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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	ANNEX to the 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

Delegations will find attached the above-mentioned annex to the amending Council Implementing Decision.

ANNEX

SECTION 1: REFORMS AND INVESTMENTS UNDER THE RECOVERY AND RESILIENCE PLAN

1. Description of reforms and investments

A. COMPONENT 1: DEMOGRAPHY AND PUBLIC EDUCATION

This component of the Hungarian recovery and resilience plan addresses challenges related to the inclusive access to quality school education, the labour market integration of vulnerable groups, and broader demographic developments facing the Hungarian economy, public finances and society.

The main objectives of the component are to:

- improve access to quality school education by providing pupils and teachers with the devices necessary to participate in modern digital education, and developing their digital skills;
- increase the participation of disadvantaged pupils in quality mainstream education;
- reduce the risk of segregation in schools;
- increase the attractiveness of the teaching profession and reinforce the skillset of teachers;
- improve access to early childhood education and care to reduce social inequalities and facilitate labour market integration of vulnerable groups.

The component includes measures reflecting principles of the European Pillar of Social Rights on education, training and lifelong learning, on gender equality and on childcare and support to children. The component also supports the digital transition by increasing the digital capacities in the public education and by enhancing the digital skills of pupils and teachers. The focus on reducing segregation in schools contributes to social cohesion. The component also contributes to the green transition, as the planned infrastructure developments shall apply high standards of energy efficiency.

The component is in line with the Hungarian public education strategy prepared for the period 2021-2030, the Hungarian National Energy and Climate Plan, the National Energy Strategy 2030 and the National Clean Development Strategy.

The component contributes to addressing the Country Specific Recommendations on the need to continue the labour market integration of the most vulnerable groups, in particular through upskilling and to improve education outcomes and increase the participation of disadvantaged groups, in particular Roma in quality mainstream education (Country Specific Recommendation 2 in 2019 and Country Specific Recommendation 3 in 2022), contribute to women's participation to the labour market (County Specific Recommendation 4 in 2019), to focus investment-related economic policy on energy and resource efficiency (Country Specific Recommendation 3 in 2019), to ensure access to essential services and quality education for all (Country Specific Recommendation 2 in 2020), to focus investment on the green and digital transition and digital infrastructure for schools (Country Specific Recommendation 3 in 2019).

It is expected that no measure in this component does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measures and the mitigating steps set out in the recovery and resilience plan in accordance with the DNSH Technical Guidance (2021/C58/01).

A.1. Description of the reforms and investments for non-repayable financial support

C1.I1: Development of competitive public education using 21st century technology

The objective of the measure is to support the digital transformation of public education by increasing the availability of digital devices in schools.

This measure consists in delivering digital devices to the school education institutions and to the school administration centrum (Klebelsberg Központ).

C1.R1: Reduction of segregation risk in schools

The objective of the reform is to enhance equal access to quality education and to reduce school segregation.

The measure consists in the entry into force of legal acts(s) for the reduction of State support for primary and lower secondary schools (grades 1 to 8) with a low proportion of disadvantaged students.

C1.R2: Increasing the attractiveness of the teaching profession

The objective of this measure is to increase the attractiveness of the teaching profession and to reduce teacher shortages.

The measure consists in the entry into force of legal act(s) on gradually increasing teachers' wages to at least 80% of the average wage of tertiary graduates in 2025 and to be maintained at the same level until at least 31 December 2031.

C1.I2: Construction of childcare facilities

The objective of the investment is to increase the availability of early childhood education services by creating new crèche places.

This measure consists in the construction of childcare facilities.

C1.I3: Modernisation of school infrastructure

The objective of the investment is to increase capacities in the primary and secondary education by upgrading school infrastructure and teaching equipment.

This measure consists in the construction and renovation of school facilities, and purchase and installation of teaching equipment.

A.2. Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support

Seq Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
1	C1.I1 Development of competitive public education using 21st century technology	Milestone	Delivery of digital notebooks	Delivery of equipment				Q2	2026	Delivery of 579 000 digital notebooks to the school education institutions or to the school administration centrum (Klebelsberg Központ).
3	C1.R1 Reduction of segregation risk in schools	Milestone	Entry into force of legal act(s) providing for the reduction of State support for primary and lower secondary schools with a low proportion of disadvantaged students	Provisions in the legal act(s) indicating its entry into force				Q2	2026	Entry into force of legal act(s) for the reduction of State support for primary and lower secondary schools (grades 1 to 8) with a low proportion of disadvantaged students. The legal act(s) shall include provisions according to which the State support for primary and lower secondary schools is reduced by 10% if the proportion of disadvantaged students in those schools is more than 20 percentage points lower than the average proportion in the settlement (at local administrative unit level where the school is located) as determined at the beginning of the schoolyear 2025/2026.

Seq Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
4	C1.R2 Increasing the attractiveness of the teaching profession	Milestone	Entry into force of legal act(s) to increase wages of teachers in the public education system	Provisions in the legal act(s) indicating its entry into force				Q2	2026	Entry into force of legal act(s) setting out the obligation that the average wage of teachers in the public education system (all teachers in public education system holding a tertiary degree as defined in the Public Education Act, excluding vocational education) shall reach at least 80% of the average wage of tertiary graduates by 1 January 2025 and shall be maintained at a level of at least 80% of the average wage of tertiary graduates until at least 31 December 2031. The law shall also include provisions according to which, as of 1 January 2024 and until at least 31 December 2031, the wage of teachers in the categories listed below shall be higher by at least 12.5 % of the wage of teachers with the same qualification and experience not included in these categories: - teachers working in disadvantaged settlements or catching up settlements as defined by government decree; - teachers working in schools with a proportion of disadvantaged pupils of at least 10% and defining special pedagogical methods for inclusive education in their pedagogical programmes.

Seq Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
5	C1.I2 Construction of childcare facilities	Target	Constructed childcare facilities		Number	0	110	Q2	2026	Launch of call(s)/tender(s) for the construction of 110 childcare facilities. The conditions of the tender(s)/call(s) for applications shall ensure that the primary energy demand of any new buildings is at least 20% lower than the nearly zero-energy building requirement as set out in national legislation. Construction of 110 childcare facilities.
6	C1.I3 Modernisation of school infrastructure	Milestone	Investments in school infrastructure and teaching equipment	Disbursement of funds				Q2	2026	Disbursement of EUR 152 million of funds for investments in school infrastructure and teaching equipment.

B. COMPONENT 2: HIGHLY QUALIFIED, COMPETITIVE WORKFORCE

This component of the Hungarian recovery and resilience plan contributes to the modernisation of the vocational and higher education systems. It addresses the challenges of the green and digital transition by implementing energy efficiency renovation and digital equipment solutions in buildings in higher and vocational education institutions. The component also addresses challenges related to skills development and levels of research and innovation by incentivising business-academia research projects. The measures in this component are important for the recovery of the economy and for enhancing future crisis resilience.

The central objective of this component is to strengthen the labour force and related training institutions in light of current and possible new crises, and to improve the socio-economic environment of Hungary. To this end, the component aims to (i) create a competitive higher education system; (ii) contribute to increasing the availability of skilled workers; and (iii) support an ecosystem for science, innovation and training.

The component supports addressing the Country Specific Recommendations on promoting investment and reform on research and innovation, and green and digital skills (Country Specific Recommendation 5 in 2022); on focusing investment on the green and digital transitions and on the digital infrastructure of schools (Country Specific Recommendation 2 in 2020); and on focusing investment-related economic policy on research and innovation (Country-Specific Recommendation 3 in 2019).

It is expected that no measure in this component does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measures and the mitigating steps set out in the recovery and resilience plan in accordance with the DNSH Technical Guidance (2021/C58/01).

B.1. Description of the reforms and investments for non-repayable financial support

C2.R1: Modernisation of higher education courses

The objective of this measure is to modernise higher education by including more practice-oriented elements in the programmes.

This measure consists in the revision of higher education programmes to introduce practice-oriented elements and the amendment of selected related regulations.

C2.I1: Institutional innovation in higher education

The objective of this measure is to develop digital learning content.

This measure consists in developing digital learning content.

C2.I2: Digitalization and modernisation of higher education infrastructure

The objective of this measure is to increase the attractiveness of higher education institutions and support the green and digital transition through modernised infrastructure and digitalisation.

This measure consists in:

i) energy efficiency refurbishment of higher education institutions, achieving at least 30% primary energy savings.

ii) the construction of new buildings for higher education institutions.

iii) purchase and delivery of digital equipment in higher education institutions.

C2.I3: Vocational education and training infrastructure for the 21st century

The objective of the investment is to improve digitalisation and energy efficiency of selected vocational training centres.

This measure consists in: (i) energy efficiency renovation and/or construction of new buildings, and/ or (ii) purchase and delivery of ICT equipment to selected vocational education and training centres.

C2.I4: Development of the Central Examination Centre

The objective of this measure is to develop a central examination centre in Budapest promoting high-quality professional examinations.

This investment consists in the renovation and purchase and delivery of equipment for the Central Examination Centre.

C2.I5: Support for research and development

The objective of the investment is to strengthen the innovation ecosystem in the country by supporting research and development activities in the areas of safe society and environment; health; industry and digitalisation.

The measure consists of the provision of financial support to research entities.

B.2. Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support

Sequential Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
7	C2.R1 Modernisation of higher education programmes	Milestone	Revision of higher education programmes	Revised programmes				Q2	2026	Revision of 15 higher education programmes to introduce practice-oriented elements and amend related regulations.
8	C2.I1 Institutional innovation in higher education	Milestone	Digital learning materials developed for higher education	Digital learning materials				Q2	2026	At least 1 000 digital learning materials (e.g., textbooks, research studies, and other educational resources) are developed for higher education institutions.
9	C2.I2 Digitalization and modernisation of higher education infrastructure	Milestone	Energy efficiency refurbishment of building infrastructure and construction of new buildings in higher education institutions	Higher education institutions renovated/constructed				Q2	2026	Launch of a call for projects regarding 1) energy efficiency renovation, 2) construction of new buildings, 3) purchase and delivery of digital equipment in higher education institutions. The requirements in the call documentation shall ensure non-discrimination among Hungarian higher education institutions, including based on their ownership structure. Public trust funds shall not be eligible as recipients under the call. Renovation and/or construction of 25 145 square meters of buildings in higher education institutions and purchase and delivery of 22 300 ICT equipment for higher education institutions. Energy efficiency renovations shall achieve, on average, at least a 30% reduction of direct and indirect GhG emissions compared to ex ante emissions.

Sequential Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
10	C2.I3 Vocational education and training infrastructure for the 21st century	Target	Refurbishment of building infrastructure and/or construction of new buildings in vocational education and training centres		Number	0	18	Q2	2026	Renovation and/or construction of 57 000 square meters and/or purchase and delivery of 1 150 ICT equipment. The energy efficiency renovations shall achieve on average at least 30 % reduction of direct and indirect greenhouse gas emissions or at least 30% primary energy savings.
11	C2.I4 Development of the Central Examination Centre	Milestone	Refurbishment of the Central Examination Centre	Refurbishment of the Central Examination Centre				Q2	2026	Renovation of the Central Examination Centre's building and purchase and delivery of ICT and production simulation equipment. The energy efficiency renovation shall reach at least 30% primary energy savings or at least 30% reduction in greenhouse gas emissions.
12	C2.I5 Support for research and development	Target	Support research entities		Number	0	14	Q2	2026	Signature of 14 grant agreements with research entities.

C. COMPONENT 3: CATCHING UP SETTLEMENTS

This component of the Hungarian recovery and resilience plan addresses the socio-economic and territorial challenges that have been amplified by the COVID-19 pandemic, particularly in the poorest settlements, and tackles issues such as the lack of access to the labour market and public services, the shortage of primary care professionals and more generally poverty.

The main objective of this component is to provide basic services for the inhabitants of the 300 most disadvantaged settlements in Hungary (as defined by the Government Decision 1404/2019 (VII.05.) and the Government Decision 1057/2021. (II.19.)) through an integrated social policy intervention. The scope of measures in this component is an integral part of the wider Catching up Settlements Programme. The component contributes to the principle 20 on access to essential services of the European Pillar of Social Rights.

To this end, the component aims to (i) establish social solar power plants; (ii) promote employment and skills development based on local specificities and the strengthening of the local economic culture; and (iii) achieve better learning outcomes through community-oriented pedagogy.

The component shall contribute to addressing the Country Specific Recommendations on improving the adequacy of social assistance and ensure access to essential services, quality education (Country Specific Recommendations 2 in 2020 and 3 in 2022), on ensuring labour market integration of the most vulnerable groups (Country Specific Recommendations 2 in 2019 and 3 in 2022), and on making investments focused on the green and digital transitions (Country Specific Recommendations 3 in 2020 and 6 in 2022).

It is expected that no measure in this component does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measures and the mitigating steps set out in the recovery and resilience plan in accordance with the DNSH Technical Guidance (2021/C58/01).

C.1. Description of the reforms and investments for non-repayable financial support

C3.I1: Production and use of renewable energy in disadvantaged settlements

The objective of this measure is to reduce energy poverty in settlements selected under the Catching up Settlements Programme through renewable energy production.

This measure consists in the installation of photovoltaic capacity and in subsidising the electricity costs of households living in settlements selected under the Catching up Settlements Programme.

C3.I2: Promoting employment and skills development based on local specificities

The objective of this measure is to develop employability of people living in settlements selected under the Catching-up Settlements Programme.

This measure consists in the support of participation in labour socialisation programmes.

C3.I3: Community-oriented pedagogy

The objective of the measure is to provide pupils targeted support in settlements selected under the Catching up Settlements Programme.

The measure consists in the participation of public education institutions in inclusive pedagogical development.

C.2. Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support

Sequential Number	Related Measure (Reform or Investment)	Milestone /Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
13	C3.I1 Production and use of renewable energy in disadvantaged settlements	Target	Installation of renewable energy production capacity and support of households from settlements selected under the Catching up Settlements Programme		kWp	0	15 000	Q2	2026	Installation of photovoltaic power plants with a total capacity of at least 15 000 kWp. Grant awards issued for 1 500 beneficiaries from settlements selected under the Catching up Settlements programme to subsidise annual electricity costs.
14	C3.I2 Promoting employment and skills development based on local specificities	Target	Participation in labour socialisation programmes		Number	0	7 000	Q2	2026	At least 7 000 people from settlements selected under the Catching up Settlements Programme have participated in labour socialisation programmes, for example workshops, training, mentoring or labour personalised services.
15	C3.I3 Community-oriented pedagogy	Target	Pedagogical development of public education or vocational training institutions		Number	0	60	Q2	2026	Participation of at least 60 public education or vocational training institutions from settlements selected under the Catching up Settlements Programme in inclusive, community oriented pedagogical development programmes, for example social diagnoses for public education institutions, extended school programmes and career guidance methods for teachers.

D. COMPONENT 4: WATER MANAGEMENT AND CIRCULAR ECONOMY

This component of the Hungarian recovery and resilience plan aims at addressing the challenges that Hungary faces with water management and with its transition to a circular economy.

Water scarcity has a detrimental effect on the status of water bodies, ecosystems and agricultural lands. The objective of this component is to contribute to introducing solutions in the field of water management through the establishment of an action plan and water retention measures.

The measures under circular economy contribute to a more developed waste management system in Hungary. This requires establishing the main legislative and procedural requirements for preparing the Hungarian economy to the transition to the circular economy, accompanied by awareness raising activities on waste recycling. The objectives of this component are consistent with the EU Waste Management Framework.

The component contributes to addressing the Country Specific Recommendations to focus investment-related economic policy on sustainable water management (Country Specific Recommendation 3 in 2020, and Country Specific Recommendation 5 in 2022). In addition, this component contributes to addressing the Country Specific Recommendations to promote reform on sustainable waste management and the circularity of the economy (Country Specific Recommendation 5 in 2022).

It is expected that no measure in this component does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measures and the mitigating steps set out in the recovery and resilience plan in accordance with the DNSH Technical Guidance (2021/C58/01).

D.1. Description of the reforms and investments for non-repayable financial support

C4.R1: Awareness raising - water

The objective of the reform is to set a climate-resilient and sustainable water management framework by aligning water use with available water resources and climate change projections.

The measure consists of the adoption of an action plan on sustainable water management and the delivery of controlled water retention interventions.

C4.I1: Nature protection

The objective of this investment is to improve the water quality and ecological status of the (Soroksári)-Danube branch by issuing the operating permit for the Kvassay pumping station and its associated infrastructure and ensure reliable, climate-resilient water supply.

The measure covers the Danube-side suction structure of the new pumping station, installing four propeller pumps with their mechanical and electrical equipment, and establishing the high-voltage power supply and control system.

C4.R2: Domestic regulation of the transition to a circular economy

The objective of this measure is to create a sound legal framework for the transition to a circular economy.

The measure consists of the entry into force of the amendments to the legal framework with a view to creating an enabling environment for waste management in Hungary.

C4.R3: Action plan for local awareness raising activities

The objective of the measure is to raise the awareness of the population on waste recycling.

The reform consists in the adoption of a national communication action plan which informs the general public regarding the higher levels of waste hierarchy.

D.2. Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support

Sequential Number	Related Measure (Reform or Investment)	Milestone /Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
16	C4.R1 Awareness-raising - water	Milestone	Adoption of an action plan on sustainable water management	The action plan on sustainable water management is adopted				Q2	2026	Government decision on an action plan on sustainable water management, setting out measures, responsibilities and timelines to: - align water use with available water resources and climate change projections, including reducing flood and drought impacts and ensuring long-term water resilience. - prioritise nature-based solutions and natural water retention measures, including their integration into river basin management plans and land-use planning - increase water-use efficiency including reduction of losses and promotion of circular water use and sustainable urban stormwater management - develop green skills in the water sector through targeted training and upskilling measures also at local level - develop monitoring and evaluation framework for assessing the quantitative and qualitative status of groundwater bodies and the impact of water retention measures. - estimate financial needs - prepare recommendations for future legislative changes needed to implement the action plan, based on structured involvement of stakeholders.

Sequential Number	Related Measure (Reform or Investment)	Milestone /Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
										In addition to the adoption of the Action plan, communication activities shall be delivered on sustainable water management.
17	C4.R1 Awareness-raising - water	Target	Number of hectares of water retention interventions		Number of hectares	0	18 000	Q2	2026	At least 18 000 ha of agricultural land have been involved in the "Water to Landscape" programme, where controlled water retention interventions shall be either carried out or assessed feasible by the water authority.
18	C4.I1 Nature protection	Milestone	Kvassay pumping station	Issuance of the operating permit				Q2	2026	Issuance of the operating permit for the Kvassay Pumping Station project. The projects shall cover the Danube-side suction structure, the four propeller pumps with their mechanical and electrical equipment, the high-voltage power supply system, and the control system.
19	C4.R2 Domestic regulation of the transition to a circular economy	Milestone	Entry into force of the legal act(s) necessary to operationalise waste management practice and adoption a national waste management plan	Provision in the legal acts indicating the respective entry into force and adoption of a national waste management plan				Q2	2026	Entry into force of legal act(s) regulating the following elements respectively: - The establishment of, and rules governing the deposit system for beverage bottles; - The reduction of environmental impact of certain plastic products (including measures concerning single-use plastic products); - Rules of the extended producer responsibility; - The removal of abandoned waste from immovable property and of transport to waste treatment place. Adoption of a national waste management plan establishing a framework for transitioning to a circular economy and preventing waste.

Sequential Number	Related Measure (Reform or Investment)	Milestone /Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
20	C4.R3: Action plan for local awareness raising activities	Milestone	Adoption of a national communication action plan	Adoption of a national communication action plan				Q2	2026	Adoption of the national communication action plan providing a communication framework to inform the general public about higher levels of waste hierarchy.

E. COMPONENT 5: SUSTAINABLE GREEN TRANSPORT

This component of the Hungarian recovery and resilience plan addresses the need to strengthen the contribution of the transport sector to the reduction of greenhouse gas and pollutant emissions, to speed up the modernisation of the transport network and rolling stock, to increase the attractiveness of sustainable transport modes, in particular public transport, and to improve social and territorial cohesion.

The objective of this component is to promote sustainable mobility, strengthen low-carbon public transport, reduce negative externalities of transport (in particular congestion and emissions) and provide accessible modes of transport, mostly through a strengthening of public transport infrastructure and vehicles. The measures of this component are expected to lead to a reduction of emissions due to transport by encouraging the use of environmentally friendly urban and suburban modes of transport and more generally by strengthening alternatives to individual cars. Public transport is expected to be made more attractive, which would lead to more users shifting from private car to public transport. More robust railway infrastructure is also expected to facilitate modal shift of freight. To this end, this component shall consist of reforms and investments that promote sustainable transport through the modernisation of important railways lines, the purchase of zero emission buses and trams for public transport, improvements to the oversight on railway market and the introduction of legislation relating to tariffs for public transport. The component also includes the establishment of a Rolling Stock Company (ROSCO) to catalyse the renewal of Hungary's rolling stock and to create the basis for a more efficient management of railway services.

The component contributes to addressing the Country Specific Recommendations on focusing investment-related economic policy on transport infrastructure, taking into account regional disparities, and on focusing investment on the green transition, in particular sustainable transport (Country Specific Recommendation 3 in 2019 and 2020) and on the reduction of the dependency on fossil fuels in transport by stepping up efforts on energy efficiency, in particular through electrification (Country Specific Recommendation 6 in 2022).

It is expected that no measure in this component does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measures and the mitigating steps set out in the plan in accordance with the DNSH Technical Guidance (2021/C58/01).

E.1. Description of the reforms and investments for non-repayable financial support

C5.I1: Development of a suburban railway line

The objective of the measure is to channel traffic towards low CO2 emission modes. The measure consists of works on a railway section.

C5.I2: Rail network congestion switching on TEN-T corridor

The objective of the measure is to channel traffic towards low CO2 emission modes and to improve the use of long-distance freight and passenger transport. The measure consists of works on a railway section.

C5.I3: Development of zero-emission bus transport

The objective of the measure is to renew and decarbonise the public transport fleet in Hungary through the provision of zero-emission buses.

The measure consists in the delivery of 187 zero-emission/electric buses (either M1 or M3).

C5.I4: Development of tram and trolleybus system

The objective of the measure is to improve the transportation infrastructure.

The measure consists in the handover or production of trams and delivery of trolleybuses.

C5.I5: Works on railway section

The objective of the measure is to electrify railway sections.

The measure consists in (re)construction works related to the railway section "Szeged-Rendező - Röszke – Border of the country" and the connection of railway lines 136 and 140.

C5.I6: Boosting the uptake of electric vehicles (EVs)

The objective of this measure is to increase the uptake of electric vehicles by providing financial support in the form of grants.

The measure consists in financial support for the purchase of at least 10 000 electric vehicles.

C5.I7: Setting up a financial instrument to increase the rollout of charging stations for electric vehicles (EVs)

The measure shall consist in a public investment in a Facility, in order to incentivise private investment and improve access to finance in Hungary's electric mobility sector by developing the charging infrastructure for electric vehicles. The Facility shall operate by providing combined loan and grant support directly to the private sector, as well as to public sector entities engaged in similar activities.

The Facility shall be managed by the Hungarian Development Bank (*Magyar Fejlesztési Bank Zrt.* – MFB) as the Implementing Partner. The Facility shall include the following product line:

- Combined loan and grant support for the installation of charging stations. The share of grants and loans shall be decided based on the following criteria:
    - the regional state aid map, as included in Art. 36a of the General block exemption regulation (GBER);
    - the size of the company applying to the Facility. Namely, the smaller the company is, the higher shall be the share of grant support;
    - the heavy-duty vehicles (HDV) charging stations to be installed by final beneficiaries. In particular, the higher is the HDV stations' ratio, the higher shall be the share of grant support.

In order to implement the investment into the Facility, Hungary and the MFB shall sign an Implementing Agreement that shall include the following content:

1. Description of the decision-making process of the Facility: The initial investment decision of the Facility shall be taken by an investment committee or other equivalent governing body and approved by a majority of votes from members who are independent from the government. The final investment decision of the Facility shall be limited to the approval (without modifications) or the exercise of a veto right on an investment decision proposed by the investment committee or equivalent governing body.

2. Key requirements of the associated investment policy, which shall include:
    a. The description of the financial product and eligible final beneficiaries.
    b. The requirement that all investments supported are economically viable**.**
    c. The requirement to comply with the 'do no significant harm' (DNSH) principle as set out in the DNSH Technical Guidance (2021/C58/01). In particular, the investment policy shall exclude the following list of activities and assets from eligibility: (i) activities and assets related to fossil fuels, including downstream use[1], (ii) activities and assets under the EU Emissions Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the applicable benchmarks[2], (iii) activities and assets related to waste landfills, incinerators[3] and mechanical biological treatment plants[4].
    d. The requirement that final beneficiaries of the Facility shall not receive support from other Union instruments to cover the same cost.
3. The amount covered by the Implementing Agreement, the fee structure for the Implementing Partner and the requirement to reinvest any reflows according to the investment policy of the Facility.
4. Monitoring, audit, and control requirements, including:
    1. The description of the Implementing Partner's monitoring system to report on the investment mobilized.
    2. The description of the Implementing Partner's procedures that will ensure the prevention, detection and correction of fraud, corruption, and conflicts of interests.
    3. The obligation to verify the eligibility of every operation in accordance with the requirements laid out in the Implementing Agreement before committing to finance an operation.
    4. The obligation of carrying out risk-based ex-post audits in accordance with an audit plan of the MFB. These audits shall verify i) that the control systems are effective, including the detection of fraud, corruption, and conflict of interests; ii) compliance with the DNSH principle, the State Aid rules, the climate target requirements; and iii) that the requirement that final beneficiaries of the Facility have not received support from other Union instruments to cover the same cost is respected. The audits shall also verify the legality of the transactions and that the conditions of the applicable Implementing Agreement are being respected.

[1] Except for (a) assets and activities in power and/or heat generation, as well as related transmission and distribution infrastructure, using natural gas, that are compliant with the conditions set out in Annex III of the 'do no significant harm' Technical Guidance (2021/C58/01) and (b) activities and assets under point (ii) for which the use of fossil fuels is temporary and technically unavoidable for the timely transition towards a fossil fuel free operation.

[2] Where the activity supported achieves projected greenhouse gas emissions that are not significantly lower than the relevant benchmarks, an explanation of the reasons why this is not possible shall be provided. Benchmarks established for free allocation for activities falling within the scope of the Emissions Trading System, as set out in the Commission Implementing Regulation (EU) 2021/447.

[3] This exclusion does not apply to actions under this measure in plants exclusively dedicated to treating non-recyclable hazardous waste, and to existing plants, where the actions under this measure are for the purpose of increasing energy efficiency, capturing exhaust gases for storage or use or recovering materials from incineration ashes, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level.

[4] This exclusion does not apply to actions under this measure in existing mechanical biological treatment plants, where the actions under this measure are for the purpose of increasing energy efficiency or retrofitting to recycling operations of separated waste to compost bio-waste and anaerobic digestion of bio-waste, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level.

5. Requirements for climate investments carried out by the Implementing Partner: At least EUR 19 418 569 of the RRF investment into the Facility shall contribute to the climate change objectives in accordance with Annex VI to the RRF Regulation.[5]

C5.R1: Tariff reform

The objective of this measure is to encourage the use of public transport.

The measure consists in the entry into force of legal act(s) relating to travel discounts on public passenger transport.

[5] Final beneficiaries associated to specific projects shall be required to provide a justification of the selected intervention field for each project supported, together with a description of the project, for the purpose of the computation of the climate contribution. The Implementing Partner shall also be required to provide to the Member State a semi-annual report on the implementation of each project/activity.

E.2. Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support

Sequential Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
21	C5.I1 Development of a suburban railway line	Milestone	Works related to the Debrecen-Balmazújváros railway section	Handover and acceptance protocol(s)				Q2	2026	Technical handover and acceptance protocol(s) for (re)construction works on the railway infrastructure between Debrecen and Balmazújváros.
22	C5.I2 Rail network congestion switching on TEN-T corridor	Milestone	Works related to the Békéscsaba-Lőkösháza railway section	Handover and acceptance protocol(s)				Q2	2026	Technical handover and acceptance protocol(s) for (re)construction works on the railway infrastructure between Békéscsaba and Lőkösháza.
23	C5.I3 Development of zero-emission bus transport	Target	Delivery of zero emission/electric buses		Number	0	187	Q2	2026	Delivery of 187 zero-emission/electric buses.
24	C5.I4 Development of tram and trolleybus system	Milestone	Trams	Technical handover protocol(s)/production report(s)				Q2	2026	Technical handover protocol(s) for 41 trams and production report(s) for 4 trams.
25	C5.I4 Development of tram and trolleybus system	Milestone	Trolleybuses	Technical handover protocol(s)				Q2	2026	Technical handover protocol(s) for 48 trolleybuses.
26	C5.I5: Works on railway section	Milestone	Works related to the Szeged-Rendező - Röszke – Border of the country railway section	Technical handover protocol(s)				Q2	2026	Technical handover protocol(s) for (re)construction works related to the railway section “Szeged-Rendező - Röszke – Border of the country” and the connection of railway lines 136 and 140.

Sequential Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
27	C5.I6: Boosting the uptake of electric vehicles (EVs)	Target	Financial support for the purchase of electric vehicles		Number	0	10 000	Q2	2026	Disbursement of funds for the purchase of at least 10 000 electric vehicles.
28	C5.I7: Setting up a financial instrument to increase the rollout of charging stations for electric vehicles (EVs)	Milestone	Implementing Agreement	Entry into force of the Implementing Agreement				Q2	2026	Entry into force of the Implementing Agreement.
29	C5.I7: Setting up a financial instrument to increase the rollout of charging stations for electric vehicles (EVs)	Target	Legal agreements signed with final beneficiaries		%	0	100	Q2	2026	The MFB shall have entered into legal financing agreements with final beneficiaries for an amount necessary to use 100% of the RRF investment into the Facility (taking into account management fees). 100% of this financing shall contribute to climate objectives using the methodology in Annex VI to the RRF Regulation.
30	C5.I7: Setting up a financial instrument to increase the rollout of charging stations for electric vehicles (EVs)	Milestone	Ministry has completed the investment	Certificate of transfer				Q2	2026	Hungary shall transfer at least EUR 19 418 569 to the MFB for the Facility
31	C5.R1 Tariff reform	Milestone	Entry into force of legal act(s) related to tariffs	Provision in the legal act(s) indicating entry into force				Q2	2026	Entry into force of legal act(s) relating to travel discounts on public passenger transport.

E.3. Description of the reforms and investments for the loan

C5.I8: Equity injection into a newly created Rolling Stock Company "ROSCO"

This measure aims at supporting the growth potential of the Hungarian economy by structurally adjusting the level of public support available to address market failures and inefficiencies within the economy. The measure shall consist of an equity injection of EUR 1 800 000 000 into the Rolling Stock Company (ROSCO).

The satisfactory fulfilment of milestones under this measure is subject to the satisfactory fulfilment of the milestones of reform C5.R2.

C5.R2: Reform of railway services in Hungary

The objective of this measure is to contribute to an improvement of the railway market in Hungary.

It consists in the entry into force of legal act(s) on the establishment of the National Public Transport Authority (NPTA) and of the Rolling Stock Company (ROSCO).

E.4. Milestones, targets, indicators, and timetable for monitoring and implementation for loan support

Sequential Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
32	C5.I8: Equity injection into a newly created Rolling Stock Company "ROSCO"	Milestone	Equity injection into the ROSCO	Certificate of transfer				Q2	2026	Hungary shall transfer EUR 1 800 000 000 to the ROSCO to increase its equity.
33	C5.R2 Reform of railway services in Hungary	Milestone	Set-up of the National Public Transport Authority	Provision in the legal act(s) indicating the establishment and entry into operation of the National Public Transport Authority				Q2	2026	Entry into force of legal act(s) that establishes the National Public Transport Authority (NPTA) as a permanent public body under the Ministry of Transport. The legal act(s) shall explicitly define the NPTA's legal status, governance structure, mandate, and powers, and shall clearly delimit the respective roles of the NPTA and ROSCO. In particular, the legislation shall clarify that the NPTA manages the public service contracts with railway operators as well as the tendering process, while the ROSCO manages the procurement of rolling stock and makes the rolling stock available to the NPTA. The legal act(s) shall moreover specify information-sharing obligations between the two bodies. The legal act(s) shall moreover: **On tendering:** empower NPTA to impose public service obligations (PSO) and competitively tender public service contract packages in compliance with Regulation (EC)

Sequential Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
										1370/2007. The legislation shall mandate NPTA to divide the network under PSO into contestable lots and to adopt a multi-year tendering programme for these lots, specifying which lots are subject to competitive tender with priority. **On planning and passenger information:** designate the NPTA as the competent authority for public transport planning, and passenger information, and shall specify the functions to be unified under its authority (including ticketing interoperability standards and real-time passenger information systems).
34	C5.R2 Reform of railway services in Hungary	Milestone	Set-up up of the ROSCO	Provision in the legal act indicating the establishment and entry into operation of the ROSCO				Q2	2026	1) Entry into force of legal act(s) that establishes a new permanent wholly state-owned entity (Rolling Stock Company – ROSCO) in the form of a joint stock company. The legal act(s) shall: i. set forth the mission, mandate, and powers of such company so to increase competition in the tenders and the contestability of the service contracts. In particular, the legal act(s) shall ensure that rolling stock is available to incoming PSO operators under fair equal and non-discriminatory conditions with

										standardized operative maintenance requirements. ii. State that the rolling stock to be procured by the ROSCO will be the property of the ROSCO. iii. Set forth the general principles of corporate governance and organisational structure. iv. Establish that the members of the board and statutory bodies of the company shall: a) be selected from among individuals who meet the requirements of integrity, professionalism, and independence; b) have the necessary decision-making power, expertise, competencies and objectivity to carry out their functions of strategic guidance, risk management oversight, and monitoring of management, c) act with and promote integrity, d) be held accountable for their actions, v. set out rules on the prevention of conflicts of interest. 2) Incorporation of the ROSCO and entry in the commercial register. 3) Publication and approval by the Ministry of Transport of the Corporate Charter (Statute) of the RoSCo, which shall specify: a) the exact scope of activities of the company, including that it shall operate solely as an entity on behalf of the Central

Sequential Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
										Government for the public service contracts in the railway transport market, b) the exact corporate governance and organisational structure. c) that the eligible rolling stock to be procured by the company shall be zero emission by means of intervention field 72 bis of Annex VI to the RRF Regulation and compatible with ERTMS standards. 4) Approval by the Ministry of Transport, in agreement with the Ministry of Economy and Finance, of a business plan for the period 2026-2032 detailing: a) the lines of strategic and operational development of the company, taking into account its statutory mission and objectives, b) the characteristics of the activities to be carried out, c) at least with reference to each of the first three financial years, capital adequacy profiles, the planned tendering procedures and investments and related financial coverage.

F. COMPONENT 6: Energy – green transition

This component of the Hungarian recovery and resilience plan addresses several challenges of the energy sector. The objective of the component is to contribute to the attainment of Hungary's 2030 climate and energy targets, also considering the need to raise Member States' ambition in the context of the EU-wide 2030 objective of reducing greenhouse gas emissions by at least 55 % relative to 1990 levels. The National Energy Strategy 2030 and the National Energy and Climate Plan aim at strengthening energy sovereignty and energy security by reducing import dependency, ensuring affordable energy supply for the population and decarbonising energy production, including the increase of the share of energy generation based on renewable sources.

In this context, the component aims at creating additional capacities based on renewable energy sources and ultimately reducing greenhouse gas emissions. The amendments to the legal framework shall establish the supportive regulatory environment to achieve this objective. With a view to integrating the energy production capacities from renewable energy sources into the electricity network in a secure and flexible way, the component shall support the investment related to the network development and investments into electricity storage facilities. The investment into smart meters is expected to contribute to the optimisation of electricity demand in the long term. The component shall also result in creation of additional renewable energy production capacity by supporting onshore wind power generation and the installation of residential solar panel systems. Furthermore, in order to address air pollution and energy efficiency-related challenges, it shall also provide support to households for the installation of electric heating systems and for windows replacement, in addition to the solar panel systems and storage units.

The measures under this component are expected to contribute to the green transition and to the achievement of the climate neutrality objective by 2050.

The smart network development based on innovative technical solutions is an important step towards digitalisation. The exploitation of data through digital solutions ensures better forecast of supply-demand balances and better regulation of energy production.

The component contributes to the strategic autonomy and security of Hungary as part of European objectives. The upscaling of renewable energy production capacities shall lead to increased energy sovereignty through increasing the share of domestic energy sources. The grid development shall also contribute to improving the security of the electricity network.

The investments are also expected to contribute to job creation at local level, including for the SME sector.

The component contributes to addressing the Country Specific Recommendations regarding the need to focus on the green and digital transitions, in particular clean and efficient production and use of energy (Country Specific Recommendation 3 in 2020) and to put low carbon energy and energy and resource efficiency in the centre of investment-oriented economic policy (Country Specific Recommendation 3 in 2019). It also contributes to addressing the Country Specific Recommendation 6 in 2022 regarding the need to reduce overall reliance on fossil fuels by accelerating the deployment of renewables, by streamlining the permitting procedures and the upgrading of the electricity infrastructure, as well as to addressing the Country Specific Recommendation 4 in 2025 regarding the need to improve flexibility and competition in the electricity sector, by strengthening the balancing market and boosting cross-border electricity trading.

It is expected that no measure in this component does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measures and the mitigating steps set out in the recovery and resilience plan in accordance with the DNSH Technical Guidance (2021/C58/01).

F.1. Description of the reforms and investments for non-repayable financial support

C6.R1: Transformation of electricity regulations

The objective of this measure is to improve the legal framework of the Hungarian electricity market by amending the applicable laws.

The measure consists of the introduction of separate accounting for the electricity fed into the grid and electricity consumed from the grid.

C6.R2: Encouraging the deployment of onshore wind energy

The objective of the measure is to encourage the deployment of additional onshore wind power generation capacity in Hungary.

The measure consists in simplifying the rules for the installation of onshore wind power generation capacity.

C6.R3: Accelerate the connection of renewable energy projects to the grid

The objective of this measure is to accelerate the connection of renewable energy projects to the grid.

The measure consists of a simplification of grid connection procedures for renewable energy installations.

C6.R4: Setting minimum energy efficiency standards

The objective of the measure is to improve energy efficiency of buildings in Hungary.

The measure consists in introducing minimum energy efficiency standards for building renovation support schemes (co-) financed from EU funds.

C6.I1: Classic and smart grid development for transmission system operator and distribution system operators

The objective of the measure is to accommodate the expected increase in demand for integrating additional capacity into the grid.

The measure consists of construction and upgrade of transmission and distribution grids.

C6.I2: Support for the use of residential solar panels and heating modernisation

The objective of the measure is the upscaling of residential renewable energy production capacities, the increase of energy efficiency as well as the reduction of air pollution stemming from outdated heating solutions.

The measure consists in: (i) the installation of residential solar panel systems; and (ii) the installation of residential solar panel systems combined with one or multiple of the following measures: replacement of windows and/or doors, installation of storage capacity and installation of electric heating.

C6.I3: Installation of grid energy storage facilities

The objective of this measure is to provide for the market players in the balancing markets access to zero-emission flexibility services.

This measure consists in the installation of energy storage facilities.

C6.I4: Dissemination of smart metering

The objective of the measure is to support the dissemination of smart meters.

This measure consists of the installation of smart meters.

C6.I5: Energy efficiency and renewable energy investments in public buildings

The objective of the measure is to improve the energy performance of public buildings and support the deployment of renewable energy.

This investment consists of energy efficiency renovations and renewable energy installations in public buildings.

C6.I6. Grant scheme for the development of the electricity grid

This measure shall consist of a public investment in a Grant Scheme, in order to incentivise private investment and improve access to finance in Hungary's energy sector. The Scheme shall operate by providing grants directly to the private sector as well as to public sector entities engaged in similar activities.

The Scheme shall be managed by the Hungarian Development Bank (*Magyar Fejlesztési Bank Zrt.* – MFB) as the implementing partner. The Scheme shall include the following product line:

- Grants for distribution and transmission grid development investments including - but not limited to - cables, smart meters, transformers and other grid infrastructure.

In order to implement the investment into the Scheme, Hungary and the Hungarian Development Bank shall sign an Implementing Agreement that shall include the following content:

1. Description of the decision-making process of the Scheme: The final award decision of the Scheme shall be taken by an investment committee or other relevant equivalent governing body and approved by a majority of votes from members who are independent from the government.
2. Key requirements of the associated grant policy, which shall include:
   a. The description of the grants provided and eligible final beneficiaries[6].
   b. The requirement that all investments supported are economically viable**.**

[6] Final beneficiaries associated to specific projects shall be required to provide a justification of the selected intervention field for each project supported, together with a description of the project, for the purpose of the computation of the climate contribution. For the purpose of the computation of the climate contribution, final beneficiaries from equity, quasi-equity, corporate bonds or equivalent instruments not targeted to specific projects shall provide a justification for the selected intervention field(s). The implementing partner shall also be required to provide to the Member State a semi-annual report on the implementation of each project/activity.

c. The requirement to comply with the 'Do no significant harm' (DNSH) principle as set out in the DNSH Technical Guidance (2021/C58/01). In particular, the grant policy shall exclude the following list of activities and assets from eligibility: (i) activities and assets related to fossil fuels, including downstream use[7], (ii) activities and assets under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks[8], (iii) activities and assets related to waste landfills, incinerators[9] and mechanical biological treatment plants[10].

d. The requirement that final beneficiaries of the Scheme shall not receive support from other Union instruments to cover the same cost.

3. The amount covered by the Implementing Agreement, the fee structure for the Implementing Partner and the requirement to use any unused proceeds of the scheme, including beyond 2026, for the same policy purposes.

4. Monitoring, audit, and control requirements, including:

    1. The description of the implementing partner's monitoring system to report on the grants mobilized.

    2. The description of the implementing partner's procedures that will ensure the prevention, detection and correction of fraud, corruption, and conflicts of interests.

    3. The obligation to verify the eligibility of every operation in accordance with the requirements laid out in the Implementing Agreement before awarding a grant to an operation.

    4. The obligation of carrying out risk-based ex-post audits in accordance with an audit plan of the Hungarian Development Bank. These audits shall verify; i) that the control systems are effective, including the detection of fraud, corruption, and conflict of interests; ii) compliance with the DNSH principle, the State Aid rules, the climate and digital target requirements; and iii) that the requirement that final beneficiaries of the Scheme have not received support from other Union instruments to cover the same cost is respected. The audits shall also verify the legality of the transactions and that the conditions of the applicable Implementing Agreement and Grant Agreements are being respected.

[7] Except for (a) assets and activities in power and/or heat generation, as well as related transmission and distribution infrastructure, using natural gas, that are compliant with the conditions set out in Annex III of the 'Do no significant harm' Technical Guidance (2021/C58/01) and (b) activities and assets under point (ii) for which the use of fossil fuels is temporary and technically unavoidable for the timely transition towards a fossil fuel free operation.

[8] Where the activity supported achieves projected greenhouse gas emissions that are not significantly lower than the relevant benchmarks, an explanation of the reasons why this is not possible shall be provided. Benchmarks established for free allocation for activities falling within the scope of the Emissions Trading System, as set out in the Commission Implementing Regulation (EU) 2021/447.

[9] This exclusion does not apply to actions under this measure in plants exclusively dedicated to treating non-recyclable hazardous waste, and to existing plants, where the actions under this measure are for the purpose of increasing energy efficiency, capturing exhaust gases for storage or use or recovering materials from incineration ashes, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level.

[10] This exclusion does not apply to actions under this measure in existing mechanical biological treatment plants, where the actions under this measure are for the purpose of increasing energy efficiency or retrofitting to recycling operations of separated waste to compost bio-waste and anaerobic digestion of bio-waste, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level.

5. Requirements for climate and digital investments carried out by the implementing partner: at least EUR 856 756 163.36 of the RRF investment into the Scheme shall contribute to the climate change objectives in accordance with Annex VI to the RRF Regulation and at least EUR 342 702 465.34 shall contribute to the digital transition in accordance with Annex VII to the RRF Regulation.

F.2. Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support

Seq. Number	Related Measure (Reform or Investment)	Milestone /Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
35	C6.R1 Transformation of electricity regulation	Milestone	Entry into force of legal act(s) concerning gross metering	Provision indicating the entry into force of the legal act(s)				Q2	2026	Entry into force of legal act(s) introducing separate accounting for electricity fed into the grid and electricity consumed from the grid. For users that installed a solar panel system based on a connection request submitted after 13 September 2023, the legal act(s) shall provide for the automatic entry into force of the separate accounting system.
36	C6.R2 Encouraging the deployment of onshore wind energy	Milestone	Entry into force of legal act(s)	Provision indicating the entry into force of legal act(s)				Q2	2026	Entry into force of legal act(s) that: (i) Increase(s) the maximum height limit for wind turbines to 199 m and decrease the minimum distance between wind power plants and residential areas to 700 m across the whole territory of Hungary. (ii) Designate(s) at least 25 priority zones for onshore wind. (iii) Establish(es) that in the priority zones: it is not required to designate green areas, agricultural land or forest land to compensate for the areas designated for wind development; and environmental and construction permits for onshore wind are issued within maximum 50 days after submission of application.
37	C6.R2 Encouraging the deployment of onshore wind energy	Milestone	Entry into force of legal act(s)	Provision indicating its entry into force				Q2	2026	Entry into force of legal act(s) establishing a plan of at least annual grid connection auctions for wind technology. The auctions shall allocate a minimum volume of 4 GW wind energy production capacity for the period 2026–2030. Publication of an auction tender for at least 700 MW of wind capacity by 31 August 2026.

Seq. Number	Related Measure (Reform or Investment)	Milestone /Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
38	C6.R3 Accelerate the connection of renewable energy projects to the grid	Milestone	Entry into force of legal act(s)	Provision indicating the entry into force of legal act(s)				Q2	2026	Entry into force of legal act(s) that: (i) Introduce(s) an integrated permitting procedure for environmental and construction permits for installing solar and on-shore wind power plants with capacity above 0.5 MW; (ii) set(s) out the financial penalties for authorities involved in the integrated permitting procedure for environmental and construction permits that do not grant permits within the administrative procedure deadlines established by law. (iii) Allow(s) for the colocation of wind and solar power plants.
39	C6.R3 Accelerate the connection of renewable energy projects to the grid	Target	Installed capacity of onshore wind and photovoltaic installations		MW	1 906	8 106	Q2	2026	6 200 MW installed capacity of onshore wind and photovoltaic installations.
39bis	C6.R3 Accelerate the connection of renewable energy projects to the grid	Milestone	Entry into force of legal act(s)	Provision indicating its entry into force				Q2	2026	Entry into force of legal act(s) that: (i) Establish(es) that newly built residential PV systems (up to 10.8 kVA) require only a notification to the DSO to be connected to the grid; (ii) Provide(s) that DSOs shall connect small photovoltaic installations (with a maximum capacity of 10.8 kVA) to the grid within maximum two months from the notification of installation by the owner.

Seq. Number	Related Measure (Reform or Investment)	Milestone /Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
40	C6.R4 Setting minimum energy efficiency standards	Milestone	Setting minimum energy efficiency requirements for building renovation support schemes	Provision indicating the entry into force of legal act(s)				Q2	2026	Entry into force of legal act(s) that provides that for building renovation support schemes (co-) financed by EU funds, at least a 30% energy consumption reduction shall be achieved.
41	C6.I1 Classic and smart grid development of transmission system operator and distribution system operators	Target	Construction or upgrade of the grid		MW	0	2 781	Q2	2026	Transmission and distribution networks are constructed or upgraded to enable the integration of at least 2 781 MW of additional hosting capacity.
42	C6.I2 Support for the use of residential solar panels and heating modernisation	Target	Number of households supported		Number	0	23 000	Q2	2026	At least 23 000 households shall have installed solar panel systems. Out of this total, at least 4 313 households shall have installed solar panel systems combined with at least one of the following: installation of electric heating systems, installation of a battery storage unit or replacement of windows and/or doors.
43	C6.I3 Installation of grid energy storage facilities	Target	Capacity of installed energy storage facilities		MWh	0	676	Q2	2026	At least 676 MWh of capacity of grid energy storage facilities are installed.
44	C6.I4 Dissemination of smart metering	Target	Installation of smart meters		Number	0	290 680	Q2	2026	At least 290 680 smart meters installed by the distribution system operators.

Seq. Number	Related Measure (Reform or Investment)	Milestone /Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
45	C6.I5. Energy efficiency and renewable energy investments in public buildings	Target	Number of public buildings benefitted from energy efficiency renovation or renewable energy installation		Number	0	180	Q2	2026	Energy efficiency renovations or renewable energy installations in at least 180 public buildings.
46	C6.I6. Grant scheme for the development of the electricity grid	Milestone	Implementing Agreement	Entry into force of the Implementing Agreement				Q2	2026	Entry into force of the Implementing Agreement.
47	C6.I6. Grant scheme for the development of the electricity grid	Target	Legal agreements signed with final beneficiaries		Percentage (%)	0	100	Q2	2026	The MFB shall have entered into legal grant agreements with the beneficiaries for an amount necessary to use 100% of the RRF investment into the Scheme (taking into account management fees).
48	C6.I6. Grant scheme for the development of the electricity grid	Milestone	Ministry has completed the investment	Certificate of transfer				Q2	2026	Hungary shall transfer EUR 856 756 163.36 to the MFB for the Facility (taking into account management fees).

G. COMPONENT 7: HEALTH

This component of the Hungarian recovery and resilience plan addresses several challenges that the Hungarian health system currently faces, such as unequal access to services and the high incidence of informal (gratuity) payments; an excessive reliance on hospitals in the provision of services and regional shortages of workforce within the health system.

The main objective of the component is to develop a modern and efficient care system capable of responding to the challenges of the twenty-first century and accessible to all, in line with principle 16 of the European Pillar of Social Rights. To this end, the component aims to (i) eradicate gratuity payments in the health system; (ii) reinforce the role of general practitioners; (iii) streamline in-patient care and upgrade its infrastructure and (iv) increase the use of information and communication technologies (ICT) to improve the quality and efficiency of healthcare services.

The component supports addressing the Country Specific Recommendations on supporting preventive health measures and strengthening primary healthcare (Country Specific Recommendations 2 of 2019 and 3 in 2022), on addressing shortages of health workers and ensuring an adequate supply of critical medical products and infrastructure (Country Specific Recommendation 1 in 2020), and on ensuring access to essential services for all (Country Specific Recommendation 2 in 2020). It should also contribute to the implementation of the European Pillar of Social Rights.

It is expected that no measure in this component does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measures and the mitigating steps set out in the recovery and resilience plan in accordance with the DNSH Technical Guidance (2021/C58/01).

G.1. Description of the reforms and investments for non-repayable financial support

C7.R1: Eradication of gratuity payments in the healthcare sector

The objective of the measure is to eradicate the practice of informal gratuity payments in healthcare services while creating better financial and working conditions for doctors.

The measure consists of the entry into force of legal act(s) for: (i) introducing a new employment contract for doctors in the interest of increasing their salaries and (ii) the criminalisation of gratuity payments.

C7.I1: Modernisation of healthcare system in the 21st century

The objective of the measure is to enhance the quality of care by improving healthcare infrastructure and upgrading healthcare equipment in healthcare units.

The measure consists in providing financial support for refurbishment and renovation works, as well as for the purchase of healthcare equipment.

C7.I2: Supporting the digital transformation of health

The objective of this measure is to support the digital transformation of healthcare services by expanding digital process and improving efficiency.

This measure consists in digitisation of new or upgraded functions and procedures of the e-health care system.

C7.I3: Development of primary health care

The objective of the measure is to improve primary health care services through primary care providers, local services, and to alleviate the pressure on specialized care.

The measure consists of establishing praxis communities of primary care providers, increasing the number of doctors in these communities, and enrolling patients in the Chronic Disease Management Programme and Prevention Programme.

C7.I4: Local health and social infrastructure

The objective of the measure is to enhance the quality, accessibility, and efficiency of health and social services.

The measure consists in the refurbishment of healthcare and social care facilities, as well as the delivery of related equipment.

G.2. Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support

Seq. Number	Related Measure (Reform or Investment)	Milestone /Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
49	C7.R1 Eradication of gratuity payments in the healthcare sector	Milestone	Entry into force of the legal act(s) on the eradication of the practice of gratuity payment	Provision in the legal act(s) indicating its entry into force				Q2	2026	Entry into force of a legal act regulating the employment contract of state-owned healthcare service providers, the elimination and criminalization of gratuity payments and the salary for doctors under the new employment contract.
50	C7.I1 Modernisation of healthcare system for the 21st century	Milestone	Refurbishment of health facilities and upgrading of healthcare equipment	Disbursement of funds				Q2	2026	Disbursement of EUR 240 million of funds for investments in healthcare infrastructure and healthcare equipment refurbishment.
51	C7.I2 Supporting the digital transformation of health	Milestone	Expansion of online health functions and procedures	Mobile application registry list				Q2	2026	New or upgraded functions and procedures are digitised or online and accessible via the e-health care system. At least 100 000 users are registered for the EESZT mobile application.
52	C7.I3 Development of primary health care	Milestone	Programmes for primary health care	Participation of primary care providers and patients in dedicated programmes				Q2	2026	Participation of 4 000 primary care providers in praxis communities. 43 000 patients with chronic non-communicable diseases, for example hypertension, cardiovascular diseases, type II diabetes, and chronic obstructive pulmonary disease (COPD) are enrolled in the Chronic Disease Management Programme. 25 000 patients enrolled in prevention program.

Seq. Number	Related Measure (Reform or Investment)	Milestone /Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
53	C7.I4 Local health and social infrastructure	Target	Local health and social infrastructure		Number		60	Q2	2026	Refurbishment of 60 health or social services buildings or delivery of equipment.

H. COMPONENT 8: GOVERNANCE AND PUBLIC ADMINISTRATION

Hungary has a number of long-standing horizontal challenges related to the robustness and functioning of the public institutions in general, which has implications also on economic and social processes in the country. Specific issues in this regard relate to the anti-corruption framework, competition in public procurement, judicial independence, as well as the predictability, quality and transparency of decision-making. Hungary ranks low in corruption perception indicators and the level of competition in public procurements is moderate. Accountability for decisions to close investigations remains a matter of concern as there are no effective remedies against decisions of the prosecution service not to prosecute alleged criminal activities. Recurrent challenges in the application of the rules on transparency and access to public information further weaken the anti-corruption framework as well. As regards judicial independence, concerns relate in particular to the challenges faced by the independent National Judicial Council in counter-balancing the powers of the President of the National Office for the Judiciary, the rules on electing the President of the Supreme Court, the possibility of discretionary decisions as regards judicial appointments and promotions, case allocation as well as bonuses to judges and court executives, as well as the possibility for public authorities to challenge before the Constitutional Court final judicial decisions. The quality, predictability and transparency of decision-making and the absence of effective consultation of social partners and stakeholders in the decision-making processes, represent recurrent challenges. The complexity of the tax system and the risks of aggressive tax planning have also been identified as issues to tackle; and so is the need to improve the sustainability of public finances and the budgetary framework.

This component of the Hungarian recovery and resilience plan aims to address these challenges. It includes measures that are expected to contribute to reinforcing the anti-corruption framework, including by establishing an Integrity Authority and an Anti-Corruption Task Force, implementing anti-corruption measures and strengthening the capacities of the Hungarian audit and control bodies, in particular with regard to spending from the EU budget. It also includes measures to strengthen prosecutorial efforts. Measures are also included to increase competition in the field of public procurement and ensure the transparency of and public oversight over public procurements.

Measures included in the component also address issues concerning the independence of the judiciary, to raise the standard of judicial protection and to improve the investment climate in Hungary, by strengthening the guarantees of independence and impartiality of courts, namely by establishing stronger powers for the National Judicial Council to counterbalance the powers of the President of the National Office for the Judiciary, strengthening the judicial independence of the Supreme Court, removing obstacles to references for preliminary rulings to the Court of Justice of the European Union, and removing the possibility for public authorities to challenge before the Constitutional Court final judicial decisions.

The measures in this component are also expected to improve the quality and transparency of decision-making, including by a more systematic involvement of social partners and stakeholders, and to facilitate access to public information, as well as ensuring effective oversight on how public interest asset management foundations make use of EU support. The component also features measures to tackle the risk of aggressive tax planning and simplify the tax system. Lastly, the component includes measures that aim to improve the quality and sustainability of public finances.

In several instances, this component also contributes to the digital transition of public institutions by supporting the digitalisation of public administration and services.

The component contributes to addressing the Country Specific Recommendations on the need to *"Reinforce the anti-corruption framework, including by improving prosecutorial efforts and access to public information"* (Country Specific Recommendation 4 of 2019, Country Specific Recommendation 4 of 2022), *"Improve competition in public procurement"* (Country Specific Recommendation 4 of 2020, Country Specific Recommendation 4 of 2022), *"Strengthen judicial independence"* (Country Specific Recommendation 4 of 2019, Country Specific Recommendation 4 of 2022), *"Improve the quality and transparency of the decision-making process through effective social dialogue, engagement with other stakeholders and regular impact assessments"* (Country Specific Recommendation 4 of 2019, Country Specific Recommendation 4 of 2022), *"Continue simplifying the tax system"* (Country Specific Recommendation 4 of 2019, Country Specific Recommendation 4 of 2022), "*Strengthen the tax system against the risk of aggressive tax planning*" (Country Specific Recommendation 4 of 2019, Country Specific Recommendation 5 of 2020), "*Achieve prudent medium-term fiscal positions"* (Country Specific Recommendation 1 of 2022), "*Strengthen the medium-term budgetary framework, align the preparation of annual budgets with the budgetary year and limit discretion in the implementation of annual budgets*" (Country Specific Recommendation 1 of 2024, Country Specific Recommendation 1 of 2025) and *"Phase out remaining price and interest rate caps to reduce distortive effects and facilitate the smooth transmission of monetary policy"* (Country Specific Recommendation 1 of 2024, Country Specific Recommendation 1 of 2025).

A number of these measures have been put forward by Hungary and discussed with the European Commission in the context of the procedure under the Conditionality Regulation[11]. The content of the related milestones and targets is aligned with the commitments taken in that context and some of these milestones shall be implemented before the submission of a payment request under the Recovery and Resilience Facility.

In accordance with Article 20(5)(e) of Regulation (EU) 2021/241, in order to comply with Article 22 of that Regulation, the implementation of the milestones in this component that are related to the Hungarian control system aiming at the protection of the financial interests of the Union shall be a precondition for any payment under Article 24 of the RRF Regulation[12].

In accordance with Article 24(3) of Regulation (EU) 2021/241, any reform by Hungary shall be undertaken without weakening this result and negatively impacting the below elements.

It is expected that no measure in this component does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measures and the mitigating steps set out in the recovery and resilience plan in accordance with the DNSH Technical Guidance (2021/C58/01).

H.1. Description of the reforms and investments for non-repayable financial support

C8.R1: Entry into force of legal acts on an Integrity Authority

The objective of this reform is to reinforce the prevention, detection and correction of fraud, conflict of interest and corruption as well as other illegalities and irregularities concerning the implementation of Union support in Hungary, with a particular focus on public procurement, through the legal establishment of an Integrity Authority.

[11] Procedure under Article 6 of Regulation (EU, Euratom) 2020/2092 on a general regime of conditionality for the protection of the Union budget.

[12] 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.

The reform consists in the entry into force of legislation providing for an independent Integrity Authority, with competence to intervene in all cases where in its views competent national authorities have not taken the necessary steps to prevent, detect and correct fraud, conflict of interests, corruption and other illegalities or irregularities that have affected or seriously risk affecting the sound financial management of the Union budget or the protection of the financial interests of the European Union.

The legislation shall also provide the competences of the Integrity Authority, such as directly verifying asset declarations of certain categories of senior political executives (as well as those of their relatives living in the same household) and other high-risk officials.

C8.R2: Participation in the enhanced cooperation on the establishment of the European Public Prosecutor's Office

The objective of this reform is to strengthen the effective protection of the Union's financial interests and the fight against criminal offences affecting the Union's financial interest in Hungary with its participation in the enhanced cooperation on the establishment of the European Public Prosecutor's Office (EPPO). The EPPO is an indivisible Union body operating as one single Office in the interest of the Union as a whole with the competence to investigate, prosecute and bring to judgment perpetrators of criminal offences committed against the financial interests of the Union.

The reform consists in the submission of the notification by Hungary to the European Commission of its intention to participate in the enhanced cooperation on the establishment of the EPPO.

C8.R3: Entry into force of legal acts on an Anti-Corruption Task Force

The objective of this reform is to monitor and review the measures taken in Hungary to prevent, detect, prosecute and sanction corruption by an Anti-Corruption Task Force.

This reform consists in the entry into force of legislation on the legal establishment of an Anti-Corruption Task Force, including the specification of its main tasks. The legislation shall provide that, *inter alia*, (i) non-governmental actors active in the field of anti-corruption shall make up at least 50% of the members of the Anti-Corruption Task Force (the chair excluded); (ii) the Anti-Corruption Task Force shall meet at least twice a year, (iii) the Anti-Corruption Task Force prepares a publicly available annual report and (iv) the Anti-Corruption Task Force shall put forward proposals aiming to improve corruption prevention and detection and boost the flow of information between administrative and control authorities of the state and criminal investigation authorities.

C8.R4: Introduction of a specific procedure in the case of special crimes related to the exercise of public authority or the management of public property ('judicial review')

The objective of this reform is to establish a specific procedure that ensures judicial review of decisions of investigating authorities or the prosecution service to dismiss a crime report or to terminate proceedings in the case of special crimes related to the exercise of public authority or the management of public property, in order to ensure that determined action is taken to prosecute corruption and similar criminal offences. The reform consists in legislative amendment(s) on judicial review and the right to file an indictment concerning certain corruption and corruption-related practices.

C8.R5: Amendment of rules related to asset declarations

The aim of this reform is to amend the anti-corruption framework by introducing more stringent rules related to asset declarations, along with a sanctions regime for the breach of these rules and obligations.

The reform consists in the entry into force of legislative amendments that provide for the obligation that senior political executives and their relatives living in the same household, as well as members of the National Assembly and their relatives living in the same household shall submit asset declarations upon taking up duties, annually thereafter and at the time of leaving their duties, and the aforementioned asset declarations shall be submitted electronically.

C8.R6: Entry into force of legal acts on the transparency of the use of public resources by public interest asset management foundations

The objective of this reform is to ensure oversight on how public interest asset management foundations make use of Union support and to prevent the structural risk of conflict of interest situations in their functioning.

The reform consists in the entry into force of legislative amendments to set out the designation of public interest asset management foundations performing public duty and the legal persons established or maintained by them as contracting authorities within the meaning of public procurement rule, and in the adoption of rules to prevent and address risks of conflict of interest.

C8.R7: Enhancing the transparency of public spending

The objective of this reform is to increase the transparency of public spending by ensuring that bodies carrying out public duties proactively publish a wide range of information.

The reform consists in the entry into force of legislation providing for an obligation for bodies carrying out public duties to proactively publish a pre-defined set of information on the use of public funds into a central register.

C8.R8: Rules ensuring the transparency of beneficial owners of entities and clarifying the use of public subsidies

The objective of this reform is to increase clarity and legal certainty of rules applicable to ultimate beneficial owners of certain entities, including private investment funds/a fiduciary asset management entities and to ensure that bodies responsible for the audit and control of Union support in Hungary can retroactively access that data for carrying out their tasks thereby increasing the level of protection of the Union's financial interests.

The reform consists in the entry into force of

i. legislative amendments providing for the revision of the definition of ultimate beneficial owner to include special provisions on private investment funds, ensure that bodies responsible for the management and control of Union support in Hungary have the possibility to gather information on and verify the ultimate beneficial owners of private equity funds from at least 1 February 2020, and

ii. legislation providing for the clarification and the extension of the scope of excluded public officials and the scope of entities that cannot apply for or receive subsidies provided from public funds.

C8.R9: Reducing the share of single-bid public procurement procedures

The objective of the reform is to improve competition in public procurement and to increase the transparency and robustness of related processes by reducing the share of single-bid public procurement procedures financed from Union funds.

This reform consists in the obligation to keep the share of public procurement tender procedures with single bids for procurements at least partially financed from Union support below 15% as reported in a tool developed for monitoring and reporting single bids in line with the Single Market Scoreboard methodology.

C8.R10: Reinforcing integrity, transparency and competition in the public procurement market

The objective of the reform is to reinforce the transparency of public procurement procedures, introduce corruption-prevention and conflict of interest rules, reporting and publication obligations for contracting authorities and incentivise competition in the public procurement market.

The reform consists in entry into force of legal act(s) on public procurement.

C8.R11: Development of the Electronic Public Procurement System (EPS) to increase transparency

The objective of this reform is to increase the transparency of public procurements and facilitate the independent oversight and analysis of competition in public procurements.

This reform consists of making possible the structured search in and bulk export of contract award notice data in machine-readable format, through the Electronic Public Procurement System (EPS).

C8.R12: Performance measurement framework for public procurements

The objective of this reform is to facilitate the assessment of the efficiency and cost effectiveness of public procurements and the reasons for limited competition.

This reform consists in the publication of a performance measurement framework of public procurements on the EPS website to assess the efficiency and cost-effectiveness of public procurements and the possible reasons for- and effects of limited competition in public procurement procedures, and the sectors most affected by public procurement procedures resulting in single bids.

C8.R13: Action plan for increasing the level of competition in public procurement

The objective of this reform is to increase the level of competition in public procurement in Hungary.

This reform consists in the adoption, publication and annual review of an action plan aiming to increase the level of competition in public procurement. The action plan shall set out objectives to be achieved, define measures to achieve the objectives, set precise deadlines for the implementation of the measures, identify the body/ies responsible for implementing the measures and establish a monitoring mechanism to assess progress.

C8.R14: Reinforcing the role and powers of the National Judicial Council aimed at counterbalancing the powers of the President of the National Office for the Judiciary

The objective of the reform is to reinforce the independence and impartiality of courts and judges established by law by establishing stronger powers for the National Judicial Council (NJC) so that it can effectively exercise its constitutional role in supervising the central administration of courts, while maintaining the Council's independence based on its members being elected by judges.

This reform consists in legislative amendments establishing stronger powers for the NJC by adopting provisions on a motivated binding opinion by the NJC for a number of matters regarding both individual decisions and regulations.

C8.R15: Judicial independence of the Supreme Court (*Kúria*)

The objective of the reform is to strengthen the judicial independence of the Supreme Court (*Kúria*).

This reform consists in legislative amendments related to the rules on the election of the *Kúria* President, the rules on the case allocation scheme of the *Kúria*, and the rules on the functioning of the *Kúria.*

C8.R16: Removing obstacles to references for preliminary rulings to the Court of Justice of the European Union

The objective of the reform is to remove obstacles for courts to independently refer cases for preliminary rulings to the Court of Justice of the European Union (CJEU).

This reform consists in the entry into force of legislative amendment(s) related to preliminary references to the Court of Justice of the European Union.

C8.R17: Reform regarding the review of final judgments by the Constitutional Court

The objective of this reform is to strengthen the independence and impartiality of courts and judges.

This reform consists in legislative amendments on the removal of the possibility for public authorities to challenge before the Constitutional Court final judicial decisions.

C8.R18: Legislative amendments strengthening the management, monitoring and audit and control mechanisms to guarantee the sound use of Union support

The objective of this reform is to protect the financial interests of the Union in the use of Union support.

This reform consists in the entry into force of legal acts defining the roles and responsibilities of the bodies involved in the management, monitoring, control and audit of Union support provided by specific EU instruments and on the management, monitoring, control and audit of the funds under Regulation (EU) 2021/1060 including by setting out specific rules to prevent, detect and correct conflict of interest.

C8.R19: Anti-fraud and anti-corruption strategy for the implementation, audit and control of Union support

The objective of the reform is to ensure the prevention, detection and correction of fraud and corruption related to any Union support in Hungary by putting in place a comprehensive anti-corruption and anti-fraud strategy including a clear timeline for implementing it.

This reform consists of an anti-fraud and anti-corruption strategy complemented by an action plan setting out actions with clear deadlines for implementation, responsible bodies, indicators for measuring progress for each of the actions respectively and arrangements for the regular review of the actions.

C8.R20: The Arachne system for Union support

The objective of the reform is to reinforce the prevention, detection and correction of fraud, corruption, conflict of interest, double funding and other irregularities related to Union support in Hungary.

This reform consists in the adoption of rules that require authorities to upload data into the Arachne system every two months, that they systematically follow-up on risk-scoring signalled by the Arachne system and that they rely on the Arachne system in their risk-assessment.

C8.R21: Establishment of a Directorate of Internal Audit and Integrity to reinforce the control of conflicts of interest when implementing Union support

The objective of this reform is to prevent, detect and correct conflict of interest in the implementation of Union support.

This reform consists in the entry into force of legal act(s) providing for:

i) the set up of a Directorate of Internal Audit and Integrity (DIAI), including provisions on the independence of DIAI;

ii) the selection of its staff;

iii) its competence to act in relation bodies involved in the implementation of Union support in Hungary;

iv) the requirements related to its provision of access to conflict of interest declarations and to files of the Integrity Authority;

v) its rules of procedure;

vi) its financial and human resources;

vii) obligations related to regular controls of conflict of interest declarations filed in relation to the implementation of Union support in Hungary;

viii) obligations related to anonymous reporting;

ix) its investigation obligations;

x) its reporting obligations to the Integrity Authority.

C8.R22: Ensuring the capacity for the EUTAF to carry out its tasks

The objective of this reform is to prevent and detect fraud, corruption and other irregularities in the implementation of Union support.

This reform consists in the entry into force of legal act(s) providing for the arrangement of the financial and human resources for the audit authority (Directorate General for Audit of European Funds, EUTAF) to safeguard its independence and enable it to carry out its tasks independently. The legal act specifies that the annual budget of EUTAF is established on the basis of its initial proposal, the renumeration of the head of EUTAF and that the functional and professional independence of the EUTAF shall be maintained and that its staff shall continue not to seek or accept instructions regarding its audit work.

C8.R23: Cooperation with OLAF to reinforce the detection of fraud related to the use of Union support

The objective of this reform is to establish a legal framework for cooperation with OLAF in the implementation of Union support.

This reform consists in the entry into force of legal acts designating the National Tax and Customs Administration (Nemzeti Adó- és Vámhivatal, NAV) to assist OLAF when carrying out on-the-spot checks in Hungary and when an economic operator subject to those checks refuses to cooperate. The legal acts also provide for financial type of sanctions to be imposed in case an economic operator refuses to cooperate with OLAF for the purposes of on-the-spot checks and inspections.

C8.R24: Audit and control of the Recovery and Resilience Plan and the protection of the financial interests of the Union

The objective of this reform is to protect the financial interests of the Union with respect to the Recovery and Resilience Plan of Hungary.

This reform consists in the establishment of a repository system for the collection, storage and provision of access in relation to implementation data as required by Article 22(2)(d)(i) to (iii) of the RRF Regulation, and the adoption and entry into force of an audit strategy for the EUTAF" providing for the audit of the implementation of the Recovery and Resilience Plan of Hungary accomplished in accordance with internationally accepted audit standards.

C8.R25: Reinforcing transparency and access to public information

The objective of the reform is to reinforce transparency and improve access to public information.

This reform consists in the entry into force of legislative amendments (i) facilitating access to public information by ensuring that public data shall, as a principle, be provided free of charge and repeal certain grounds for refusal of access to public information requests; (ii) a regular review of bodies carrying out public duties' compliance with access to public information rules, carried out by the NAIH; and (iii) to introduce an exceptional procedure for court cases related to access to public information to facilitate access to public information and limiting the duration of judicial procedures.

C8.R26: Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making

The objective of this reform is to increase the quality and the involvement of social partners, stakeholders and non-governmental experts in law-making and to establish a framework for the systematic consultation of social partners and stakeholders on the implementation of the recovery and resilience plan.

This reform consists in the entry into force of legal act(s) (i) to set out public consultation requirements on draft legal acts and the requirement to systematically publish summary impact assessments and explanatory memoranda; and (ii) to provide for an obligation to draw up a strategy on the involvement of stakeholders and the setting up of a monitoring committee for the recovery and resilience plan.

C8.R27: Review of minimum substance requirements for corporate income tax purposes

The objective of this reform is to ensure that companies are not established in Hungary exclusively for tax planning purposes, and contribute to the fight against the use of letterbox and shell companies.

This reform consists of an independent international expert review on domestic anti-tax avoidance rules.

C8.R28: Strengthening of transfer pricing regulations

The objective of this reform is to tackle tax evasion and improve the transparency of the Hungarian tax system by transforming the data reporting obligations on related party transactions for transfer pricing purposes.

The reform consists of the entry into force of legal act(s) setting out requirements for a new transfer pricing data reporting.

C8.R29: Extending the scope of non-deductibility rules for outbound payments

The objective of this reform is to tackle the risk of double non-taxation of outbound payments flowing from Hungary to zero- or low-tax jurisdictions, thus limiting opportunities for aggressive tax planning.

This reform consists in the entry into force of legislative amendments on broadening the non-deductibility rules for outbound payments and the commissioning of an independent evaluation of the rules related to aggressive tax planning.

C8.R30: Digital transformation of tax compliance procedures

The objective of this reform is to streamline tax compliance procedures and reduce compliance costs by creating new, user-friendly digital services for taxpayers and financial intermediaries.

This reform consists in the creation of digital services related to receipts and VAT and the launch of a pilot related to digital payroll services.

C8.R31: Simplifying the tax system by reducing the number of taxes

The objective of this reform is to simplify the tax system by reducing the number of taxes and corporate tax expenditures and removing restrictions on domestic- or foreign-controlled retail companies restructuring their Hungarian business operations.

The reform consists of amending the tax code to reduce the number of tax benefits and taxes, and conducting reviews of corporate and personal income taxation.

C8.R32: Reforming the tax on public utility pipelines

The objective of this reform is to simplify the tax system while fostering a tax environment which stimulates investments in large utility infrastructure projects.

This reform consists in either the repeal of the legal act(s) on the tax on utility pipelines or its amendment to introduce a tax rule allowing the owners of utilities to discharge or credit the itemised tax payable on their lines for the amount they invest in the maintenance or upgrade of those lines.

C8.R33: Boosting the efficiency of public expenditure by carrying out spending reviews

The objective of this reform is to evaluate and improve the efficiency of public expenditure, with a view to enhancing the medium-term sustainability of public finances and government debt and boosting economic growth.

This reform consists in the introduction of reviews of expenditure in selected priority areas of public expenditure, using international best practices, and the production of two spending reviews.

C8.R34: Improving the domestic fiscal framework

The objective of this reform is to improve fiscal governance by strengthening transparency, accountability, and efficiency in public financial management.

The reform consists of improvements to the domestic fiscal framework.

C8.R35: Reform of subsidised lending

The objective of this reform is to strengthen market-based financing mechanisms and ensure that public financial support is targeted at addressing genuine market failures.

The reform consists in reforming the Széchenyi Card Programme, reducing government counter-guarantees and reviewing government guarantees on private sector lending.

H.2. Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support

Seq. Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
54	C8.R1 Entry into force of legislation on an Integrity Authority	Milestone	Entry into force of legislation on an Integrity Authority	Provision in the legislation indicating entry into force				Q2	2026	Entry into force of legislation that provides for the specification of rules on an Integrity Authority aiming to reinforce the prevention, detection and correction of fraud, conflicts of interest and corruption as well as other illegalities and irregularities concerning the implementation of Union support in Hungary, with the following elements: The legislation shall provide that the Integrity Authority has the competence to intervene in all cases where in its views the competent national authorities have not taken the necessary steps to prevent, detect and correct fraud, conflicts of interests, corruption and other illegalities or irregularities that may affect or seriously risk affecting the sound financial management of the European Union budget or the protection of the financial interests of the European Union. The legislation shall provide for the independence of the Integrity Authority by stipulating that: - the Integrity Authority, including its staff, shall neither seek nor take instructions from any other person or institution. the Integrity Authority is responsible for managing its own budget and that its budget cannot be reduced without the consent of the Integrity Authority. The Authority shall be able to determine the amount of resources it requires to carry out its tasks as well as the number of staff. - the Integrity Authority shall be managed by a board composed of a president and

Seq. Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
										vice-presidents appointed by the President of Hungary following an open call and selection process, for a non-renewable six-year term. - the selection criteria for members of the board shall be based on their professional qualities and qualifications. The legislation shall include criteria for incompatibility with political mandates or membership and with ownership share in a company. - the members of the board shall be selected following an open call on the basis of the binding opinion on the fulfilment of the eligibility of the candidates by an Eligibility Committee set up for this purpose. That the Eligibility Committee shall be convened by the Director General of the EUTAF following an open call. It shall be composed of three independent persons with a background from recognised international institutions who shall have a sufficiently long, verifiable and relevant experience in the area of public procurement and/or anti-corruption activity. Members of the Eligibility Committee shall not have in the last five years: held elected political position or a political position in the Government, been employed by a political party or political foundation, or carried out voluntary or remunerated activity for such entities. Conflict of interests rules in line with the principles set out in Article 61 of Regulation (EU, Euratom) 2024/2509 shall apply to members of the eligibility

Seq. Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
										committee for five years after the issuance of the binding opinion. The members of the Eligibility Committee shall publish their asset declarations and declare their absence of conflict of interest prior to starting their work in the Eligibility Committee. - a member of the board shall only be dismissed in case of a conflict of interest following their appointment or in case a final criminal judgment is issued against them for issues that relate to the work of the Integrity Authority or affect the independence and impartiality of the member concerned. The legislation shall provide that the Integrity Authority has the competence: (i) to instruct contracting authorities to suspend a procurement procedure; (ii) to request administrative investigative bodies to carry out investigations on its behalf; (iii) to recommend the exclusion of specific economic operators from Union funding for a certain period of time; (iv) to instruct the national authorities or bodies to initiate procedures to verify conflicts of interest declarations and suspicions in relation to the management of Union funds; (v) to request access to all public procurement files; (vi) to recommend contracting authorities to use a specific procedure in a specific public

Seq. Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
										procurement or in a category of public procurement procedures; (vii) to initiate procedures before the national authorities or bodies with the aim of establishing suspected irregularities; (viii) to request the judicial review of all decisions of authorities concerning public procurement procedures that involve Union support; (ix) to initiate the proceedings of the Public Procurement Arbitration Board and if the Authority proposes the suspension of the public procurement procedure, the Public Procurement Arbitration Board shall order such suspension; (x) to challenge the inaction of an authority concerned in court. The legislation shall provide: - that the Integrity Authority is entitled to access relevant data pertaining to its proceedings and that the authorities concerned by a data request of the Integrity Authority be obliged to provide access to the data or provide the data within a time period not exceeding 30 calendar days and that the Integrity Authority may initiate an administrative non-compliance action if its request has not been complied with. - that the Integrity Authority shall act either on its own initiative or on the basis of complaints or reports it receives. - the legal basis and obligation for the Integrity Authority to establish a whistle-

Seq. Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
										blower interface for where anonymous and confidential communication may be conducted. - the legal basis and obligation for the Integrity Authority to set up, update and operate a register of economic operators concerned by a final judgment of the court or a final administrative decision excluding those economic operators from public procurement procedures, - that the Integrity Authority shall report suspected cases of any irregularities to the national authorities and, where applicable, to OLAF. - that the Integrity Authority shall have the power to continue to exercise its competence even in cases where a measure, procedure or project planned to receive, in part or in whole, financial support from the European Union was subsequently removed from European Union financing.
55	C8.R1 Entry into force of legislation on an Integrity Authority	Milestone	Legislative amendments on the powers and competences on the verification of asset declarations by the Integrity Authority	Provision in the legislative amendments indicating their entry into force				Q2	2026	Entry into force of legislation that shall endow the Integrity Authority with: - exclusive legal responsibility and competence to directly verify the veracity of asset declarations of senior political executives who are not members of the National Assembly (persons who fall under the scope of Section 183 of Act CXXV of 2018) as well as the asset declarations of their relatives living in the same household.

Seq. Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
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										- the power to directly verify the public asset declarations of other high-risk officials, whose asset declarations are required by law to be made publicly available; - the power to request the competent bodies to carry out the verification of the veracity of asset declarations of those high-risk officials, whose asset declarations are not required by law to be made publicly available, and obtain the result of that verification; - direct connection to databases and registries it deems necessary to verify the veracity of the information contained in the asset declarations, or the possibility to access relevant data directly or through a data request to the authorities concerned which shall be obliged to provide access to the data or provide the data and that if its request has not been complied with within the time set, the Integrity Authority may initiate an administrative non-compliance action. The legislation shall provide that such a verification procedure may be initiated by the Integrity Authority upon its own-initiative, suspicion or upon complaint by anyone submitting a formal claim indicating an alleged incorrect item in an asset declaration. As regards the President of the Republic; the Members of the National Assembly, the national minority advocates and — where that person is not a Member of the National Assembly — the Principal of the National

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										Assembly; the mayors and the Mayor of Budapest, the local government representatives and a national minority self-government representatives; the members of the Constitutional Court; the Commissioner for Fundamental Rights and his or her Deputies; the President and Vice-Presidents of the State Audit Office; the President and Vice-Presidents of the Kúria; the President and Vice-Presidents of the National Office for the Judiciary; the judges; the Prosecutor General and his or her Deputy; the Governor and Deputy Governors of the Hungarian National Bank, the members of the Monetary Council and members of the Supervisory Board of the Hungarian National Bank; the President of the Fiscal Council; the President and members of the National Committee for Remembrance; the members of the Media Council; the Prime Minister, ministers, state secretaries, the Prime Minister's Political Director, the Prime Minister's Chief National Security Advisor if they do not have a mandate as a Member of the National Assembly; county government commissioner, government commissioner, Prime Minister's commissioner, a ministerial commissioner; the head or deputy head of an independent regulatory organ or autonomous state administration organ, or a member of any of its decision-making collegiate bodies, in case the Integrity Authority finds irregularities, including that the persons under investigation has intentionally falsely or untruthfully communicated material data in his or her asset declaration, in particular by concealing his or her actual financial or income situation, the Integrity Authority shall initiate a procedure before the competent national body which shall

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										duly justify its position publicly if it does not agree with the findings of the Integrity Authority. For the purposes of the exclusive or non-exclusive verification powers of the Integrity Authority, high-risks officials shall include the following: the President, members of Parliament, senior political executives, political executives, persons in commissioner status, political advisors, senior political advisors, chiefs of staff, heads of independent regulatory bodies and autonomous administrative bodies, regional governors, mayors of Budapest and cities with a county status, judges, prosecutors, members of the judicial and prosecutorial governance bodies, heads of department in law enforcement agencies or civilian national security service and senior executives of state-owned enterprises. For persons who fall under the scope of Section 183 of Act CXXV of 2018 the above powers shall also include the following: (i) that the Integrity Authority has the possibility to instruct the person whose asset declaration is under verification by the Integrity Authority to present supporting data and documents regarding the content of its asset declaration; and (ii) that the Integrity Authority may instruct a person the content of whose asset declaration the Integrity Authority found to be incorrect to correct its asset declaration.
56	C8.R2 Participation in the enhanced cooperation on the	Milestone	Participation in enhanced cooperation related to the European	Receipt of the notification of intention to				Q2	2026	Notification of the intention to participate in the enhanced cooperation on the establishment of the European Public Prosecutor's Office (EPPO) shall be submitted to the European

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	establishment of the European Public Prosecutor's Office		Public Prosecutor's Office	participate by the European Commission						Commission. The notification shall include the request that Regulation (EU) 2017/1939 shall apply in Hungary with regard to offences within the competence of the EPPO committed before Hungary has been authorised to join the enhanced cooperation on or after 1 June 2021.
57	C8.R3 Entry into force of legal acts on an Anti-Corruption Task Force	Milestone	Entry into force of legal acts on an Anti-Corruption Task Force	Provision in the legislation indicating entry into force				Q2	2026	Entry into force of legislation that provides for the legal establishment of the Anti-Corruption Task Force. The legislation shall provide that: 1. the Anti-Corruption Task Force has the following tasks: (a) examine existing anti-corruption measures and elaborate proposals to improve them; (b) put forward proposals to (i) improve corruption prevention and detection, (ii) boost the flow of information between administrative and control authorities of the state and criminal investigation authorities; (c) assess how its previous proposals were followed-up and implemented; (d) prepare a publicly available annual report. The legislation shall require that that report shall (i) analyse the risks and trends of corruption and corrupt practices, (ii) propose countermeasures and best practices for the prevention, detection and sanctioning corruption risks and corruption types, assessing their applicability, and (iii) assess how its

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										previous proposals were followed up and implemented. 2. the government systematically discusses the reports and proposals of the Anti-Corruption Task Force within two months of their publication and provides a reasoning for its decision on each of the proposals it decided not to implement. 3. non-governmental actors active in the field of anti-corruption shall make up at least 50% of the members of the Anti-Corruption Task Force (the chair excluded). The legislation shall require that (i) such members are demonstrably independent from the government, public authorities, political parties and business interests; (ii) they shall be selected based on an open, transparent, non-discriminatory selection process and objective criteria related to the candidates' expertise and merit; and (iii) if the number of members from non-governmental actors falls below 50%, the share of their votes shall be modulated to achieve 50% of the total of votes (excluding the chair). 4. the president of the Integrity Authority acts as the chair of the Anti-Corruption Task Force and that it works independently from the Integrity Authority. 5. the Anti-Corruption Task Force meets at least twice a year and make decisions by a simple majority of votes cast. The legislation shall require that the minutes of its meetings shall be made publicly available on the website for the Anti-Corruption Task Force.

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58	C8.R4 Introduction of a specific procedure in the case of special crimes related to the exercise of public authority or the management of public property (‘judicial review’)	Milestone	Legislative amendment(s) concerning a procedure in the case of certain corruption and corruption-related practices	Adoption and publication of the legal act(s) in the official journal				Q2	2026	Legislative amendment(s) applicable also to (non time-barred) criminal offences committed before 1 January 2023, that shall: - provide for the establishment of a procedure concerning certain corruption and corruption-related practices; - provide for the establishment of judicial review of the decision of the prosecution service or the investigating authority to dismiss a crime report or terminate the criminal proceedings by the investigating judge of the Buda Central District Court who shall have the authority to order the commencement or the continuation of criminal proceedings. If an investigation is opened or the proceedings are continued, the prosecution service or the investigating authority shall continue the proceedings on the basis of the reasoning of the court decision and, in the case of lack of detection, by remedying the deficiencies identified therein. - provide that, following the motion for revision, if the decision to dismiss a crime report or terminate the criminal proceedings was set aside by the investigating judge, in case of a repeated termination of the procedure, it will be possible to file an indictment to the court of law. Under conditions specified in the legislative act, the procedure shall open the right to file an indictment to the competent court which shall decide on the merits of the case after having heard evidence. An examination of the grounds of a motion for prosecution shall be limited (e.g., as to whether the person specified as accused can be reasonably suspected of having committed the

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										criminal offence subject to the motion for prosecution, and/or whether the person specified enjoys immunity) with the aim to avoid a substantive filtering which would risk anticipating or preventing a ruling on the merits without the possibility to seek and hear evidence in the case. Natural persons and legal persons can (subject to specified provisions) file motions under this procedure with the exception of public authorities, however, the Integrity Authority shall have the right to file a motion for revision and a repeated motion for revision. The provisions laid down in Chapter CV/A of Act XC of 2017 on Criminal Procedure shall apply and the investigating authority or the prosecution service shall adopt a new decision on the crime report under Section 379 also if a) the crime report filed after 31 December 2022 concerns the same act as the act subject to a prior crime report that was filed and dismissed before 1 January 2023 or where the investigation was terminated before 1 January 2023, b) Chapter CV/A would apply to the crime report filed after 31 December 2022.
59	C8.R5 Amendment of rules related to asset declarations	Milestone	Entry into force of legislative amendments extending the personal and material scope of asset declarations, while ensuring frequent disclosure	Provision in the legislative amendments indicating entry into force				Q2	2026	Legislative amendments shall enter into force that provide for: (i) senior political executives (under Sections 183 and 184 of Act CXXV of 2018 on government administration) and their relatives living in the same household with the persons concerned, as well as members of the National Assembly and their relatives living in the same household as the members concerned shall submit asset declarations upon taking up duties,

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										annually thereafter and at the time of leaving their duties; (ii) all individuals falling under the personal scope in point (i) shall be obliged to declare at least: revenues, real estate properties, other valuable properties (which shall include but is not limited to vehicles, vessels, valuable antiques, work of art), savings in bank deposits and cash, assets in stocks, securities and private equity funds, life insurance policies, trusts, and beneficial ownership of enterprises.
60	C8.R5 Amendment of rules related to asset declarations	Milestone	Entry into force of legislative amendments on setting up a system for the electronic submission of asset declarations in digital format and a public database for asset declarations	Provision in the legislation indicating entry into force				Q2	2026	Entry into force of legislative amendments that shall provide for: - the legal basis and obligation to set up a system to which asset declarations of senior political executives (under Sections 183 and 184 of Act CXXV of 2018 on government administration) and their relatives living in the same household with the persons concerned, as well as members of the National Assembly and their relatives living in the same household as the members concerned shall be submitted electronically and in which they are filed electronically in a digital format. - the legal basis and obligation to setup a searchable database where asset declarations filed by senior political executives (under Sections 183 and 184 of Act CXXV of 2018 on government administration) and members of the National Assembly, are made available to

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										the public free-of-charge and without registration.
61	C8.R5 Amendment of rules related to asset declarations	Milestone	Introduction of sanctions concerning the violations of asset declaration obligations	Provision in the legislation indicating entry into force				Q2	2026	Entry into force of legislative amendments establishing criminal sanctions, administrative fines and related mandate- or legal-relationship consequences for breaches of asset declaration obligations. Criminal sanctions should apply to the following situations: a) failure to submit an asset declaration through one's own fault following a call to do so by the competent entity, b) concealing one's financial situation in respect of a material fact by making an asset declaration with a false content, by withholding a true fact or by any other means. Where the Integrity Authority establishes a serious breach, it shall initiate the applicable mandate- or legal-relationship consequences before the competent body, person, authority or court, including, where provided for by law, pecuniary consequences. Administrative fines shall apply to non-intentional, purely administrative deficiencies not falling under such serious breaches, including failure to remedy them following the Authority's recommendation or proposed measure, unless the deficiency is minor or negligible and has been remedied.

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62	C8.R6 Entry into force of legal acts on the transparency of the use of public resources by public interest asset management foundations	Milestone	Entry into force of legislative amendments concerning oversight on how public interest asset management foundations performing public interest duty and legal persons established or maintained by them make use of Union support	Provision in the legislative amendments indicating entry into force				Q2	2026	Entry into force of legislative amendments that shall provide for the: (i) designation of public interest asset management foundations performing public duty and the legal persons established or maintained by them as contracting authorities within the meaning of rules on public procurement; (ii) requirement that public interest asset management foundations performing public duty and legal persons established or maintained by them shall be subject to access to public information requirements; (iii) the legal basis and obligation for the phasing out of public interest asset management foundations performing public duty which do not maintain a higher education institution in Hungary; and (iv) compliance of rules applicable to all individuals holding office or being employed by public interest asset management foundations performing public duty which maintain higher education institutions in Hungary and the legal persons established or maintained by them with the provisions of Article 61 of Regulation (EU, Euratom) 2024/2509 irrespective of their other activities and functions, including in the Hungarian government.

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63	C8.R7 Enhancing the transparency of public spending	Milestone	Entry into force of a legislation to enhance the transparency of public spending	Provision in the legislation indicating entry into force				Q2	2026	Entry into force of legislation providing for an obligation for bodies carrying out public duties as defined in Section 37/C of Act CXII of 2011 (covering at least legal persons included in the treasury register, publicly owned economic operators, and foundations established by them; asset management foundations established by the state, public interest asset management foundations carrying out public duties and legal persons established or maintained by them, the HUN-REN Research Network) to proactively publish a pre-defined set of information on the use of public funds into a central register. The information shall be made available in a central register, which shall also provide information on sub-contractors and include, where relevant, unique identifiers of contracts in the Electronic Public Procurement System (EPS). The legislation shall provide that the minimum set of data to be uploaded in the central register shall include: (i) all data for which publication is already compulsory for transparency purposes, including the data published in the State aid transparency register; (ii) the form of public spending including its legal basis; (iii) the recipient's full legal name (for a legal person) or the recipient's first and last name (for natural persons); (iv) the value of the public spending; (v) whether the recipient is a natural or a legal person;

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										(vi) a unique identifier for legal persons (VAT identification number or tax identification number where available or another unique identifier established at national level); (vii) contract details relating to the spending of public funds, including their nature and purpose (type of contract used, type of tender procedure used, contract value, date of signature, duration of contract, objective to be achieved, deliverable to be delivered under the contract); (viii) tender documentation relating to the spending of public funds, including their nature and purpose (estimated value, type of public procurement procedure, date of tendering, number of offers submitted, name of tenderers); (ix) the name of service providers, including the name of subcontractors, suppliers, and capacity providers, in a free text format for historical data, and in a format processable by machine means for future public procurements; (x) the intended share of subcontractors if available, both for past and future public procurements; (xi) the public body responsible; (xii) the date when the funds were disbursed. The legislation shall provide that information whether the public funds involve (fully or partially) Union support is also made available in the central register: a) for public funds above the national public procurement threshold and b) for procurement procedures which started after 31 March 2023, also for procedures

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										involving Union support not exceeding the national public procurement thresholds. The legislation shall provide that data sets published in the central register are required to be published in an open, interoperable and machine-readable format, which allows bulk download and data to be sorted, searched, extracted, compared and reused. It shall also be ensured that access to the data is provided free of any charge and without the need to register. The legislation shall provide for an obligation that the bodies update the data in the central register at least every two months. The legislation shall require the control of compliance with and enforcement of the obligations of the above requirements.

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64	C8.R8 Rules ensuring the transparency of beneficial owners of entities and clarifying the use of public subsidies	Milestone	Legislative amendments ensuring the transparency of data of natural persons who are the beneficial owners and legislation to clarify the scope of public officials and entities that are excluded from receiving public subsidies	Provision in the legislation indicating entry into force				Q2	2026	Entry into force of legislative amendments providing for the transparency of and access to data on beneficial owners. Those legislative amendments shall: - Revise the definition of beneficial owner to include specific provisions on private investment funds; - Include the beneficial owner of private investment funds/a fiduciary asset management relationship in the list of legal entities that need to communicate their beneficial owner; - Include journalists and civil society organisations in the list of natural or legal persons deemed to have a legitimate interest in accessing beneficial ownership data - Ensure that bodies responsible for the management and control of Union support in Hungary have the possibility to gather information on and verify the beneficial owners of private equity funds from at least 1 February 2020. Entry into force of legislation providing for the clarification and the extension of the scope of excluded public officials and the scope of entities that cannot apply for or receive subsidies provided from public funds.

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65	C8.R9 Reducing the share of single-bid public procurement procedures	Milestone	The share of tender procedures with single bids for procurements financed from Union support shall not exceed 15 %	Share of tender procedures with single bids for procurements financed from Union support				Q2	2026	The share of public procurement tender procedures reported in the single-bid reporting tool – covering public procurement procedures with an estimated value both above and below the EU public procurement thresholds – closed between 1 January and 31 December in 2022-2025 and 1 January and 31 March in 2026 with single bids for procurements at least partially financed from Union support is below 15%. An audit report with unqualified audit opinion by EUTAF shall confirm that the share of single bids is below 15%.
66	C8.R9 Reducing the share of single-bid public procurement procedures	Milestone	Setting up of a monitoring and reporting tool ('single-bid reporting tool')	The monitoring and reporting tool is functional				Q2	2026	A tool shall be developed for monitoring and reporting public procurement procedures closed with single bids. An audit report with an unqualified audit opinion by the audit authority (EUTAF) shall confirm that the monitoring and reporting tool is functional, its functionalities are in accordance with the methodology of the Single Market Scoreboard and that data (with the exception of geographical indications) in the system used for the purposes of monitoring and reporting is accurate and complete, including for baseline values. It shall be ensured that written reports based on information from the single-bid reporting tool are prepared and made publicly available on the Electronic Public Procurement System (EPS) website.

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67	C8.R10 Reinforcing integrity, transparency and competitiveness in the public procurement market	Milestone	Legal act(s) on public procurement to reinforce the transparency of public procurement procedures, introduce corruption-prevention rules	Provision in the legal act(s) indicating entry into force				Q2	2026	Entry into force of legal act(s) on public procurement to - introduce the definition of 'transparent economic operator'; - exclude economic operators from public procurement procedures that do not qualify as 'transparent economic operators; - define conflict of interest provisions regarding beneficial owners of tenderers and relatives; - introduce an obligation for contracting authorities to make public procurement documents (excluding electronic forms) directly and unrestrictedly available, free of charge on the public interface of the EPS; - introduce an obligation for contracting authorities to publish data annually on the performance of contracts; - introduce an obligation in case of concessions to record in writing and publish in the procurement documents upon the commencement of the procedure the results of the preliminary market survey, the calculations of the return on the concessionaire's investment and measures taken to ensure competition; - deem a procedure for the award of concessions unsuccessful if only one bid has been submitted unless the contracting authority demonstrates that the lack of

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										competition is a consequence of the actual structure of the market; - provide for the explicit possibility for contracting authorities to include anti-corruption conditions relating to the performance of a contract to strengthen transparency, accountability and integrity; - introduce an obligation that contracting authorities shall stipulate as a contractual condition that the successful tenderer shall cooperate to reduce the risks of corruption offences; - provide that the Public Procurement Arbitration Board is required to issue a notice setting out the principles of imposing fines; - extend the possibility of the Integrity Authority to initiate ex officio review procedure before the Public Procurement Arbitration Board beyond public procurement procedures relating to EU funds; - provide that the president of the Integrity Authority shall also act as an ex officio member of the Public Procurement Council.
68	C8.R11 Development of the Electronic Public Procurement System (EPS) to increase transparency	Milestone	The EPS upgraded with the new functionalities is accessible to the public	Audit report confirming the functioning of the new functionalities of the EPS.				Q2	2026	An audit report with unqualified audit opinion by an independent auditor shall confirm that: - the functions of the Electronic Public Procurement System (EPS) allow the structured search in contract award notice data and bulk export of contract award notice data published in the EPS in a

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										machine-readable format (including the names of each individual member of consortia, the names of sub-contractors and company identification numbers where this was provided in the dedicated fields of the contract award notice) is functional. - those functions allow for the gathering, filtering and comparison of data across contract award notices and related to different public procurement subject matters covering information from different types of contract award notices. - a database is published in the EPS, containing information on contract award notices of public procurement procedures published in the EPS in a structured form, which is fit to be processed by machine means. - economic operators in the database, including members of consortia, are identifiable by a unique identifier (tax number where this was provided in the dedicated fields of the contract award notice). - the database is updated regularly, and it is freely accessible and downloadable by anyone from the EPS website without registration.
69	C8.R12 Performance measurement	Milestone	Establishment of a performance measurement	Publication on the EPS website of a performance				Q2	2026	Publication on the EPS website of the performance measurement framework to assess (i) the efficiency and cost-effectiveness of public procurements and (ii) the possible reasons for- and effects of limited competition

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	framework for public procurements		framework of public procurements	measurement framework						in public procurement procedures, and the sectors most affected by public procurement procedures resulting in single bids. The performance measurement framework shall enable the annual analysis of: (i) the level of unsuccessful public procurement processes and their reasons, (ii) the share (measured by reference to both number and value) of contracts that are entirely cancelled during contract execution, (iii) the share of occurrence of delays in the contract performance, (iv) the share of occurrence of cost overruns (including their proportion and volume), (v) the share of awarded procurement contracts in which the whole life-cycle or life-cycle costing is explicitly taken into consideration, (vi) the share of successful participation of micro- and small enterprises in public procurements, considered across sectors and per sector concerned (based on CPV divisions and groups), (vii) the proportion by value of public procurement procedures with single bids and the proportion by value of public procurement procedures with single bids financed from national resources and from Union support separately.

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70	C8.R13 Action plan for increasing the level of competition in public procurement	Milestone	Adoption of an action plan to increase the level of competition in public procurements	Publication of the action plan adopted by the government				Q2	2026	The Government shall adopt, publish and annually review an action plan aiming to increase the level of competition in public procurement. The action plan shall: (i) set out objectives to be achieved; (ii) define measures to achieve the objectives; (iii) set precise deadlines for the implementation of the measures; (iv) identify the body/ies responsible for implementing the measures; (v) establish a monitoring mechanism to assess progress.
71	C8.R14 Reinforcing the role and powers of the National Judicial Council aimed at counterbalancing the powers of the President of the National Office for the Judiciary	Milestone	Entry into force of legislative amendments to strengthen the role of the National Judicial Council	Provision in the legislative amendments indicating their entry into force				Q2	2026	Legislative amendments to strengthen the role of the National Judicial Council (NJC) shall a) establish stronger powers for the NJC by adopting the following provisions: Regarding individual decisions, the legislative amendments shall provide for the provision of a motivated binding opinion by the NJC on the following matters: (i) the annulment, by the President of the National Office for the Judiciary (NOJ), of appointment procedures for judicial and court executive positions where there is at least one eligible candidate who has been supported by the judges of the given court; (ii) the transfer of judges, including secondments, to another court by the President of the NOJ referred to in Sections 27, 27/A, 31 and

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										32 of Act CLXII of 2011, except for secondments to the NOJ; (iii) the removal, by the President of the NOJ, of judges without their consent from the pool of judges that hear special cases, including administrative cases; (iv) the suitability of candidates for the post of President and Vice-President of the NOJ, that can be proposed by the President of the Republic or the President of the NOJ, respectively; the suitability criteria, including independence, impartiality, probity and integrity, shall be determined by the law. The legislative amendments shall ensure that the candidates found unsuitable by the NJC shall have access to an accelerated judicial review before the competent court. Regarding regulations, the legislative amendments shall ensure that the NJC shall give a motivated binding opinion on the following matters: (i) the points system for the assessment of applications for judicial posts within the legislative framework; (ii) the detailed conditions for the award of bonuses and other benefits to judges and court executives;

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										(iii) the rules relating to the training system for judges; (iv) the data sheet and methods for the assessment of the workload of judges, as well as the determination of the 'national workload for contentious and non-contentious proceedings broken down according to judicial level and case types', (v) the number of judicial posts in each court within the framework determined in the annual budget, including the Kúria, and their departments; b) establish the right of the NJC to have access to all documents, information and data related to the administration of the courts. In addition, the legislative amendments shall provide that the NJC shall determine the structure of the biannual report of the President of the NOJ; c) endow the NJC with legal capacity and autonomy in disbursement of its budget and state that the President of the NOJ in his capacity concerning the budget of courts draws up a proposal for the budget of the courts and a report on its implementation, as defined, inter alia, by the NJC in respect of the NJC, which the Government shall submit to Parliament without amendment. The legislative amendments shall also provide that, in order to carry out their tasks in the NJC, judges-members shall be entitled to be

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										relieved from their adjudicating duties to the extent regional court (törvényszék) presidents are relieved from their adjudicating duties. The legislative amendments shall provide that judges-members of the NJC cannot be re-elected except for the next term of office, that judges-members of the NJC shall elect from among themselves the chairperson of the NJC, and that court presidents and vice-presidents as members of the NJC shall not participate in the deliberation and vote on matters relating to their administrative activities; d) establish the right for the NJC to seize the competent court and the Constitutional Court to defend its prerogatives and enforce its rights; e) establish an obligation to consult the NJC on legislative proposals affecting the justice system and the right to propose to the Government to initiate new legislation on the same matters; f) establish non-discretionary rules on the designation of ad interim court presidents through a pre-set order of positions within a court as follows: (i) in the absence of a court president, the president's competences are exercised by the vice-president; (ii) in the absence of a vice-president, the president's competences are exercised by the head of a department of judges with the longest tenure as a judge; (iii) in the absence of a head of department, the president's competences are exercised

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										by the presiding judge with the longest tenure as a judge; g) prohibit the reintegration, by the President of the NOJ, of judges, following their secondment, to a court instance higher than the court in which they adjudicated before their secondment.
72	C8.R15 Judicial independence of the Supreme Court (Kúria)	Milestone	Entry into force of amendments on judicial independence of the Supreme Court	Provision in the legislative amendments indicating their entry into force				Q2	2026	a) Legislative amendments shall enter into force amending the rules on the election of the Kúria President in order to provide for the following: (i) the candidates have at least five years' experience as a judge; (ii) the Kúria President cannot be re-elected; (iii) the NJC gives a motivated binding opinion on the suitability of the candidates for the post of Kúria President that can be proposed by the President of the Republic. The suitability criteria, including independence, impartiality, probity and integrity, shall be determined by the law. The legislative amendments provide for the candidates found unsuitable by the NJC to have access to an accelerated judicial review before the competent court; b) legislative amendments, and other amendments, to the rules on the case allocation scheme of the Kúria shall enter into force, providing for the following: (i) electronically filed cases be given a case number without human intervention; (ii) cases be allocated to chambers following pre-established, objective criteria; (iii) the bench hearing the case be composed following an algorithm prescribed in advance; (iv) the parties to proceedings be

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										able to verify on the basis of the case file whether the rules on case allocation have been duly applied; (v) the judicial council of the Kúria and the departments of judges ('kollégium') concerned give a binding opinion on the case allocation scheme; c) legislative amendments shall enter into force amending the rules on the functioning of the Kúria by (i) establishing stronger powers for the judicial council of the Kúria and the departments of judges ('kollégium') concerned, ensuring, in particular, that they shall give a binding opinion on (a) candidates for the post of chairs and vice-chairs of departments of judges, presiding judges and the Secretary General of the Kúria; (b) secondments to the Kúria; (ii) removing the possibility for members of the Constitutional Court to become judges and then be appointed to the Kúria without following the normal application procedure, (iii) ensuring that the NJC gives a motivated binding opinion on the suitability of candidates for the post of Vice President of the Kúria that can be proposed by the Kúria President. The

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										suitability criteria, including independence, impartiality, probity and integrity, shall be determined by the law. The legislative amendments shall ensure that candidates found unsuitable by the NJC shall have access to an accelerated judicial review before the competent court. (iv) ensuring that the strengthened powers of the NJC referred to in milestone 71 also apply in relation to the Kúria President when acting as appointing authority (in line with Act CLXII of 2011).
73	C8.R16: Removing obstacles to references for preliminary rulings to the Court of Justice of the European Union	Milestone	Entry into force of legislative amendments to remove obstacles to references for preliminary rulings to the Court of Justice of the European Union	Provision in the legislative amendments indicating their entry into force				Q2	2026	Legislative amendments shall enter into force ensuring that: (i) Sections 666 et seq. of the Criminal Procedure Code are amended in order to remove the possibility for the Kúria to review the legality of the decision of a judge to make a preliminary reference to the Court of Justice of the European Union, and (ii) Section 490 of the Criminal Procedure Code on staying the proceedings is amended in order to remove any obstacle to a court to make a preliminary reference in line with Article 267 TFEU.

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74	C8.R17 Reform regarding the review of final judgments by the Constitutional Court	Milestone	Entry into force of legislative amendments to remove the possibility for public authorities to challenge final decisions before the Constitutional Court	Provision in the legislative amendments indicating their entry into force				Q2	2026	Legislative amendments shall enter into force providing for the removal of the possibility, introduced in 2019 by amending Section 27 of Act CLI of 2011, for public authorities to challenge before the Constitutional Court final judicial decisions.
75	C8.R18 Legislative amendments strengthening the management, monitoring, audit and control mechanisms to guarantee the sound use of Union support	Milestone	Legal act(s) providing for the legal mandate for the management, audit and control of the recovery and resilience plan and regulating the management, monitoring, control and audit of the funds under Regulation (EU) 2021/1060 in Hungary	Provision in the legal act(s) indicating its entry into force				Q2	2026	Entry into force of legal act(s) providing for the definition of the legal mandate for the bodies involved in the implementation, audit and control of the recovery and resilience plan in Hungary also beyond 2026. Those legislative requirements shall set out the roles and responsibilities of those bodies providing: (a) for the collection and reliability of data linked to and monitoring of the achievement of milestones and targets; (b) that procedures are in place for the drawing up and reliability of management declarations, audit summaries and payment requests; (c) that procedures are in place to collect and store data on final recipients, contractors, subcontractors, and beneficial owners in accordance with Article 22 of Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility; (d) that clear obligations on conflict of interest apply to all staff involved in the implementation (including acts preparatory thereto), control (including to internal and external evaluators in public procurement

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										procedures) and audit of the recovery and resilience plan and to final recipients, contracting authorities, contractors, sub-contractors, as well as consultancy firms involved in project preparation and implementation; (e) that conflict of interest rules explicitly address situations involving family, emotional life, political or national affinity, economic interest or any other direct or indirect personal interest that may be perceived as a conflict of interest in line with Article 61 of Regulation (EU, Euratom) 2024/2509 and the related Commission Notice ('Guidance on the avoidance and management of conflicts of interest under the Financial Regulation' [C 121/01]); (f) that staff involved in the decision making concerning individual projects (in particular decisions on eligibility, risk assessment, selection of projects, interim and final control procedures, irregularity management, and audit-related decisions) shall be obliged to issue a declaration of their absence of conflict of interest on a case by case basis, which shall be stored for at least 5 years; (g) that the veracity of conflict of interest declarations is regularly controlled and the results of those controls are stored for at least 5 years; (h) that those bodies engage in comprehensive ex post controls to determine whether all applicable rules have been respected, in particular regarding fraud, corruption, conflict of interest and double funding. It shall be

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										required that such ex post controls cover a sufficiently high degree of the population of financing agreements signed and public procurement contracts awarded for measures in the recovery and resilience plan, where the specific agreements/contracts, including payments, that should be selected for ex post controls should be selected on a risk basis. It shall additionally be required that those ex post controls make use of the data and information available following the implementation of milestone 59, 63, 64 and 78 and consider whether the approval/award of those agreements/contracts complies with the obligations stemming from the legislation referred to in milestone 62. The legal act shall provide that those ex post controls are done in a manner respecting the legal act referred to in milestone 76. (i) that procedures for the oversight of staff in sensitive positions (such as dealing with irregularity management, controls and risk-assessment) are in place; (j) that bidders shall not participate in tenders in public procurement procedures in case conflict of interest relevant to them in that specific tender is established. Legal act(s) on the management, monitoring, control and audit of the funds under Regulation (EU) 2021/1060 with the exception of support under the European territorial cooperation goal in Hungary shall provide for points (d)-(g) and (i)-(j) above where the provisions in point (d) shall also apply to beneficiaries of operations.

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76	C8.R18 Legislative amendments strengthening the management, monitoring, audit and control mechanisms to guarantee the sound use of Union support	Milestone	Rules for the prevention, detection and correction of conflict of interest for the staff of bodies involved in the management and control of Union support in Hungary	Provision in the legal act(s) indicating its entry into force and adoption of procedures				Q2	2026	Entry into force of legal act(s) related to the management, monitoring, control and audit of the recovery and resilience plan, as well as Union support from funds under Regulation (EU) 2021/1060 with the exception of support under the European territorial cooperation goal in Hungary, providing for (i) provisions on the prevention, detection and correction of conflict of interest situations in line with Article 61 of Regulation (EU, Euratom) 2024/2509 and the related Commission Notice ('Guidance on the avoidance and management of conflicts of interest under the Financial Regulation' [C 121/01]). (ii) setting out of the tasks and obligations for the bodies involved in the management and control of Union support concerning their role in the prevention, detection and correction of conflict of interest situations. (iii) the legal basis and obligation for those bodies to put procedures in place to that effect. Those procedures shall have been adopted.

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77	C8.R19 Anti-fraud and anti-corruption strategy for the implementation, audit and control of Union support	Milestone	Adoption of an anti-fraud and anti-corruption strategy for Union support and a related action plan	Adoption of an anti-fraud and anti-corruption strategy for Union support and the related action plan				Q2	2026	The government shall adopt an anti-fraud and anti-corruption strategy for Union support providing: (i) the roles and responsibilities related to the prevention, detection and correction of fraud, conflict of interest and corruption of the different entities involved in the implementation of Union financial support in Hungary; (ii) the assessment of the main risks, factors and practices of fraud, conflict of interest and corruption. An action plan linked to the above strategy shall be adopted by the government that shall: (i) define actions; (ii) set deadlines for the accomplishment of each of the actions; (iii) identify for each of the actions the body/ies responsible for its implementation; (iv) define indicators to measure progress in implementing each of the actions; (v) set out arrangements for the regular review of the actions.

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78	C8.R20 The Arachne system for Union support	Milestone	The systematic use of the Arachne risk-scoring tool	Entry into force of legislative provisions ensuring the systematic use of the Arachne risk-scoring tool				Q2	2026	Entry into force of legislative provisions providing for the obligation for the use of the functionalities of the Arachne risk-scoring tool in the management, control and audit of the recovery and resilience plan, as well as Union support from funds under Regulation (EU) 2021/1060 with the exception of support under the European territorial cooperation goal and under Regulation (EU) 2021/2115 in Hungary. The legislative provisions shall provide for: (i) an obligation that authorities upload every two months into the Arachne system all data for the data fields set out in the applicable EU regulations in a timely manner in accordance with procedures to be developed; (ii) an obligation that authorities carry out additional checks in case the Arachne risk-scoring tool – including for the ex-ante verification of applicants – signals a risk, and are bound to take into account the risk-scoring results generated by the Arachne risk-scoring tool in their decision-making procedures; (iii) that the respective audit bodies in Hungary and in the relevant Commission services and control bodies have full access to the functionalities of the Arachne risk-scoring tool for the purposes of their risk-assessment and to the data in the system; and (iv) an obligation that the authorities prepare procedures setting out detailed requirements for the practical use of the Arachne risk-scoring tool and timely and comprehensive data upload in it.

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79	C8.R20 The Arachne system for Union support	Milestone	The systematic use of the Arachne risk-scoring tool	Audit report confirming the adequacy of procedures on the systematic and effective use of the Arachne risk-scoring tool and the completeness of data uploaded to Arachne				Q2	2026	Concerning the recovery and resilience plan and Union support from the funds under Regulation (EU) 2021/1060 with the exception of support under the European territorial cooperation goal, an audit report with an unqualified audit opinion from the audit authority (EUTAF) shall verify that: (i) the appropriateness of the procedures set out in milestone 78 ensure the uploading of a complete set of information every two months; (ii) the data set out in the applicable Union law has actually been uploaded in Arachne: and (iii) the national bodies put in place arrangements to ensure the systematic and regular follow-up of risk-scoring generated by the Arachne system. Concerning funds under Regulation (EU) 2021/2115 in Hungary, an action plan shall be adopted to apply the same procedures as outlined above.
80	C8.R21: Establishment of a Directorate of Internal Audit and Integrity to reinforce the control of conflicts of interest when implementing Union support	Milestone	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support through the establishment of a new Directorate of Internal Audit and Integrity (DIAI)	Provision in the legal act(s) indicating its entry into force				Q2	2026	Entry into force of legal act(s) providing for the establishment of a new Directorate of Internal Audit and Integrity (DIAI). Those legal act(s) shall provide that: (i) the independence of the DIAI is safeguarded by the nomination of its senior professional executive(s), duration of their mandate without a possibility to dismiss them except for in case of narrow, clearly defined objective grounds; (ii) the selection of staff of the DIAI shall be based on objective criteria;

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										(iii) that the DIAI has the competence to act in relation to bodies involved in the implementation of Union support in Hungary; (iv) that upon request, the DIAI shall provide without delay full access to all conflict of interest declarations and to all its files to the Integrity Authority; (v) that rules of procedures governing its institutional setup and working methods) are in place and subject to oversight by the Integrity Authority; (vi) that sufficient financial and human resources are allocated for the performance of its tasks; (vii) that the DIAI regularly controls the veracity of conflict of interest declarations filed in relation to the implementation of Union support in Hungary and that information on those controls are stored for at least 5 years; (viii) that the anonymous reporting of any suspicion regarding conflict of interest is made possible; (ix) that the DIAI shall investigate those reported suspicions; (x) that the DIAI shall annually report on its work to the Integrity Authority.

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81	C8.R22 Ensuring the capacity for the EUTAF to carry out its tasks	Milestone	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support through appropriate capacity for EUTAF	Provision in the legal act(s) indicating its entry into force				Q2	2026	Legal act(s) enter into force providing for the arrangement of the necessary financial and human resources for the EUTAF to safeguard its independence and enable it to carry out its tasks in an effective manner. The legislative amendments shall provide that: - The annual budget of the EUTAF shall be established on the basis of an initial proposal by the EUTAF and shall only be modified if publicly justified and shall not undermine the EUTAF's capacity to carry out its tasks in an effective and timely manner. - The remuneration of the head of the EUTAF shall be set at 70% of the remuneration of the president of the State Audit Office. - The functional and professional independence of the EUTAF shall be maintained and the staff of EUTAF shall continue not to seek or accept instructions regarding its audit work.
82	C8.R23 Cooperation with OLAF to reinforce the detection of fraud related to the use of Union support	Milestone	Designation of a national authority in charge with assisting OLAF with its on-the-spot checks in Hungary and the introduction of the possibility to levy financial sanctions on non-cooperating economic actors	Provision in the legal act indicating its entry into force				Q2	2026	Entry into force of legal act(s) providing for: (i) the designation of the National Tax and Customs Administration (Nemzeti Adó- és Vámhivatal, NAV) as the competent national authority to assist OLAF when carrying out on-the-spot checks in Hungary and when an economic operator subject to those checks refuses to cooperate. The amendment shall include a description of the procedure to follow. It shall also introduce the possibility of the presence of a finance guard at the request of OLAF. The finance guard shall enable OLAF to carry out its on-the-spot checks and inspections, in particular by ensuring

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										enforcement in order to safeguard evidence as envisaged in Regulation (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96. This shall include the following types of intervention: (a) taking things away on the spot [Section 36/L of Act CXXII of 2010 on Nemzeti Adó- és Vámhivatal (hereinafter NAVtv.)], (b) request information [Section 36 of NAVtv.], (c) identity checking [Section 36/A of NAVtv.], (d) entering a place that does not qualify as a private residence [Section 36/G of NAVtv.], (e) protection of the scene [Section 36/I (1) of NAVtv.]. The amendment shall set out that if this assistance requires authorisation from a judicial authority, such authorisation shall be applied for by the national AFCOS (national anti-fraud coordination service) at least 72 hours in advance. Based on such authorisation, OLAF may request the presence of the finance guard in advance, if there is a risk of resistance to a planned on-the-spot check and inspection. (ii) amendment of Act XXIX of 2004 to introduce a dissuasive financial type of sanction to be imposed in case an economic operator refuses to cooperate with OLAF for the purposes of the on-the-spot checks and inspections.

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83	C8.R24 Audit and control of the Recovery and Resilience Plan and the protection of the financial interests of the Union	Milestone	Monitoring system for the implementation of the Hungarian recovery and resilience plan	EUTAF audit opinion confirming the functioning of the repository system for the recovery and resilience plan				Q2	2026	An audit report with unqualified audit opinion from the audit authority (EUTAF) shall confirm that the repository system for monitoring the implementation of the recovery and resilience plan is functional. The repository system carries out: (a) the collection of data and monitoring of the achievement of milestones and targets; (b) the collection, storing and access to the data required by Article 22(2)(d)(i) to (iii) of the RRF Regulation. Access to data shall be ensured for national and European bodies for the purpose of audit and control.

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84	C8.R24 Audit and control of the Recovery and Resilience Plan and the protection of the financial interests of the Union	Milestone	Audit of the implementation of the Hungarian recovery and resilience plan	Approval of an audit strategy by EUTAF for the recovery and resilience plan				Q2	2026	Approval of an audit strategy for the audit authority (EUTAF), providing for the audit of the implementation of the Recovery and Resilience Plan of Hungary to be done in accordance with internationally accepted audit standards for the period until at least end-2028. The strategy shall set out the methodology and approach to risk assessment, the frequency and type of audits (such as systems- and project audits, desk-based and on-the-spot) to be carried out in the different implementation stages of the reforms and investments implemented under the recovery and resilience plan as well as the reliability of data supporting the achievement of milestones and targets. In addition to a high degree of substantive testing, the audits should ensure a sufficiently high degree of coverage of checks on whether implementing bodies respect the requirement referred to in milestone 75, letter (h).

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85	C8.R25 Reinforcing transparency and access to public information	Milestone	Entry into force of legal act(s) ensuring legal predictability in access to public information cases in court	Provision in the legal act(s) indicating the entry into force				Q2	2026	Entry into force of legal act(s) providing for an exceptional procedure for requests for access to public information: - that introduces an exceptional procedure with the same procedural steps and similar deadlines as applied in the case of press rectification cases as set out in Act CXXX of 2016 on civil procedures (Sections 495-501). - that require the data controller and the data requestor to act in good faith and cooperate with one another to facilitate transparency in the use of public funds and assets.

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86	C8.R25 Reinforcing transparency and access to public information	Milestone	Entry into force of legislative amendments ensuring increased transparency of public information	Provisions in the legislative amendments indicating their entry into force				Q2	2026	Entry into force of legislative amendments to establish the main rule that public information shall be provided free of charge and fees for access to such public information may only be applied under exceptional and clearly defined circumstances. In this respect the amendments shall: (i) Abolish the possibility to charge labour costs associated with the fulfilment of access to public information requests; (ii) Define publicly available unit costs related to the costs of copying and the delivery of the information requested; (iii) Establish the rule that fees charged shall not exceed the actual cost incurred by the holder of the public information requested when fulfilling that information request related to the cost categories under point (ii) and only if those costs exceed HUF 10 000; (iv) Introduce a reasonably low overall ceiling of maximum HUF 190 000 for associated cost that can be taken into account by a public body when fulfilling an individual access to public information request; and (v) Repeal the provisions allowing the possibility for a body carrying out public duties to refuse a data request on the grounds that it would involve the acquisition, collection, or processing data or require the creation of new data.

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87	C8.R25 Reinforcing transparency and access to public information	Milestone	Report(s) of the National Authority for Data Protection and Freedom of Information on access to public information	Online availability of the report(s) of the National Authority for Data Protection and Freedom of Information on the compliance of public bodies with their respective obligations regarding access to public information				Q2	2026	The National Authority for Data Protection and Freedom of Information shall carry out checks on bodies carrying out public duties ex officio and upon complaint to assess whether they comply with their respective requirements on transparency of public data and providing access to data of public interest. The findings of the checks shall be summarised in report(s) identifying how the shortcomings shall be remedied and followed up as well as recommendations how access to public data may be improved.
88	C8.R26 Improving the quality of law-making and involvement of stakeholders and social partners in decision-making	Milestone	Entry into force of a legal act(s) including provisions on involving stakeholders in the implementation and monitoring of the recovery and resilience plan	Provision in the legal act(s) indicating entry into force				Q2	2026	Entry into force of a legal act(s) that shall provide for: (1) an obligation for preparing a strategy defining tasks and responsibilities on how the main stakeholders shall be involved in the implementation of the measures of the recovery and resilience plan; (2) the legal basis and obligation for establishing a monitoring committee, consisting of the stakeholders and social partners relevant for the implementation of the components of the recovery and resilience plan. The monitoring committee shall be tasked to continuously monitor the implementation of the recovery and resilience plan also beyond 2026. All members of the monitoring committee shall have the same rights and obligations. At least 50% of the members of the monitoring committee shall represent civil

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										society organisations independent from the government and public bodies. Such organisations shall be selected through an open, transparent, and non-discriminatory selection process based on objective criteria related to expertise and merit from organisations which are active in the field of one or more of the following areas: social policy; education; labour market; healthcare; environment; fight against climate change; energy; sustainable development; sustainable transport; promoting fundamental rights, equal treatment and non-discrimination; anti-corruption; and transparency. Members of the monitoring committee representing civil society. (3) the obligation that the monitoring committee shall meet at least twice per year and receive information related to the implementation of the measures in the recovery and resilience plan, that the monitoring committee may issue recommendations by a simple majority of its members, and that the National Authority shall follow-up on those recommendations and report on the progress of this follow-up to the monitoring committee.
89	C8.R26 Improving the quality of law-making and involvement of stakeholders and social partners in decision-making	Milestone	Entry into force of legal act(s) to enhance the use of public consultations and impact assessments in the law-making process	Provisions in the legal act(s) indicating their entry into force				Q2	2026	Entry into force of legal act(s) with the aim of ensuring that for legislative acts adopted by the Government (i.e. government decrees and ministerial decrees) or tabled for adoption to the Parliament by the Government (i.e. bills) public consultation shall be carried out and impact assessment shall be prepared and summaries thereof shall be systematically made publicly available by providing for:

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										(i) a minimum consultation period of eight days (meaning that the draft legislative act shall be made available for public consultation at the same time as it is sent for intra-governmental consultation); (ii) a minimum period of five days following the expiry of the public consultation period to consider the inputs received during the public consultation period, during which the legislative act of the government shall not be adopted by the government, or the draft bill shall not be submitted to the Parliament; (iii) that the share of legislative acts which may fall under the exceptions in Section 5 of Act CXXXI of 2010 shall be maximum 10% (iv) that the use of these exceptions shall be duly justified in writing, with a reference to the specific exception applied; (v) that a summary of the preliminary impact assessment and an explanatory memorandum that outlines the aim and main elements of the proposal shall be made available publicly together with the draft legislative act; (vi) extending the obligation to carry out public consultation on draft legislative instruments that related to the list(s) of given names and removing the possibility to rely on interests relating to nature conservation and environmental protection from the scope of exemptions to public consultation requirements. (vii) the Government Control Office (KEHI) shall annually check compliance with the public consultation requirements of Act

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										CXXXI of 2010, including the implementation of points (i) to (vi) in particular whether the use of exemptions was duly justified and properly applied. The findings of the above checks shall be published annually by 31 January in a report on the website of the Office. (viii) the Government Control Office shall consistently impose a sufficiently high fine on the ministry led by minister responsible for the preparations of legislation concerned in the event of non-compliance with any of the provisions of CXXXI of 2010. The reasons for imposing the fine shall be made publicly available.
90	C8.R27 Review of minimum substance requirements for corporate income tax purposes	Milestone	Independent international expert review of the domestic anti-tax avoidance rules	Publication of the review				Q2	2026	Publication of an independent review of the domestic anti-tax avoidance rules on the Ministry of Finance's website. The review shall analyse the state of play of domestic anti-tax avoidance rules and provide concrete proposals and recommendations to improve the effectiveness of the tax rules in relation to shell entities. The review shall also make recommendations on minimum substance requirements for corporate income tax purposes and the tax consequences in case of failure to meet the minimum substance requirements.

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91	C8.R28 Strengthening of transfer pricing regulations	Milestone	Entry into force of legal act(s) to strengthen transfer pricing rules	Provisions in the legal act(s) indicating their entry into force				Q2	2026	Entry into force of legal act(s) introducing new transfer pricing reporting obligations. The legal act(s) shall include detailed requirements for the new transfer pricing data reporting. The scope of the legal act(s) shall cover transactions between associated enterprises with a value of HUF 150 million or more.
92	C8.R29 Extending the scope of non-deductibility rules for outbound payments	Milestone	Entry into force of legal act(s) to broaden the non-deductibility rules for outbound payments	Provisions in the legal act(s) indicating their entry into force				Q2	2026	Entry into force of legal act(s) extending the non-deductibility rules for outbound payments to cover all transactions of outbound royalty and interest payments in jurisdictions that are either listed on the EU list of non-cooperative jurisdictions or considered to be zero-tax or low-tax jurisdictions (which include any jurisdiction with a statutory corporate income tax rate below the Hungarian statutory corporate income tax rate). The legal act(s) shall identify criteria when a tax consequence would be applied taking into account the business reasons behind the transaction and the tax treatment of the transaction in order to cover double non-taxation cases. It shall also identify appropriate tax consequences to mitigate the targeted risk.

Seq. Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
93	C8.R29 Extending the scope of non-deductibility rules for outbound payments	Milestone	Commissioning of an independent evaluation of the effectiveness of the overall set of domestic rules related to aggressive tax planning	Interim report of the evaluation				Q2	2026	An interim report on the progress of an independent evaluation, carried out by the OECD and commissioned by Hungary, shall be submitted to the Commission regarding the effectiveness of the overall set of domestic rules addressing shell companies and outbound interest and royalty payments between companies established in Hungary and companies established in jurisdictions that either included in the EU list of non-cooperative jurisdictions or considered zero-tax or low-tax jurisdictions. A commitment to act on the results of the independent evaluation shall be submitted via the publication of a formal letter from the Minister of Finance to the Commission.
94	C8.R30 Digital transformation of tax compliance procedures	Milestone	Digital services related to ePayroll, eReceipt and eVAT solutions	Provisions in the legal act(s) indicating their entry into force and launch of pilot and accessibility of platform to users				Q2	2026	Entry into force of legal act(s) necessary for the rollout of “eReceipt”. Launch of the “ePayroll” pilot (Employment Data Provision Platform). The “eVAT” platform will be accessible for users.
95	C8.R31 Simplifying the tax system by reducing the number of taxes	Milestone	Amendment of the retail tax	Provisions in the legal act(s) indicating the revision of the tax on the retail sector				Q2	2026	Entry into force of legal act(s) amending the law on retail tax removing the restructuring limitation rule and tax base aggregation rule for retail companies, including foreign- and domestic-controlled companies.

Seq. Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
96	C8.R31 Simplifying the tax system by reducing the number of taxes	Milestone	Phasing out of tax benefits	Publication of legal act(s) in the Official Journal and publication of a Government resolution				Q2	2026	Publication in the Official Journal of legal act(s) reducing the number of tax benefits under the corporate income tax regime. The entry into force of the law shall be automatic and shall not entail any further legal implementing measures. Entry into force of legal act(s) related to personal income taxation that ensure the phasing out of tax benefits for using trusts. Publication of a Government resolution commissioning an internal review on the current corporate income tax system, including tax rates, with the aim of raising additional corporate income tax revenue, while maintaining the competitiveness of the corporate income tax system.
97	C8.R31 Simplifying the tax system by reducing the number of taxes	Milestone	Adoption of legal act(s) reducing the number of taxes	Publication of legal act(s) in the Official Journal				Q2	2026	Publication in the official Journal of legal act(s) reducing the number of taxes. The entry into force of the law shall be automatic and shall not entail any further legal implementing measures. The legal act(s) shall achieve a reduction in the number of taxes from 54 that were in effect on 1 January 2023 to no more than 49. The temporary sectoral taxes and the public utility tax that is covered by R32 shall neither be counted as part of the taxes being in effect on 1 January 2023 nor contribute to the proposed reduction in the number of taxes.

Seq. Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
98	C8.R31 Simplifying the tax system by reducing the number of taxes	Milestone	Report on the simplification and consolidation possibilities of alternative set of rules regarding personal income taxation	Publication of the report				Q2	2026	Publication of a report on how rules on personal income taxation could be simplified and consolidated, with a view to eliminating inefficient tax expenditures, making tax rule choices easier for the taxpayers and reducing distorted or unwarranted incentives. The report shall be published on the website of the Ministry of Finance.
99	C8.R32 Reforming the tax on public utility pipelines	Milestone	Entry into force of legal act(s) on the tax on utility pipelines	Provisions in the legal act(s) indicating their entry into force				Q2	2026	Entry into force of legal act(s) on the simplification of public utility taxation to i) repeal Act number CLXVIII of 2012 on the tax on utility pipelines, or ii) amend Act number CLXVIII of 2012 on the tax on utility pipelines in order to introduce a tax rule allowing the owners of utilities to discharge or credit the itemised tax payable on their lines (water and sewage, power lines, natural gas pipes and telecommunication cables) located in public areas for the amount they invest in the maintenance or upgrade of those lines.

Seq. Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
100	C8.R33 Boosting the efficiency of public expenditure by carrying out spending reviews	Milestone	Establishment of the process for conducting spending reviews and carrying out spending reviews	Publication of a Government resolution, a contract signed with international expert(s), and carrying out of two spending reviews				Q2	2026	1. Publication of a Government resolution(s) on the launch of a spending review process. The resolution(s) shall specify: i) the detailed objectives and targets; ii) methodology for the review; iii) a mechanism to incorporate the results of the spending reviews into the budgetary process, via the budgetary circular. The methodology shall define concrete savings and efficiency targets for specific expenditure areas. 2. The Government shall coordinate and carry out two spending reviews of at least two expenditure areas. 3. The Government shall contract an international expert to provide technical assistance with conducting spending reviews for the production of two future spending reviews.
101	C8.R34 Improving the domestic fiscal framework	Milestone	Strengthening budgetary control	Provisions in the legal act(s) indicating their entry into force and publication of Government resolution(s)				Q2	2026	Entry into force of legal act(s): • to introduce a binding time window for the submission of the draft annual budget bill to the Parliament, and to mandate the government to prepare and publish a budget circular annually; • to restrict the use of unallocated appropriations within the budget; • to limit the government's powers to carry out in-year reallocations and budget

Seq. Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
										decisions and increasing their transparency; • amend the Economic Stability Act defining the establishment of a separate budget line for the operational expenses of the Fiscal Council, that will be sufficient to facilitate the hiring of additional staff. Publication of a government resolution(s): • to grant additional responsibilities to the Ministry of Finance on expenditure control, including requiring prior approval of the Minister of Finance of any new financial commitment above HUF 250 million and asset acquisitions above HUF 100 million, if not based on specific legal or contractual obligations; • to grant additional financial oversight powers to the Ministry of Finance over the nine largest State-Owned Enterprises, including requiring the prior consent of the Minister of Finance over the approval and amendment of annual business plans of the enterprises and introducing monthly reporting requirements.

Seq. Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
102	C8.R34 Improving the domestic fiscal framework	Milestone	Launch of a fiscal framework review supported by a dedicated public consultation	Publication of a Government resolution				Q2	2026	Publication of a Government resolution on the establishment of the technical secretariat in charge of the fiscal framework review in the Ministry of Finance. The resolution shall specify the timeline and the scope of the review, which shall cover the design of the medium-term budgetary framework and domestic fiscal rules, the institutional set-up, independence safeguards, and mandate of the Fiscal Council, as well as the budgetary procedures and public financial management tools governing the preparation and execution of the annual budget law, including the role of spending reviews. The resolution shall state that the outcome of the review shall inform changes to the legal framework during the lifetime of Hungary's next medium-term fiscal structural plan.
103	C8.R35 Reform of subsidised lending	Milestone	Reform of subsidised lending scheme and a reform of government guarantees	Provisions in the legal act(s) indicating their entry into force and publication of a Government resolution(s)				Q2	2026	Publication of a Government resolution launching a review of government subsidies and guarantees on private sector lending, with a view to significantly reducing the level of state risk-sharing, strengthening the role of banks' own credit-risk assessment and optimising guarantee coverage ratios over time. Entry into force of legal act(s) on the reform of the Széchenyi Card Current Account Loan MAX+, the Széchenyi Tourism Card MAX+, and the Széchenyi Liquidity Loan MAX+ under the Széchenyi Card Programme: (i) raising the interest rate to the level of the 3-month BUBOR;

Seq. Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
										(ii) making the associated mandatory guarantees optional. Carry out a Government review of the amortisation schedule for all State counter-guarantees with the aim of aligning the reduction in guarantees with this schedule and limiting the issuance of new guarantees. Publication of a Government resolution based on the review of the amortisation schedule for all State counter-guarantees: (i) committing to reduce the share of government guarantees to GDP to the average across EU Member States and setting a path for that reduction via decreasing annual maximum ceilings for each instrument and year until the target is reached; (ii) the resolution shall state that the outcome of the review shall inform the path of the reduction set out during the lifetime of Hungary's next medium-term fiscal structural plan. Entry into force of legal act(s) reducing the maximum ceiling for State counter-guarantees in 2026 from the aggregate HUF 12 800bn to a lower level calibrated based on the review.

I. COMPONENT 9: REPOWEREU

The objective of the REPowerEU component of the Hungarian recovery and resilience plan is to increase energy security and to support energy transition by incentives to the uptake of energy storage, by increasing the flexibility of the electricity market, and by supporting geothermal research. The component is to reduce fossil fuel consumption by increasing energy efficiency by and improving the energy efficiency of buildings. The component is also to increase the efficiency and flexibility of the electricity market by supporting the flexibility and digitalisation of the electricity network and by promoting the establishment and connection of energy communities, as well as the connection of aggregators and energy storage facilities to the network.

The REPowerEU component contributes to addressing Country-Specific Recommendations, in particular CSR 2022 5, CSR 2022 6, CSR 2023 4 and CSR 2025 4 (Accelerate the diversification of fossil fuel supply to phase out dependence on Russian sources […]. Improve flexibility and competition in the electricity sector, by strengthening the balancing market and boosting cross-border electricity trading.).

Several measures are to have a cross-border impact including investments in electricity network development and the financial instrument to increase the energy efficiency of residential buildings.

It is expected that no measure in this component does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measures and the mitigating steps set out in the recovery and resilience plan in accordance with the 'do no significant harm' Technical Guidance (2021/C58/01).

I.1. Description of the reforms and investments for non-repayable financial support

C9.R1: Setting network tariffs

The objective of this measure is to establish a new framework for setting electricity network tariffs to ensure fairness and financial efficiency across the grid.

This measure consists in the entry into force of legal act(s) adopting the new methodology to calculate network tariffs.

C9.R2: Adapting the legal act(s) on smart meters

The objective of this measure is to enhance the use of smart meters.

This measure consists in the entry into force of legal act(s) that broadens the scope of users obliged to install smart meters.

C9.R3: Strengthening the role of aggregators

The objective of this measure is to strengthen the role of aggregators.

This measure consists in the entry into force of legal act(s) on aggregators.

C9.R4: Wider use of dynamic pricing in electricity purchase agreements

The objective of the reform is to encourage the usage of dynamic pricing contracts.

This reform consists in the entry into force of legal act(s) that allows residential consumers and micro-enterprises to enter into voluntary electricity purchase contracts with dynamic pricing.

C9.R5: Opening the regulatory reserve markets to encourage competition

The objective of the measure is to open the balancing markets to competition.

The measure consists in the entry into force of MEKH decision(s) approving the Network Code that encourages competition in the balancing market.

C9.R6: Expanding energy communities

The objective of this measure is to expand the establishment of 'energy communities' among households and businesses.

The measure consists in the entry into force of legal act(s) on energy communities to expand their operations.

C9.R7: Legal incentives for the uptake of energy storage

The objective of the measure is the adoption of a comprehensive regulatory framework for energy storage.

The reform consists in the entry into force of legal act(s) on energy storage to incentivise their uptake.

C9.R8: Amendment(s) to legal act(s) on geothermal energy

The objective of this measure is to promote geothermal energy.

The measure consists of the entry into force of amendment(s) to legal act(s) on the permitting framework for geothermal energy exploration and exploitation.

C9.I1: Grant scheme for the development of the electricity grid (scale up)

This investment scales up investment C6.I6: "Grant scheme for the development of the electricity grid". It shall consist of a transfer of EUR 643 243 836.64 to the MFB. This amount shall be additional to any amount provided under measure C6.I6.

The satisfactory fulfilment of all milestones under this measure is subject to the satisfactory fulfilment of the milestone 46 in component 6 ("Implementing Agreement").

C9.I2: Setting up a financial instrument to improve the energy efficiency of residential buildings

The measure shall consist of a public investment in a Facility, in order to incentivise private investment and improve access to finance in Hungary's energy sector for residential buildings. The Facility shall operate by providing combined loan and grant support through intermediaries to the private sector, specifically to households.

The Facility shall be managed by the Hungarian Development Bank (*Magyar Fejlesztési Bank Zrt.* – MFB) as the Implementing Partner. The Facility shall include the following product lines:

- Combined loan and grant support to improve the energy efficiency of residential buildings.

In order to implement the investment into the Facility, Hungary and the MFB shall sign an Implementing Agreement that shall include the following content:

1. Description of the decision-making process of the Facility: The initial investment decision of the Facility shall be taken by an investment committee or other relevant equivalent governing body and approved by a majority of votes from members who are independent from the Hungarian Government. The final investment decision of the Facility shall be limited to the approval (without modifications) or the exercise of a veto right on an investment decision proposed by the investment committee or relevant equivalent governing body.
2. Key requirements of the associated investment policy, which shall include:
    a. The description of the financial product and eligible final beneficiaries.
    b. The requirement that all investments supported are economically viable.

c. The requirement to comply with the 'do no significant harm' (DNSH) principle as set out in the DNSH Technical Guidance (2021/C58/01). In particular, the investment policy shall exclude the following list of activities and assets from eligibility: (i) activities and assets related to fossil fuels, including downstream use[13], (ii) activities and assets under the EU Emissions Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the applicable benchmarks[14], (iii) activities and assets related to waste landfills, incinerators[15] and mechanical biological treatment plants[16]. Moreover, support for heating systems based on gas shall amount to no more than the maximum of 20% of the overall envelope for this measure.

d. The requirement that final beneficiaries of the Facility shall not receive support from other Union instruments to cover the same cost.

3. The amount covered by the Implementing Agreement, the fee structure for the Implementing Partner and financial intermediaries, and the requirement to reinvest any reflows according to the investment policy of the Facility.

4. Monitoring, audit, and control requirements, including:

    1. The description of the Implementing Partner's monitoring system to report on the investment mobilised.

    2. The description of the Implementing Partner's procedures that ensures the prevention, detection and correction of fraud, corruption, and conflicts of interests.

    3. The obligation to verify the eligibility of every operation in accordance with the requirements laid out in the Implementing Agreement before committing to finance an operation.

    4. The obligation of carrying out risk-based ex-post audits in accordance with an audit plan of the MFB. These audits shall verify i) that the control systems are effective, including the detection of fraud, corruption, and conflict of interests; ii) compliance with the DNSH principle, the State Aid rules, the climate target requirements; and iii) that the requirement that final beneficiaries of the Facility have not received support from other Union instruments to cover the same cost is respected. The audits shall also verify the legality of the transactions and that the conditions of the applicable Implementing Agreement and Funding Agreements are being respected.

[13] Except for (a) assets and activities in power and/or heat generation, as well as related transmission and distribution infrastructure, using natural gas, that are compliant with the conditions set out in Annex III of the 'do no significant harm' Technical Guidance (2021/C58/01) and (b) activities and assets under point (ii) for which the use of fossil fuels is temporary and technically unavoidable for the timely transition towards a fossil fuel free operation.

[14] Where the activity supported achieves projected greenhouse gas emissions that are not significantly lower than the applicable benchmarks, an explanation of the reasons why this is not possible shall be provided. Benchmarks established for free allocation for activities falling within the scope of the Emissions Trading System, as set out in the Commission Implementing Regulation (EU) 2021/447.

[15] This exclusion does not apply to actions under this measure in plants exclusively dedicated to treating non-recyclable hazardous waste, and to existing plants, where the actions under this measure are for the purpose of increasing energy efficiency, capturing exhaust gases for storage or use or recovering materials from incineration ashes, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level.

[16] This exclusion does not apply to actions under this measure in existing mechanical biological treatment plants, where the actions under this measure are for the purpose of increasing energy efficiency or retrofitting to recycling operations of separated waste to compost bio-waste and anaerobic digestion of bio-waste, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level.

5. Requirements for climate investments carried out by the Implementing Partner: At least EUR 61 266 991 of the RRF investment into the Facility shall contribute to the climate change objectives in accordance with Annex VI to the RRF Regulation[17].

6. Requirements for selecting financial intermediaries: The MFB shall select financial intermediaries in an open, transparent, and non-discriminatory manner. Controls for the absence of conflict of interests on financial intermediaries shall take place and be conducted ex-ante for all financial actors involved.

7. Requirement to sign Funding Agreements: The MFB shall sign Funding Agreements with the financial intermediaries in line with key requirements that shall be provided as an annex of the Implementing Agreement. The key requirements of the Funding Agreement shall include all the requirements under which the Facility operates, including:

    1. The obligation of the financial intermediary to take its decisions in compliance *mutatis mutandis* with the decision making and investment policy requirements specified above, including related to respect of the DNSH principle.

    2. The description of the monitoring and audit and control framework that the financial intermediary shall put in place, which *mutatis mutandis* shall be subject to all the monitoring, audit and control requirements specified above.

[17] Final beneficiaries associated to specific projects shall be required to provide a justification of the selected intervention field for each project supported, together with a description of the project, for the purpose of the computation of the climate contribution. The Implementing Partner shall also be required to provide to the Member State a semi-annual report on the implementation of each project/activity.

I.2. Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support

Seq. Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
104	C9.R1: Setting network tariffs	Milestone	New methodology to calculate network tariffs	Provision in the adoption decree indicating the entry into force of the methodology				Q2	2026	Adoption by the regulatory authority (MEKH) and entry into force of a new methodology to calculate network tariffs that are cost reflective and non-discriminatory.
105	C9.R2: Adapting the legal act(s) on smart meters	Milestone	Entry into force of legal act(s)	Provision in the law indicating the entry into force of the legal act(s)				Q2	2026	Entry into force of legal act(s) that: a. Lower(s) the mandatory smart meter installation threshold from 5 000 kWh/year to 4 000 kWh/year for consumers connected to the low-voltage grid with a connection providing maximum 3x80A. The legal act(s) moreover establish(es) that the DSOs cover the installation costs for these consumers; b. Establish(es) that the DSOs cover the costs of installation of the first smart meter for all consumers connected to the low-voltage grid with a connection providing maximum 3x80A and who requests a smart meter.
106	C9.R3: Strengthening the role of aggregators	Milestone	Entry into force of legal act(s)	Provision in the law indicating the entry into force of the legal act(s)				Q2	2026	Entry into force of legal act(s) that: i) Allow operators of a household-scale small power plant to conclude contracts with aggregators to make their self-generated electricity available; ii) Set out the financial liability framework for aggregators' balancing services.

Seq. Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
107	C9.R4: Wider use of dynamic pricing in electricity purchase agreements	Milestone	Entry into force of legal act(s)	Provision in the law indicating the entry into force of the legal act(s)				Q2	2026	Entry into force of legal act(s) that: i) allow residential consumers and micro-enterprises to enter into voluntary electricity purchase contracts with dynamic pricing; ii) allow residential consumers and micro-enterprises that have opted for dynamic-pricing contracts to return to the universal service scheme.
108	C9.R5: Opening the regulatory reserve markets to encourage competition	Milestone	Entry into force of the MEKH decision(s) approving the modified Network Code	Provision in the MEKH decision indicating the entry into force of the modified Network Code				Q2	2026	Entry into force of the MEKH decision(s) approving the modified Network Code. The Network Code shall: i) Set a threshold of at least 1 MW for bidding into the balancing market; ii) Remove barriers to the integration of weather-dependent generators and electricity storage facilities into the balancing capacity market and the balancing energy market.
109	C9.R6: Expanding energy communities	Milestone	Entry into force of legal act(s)	Provision in the law indicating the entry into force of the legal act(s)				Q2	2026	Entry into force of legal act(s) that: i) expand the options of legal forms in which energy communities may be established; ii) expand the services energy communities may provide to its members; iii) set out rules for residents of multi-apartment buildings acting as a residential energy community.

Seq. Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
110	C9.R7: Legal incentives for the uptake of energy storage	Milestone	Entry into force of legal act(s)	Provision in the law indicating the entry into force of the legal act(s)				Q2	2026	Entry into force of legal act(s) that: i) allow for the colocation of storage and weather-dependent generators (wind and solar); ii) ensure remote controllability of storage facilities with more than 0.2 MW of capacity.
111	C9.R8: Amendment(s) to legal act(s) on geothermal energy	Milestone	Entry into force of amendment(s) to legal act(s) on geothermal energy	Provision in the law indicating the entry into force of the legal act(s)				Q2	2026	Entry into force of the amendment(s) to legal act(s) on the permitting framework for the exploration and exploitation of geothermal energy.
112	C9.I1. Scaled-up measure: Grant scheme for the development of the electricity grid	Target	Legal agreements signed with final beneficiaries		Percentage (%)	0	100	Q2	2026	The MFB shall have entered into legal grant agreements with the beneficiaries for an amount necessary to use 100% of the RRF investment into the Scheme (taking into account management fees).
113	C9.I1. Scaled-up measure: Grant scheme for the development of the electricity grid	Milestone	Ministry has completed the investment	Certificate of transfer				Q2	2026	Hungary shall transfer EUR 643 243 836.64 to the MFB for the Facility (taking into account management fees).
114	C9.I2: Setting up a financial instrument to improve the energy efficiency of residential buildings	Milestone	Implementing Agreement	Entry into force of the Implementing Agreement				Q2	2026	Entry into force of the Implementing Agreement between Hungary and the Hungarian Development Bank (Magyar Fejlesztési Bank Zrt. – MFB).

Seq. Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
115	C9.I2: Setting up a financial instrument to improve the energy efficiency of residential buildings	Target	Legal agreements signed with final beneficiaries		%	0	100	Q2	2026	The MFB shall have entered into legal financing agreements with final beneficiaries for an amount necessary to use 100% of the RRF investment into the Facility (taking into account management fees). 100% of this financing shall contribute to climate objectives using the methodology in Annex VI to the RRF Regulation.
116	C9.I2: Setting up a financial instrument to improve the energy efficiency of residential buildings	Milestone	The MFB has completed the investment	Certificate of transfer				Q2	2026	Hungary shall transfer EUR 61 266 991 to the MFB for the Facility.

J. COMPONENT 10: BUSINESS ENVIRONMENT

The objective of this component is to strengthen the capacity of the Hungarian Development Bank (Magyar Fejlesztési Bank, MFB) to address market failures and support Hungary's economic development, by coupling a governance reform with a significant equity injection. The governance reform aims to reinforce MFB's independence, operational framework, and accountability structures. The equity injection will enable MFB to scale up its financing activity across three strategic programme lines: SME competitiveness, affordable rental and student housing, and venture capital for early-stage and high-growth firms.

The component contributes to addressing Country-Specific Recommendations, in particular CSR 2022.5, (promote investment in d research and innovation) CSR 2023.1 (Target support measures in the housing sector to low-income households), CSR 2024.1, (Target support measures in the housing sector to low-income households) CSR 2025.1, 3 and 6 (Phase out remaining price and interest-rate caps, and equivalent measures; Stimulate the development of capital markets by increasing tax and regulatory incentives; Strengthen the innovation framework for the public sector and businesses by improving the predictability of public R&D spending and better targeting existing measures towards SMEs; Target support measures in the housing sector to low-income households and increase housing supply, including for social housing).

It is expected that no measure in this component does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measures and the mitigating steps set out in the recovery and resilience plan in accordance with the 'do no significant harm' Technical Guidance (2021/C58/01).

J.1. Description of the reforms and investments for non-repayable financial support

C10.R1: Governance reform of Magyar Fejlesztési Bank

The objective of this measure is to reform the Hungarian Development Bank Private Limited Company (*Magyar Fejlesztési Bank Zrt.* (MFB)), in order to strengthen its independence, governance and operational framework.

The reform consists in the adoption of legislation amending the governance and operational framework of MFB, and the appointment modalities of the Board of Directors, as well as the Supervisory Board .

C10.I1: Equity injection into Magyar Fejlesztési Bank (MFB)

The objective of this measure is to support the growth potential of the Hungarian economy by structurally adjusting the level of public support available to address market failures and inefficiencies within the economy. The measure shall consist of an equity injection of EUR 1 126 815 025 into the Hungarian Development Bank Private Limited Company (*Magyar Fejlesztési Bank Zrt.* (MFB)).

MFB shall adopt a new investment policy for the use of the additional equity. The investment policy shall set out the allocation of the equity across three programme lines, namely (i) SME competitiveness, (ii) affordable rental housing and student dormitory development for low-income households and students (iii) venture capital and growth capital. It shall also include the description of the financial product(s) including the expected type of eligible final beneficiaries that the additional equity is expected to initially support, the expected implementation timeline and amounts allocated to each financial programme as well as the expected leverage multiplier per investment programme

MFB shall use for the additional equity the same audit and control system that was positively assessed by the Commission in accordance with Article 157 of Regulation (EU, Euratom) 2024/2509.

The Investment Policy shall require that financial product(s) that the additional equity supports comply with the 'Do no significant harm' (DNSH) principle as set out in the DNSH Technical Guidance (2021/C58/01). In particular, the investment policy shall exclude the following list of activities and assets from eligibility: (i) activities and assets related to fossil fuels, including downstream use[18], (ii) activities and assets under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks[19], (iii) activities and assets related to waste landfills, incinerators[20] and mechanical biological treatment plants[21]. Furthermore, in the case of general support to corporates, the investment policy shall exclude companies with a substantial focus[22] in the following sectors: (i) fossil fuel-based energy production and related activities[23]; (ii) energy-intensive and/or high CO2-emitting industries[24]; (iii) production, rental, or sale of polluting vehicles[25]; (iv) waste collection, waste treatment and disposal[26], (v) processing of nuclear fuel, production of nuclear energy.

Moreover, the investment policy shall require compliance with the relevant EU and national environmental legislation of the final beneficiaries.

The satisfactory fulfilment of milestones under this measure is subject to the satisfactory fulfilment of the milestones of Reform 1 – Governance reform of Magyar Fejlesztési Bank.

[18] Except for (a) assets and activities in power and/or heat generation, as well as related transmission and distribution infrastructure, using natural gas, that are compliant with the conditions set out in Annex III of the 'Do no significant harm' Technical Guidance (2021/C58/01) and (b) activities and assets under point (ii) for which the use of fossil fuels is temporary and technically unavoidable for the timely transition towards a fossil fuel free operation.

[19] Where the activity supported achieves projected greenhouse gas emissions that are not significantly lower than the relevant benchmarks, an explanation of the reasons why this is not possible shall be provided. Benchmarks established for free allocation for activities falling within the scope of the Emissions Trading System, as set out in the Commission Implementing Regulation (EU) 2021/447.

[20] This exclusion does not apply to actions under this measure in plants exclusively dedicated to treating non-recyclable hazardous waste, and to existing plants, where the actions under this measure are for the purpose of increasing energy efficiency, capturing exhaust gases for storage or use or recovering materials from incineration ashes, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level.

[21] This exclusion does not apply to actions under this measure in existing mechanical biological treatment plants, where the actions under this measure are for the purpose of increasing energy efficiency or retrofitting to recycling operations of separated waste to compost bio-waste and anaerobic digestion of bio-waste, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level.

[22] It is considered that a Final Beneficiary has a "substantial focus" on a sector or business activity if such sector or activity is identified as being an essential part of the business activity of the Final Beneficiary respectively in relation to the gross revenue, profit, or client base of the Final Beneficiary. The gross revenue generated from the restricted sector or activity shall, in any case, not exceed 50% of the gross revenue.

[23] Except for (a) assets and activities in power and/or heat generation, as well as related transmission and distribution infrastructure, using natural gas, that are compliant with the conditions set out in Annex III of the 'Do no significant harm' Technical Guidance (2021/C58/01) and (b) activities and assets under point (ii) for which the use of fossil fuels is temporary and technically unavoidable for the timely transition towards a fossil fuel free operation.

[24] Including activities and assets under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks. Where the activity supported achieves projected greenhouse gas emissions that are not significantly lower than the relevant benchmarks, an explanation of the reasons why this is not possible shall be provided. Benchmarks established for free allocation for activities falling within the scope of the Emissions Trading System, as set out in the Commission Implementing Regulation (EU) 2021/447.

[25] Polluting vehicles are defined as non-zero-emission vehicles.

[26] This exclusion does not apply to actions in plants exclusively dedicated to treating non-recyclable hazardous waste, and to existing plants, where the actions under this measure are for the purpose of increasing energy efficiency, capturing exhaust gases for storage or use or recovering materials from incineration ashes, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level.

J.2. Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support

Seq. Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
117	C10.R1 Governance reform of Magyar Fejlesztési Bank	Milestone	Legislation amending the governance of Magyar Fejlesztési Bank (MFB)	Provision in the legislation indicating the entry into force of legislation				Q2	2026	Legislation shall enter into force amending the governance of MFB. The legislation shall require: - The prohibition for persons holding a senior political position, persons holding a senior government administration position (including administrative state-secretary, deputy state-secretary, head of department, deputy-head of department) and persons engaged in professional lobbying activities (as defined in the MFB legal Act) to hold positions on the MFB's Board of Directors and Supervisory Board, complemented by a six month cooling-off period. - The establishment of the procedures for the appointment of the members of the Board of Directors and Supervisory Board. - Members of the Board of Directors and Supervisory Board may only be dismissed on objective grounds, which shall be specified in the law - The establishment of a Risk Undertaking and Risk Management Committee responsible for providing non-binding opinions and recommendations to the Board of Directors responsible for technical and regulatory assessments of proposed investment operations and verifying compliance with the investment policy, RRF rules and other applicable regulatory requirements; - The prohibition for MFB to finance entities whose beneficial owners cannot be verified.

Seq. Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
										- The mandatory verification of beneficial owners before financing decisions, as well as annual publication of information on RRF financed funds, SPVs managed by the MFB. - The selection of all financial intermediaries through open, competitive and non-exclusive calls - The requirement to have an annual compliance report by auditors verifying the compliance with the criteria listed above. The audit shall also assess integrity and conflict of interest procedures, procedural compliance, transparency on fee structures and the mechanisms in place to prevent double-funding by sources allocated from Union programmes. The establishment of the internal MFB rules on the application of the Fit and Proper test for the appointment of the members of the Board of Directors and Supervisory Board, in line with the provisions of the MFB law and the Banking Law, including of objective suitability and professional criteria, conflict-of-interest safeguards, mandatory declarations of interests and limits on reappointments.
118	C10.R1 Governance reform of Magyar Fejlesztési Bank	Milestone	Appointment of MFB governance bodies	Formal appointment of MFB governance bodies in line with the new governance framework				Q2	2026	Appointment of the Board of Directors, the Supervisory Board and the Audit Committee of MFB in accordance with the legislation amending the governance of MFB.

Seq. Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
119	C10.R1 Governance reform of Magyar Fejlesztési Bank	Milestone	Review of MFB subsidised lending schemes	Review of MFB subsidised lending schemes				Q2	2026	An MFB review report of MFB's existing subsidised lending schemes, which identifies schemes that lack clear additionality or crowd out private-market financing and provides recommendations to the MFB Board of Directors on a strategy for abolishing these schemes. An MFB Board of Directors resolution committing to acting on the recommendations of the report shall be adopted.
120	C10.R1 Governance reform of Magyar Fejlesztési Bank	Milestone	Review of state guarantees and other state support measures covering MFB operations	Review of state guarantees and other state support measures covering MFB operations				Q2	2026	A government review report of state guarantees on MFB's lending and state risk-sharing (capital equalisation scheme, interest equalisation system and exchange-rate hedging system), with recommendations to MFB Board of Directors for limiting direct general government budget exposure to MFB operations and strategy for phasing out unnecessary state guarantees (including interest equalisation system). A formal letter from the Minister of Finance committing to acting on the recommendations of the report shall be submitted to the Commission.
121	C10.I1 Equity injection into Magyar Fejlesztési Bank (MFB)	Milestone	Investment policy	Adoption of an investment policy				Q2	2026	Adoption of a new investment policy for MFB for the use of the additional equity in line with the description of the measure.

Seq. Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
122	C10.I1 Equity injection into Magyar Fejlesztési Bank (MFB)	Milestone	Equity injection	Certificate of transfer				Q2	2026	Hungary shall transfer EUR 1 126 815 025 to the MFB to increase its equity. Beyond the equity injection into the MFB which constitutes the RRF investment, Hungary shall transmit a report outlining the actions taken by the MFB by 31 August 2026 to implement the investment policy, including the steps taken for the implementation of the financial products that the additional equity is expected to initially support, as well as the expected steps to be taken for further implementing those products.

J.3. Description of the reforms and investments for the loan

C10.I2: Top-up to the equity injection into Magyar Fejlesztési Bank (MFB)

The objective of this measure is to support the growth potential of the Hungarian economy by structurally adjusting the level of public support available to address market failures and inefficiencies within the economy.

The measure shall consist of an equity injection of EUR 688 338 565 into the Hungarian Development Bank Private Limited Company (Magyar Fejlesztési Bank Zrt. (MFB)). This amount shall be additional to any amount provided under measure C10.I1. This EUR 688 million of the equity injection shall be used to co-finance investments with the EIB within the Hungarian economy. The satisfactory fulfilment of milestones under this measure is subject to the satisfactory fulfilment of the milestones of Reform 1 – Governance reform of Magyar Fejlesztési Bank.

J.4. Milestones, targets, indicators, and timetable for monitoring and implementation for the loan

Seq. Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
123	C10.I2 Equity injection into Magyar Fejlesztési Bank (MFB)	Milestone	Legal act on MFB equity injection and EIB allocation	Entry into force of a legal act				Q2	2026	Entry into force of a legal act allocating EUR 688 338 565 of an MFB equity injection to be utilised by MFB for a co-investment agreement with the EIB.
124	C10.I2 Equity injection into Magyar Fejlesztési Bank (MFB)	Milestone	Equity injection and signature of a Memorandum of Understanding between Hungary and the EIB	Certificate of transfer and signature of a Memorandum of Understanding between Hungary and the EIB				Q2	2026	Hungary shall transfer EUR 688 338 565 to the MFB to increase its equity. Signature of a Memorandum of Understanding between Hungary and the EIB regarding a co-investment agreement for the use of that equity. That Memorandum of Understanding shall include an understanding that MFB is to co-invest in EIB financed projects in Hungary on *pari passu* terms with the EIB (except pricing), the types of products, areas, beneficiaries, governance and timeline for implementation, including that a legal agreement shall be signed by 30 November 2026.

K. COMPONENT 11: DIGITAL INNOVATION

The objective of this component is to strengthen Hungary's digital infrastructure and capabilities across three complementary dimensions. Through contributions to established EU programmes, Hungary aims to secure access to frontier artificial intelligence computing capacity via an AI Gigafactory or equivalent quantum technology under the EuroHPC Joint Undertaking, and to enhance its secure connectivity infrastructure through participation in the IRIS² satellite programme. At the domestic level, the component supports the modernisation of e-government services, including upgraded digital identity and access management systems and the rollout of a digital wallet, to improve the accessibility and security of public services for citizens and businesses.

The component contributes to addressing Country-Specific Recommendations, in particular, CSR CSR 2025.3. (Strengthen the innovation framework for the public sector and businesses by improving the predictability of public R&D spending and better targeting existing measures towards SMEs).

It is expected that no measure in this component does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measures and the mitigating steps set out in the recovery and resilience plan in accordance with the 'do no significant harm' Technical Guidance (2021/C58/01).

K.1. Description of the reforms and investments for non-repayable financial support

C11.I1: E-government services

The objective of the measure is to promote the uptake of e-government services in the area of electronic identification and trust services.

The measure consists in: (i) upgrading the e-government identification and access management system(s); (ii) developing the digital identity for portable devices and digital wallet; and (iii) creating new e-government functionalities or upgrading existing ones.

K.2. Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support

Seq. Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
125	C11.I1 E-government services	Milestone	Digital data wallet solution	Upgrade or creation of systems				Q2	2026	E-government interventions shall: (i) upgrade the e-government identification and access management system(s); (ii) develop the digital identity for portable devices and digital wallet; and (iii) create new e-government functionalities or upgrade existing ones.

K.3. Description of the reforms and investments for the loan

C11.I2: AI Gigafactory and other EuroHPC compute infrastructure

The objective of this measure is to support Hungary's establishment of and access to Artificial Intelligence Gigafactories and their services.

The measure consists of a voluntary contribution of EUR 500 million to the EuroHPC Joint Undertaking, to provide financial support for an AI Gigafactory and/or advanced AI/HPC infrastructure and/or quantum technology initiatives and/or other EuroHPC compute infrastructure and/or any other EuroHPC research and innovation projects, to be established in the Union.

C11.I3: Voluntary contribution to IRIS²

The objective of the measure is to support Hungary's secure communication capabilities.

The measure consists of a voluntary contribution of EUR 500 million to the EU Secure Connectivity Programme (IRIS²). The contribution may support but is not limited to the purchase of additional satellites, ground infrastructure with gateway and Point of Presence located in Hungary, satellites communication capacity, and/or development of ancillary connectivity activities.

K.4. Milestones, targets, indicators, and timetable for monitoring and implementation for the loan

Seq. Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
126	C11.I2 AI Gigafactory and other EuroHPC compute infrastructure	Milestone	Signature of the Contribution Agreement between Hungary and the EuroHPC JU and disbursement of the voluntary contribution to the EuroHPC JU	Signature of the Contribution Agreement				Q2	2026	Signature of the Contribution Agreement between Hungary and the EuroHPC JU. That Contribution Agreement shall include: - An indication of the activities to be funded with the voluntary contribution, namely financial support to an AI Gigafactory and/or advanced AI/HPC infrastructure and/or quantum technology initiatives and/or other EuroHPC compute infrastructure and/or any other EuroHPC research and innovation projects, to be established in the Union. - The requirement that the voluntary contribution shall be used in a manner compliant with the do no significant harm (DNSH) principle as set out in the Technical Guidance 2021/C58/01. - The exact amount of the voluntary contribution from RRF fund. - A requirement that unused amounts covered by the agreement shall be used by the EuroHPC JU for the benefit of the concerned Member State and shall not be transferred back to the Member State. - Hungary shall transfer EUR 500 million to the European High-Performance Computing Joint Undertaking.

Seq. Number	Related Measure (Reform or Investment)	Milestone/ Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
127	C11.I3 Voluntary contribution to IRIS²	Milestone	Signature of the Contribution Agreement between Hungary and the European Commission and assignment of a Voluntary Contribution to the EU Secure Connectivity Programme (IRIS²)	Signature of the Contribution Agreement				Q2	2026	Signature of the Contribution Agreement between Hungary and the European Commission. That Contribution Agreement shall include the activities that would be funded under the voluntary contribution. Hungary shall transfer EUR 500 million to the EU Secure Connectivity Programme (IRIS²).

2. Estimated total cost of the recovery and resilience plan

The estimated total cost of the recovery and resilience plan including the REPowerEU chapter of Hungary is HUF 3 553 302 225 000, which equals EUR 10 000 000 000 on the basis of the EUR HUF ECB reference rate of 9 June 2026. The estimated total costs of the REPowerEU chapter is EUR 704 510 828. In particular, the estimated total costs of the measures referred to in Article 21c(3), point (a) of Regulation (EU) 2023/435 is EUR 0 whilst the costs of the other measures in the REPowerEU chapter is EUR 704 510 828.

SECTION 2: FINANCIAL SUPPORT

1. **Financial contribution**

The instalments referred to in Article 2(2) shall be organised in the following manner:

1.1.First Instalment (non-repayable support):

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
1	C1.I1 Development of competitive public education using 21st century technology	Milestone	Delivery of digital notebooks
3	C1.R1 Reduction of segregation risk in schools	Milestone	Entry into force of legal act(s) providing for the reduction of State support for primary and lower secondary schools with a low proportion of disadvantaged students
4	C1.R2 Improving the attractiveness of the teaching profession	Milestone	Entry into force of legal act(s) to increase wages of teachers in the public education system
5	C1.I2 Construction of childcare facilities	Target	Constructed childcare facilities
6	C1.I3 Modernisation of school infrastructure	Milestone	Investments in school infrastructure and teaching equipment
7	C2.R1 Modernisation of higher education programmes	Milestone	Revision of higher education programmes
8	C2.I1 Institutional innovation in higher education	Milestone	Digital learning materials developed for higher education
9	C2.I2 Modernisation of infrastructure and digitalisation in higher education institutions	Milestone	Energy efficiency refurbishment of building infrastructure and construction of new buildings in higher education institutions

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
10	C2.I3 Vocational education and training infrastructure for the 21st century	Target	Refurbishment of building infrastructure and/or construction of new buildings in vocational education and training centres
11	C2.I4 Development of the Central Examination Centre	Milestone	Refurbishment of the Central Examination Centre
12	C2.I5 Support for research and development	Target	Support research institutions
13	C3.I1 Production and use of renewable energy in disadvantaged settlements	Target	Installation of renewable energy production capacity and support of households from settlements selected under the Catching up Settlements Programme
14	C3.I2 Promoting employment and skills development based on local specificities	Target	Participation in labour socialisation programmes
15	C3.I3 Community-oriented pedagogy	Target	Pedagogical development of public education or vocational training institutions
16	C4.R1 Awareness-raising - water	Milestone	Adoption of an action plan on sustainable water management
17	C4.R1 Awareness-raising - water	Target	Number of hectares of water retention interventions
18	C4.I1 Nature protection	Milestone	Kvassay pumping station
19	C4.R2 Domestic regulation of the transition to a circular economy	Milestone	Entry into force of the legal act(s) necessary to operationalise waste management practice and adoption a national waste management plan
20	C4.R3: Action plan for local awareness raising activities	Milestone	Adoption of a national communication action plan
21	C5.I1 Development of a suburban railway line	Milestone	Works related to the Debrecen-Balmazújváros railway section
22	C5.I2 Rail network congestion switching on TEN-T corridor	Milestone	Works related to the Békéscsaba-Lőkösháza railway section

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
23	C5.I3 Development of zero-emission bus transport	Target	Delivery of zero emission/electric buses
24	C5.I4 Development of tram and trolleybus system	Milestone	Trams
25	C5.I4 Development of tram and trolleybus system	Milestone	Trolleybuses
26	C5.I5: Works on railway section	Milestone	Works related to the Szeged-Rendező - Röszke – Border of the country railway section
27	C5.I6: Boosting the uptake of electric vehicles (EVs)	Target	Financial support for the purchase of electric vehicles
28	C5.I7: Setting up a financial instrument to increase the rollout of charging stations for electric vehicles (EVs)	Milestone	Implementing Agreement
29	C5.I7: Setting up a financial instrument to increase the rollout of charging stations for electric vehicles (EVs)	Target	Legal agreements signed with final beneficiaries
30	C5.I7: Setting up a financial instrument to increase the rollout of charging stations for electric vehicles (EVs)	Milestone	Ministry has completed the investment
31	C5.R1 Tariff reform	Milestone	Entry into force of legal act(s) related to tariffs
35	C6.R1 Transformation of electricity regulation	Milestone	Entry into force of legal act(s) concerning gross metering
36	C6.R2 Encouraging the deployment of onshore wind energy	Milestone	Entry into force of legal act(s)
37	C6.R2 Encouraging the deployment of onshore wind energy	Milestone	Entry into force of legal act(s)
38	C6.R3 Accelerate the connection of renewable energy projects to the grid	Milestone	Entry into force of legal act(s)

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
39	C6.R3 Accelerate the connection of renewable energy projects to the grid	Target	Installed capacity of onshore wind and photovoltaic installations
39bis	C6.R3 Accelerate the connection of renewable energy projects to the grid	Milestone	Entry into force of legal act(s)
40	C6.R4 Setting minimum energy efficiency standards	Milestone	Setting minimum energy efficiency requirements for building renovation support schemes
41	C6.I1 Classic and smart grid development of transmission system operator and distribution system operators	Target	Construction or upgrade of the grid
42	C6.I2 Support for the use of residential solar panels and heating modernisation	Target	Number of households supported
43	C6.I3 Installation of grid energy storage facilities	Target	Capacity of installed energy storage facilities
44	C6.I4 Dissemination of smart metering	Target	Installation of smart meters
45	C6.I5. Energy efficiency and renewable energy investments in public buildings	Target	Number of public buildings benefitted from energy efficiency renovation or renewable energy installations
46	C6.I6. Grant scheme for the development of the electricity grid	Milestone	Implementing Agreement
47	C6.I6. Grant scheme for the development of the electricity grid	Target	Legal agreements signed with final beneficiaries
48	C6.I6. Grant scheme for the development of the electricity grid	Milestone	Ministry has completed the investment
49	C7.R1 Eradication of gratuity payments in the healthcare sector	Milestone	Entry into force of the legal act(s) on the eradication of the practice of gratuity payment

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
50	C7.I1 Modernisation of healthcare system for the 21st century	Milestone	Refurbishment of health facilities and upgrading of healthcare equipment
51	C7.I2 Supporting the digital transformation of health	Milestone	Expansion of online health functions and procedures
52	C7.I3 Development of primary health care	Milestone	Programmes for primary health care
53	C7.I4 Local health and social infrastructure	Target	Local health and social infrastructure
54	C8.R1 Entry into force of legislation on an Integrity Authority	Milestone	Entry into force of legislation on an Integrity Authority
55	C8.R1 Entry into force of legislation on an Integrity Authority	Milestone	Legislative amendments on the powers and competences on the verification of asset declarations by the Integrity Authority
56	C8.R2 Participation in the enhanced cooperation on the establishment of the European Public Prosecutor's Office	Milestone	Participation in enhanced cooperation related to the European Public Prosecutor's Office
57	C8.R3 Entry into force of legal acts on an Anti-Corruption Task Force	Milestone	Entry into force of legal acts on an Anti-Corruption Task Force
58	C8.R4 Introduction of a specific procedure in the case of special crimes related to the exercise of public authority or the management of public property ('judicial review')	Milestone	Legislative amendment(s) concerning a procedure in the case of certain corruption and corruption-related practices
59	C8.R5 Amendment of rules related to asset declarations	Milestone	Entry into force of legislative amendments extending the personal and material scope of asset declarations, while ensuring frequent disclosure

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
60	C8.R5 Amendment of rules related to asset declarations	Milestone	Entry into force of legislative amendments on setting up a system for the electronic submission of asset declarations in digital format and a public database for asset declarations
61	C8.R5 Amendment of rules related to asset declarations	Milestone	Introduction of sanctions concerning the violations of asset declaration obligations
62	C8.R6 Entry into force of legal acts on the transparency of the use of public resources by public interest asset management foundations	Milestone	Entry into force of legislative amendments concerning oversight on how public interest asset management foundations performing public interest duty and legal persons established or maintained by them make use of Union support
63	C8.R7 Enhancing the transparency of public spending	Milestone	Entry into force of a legislation to enhance the transparency of public spending
64	C8.R8 Rules ensuring the transparency of beneficial owners of entities and on the use of public subsidies	Milestone	Legislative amendments ensuring the transparency of data of natural persons who are the beneficial owners and legislation to clarify the scope of public officials and entities that are excluded from receiving public subsidies
65	C8.R9 Reducing the share of single-bid public procurement procedures	Milestone	The share of tender procedures with single bids for procurements financed from Union support shall not exceed 15 %
66	C8.R9 Reducing the share of single-bid public procurement procedures	Milestone	Setting up of a monitoring and reporting tool (‘single-bid reporting tool’)
67	C8.R10 Reinforcing integrity, transparency and competitiveness in the public procurement market	Milestone	Legal act(s) on public procurement to reinforce the transparency of public procurement procedures, introduce corruption-prevention rules

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
68	C8.R11 Development of the Electronic Public Procurement System (EPS) to increase transparency	Milestone	The EPS upgraded with the new functionalities is accessible to the public
69	C8.R12 Performance measurement framework for public procurements	Milestone	Establishment of a performance measurement framework of public procurements
70	C8.R13 Action plan for increasing the level of competition in public procurement	Milestone	Adoption of an action plan to increase the level of competition in public procurements
71	C8.R14 Reinforcing the role and powers of the National Judicial Council aimed at counterbalancing the powers of the President of the National Office for the Judiciary	Milestone	Entry into force of legislative amendments to strengthen the role of the National Judicial Council
72	C8.R15 Judicial independence of the Supreme Court (Kúria)	Milestone	Entry into force of amendments on judicial independence of the Supreme Court
73	C8.R16: Removing obstacles to references for preliminary rulings to the Court of Justice of the European Union	Milestone	Entry into force of legislative amendments to remove obstacles to references for preliminary rulings to the Court of Justice of the European Union
74	C8.R17 Reform regarding the review of final judgments by the Constitutional Court	Milestone	Entry into force of legislative amendments to remove the possibility for public authorities to challenge final decisions before the Constitutional Court
75	C8.R18 Legislative amendments strengthening the management, monitoring, and audit and control mechanisms to guarantee the sound use of Union support	Milestone	Legal act(s) providing for the legal mandate for the management, audit and control of the recovery and resilience plan and regulating the management, monitoring, control and audit of the funds under Regulation (EU) 2021/1060 in Hungary

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
76	C8.R18 Legislative amendments strengthening the management, monitoring, and audit and control mechanisms to guarantee the sound use of Union support	Milestone	Rules for the prevention, detection and correction of conflict of interest for the staff of bodies involved in the management and control of Union support in Hungary
77	C8.R19 Anti-fraud and anti-corruption strategy for the implementation, audit and control of Union support	Milestone	Adoption of an anti-fraud and anti-corruption strategy for Union support and a related action plan
78	C8.R20 The Arachne system for Union support	Milestone	The sytematic use of the Arachne risk-scoring tool
79	C8.R20 The Arachne system for Union support	Milestone	The systematic use of the Arachne risk-scoring tool
80	C8.R21: Establishment of a Directorate of Internal Audit and Integrity to reinforce the control of conflicts of interest when implementing Union support	Milestone	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support through the establishment of a new Directorate of Internal Audit and Integrity (DIAI)
81	C8.R22 Ensuring the capacity for the EUTAF to effectively carry out its tasks	Milestone	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support through appropriate capacity for EUTAF
82	C8.R23 Cooperation with OLAF to reinforce the detection of fraud related to the implementation of Union support	Milestone	Designation of a national authority in charge with assisting OLAF with its on-the-spot checks in Hungary and the introduction of the possibility to levy financial sanctions on non-cooperating economic actors
83	C8.R24 Audit and control of the Recovery and Resilience Plan and the protection of the financial interests of the Union	Milestone	Monitoring system for the implementation of the Hungarian recovery and resilience plan

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
84	C8.R24 Audit and control of the Recovery and Resilience Plan and the protection of the financial interests of the Union	Milestone	Audit of the implementation of the Hungarian recovery and resilience plan
85	C8.R25 Reinforcing transparency and access to public information	Milestone	Entry into force of legal act(s) ensuring legal predictability in access to public information cases in court
86	C8.R25 Reinforcing transparency and access to public information	Milestone	Entry into force of legislative amendments ensuring increased transparency of public information
87	C8.R25 Reinforcing transparency and access to public information	Milestone	Report(s) of the National Authority for Data Protection and Freedom of Information on access to public information
88	C8.R26 Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making	Milestone	Entry into force of a legal act(s) including provisions on involving stakeholders in the implementation and monitoring of the recovery and resilience plan
89	C8.R26 Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making	Milestone	Entry into force of legal act(s) to enhance the use of public consultations and impact assessments in the law-making process
90	C8.R27 Review of minimum substance requirements for corporate income tax purposes	Milestone	Independent international expert review of the domestic anti-tax avoidance rules
91	C8.R28 Strengthening of transfer pricing regulations	Milestone	Entry into force of legal act(s) to strengthen transfer pricing rules
92	C8.R29 Extending the scope of non-deductibility rules for outbound payments	Milestone	Entry into force of legal act(s) to broaden the non-deductibility rules for outbound payments
93	C8.R29 Extending the scope of non-deductibility rules for outbound payments	Milestone	Commissioning of an independent evaluation of the effectiveness of the overall set of domestic rules related to aggressive tax planning

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
94	C8.R30 Digital transformation of tax compliance procedures	Milestone	Digital services related to ePayroll, eReceipt and eVAT solutions
95	C8.R31 Simplifying the tax system by reducing the number of taxes	Milestone	Amendment of the retail tax
96	C8.R31 Simplifying the tax system by reducing the number of taxes	Milestone	Phasing out of tax benefits
97	C8.R31 Simplifying the tax system by reducing the number of taxes	Milestone	Adoption of legal act(s) reducing the number of taxes
98	C8.R31 Simplifying the tax system by reducing the number of taxes	Milestone	Report on the simplification and consolidation possibilities of alternative set of rules regarding personal income taxation
99	C8.R32 Reforming the tax on public utility pipelines	Milestone	Entry into force of legal act(s) on the tax on utility pipelines
100	C8.R33 Boosting the efficiency of public expenditure by carrying out spending reviews	Milestone	Establishment of the process for conducting spending reviews and carrying out spending reviews
101	C8.R34 Improving the domestic fiscal framework	Milestone	Strenghthening budgetary control
102	C8.R34 Improving the domestic fiscal framework	Milestone	Launch of a fiscal framework review supported by a dedicated public consultation
103	C8.R35 Reform of subsidised lending	Milestone	Reform of subsidised lending scheme and a review of government guarantees
104	C9.R1: Setting network tariffs	Milestone	New methodology to calculate network tariffs
105	C9.R2: Adapting the legal act(s) on smart meters	Milestone	Entry into force of legal act(s)
106	C9.R3: Strengthening the role of aggregators	Milestone	Entry into force of legal act(s)

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
107	C9.R4: Wider use of dynamic pricing in electricity purchase agreements	Milestone	Entry into force of legal act(s)
108	C9.R5: Opening the regulatory reserve markets to encourage competition	Milestone	Entry into force of the MEKH decision approving the modified Network Code
109	C9.R6: Expanding energy communities	Milestone	Entry into force of legal act(s)
110	C9.R7: Legal incentives for the uptake of energy storage	Milestone	Entry into force of legal act(s)
111	C9.R8: Amendment(s) to legal act(s) on geothermal energy	Milestone	Entry into force of amendment(s) to legal act(s) on geothermal energy
112	C9.I1. Scaled-up measure: Grant scheme for the development of the electricity grid	Target	Legal agreements signed with final beneficiaries
113	C9.I1. Scaled-up measure: Grant scheme for the development of the electricity grid	Milestone	Ministry has completed the investment
114	C9.I2: Setting up a financial instrument to improve the energy efficiency of residential buildings	Milestone	Implementing Agreement
115	C9.I2: Setting up a financial instrument to improve the energy efficiency of residential buildings	Target	Legal agreements signed with final beneficiaries
116	C9.I2: Setting up a financial instrument to improve the energy efficiency of residential buildings	Milestone	The MFB has completed the investment
117	C10.R1 Governance reform of Magyar Fejlesztési Bank	Milestone	Legislation amending the governance of Magyar Fejlesztési Bank (MFB)

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
118	C10.R1 Governance reform of Magyar Fejlesztési Bank	Milestone	Appointment of MFB governance bodies
119	C10.R1 Governance reform of Magyar Fejlesztési Bank	Milestone	Review of MFB subsidised lending schemes
120	C10.R1 Governance reform of Magyar Fejlesztési Bank	Milestone	Review of state guarantees and other state support measures covering MFB operations
121	C10.I1 Equity injection into Magyar Fejlesztési Bank (MFB)	Milestone	Investment policy
122	C10.I1 Equity injection into Magyar Fejlesztési Bank (MFB)	Milestone	Equity injection
125	C11.I1 E-government services	Milestone	Digital data wallet solution
Instalment amount			EUR 6 511 661 435

2. <u>Loan</u>

The instalments referred to in Article 3(2) shall be organised in the following manner:

2.1. First Instalment (loan support):

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
32	C5.I8: Equity injection into a newly created Rolling Stock Company "ROSCO"	Milestone	Equity injection into the ROSCO
33	C5.R2 Reform of railway services in Hungary	Milestone	Set-up of the National Public Transport Authority
34	C5.R2 Reform of railway services in Hungary	Milestone	Set-up up of the ROSCO
123	C10.I2 Equity injection into Magyar Fejlesztési Bank (MFB)	Milestone	Legal act on MFB equity injection and EIB allocation

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
124	C10.I2 Equity injection into Magyar Fejlesztési Bank (MFB)	Milestone	Equity injection and signature of a Memorandum of Understanding between Hungary and the EIB
126	C11.I2 AI Gigafactory and other EuroHPC compute infrastructure	Milestone	Signature of the Contribution Agreement between Hungary and the EuroHPC JU and disbursement of the voluntary contribution to the EuroHPC JU
127	C11.I3 Voluntary contribution to IRIS²	Milestone	Signature of the Contribution Agreement between Hungary and the European Commission and assignment of a Voluntary Contribution to the EU Secure Connectivity Programme (IRIS²)
Instalment amount			EUR 3 488 338 565

SECTION 3: ADDITIONAL ARRANGEMENTS

1. Arrangements for monitoring and implementation of the recovery and resilience plan

The arrangements defined below, together with the relevant measures specified in Component 8 (Governance and Public Administration)[27], constitute the Hungarian control and audit system under the Recovery and Resilience Plan. Each of these elements is an integral part of the Hungarian control and audit system, whose implementation and continuous respect is necessary to ensure compliance with Article 22 of Regulation (EU) 2021/241. Together, the implementation and continuous respect of these elements ensure that the arrangements for the monitoring and implementation of the recovery and resilience plan include the measures necessary to ensure the protection of the financial interests of the Union.

The monitoring and implementation of the recovery and resilience plan of Hungary shall take place in accordance with the following arrangements:

Government Decree 373/2022 (IX. 30.) establishes the roles and responsibilities of bodies involved in the implementation, audit and control of the Hungarian Recovery and Resilience Plan. The entry into force of this Government Decree, described in reform C8.R18, is reflected in a specific milestone, which shall be fulfilled before the submission of a payment request under the Recovery and Resilience Plan. The Government Decree shall define the institutional framework for the implementation, monitoring, control and audit of the plan, including following the establishment of the National Development Centre (NFK) and subsequent changes in the allocation of governmental responsibilities.

The implementation, monitoring and reporting process of the Hungarian Recovery and Resilience Plan shall be ensured by the National Authority. The National Authority role shall be performed by the National Development Centre (NFK), an organisational unit with independent legal personality operating within the Ministry of Rural and Regional Development. This shall include the operation of the monitoring system (including with the support of a monitoring IT system), the monitoring of the progress of implementation of the different measures and ensuring the reliability and veracity of data in the monitoring IT system. The National Authority shall also be the responsible body to verify that the milestones and targets set in the Recovery and Resilience Plan have been fulfilled. The National Authority shall be responsible for drafting and submitting the payment requests under the Recovery and Resilience Plan as well as ensuring their veracity and the signature of the management declaration. It shall also act as the single liaison between the Hungarian authorities and the Commission.

The National Authority shall be responsible for establishing and operating an internal management and control system to effectively prevent and detect irregularities and take appropriate corrective actions while observing the principles of sound financial management and protecting the Union's financial interests, for putting in place effective anti-fraud and anti-corruption measures, taking into account the risks identified, and for supervising the implementation and control activities delegated to implementing bodies, sub-granting bodies and financial intermediaries.

The sectoral implementation of the specific measures of the plan is supervised by the responsible line ministries, whose services shall support the monitoring of the progress of the measures and maintain close cooperation with the National Authority.

[27] This is the case for 24 milestones that shall be fulfilled before the submission of the first payment request. A number of the measures contained in component 8 are aligned with the commitments made by Hungary in the procedure under Article 6 of Regulation (EU, Euratom) 2020/2092 on a general regime of conditionality for the protection of the Union budget.

The National Authority shall be supported in the implementation and monitoring process of the plan by implementing bodies which shall operate through written contracts under the supervision and responsibility of the National Authority. Where implementation tasks of the National Authority are delegated to implementing bodies, the work of the implementing bodies shall be closely controlled by the National Authority, which shall provide methodological support and guidance to implementing bodies. In particular, it shall be ensured that implementing bodies have sufficient resources and adequate professional experience to effectively carry out the tasks assigned to them.

Implementing bodies and sub-granting bodies shall carry out first-level management verifications, including desk-based and on-the-spot controls, on the basis of delegation agreements concluded with the National Authority. Since August 2024, on-the-spot verifications carried out within the framework of the National Authority may be performed by the Joint Services Directorate acting as an internal service provider. The implementing bodies shall remain responsible for the performance of delegated tasks and for the controls carried out on their behalf.

Implementing bodies shall have effective internal control arrangements in place. Implementing bodies shall carry out the control functions of the National Authority for the components and measures in their responsibility which they implement.

A dedicated unit within the National Authority shall be responsible for the management of complaints and irregularities related to the implementation of the Recovery and Resilience Plan. The unit shall be empowered to carry out desk-based and on-the-spot checks, request information from bodies involved in implementation and determine the appropriate follow-up and corrective measures in relation to detected irregularities. The unit shall perform its functions independently and shall not seek or receive instructions in relation to its decisions concerning complaints and irregularities.

To ensure the effective prevention and detection of serious irregularities, such as fraud, corruption, conflict of interest and double funding, the National Authority and the implementing bodies shall systematically use all functions of the Arachne risk-scoring tool when implementing and controlling the implementation of the Recovery and Resilience Plan. The relevant bodies shall assess, document and follow up risks identified by Arachne in accordance with binding procedural requirements.

A Directorate for Internal Audit and Integrity (DIAI) operating within the organisational framework of the National Development Centre (NFK) shall be responsible for reinforcing the effective prevention and detection of conflict of interest. The DIAI shall be responsible for carrying out regular controls of the veracity of conflict of interest declarations by staff at all levels involved in the implementation and control of the plan. The DIAI shall remain organisationally separate from the National Authority and implementing bodies and shall exercise its functions independently. The work of the DIAI shall be supervised by the Integrity Authority.

The DIAI shall verify compliance with conflict of interest requirements applicable to all staff involved in the implementation of the Recovery and Resilience Plan, including personnel carrying out on-the-spot checks. Detailed procedures shall govern the prevention, detection and management of conflicts of interest, including regular verification of declarations and systematic follow-up of identified risks.

The Directorate General for the Audit of European Funds (EUTAF), in its role as audit authority, shall carry out the audit tasks related to the implementation of the plan. Hungary shall provide the necessary financial and human resources to the EUTAF to safeguard its independence and to enable it to carry out its tasks. The legal framework shall ensure the financial, operational and professional independence of EUTAF and provide the necessary budgetary and staffing arrangements to enable it to perform its responsibilities related to the Recovery and Resilience Facility and other tasks entrusted to it under Union-related control frameworks.

EUTAF shall draw up an audit strategy in line with internationally accepted audit standards. This strategy shall determine the method and frequency of audits. It shall be in place sufficiently early in time to carry out the audits that shall be included in the audit summary submitted together with the payment request.

The audit strategy shall be updated to cover the implementation period of the plan until at least the end of 2028 and shall include detailed arrangements for ex post verification activities and the audit treatment of additional control mechanisms and safeguards introduced under the plan.

EUTAF shall carry out system audits and substantive testing. System audits shall be implemented on the basis of a risk assessment, with appropriate frequency and shall examine the functioning of the system set up for the implementation of the recovery and resilience plan. Substantive testing shall focus on the progress towards the achievement of milestones and targets and encompass the testing of the fulfilment of sound financial management conditions. EUTAF shall provide an audit opinion for each payment request submitted to the Commission based on the results of its audit work both from its system audits and substantive testing.

In addition, dedicated audit and control milestones shall require strengthened audit and verification activities, including ex post controls covering a significant proportion of financing agreements, procurement contracts and related payments under the plan, with a particular focus on fraud, corruption, conflicts of interest and double funding risks.

In addition, a Monitoring Committee consisting of relevant stakeholders and social partners involved in the implementation of the recovery and resilience plan shall be established via a legislative act. The Monitoring Committee shall supervise the effective implementation of the recovery and resilience plan. The legislative act shall include a provision to make it a legal requirement to consult the Monitoring Committee during the implementation of the recovery and resilience plan.