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PROPOSAL

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
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To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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Subject:	Proposal for a COUNCIL IMPLEMENTING DECISION amending the Implementing Decision of 15 December 2022 on the approval of the assessment of the recovery and resilience plan for Hungary

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Proposal for a

COUNCIL IMPLEMENTING DECISION

**amending the Implementing Decision of 15 December 2022 on the approval of the
assessment of the recovery and resilience plan for Hungary**

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2026/0175 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

amending the Implementing Decision of 15 December 2022 on the approval of the assessment of the recovery and resilience plan for Hungary

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility¹ and in particular Article 20 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) Following the submission of the national recovery and resilience plan ('RRP') by Hungary on 11 May 2021, the Commission has proposed its positive assessment to the Council. The Council approved the positive assessment by means of the Council Implementing Decision of 15 December 2022².
- (2) On 31 August 2023, Hungary submitted a modified national RRP, including a REPowerEU chapter in accordance with Article 21c of Regulation (EU) 2021/241, to the Commission. The Council approved the positive assessment by means of the Council Implementing Decision of 8 December 2023³.
- (3) On 10 June 2026, Hungary made a reasoned request to the Commission to make a proposal to amend the Council Implementing Decision of 15 December 2022 in accordance with Article 21(1) of Regulation (EU) 2021/241 on the grounds that the RRP is totally no longer achievable because of objective circumstances due to cost increases stemming from energy price volatility, unexpected shifts in geopolitical circumstances, unforeseen implementation challenges, delays resulting from time constraints or scheduling pressures, and other legal or regulatory developments. To that end, Hungary has submitted a new national RRP ('new RRP').
- (4) The Commission considers that the reasons put forward by Hungary justify the request to amend Council Implementing Decision of 15 December 2022 pursuant to Article 21(1) of Regulation (EU) 2021/241, and therefore, the Council Implementing Decision should be amended.

¹ OJ L 57, 18.2.2021, p. 17, ELI: <https://eur-lex.europa.eu/eli/reg/2021/241/oj>.

² See documents: ST 15447/22 INIT; ST 15447/22 ADD 1.

³ See documents: ST 15964/23 REV 1; ST 15964/23 REV 2(bg); ST 15964/23 ADD 1.

- (5) On 8 July 2025, the Council addressed recommendations to Hungary in the context of the European Semester. In particular, the Council recommended Hungary to pursue effective coordination of macroeconomic policies, phase out price and interest-rate caps, strengthen the medium-term budgetary framework, improve the long-term sustainability of the pension system, improve the business environment, stimulate the development of capital markets, strengthen innovation framework, accelerate diversification of fossil fuel supply, phase out fossil fuel subsidies, improve flexibility and competition in the electricity sector, improve water resilience, improve circularity, improve education outcomes and increase participation of disadvantaged groups in quality mainstream education, increase access to labour market measures, ensure effective social dialogue, improve adequacy of social assistance and ensure access to essential services as well as target housing support measures and increase housing supply. Having assessed progress in the implementation of these country-specific recommendations at the time of submission of the new RRP, the Commission finds that Hungary has not fully implemented or achieved substantial progress with respect to any of the recommendations.
- (6) On 21 May 2026, the Commission published an in-depth review under Article 5 of Regulation (EU) No 1176/2011 of the European Parliament and of the Council⁴ for Hungary. The Commission's analysis led it to conclude that Hungary is experiencing macroeconomic imbalances, as vulnerabilities related to competitiveness, a high government deficit and financing needs, house prices, and government interventions in the financial market persist.
- (7) The RRPs should pursue the general objectives of the Recovery and Resilience Facility established by Regulation (EU) 2021/241 (the 'Facility') and of the European Union Recovery Instrument set up by Council Regulation (EU) 2020/2094 in order to support the recovery in the aftermath of the COVID-19 crisis. They should promote the Union's economic, social and territorial cohesion by contributing to the six pillars referred to in Article 3 of Regulation (EU) 2021/241.
- (8) The implementation of the Member States' RRPs should constitute a coordinated effort involving reforms and investments across the Union. Through coordinated and simultaneous implementation and the implementation of cross-border and multi-country projects, such reforms and investments should mutually reinforce each other and generate positive spillovers across the Union.

Balanced response contributing to the six pillars

- (9) In accordance with Article 19(3), point (a), of and Annex V, criterion 2.1, to Regulation (EU) 2021/241, the new RRP represents to a large extent (Rating A) a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all of the six pillars referred to in Article 3 of that Regulation, taking the specific challenges faced by and the financial allocation for the Member State concerned into account.
- (10) The new RRP includes measures that contribute to all of the six pillars, with a number of components addressing multiple pillars simultaneously. The new RRP includes a broad range of measures, with a particular focus on the green transition, digital transformation, building economic, social and institutional resilience, and on policies

⁴ Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances (OJ L 306, 23.11.2011, p. 25).

for the next generation. The new RRP also includes measures to support smart, sustainable and inclusive growth, and social and territorial cohesion, in line with the European Industrial Strategy.

- (11) The new RRP contributes significantly to the green transition and digital transformation. The green transition is supported in particular through reforms and investments in the field of sustainable transport, energy, water management and circular economy. Key measures include investments in zero emission public transport, energy grid developments and renewable energy generation. Several components contain measures aimed at improving the energy efficiency of public and residential buildings. The digital transformation is supported in particular through measures to promote the digitalisation of education and the public administration, as well as the digitalisation of the health and energy sectors, and the development of digital innovation and digital skills.
- (12) A significant number of reforms and investments in the new RRP aim to improve healthcare and the economic, social and institutional resilience. Measures in the healthcare sector are expected to improve efficiency and access to quality care. Key institutional reforms are expected to improve the resilience of the economy through strengthening the fight against corruption, the protection of the financial interests of the Union and the independence of the judiciary. Fiscal reforms aim to simplify the taxation system and to strengthen it against the risk of aggressive tax planning, as well as to facilitate access to public data. Smart, sustainable and inclusive growth is expected to be achieved in particular through various measures aiming to increase competition and transparency in public procurement and to promote research and innovation.
- (13) A wide range of measures in the new RRP contribute to social and territorial cohesion in particular through reforms and investments supporting development of human capital, by enhancing digital and vocational skills, improving access to quality and inclusive learning environments, increasing the attractiveness of the teaching profession, and expanding the availability of early childhood education and care services. In addition, several measures aim to address the specific challenges of the most disadvantaged settlements and improve access to quality primary care services and hospital care.

Addressing all or a significant subset of challenges identified in country-specific recommendations

- (14) In accordance with Article 19(3), point (b), of and Annex V, criterion 2.2, to Regulation (EU) 2021/241, the new RRP is expected to contribute to effectively addressing a significant subset of challenges (Rating A) identified in the relevant country-specific recommendations addressed to Hungary, including fiscal aspects thereof or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester.
- (15) The new RRP includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Hungary by the Council in the European Semester in 2019, 2020, 2022, 2023, 2024 and 2025, in particular regarding the green and digital transition, education, innovation, labour market, social policy, healthcare, the anti-corruption framework, judicial independence, competition in public procurement, the quality and

transparency of decision-making, economic policy coordination, taxation and aggressive tax planning, and the fiscal framework.

- (16) The new RRP contains several relevant measures to address the challenges related to the green transition. With regard to energy production and energy efficiency, the new RRP includes reforms to improve permitting procedures for renewable energy production, simplify the grid connection of small renewable power plants, remove obstacles to the development of wind energy, calculate network tariffs, install smart meters, strengthen the role of aggregators, use of dynamic pricing in electricity purchase agreements, encourage competition in the balancing market, expand energy communities and increase uptake of energy storage. The goal of the reforms is to increase participation of market actors into the renewable generation and storage markets. To do so, these reforms aim to accelerate the uptake in renewable power generation (onshore wind in particular) and increase demand-side flexibility, as well as competition in the balancing market. This way, these reforms are expected to address the recommendations on improving flexibility and competition in the electricity sector, accelerating the deployment of renewables. The new RRP also includes investments aiming to increase the deployment of solar energy production, as well as to improve the electricity network in order to allow for the secure integration of energy produced from renewable sources. The new RRP further includes several investments for the energy efficiency renovation of public buildings, in particular in the areas of education, as well as of residential buildings which address the recommendation on improving energy efficiency, in particular in buildings. As for sustainable transport, the new RRP includes investments to develop the trail network, zero-emission bus transport, tram and trolleybus system of Budapest and charging stations for electric vehicles. Moreover, Hungary should introduce a single national tariff, ticketing and passenger information system for bus and rail. The new RRP also comprises measures aiming at promoting reforms on the circular economy and sustainable waste management, as well as reform and investment in sustainable water management, including through the promotion of nature-based water retention.
- (17) The new RRP contains several relevant measures to address the challenges related to the digital transition. The new RRP includes measures aiming to provide digital notebooks for teachers and pupils in public education, information and communications technology (ICT) devices for primary and secondary schools, including vocational education and training schools, for universities and adult learning institutions, and to increase the digitalisation of the healthcare sector. Moreover, the new RRP includes some measures to increase the digitalisation of the public administration, in particular through electronic reporting platforms for taxation purposes and further development of the electronic procurement system.
- (18) The new RRP includes several measures to address challenges in education. The new RRP features reforms to improve the attractiveness of the teaching profession through a mechanism that ensures gradual convergence of teachers' wages to at least 80 % of the average wage of tertiary graduates, to decrease segregation in schools as well as to ensure access to quality school education, in particular by providing pupils and teachers with the devices necessary to participate in modern digital education. The new RRP also contains investments to support the integration of students with special education needs into the mainstream education.
- (19) The challenges related to research and innovation are addressed by setting up national laboratories to improve the ecosystem for science and innovation. The support to

establishment of and access to Artificial Intelligence Gigafactories as well as the contribution to the EU Secure Connectivity Programme (IRIS2) also contribute to strengthening the innovation framework for the public sector and businesses.

- (20) The country-specific recommendation on the integration of the most vulnerable groups in the labour market is addressed through the creation of additional places in crèches, the promotion of employment opportunities for those living in the most disadvantaged settlements.
- (21) The new RRP includes various measures to address specific challenges related to social policies by providing comprehensive support to the inhabitants of the 300 most disadvantaged settlements. These measures aim to promote employment and skills development according to local specificities, to achieve better learning outcomes through community-oriented pedagogy and to establish social solar power plants.
- (22) The new RRP sets out a wide-ranging set of reforms and investments to address the most critical challenges of healthcare services. This includes in particular investments in upgrading hospital infrastructure and equipment, and the development of primary and preventive care by establishing communities of general practitioners providing integrated healthcare services. This is complemented by investments in digital healthcare, such as digitalisation programmes. Another measure supports the eradication of gratuity payments in the healthcare system.
- (23) The new RRP includes a number of measures to reinforce the anti-corruption framework and the protection of the financial interests of the Union. These include the legal establishment of an Integrity Authority to effectively reinforce the prevention, detection and correction of fraud, conflicts of interest, corruption as well as other illegalities and irregularities concerning the implementation of Union support in Hungary, with a particular focus on public procurement and the verification of asset declarations. According to the new RRP, the Integrity Authority should have extensive powers to intervene in all cases where in its views competent national authorities have not taken the necessary steps to prevent, detect and correct fraud, conflicts of interest, corruption and other illegalities or irregularities that affect or seriously risk affecting the sound financial management of the Union budget or the protection of the financial interests of the Union. Furthermore, Hungary committed to submitting a notification to the European Commission of its intention to participate in the enhanced cooperation on the establishment of the European Public Prosecutor's Office ('EPPO'). Another measure consists of the setting up of an Anti-Corruption Task Force, with significant involvement of independent non-governmental organisations, to continuously examine the existing anti-corruption measures and draw up proposals. In addition, the new RRP includes measures to support a strengthened cooperation with the European Anti-Fraud Office (OLAF), to put in place an extended personal and material scope for asset declarations of certain high-risk officials, and to ensure the phasing out of public interest asset management foundations performing public interest activity and ensure the oversight and transparency of how public interest asset management foundations performing public interest activity, and legal persons established or maintained by them, make use of Union support as long as they still exist. The new RRP also includes a number of reforms to strengthen the legislative, institutional and practical arrangements to more effectively prevent, detect and correct fraud, corruption, conflicts of interest, double funding and other illegalities in the use of Union support. The new RRP comprises a reform to establish the possibility of a judicial review of decisions by the prosecution service or the investigating authority to dismiss a crime

report or terminate criminal proceedings in the case of special crimes related to the exercise of public authority or the management of public property. Several measures in the new RRP contribute to increasing transparency of and access to public data, also with an aim to reinforce the anti-corruption framework by facilitating independent oversight. Such measures include setting up and operating a searchable central register on the use of public funds, eliminating or limiting the costs related to requests for public information, facilitating court procedures on cases related to access to public information, remove certain grounds to refuse granting access to public information and ensure that regular checks on bodies carrying out public duty is introduced to assess whether they comply with their respective requirements on providing access to public information.

- (24) The country-specific recommendation on strengthening judicial independence is addressed by several reforms in the new RRP, which are expected to strengthen the independence and impartiality of courts and judges established by law, thus raising the standard of judicial protection and improving the investment climate in Hungary. The new RRP includes measures to strengthen the relative role and powers of the National Judicial Council in relation to the powers of the President of the National Office for the Judiciary. The exercise of effective control over the President of the National Office for the Judiciary by the National Judicial Council is expected to reduce the possibility of arbitrary decisions in the central administration of courts, including in relation to judicial appointments, and, therefore, strengthen judicial independence. According to the new RRP, this should be achieved in particular by introducing the requirement for a binding reasoned opinion of the National Judicial Council on individual decisions, such as the suitability of candidates for the posts of President and Vice-President of the National Office for the Judiciary, based on suitability criteria; the annulment of appointment procedures for judicial and court executive positions; the transfer of judges; and the removal of judges from the pool of judges that hear special, including administrative, cases. The National Judicial Council should also give a binding reasoned opinion on regulations such as the points system for judicial posts, the conditions for the award of bonuses, the training of judges, the national workload and the number of judicial posts. Finally, judges-members of the National Judicial Council should have the possibility to be re-elected for the next term of office, and the National Judicial Council should have access to all documents, legal capacity and autonomy in disbursement of its budget, and right to seize the competent court and the Constitutional Court to defend its prerogatives. Non-discretionary rules on designation of ad interim court presidents and a prohibition for the reintegration of judges to a higher court instance following their secondment should also be introduced. Another reform is expected to strengthen the judicial independence of the Supreme Court (Kúria), in particular by amending the rules on the election of the Kúria president, who should have at least five years' experience as a judge and should not have the possibility to be re-elected. The National Judicial Council should give a binding reasoned opinion on the suitability of candidates for President and Vice-President of the Kúria. The reform should also remove the possibility for members of the Constitutional Court to be appointed to the Kúria outside of the normal application procedure, improve the case allocation scheme, and ensure stronger powers for the judicial council of the Kúria. Further reforms are expected to remove obstacles to references for preliminary rulings to the Court of Justice of the European Union and to remove the possibility, introduced in 2019, for public authorities to challenge before

the Constitutional Court final judicial decisions in order to ensure that final judgments are taken by the competent independent courts.

- (25) The new RRP also includes several measures to address challenges related to competition in public procurement, including by reinforcing the integrity of public procurement procedures. A reform consists of the development and continuous use of a monitoring tool assessing the level and cause of public procurement procedures resulting in single bids. To reinforce transparency and integrity of public procurement procedures, a reform aims to introduce conflict of interest rules and additional reporting and publication obligations for contracting authorities. Another reform aims to develop a performance measurement framework to regularly assess the efficiency and cost effectiveness of public procurements, and the reasons for limited competition in the sectors most affected by the low level of competition. The adoption of an action plan, on the basis of good international practices serves to increase the level of competition in public procurement. Building on those reforms, the new RRP includes a commitment for Hungary to reduce the share of public procurements receiving Union support resulting in single bids to below 15%. To accompany these reforms, the new RRP includes measures to develop the electronic public procurement system to facilitate the independent oversight and analysis of competition in public procurement.
- (26) The new RRP includes reforms to improve the quality and transparency of the decision-making process through engagement with other stakeholders and regular impact assessments. Related measures aim to ensure that draft legislative acts prepared by the Government systematically undergo public consultation for a sufficient period of time, unless there is a due justification, and that impact assessments and explanations are consistently prepared and made available publicly for draft legislative acts. The involvement of stakeholders in the implementation and oversight of the new RRP itself is also envisaged through the setting up and operation of a monitoring committee also beyond 2026, of which at least half of the members should come from civil society organisations fully independent from public authorities. These might also contribute to improving social dialogue.
- (27) The new RRP also comprises measures regarding the business environment, in particular on improving the tax system. The new RRP includes reforms aimed at tackling aggressive tax planning more effectively, such as increasing the data reporting on transfer pricing, reviewing minimum substance requirements for corporate income tax for shell companies and extending the scope of non-deductibility rules for outbound payments to low- or zero-tax jurisdictions. As regards tax simplification, the new RRP includes measures to reduce the number of taxes and corporate tax benefits and on the digital transformation of tax compliance procedures.
- (28) The new RRP includes reforms to improve the sustainability of the public finances. This includes measures on establishing a process for and carrying out spending reviews, improvements to the domestic fiscal framework while launching a broader review of the framework, and reforms of subsidised lending.
- (29) The new RRP includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Hungary by the Council in the European Semester in 2025, notably related to economic policy coordination, fiscal framework, innovation, competition in electricity sector, water resilience, education, labour market, social policy and

housing. By addressing the aforementioned challenges, the new RRP is expected to also contribute to correcting the imbalances, as identified in recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011 in 2026, that Hungary is experiencing, in particular with regard to high government deficit and financing costs, deteriorating cost competitiveness and exposure to energy prices, increasing house prices, and government interventions in the financial market.

Contribution to growth potential, job creation and economic, social and institutional resilience

- (30) In accordance with Article 19(3), point (c), of and Annex V, criterion 2.3, to Regulation (EU) 2021/241, the new RRP is expected to have a high impact (Rating A) on strengthening the growth potential, job creation, and economic, social and institutional resilience of Hungary, contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union.
- (31) At the heart of Hungary's growth strategy lies a significant commitment to modernising its economic infrastructure. The establishment of the Rolling Stock Company (ROSCO) should catalyse the renewal of Hungary's rolling stock and create the basis for a more efficient management of railway services, thereby further contributing to the country's broader decarbonisation efforts. Complementing this, investments in urban mobility, including the acquisition of new trams, buses and trolleybuses aims at enhancing connectivity. The REPowerEU chapter places particular emphasis on strengthening Hungary's energy independence and accelerating its green transition. By expanding electricity grid capacity and flexibility, the new RRP enables the integration of renewable energy sources at scale. The onshore wind energy deployment supported by streamlined permitting processes, should significantly increase Hungary's renewable energy generation. Simultaneously, the modernisation of transmission and distribution networks ensures that this renewable energy can be effectively integrated into the national grid. These measures are complemented by investments in energy storage facilities and efficiency renovations in public and residential buildings, creating a more resilient and sustainable energy system.
- (32) Hungary's contribution to the EuroHPC Joint Undertaking aims at supporting the establishment of an AI Gigafactory or equivalent compute infrastructure, aligning with the European Commission's vision for technological sovereignty. This investment should accelerate the development of advanced computing capacity, reinforcing Europe's competitiveness in the global digital economy. Similarly, Hungary's contribution to the EU Secure Connectivity Programme (IRIS²) aims at addressing critical security and resilience challenges by strengthening secure sovereign communications, enhancing the resilience of critical infrastructure and public services, and improving preparedness against cyber, hybrid and other security-related disruptions.
- (33) The new RRP places equal emphasis on job creation and social resilience, recognising that sustainable economic growth must be inclusive. Through labour market integration programmes targeting vulnerable groups, the new RRP aims to provide opportunities in labour socialisation initiatives. The construction of new crèche places

further supports working parents, particularly women, in balancing family and professional responsibilities.

- (34) The modernisation of healthcare facilities ensures equitable access to quality medical services across the country. Additionally, the equity injection in the Hungarian Development Bank's (MFB) aims at facilitating the construction of affordable housing, addressing urban-rural disparities and supporting low-income households and students.

Do no significant harm

- (35) In accordance with Article 19(3), point (d), of and Annex V, criterion 2.4, to Regulation (EU) 2021/241, the new RRP is expected to ensure that no measure (Rating A) for the implementation of reforms and investments projects included in the new RRP does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council⁵ (the principle of 'do no significant harm', referred to as 'DNSH').
- (36) For measures where it is relevant, the potentially harmful environmental and climate impact is addressed through appropriate assurances that the applicable criteria are to be respected. Environmental risks are mitigated ex ante by the introduction of conditions: Activities under the EU Emission Trading System (ETS) are to achieve projected greenhouse gas emissions below the relevant benchmarks, and significantly below the relevant benchmarks as far as possible. For all financial instruments a list was introduced that aims to ensure that activities and assets that are not in line with the principle of DNSH are not being supported.
- (37) The new RRP introduces three measures with significant financial allocation to the plan, for which DNSH safeguards have been put in place. In particular these investments, notably the capital injection in a rolling stock company, the capital injection in the Hungarian Development Bank and the grant scheme for electricity grid development, all include dedicated eligibility criteria with a view to ensure the compliance with the DNSH requirements already at the procurement stage. Thus, the new RRP is expected to continue respecting the DNSH principle.

Contribution to the green transition including biodiversity

- (38) In accordance with Article 19(3), point (e), of and Annex V, criterion 2.5, to Regulation (EU) 2021/241, the new RRP contains measures that contribute to a large extent (Rating A) to the green transition, including biodiversity, or to addressing the challenges resulting therefrom. The measures supporting climate objectives account for an amount which represents 52.9% of the new RRP's total allocation calculated in accordance with the methodology set out in Annex VI of that Regulation. In accordance with Article 17 of that Regulation, the new RRP is consistent with the information included in the National Energy and Climate Plan 2021-2030.
- (39) For the new RRP as a whole, climate-related expenditures represent 52.9%, with the most significant contributions coming from investments in renewable energy deployment and grid modernisation. The new RRP includes substantial support for solar energy, with new capacity targeted in disadvantaged municipalities, alongside expanded onshore wind deployment facilitated by streamlined permitting procedures.

⁵ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

Additionally, the modernisation of transmission and distribution networks, adding extra capacity should enable greater integration of renewable energy sources and energy storage solutions into Hungary's electricity system. Energy efficiency measures, such as the renovation of public buildings and the installation of smart meters, further contribute to reducing energy consumption and emissions. In the transport sector, the electrification of railway sections and the procurement of zero-emission buses should significantly lower greenhouse gas emissions, supporting Hungary's broader decarbonisation goals. All measures in the REPowerEU chapter contribute fully to climate objectives and the chapter therefore meet the 37% minimum target. The installation of energy storage capacity aims at improving demand and supply flexibility, while the expansion of onshore wind power generation and residential solar panel installations should increase the share of renewables in Hungary's energy mix. The new RRP is expected to make a significant and lasting contribution to the green transition, supporting the EU's 2030 climate targets and the 2050 climate neutrality objective. The expanded renewable energy capacity, combined with grid modernisation and energy efficiency improvements, aim at reducing Hungary's reliance on fossil fuels and lower greenhouse gas emissions. These measures are designed to have a durable impact, as they aim at continuing to deliver environmental benefits long after implementation.

- (40) In addition to climate mitigation, the new RRP includes elements that contribute to biodiversity and environmental protection. Water retention interventions covering 18 000 hectares aim at enhancing ecosystem resilience and support biodiversity in agricultural areas, while the modernisation of the Kvassay pumping station should improve the ecological status of the Danube branch. These investments align with broader environmental objectives, complementing the new RRP's primary focus on climate action.

Contribution to the digital transition

- (41) In accordance with Article 19(3), point (f), of and Annex V, criterion 2.6, to Regulation (EU) 2021/241, the new RRP contains measures that contribute to a large extent (Rating A) to the digital transition or to addressing the challenges resulting from it. The measures supporting digital objectives account for an amount which represents 24.1% of the new RRP's total allocation calculated in accordance with the methodology set out in Annex VII of that Regulation.
- (42) The new RRP of Hungary meets the 20% digital expenditure target as required under assessment criterion 2.6 of Annex V to the RRF Regulation, with key contributions coming from investments in digital education, higher education modernisation, and the digitalisation of public services. The new RRP includes digital tools, such as notebooks, for schools, which aim at enhancing digital literacy and equip students with the skills needed for the digital economy. Additionally, the modernisation of higher education infrastructure, including the development of digital learning content and the digitalisation of higher education facilities, should improve access to digital education and support the transition to online and hybrid learning. The expansion of electronic health procedures, including the rollout of a central healthcare mobile application, aims at digitalising healthcare services, improving efficiency and accessibility.
- (43) The measures in the new RRP are expected to significantly contribute to the digital transformation of the economy. The investment in the AI Gigafactory initiative supported by a voluntary contribution to the EuroHPC Joint Undertaking, aims at

accelerating the development of advanced computing capacity and reinforcing Hungary's support for Europe's digital sovereignty. Similarly, Hungary's contribution to the EU Secure Connectivity Programme (IRIS²) should enhance the country's secure satellite communications infrastructure, addressing critical challenges in digital security and resilience.

Lasting impact

- (44) In accordance with Article 19(3), point (g), of and Annex V, criterion 2.7, to Regulation (EU) 2021/241, the new RRP is expected to have a lasting impact on Hungary to a large extent (Rating A).
- (45) The new RRP, including its REPowerEU chapter, is expected to have lasting positive effect on the Hungarian economy. The new RRP increases the reform ambition, in line with the recommendations of the European Semester, as well as transformative investments in decarbonisation of transport, electricity grids and in SMEs. The new RRP directs significant investment in the green transition, notably in increasing the capacity and flexibility of the electricity grid. This corroborated by ambitious reforms opening up the market to investments in wind energy production is expected to reinforce the energy security of the country, curtail energy prices and contribute towards reducing the country's reliance on Russian fossil fuel imports, thus leading to a lasting impact. The new RRP also includes ambitious measures supporting the roll-out of electric vehicles as well as electrification of railway sections coupled with a reform of the rail transport market.
- (46) Investment in affordable housing, innovative SMEs and venture capital increase the competitiveness of the Hungarian business environment. The potential impact of these investments is reinforced by reforms improving the functioning of the National Development Bank, phasing out certain sectoral taxes and strengthening transparent market functioning through anti-corruption measures and rules on beneficial owners. The new RRP is expected to make a significant contribution to strengthening the institutional resilience of Hungary. This is expected to be achieved by reinforcing the anti-corruption framework, strengthening judicial independence, and improving the quality and transparency of the decision-making process. The business environment is expected to be improved through measures on improving the tax system, regulatory predictability, and increased competition in public procurement. The new RRP is also expected to contribute to sound budgetary management through the introduction of spending reviews and improvements to the fiscal framework.
- (47) The lasting impact of the new RRP can also be enhanced through synergies between the new RRP and other programmes, including those financed by cohesion policy funds, in particular by addressing in a substantive manner the territorial challenges and promoting a balanced development.

Monitoring and implementation

- (48) In accordance with Article 19(3), point (h), of and Annex V, criterion 2.8, to Regulation (EU) 2021/241, the arrangements proposed in the new RRP are adequate (Rating A) to ensure effective monitoring and implementation of the new RRP, including the envisaged timetable, milestones and targets, and the related indicators.
- (49) The milestones and targets of the new RRP enable an adequate monitoring of the plan's implementation. The performance of the investments included in the new RRP is to be assessed on the basis of the achievement of multiple milestones and targets

monitored by each public entity in charge of implementing the measures and capturing the key implementation stages of each investment. The targets chosen are consistent with the objectives, cost estimates and implementation schedule of each measure and quantified by specific indicators reflecting the result of the works undertaken. Milestones and targets are also relevant for measures already completed which are eligible under Article 17(2) of Regulation (EU) 2021/241. The satisfactory fulfilment of these milestones and targets over time is required to justify a disbursement request.

- (50) Each of the new reforms and investments introduced includes at least one target and/or milestone that contains the key elements of the measure and allows for the assessment of the achievement of its objectives. The distribution of milestones and targets features a high concentration at the end of the implementation period of the plan.
- (51) Member States are to ensure that financial support under the Facility is communicated and acknowledged in line with Article 34 of Regulation (EU) 2021/241.

Costing

- (52) In accordance with Article 19(3), point (i), of and Annex V, criterion 2.9, to Regulation (EU) 2021/241, the justification provided in the new RRP on the amount of the estimated total costs of the new RRP is to a medium extent (Rating B) reasonable and plausible, is in line with the principle of cost efficiency and is commensurate to the expected national economic and social impact.
- (53) Hungary has provided cost estimates for all the investments of its new RRP and sufficient information to consider that costs are overall reasonable and plausible. Measures have been estimated amongst others based on market prices or prices of similar units in past investments, contracts signed or on indicative offers. For other measures, a top-down approach is used where the overall cost of the project is based on similar projects from the past. Based on the assessment of the cost estimates and related supporting documents, the cost estimates for most of the measures in the plan are deemed reasonable and plausible. The amount of the estimated total costs of the new RRP is in line with the nature and type of the envisaged reforms and investments. Hungary has submitted sufficient costing evidence underpinning the claims presented in the plan. In the new RRP, for the costs of new measures, including those in the REPowerEU chapter, the estimates have been deemed, to a medium extent, as plausible.
- (54) Hungary provided sufficient information and evidence that the amount of the estimated cost of the reforms and investments of the new RRP to be financed under the Facility is not covered by existing or planned Union financing. This would warrant a rating of B under criterion 2.9 of Annex V to Regulation (EU) 2021/241. Finally, the estimated total cost of the new RRP is in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact.

Protection of the financial interests of the Union

- (55) In accordance with Article 19(3), point (j), of and Annex V, criterion 2.10, to Regulation (EU) 2021/241, the arrangements proposed in the new RRP are adequate (Rating A) to prevent, detect and correct corruption, fraud and conflicts of interests when using the funds provided under that Regulation, and the arrangements are expected to effectively avoid double funding under that Regulation and other Union programmes. This is without prejudice to the application of other instruments and tools to promote and enforce compliance with Union law, including for preventing,

detecting and correcting corruption, fraud and conflicts of interest, and for protecting the Union budget in line with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council⁶.

- (56) In accordance with Article 20(5), point (e), of Regulation (EU) 2021/241, milestones linked to the protection of the financial interests of the Union should be set out in order to ensure compliance with Article 22 of that Regulation, through the establishment of an adequate control system. The satisfactory fulfilment of those milestones is expected to guarantee the adequacy of the internal control system, in accordance with Article 19(3), point (j), of Regulation (EU) 2021/241. The control system and arrangements proposed in the new RRP are based on robust processes and structures, clearly identifying the roles and responsibilities of different bodies involved in the implementation, monitoring, control and audit of the plan, as well as for their interactions. These provide for a clear segregation of the implementation, control and audit functions and responsibilities. The National Authority is responsible for the overall coordination of the new RRP, for monitoring progress on milestones and targets, for performing controls on implementing bodies, sub-granting bodies, the body implementing financial instruments, financial intermediaries and final recipients, and for the preparation and submission to the Commission of payment requests and related management declarations based on verified data from the monitoring system. The role of audit authority of the new RRP is assigned to the Directorate General for the Audit of European Funds (EUTAF), which has the necessary administrative experience and capacity to carry out the related audit tasks in line with internationally accepted audit standards. EUTAF is responsible for performing system audits and substantive testing of the implemented milestones and targets which serve as a basis for the summary of audits submitted to the Commission with the payment requests. The audit framework is further reinforced through dedicated milestones ensuring the functional and budgetary independence of EUTAF, the adoption of a multi-annual audit strategy covering system audits, risk-based sampling and on-the-spot verifications, as well as requirements ensuring sufficient audit coverage of implementing bodies and control systems and the issuance of an audit opinion on the functioning of the repository system for monitoring the implementation of the new RRP. This is ensured in particular through the following milestones: 75, 81, 83 and 84.
- (57) The administrative capacity of the bodies charged with the implementation, coordination, monitoring and control of the new RRP is expected to be adequate to perform their envisaged roles and tasks. The National Authority may be supported by implementing bodies, sub-granting bodies and the Hungarian Development Bank, which have been entrusted with specific implementation tasks on the basis of their expertise and administrative capacity. The increased implementation role of the Hungarian Development Bank is accompanied by a dedicated reform to strengthen its operational capacity, governance, transparency, internal control systems and oversight arrangements. The National Authority is expected to supervise the work of the bodies involved in implementation on a regular basis. In addition, regular controls related to conflicts of interest are carried out by the Directorate of Internal Audit and Integrity independently from the other control bodies, including reinforced rules on conflict-of-interest prevention, detection and correction across all implementing entities and

⁶ Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433 I, 22.12.2020, p. 1).

beneficiaries, and systematic verification of declarations and risk-based ex post controls of operations. Further milestones are included to ensure the continued application of the legal and institutional framework governing the management, control and audit of the new RRP throughout the implementation period of the plan and beyond 2026 including the establishment and maintenance of the legal framework governing management, control and audit functions, ensuring continuity of safeguards, and the reinforcement of oversight over implementing bodies and financial intermediaries. Additional reforms strengthen the protection of the Union's financial interests, such as the establishment of an Integrity Authority and including through enhanced transparency and access to beneficial ownership information for management, control and audit purposes, the regular review of the anti-fraud, anti-corruption strategy for the implementation, audit and control of Union support, legislative measures ensuring the effective conduct of OLAF investigations and on-the-spot checks and investigations, including the provision of national assistance and effective sanctions in case of non-cooperation, together with reinforced operational cooperation with OLAF through mandatory assistance obligations for competent national authorities and improved follow-up of investigative findings, and Hungary's participation in the enhanced cooperation on the establishment of the European Public Prosecutor's Office (EPPO). The effectiveness of the anti-fraud and anti-corruption framework is further reinforced through the systematic use of risk analysis and data-mining tools, including mandatory data uploads, structured follow-up of identified risks, and integration of risk-scoring outputs into decision-making processes, supported by audit checks on the completeness and reliability of underlying data. These institutional safeguards also include the establishment of an independent internal audit and integrity function with investigative powers over conflicts of interest and irregularities, complemented by whistleblowing channels and systematic verification of declarations, as well as reinforced guarantees of the functional and budgetary independence of the audit authority, ensuring multi-annual audit planning, methodological autonomy and compliance with internationally accepted auditing standards. This is ensured in particular through the following milestones: 76, 77, 78, 79, 80, 82. Additionally, seven milestones are set to ensure in particular the strengthening of the anti-corruption framework, the transparency of the use of and oversight over public funds, including Union support (this is ensured through milestones 54, 55, 57, 58, 59, 62 and 63). Three milestones are set to ensure the increased transparency and competition in public procurement (this is ensured through milestones 66, 68 and 69). Four milestones are set to strengthen judicial independence which is a prerequisite for the functioning of an internal control system (this is ensured through milestones 71, 72, 73 and 74).

- (58) The Commission considers that overall, the internal control system of the new RRP is adequate, taking also into account the 24 milestones related to the Hungarian control system aiming at the protection of the financial interests of the Union that are a precondition for any payment under Article 24 of Regulation (EU) 2021/241. Taking into account that those milestones are designed to ensure the protection of the financial interests of the Union and the establishment of an adequate control system, before any payment under the Facility is authorised by the Commission, Hungary should fulfil all milestones related to the control system⁷ before the submission of a payment request,

⁷ This is the case for milestones 54, 55, 57, 58, 59, 62, 63, 66, 68, 69, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84.

and no payment under the Facility should be made before their fulfilment. A number of these measures have been put forward by Hungary in the context of the procedure under the Conditionality Regulation. The content of the related milestones and targets is aligned with the commitments taken in that context. In addition, provisions have been included to ensure the continued application of audit and control safeguards beyond 2026. Furthermore, audit assurance is strengthened by the inclusion of specific provisions related to strengthened ex post controls and audits, and the verification of compliance with rules concerning fraud, corruption, conflicts of interest and double funding.

Coherence of the new RRP

- (59) In accordance with Article 19(3), point (k), of and Annex V, criterion 2.11, to Regulation (EU) 2021/241, the new RRP includes to a high extent (Rating A) measures for the implementation of reforms and public investment projects that represent coherent actions.
- (60) The new RRP is structured into 11 mutually coherent components, supporting the strengthening of the economy, employment and social outcomes, and advancing the green and digital transitions. The investments in Water and Circularity, Transport, REPowerEU, and the voluntary contributions to the *AI Gigafactory* and IRIS² programmes strengthen the plan's consistency, ensuring that Hungary's recovery strategy remains aligned with its long-term priorities: the green and digital transitions, energy security, and socio-economic resilience. The plan includes measures that create multiplier effects, accelerating progress toward Hungary's strategic goals. The interplay between transport decarbonisation and grid development is expected to drive systemic changes. The electrification of railway sections increases demand for clean electricity, which is met by the modernisation of the grid which in turn supports the expansion of Electric vehicles charging stations. The grid's enhanced capacity and flexibility (achieved through investments in smart grid storage facilities and transmission upgrades) are essential to managing the additional load from the electrified transport. The measures included further strengthen Hungary's green and digital transitions. Component 6 (Energy) and REPowerEU includes measures targeting different segments of the energy system. While residential solar panel support empowers households to generate their own renewable energy, onshore wind development focus on large-scale renewable capacity and geothermal energy reforms unlock potential for industrial and district heating. Grid development acts as a critical complementary measure by ensuring that the transmission and distribution infrastructure can accommodate the increased capacity and variability of these renewable sources. Regarding the digital transformation the new voluntary contributions to AI Gigafactory and IRIS² programmes strengthen high-performance computing capabilities, while healthcare digitalisation modernises public service delivery. Smart metering dissemination, another complementary measure, enhances energy efficiency and grid management by providing real-time data on consumption. This allows for better demand-side management, which is critical as Hungary's grid integrates more variable renewable energy sources. Together, these investments ensure that key aspects of the digital transition, whether industrial, public, or infrastructural, are supported.

Equality

- (61) The new RRP integrates gender equality and equal opportunities as cross-cutting priorities, aligning with Principle 2 (Gender Equality) and Principle 3 (Equal Opportunities) of the European Pillar of Social Rights. The plan includes targeted measures to reduce gender disparities in education, labour market participation, and access to essential services. In early childhood education and care, the construction of 110 new crèche places (C1.I4) should support parents - particularly women - in balancing work and family responsibilities, thereby enhancing female labour market participation. The new RRP also promotes inclusive education through measures to reduce school segregation (C1.R1) and support students with special educational needs (C1.I2), ensuring equal access to quality education for all children, regardless of socio-economic background.

Security self-assessment

- (62) A security self-assessment has not been provided as it has not been considered appropriate by Hungary, in accordance with Article 18(4), point (g), of Regulation (EU) 2021/241. The investments in the new RRP cover the voluntary contribution to AI Gigafactory and IRIS² programmes. The necessary security assurances should be put in place as part of the execution of the respective programmes.

Cross-border and multi-country projects

- (63) The new RRP has strong cross-border and multi-country dimension. The REPowerEU chapter includes key reforms and investments incentivising the uptake of renewable energy sources, strengthening flexibility markets and the resilience of the electricity network and improving energy efficiency, thus contributing to the reduction of reliance on fossil fuels. The electricity network development aims to support the uptake of renewable energy and improve the consumer and producer electricity connections. Coupled with the reforms incentivising energy storage, onshore wind energy connection and the functioning of the flexibility market, this investment is a critical measure fostering the resilience of the electricity network of the EU and reducing reliance on fossil fuels. Lastly, the financial instrument supporting the energy efficiency improvements of residential dwellings is an enabler to multiply the effect of the aforementioned reforms and investment through reducing energy consumption of households. The total estimated costs of these measures account for a total of EUR 704,510,828, representing 100% of the estimated costs of the REPowerEU chapter, exceeding the indicative target of 30%. The REPowerEU component plays a pivotal role in addressing Hungary's CSRs, specifically CSR 2022/5, CSR 2022/6, and CSR 2023/4, by advancing energy efficiency, infrastructure modernisation, and cross-border connectivity. A flagship project under this scheme is the electrification of the Szeged–Röszke railway line, extending to Hungary's border with Serbia, alongside the construction of a new electrified delta track connecting railway lines 136 and 140. These upgrades should enhance cross-border rail transport efficiency, reduce reliance on fossil fuels, and align with the EU's decarbonisation and sustainable mobility goals. By modernising critical infrastructure, the project supports Hungary's green transition, strengthens regional economic ties, and improves logistics for both passenger and freight services. The initiative reflects broader REPowerEU objectives, among which accelerating energy independence, boosting renewable integration, and reinforcing EU-wide transport resilience while addressing socio-economic disparities through targeted energy and infrastructure investments. Hungary's contribution of EUR 500 000 000 to the AI Gigafactory initiative has a clear cross-border dimension. AI Gigafactories are Union-level strategic infrastructures designed to provide

European researchers, startups, and businesses across all Member States with access to large-scale computing power and training capabilities for frontier AI models. The benefits of the investment - in terms of shared AI capacity, open access to supercomputing resources, and strengthening the EU's technological sovereignty – will by design extend well beyond Hungary's borders. Finally, Hungary's contribution of EUR 500 000 000 to the IRIS² constellation programme has an inherent cross-border dimension. IRIS² infrastructure and benefits - including enhanced communications resilience and reduced dependence on non-EU providers – will by design accrue across all Member States, well beyond Hungary's borders.

Consultation process

- (64) The reforms and investments included in the new RRP have undergone consultations with stakeholders in accordance with the national legal framework. In particular measures transferred from the previous RRP to the new RRP have been subject to public consultation at the time of the submission of that plan. In addition, measures and the investments transferred from other Union programmes to the new RRP have been subject to further consultations before their respective calls were published. Furthermore, the new measures included in Hungary's new RRP were consulted with stakeholders in the monitoring committee for the RRP and are in the process of further consultations while being launched in accordance with the national framework.

Measures supporting investment operations contributing to the objectives of the Strategic Technologies for Europe Platform (STEP)

- (65) In accordance with Article 4(4) of Regulation (EU) 2024/795 of the European Parliament and of the Council of 29 February 2024 establishing the Strategic Technologies for Europe Platform (STEP), Hungary considered as a matter of priority projects that have been awarded a Sovereignty Seal pursuant to Article 4(1) of Regulation (EU) 2024/795. However, Hungary considered that no project having been awarded a Sovereignty Seal was to be included in the new RRP because of insufficient time to complete such project before the end date of the RRF.

Positive assessment

- (66) Following the positive assessment of the Commission concerning the new RRP with the finding that the new RRP satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of and Annex V to that Regulation, this Decision should set out the reforms and investment projects necessary for the implementation of the new RRP, the relevant milestones, targets and indicators, and the amount made available from the Union for the implementation of the new RRP in the form of non-repayable financial and loan support.

Financial contribution

- (67) The estimated total cost of the new RRP is EUR 10 000 000 000 which is equivalent to HUF 3 553 302 225 000 on the basis of the average EUR HUF ECB reference rate of 9 June 2026. Amounts in euros referred to in the descriptions of the measures and the corresponding milestones and targets have been calculated on the same basis and should be assessed taking this into account.
- (68) As the new RRP satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241 and, furthermore, as the amount of the estimated total costs of the new RRP is higher than the maximum financial contribution available for

Hungary, the financial contribution allocated for Hungary's new RRP should be equal to EUR 6 511 661 435.

- (69) Furthermore, in order to support additional reforms and investments, a total loan support of EUR 3 918 313 481 should be made available to Hungary. The amount of the estimated total costs of the new RRP is lower than the combined financial contribution available for Hungary and the loan support that had been made available to Hungary. Therefore, the total loan support made available to Hungary should be reduced to EUR 3 488 338 565. The maximum volume of the loan requested by Hungary is less than 6.8% of its 2019 gross national income in current prices.
- (70) The Council Implementing Decision of 15 December 2022 should therefore be amended accordingly. For the sake of clarity, the Annex to the Council Implementing Decision of 15 December 2022 should be replaced entirely.
- (71) This Decision should be without prejudice to the outcome of any procedures relating to the award of Union funds under any Union programme other than the Facility or to procedures relating to distortions of the operation of the internal market that may be undertaken, in particular under Articles 107 and 108 of the Treaty. It does not override the requirement for Member States to notify instances of potential State aid to the Commission under Article 108 of the Treaty,

HAS ADOPTED THIS DECISION:

Article 1
Approval of the assessment of the new RRP

The assessment of the new RRP of Hungary on the basis of the criteria provided for in Article 19(3) of Regulation (EU) 2021/241 is approved. The reforms and investment projects under the new RRP, the arrangements and timetable for the monitoring and implementation of the new RRP, including the relevant milestones and targets and the additional milestones and targets related to the payment of the loan, the relevant indicators relating to the fulfilment of the envisaged milestones and targets, and the arrangements for providing full access by the Commission to the underlying relevant data are set out in the Annex to this Decision.

Article 2

The Council Implementing Decision of 15 December 2022 on the approval of the assessment of the RRP for Hungary is amended as follows:

- (1) in Article 2, paragraph 1 is replaced by the following:
“1. The Union shall make available to Hungary a financial contribution in the form of non-repayable support amounting to EUR 6 511 661 435.”⁸
- (2) in Article 2a, paragraph 1 is replaced by the following:
“1. The Union shall make available to Hungary a loan amounting to a maximum of EUR 3 488 338 565.”
- (3) the Annex is replaced by the text set out in the Annex to this Decision.

⁸ This amount corresponds to the financial allocation after deduction of Hungary's proportional share of the expenses referred to in Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology set out in Article 11 of that Regulation.

Article 3
Addressee

This Decision is addressed to Hungary.

Done at Brussels,

For the Council
The President