



September 2021

# Local Democratic Resilience in East-Central Europe

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**ReThink.CEE Fellowship**

## Summary

Cities mean more in terms of economic activity, population, budgetary resources, and international standing than they once did. Despite persistent east-west divides in terms of development in the EU, cities from East-Central Europe (ECE) have showed remarkable economic growth potential. Hubs of innovation and high-value-added activities, they also created economic multiplication effects in their regions, and as such became primary vectors of convergence in Europe. More than half of the national GDP in these countries comes from the capital city or other metropolitan areas. Still, many cities in ECE are bound to an overdependent status through an array of economic policies—related to public budgets, foreign investments, state aid, financing, or European funding—designed to keep discretionary control over resources in the hands of the national government. These do not only stifle growth but allow incumbent national leaders to sanction opposition in local governments and constrain political competition.

Cities are one of the most powerful vectors of democratic values in East-Central Europe. As environments of progressive, cosmopolitan concentration of ideas and values, cities increasingly are where there is electoral success for opposition parties that stand up to autocratic national regimes. The increasing level of political dealignment between local and national leaders has become visible in recent years, especially in countries with illiberal tendencies such as Hungary or Poland. Last year, eight of 11 mayors of capital cities in ECE were not aligned with the national ruling party or coalition, and six were political outsiders, coming from new political parties and civil society organizations.

This paper focuses on democratic resilience in cities in three ECE countries: Poland, Hungary, and Romania. The level of urbanization, the quality of democracy, the level of capital influx, and of the

degree fiscal decentralization differ among them. At the same time, in all three countries cities are highly important for the national economy, and there is a significant positive correlation between the level of economic development and civic engagement in all leading cities.

Cities everywhere have been at the forefront of the coronavirus pandemics in terms of capabilities and vulnerabilities. While East-Central Europe provides numerous benchmark examples of how local governments, civil society, and private companies have worked together to tackle the crisis, it also shows how national governments have taken advantage of the situation by re-centralizing administrative functions and resources. It is therefore more important than ever before that ECE cities have proper institutional and economic instruments (for example, sustainable local budgets, deliberative and regulatory powers, or municipal functions in providing public services) as an integral part of rule of law and democratic accountability.

Strengthening democratic resilience in ECE cities starts with a proper diagnostic of local capabilities and vulnerabilities. Better, more comprehensive datasets at local level should be developed by national authorities and international organizations. Local governments' capacity is linked to resources and boosting their budgetary fiscal sustainability can help address some of the constraints ECE local governments face and strengthen democratic accountability. Connecting ECE cities within larger international cities' networks can also contribute to the exchange of good practices and strengthening local capacities. Finally, local communities should engage more with their local governments, and leading CSOs should develop peer-networking, capacity-building programs, and collaborative projects with other local organizations in different ECE cities.

## From Europe of Regions to Europe of Cities?

Cities in East-Central Europe (ECE) mean more in terms of economic activity, population, budgetary resources, and international standing than they once did (see Table 1).<sup>1</sup> Cities are best hope for the countries of to continue catching up to Western Europe. They are therefore a key factor of cohesion in the EU. But many cities in the region have also been trapped in a vicious circle of political and economic dependency on national governments, reinforcing clientelism and politicization. However, there is an ongoing positive transformation in the region as further economic development and autonomy at the local level can strengthen democratic resilience and citizens' engagement in a virtuous cycle. While the link between economic development and democracy has long been discussed at the national level, much less attention has been paid to how the relationship holds at the subnational level.

The impact of the coronavirus pandemic on democracy has been mixed in East-Central Europe just as elsewhere. While it has accentuated community-led solutions and the importance of responses tailored to local realities, national governments have assumed enhanced powers and used the opportunity to ignore democratic safeguards. Despite those setbacks, local political actors are likely to continue to forge ahead in the process of building democratic resilience in the region. They are increasingly eager to challenge incumbent national governments and their electoral wins in leading cities give them political capital and a platform to do so. With growing urbanization, a new political class is likely to expand its electoral base in the coming years and counter authoritarian tendencies that have sprouted across the region over the past decade. Their stance is strengthened by local economic development and the growing involvement of civil society.

The recognition of local democracy by the Council of Europe member states led in 1985 to the adoption of the European Charter of Local Self-Government.

This text affirms the role of communities as the first level for the exercise of democracy. It has become the benchmark international treaty in this area.

As early as 1985, the Council of Europe member states adopted a European Charter of Local Self-Government in recognition of the role of cities and regions as vanguards of democracy. Gradually, institutional and fiscal decentralization reforms across the EU have laid a greater role for cities in delivering public services and managing communities, enacting reforms in such diverse policy areas as energy, mobility, health care, or education. Nowadays, at the EU level, the balance of power between cities and national governments seem to become a dividing line among political families, with some openly lending their support to greater powers at local level, as portrayed by a recent declaration in support of a decentralized Europe,<sup>2</sup> while others still favoring intergovernmentalism and multispeed integration, thus leaving more leeway to national governments in domestic affairs.

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The reason why some ECE countries in might be reticent to support the concentration of administrative power at local level is linked to electoral agendas. In larger ones such as Poland, Hungary or Romania, urban-rural divides become apparent in voting preferences. Maintaining cities' budgetary and political dependency on central governments is, however, damaging to the social contract between local constituencies and their elected officials, as well as to the efficiency of public administration, as public resources could be better allocated when evaluated against local needs and not political alignment.

This paper focuses on democratic resilience in cities in three ECE countries: Poland, Romania, and Hungary. The level of urbanization, the quality of democracy, the level of capital influx, and of the degree fiscal decentralization differ among them. At

1 Because of large variations between countries on what is referred to as a city, town, or municipality, in this paper, the term "city" is employed in reference to urban localities in general.

2 Renew Europe Group, [Europe Day Declaration](#), European Committee of the Regions, 2020.

**Table 1. ECE Cities' Relevance in the National Context**

	Urban Population (% of total)	Cities Economic Importance (% of GDP)	EU Funding (% of Public Investment)	EU Funding (total, €, million)	FDI (net inflows, €, million)	Liberal Democracy Score (min=0, max=1)	Pandemic Violations of Democratic Standards
Hungary	72	62	55.46	25,013	32.1	0.402	Some Violations
Poland	60	61	61.17	86,113	15.9	0.5	Some Violations
Romania	54	56	44.86	30,883	6.9	0.488	Minor Violations
Bulgaria	75	64	48.54	9,868	1.5	0.434	Some Violations
Croatia	57	50	79.61	10,731	1.1	0.543	Some Violations
Czechia	75	62	42.52	23,865	9.3	0.697	Minor Violations
Estonia	69	64	44.84	4,423	2.9	No Data	No Data
Latvia	68	69	59.91	5,633	1.1	No Data	No Data
Lithuania	68	61	74.36	8,436	1.3	0.732	Minor Violations
Slovakia	54	40	54.59	15,137	2.3	0.717	Some Violations
Slovenia	55	49	29.40	3,928	1.7	0.714	Some Violations

Source: World Bank (2019)

Source: Eurostat (2018)

Source: Eurostat (2018)

Source: ESIF 2014-2020

Source: World Bank (2019)

Source: Vdem (2020)

Source: Vdem (2020)

the same time, in all three countries cities are highly important for the national economy, and there is a significant positive correlation between the level of economic development and civic engagement in all leading cities.

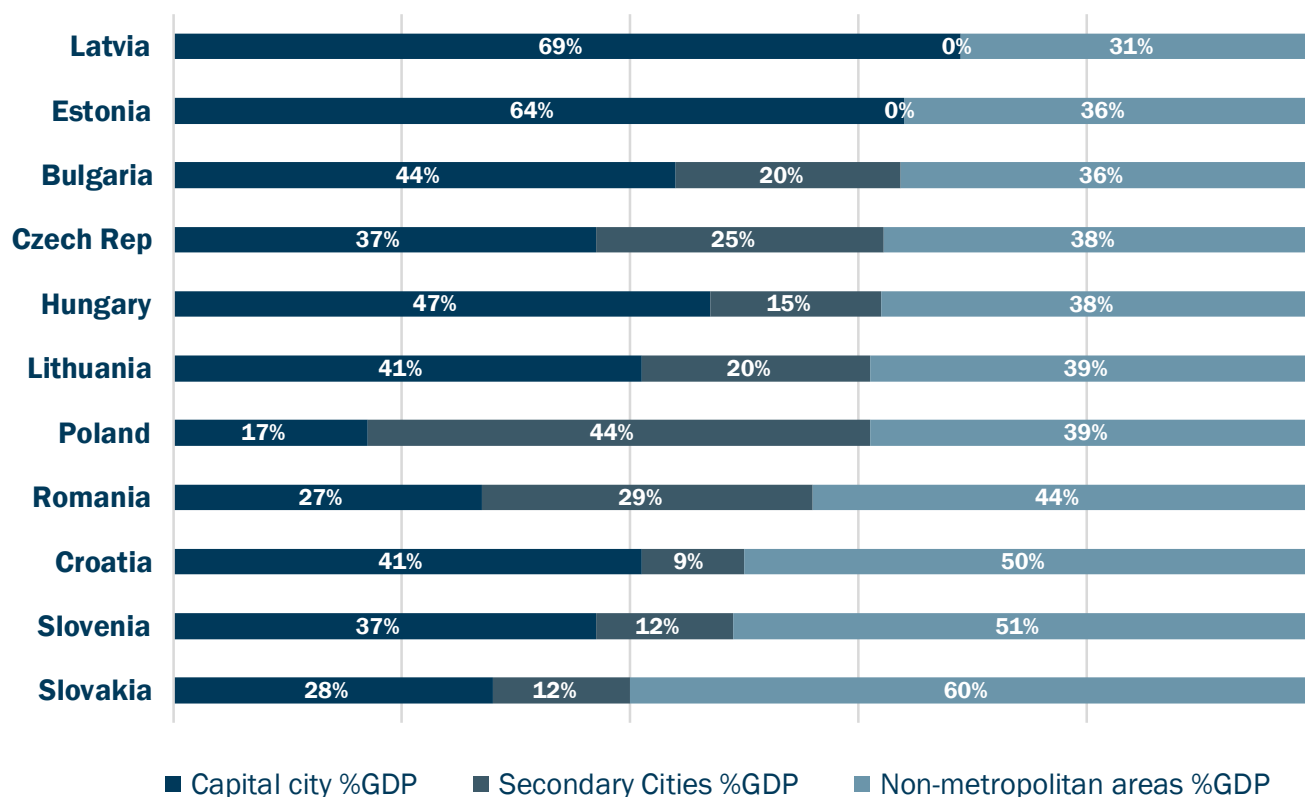
The increasing level of political dealignment between local and national leaders has become visible in the region recent years, especially where national politics takes an illiberal turn. Today, seven of 11 mayors of ECE capital cities are not aligned with the national ruling party or coalition, and all are political outsiders, coming from new political parties and civil society organizations (CSOs). Political outsiders have the support of large parts of civil society, which is more frequently transitioning from protest to political action across the region.<sup>3</sup> Local elections also reflect an ever-growing divide between rural and urban voting preferences. The progressive opposition won all urban

areas in Poland's parliamentary elections last year. In 2019, Hungary's ruling Fidesz party lost half of its major mayoral seats, most notably in Budapest, after facing a united opposition. In the same year, the newly formed political alliance USR-Plus won a majority of votes in half of the leading cities in Romania in the European Parliament elections in Romania. As external pressure from the EU institutions sometimes for strengthening democratic resilience, seems weak, internal pressure provide an alternative route.

### Economic Development and Local Governments' Resources

The success story of East-Central Europe's convergence with Western Europe is illustrated by high GDP growth—a cause of pride (and votes) for successive governments across the region. However, there are still persistent subnational disparities: between a third and half of the regions of Bulgaria, Hungary, Poland, and Romania have incomes of less than half the EU average. While EU funding has contributed to local development, it has also placed a heavy burden on local

3 Clara Volintiru and Cristina Buzaşu, "Shaping Civic Attitudes: Protests and Politics in Romania," *Romanian Journal of Political Science*, 20(1), 2000.

**Figure 1. Contribution of ECE Cities to GDP (2017)**

Source: Eurostat

administrations that often lack technical capacity and capital for co-financing requirements. The new 2021-2027 Multi-annual Financial Framework provides the widest ever opportunities for funding and loans for cities, enabling them to tackle the complex issues they face in their communities. To address the technical capacity issues, cities also have dedicated funds for reforms within the Recovery and Resilience facility. These new opportunities will obviously support larger cities, with a proven track record in urban development, but it is still to be seen to what extent smaller cities with poorer track record in accessing EU funds will be able to take advantage of these opportunities or whether they will continue to remain dependent on central budgetary transfers.

There is much criticism in the EU and the United States of persistent geographical inequalities, as wealth

has tended to concentrate in certain metropolitan areas, whose highly trained human capital and connectivity was fit for the new knowledge-based economy. This left shrinking cities in industrial regions in the claws of poverty and populism. The relative economic deprivation in East-Central Europe can be linked to anti-liberal political options. The Czech Republic's poorest regions, Karlovarsky and Ustecky, home to the disappearing coal industry, are strongholds for the ANO populist party, while poverty-stricken rural areas in Poland all voted for the right-wing Law and Justice Party (PiS) in the last presidential election.<sup>4</sup> There is a large difference in terms of jobs and digital

<sup>4</sup> Ramona Coman and Clara Volintiru, "Democratic backsliding and institutional change. The power of anti-liberal ideas," *European Politics and Society*, upcoming, 2021



connectivity between the Central Hungary region around Budapest and the less developed regions of Northern Hungary and the Northern Great Plain.<sup>5</sup> In Romania, the starkest differences follow a similar west-east pattern, with the Western regions moving into the developed regions category, while the Eastern regions remaining relatively impoverished and disconnected in terms of physical infrastructure. In these countries, there is a link between economic decline and political representation similar to those in the U.S. Midwest or northern England.<sup>6</sup>

Cities create economic multiplication effects in their region, and as such are the primary vectors of economic development for ECE countries. For example, in Romania, smaller cities and villages that are connected to a larger urban center have much higher general welfare than those that are disconnected from one. Across the EU, every region with a good economic performance is reliant on a dynamic municipality. The regional impact is reliant on the structure of the urban economy, however. Industrial cities have a larger effect in their surrounding region as they create employment for commuters, while cities that are hubs of innovation and high-value-added activities (for example, information technology and communications, banking, or academia) produce a smaller economic impact as their workforce consists generally of migrants from further away. Post-industrial cities in Poland or Romania that cannot produce tradable goods and services are particular economic losers, for which fiscal contraction has lock-in effects on poverty. It is therefore important to create tailored strategies of synchronizing the economic development of cities and their surrounding region. As the coronavirus pandemic amplified challenges of living in dense urban areas, secondary cities will become even more attractive, conditional upon the development of physical and digital infrastructure and connectivity.

More than half of the national GDP in ECE countries comes from the capital city or other metropolitan areas. Following EU accession, capital cities in the region recorded outstanding economic growth, far above the EU average, and led growth in their respective countries. Since the financial crisis, however, secondary cities have often surpassed the growth rates of the capital cities, making for more balanced national economies. This has also meant more economic activity at the local level and higher power in the hands of local governments.

### EU Funding and FDI

EU funding played a key role in the modernization and development of cities in East-Central Europe, accounting for over half of public investment in the region in the past decade, according to Eurostat data. With the new Recovery and Resilience Facility and the new Multiannual Financial Framework for 2021–2027, more money from the EU is on the table than ever before. And, in the context of the European Green Deal, more public investment than ever is required. But ECE mayors and other local politicians complain to Brussels that national governments do not account for cities' needs. Governments hold merely formal consultations involving the public, while their full plans are not disclosed. And it is not only the mayor of Budapest Gergely Karacsony or other Visegrád capitals mayors that ask for direct access to EU funds with their Pact for Free Cities. Eurocities—a network of over 200 of Europe's major cities, also asks EU institutions to engage cities too when shaping country-level recovery plans and open up parts of the Recovery and Resilience Fund directly to local governments.<sup>7</sup>

In an additional challenge for Prague in the Czech Republic, Bucharest in Romania, or Bratislava in Slovakia, there is a clear incentive to move in the coming years toward implementing regional projects with neighboring smaller localities, as their developed status will diminish their access to some EU funding

5 Organization for Economic Cooperation and Development, [Regions and Cities in Hungary](#), March 5, 2019.

6 Oxford Consultants for Social Inclusion, [Left behind? Understanding communities on the edge](#), 2019.

7 Eurocities, [Mayors to EU: Our recovery must start local](#), October 29, 2020.

instruments. This makes sense not only from the financial perspective, but also from that of regional development as growing urbanization is bound to expand beyond the current administrative borders of the capital cities.

Foreign Direct Investment (FDI) has been the other large contributor to the economic development of the ECE region, not only through direct capital contribution and job creation, but also through the integration of ECE companies in larger regional supply chains, increasing the value-added of domestic production and creating positive spillover effects. FDI flows have been also concentrated around capital cities, given the relatively poor overall connectivity of many of the larger ECE countries. However, notable local hubs of FDI emerge in certain secondary cities, such as Cluj or Alba Iulia in Romania, Debrecen in Hungary or Krakow and Gdansk in Poland. Krakow, for example, had a proactive strategy in attracting higher-value-added investments in the information technology and communications sector and it is the only region in Poland labelled to have potential in knowledge economy, and only one of three in the region alongside the much larger capital cities of Bucharest and Budapest.<sup>8</sup>

Given the predominantly national-level engagement with private foreign investors, there is a risk of fencing out certain local governments from opportunities. For example, Hungary's government recently placed the Samsung plant from the city of Göd in a special economic zone under its control, thus depriving the local government of approximately a third of its revenues from local taxes. In contrast, mayors affiliated with the national government see significant inflows of capital from EU funding and FDI.

While national governments can only do so much to facilitate local FDI, they do play a big role in the allocation of EU funding, which in turn helps in attracting FDI. EU funding provides substantial grants for incoming companies, as well as for developing

enabling infrastructure and human capital, which has attracted large automotive manufacturing investments in cities like Debrecen (Hungary) and Pitesti (Romania). Trilateral developmental alliances between local governments, universities, and private sector are also important elements that can benefit from EU funds support, as is the case of Gyor (Hungary) or Cluj (Romania). State aid can also be a powerful tool in the hands of the national government to determine the extent of FDI in certain localities, thus affecting their ensuing employment and tax revenues.

There are also harmful patterns of cooperation between the political and economic sectors in the region. The prevalence of informal linkages between incumbent politicians and various business interests—domestic or foreign—leads to state capture, clientelism and discriminatory regulations.<sup>9</sup> In the case of Hungary or Poland, for example, there are well-documented ties between domestic economic elites and national leaders.<sup>10</sup> However, it is also true that frequently the public discourse on economic nationalism in Hungary, Poland, or even Romania, have not been followed by equally clear policies against foreign capital.<sup>11</sup> Those that have been hurt by certain national economic regulations—such as foreign firms in banking, telecommunications, energy, and retail in Hungary, or banking and energy in Romania—have been more or less openly supporting the opposition.

### Centralization and Local Fiscal Capacity

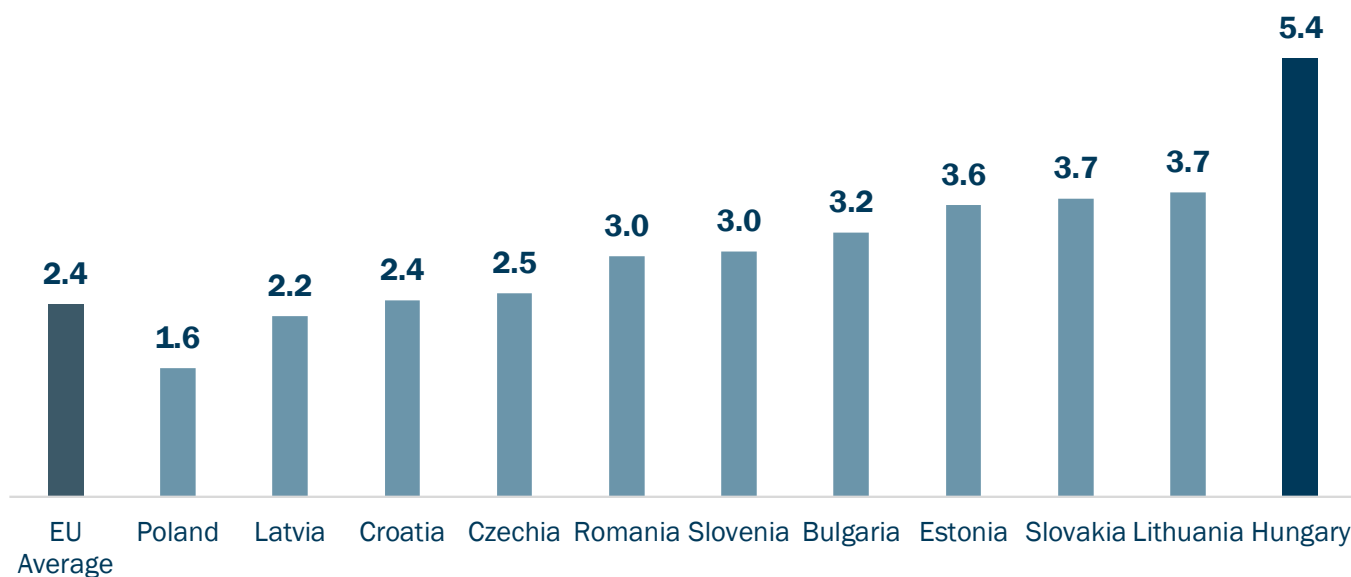
East-Central Europe has significant variation in the level of fiscal decentralization. Expenditure ratios show how powerful cities are in economic and fiscal terms. Decentralization in various forms took place across the region over the past decade. Greater respon-

8 European Grouping on Technical Cooperation, [Technological Transformation & Transitioning of Regional Economies](#), July 13, 2020.

9 Sergiu Gherghina and Clara Volintiru, "[A new model of clientelism: political parties, public resources, and private contributors](#)," *European Political Science Review*, 9(1), 2017.

10 Edit Zgut, [Tilting the Playing Field in Hungary and Poland through Informal Power](#), German Marshall Fund of the United States, April 28, 2021.

11 Ramona Coman and Clara Volintiru, "Democratic backsliding and institutional change."

**Figure 2. Ratio of Central to Local Government Expenditures, 2018**

Source: Eurostat

sibilities meant bigger budgets, and local governments managed more and more resources. Some countries like Poland ended up leaving a substantial share of public spending in the hands of local governments. In contrast, other countries like Hungary maintained centralized control over public budgets as a means to control local political actors. Local governments in Hungary carry out only 27 percent of public investments, which is less than half the OECD average.<sup>12</sup> Hungary is by far the most centralized country in the region with the central government spending in localities more than five times more than what local governments can. In contrast, Poland's central government is almost on par with local governments in terms of budgetary expenditures. The size of local budgets is probably one of the main vectors of power, and the fiscal centralization in Hungary is illustrative of the relative balance of power between the national and local governments.

Even where there are clear rules for distribution of fiscal revenues between national and local authorities, politics can still play a part. In Romania, for example, the National Program for Local Development and other discretionary governmental programs have been important instruments for different governments to control the incumbent party elites in local government. In Hungary, the Modern Cities Program<sup>13</sup> played a similar role of discretionary financial support from national budget and EU funding for cities loyal to the incumbent government. EU grants have been steered either to the strongholds of the incumbent party (under the socialist government) or to regions where the incumbent party was less popular (during the Fidesz government).<sup>14</sup> Local governments in Hungary and Poland are also starved of their own

12 Organization for Economic Cooperation and Development, [Regions and Cities in Hungary](#).

13 About Hungary, [Modern Cities scheme provided Hungarian cities with more than 150 billion HUF in 2018](#), January 2, 2019.

14 Gergő Medve-Bálint, "Funds for the wealthy and the politically loyal? How EU funds may contribute to increasing regional disparities in East Central Europe," in John Bachtler et al (eds.), *EU Cohesion Policy*, Routledge, 2016.



budgetary resources by the national government<sup>15</sup>—by decreasing local taxes in Poland and Hungary, or by taking over control of large foreign investment projects in Hungary.

The social contract between the state and citizens is most easily enforceable at local level, as there is a higher visibility of public actions and therefore better accountability. At the local level people can see exactly what their taxes pay for and they can sanction electorally the elected officials if they are not satisfied.

There is a fine balance to be struck between local attributions and fiscal resources. Decentralization reforms in the 1990s brought many responsibilities to large cities in Poland: pre-school and primary education, hospitals and primary care centers, social assistance and caring functions, employment offices, common transport, housing, land planning, or policing. In terms of fiscal revenues, the largest contribution comes from local property tax, over which local government have power to decide and redistribute shares from income taxes. Similar attributions can be found in the case of local governments in Romania, but with a smaller share of fiscal revenues from income taxes.

***In a context of increased centralization of control over public resources, mayors are more likely to engage in clientelistic relationships with national politicians.***

Polish and Romanian cities have a strong incentive to encourage local economic development—especially in real estate—as this would drive up their revenues. Furthermore, they have relatively large borrowing autonomy, which can potentially drive economic multiplication effects at the local level and ensure co-financing of EU-funded project. Romanian cities benefit from large support from the central budget for

co-funding requirements to secure EU funds, while Polish cities struggle more with the debt they take on for this purpose.

Hungarian municipalities have much weaker fiscal capacity—that is, how much cities can collect at local level—with smaller shares of fiscal collection from local activities. They cannot apply for credit without the prior approval of the central government or take out a loan necessary, for example, for the financing of projects supported by the EU or other international organizations. Budapest and cities with county status may borrow HUF 100 million for development purposes. One of the most important sources of revenues is the local business tax that is proportional to the turnover of companies and is an incentive to support and develop the local business environment. In the context of the coronavirus pandemic, the central government took over a large portion of the local corporate tax revenues<sup>16</sup> and halved the local business tax last November. It then subsidized politically loyal municipalities. This brought about criticism not only in opposition cities that claimed cities were practically dismantled in Hungary, but also from Fidesz mayors who saw their attribution and resources further narrowed.

In a context of increased centralization of control over public resources, mayors are more likely to engage in clientelistic relationships with national politicians, offering loyalty in exchange for budgetary transfers. In Hungary, for example, cities that have Fidesz mayors—like Győr, Kaposvár, Szolnok, or Veszprém—had larger budgetary expenditures weighted per population than opposition-led Budapest last year. There is a clearly positive correlation between the party affiliation of local mayors and the level of financial support from the central government<sup>17</sup>. However, very high central

15 Edit Zgut, “Authoritarian Regime Durability: The Bread and Butter of Hungarian and Polish Backsliding during COVID-19,” Visegrad Insight, May 7, 2020.

16 G. Dobos, “Dekonzentrált válságkezelés?—A kormány és az önkormányzatok viszonya a járványhelyzetben”, in András Körösenyi, Andrea Szabó, and Balázs Böcskei (eds.), “Vírusba oltott politika,” [Világjárvány és politikatudomány](#). Társadalomtudományi Kutatóközpont Politikatudományi Intézet, 2020.

17 Sergiu Gherghina and Clara Volintiru, Budgetary Clientelism and Local Governments: Divergent Paths in Hungary and Romania, manuscript under review, 2021.

transfers also go to the Jobbik-controlled city Dunaujvaros or the city of Erd that controlled by the socialist MSZP party—the result of a tacit agreement with the central government. These are still clientelistic allocations, but instead of rewarding loyal party members, such transfers are aimed at countering strong opposition at local level.

Budgetary clientelism is less pronounced in Romania where there is a different level of fiscal decentralization and a more transparent structure of budgetary transfers. Almost all municipalities in Romania have local revenues larger than central government transfers. Under the previous Social Democratic government opposition mayors received most money as it was the strength of the majority in local councils that had the highest influence on budgetary allocations.

***Cities everywhere have been at the forefront of coping with the coronavirus pandemic.***

Cities everywhere have been at the forefront of coping with the coronavirus pandemic. In 2018, regions close to metropolitan areas had almost twice as many hospital beds per 1,000 inhabitants than remote regions.<sup>18</sup> However, 90 percent of all coronavirus cases were in cities.<sup>19</sup> Furthermore, key revenue sectors for cities, such as tourism and hospitality, have been severely hit by pandemic restrictions. Subnational governments now face strong pressure on expenditure and reduced revenue, thus increasing their deficits and debt.<sup>20</sup> Some national governments took advantage of the crisis to further consolidate their powers. In Hungary, Prime Minister Viktor Orbán used various measures to limit municipal activity, particularly in

opposition cities, by reallocating funding, cutting major sources of revenue, charting special economic zones, and simply not collaborating with local government. The coronavirus crisis will likely generate a large drop in subnational government revenue, from tax revenue, user charges, and fees or income from physical and financial assets. While municipalities in less decentralized countries should fare better, it remains to be seen how impartial the distribution of central transfers will be across the region.

**Civic Engagement and Openness**

Cities are one of the most powerful vectors of democratic values in East-Central Europe. As environments of progressive, cosmopolitan concentration of ideas and values, cities across the region have seen electoral success for opposition parties that stand up to autocratic national regimes. ECE cities are also major economic growth poles, and as such carry the weight of developmental convergence between their countries and the rest of Europe. This convergence process will ultimately change the circumstances that fueled autocratic regimes: popular disenchantment and feelings of being left behind or second-class citizens of the EU. ECE cities have also linked themselves to international networks of cities, building up their capacity to enact change in such areas as climate action or open government and democratic innovations.

Economic growth concentrated in cities across the region has a twofold impact: urban growth and political emancipation. Economic development attracts new workers, increasing the diversity of growing cities. Age distribution figures show a higher rate of young, active populations in ECE cities than the rest of the countries. These trends could fuel more progressive policy preferences, or at least a higher appetite for political and citizen engagement, in cities. Given a broad outward migration pattern in the region, growing cities attracted back workers that brought home with them fresh ideas for how local governments should serve them. For example, in Cluj in Romania, citizens became more engaged in their communities, creating online groups and ad hoc associations to solve their

18 Organization for Economic Cooperation and Development, *Regions and Cities at a Glance*, 2020.

19 United Nations, [COVID-19 in an Urban World](#), 2020.

20 Organization for Economic Cooperation and Development, *The territorial impact of COVID-19: Managing the crisis across levels of government*, 2020.

problems. Complementing this, the economic wealth of the cities allowed local politicians to have larger budgets and take on increased responsibilities.

### The Many Faces of Civil Society

Much like in United States and Western Europe, civil society in East-Central Europe is not a monolithic ideological bloc. Civil society in Poland should be understood as a complex and deeply divided landscape of organizations representing a constellation of varied interests, with society becoming increasingly polarized in ideological terms even before PiS came to power.<sup>21</sup> PiS has effectively created a strategic coalition with far-right CSOs and other actors (for example, the Catholic Church), united by shared interests and common enemies, supporting a political platform based on nationalism and family values.<sup>22</sup> Similarly, in Romania, political alliances between parties and religious associations linked to the Orthodox Church brought electoral support from the latter, from the Social Democratic Party's 2018 "family referendum" to the new far-right party Alliance for the Unity of Romanians. In Hungary, the rise to power of Orbán and Fidesz has also been linked to the nationalist Civic Circles Movement.<sup>23</sup>

Liberal democracy requires the support of liberal citizens, and therefore the future of liberal democracy in the ECE region depends on the emergence of liberal "counter-publics" willing to directly confront illiberal nationalist and socially conservative forces that shape the parameters of politics in the region.<sup>24</sup> People make cities and cities make people, and even in the region, urban, cosmopolitan environments and elites reinforce

each other. But, while there is a strong effect of wealth and economic development on civic engagement and liberal values, there does not seem to be a generational divide in the region. University cities in Romania tend to have a stronger support for progressive causes,<sup>25</sup> but not necessarily those in Poland, where Lublin is highly conservative as showed in its adoption of an "LGBT-ideology-free" label. It seems to be the case that family background is more determining of values in the region than educational background, with rural or more impoverished areas reflecting more conservative values across generations. In Hungary, students are more open to left-wing and right-wing populism than their peers in older democracies.

Civic engagement is a key element of democratic resilience. It has many forms: from civic duties such as voting or participating in political forums to monitoring the activity of public institutions, developing projects and activities to the benefit of society, or advocating for certain policy issues. Over 9 million people in Poland are members of a CSO, which means that one in five Polish citizen engages in some form of civic action<sup>26</sup>. CSOs in Poland and Romania range from well-financed large organizations to citizen initiatives or community-based organization, dealing with a large array of matters, from social services to watchdog activities, religious activities, or environmental protection. CSOs in Hungary have much less agency nowadays, being increasingly dependent on national public funding after legislative restrictions on international funding were imposed.

There is a very high concentration of CSO activity in the ECE capital cities. This concentration of organizational capacity is linked to population density, proximity to decision-making centers, and networking and collaborative potential at the national and international level. Still, notable activities emerge in secondary cities as well, where CSOs have strong roots in society and mobilize civic engagement and provide watchdog

21 Akudo McGee, "[Polish citizens protest against the new abortion law—while civil society itself becomes ever more divided](#)," European Consortium for Political Research, 2020.

22 Andrada Nimu and Clara Volintiru, "[Mainstreaming Nationalism? The Case of the Law and Justice Party \(PiS\)](#)," October 2017.

23 Bela Greskovits, "[Rebuilding the Hungarian right through conquering civil society: the Civic Circles Movement](#)," East European Politics, January 27, 2020.

24 James Dawson and Sean Hanley, "What's Wrong with East-Central Europe?: The Fading Mirage of the 'Liberal Consensus,'" *Journal of Democracy*, 27(1), 2016.

25 Alexandra Callin et al, "[Rapid Assessment of Romanian CSO in the Context of COVID-19](#)," World Bank, October 1, 2020.

26 Central Statistical Office, "[Statistics Poland](#)," 2021.

or advocacy functions at the local level. While the number of active CSOs in Romania and Hungary is very skewed toward their capital cities, Poland has a much more balanced distribution across its regions.

The coronavirus pandemic led to soaring numbers of ad hoc volunteers for public services and CSOs that were providing different forms of assistance to local communities and vulnerable groups. For CSOs that had worked in the health or social sectors before the pandemic, involvement came naturally. In Romania, for example, Give Life Association (Dăruiește Viață) set up modular hospitals for patients with coronavirus in Bucharest and Piatra Neamt. However, Romanian CSOs sought to support the health system without clearly understanding its needs, so wherever local authorities were more willing to collaborate with them (for example, in Cluj, Sibiu, Alba-Iulia, or Oradea), the results were better. Trilateral cooperation between local governments, private companies, and CSOs were particularly efficient in covering social, financial, and logistical needs in Romanian cities (for example, One Community, One Hospital in Sibiu, or A Single Cluj).

Civic engagement is often manifested in protests and activism. Across the region, there is an increasingly better organization of protest movements and even a consolidation of protest culture, but manifestations remain largely disparate, reactive, and lacking a background of organizational cooperation within and across countries. Newer CSOs have strong links with international networks or diasporas<sup>27</sup> but they remain very skeptical of collaborating with other CSOs in their own country.<sup>28</sup> As opposed to the past wave of interest-driven protests—generally organized by trade unions and professional associations, recent episodes were issue-driven.<sup>29</sup> These emerged from sudden trigger causes: the abortion ban in Poland, amendments to labor legislation in Hungary, amendments

to anti-corruption legislation in Romania, or constitutional amendments to enhance governmental control in Bulgaria.

### **Activism and protests in the region have distinguishing traits from Western European movements.**

Petitions reflect civic engagement as well as policy interests on the part of citizens. The themes of the most popular petitions in Hungary, Poland, and Romania reflect the most sensitive topics in these countries. In terms of online petitions, deforestation seems to be a primary concern for Romanian citizens, animal rights are a major issue in Poland and Hungary, while in Hungary the introduction of a domestic type of acacia honey on the list of national products (*hungaricum*) was also a leading issue. In terms of social media, one of the most shared content in Poland last year was a message on animal rights, while in Romania the most viral clip was by the new nationalist leader George Simion about how foreign investors have stolen the country's resources with the help of corrupt national elites and the second was about environmental activists' actions against illegal deforestation, again a phenomenon linked to political corruption.<sup>30</sup>

Activism and protests in the region have distinguishing traits from Western European movements. For example, protesters in Western Europe are primarily left-wing, while in the East-Central Europe it is mainly right-wing citizens who take to the streets.<sup>31</sup> Furthermore, conservative actors in the region are much better organized in establishing transnational connections (for example, national affiliates of the World Congress of Families), political support, and

27 Alexandra Ioan, [Civic Engagement For Democracy From Abroad: Hungarian, Polish, and Romanian Diasporas](#), February 14, 2019.

28 Alexandra Callin et al, [Rapid Assessment of Romanian CSO in the Context of COVID-19](#).

29 Clara Volintiru and Cristina Buzașu, [Shaping Civic Attitudes: Protests and Politics in Romania](#).

30 Hive Mind, ["See what happened in Romania," Social Media Radar](#), Social Media Radar, undated.

31 Julia Rone, [Divided by a common purpose: Why do activists in Central and Eastern Europe rarely collaborate with those in the West?](#), EUOPP, February 24, 2021.



endorsements.<sup>32</sup> This dynamic helps to understand how autocratic tendencies in Hungary and Poland benefit from popular support—not only through redistribution of socioeconomic and political benefits, but also through popular support of the values promoted by conservative interest groups.

The impact of CSOs in society is generally linked to their financial capacity, and financing options in the region have narrowed over the past years. For many of the leading ECE CSOs, their formation and evolution has been intrinsically linked to international donors that provided them with financial and technical support. In the last decade, the financial support has diminished. First, because interest from international donors or the EU has decreased in the post-accession period, as they considered their democracy-promotion mission accomplished.<sup>33</sup> Second, because various governments in the region started to perceive the watchdog activities of CSOs as a political threat and direct national public funding predominantly toward favorable or pseudo-civil organizations aligned with the ruling party.<sup>34</sup> For example, the 60,000 non-governmental organizations currently operating in Hungary can receive funding from the National Cooperation Fund managed by the central government, but many local experts say the selection of applications is being discriminatory and non-transparent.

In Hungary, the electoral law allows civil organizations to participate in local elections and grants them legal status for political representation in local governments. This has led to strong cooperation between local CSOs and cities in Hungary. Especially in the 2019 local and county elections, many of the seats and

local administrations were won by electoral alliances of political parties and locally rooted civil organizations.

The activities of many of the newer generation local CSOs in the region is generally linked to democracy promotion, environmental protection, and civic tech.<sup>35</sup> As such, the new generation of CSOs sometimes link their identity to an activism that is incompatible with taking money from the state or engaging in collaborative projects with local governments. As a result, CSOs are highly reliant on international donors and private-sector grants. They also apply for funding directly at the EU level and therefore are highly reliant on developing partnerships with CSOs from other countries. If they do not belong to established networks, they develop new ones via participation at international conferences and events.

***An important vector in the development of civil society have been capacity-building platforms or incubators.***

An important vector in the development of civil society have been capacity-building platforms or incubators. Different national funding platforms across the ECE region facilitate access to international grants and national funding for CSOs: for example, the Cooperation Fund Foundation, the Stefan Batory Foundation, and the Foundation in Support of Local Democracy in Poland; the Open Society Institute in Bulgaria; and the Foundation for the Development of Civil Society, Volum (a network of NGOs working with volunteers), FONSS (a network of organizations working in social services), and the Federația Fundațiilor Comunitare din Romania (a network of community foundations and grassroots private grant-givers) in Romania.

However, the extent to which these platforms exist independently of the central government is important for the way in which they can be truly

32 Adam Holesch and Anna Kyriazi, [Democratic backsliding as a collaborative project: Understanding the links between Fidesz and Law and Justice](#), EUROPP, February 21, 2021.

33 Pavel Havlicek, [The EU's Lessons for Supporting Civil Society in Member States](#), German Marshall Fund of the United States, June 30, 2020.

34 Júlia Mink, [Standing and operational space of non-governmental organisations \(NGOs\) in contributing to respecting and promoting fundamental rights in EU Member States—Hungary](#), European Union Agency for Fundamental Rights, 2017.

35 Alexandra Callin et al, [Rapid Assessment of Romanian CSO in the Context of COVID-19](#).



impartial facilitators for domestic CSOs. These incubators can be extremely useful not only in facilitating funding, but also in developing capacity for local CSOs and facilitating networking between them and the public and private sectors. For example, in Romania large multinational companies have started to implement grant schemes for CSOs through such incubating platforms.

### Engagement and Accountability

Mutual engagement between citizens and local governments contributes to the quality of governance and of the democratic process. The OECD measures civic engagement at the national level through voter turnout and stakeholder engagement for developing regulation (for example, public consultations, openness, transparency, or feedback mechanisms.)<sup>36</sup>

Civic engagement metrics presented here expand on the OECD methodology to fit a local-level comparative measurement framework, accounting for the following components: voter turnout, number of public information requests, and number of petitions signatures registered in each municipality. Alongside this, local governments' engagement toward the local community is measured through public consultations and permanent consultative platforms, participatory budgeting, collaborative projects with CSOs, and financing of CSOs. Local governments' engagement is the extent to which they uphold the accountability relationship with their constituencies through an open and constructive partnership. Both the civic engagement and local governments' engagement are scored on a 0-5 scale, with 0 representing no activity on any measured component, and all the other values representing the different intensity of public engagement either on the side of citizens or that of the local governments. The data on these metrics is presented for the first time in this paper and records values

for 41 leading cities in Romania, 23 leading cities in Hungary, and 66 leading cities in Poland.<sup>37</sup>

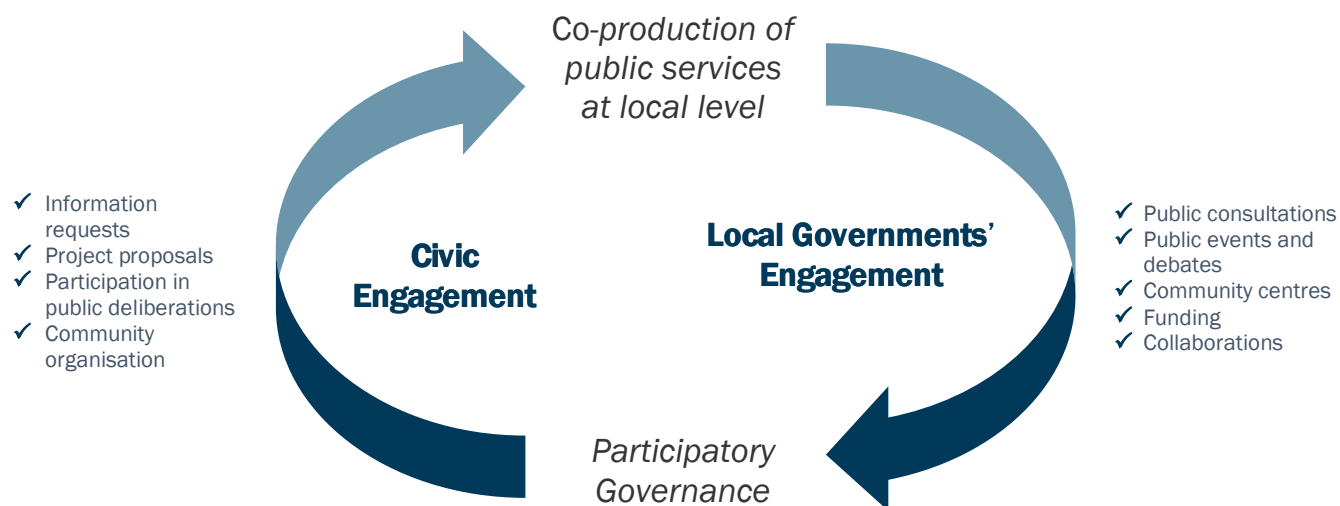
There is a virtuous circle of public policies at the local level in support of civil society and the level of engagement on the part of local communities (See Figure 3). Local governments' engagement towards local communities can manifest itself through such actions as funding CSO-led or community-led projects, engaging in collaborative projects with CSOs or informal groups, organizing public consultations, events, and debates, or building or financing community centers. Civic engagement with the public sector can manifest through, for example, project proposals, participation in public deliberations, or community organization. The more active CSOs and citizens are, the more likely local governments will benefit from inputs of ideas and knowledge that will help it develop their activities and implement new projects. And the more supportive local governments are of the civic sector, the more likely it is that citizens will develop higher trust in the public sector and engage in meaningful collaborations. Trust can nurture the dedication and involvement of citizens in solving local issues and meeting local needs, making the co-production of public services possible.

Mutual engagement between civil society and local administrations has been relatively poor in Hungary, Poland, and Romania, as politicians often used forced or fake involvement of civil society actors from to legitimize their aims, while formal institutions rarely have served as actual places of democratic dialogue.<sup>38</sup> However, the last decade has seen the creation of new formal and informal avenues of engagement between citizens and local governments. The key to collaborations that push back against the shrinking of civic space lies with civic actors' ability to participate, and

36 Organization for Economic Cooperation and Development, [Better Life Index](#), undated.

37 Data for Romania was gathered as part of a World Bank Romania Rapid Assessment, while data for Hungary was collected by Daniel Oross and for Poland by Małgorzata Lukianow. All values represent latest available figures in 2020.

38 K-Monitor, Fundacja ePanstwo, and Funky Citizens, [Empowering local self-government: Cooperation between advocacy groups and local governments in Hungary, Poland and Romania](#), December 1, 2020.

**Figure 3. Mutual Engagement Relationship at Local Level**

Source: World Bank (2020) [Rapid Assessment of Romanian CSO in the Context of COVID19](#)

with local governments' engagement in consultations, collaborations, and public deliberations.

CSOs are essential actors in mediating the relationship between citizens and the state by building trust and social capital. They can play a role to advance transparent and accountable governance by articulating and representing citizens' concerns, thereby furthering participatory governance, and by increasing the legitimacy of public actors and the relevance of their projects.

This is especially important in Romania where citizens have become increasingly disenchanted with the degree to which authorities respond to their needs. CSO can contribute to the formulation of a new social contract between citizens and the state, foster trust among parties, and encourage further engagement to solve societal problems in a collaborative manner. Consequently, it is crucial that the public sector develops collaborative projects with CSOs and creates

a decision-making framework that involves the civil society more.<sup>39</sup>

Collaborations with CSOs are one of the key elements of mutual engagement. Public officials in Romania explain what types of CSO resources are relevant in establishing a formal collaboration: physical infrastructure (for example, beds, tents, or drones for emergency situations), human resources (that is, specialized volunteers) or know-how (for example, tech solutions such as those provided by Code for Romania, CivicNet/CivicTech, and Bucharest Robots). In Hungary, in accordance with the law, local governments support CSOs with funds and physical infrastructure (for example, office space), but have engaged to a much lesser extent in such partnerships. In Poland, there is a legal framework for cooperation with CSOs. The Act on Public Benefit and Volunteer Work stipulates that annual cooperation programs with non-governmental organizations is, an obliga-

<sup>39</sup> Alexandra Callin et al, [Rapid Assessment of Romanian CSO in the Context of COVID-19](#).

Figure 4. Mutual Engagement in Hungarian Cities

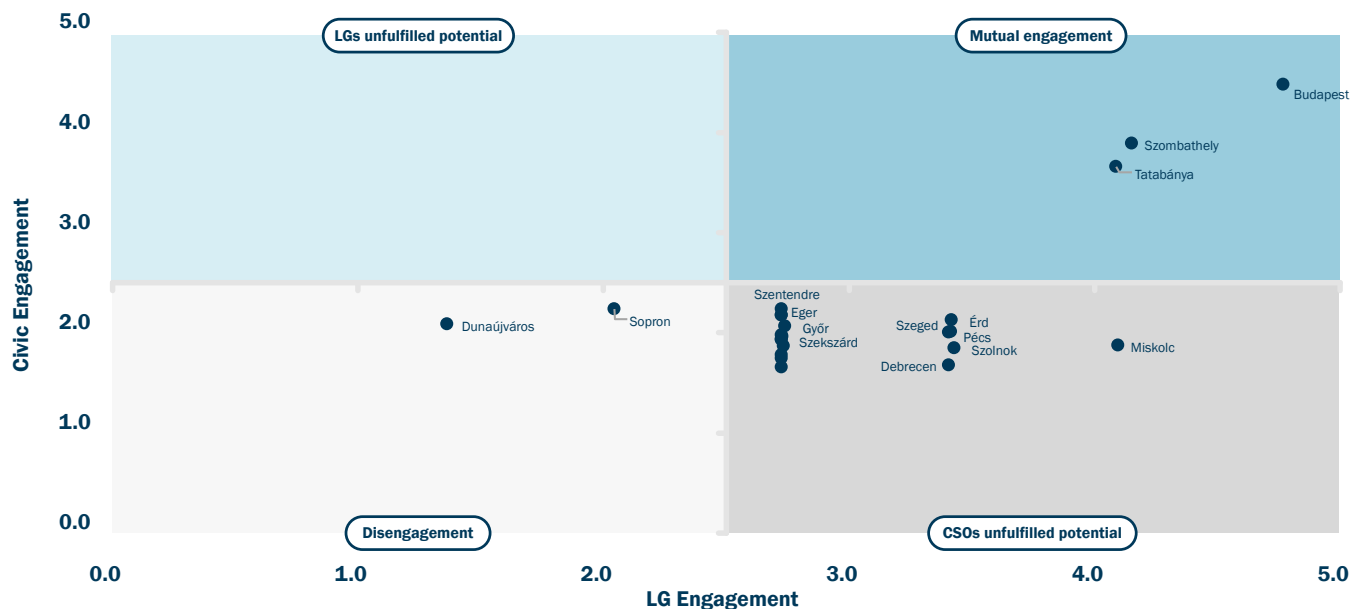
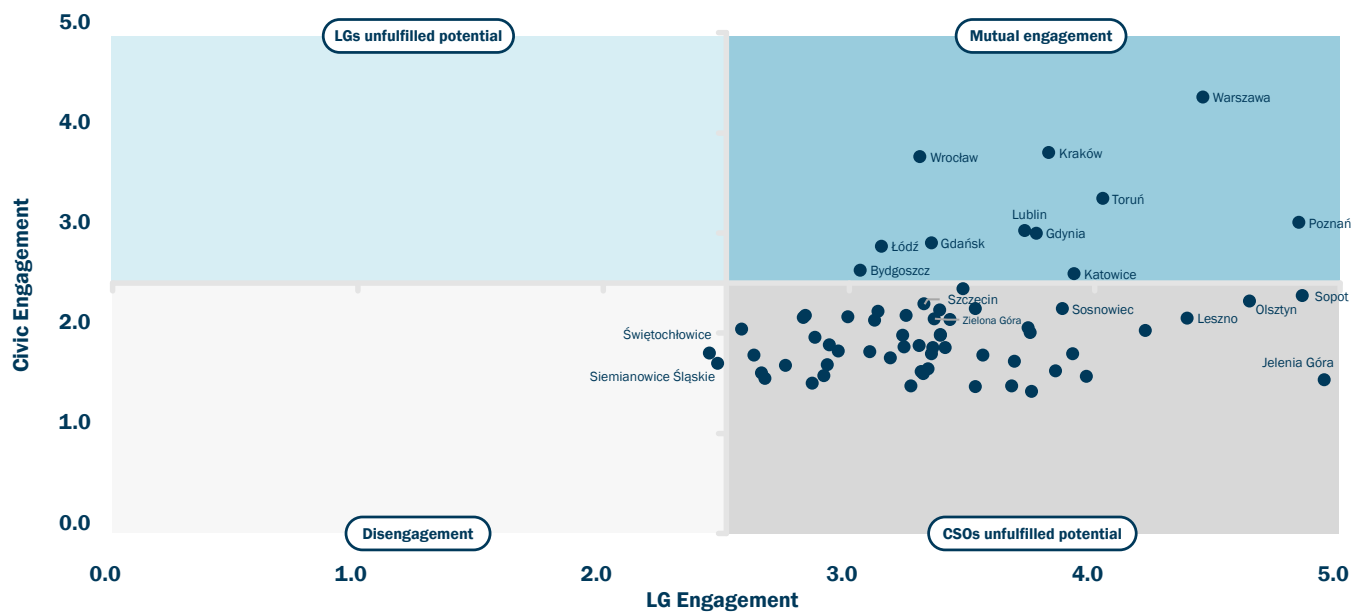
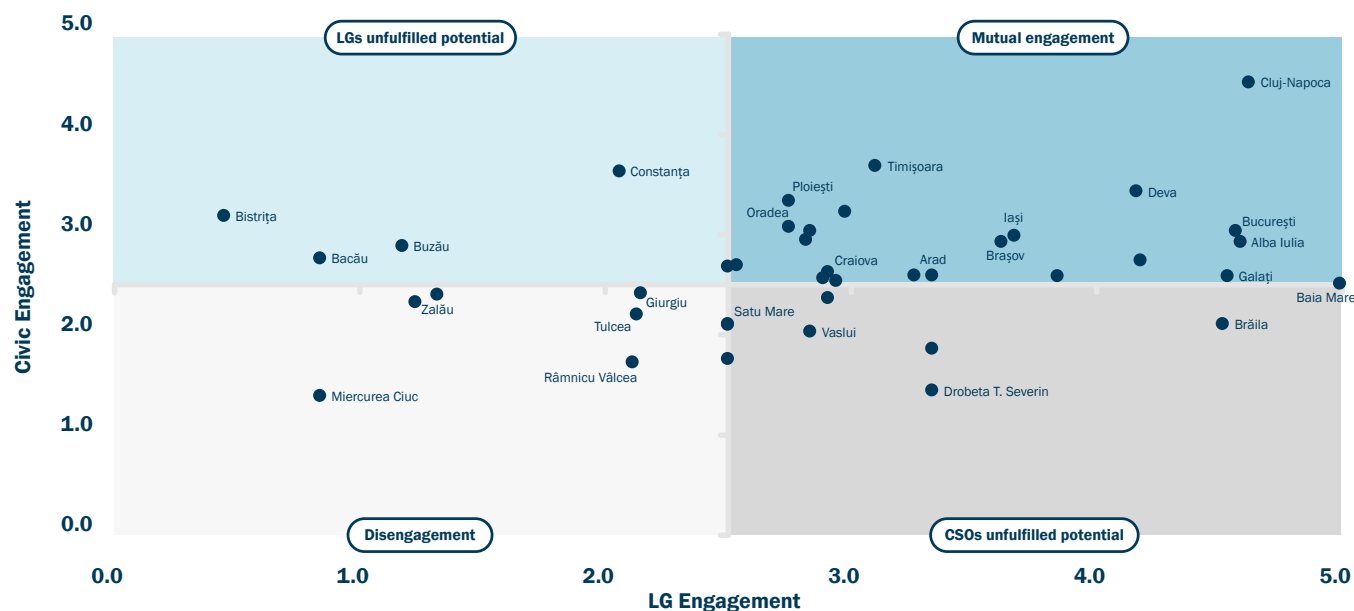


Figure 5. Mutual Engagement in Polish Cities



**Figure 6. Mutual Engagement in Romanian Cities**

tion of each local government unit. In addition, local governments may adopt multi-annual programs in consultation with CSOs and must publish the results of such collaborative projects.

Ranking comparatively cities in Hungary, Poland, and Romania on civic and local governments' engagement makes it possible to see to what extent there is a prolific environment for cooperation and dialogue at local level. There is a circular relationship in the three countries as the more civic engagement there is, the more local governments seem to be responding through transparency and cooperation. Figures 4, 5, and 6 show the relative distribution of cities in Hungary, Poland, and Romania on the dual axes of civic engagement and local governments' engagement.

Romania has a large proportion of its cities in the "mutual engagement" quadrant—notably the largest cities of Cluj, Timisoara, and Bucharest, but also smaller yet vibrant cities like Alba-Iulia, or Brasov. Cities, like Braila or Calarasi, that have seen their population or GDP decrease over the past decade have much poorer civic engagement. Overall, Romanian cities cover all categories. Some—such as Bistrita

or Buzau— have a more dynamic local community, others—such as Resita—have a more proactive local government, and some—such as Miercurea Ciuc—face "mutual disengagement" with neither the local community nor the local government really engaged in finding common solutions in their cities.

In Hungary, leading cities like Budapest, Szombathely, and Tatabanya have very strong mutual engagement, where citizens and local governments try to work together. Citizens' engagement scores are below average however in most cities. This is in stark contrast with the fact that media and civil society in Hungary represent the leading driver of structural democratic resilience according to a recent study.<sup>40</sup> One reason might be that the administrative system is highly centralized and citizens do not feel they can have an impact engaging with local decision-makers. Another reason is that there is a formalized system of patronage from local governments to local civic orga-

40 Oana Popescu-Zamfir and Dani Sandu (eds.), [Democratic Resilience Index](#), Global Focus, March 2021.

nizations (for example, providing working spaces, project funding) that makes collaborative relations narrower and focused mainly on selected local actors. This latter aspect can explain why metrics of local governments' engagement with their community is high, but civic appetite is low. With the recent political changes in the balance of power between the CSOs engagement at local level might increase, as some local governments start to engage in broader and more substantial public consultations than before. It is however a process of gaining trust that usually takes time.

***Participatory budgeting is often only implemented superficially in ECE countries, but it is an indicator of local government transparency with regard to budgetary allocations.***

In Poland, much like in Romania, leading cities fall in the “mutual engagement” quadrant. In cities such as Warsaw, Krakow, Gdansk, Wroclaw, or Lodz civic engagement (for example, electoral turnout, petitioning) and local government engagement (for example, public consultations, participatory governance) is high. However, most cities fall in the category of higher local governments' engagement than civic engagement—“CSOs unfulfilled potential.” This can be explained by a strong reform regarding open government standards in Poland. As opposed to Hungary and Romania, Poland has the strongest formalized system of public engagement at local level (for example, public data, public consultations, participatory budgeting procedures).

A more formalized public engagement framework for local governments in Poland and Hungary leads to a much more homogenous administrative context than in Romania. However, the downside is that, if local government engagement is not substantial and seeking a true partnership with the local community, there is a general disengagement on the part of the latter. As such, despite strong civic capacities at

the national level, especially in Hungary, but also to a certain extent in the smaller Polish cities, citizens' have a high level of disengagement toward their local representatives. This is showed by either low electoral turnout in local elections or poor engagement in such activities as petitioning, advocacy, or public information requests.

Participatory budgeting is often only implemented superficially in ECE countries, but it is an indicator of local government transparency with regard to budgetary allocations. For many Romanian cities participatory budgeting was a result of CSO initiatives (for example, Cluj-Napoca and Iași), and for others it came as a result of the political vision of the mayor (for example, Alba Iulia and Oradea). Similarly, in Hungary, CSOs such as K-Monitor offer bottom-up support for participatory budgeting by developing a manual on this for local governments, presenting the advantages and shortcomings of this practice in the region.<sup>41</sup> Still, participatory budgeting is rarely used in Hungary, since a reform in the early 2010s has stripped local governments of many of their competencies. In Tatabanya, Eger, and Dunaujvaros, some forms of consultations take place on local development budgets that are jointly managed by the mayor and council members. In Poland, regulations on the transparency of local budgets have created opportunities for participatory budgeting. Cities with population of over 100,000 inhabitants introduced participatory budgeting, in compliance with a 2015 law.<sup>42</sup> Transnational CSO initiatives also bring together experts and activists from different countries who develop new proposals for their cities to engage in participatory governance. One example is Transparent Local Budget, which bring together participants from Croatia, Germany, Hungary, Italy, Romania, Serbia, and Spain.

Public engagement is sometimes part of broader proactive governance at local level. It is not just the

41 Merényi M. Miklós, [A részvételi költségvetés esélyei a magyar önkormányzatokban](#), K-Monitor, 2020.

42 Government of Poland, [National Urban Policy](#), December 5, 2015.



size of cities that influences the degree of public engagement in Poland. In medium-sized cities local governments have been incentivized by their different strategic goals, as in the case of Sopot in its effort to be part of a larger agglomeration with Gdansk, Jeleia Góra's focus on local tourism promotion, Olsztyn's local academic environment, or Katowice's notable efforts to transition from industrial mining to new urban growth and cultural activities. Similarly, Cluj or Alba-Iulia in Romania have managed to outshine Bucharest through a strategic use of EU funds and engagement with the local business community, stimulating tourism and entrepreneurship.

Accountability relations between citizens and local governments work better in richer cities. The more taxes collected at the local level, the greater civic involvement in local affairs. Across all three countries, there is a positive correlation between the level of local revenues and the level of civic engagement. This suggests that the richer the local community, the greater the civic engagement. In Hungary there is also a clear positive correlation between both civic engagement and public engagement and the level of local fiscal capacity. In other words, local governments that have less support from the central government have a higher engagement with local communities. In Romania, central support (that is, how much of a city's budget comes from central government) is positively correlated with the level of political strength of the mayor at local level, measured as support in local council. This suggests that the more powerful the local leaders are at local level, independent of political affiliation, the more likely it is that they will enjoy higher support from the central government. And in Poland, civic engagement has a positive correlation with climate collaborative actions, and that opposition mayors are more inclined to engage in climate action initiatives.

Public accountability is linked to administrative capacity at the local level, which is generally very poor across ECE countries. In some of the leading cities the municipality functions much better than the national average, but the majority continue to display failures

of administrative capacity. This impact economic performance (for example, attracting EU funding), as well as the local government engagement with local communities (for example, participatory budgeting). Local government engagement is in part the result of political will and in part of administrative practice. It is often the case that a visionary mayor wants to open up the institution, but the result is limited by an opaque administrative tradition. And sometimes a consolidated public accountability system can overcompensate for less proactive local leaders. While the local political leadership can be influenced in the long term through international programs of value formation, local administrative practice can often be addressed in the shorter term with programs targeted at their technical capacity. Recent research suggests EU-funded projects at local level can change the attitudes and behavior of public officials; for example, making them more critical toward clientelism or more open to public engagement.

### ***Accountability relations between citizens and local governments work better in richer cities.***

The professionalization of local governments has led to an increasingly important role of city managers in ECE countries. While the office of the mayor remains essentially political, the appointment of a city manager tends to signal a professionalization of administrations. For example, Alba-Iulia in Romania has long been a champion of local development fueled by substantial EU funds, and the city manager has been the primary driver of a performance much above national average.<sup>43</sup> In Hungary, the local governments that have a city manager or notary (*jegyzo*) are much more responsive to requests for public information.

More than 200 networks linking cities across the world exist today, three-quarters of which were created

<sup>43</sup> Clara Volintiru, M. Ionescu-Heroiu, and S. Goga, [Benchmarking EU Fund Absorption in Romanian Municipalities](#), World Bank, May 2017.

in only the past couple of decades.<sup>44</sup> Examples include the C40, Eurocities, the Global Covenant of Mayors for Climate and Energy, the International Council for Local Environmental Initiatives, United Cities and Local Governments, the Unesco Creative Cities Network, Mayors for Peace, and the World Health Organization's Health Cities Network.<sup>45</sup> However, relatively few ECE cities actively participate in leading international networks. Notable examples include the Pact for Free Cities of Visegrád countries' capitals and its commitment to climate action, which has made Budapest and Warsaw more visible in global city diplomacy. As direct city-to-city coordination has become faster, more affordable, and more meaningful,<sup>46</sup> it is an essential goal of good governance for leading cities everywhere to develop internal competences in international affairs.

National networks are just as important as it is very important to ensure cooperation among cities and across different jurisdictional levels.<sup>47</sup> For example, the strategic coordination of investments and public services across cities is increasingly important in the context of suburbanization across the region. Given the focus of EU funds on achieving greater regional impact and territorial cohesion, various forms of formal or informal cooperation structures have appeared across ECE. However, many remain informal associations of local governments without proper attributions or resources. However, they enable exchanges of good practices and coordinated action. In some cases, they even become efficient platforms of cooperation across party lines—for example, the Municipalities Association in Romania and the Association of Climate-Friendly Municipalities in Hungary—while in other

cases they are monochrome party gatherings serving as sounding boards for the incumbent government; for example, the Hungarian National Association of Local Authorities. City associations are best placed to develop technical assistance programs at local level, facilitating community-building among local civil servants and continuous exchanges of good practices. For example, the Association of Polish Cities is implementing such a project in collaboration with the OECD, national academic institutions, and the national government, aimed at “Strengthening capacity of medium and small cities in Poland for implementing effective development policies.”<sup>48</sup> Finally, it is sometimes from civil society that initiatives appear to develop coordinated action and exchange good practices at the subnational level; for example, Energia Miast in Poland on good governance, Centre for the Study of Democracy in Romania on the green transition, or K-Monitor in Hungary on public transparency.

### Ways Forward and Recommendations

Given their political vitality, rapid economic growth, and multiculturalism, cities in East-Central Europe can become vectors of stability and promoters of democratic values in the region. Innovative solutions for consolidating their position come from mayors across the region: from transnational collaborative platforms between cities (improving direct access to EU funding) to developmental projects with neighboring regions (bridging urban-rural divides) or increasing participatory democracy (strengthening ties with civil society). The coronavirus pandemic has accelerated the rearrangement of the relationships between national and local politics, between state-led growth and local economic activities, and between citizens and their communities. These changes fall in line with broader trends and could potentially help strengthen European cohesion and resilience in the coming years.

44 Michele Acuto, “[Give cities a seat at the top table](#),” *Nature News*, 537(7622), 2016.

45 Benoit Breville, “[The return of the city-state](#),” *Le Monde Diplomatique*, April 2020.

46 Ivo Daalder, “[Why Cities Need Their Own Foreign Policies. Global by nature, they are resisting nationalist policies that don't solve their big problems](#),” *Politico*, June 6, 2017.

47 International Bank for Reconstruction and Development, [ROMANIA CATCHING-UP REGIONS—Interjurisdictional cooperation models](#), September 2019.

48 Association of Polish Cities, [Strengthening capacity of medium and small cities in Poland for implementing effective development policies](#), undated.

### *Local Diagnostic*

The international community, EU institutions, and member-state governments should support the development and implementation of local-level metrics in order to further evidence-based policymaking and to enable subnational crisis-response, climate actions, and democratic-resilience measures tailored to the needs of local communities. In such areas as institutional capacity or corruption there is still insufficient evidence from the local level. In the majority of ECE countries, regional authorities tend to have very limited powers, as opposed to city governments that have direct electoral accountability to their community and larger resources to manage. Therefore, key metrics on institutional capacity, administrative performance, anti-corruption efforts, and public ethics should be developed at the city level.

Systematic, reliable, and robust city-level data and statistics played a central role in the capacity of local and national governments to respond to the pandemic. But local governments might still need training on collecting and interpreting data, from FDI inflows to periodic surveys of their community.

Urban audits initiatives on the part of public entities would make data on local governments budgets and activities publicly available. This would allow for both monitoring from the local community and peer-to-peer benchmarking by comparison to other municipalities. Larger comparative datasets could be integrated in the Eurostat database, with more granular data on local governments.

International donors should support in particular the design and use of local-level metrics on democratic resilience. Understanding local vulnerabilities and capacities can help design better tailored support schemes and interventions. Local-level civic engagement, institutional capacity, public transparency and ethics, or administrative performance are all important layers of broader democratic resilience in the region.

### *Fiscal Decentralization*

Boosting ECE local governments' budgetary capacity can help address some of the constraints they face

and could strengthen democratic accountability. EU institutions should support harmonization of the fiscal balance of power between national and local governments across the union. The Committee of the Regions could serve as an important platform in the implementation of the necessary reforms and their monitoring.

ECE national governments should also develop and implement national urban policies that account for the specific vulnerabilities and opportunities at the city level and tap local growth potential. Improving the competitiveness of cities starts with increasing their attributions. There is no reason for cities in Hungary or Romania to have less budgetary control than cities in Poland. While different administrative architectures in each of the member state leads inevitably to some variation, market forces and economic growth demand a higher room for maneuver on the part of cities. There is an underlying issue of incentive at the core of such a reform: mayors chasing grants and transfers from the national government will continue to be subservient political actors (subject to politicization and clientelism by national politicians), while mayors relying on local taxes will apply themselves to enhancing local economic opportunities and growth.

### *Access EU Funding Directly*

EU stimulus packages can maximize support at the national level for tailored subnational actions and allow cities to escape discriminatory allocation strategies and budgetary clientelism. Through technical assistance and financing, EU funding can be particularly relevant in supporting key urban transformation projects that address climate change, housing, transport, or disaster management.

### *Peer-to-peer Cooperation*

Special programs could be designed for the integration of ECE cities into relevant international networks of cities. The poor overall representation of ECE cities in the initiatives of Global Covenant of Mayors for Climate and Energy has contrasted with the proactive involvement of some leading ones (for example,

Warsaw and Cluj). The example of these cities showcases the potential positive impact of integrating more cities in bottom-up climate action.

One way to enhance local capacity is to support the appointment of city managers and international affairs specialists within local governments that prove to be important vectors of organizational performance and development. Strengthening such positions can be done formally through technical assistance programs, but also informally through knowledge-sharing events across EU member states and the inclusion of ECE officials in broader international city networks and communities of practice.

City diplomacy requires not only international affairs specialization within local governments but also a better relationship with local stakeholders from academia and civil society that are more internationalized than the city administration. A process of internationalization has been taking place in ECE universities

and civil society for the past decades—their knowledge and experience can be fruitfully shared with local governments.

### *Civil Society Capacity at the Local Level*

CSOs should engage in evidence mapping, peer-networking, and capacity-building (for example, in incubators and networks within and across countries) and collaborative projects with other CSOs and public institutions. ECE national governments should also develop better integrated databases on local needs and capacity, such as mapping relevant stakeholders in communities and proactively engage them. Beyond the implementation of democratic innovations and new consultative platforms, local governments should pursue meaningful projects in partnership with CSOs as a way to develop a more representative administration, and also as an effective electoral mobilization strategy.

This work represents solely the opinion of the author and any opinion expressed herein should not be taken to represent an official position of the institution to which the author is affiliated.

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