITIs, what is the primary mechanism for Budapest to fund complex, integrated projects?
3. In this implementation framework, what are the biggest (procedural or bureaucratic) challenges the city faces when trying to implement a project? Is it delays, complex eligibility rules, or political bottlenecks at the national level?"

Empowerment or constraint?

To what extent Cohesion Policy is a tool for empowerment or a source of constraint:

1. From your political and practical experience, do you see Cohesion Policy as a tool that empowers the Municipality of Budapest, or does it act as a constraint because it is filtered through a national government with different political and territorial goals?
2. My thesis research indicates a national strategy to reduce Budapest's dominance by strengthening 'counter-poles'. What do you think about this? Is it a way to effectively achieve greater balance in territorial development, or a means of excluding the city?
3. Do you feel this national policy actively excludes or deprioritizes Budapest from Cohesion funding?
4. Has this dynamic, the conflict between the municipality and the national government, changed the way the European Commission interacts with Budapest? Do you have more direct, informal contact with the Commission now than in the past?

Institutional innovations and future

Long-term impacts and the future (post-27):

1. Given this overall framework, has the Municipality of Budapest had to create its own, let's call them 'institutional innovations'? For example, have you established new offices or partnerships specifically to bypass the national level and seek other EU funds, like direct funds (I know for example, the EUI, and others)?
2. As we are approaching the next programming period, regarding the post-2027 Cohesion Policy debate, what is the most important change the EU could make to its regulations to ensure that cities like Budapest can design and implement their own strategies, even when in political conflict with their national government?

Conclusion

Is there anything important about Budapest's relationship with Cohesion Policy that I haven't asked about?

Interview protocol: Rotterdam case study

Local institutional framework

To better understand the Managing authority role

1. How does this work legally and practically? How is this unit structured within the municipality? Is the MA unit a separate 'neutral' entity housed within the Rotterdam municipality, or is it fully integrated into your city administration?
2. Why did the Netherlands choose to give this power to a city rather than a province or the national ministry directly?
3. Does managing the entire program require a significantly larger administrative workforce compared to other Dutch cities?
4. As the MA, you are responsible for auditing and managing funds for your 'competitors' (Amsterdam, The Hague). How do you manage the tension between being a beneficiary (fighting for Rotterdam's projects) and the neutral manager (ensuring compliance for everyone)?/ Since you are managing funds for the wider region, how do you balance Rotterdam's specific local interests with your duty to remain neutral as the Managing Authority for the whole region?
5. How does the coordination with the other G4 cities work in practice? Do you compete for resources, or is there a pre-agreed allocation key?

Governance models & the G4 dynamic

The "Rich Region" paradox: EU Cohesion Policy is traditionally designed to help lagging regions (convergence). Dutch policy, however, focuses on strengthening 'winners' (competitiveness).

1. Do you feel this ideological tension? Is it difficult to justify using 'cohesion' money in a wealthy region like the Randstad, or do you argue that Rotterdam has pockets of deprivation? Do you feel this tension in your daily management?
2. How do you justify EU funding for a wealthy region like Rotterdam?

Allocation, management and implementation

In detail, I would like to better understand the use of ITIs, as it is peculiar to this case study. Both Italy and Hungary have decided not to use ITIs. Instead in the Netherlands you use it quite extensively.

1. How does this instrument work for you? Does this tool actually simplify implementation for you, or does it add an extra layer of complexity compared to standard funding streams? Does it allow for a true combination of funds, as it is supposed to be the requirement of ITIs, so achieving a true integrated approach?
2. Regarding the selection of projects, is this a top-down process driven by the City's strategic plan, or a bottom-up process where NGOs, universities, and the private sector submit proposals?
3. What is the biggest administrative bottleneck you face? Is it EU requirements, or Dutch national regulations overlaying the EU rules?
4. What is your relationship with direct funds? Budapest is trying to bypass their government by applying for direct EU funds (EUI, Horizon). Does Rotterdam feel the need to do this, or is your Cohesion allocation sufficient?

Empowerment vs. constraint

If you compare your position to a city like Florence (which is an Intermediate Body) or Budapest (which is excluded in negotiations)

1. Does being the Managing Authority give you political leverage when negotiating with the Dutch National Government? Or is it purely an administrative burden?
2. Does it make you more independent?
3. And apart from the national government, what is your relationship with the European institutions?
4. If EU Cohesion Policy disappeared tomorrow, would Rotterdam continue these specific projects (e.g., energy transition in the Port) with local funds? Or is the EU money the only reason these specific innovations happen?
5. Do you ever feel that the strict eligibility rules of the EU force you to implement projects that aren't actually the city's highest priority?

Institutional innovations and future (post-2027)

1. As Rotterdam is MA, has it led to permanent innovations in the city? Do you think that the permanent innovations, if there are any, will continue to exist in how Rotterdam works, even if the status of MA will cease to exist?

The post-2027 debate warns of a "Sectoral Approach" and "National Partnership Plans" which cities oppose. This might centralize decision-making.

2. What is Rotterdam's position on this? Would losing your Managing Authority status destroy the 'urban dimension' of the policy in the Netherlands?
3. Do you think the government will try to keep this urban dimension alive somehow?
4. Would losing the Managing Authority status harm Rotterdam's development strategy?
5. From your point of view, what is the greatest risk for cities in the coming period: budget cuts or a 'renationalization' of politics? And, conversely, what is the greatest opportunity: is it simplification, or a push towards even greater direct management for cities?

Conclusion

Is there anything important about Rotterdam's relationship with Cohesion Policy that I haven't asked about?

Interview protocol: Eurocities (translation from Italian)

The Urban Dimension in Cohesion Policy

1. The 2021-2027 period increased the 8% requirement for SUD to "anchor" the urban dimension. From your research, has this requirement translated into a real increase in decision-making autonomy and planning capacity for cities? Or do you see a widespread risk of "labelling," where funds are simply allocated to urban projects without truly empowering the city in the strategy?
2. And, related to this: what is the most common institutional model you are seeing emerging for managing resources? And if you have conducted evaluations of the institutional models used to understand what worked and what didn't, which were the most effective?
3. Focusing on the relationships between urban authorities and national or regional Managing Authorities: beyond the known political conflicts, what are the most recurring patterns of administrative or procedural tension that emerge?
4. And conversely, could you describe an example of a successful synergy you've observed? And what specific institutional mechanism (e.g., a formal cooperation agreement, a technical committee with deliberative powers) was crucial to making it work?

Governance models and the partnership principle

1. My thesis compares very different national models, analysing the varying degrees of decentralisation. From your general perspective, to what extent does the national framework predetermine the governance model? But my question is perhaps more: to what extent does policy performance change across models? That is, do you have evidence that a city-led model leads to more effective long-term outcomes, or the opposite?
2. Furthermore, are you seeing examples of truly bottom-up, city-led governance emerging, even in traditionally top-down or centralized Member States?
3. Do we have evidence that a 'city-led' model (where the city decides, like Rotterdam) produces better results (more innovation, less waste, more lasting impact) than a 'top-down' model (where the central government decides for the city, like Budapest)? Or is it the other way around? Or does nothing change?

4. Even in a highly centralized country, are there cities that have managed, perhaps in a single project or program, to create a true bottom-up decision-making process? Or does the national structure stifle everything?
5. The partnership principle is a cornerstone of Cohesion Policy. In practice, how effective is it for non-state actors? Are local partners (such as NGOs, universities, or the private sector) truly co-designing urban strategies, or are they mostly 'consulted' just to tick a box?

Common implementation challenges and strategic capacity

1. Looking at your network, what are the top procedural challenges or administrative burdens that you consistently hear cities mention when trying to implement Cohesion Policy funds?
2. My research has so far highlighted "administrative capacity" as a critical factor. The most structured cities have the capacity to intercept and manage the complexity of EU funds. Isn't there a risk that a policy designed for convergence will paradoxically end up rewarding only those cities that are already capable and innovative, thus widening the capacity gap between European urban areas?
3. Is current technical assistance sufficient, or are more radical and permanent capacity-building mechanisms needed for, let's say, the most 'struggling' administrations?

Cohesion Policy as an "empowerment" tool

1. This is a central question for my thesis. Overall, do cities perceive Cohesion Policy as an empowerment tool, providing new skills and political leverage, or more as a constraint, where national priorities and complex rules ultimately hamper their action?
2. When cities build administrative capacity for these funds, is it something that lasts over time? Are they building permanent expertise that spills over into general management practices, or is it often a temporary task force that dissolves at the end of the programming period?
3. My thesis oscillates between "empowerment" and "constraint". I would like to ask you if this dichotomy hasn't been overcome. Is it possible that cohesion funds are both? That is, a "strategic pact" in which cities accept procedural constraints and

national/European priorities in exchange for financial and political empowerment to implement agendas (e.g., the Green Deal) that they otherwise couldn't even initiate?

4. What happens when a Member State, as in the case of Budapest, "breaks" the pact and uses cohesion policy to actively defund or exclude its own capital? How widespread is this "punitive" use of funds, and what tools do they have?

Institutional learning and transversal innovation

1. My thesis focuses on "institutional innovations". From what you've observed, are the innovations stimulated by Cohesion Policy primarily technical, such as new IT systems or procedures, or are you also seeing deeper structural innovations, such as new permanent interdepartmental units to manage integrated development?
2. Does managing these complex integrated EU projects generally improve collaboration within city administrations? And also with regard to external relations, does it build trust with national/regional stakeholders, or does competition for funds sometimes make these relationships more difficult?
3. In terms of innovation, how much does the excessive emphasis on project planning weigh? Doesn't the need to work towards 'projects' (deadlines, reporting, etc.) risk hindering structural innovation, which would instead require stable investments in personnel and processes, outside the logic of individual calls for proposals?

The post-2027 policy debate

1. Looking ahead to the post-2027 debate, what is Eurocities' number one policy priority for strengthening the urban dimension?
2. From your perspective, what is the greatest risk for cities in the coming period: budget cuts or a 'renationalization' of policy?
3. And, conversely, what is the greatest opportunity: simplification, or a push toward even greater direct management for cities?
4. My analysis of the post-2027 context highlights a fundamental tension: Cohesion Policy is increasingly being used as a crisis response fund (COVID-19, energy) rather than as a long-term structural investment instrument. From the perspective of cities, is greater flexibility a positive thing, or is there a risk that this 'permanent crisis' will deprive cities of resources for long-term strategies?

5. In this debate, what would be the impact of a possible 'renationalisation' of policy, even if only partial? If the Commission lost its supervisory role, would cities considered "opposition" like Budapest be excluded altogether? Or, conversely, would this allow "aligned" cities like Rotterdam to have even stronger and more flexible national partnerships?

Conclusion

Is there a key theme I haven't touched on, or a particularly innovative best practice from a city, that you think perfectly illustrates the challenges and opportunities for cities in Cohesion Policy today?

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