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Proposal for a

COUNCIL IMPLEMENTING DECISION

on the approval of the assessment of the recovery and resilience plan for Hungary

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Proposal for a

COUNCIL IMPLEMENTING DECISION

on the approval of the assessment of the recovery and resilience plan for Hungary

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility[1] and in particular Article 20 thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) The COVID-19 outbreak has had a disruptive impact on the economy of Hungary. In 2019, the gross domestic product per capita (GDP per capita) of Hungary was 48% of the Union average. The real GDP of Hungary declined by 4,5% in 2020 and increased by 2,3% cumulatively in 2020 and 2021. Long-standing challenges with an impact on medium-term economic performance include productivity growth, the availability of skilled labour, investment in human capital and institutional quality.

(2) On 9 July 2019, on 20 July 2020 and on 12 July 2022, the Council addressed recommendations to Hungary in the context of the European Semester. In particular, the Council recommended Hungary to continue the labour market integration of the most vulnerable groups, to improve the adequacy of social assistance and unemployment benefits, to improve education outcomes and to increase the participation of disadvantaged groups in quality mainstream education. The Council also recommended to increase the resilience of the health system and improve access to quality preventive and primary care services. Moreover, the Council recommended Hungary to reinforce the anti-corruption framework, including by improving prosecutorial efforts and access to public information, to strengthen judicial independence, to ensure effective involvement of social partners and stakeholders in the policy-making process and to improve competition in public procurement. Hungary was also recommended to continue simplifying the tax system, while strengthening it against the risk of aggressive tax planning, as well as to improve competition and regulatory predictability in the services sector, and to apply competition scrutiny systematically in business transactions. The Council also recommended Hungary to ensure that any emergency measures be strictly proportionate and should not interfere with business activities. Furthermore, the

[1] OJ L 57, 18.2.2021, p. 17.

Council recommended Hungary to implement measures to ensure liquidity support for small and medium-sized enterprises in the context of the pandemic, to frontload public investment projects and to promote private investment to foster the economic recovery. The Council also recommended Hungary to improve the long-term sustainability of the pension system, while preserving adequacy in particular through addressing income inequalities. Hungary was recommended to focus investment on the green and digital transition, in particular clean and efficient production and use of energy, sustainable transport, and digital infrastructure for schools, and to promote reform and investment on sustainable water and waste management and the circularity of the economy, the digitalisation of businesses, green and digital skills, and research and innovation. Finally, Hungary was recommended to reduce overall reliance on fossil fuels by accelerating the deployment of renewables, in particular by streamlining the permitting procedures and the upgrading of the electricity infrastructure, to diversify imports of fossil fuels by, inter alia, strengthening interconnection with the participation of other countries, and to reduce the dependency on fossil fuels in buildings and transport by stepping up efforts on energy efficiency measures for all, especially in residential houses and on the electrification of transport.

(3) The recommendations addressed to Hungary on 20 July 2020 contained more specific policy guidance to overcome the COVID-19 pandemic. Having assessed progress in the implementation of those country-specific recommendations at the time of submission of the recovery and resilience plan ('RRP'), the Commission finds that the recommendation on taking necessary measures to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery has been fully implemented. Substantial progress has been achieved with respect to the recommendation on providing liquidity support to small and medium-sized enterprises and on promoting private investment.

(4) On 11 May 2021, Hungary submitted its national RRP to the Commission, in accordance with Article 18(1) of Regulation (EU) 2021/241. That submission followed a consultation process, conducted in accordance with the national legal framework, involving local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders. The version submitted in May 2021 was complemented and updated by Hungary, in accordance with Article 19(1) of Regulation (EU) 2021/241, and a consolidated version was submitted to the Commission on 3 November 2022. National ownership of the RRPs underpins their successful implementation and lasting impact at national level and credibility at European level. Pursuant to Article 19 of that Regulation, the Commission has assessed the relevance, effectiveness, efficiency and coherence of the RRP, in accordance with the assessment guidelines of Annex V to that Regulation.

(5) The RRPs should pursue the general objectives of the Recovery and Resilience Facility established by Regulation (EU) 2021/241 and of the EU Recovery Instrument set up by Council Regulation (EU) 2020/2094[2] in order to support the recovery in the aftermath of the COVID-19 crisis. They should promote the Union's economic, social and territorial cohesion by contributing to the six pillars referred to in Article 3 of Regulation (EU) 2021/241.

[2] Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis (OJ L 433I , 22.12.2020, p. 23).

(6) The implementation of the Member States' RRPs will constitute a coordinated effort involving investment and reforms across the Union. Through the coordinated and simultaneous implementation of these reforms and investments and the implementation of cross-border projects, such reforms and investments will mutually reinforce each other and generate positive spillovers across the whole Union. Therefore, about one third of the impact of the Facility on Member States' growth and job creation will come from spillovers from other Member States.

Balanced response contributing to the six pillars

(7) In accordance with Article 19(3), point (a), of and Annex V, criterion 2.1, to Regulation (EU) 2021/241, the RRP represents to a large extent (Rating A) a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3 of that Regulation, taking the specific challenges faced by and the financial allocation of the Member State concerned into account.

(8) The RRP includes measures that contribute to all the six pillars, with a number of components addressing multiple pillars simultaneously. The RRP includes a broad range of measures, with a particular focus on the green transition, digital transformation, building economic, social and institutional resilience, and on policies for the next generation. The RRP also includes measures to support smart, sustainable and inclusive growth, and social and territorial cohesion, in line with the European Industrial Strategy.

(9) The RRP contributes significantly to the green transition and digital transformation. The green transition is supported notably through reforms and investments in the field of sustainable transport, energy, water management and the circular economy. Key measures include investments in zero emission public transport, energy grid developments and renewable energy generation. Several components contain measures aimed at improving energy efficiency of public and residential buildings. The digital transformation is notably supported through measures to promote the digitalisation of education and the public administration, as well as the digitalisation of the health, energy and transport sectors, and the development of digital skills.

(10) A significant number of reforms and investments in the RRP aim at improving healthcare and the economic, social and institutional resilience. Measures in the healthcare sector are expected to improve efficiency and access to care for all. Measures also include improvements to housing conditions for people living in the poorest settlements. Key institutional reforms are expected to improve the resilience of the economy through strengthening the fight against corruption and the independence of the judiciary. The envisaged reforms aim to simplify the taxation system and to strengthen it against the risk of aggressive tax planning, as well as to enhance the role of public consultations and impact assessments in the law-making process so as to improve regulatory quality and predictability. Smart, sustainable and inclusive growth is expected to be achieved notably through various measures aiming to increase competition in public procurement, including targeted actions to facilitate the participation of small and medium-sized enterprises, and to promote research and innovation.

(11) Social and territorial cohesion is expected to be promoted through a wide range of measures in the RRP, notably reforms and investments supporting the development of a qualified and competitive workforce, including through the development of digital

and vocational skills, as well as reforms to improve the sustainability of public finances. In addition, several measures aim to address the specific challenges of the most disadvantaged settlements, and measures in the field of healthcare also contribute to more comprehensive primary care services and accessibility of quality hospital care. Finally, a significant part of the RRP is dedicated to policies for the next generation, in particular by digitalising education, improving access to quality and inclusive education and increasing the availability of early childhood education and care.

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

(12) In accordance with Article 19(3), point (b), of and Annex V, criterion 2.2, to Regulation (EU) 2021/241, the RRP is expected to contribute to effectively addressing all or a significant subset of challenges (Rating A) identified in the relevant country-specific recommendations addressed to Hungary, including fiscal aspects thereof, or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester.

(13) The RRP includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Hungary by the Council in the European Semester in 2019, 2020 and 2022, notably regarding the green and digital transition, education, labour market, social policy, healthcare, the anti-corruption framework, judicial independence, competition in public procurement, the quality and transparency of decision-making, taxation and aggressive tax planning, and the pension system.

(14) The RRP contains several relevant measures to address the challenges related to the green transition. With regards to energy production and energy efficiency, the plan includes reforms to improve permitting procedures for renewable energy production, simplify the grid connection of small renewable power plants, and remove obstacles to the development of wind energy. Hungary committed to increasing the total capacity of renewable energy production authorised to be connected to the grid to at least 10 000 MW by 2026. The RRP also includes investments aiming to increase the deployment of solar energy production, as well as to improve the electricity network in order to allow for the secure integration of energy produced from renewable sources. The RRP further includes several investments for the energy efficiency renovation of public buildings, in particular in the areas of education and healthcare, as well as of residential buildings. As for sustainable transport, the RRP includes investments to develop the suburban rail network, the rail network on TEN-T corridors, zero-emission bus transport and the central traffic management on TEN-T railways. Moreover, Hungary will introduce a single national tariff, ticketing and passenger information system for bus and rail. The RRP also comprises measures aiming at promoting reforms and investments on the circular economy and sustainable waste management, as well as sustainable water management, including through the promotion of nature-based water retention.

(15) The RRP also contains several relevant measures to address the challenges related to the digital transition. The RRP includes measures aiming to provide digital notebooks and relevant training for teachers and pupils in public education, information and communications technology (ICT) devices for primary and secondary schools, including vocational education and training schools, for universities and adult learning

institutions, and to increase the digitalisation of the healthcare and transport sectors. Moreover, the RRP includes some measures to increase the digitalisation of the public administration, in particular through electronic reporting platforms for taxation purposes, further development of the electronic procurement system and improving the file management system of the prosecution service.

(16) The RRP includes several measures to address challenges in education. The plan features reforms to improve the attractiveness of the teaching profession through a mechanism that ensures gradual convergence of teachers' wages to at least 80% of the average wage of tertiary graduates, to decrease segregation in schools as well as to ensure access to quality school education, in particular by providing pupils and teachers with the devices necessary to participate in modern digital education, and by developing the digital skills of pupils and teachers. The RRP also contains investments aiming to provide retraining opportunities for teachers and specific management training to heads and deputy heads of schools, to support the integration of students with special education needs into the mainstream education and to launch a process of integration of lower secondary classes of small, low-performing schools into bigger schools, with a view to improving the efficiency and quality of education. Moreover, challenges related to research and innovation are addressed by setting up national laboratories to improve the ecosystem for science and innovation.

(17) The country-specific recommendation on the integration of the most vulnerable groups in the labour market is addressed through the creation of additional places in crèches, the promotion of employment opportunities for those living in the most disadvantaged settlements, and investments in digital educational equipment, digital learning content, adult training courses, and modernised learning environment in vocational education and training institutions and universities.

(18) The RRP includes various measures to address specific challenges related to social policies by providing comprehensive support to the inhabitants of the 300 most disadvantaged settlements. These measures aim to promote employment and skills development based on local specificities, to achieve better learning outcomes through community-oriented pedagogy, to build and renovate social houses, and to establish social solar power plants.

(19) The RRP sets out a wide-ranging set of reforms and investments to address the most critical challenges of care services. This includes notably investments in upgrading hospital infrastructure and equipment, optimisation of the hospital care network, and the development of primary and preventive care by establishing communities of general practitioners providing integrated healthcare services. This is complemented by investments in digital healthcare, such as digitalisation programmes and remote monitoring for elderly care. Another measure supports the eradication of gratuity payments in the healthcare system.

(20) The RRP includes a number of measures to reinforce the anti-corruption framework. These include the establishment of an Integrity Authority to effectively 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 and ensuring the validity of asset declarations. According to the RRP, the Integrity Authority should have extensive powers to intervene in all cases where in its views competent national authorities have not taken the necessary steps to prevent, detect and correct fraud,

conflict of interests, corruption and other illegalities or irregularities that affect or seriously risk affecting the sound financial management of the Union budget or the protection of the financial interests of the Union. The Integrity Authority's full independence should be guaranteed, including through the selection process of its staff, management and the process for establishing its budget. Another measure consists of the setting up of an Anti-Corruption Task Force, with significant involvement of independent non-governmental organisations, to continuously examine the existing anti-corruption measures and draw up proposals concerning the improvement of detection, investigation, prosecution and sanctioning of corruption and other practices such as nepotism, favouritism or 'revolving doors' between the public and private sectors. According to the RRP, the Task Force should be chaired by the president of the Integrity Authority, but it should work independently from that Authority. In addition, the RRP includes measures to support a strengthened cooperation with the European Anti-Fraud Office (OLAF), to put in place an extended personal and material scope for asset declarations, and to reinforce the oversight and transparency of how public interest asset management foundations performing public interest activity, and legal persons established or maintained by them, make use of Union support. The RRP also includes a number of reforms that aim at strengthening the legislative, institutional and practical arrangements to more effectively prevent, detect and correct fraud, corruption, conflict of interest and other illegalities in the use of Union support. The RRP also comprises a reform to strengthen the anti-corruption framework by establishing the possibility of a judicial review of decisions by the prosecution service or the investigating authority to dismiss a crime report or terminate criminal proceedings. A measure also envisages the full implementation of Hungary's current National Anti-corruption strategy and action plan as well as the preparation of a new National Anti-corruption strategy and action plan. Several measures in the RRP contribute to increasing transparency of and access to public data, also with an aim to reinforce the anti-corruption framework by facilitating independent oversight. Such measures include setting up and operating a searchable central register on the use of public funds, eliminating or limiting the costs related to requests for public information, shortening court procedures on cases related to access to public information, and regular checks on all public bodies to assess whether they comply with their respective requirements on providing access to data of public interest.

(21) The country-specific recommendation on strengthening judicial independence is addressed by several reforms in the RRP, which are expected to strengthen the independence and impartiality of courts and judges established by law in accordance with Article 19 of the TEU and the relevant EU acquis, thus raising the standard of judicial protection and improving the investment climate in Hungary. The plan includes measures to strengthen the relative role and powers of the National Judicial Council in relation to the powers of the President of the National Office for the Judiciary. The exercise of effective control over the President of the National Office for the Judiciary by the National Judicial Council is expected to reduce the possibility of arbitrary decisions in the central administration of courts, including in relation to judicial appointments, and, therefore, strengthen judicial independence. According to the RRP, this should be achieved notably by introducing the requirement for a motivated binding opinion of the National Judicial Council on individual decisions, such as the suitability of candidates for the posts of President and Vice-President of the National Office for the Judiciary, based on suitability criteria; the annulment of appointment procedures for judicial and court executive positions; transfer of judges;

and the removal of judges from the pool of judges that hear special, including administrative, cases. The National Judicial Council should also give a motivated binding opinion on regulations such as the points system for judicial posts, the conditions for the award of bonuses, the training of judges, the national workload, and the number of judicial posts. Finally, judges-members of the National Judicial Council should have the possibility to be re-elected for the next term of office, and the National Judicial Council should have access to all documents, legal capacity and autonomy in disbursement of its budget, and right to seize the competent court and the Constitutional Court to defend its prerogatives. Non-discretionary rules on designation of ad interim court presidents and a prohibition for the reintegration of judges to a higher court instance following their secondment should also be introduced. Another reform is expected to strengthen the judicial independence of the Supreme Court (*Kúria*), notably by amending the rules on the election of the *Kúria* president, who should have at least five years' experience as a judge and should not have the possibility to be re-elected. The National Judicial Council should give a motivated binding opinion on the suitability of candidates for President and Vice-President of the *Kúria*. The reform should also remove the possibility for members of the Constitutional Court to be appointed to the *Kúria* outside of the normal application procedure, improve the case allocation scheme, and ensure stronger powers for the judicial council of the *Kúria*. Further reforms are expected to remove obstacles to references for preliminary rulings to the Court of Justice of the European Union and to remove the possibility, introduced in 2019, for public authorities to challenge before the Constitutional Court final judicial decisions in order to ensure that final judgments are taken by the competent independent courts.

(22) The RRP also includes several measures to address challenges related to competition in public procurement, including by reinforcing the integrity of public procurement procedures. A reform consists of the development and continuous use of a monitoring tool assessing the level and cause of public procurement procedures resulting in single bids. Another reform aims to develop a performance measurement framework to regularly assess the efficiency and cost effectiveness of public procurements, and the reasons for limited competition in the sectors most affected by the low level of competition. An action plan should be drawn up and implemented, based on good international practices, to increase the level of competition in public procurement. Building on those reforms, the RRP includes a commitment for Hungary to reduce and maintain the share of public procurements resulting in single bids to below 15%, both for procedures financed either fully or partially from Union support and for procedures financed solely from national resources. To accompany these reforms, the RRP includes training opportunities and a support scheme to facilitate the participation of micro-, small and medium-sized enterprises in public procurement procedures, and measures to develop the electronic public procurement system to facilitate the independent oversight and analysis of competition in public procurement.

(23) The RRP includes reforms to improve the quality and transparency of the decision-making process through effective social dialogue, engagement with other stakeholders and regular impact assessments. Related measures aim to ensure that draft legislative acts prepared by the Government systematically undergo public consultation for a sufficient period of time, unless there is a due justification, and that impact assessments are consistently prepared and made available publicly for all draft legislative acts. The explicit involvement of social partners and stakeholders in decision-making is also a prerequisite condition for many measures in the RRP. The

involvement of stakeholders in the implementation and oversight of the RRP itself is also envisaged through the setting up and operation of a monitoring committee, of which at least half of the members should come from civil society organisations fully independent from public authorities.

(24) The RRP also comprises measures regarding the business environment, notably on improving the tax system. The RRP includes reforms aimed at tackling aggressive tax planning more effectively, such as increasing the data reporting on transfer pricing, the introduction of minimum substance requirements for corporate income tax for shell companies and broadening the scope of non-deductibility rules for outbound payments to low- or zero-tax jurisdictions. As for tax simplification, the plan includes measures to reduce the number of taxes and on the digital transformation of tax compliance procedures.

(25) The RRP includes a reform roadmap to improve the medium- and long-term sustainability of the Hungarian pension system, while strengthening the adequacy of lower-income pensioners' entitlements. The RRP is also expected to contribute to the sustainability of public finances through the implementation of spending reviews.

(26) The recommendations related to the immediate fiscal policy response to the pandemic can be considered to fall outside the scope of Hungary's RRP, notwithstanding the fact that Hungary has generally responded adequately and sufficiently to the immediate need to support the economy through fiscal means in 2020, 2021 and 2022, in line with the general escape clause of the Stability and Growth Pact.

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

(27) In accordance with Article 19(3), point (c), of and Annex V, criterion 2.3, to Regulation (EU) 2021/241, the RRP is expected to have a high impact (Rating A) on strengthening the growth potential, job creation, and economic, social and institutional resilience of Hungary, contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union.

(28) Simulations by the Commission services show that the RRP, together with the rest of measures of the European Union Recovery Instrument, has the potential to increase the GDP of Hungary by 1,0% to 1,4% by 2025, not including the possible positive impact of structural reforms, which can be substantial. The RRP is expected to promote smart, sustainable and inclusive growth, with a major contribution to investments that support successful green and digital transition, promote innovation, digitalise the public administration and public services, and enhance competition in public procurements. The measures are expected to lead to higher energy efficiency in public buildings and a higher share of renewable energy production. They are also expected to increase digital skills and improve health outcomes.

(29) In the medium to long term, the RRP is expected to increase the supply of skilled workers through reforms and investments in public education, vocational training and higher education. The RRP is expected to make a particular contribution to digital skills, through the increasing use of digital tools and solutions in education and healthcare. Reforms and investments in healthcare can also contribute positively to

labour supply. The innovative potential of the economy is expected to be boosted by investments that foster the collaboration of various research and development actors in several fields of strategic importance. Measures that aim to improve competition in public procurement, fight corruption, strengthen judicial independence, improve the quality of legislation and the quality of public spending can also stimulate potential output by enhancing the quality of investment, especially in the public sector.

(30) The RRP is expected to support the green transition and reduce dependence on fossil fuel imports. Reforms and investments in renewable energy, and investments in the power grid to accommodate more renewable energy sources, are expected to markedly increase the share of zero-emission power generation. In addition, energy efficiency investments in public and residential buildings are expected to reduce fossil energy consumption and greenhouse gas emissions. Measures on sustainable mobility, including improved suburban railway lines and electric buses, are expected to improve the quality and efficiency of public transport as well as reduce greenhouse gas emission and improve air quality, with positive effects on health outcomes and productivity.

(31) Measures of the RRP that are expected to have a positive impact on social cohesion and contribute to reducing the social and economic risks of vulnerable groups include the development of early age childcare facilities, the promotion of digital skills in schools, increasing the participation of disadvantaged pupils and students with special education needs in quality mainstream education, reduction of the risk of segregation in schools, and a healthcare reform package that aims to ensure a more equitable access to healthcare services through investments and the eradication of informal gratuity payments in the healthcare sector. A comprehensive set of measures is also envisaged to support the most disadvantaged settlements according to specific needs.

Do no significant harm

(32) In accordance with Article 19(3), point (d), of and Annex V, criterion 2.4, to Regulation (EU) 2021/241, the RRP is expected to ensure that no measure (Rating A) for the implementation of reforms and investments projects included in the RRP does significant harm to environmental objectives, within the meaning of Article 17 of Regulation (EU) 2020/852[3] (the principle of 'do no significant harm').

(33) In accordance with the technical guidance provided in the Commission Notice 'Technical guidance on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation'[4], Hungary has provided justification that no measure in its RRP does significant harm to any environmental objective. Where needed, Hungary has proposed the implementation of mitigating measures to avoid significant harm, which should be enshrined in the relevant milestones and targets.

(34) Particular attention has been paid to measures whose impact on environmental objectives warrants close scrutiny. In particular, for measures that involve the construction and refurbishment of water supply infrastructures, relevant milestones ensure that no significant harm to the environment is done, through notably the implementation of results and conditions of Environmental Impact Assessments, in

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

[4] OJ C 58, 18.2.2021, p. 1.

compliance with EU environmental law, and through ensuring that relevant water abstraction permits are granted and that the good ecological status of the surface and groundwater bodies affected by those investments will be achieved.

Contribution to the green transition, including biodiversity

(35) In accordance with Article 19(3), point (e), of and Annex V, criterion 2.5, to Regulation (EU) 2021/241, the RRP contains measures that contribute to a large extent (Rating A) to the green transition, including biodiversity, or to addressing the challenges resulting therefrom. The measures supporting climate objectives account for an amount which represents 48,1% of the RRP's total allocation calculated in accordance with the methodology set out in Annex VI to that Regulation. In accordance with Article 17 of that Regulation, the RRP is consistent with the information included in the National Energy and Climate Plan 2021-2030.

(36) Reforms and investments on the increased use of renewable energy, improvements of the grid, and energy efficiency measures are expected to help Hungary achieve its 2030 decarbonisation objectives and to support the transition to the low-carbon economy. This is expected to be achieved notably by revising the legal and administrative framework to promote the use of renewable energy sources. The removal of the existing general restrictions for onshore wind power plants, and the creation of 'go to areas' in the windiest regions to further facilitate the installation of wind turbines, are expected to allow for the installation of new wind power capacities. The improvement of the permitting procedures for power plants relying on renewable energy sources is expected to foster the deployment of renewable energy. Increased transparency, predictability and availability of the grid connection procedures for renewables are also expected to contribute to their development, with the objective to achieve 10 000 MW of renewable energy production capacities authorised to connect to the grid by 2026. In accordance with the RRP, such reforms should be complemented with investments for the development of transmission and distribution grids and smart grids, including smart meters, and for the installation of solar panels and storage facilities. Renovation of public buildings, in particular in education and healthcare facilities, and of residential buildings, notably with the replacement of windows and the modernisation of residential heating, will contribute to increasing energy efficiency.

(37) A comprehensive package of reforms and investments in sustainable transport aims to support public transport of passengers and transport of goods by rail. This is expected to boost the overall mobility ecosystem, which should benefit the economy, and contribute to the decarbonisation of the transport sector.

(38) The RRP also comprises reforms and investments on sustainable water management, aiming to improve water supply in specific regions affected by water scarcity notably through reconstructing elements of the existing water management system and creating new water supply routes, to develop nature-based water retention solutions, to upgrade Hungary's water management monitoring system at local and national levels, and to promote sustainable water management practices among farmers. Investments related to water management are expected to contribute to improving water retention in the areas affected by water scarcity and to protect groundwater resources. Relevant milestones ensure the implementation of results and conditions of Environmental Impact Assessments, in compliance with EU environmental law, as well as the

granting of relevant water abstraction permits and that the good ecological status of the surface and groundwater bodies affected by those investments will be achieved.

(39) The RRP includes reforms and investments on sustainable waste management, which are expected to contribute to the green transition, by creating a sound and enabling legal environment to foster the transition to the circular economy, and by supporting the use of secondary raw materials. Those measures are expected to help Hungary reach the 2025 and 2030 Union waste management targets.

(40) While the RRP does not contain specific measures focusing on biodiversity, it contains measures that contribute to climate change mitigation, which may be beneficial also to the preservation of biodiversity, as climate change is one of the major threats to biodiversity. Hungary has carried out a systematic 'do no significant harm' assessment indicating that none of the proposed measures generates harm to biodiversity.

Contribution to the digital transition

(41) In accordance with Article 19(3), point (f), of and Annex V, criterion 2.6, to Regulation (EU) 2021/241, the RRP contains measures that contribute to a large extent (Rating A) to the digital transition or to addressing the challenges resulting from it. The measures supporting digital objectives account for an amount which represents 29,8% of the RRP's total allocation calculated in accordance with the methodology set out in Annex VII to that Regulation.

(42) The RRP includes several measures aiming to improve the digital skills in education at all levels, provide broad access to digital education for pupils, students and teachers as well as integrate digital education solutions in vocational education and training and higher education. In view of those objectives, the RRP includes digital training of teachers and investments in the ICT equipment of schools, teachers and students, with a dedicated focus on the most disadvantaged students. The plan also supports the development of digital learning content for vocational and tertiary education.

(43) The RRP contains measures aiming at the digitalisation of specific sectors, notably health, transport and energy. The digitalisation of healthcare covers a wide range of initiatives such as the establishment of a remote diagnostics centre, the introduction of an artificial intelligence-based system for the emergency service, the development of mobile health apps and a remote patient monitoring system for the elderly. The deployment of a central traffic management system for railway lines and of a single national passenger information and tariff system for bus and rail is expected to improve the safety, quality and attractiveness of public transport. Smart electricity grid development is expected to better link additional decentralised renewable energy generation capacities to the current system, in order to adapt networks to future requirements and to allow better regulation of energy production.

(44) Measures to strengthen government ICT solutions and services are also expected to contribute to the modernisation and improvement of the public administration. The RRP includes measures, among others, on the digital transformation of tax compliance procedures, on the further development of the electronic procurement system and on the file management system of the prosecution service.

Lasting impact

(45) In accordance with Article 19(3), point (g), of and Annex V, criterion 2.7, to Regulation (EU) 2021/241, the RRP is expected to have a lasting impact on Hungary to a large extent (Rating A).

(46) The lasting impact of the RRP is underpinned by a series of measures across various sectors. Reforms supporting the green transition include a more effective administrative and legal framework promoting the deployment of renewables, a new policy framework for the circular economy, a better monitoring of water resources and improved awareness regarding sustainable water management. In addition, improvements to the efficiency of public services through their digitalisation, including in healthcare, are expected to contribute to the lasting impact of the plan. Further measures with a lasting impact relate to improving the labour market integration of the most vulnerable groups and the education outcomes and participation of disadvantaged groups and least developed areas in education. This is complemented by investments in digital skills.

(47) The RRP is expected to make a significant contribution to strengthening the institutional resilience of Hungary. This is expected to be achieved by reinforcing the anti-corruption framework, strengthening judicial independence, and improving the quality and transparency of the decision-making process. The business environment is expected to be improved through measures on improving the tax system, regulatory predictability, and increased competition in public procurement. The RRP is also expected to contribute to the sustainability of the Hungarian pension system and to sound budgetary management through spending reviews.

(48) The lasting impact of the RRP can also be enhanced through synergies between the RRP and other support programmes, including those financed by cohesion policy funds, in particular by addressing in a substantive manner the deeply rooted territorial challenges and by promoting a balanced development.

Monitoring and implementation

(49) In accordance with Article 19(3), point (h), of and Annex V, criterion 2.8, to Regulation (EU) 2021/241, the arrangements proposed in the RRP are adequate (Rating A) to ensure effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators.

(50) The deputy state secretariat responsible for the implementation of the RRP (hereafter the 'National Authority') in the ministry responsible for the implementation of Union support is responsible for the overall coordination of the RRP and for monitoring progress towards fulfilling the milestones and targets. It is also in charge of coordinating the reporting on milestones and targets, including the related indicators, and the provision of data, such as on final recipients. The National Authority is responsible for the drawing-up of the payment requests, management declarations and summary of audits. To carry out these tasks, the National Authority has clearly assigned responsibilities and relies on a dedicated structure for implementing the RRP. Progress towards the satisfactory fulfilment of milestones and targets will be monitored through regularly updated data in a monitoring information system, to be in place at the latest before the submission of the first payment request, along with adequate arrangements to ensure the timeliness, reliability and veracity of data in the monitoring information system. In addition, specific monitoring arrangements should be put in place for the various measures, to allow early identification of implementation risks and delays, and intervention as necessary, thus ensuring that the implementation of the measures in the RRP remains on track.

(51) The milestones and targets in the RRP are appropriate for monitoring its implementation. The milestones and targets reflect adequately the overall level of

ambition of the RRP, and are clear and realistic. They are well designed, with relevant, acceptable and robust indicators which should ensure proper monitoring during implementation. Milestones and targets are also relevant for measures already completed which are eligible according to Article 17(2) of Regulation (EU) 2021/241. The satisfactory fulfilment of these milestones and targets over time is required to justify a disbursement request.

(52) Member States should ensure that financial support under the Facility is communicated and acknowledged in line with Article 34 of Regulation (EU) 2021/241. Technical support may be requested under the Technical Support Instrument established by Regulation (EU) 2021/240 of the European Parliament and of the Council[5] to assist Member States in the implementation of their RRPs.

Costing

(53) In accordance with Article 19(3), point (i), of and Annex V, criterion 2.9, to Regulation (EU) 2021/241, the justification provided in the RRP on the amount of the estimated total costs of the RRP is to a medium extent (Rating B) reasonable and plausible, is in line with the principle of cost efficiency and is commensurate to the expected national economic and social impact.

(54) Hungary has generally provided detailed breakdowns of individual cost estimates for investments and reforms with an associated cost included in the RRP. The cost assessment shows that most of the costs in the RRP are reasonable and plausible. The evidence supporting cost estimates provides a reasonable explanation of the key cost drivers of the proposed measures, even though the degree and depth of the evidence provided vary across measures. For the most part, previous projects, actual tender data or other comparative cost data for the main cost drivers were presented to serve as a benchmark for the cost estimates. In some cases, details on the methodology and assumptions used to make the cost estimates are limited, hindering a full positive assessment of the cost estimates. Hungary has also provided detailed supporting documentation for most measures to underpin the justification and the evidence of the cost estimates. Furthermore, Hungary has provided sufficient information and assurance to ensure that the costs of the RRP are not covered by other existing or planned Union financing. Finally, the estimated total cost of the RRP is in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact.

Protection of the financial interests of the Union

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

[5] Regulation (EU) 2021/240 of the European Parliament and of the Council of 10 February 2021 establishing a Technical Support Instrument (OJ L 57, 18.2.2021, p. 1).

and conflicts of interests, and for protecting the Union finances in line with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council[6].

(56) In accordance with Article 20(5), point (e), of Regulation (EU) 2021/241, milestones linked to the protection of the financial interests of the Union should be set out in order to ensure compliance with Article 22 of that Regulation, through the establishment of an adequate control system. The satisfactory fulfilment of those milestones is expected to guarantee the adequacy of the internal control system, in accordance with Article 19(3), point (j), of Regulation (EU) 2021/241. Taking into account that a robust and effective anti-corruption framework, reinforced arrangements to effectively prevent, detect and correct fraud, corruption, conflict of interest and other illegalities when implementing Union support, a competitive and transparent public procurement system, and judicial independence are prerequisites for the functioning of an effective internal control system, milestones should be set out for the respective reforms, and disbursements under the Facility should be conditional upon their fulfilment. Taking into account that those milestones should be established to ensure the protection of the financial interests of the Union and the establishment of an adequate control system, before any payment under the Facility is authorised by the Commission, Hungary should fulfil all milestones related to the control system[7] before the submission of the first payment request, and no payment under the Facility should be made before their fulfilment. This requirement is in line with and without prejudice to the remedial measures Hungary has proposed in the context of the procedure under Article 6 of Regulation (EU, Euratom) 2020/2092 on a general regime of conditionality for the protection of the Union budget[8].

(57) In particular, a robust and effective anti-corruption framework is indispensable to prevent, detect and correct irregularities, such as fraud, corruption, or conflict of interest, and thus to ensure effective audit and control arrangements for the RRP and the protection of the financial interests of the Union. In this context, a number of measures should be implemented as part of the RRP, in order to ensure compliance with Article 22. These include the establishment of an Integrity Authority to effectively 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, with a particular focus on public procurement and ensuring the validity of asset declarations. A credible and effective Anti-Corruption Task Force should also be established, with significant participation of independent non-governmental organisations, to examine the existing anti-corruption measures and draw up proposals concerning the improvement of the detection, investigation, prosecution and sanctioning of corruption practices and other practices such as nepotism, favouritism or 'revolving doors' between the public and private sectors. In addition, rules should be put in place to extend the personal and material scope of asset declarations, and to reinforce the oversight and transparency on how public interest

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6 Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 4333 I, 22.12.2020, p. 1).

7 This is the case for milestones 160, 166, 169, 171, 174, 175, 195, 197, 198, 200, 201, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227 and 228.

8 As defined in COM(2022) 485 final – Annex to the Explanatory Memorandum of the Commission proposal for a Council implementing decision on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary.

asset management foundations performing public interest activity, and legal persons established or maintained by them, make use of Union support. Establishing the possibility of an effective judicial review of decisions taken by the prosecution service or the investigating authority to dismiss a crime report or terminate criminal proceedings should also contribute to reinforcing the anti-corruption framework, and indirectly to the strengthening of prosecutorial efforts to address corruption. Increasing transparency of and access to public data concerning, in particular, the use of public spending should also be strengthened, as it can contribute to reinforce the anti-corruption framework by facilitating independent oversight. Six milestones should therefore be set out to ensure that those measures are effectively implemented before the submission of the first payment request.

(58) The reinforcement of arrangements to effectively prevent, detect and correct fraud, corruption, conflict of interest and other illegalities when implementing Union support in general are important preconditions for ensuring that audit and control arrangements for the RRP are effective, and that the financial interests of the Union are effectively protected throughout the implementation of the RRP. In this context, a number of measures should be implemented as part of the RRP. In order to reinforce the prevention against and the controls over conflicts of interest when implementing Union support, a new Directorate of Internal Audit and Integrity should be established to ensure regular and effective control of conflict of interest declarations and investigate reported suspicions of conflict of interest. Reinforced legal provisions should ensure that risk-management, prevention, detection and correction of fraud, corruption, conflict of interest and double funding are strengthened; that effective rules, procedures and control mechanisms are put in place concerning conflict of interest declarations; and that staff in sensitive positions are regularly rotated and their effective oversight is ensured. Adequate guidelines to ensure that all bodies involved in the implementation and control of Union support at any level are aware of their tasks, responsibilities and obligations in preventing, detecting and correcting conflict of interests should also be in place. In addition, a comprehensive and effective anti-corruption and anti-fraud strategy related to any Union support should be put in place, which should be complemented with a detailed action plan. Appropriate procedures should also be put in place to ensure the full and effective use of the Arachne data-mining and risk-scoring tool and to ensure the effective follow-up of risks identified by that system. Finally, in order to reinforce the detection of fraud, legislative arrangements should be in place that ensure that the OLAF can effectively carry out its investigations and on-the-spot checks. Eight milestones should therefore be set out to ensure that those measures are effectively implemented before the submission of the first payment request.

(59) Increased transparency and competition in public procurement is indispensable for preventing irregularities, including fraud, corruption, or conflict of interest and thus a prerequisite for the effective functioning of an internal control system. In this context, a number of measures should be implemented as part of the RRP. These should include the development of a monitoring tool assessing the share of public procurement procedures resulting in single bids, the development and putting in place of a performance measurement framework to regularly assess the efficiency and cost effectiveness of public procurements, and the reasons for limited competition in the sectors most affected by low level of competition. A support scheme to facilitate the participation of micro-, small and medium-sized enterprises in public procurement procedures, and measures to develop the electronic public procurement system to

facilitate the independent oversight and analysis of competition in public procurement, should also be in place, as preconditions for effectively delivering on the commitment to reduce the share of procurement procedures with a single bid and to facilitate the public oversight of the public procurement system. Five milestones should therefore be set out to ensure that those measures are effectively implemented before the submission of the first payment request. In addition to those milestones, subsequent targets should also be included in the RRP to allow for the monitoring and enforcement of the reduction of the share of procurement procedures with a single bid throughout the implementation period of the RRP.

(60) Taking into account that effective judicial independence is a prerequisite for the functioning of an internal control system, milestones should be set out for reforms to strengthen the relative role and powers of the National Judicial Council in relation to the powers of the President of the National Office for the Judiciary, strengthen the judicial independence of the Supreme Court (*Kúria*), remove obstacles to references for preliminary rulings to the Court of Justice of the European Union and remove the possibility for public authorities to challenge final judicial decisions before the Constitutional Court. These reforms are expected to contribute to the protection of the financial interests of the Union. This requirement is without prejudice to the obligation of Hungary to comply at any time with its obligations under Union law, in particular Article 19(1) of the Treaty on the European Union ('TEU'), as interpreted by the Court of Justice of the European Union, which constitutes a key component of the EU acquis. Four milestones should therefore be set out to ensure that those measures are effectively implemented before the submission of the first payment request.

(61) The control system and arrangements proposed in the RRP are based on robust processes and structures, clearly identifying the roles and responsibilities of different bodies involved in the implementation, monitoring, control and audit of the plan, as well as for their interactions. These provide for a clear segregation of the control and audit functions and responsibilities. The National Authority is responsible for the overall coordination of the RRP, for monitoring progress on milestones and targets, for performing controls on implementing bodies, sub-granting bodies and final recipients, and for the preparation and submission to the Commission of the payment requests as well as the related management declarations based on verified data from the monitoring system. The role of audit authority of the RRP is assigned to the Directorate General for the Audit of European Funds (EUTAF), which should have the necessary capacity and has administrative experience to carry out the related audit tasks in line with internationally accepted audit standards. EUTAF is responsible for performing system audits and substantive testing of the implemented milestones and targets which serve as basis for the summary of audits submitted to the Commission with the payment requests. In addition, in order to ensure the effective audit of the implementation of the RRP, EUTAF is expected to adopt an effective audit strategy, which is in line with internationally accepted audit standards. Adequate resources should be made available to ensure that the independence of EUTAF is safeguarded and its ability to effectively carry out its tasks in a timely manner is guaranteed. The related two milestones should be fulfilled before the submission of the first payment request.

(62) The administrative capacity of the central services charged with the implementation and coordination of the RRP, namely the National Authority, is expected to be adequate to conduct their envisaged roles and tasks. The work of the National

Authority should be supported by implementing bodies tasked with carrying out certain implementation tasks on behalf of the National Authority, following a verification that they have the necessary resources and expertise to carry out those tasks in an effective and timely manner. Regular and systematic controls on final recipients should be carried out by implementing bodies and the National Authority. The National Authority should also supervise the work of the implementing bodies in a regular manner. In addition, regular controls related to conflict of interest should also be carried out by the newly-established Directorate of Internal Audit and Integrity independently from the other control bodies. A milestone concerning the entry into force of a government decree establishing the legal mandate for all the bodies involved in the implementation, audit and control of the implementation of the RRP should be fulfilled before the submission of the first payment request.

(63) Adequate procedures are expected to be put in place to ensure the collection, storing and availability of all required data on final recipients, contractors, subcontractors and beneficial owners in the monitoring information system developed for the purposes of the RRP. Detailed multi-layer control mechanisms are in place to ensure the reliability and veracity of data in that monitoring information system. A milestone should therefore be set out to ensure that the necessary functionalities of the repository system for monitoring the implementation of the RRP are rendered fully functional and operational, including at least the functionalities of ensuring the collection of data and monitoring of the achievement of milestones and targets, and collection, storage and ensuring access to the data required by Article 22(2), point (d), of Regulation (EU) 2021/241. This milestone should be fulfilled before the submission of the first payment request.

Coherence of the RRP

(64) In accordance with Article 19(3), point (k), of and Annex V, criterion 2.11, to Regulation (EU) 2021/241, the RRP includes to a high extent (Rating A) measures for the implementation of reforms and public investment projects that represent coherent actions.

(65) The RRP represents a balanced mix of reforms and investments that are consistent and mutually reinforcing. Coherence is ensured within the components, with investments accompanying relevant reforms, as well as between the different components in the RRP. Measures across several components aim to improve the education outcomes, with actions targeted at pupils, teachers and schools and with a focus on disadvantaged students and digital education. As regards the green transition, the RRP includes measures to provide investment support for energy efficiency investments both for residential and public buildings, in particular for education and healthcare facilities. The digital transformation is systematically promoted across the plan through a combination of reforms in the form of digitalisation initiatives and investments in ICT equipment and skills development in sectors such as education, healthcare, energy, transport and in the public administration. The implementation of many investments in the plan requires effective public procurement procedures, and the plan includes an effective set of measures to improve the competition, efficiency and transparency of the public procurement system. Some reforms are expected to have a cross-cutting impact on the quality and effectiveness of legislation in all areas, such as the measures aiming to improve the quality and transparency of decision-making. The proposed measures within the components do not contradict or undermine each other's

effectiveness and no inconsistencies or contradictions between components have been identified.

Equality

(66) The RRP contains a number of measures to respond to the challenges in the area of gender equality and equal opportunities. The increased availability of early childcare facilities is expected to enhance equal participation in the labour market and to contribute to the work-life balance of parents. The support for the education of children and pupils with special needs is expected to strengthen inclusive education. The delivery of laptops to pupils and teachers following the development of a means-testing strategy and the equipment of schools with modern display tools and other IT devices, while priority is given to schools with high share of disadvantaged students, is expected to improve equal access to education and to contribute to reducing social inequalities. The integration of lower secondary classes from small, low-performing schools into larger ones in the neighbouring settlements is expected to improve access to high-quality education for low-achieving and disadvantaged children. Measures to incentivise primary and lower secondary schools to increase their proportion of disadvantaged students are expected to reduce segregation in public education institutions. Investments in the transport sector, such as low-floor buses and renovated train stations, are expected to improve accessibility to persons with disabilities. The RRP also includes integrated interventions to promote social inclusion, with a focus on those living in disadvantaged settlements, including Roma. The digitalisation measures for elderly care are expected to contribute to the implementation of the European Strategy for the Rights of Persons with Disabilities 2021-2030.

Security self-assessment

(67) A security self-assessment has not been provided as it has not been considered appropriate by Hungary, in accordance with Article 18(4), point (g) of Regulation (EU) 2021/241.

Consultation process

(68) The draft RRP was published for comments in March-April 2021. In addition to having made the information available to the general public, Hungary reached out directly to 461 organisations, such as municipalities, non-governmental organisations, higher education organisations, trade unions, science organisations to encourage them to provide their views and suggestions. Of those, 88 submitted input, with over 1 260 different suggestions. Certain comments led to amendments of the draft RRP, for instance to better focus the scope of the measure supporting sustainable heating systems for households. However, some stakeholders criticised the process, arguing that the detailed content of the RRP was not made public early enough to allow them to make meaningful comments and that their comments could not be taken into account. In addition to the formal consultation, several stakeholder conferences were held at regional and national levels, with different thematic focus over the year 2021. Hungary published a new version in August 2021 but did not make public any amended version since then and did not engage in additional consultation processes regarding amendments made to the RRP in 2022.

(69) To ensure ownership by the relevant actors, it is crucial to involve all local authorities, and stakeholders concerned, including social partners throughout the implementation of the investments and reforms included in the RRP. For that purpose, the RRP

contains a measure to develop a strategy for ensuring the effective involvement of stakeholders in the implementation of the RRP, including setting up a monitoring committee with strong participation from independent civil society organisations to closely follow the implementation of the RRP and provide recommendations to the National Authority. In addition, a number of measures include specific commitments to explicitly ensure the systematic involvement of social partners and stakeholders in the implementation process.

Positive assessment

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

Financial contribution

(71) The estimated total cost of the RRP of Hungary is HUF 2 299 592 927 602, which equals EUR 5 824 260 891 on the basis of the average EUR HUF ECB reference rate in the period from 1 April 2022 to 30 September 2022. As the RRP satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241 and, furthermore, as the amount of the estimated total costs of the RRP is higher than the maximum financial contribution available for Hungary, the financial contribution allocated for Hungary's RRP should be equal to the total amount of the financial contribution available for Hungary.

(72) In accordance with Article 11(2) of Regulation (EU) 2021/241, the calculation of the maximum financial contribution for Hungary was updated on 30 June 2022. As such, in accordance with Article 23(1) of that Regulation, an amount for Hungary not exceeding the maximum financial contribution referred to in Article 11(1), point (a), of that Regulation should be made available now for a legal commitment by 31 December 2022, and an amount not exceeding the updated maximum financial contribution calculated in accordance with Article 11(2) of that Regulation should be made available for a legal commitment from 1 January 2023 until 31 December 2023.

(73) The support to be provided is to be financed from the borrowing by the Commission on behalf of the Union on the basis of Article 5 of Council Decision (EU, Euratom) 2020/2053[9]. The support should be paid in instalments once Hungary has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the RRP.

(74) This Decision should be without prejudice to the outcome of any procedures relating to the award of Union funds under any other Union programme than the Facility or to procedures relating to distortions of the operation of the internal market that may be undertaken, in particular under Articles 107 and 108 of the Treaty on the Functioning of the European Union. It does not override the requirement for Member States to notify instances of potential State aid to the Commission under Article 108 of the Treaty.

[9] OJ L 424, 15.12.2020, p. 1.

HAS ADOPTED THIS DECISION:

Article 1
Approval of the assessment of the RRP

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

Article 2
Financial contribution

1. The Union shall make available to Hungary a financial contribution in the form of non-repayable support amounting to EUR 5 811 147 717[10]. An amount of EUR 4 639 429 967 shall be available to be legally committed by 31 December 2022. A further amount of EUR 1 171 717 750 shall be available to be legally committed from 1 January 2023 until 31 December 2023.

2. The Union financial contribution shall be made available by the Commission to Hungary in instalments in accordance with the Annex. The instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.

3. The release of instalments in accordance with the financing agreement shall be conditional on available funding and a decision by the Commission, taken in accordance with Article 24 of Regulation (EU) 2021/241, that Hungary has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the RRP. In order to be eligible for payment, Hungary shall complete the milestones and targets no later than 31 August 2026, subject to the entry into force of the legal commitments referred to in paragraph 1.

Article 3
Addressee

This Decision is addressed to Hungary.

Done at Brussels,

For the Council
The President

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