Council of the European Union

Brussels, 24 November 2023
(OR. en)

15964/23
ADD 1

Interinstitutional File:
2023/0431(NLE)

ECOFIN 1278
UEM 415
FIN 1238

NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	ANNEX to the COUNCIL IMPLEMENTING DECISION amending 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 based on the Commission proposal COM (2023) 748 final.

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 and students with special education needs in quality mainstream education;
- reduce the risk of segregation in schools;
- increase the attractiveness of the teaching profession and reinforce the skillset of teachers and school managers;
- improve access to early childhood education and care to reduce social inequalities and facilitate labour market integration of vulnerable groups; and
- promote medium and long-term fiscal sustainability and adequacy of the pension system.

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), 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), and to focus investment on the green and digital transition and digital infrastructure for schools (Country Specific Recommendation 3 in 2019). It also contributes to addressing the Country Specific Recommendation to improve the long-term sustainability of the pension system, while preserving adequacy in particular through addressing income inequalities (Country Specific Recommendation 1 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).

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

C1.R1: Development of competitive public education using 21st century technology

The objective of the reform is to support the digital transformation of public education by increasing the availability and use of digital devices and tools by teachers and pupils, thereby facilitating the systematic integration of digital teaching and learning methods in the education process. The reform shall also aim to contribute to improving education outcomes in an inclusive manner, reducing early school leaving and, more broadly, ensuring the availability of a competitive labour force in the future.

Under this measure, modern digital devices shall be made available to teachers, pupils and schools. Digital notebooks (standard and 2-in-1 types) shall be purchased and delivered to public education institutions, for the use of students in grades five and nine, for the use of teachers and for schools to develop their IT classrooms, during the academic years 2021/2022, 2022/2023, 2023/2024 and 2024/2025. Altogether, by the end of the four-year-programme, at least 579 000 digital notebooks shall be purchased and delivered under this measure, of which at least 55 000 shall be provided for teachers and at least 10 000 for schools to develop their IT classrooms. Pupils shall be able to keep the notebooks until they finish their school education and hand them over afterwards to the new cohorts.

For the distribution of digital notebooks priority shall be given to disadvantaged pupils and teachers in schools with an above-average share of disadvantaged pupils. A means-testing strategy for the allocation of digital notebooks to pupils shall be developed and published. The strategy shall specify, among others, that pupils with disadvantaged background and without a digital notebook shall have the highest priority for receiving such a device. Disadvantaged pupils are defined in paragraph (1) section 67/A of the Child protection act (XXXI/1997).

Furthermore, at least 3 100 schools shall be provided with interactive display tools and devices to develop pupils' creativity and problem-solving capacity and algorithmic and programming competences, such as robots, drones and special computers. Schools operating in disadvantaged regions and schools with a high share of pupils with disadvantaged background shall be given priority in the dissemination of those supporting Information and Communication Technology (ICT) devices. Teachers shall receive targeted training on how to use the digital devices and they shall have access to an IT help desk.

The implementation of the reform shall lead to at least 45% of teachers using Information and Communication Technologies in at least 40% of their classes (as compared to 33% of teachers in 2019).

The implementation of the reform shall be completed by 30 June 2026.

C1.I1: Improving access to quality education in lower secondary schools

The objective of the measure is to improve the access of students to quality education in lower secondary schools and address challenges related to shortages of teachers in small settlements.

The measure shall be implemented in a stepwise approach. As a first step, a nation-wide mapping of the school network shall be carried out with a view to identifying and selecting schools for implementing the integration of low-performing lower secondary classes into larger schools in the

neighbouring settlements. The mapping shall be based on evidence and a diagnosis of needs and shall be carried out with consultation of stakeholders (in particular students and their parents, teachers, school staff, communities and local governments). This shall lead to selecting at least 5-10 State-maintained lower secondary schools to be integrated into larger host schools, as part of a pilot phase. The mapping shall assess the impact of the integration of schools on student composition, the risk of segregation, the number of teachers and staff, school performance, learning outcomes, completion rates, the share of students with high risk of early school leaving, the location of schools, school profiles and expected future needs with regard to demographic developments. Regarding the host schools, the physical properties of the building and its infrastructure shall be taken into account, among other criteria. The host schools shall not operate as boarding schools for the new pupils.

In the second step, lower secondary classes in at least five State-maintained schools shall be integrated in larger host schools in neighbouring settlements, as part of a pilot phase. The selected host schools shall integrate lower secondary classes from small schools where quality education cannot be efficiently ensured. The number of teachers and staff shall be adequate in the host schools to accommodate the new pupils and the teachers and staff shall receive training in inclusive pedagogy. The commuting and housing needs related to the measure shall be adequately addressed. The integration process shall not lead to increased segregation in the host schools. The host schools shall not operate as boarding schools for the new pupils.

In the final step, the results of the pilot institutional reorganisations and the corresponding recommendations and implementation guidelines shall be included in a publicly available report. Based on the report and the mapping, additional lower secondary classes in at least 30 schools shall be effectively integrated into larger host schools in neighbouring settlements.

The implementation of the investment shall be completed by 30 September 2025.

C1.I2: Supporting the education of students with special education needs

The aim of this investment is to improve the quality of specialised services provided to schools integrating students with special education needs, those in long-term care and children who require specialised pedagogical services. The implementation of this investment is thus expected to contribute to improving student learning outcomes, reducing the risk of drop-out and supporting students to thrive in adulthood and perform on the labour market.

The investment shall be targeted at schools with students with special education needs, those in long-term care and children who require specialised pedagogical services for themselves or for their support network, including parents, teachers and educational teaching staff. A mapping of needs for equipment, services and special education teachers shall be prepared and published based on the individual development plans of the schools. Based on this mapping, the investment shall provide specialised educational services, including early development support, expert committees diagnostics, education counselling and career guidance, physical education, speech therapy, conductive education, kindergarten-school psychology and care for children with special needs. The support shall also include, as appropriate to the situation of the schools concerned: (i) enhanced services for both teachers/staff and pupils, in particular enhanced mobility support, equipment rental, school transportation services, training, knowledge-sharing and social acceptance programmes, and (ii) purchase of physical and ICT accessibility equipment, development tools, special medical and technical equipment, general and adapted electric vehicles for the provision of services.

Under this measure, at least 50% of the special education institutions (schools with students with special education needs, those in long-term care and children who require specialised pedagogical

services) functioning during the school year 2025/2026 shall have received support for the education of pupils with special education needs, those in long-term care and children who require specialised pedagogical service. As a result, at least 45 000 pupils shall benefit from an improved quality of specialised services. Moreover, at least 5 000 special education teachers shall receive dedicated training on competence development and professional use of diagnostic procedures and tools required for working with students with special education needs, those in long-term care and children who require specialised pedagogical services.

The implementation of the investment shall be completed by 30 September 2026.

C1.R2: Reduction of segregation risk in schools

The objective of the reform is to support equal access to high quality school education and to reduce segregation in schools.

The measure shall consist of adopting legislation for the reduction of State support for primary and lower secondary schools (grades 1 to 8) with a low proportion of disadvantaged students. According to the new legislation, the State support for primary and lower secondary schools (both State schools and non-State maintained schools receiving State funding) functioning in multi-school settlements shall be reduced by 10% if the proportion of disadvantaged students in those schools is lower than the average proportion in the settlement where the school is located by more than (i) 20 percentage points at the beginning of the school years 2023/2024 and 2024/2025 and (ii) 15 percentage points at the beginning of the school year 2025/2026 and of the subsequent years. The legislative provisions shall be applied from the 2023/2024 school year and the reduction of State support shall apply for an entire calendar year.

A report shall be published demonstrating that the new legislation providing for the reduction of State support for the primary and lower secondary schools with a low proportion of disadvantaged students has been applied. The report shall present the initial implementation results in the schools concerned during the school years 2023/2024 and 2024/2025 and the beginning of the school year 2025/2026 as well as the impact in terms of distribution of disadvantaged students in the settlements where those schools are based (including the surrounding settlements). The report may include recommendations for improving the legal framework and enhancing its effectiveness in reducing segregation risk in primary and lower secondary schools.

The implementation of the reform shall be completed by 31 December 2025.

C1.R3: Improving the attractiveness of the teaching profession

The objective of the reform is to improve the attractiveness of the teaching profession and reduce the shortage of teachers, thereby contributing to high quality school education for all.

The measure shall consist of adopting legislation according to which the average wage of teachers in the public education system holding a tertiary degree (excluding those teaching in the vocational education field) shall gradually reach at least 80% of the average wage of tertiary graduates in 2025 and shall be maintained at a level of at least 80% of the average wage of tertiary graduates until at least 31 December 2030.

The new legislation shall also include provisions according to which the wage of teachers who work in schools with a proportion of disadvantaged pupils of at least 10% (and defining special pedagogical methods for inclusive education in their pedagogical programmes) or in disadvantaged settlements is higher by at least 12.5% compared with the wage of other teachers with the same qualification and experience, as of 1 January 2023 and at least until 31 December 2030. In addition,

the wage increase in 2025 for the entry-level teachers shall be 10 percentage points higher than the average wage increase for all teachers in the public education system in that year while their yearly wage increases shall be at least the same as the average yearly wage increase for all teachers in the public education system between 1 January 2023 and 31 December 2030.

The draft legislation enshrining the aforementioned approach to increasing the wages of teachers shall be subject to meaningful social dialogue with the largest trade unions of the teachers.

The financing for the implementation of the reform shall be provided exclusively by the national budget and EU funds (ESF+). No costs associated with this measure are included in the recovery and resilience plan.

The implementation of the reform shall be completed by 30 June 2026.

C1.I3: Training of teachers and improving the management skills of heads of institutions

The objective of the measure is twofold: to increase the supply of teachers in subjects for which there is large demand and to improve the management skills of heads and deputy heads of public education institutions.

Under this measure, 5 000 teachers in lower and upper secondary schools shall receive training to acquire additional specialisation and certificates to teach study fields in high demand (in particular physics, chemistry, mathematics and digital education). The trainings shall be organised in the format of two- and four-semester higher education courses. In addition, around 3 000 heads and deputy heads of public education institutions shall receive specialised training on the management of education institutions. Teachers and their employers shall conclude a training contract.

The implementation of the investment shall be completed by 30 June 2026.

C1.I4: Creation of new crèche places

The objective of the investment is to increase the availability of early childhood education services by creating new crèche places. This measure is expected to contribute to higher employment rates among parents, notably women, thus contributing to gender equality and social inclusion. The measure is underpinned by a recent survey showing a demand for 12 000 crèche places in addition to both the existing ones and those that are currently under preparation.

Under this measure, at least 3 984 new crèche places across Hungary shall be created in entirely new buildings or by extending existing ones. The investment shall also include auxiliary equipment and infrastructure such as classroom equipment, furniture, playground and bike parking. The construction of new buildings shall have a primary energy demand at least 20% below the nearly zero-energy buildings requirement. As a result of the investment, at least 3 984 children shall be enrolled in the new places.

The implementation of the investment shall be completed by 31 December 2025.

C1.R4: Improving the sustainability of the pension system

The objective of the reform is to promote the medium and long-term fiscal sustainability of the Hungarian pension system and to contribute to lengthening working lives, while strengthening the adequacy of pensions paid to lower-income pensioners. To the extent necessary, the reform shall introduce automatic balancing mechanisms in the pension system and other parametric changes.

The reform shall consist of:

a. The publication of an independent international expert report on policy options to address long-term sustainability challenges of the Hungarian pension system. The report shall provide a diagnosis on the pension system and its financial sustainability, and put forward concrete policy proposals to ensure the medium and long-term fiscal sustainability of the pension system through appropriate revenue measures and automatic balancing mechanisms, and by containing the increase in the projected pension expenditure as percentage of GDP by 2070 compared to the latest Ageing Report projections, while preserving adequacy, in particular through addressing income inequalities.
b. The preparation by the government of a policy proposal for amending the pension system. As part of the preparation, the policy proposal shall be consulted with social and economic partners and other relevant stakeholders, presented and discussed at the Economic Policy Committee's Ageing Working Group, and submitted for public consultation.
c. The preparation by the government of a legislative proposal for the amendment of the pension system accompanied by a detailed impact assessment. The impact assessment shall demonstrate how the legislative proposal ensures long-term fiscal sustainability of the pension system through appropriate measures and possible automatic balancing mechanisms, and by containing the increase in the projected pension expenditure as percentage of GDP by 2070 compared to the latest Ageing Report projections. The impact assessment shall be based on the common assumptions on macroeconomic and demographic projections of the latest Ageing Report.
d. The entry into force of the legislation amending the pension system based on the government's legislative proposal.

The implementation of the reform shall be completed by 31 March 2025.

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.R1 Development of competitive public education using 21st century technology	Target	Number of digital notebooks delivered for pupil or teacher use		Number	0	120 000	Q2	2022	At least 120 000 digital notebooks (standard and 2-in-1 types) shall be purchased and delivered in school education institutions, for the use of pupils in grades nine (for learning purposes), for the use of teachers (for teaching purposes), for schools to develop their IT classrooms and for the school administration centrum (Klebersberg Központ). The notebooks shall be delivered during the school year 2021/2022. Pupils shall be able to keep the notebooks until they finish their school education and hand them over afterwards to the new cohorts. The share of pupils receiving a personal ICT device shall be at least 90% among disadvantaged pupils. The share of teachers receiving a personal ICT device shall be at least 90% among teachers who apply for a device in schools with an above-average share of disadvantaged pupils and among teachers applying for a device who did not receive any personal ICT device in the three school years preceding the 2021/2022 school year.
2	C1.R1 Development of competitive public education using 21st century technology	Milestone	Development of a means-testing strategy for the allocation of digital notebooks to pupils	Publication of the strategy				Q4	2022	A means-testing strategy for the allocation of digital notebooks to pupils shall be developed and published. The strategy shall specify, among others, that pupils with a disadvantaged background and without a digital notebook shall have the highest priority for receiving such a device.
3	C1.R1 Development of competitive	Target	Share of teachers using Information and Communication Technologies in at		%	33	35	Q4	2023	The share of teachers in public education, who use Information and Communication Technologies in at least 40% of their classes shall increase to at least 35% by 31 December 2023. The baseline data is for 2019

	public education using 21st century technology		least 40% of their classes							(source: KIR-STAT).
4	C1.R1 Development of competitive public education using 21st century technology	Target	Number of school education institutions equipped with modern display tools and tools that develop student creativity and problem-solving skills		Number	0	3 100	Q4	2024	At least 3 100 school education institutions shall be equipped with modern display tools (interactive panel) and devices that improve student creativity and problem-solving skills, such as programmable robots, programmable microcircuits, and drones. Equipping schools with a high share of disadvantaged pupils shall be given priority.
5	C1.R1 Development of competitive public education using 21st century technology	Target	Number of additional digital notebooks delivered for pupil or teacher use		Number	120 000	579 000	Q2	2025	Taking into account the means-testing strategy referred to in milestone 2, additional digital notebooks (standard and 2-in-1 types) shall be purchased and delivered in public education institutions, for the use of students in grades five (six in the 2022/2023 school year) and nine, for the use of teachers and for schools to develop their IT classrooms during the school years 2022/2023, 2023/2024 and 2024/2025 as part of the four-year programme. Altogether, by the end of the four-year-programme (school year 2024/2025), at least 579 000 digital notebooks shall be purchased and delivered under this measure, of which at least 55 000 shall be provided for teachers and at least 10 000 for schools to develop their IT classrooms. Pupils shall be able to keep the notebooks until they finish their school education and hand them over afterwards to the new cohorts.
6	C1.R1 Development of competitive public education using 21st century technology	Target	Share of teachers using Information and Communication Technologies in at least 40% of their classes		%	35	45	Q2	2026	The share of teachers in public education, who use Information and Communication Technologies in at least 40% of their classes shall increase to at least 45% by 30 June 2026. A report assessing the use of digital solutions in schools by teachers and pupils shall be published. The report shall use, among others, data produced by KIR-STAT on the share of teachers in public education, who use Information and Communication Technologies in

										their classes and the data from the OECD TALIS survey.
7	C1.I1 Improving access to quality education in lower secondary schools	Milestone	Mapping of the school network with a view to selecting schools for integration of small lower secondary classes into larger schools in the neighbouring settlements	Publication of the mapping				Q2	2023	A nation-wide mapping of the school network shall be carried out with a view to identifying and selecting schools for integration of small lower secondary classes into larger schools in the neighbouring settlements. The mapping shall be based on evidence and diagnosis of needs and shall be carried out with consultation of stakeholders (in particular students and their parents, teachers, school staff, communities and local governments) to select at least 5-10 State-maintained lower secondary schools to be integrated in larger host schools, as part of a pilot phase. The mapping shall assess the impact of the integration of schools on student composition, the risk of segregation, the number of teachers and staff, school performance, learning outcomes, completion rates, share of students with high risk of early school leaving), the location of schools, school profiles and expected future needs with regard to demographic development. Regarding the host schools, the physical properties of the building and its infrastructure shall be taken into account, among other criteria. The mapping shall be made public.
8	C1.I1 Improving access to quality education in lower secondary schools	Target	Implementation of pilot institutional reorganisations for the integration of small lower secondary classes into larger schools in the neighbouring settlements		Number	0	5	Q3	2023	Lower secondary classes in at least 5 state-maintained schools shall be effectively integrated into larger host schools in neighbouring settlements, as part of a pilot phase. The selected host school shall integrate lower secondary classes from small schools where quality education cannot be efficiently ensured. The number of teachers and staff shall be adequate in the host schools to accommodate the new pupils and the teachers and staff shall receive training in inclusive pedagogy. The commuting and housing needs related to the measure shall be adequately addressed. The

										integration process shall not lead to increased segregation in the host schools. The host schools shall not operate as boarding schools for the new pupils.
9	C1.I1 Improving access to quality education in lower secondary schools	Target	Implementation of additional institutional reorganisations for the integration of small lower secondary classes into larger schools in the neighbouring settlements		Number	5	35	Q3	2025	The results of the pilot institutional reorganisations and the corresponding recommendations and implementation guidelines shall be included in a publicly available report. Based on the report and the mapping referred to in milestone 7, additional lower secondary classes in at least 30 schools shall be effectively integrated into larger host schools in neighbouring settlements. The selected host schools shall integrate lower secondary classes from small schools where quality education cannot be efficiently ensured. The number of teachers and staff shall be adequate in the host schools to accommodate the new pupils and the teachers and staff shall receive training in inclusive pedagogy. The commuting and housing needs related to the measure shall be adequately addressed. The integration process shall not lead to increased segregation in the host schools. The host schools shall not operate as boarding schools for the new pupils.
10	C1.I2 Supporting the education of students with special education needs	Milestone	Mapping of needs for the education of pupils with special education needs	Publication of the mapping by the ministry responsible for public education		0		Q2	2023	A mapping of needs for equipment, services and special education teachers shall be prepared and published based on the individual development plans of the schools.
11	C1.I2 Supporting the education of students with special education needs	Target	Share of special education institutions having received support for the education of pupils with special education needs		%	0	50	Q2	2026	At least 50% of the special education institutions functioning during the school year 2025/2026 shall receive support for the education of pupils with special education needs. The support shall be provided for pupils with special needs or for their support network, including parents, teachers and educational teaching staff and shall include, as appropriate to the situation, the following: (i) enhanced services for both teachers/staff and pupils, in particular enhanced mobility support, equipment rental, school transportation services, training, knowledge-sharing and social acceptance programmes, (ii) purchase of

										physical and ICT accessibility equipment, development tools, special medical and technical equipment, general and adapted electric vehicles for the provision of services.
12	C1.I2 Supporting the education of pupils with special education needs	Target	Number of pupils with special education needs having benefited from enhanced services		Number	0	45 000	Q3	2026	At least 45 000 pupils with special education needs (SEN) shall benefit from the enhanced services referred to in target 11.
13	C1.I2 Supporting the education of pupils with special education needs	Target	Number of special education teachers having received professional in-service training		Number	0	5 000	Q3	2026	At least 5 000 special education teachers shall receive special training (competence development, diagnostics procedures and utilisation of special tools), and professional development, including in particular training to acquire special pedagogical skills to support SEN pupils.
14	C1.R2 Reduction of segregation risk in schools	Milestone	Entry into force of legislation providing for the reduction of State support for primary and lower secondary schools with a low proportion of disadvantaged students	Provisions in the legislation indicating its entry into force				Q1	2023	Entry into force of legislation for the reduction of State support for primary and lower secondary schools (grades 1 to 8) with a low proportion of disadvantaged students. The legislation shall include provisions according to which the State support for primary and lower secondary schools (both State schools and non-State maintained schools receiving state funding) functioning in multi-school settlements (meaning settlements with more than one school or more than one school building) is reduced by 10% if the proportion of disadvantaged students in those schools is: i. more than 20 percentage points lower than the average proportion in the settlement (at LAU level) where the school is located, as determined at the beginning of the school years 2023/2024 and 2024/2025; ii. more than 15 percentage points lower than the average proportion in the settlement (at LAU level) where the school is located, as

										determined at the beginning of the school year 2025/2026 and of the subsequent school years. The legislative provisions shall be applied from the 2023/2024 school year. The applicability of the provisions to individual schools shall be determined at the beginning of each school year and no later than 15 October. The 10% reduction of State support shall apply as of 1 January during that school year and for the entire calendar year.
15	C1.R2 Reduction of segregation risk in schools	Milestone	Report on the application of the new legislation providing for the reduction of State support for primary and lower secondary schools with a low proportion of disadvantaged students	Publication of the report by the ministry responsible for public education				Q4	2025	A report shall be published demonstrating that the new legislation providing for the reduction of State support for the primary and lower secondary schools (grades 1 to 8) with a low proportion of disadvantaged students has been applied. The report shall present the initial implementation results in the schools concerned during the school years 2023/2024 and 2024/2025 and the beginning of the school year 2025/2026, as well as the impact in terms of distribution of disadvantaged students in the settlements where those schools are based (including the surrounding settlements). The report may include recommendations for improving the legal framework and enhancing its effectiveness in reducing segregation risk in primary and lower secondary schools.
16	C1.R3 Improving the attractiveness of the teaching profession	Milestone	Entry into force of legislation to increase wages of teachers in the public education system up to at least 80% of the average wage of tertiary graduates	Provisions in the legislation indicating its entry into force				Q1	2023	A law shall enter into force, establishing 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 2030. The law shall also include provisions according to which, as of 1 January 2023 and until at least 31 December 2030, 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 as defined by the Government Decree 105/2015 on the classification of beneficiary local governments and the conditions of classification and the Government Decision 1057/2021. (II. 19.) on the catching-up settlements programme; - 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 (source: KIR). The law shall also include provisions according to which the yearly wage increases for the entry-level teachers (*gyakornok)* shall be, as of 1 January 2023 and until at least 31 December 2030, at least the same as the average yearly wage increase for all teachers in the public education system. The yearly increases shall apply retroactively from 1 January of the respective year. During its preparation, the draft law shall be subject to meaningful social dialogue with the largest trade unions of the teachers.
17	C1.R3 Improving the attractiveness of the teaching profession	Target	Average wage of teachers in the public education system in 2023 relative to the average wage of tertiary graduates		%	59	64.7	Q2	2023	The average wage of teachers in the public education system (all teachers holding a tertiary degree in public education system as defined in the Public Education Act, excluding vocational education) shall reach at least 64.7 % of the average wage tertiary graduates, as compared to 59% in 2022. The increase in the average wage of teachers for the year 2023 shall be determined based on outturn data for the average salaries of tertiary graduates in 2022 (as published by the Hungarian Statistical Office) and

										the official forecasts of the Ministry of Finance for wage growth in the national economy for the year 2023. The resulting increase of teachers' wages shall apply retroactively from 1 January 2023.
18	C1.R3 Improving the attractiveness of the teaching profession	Target	Average wage of teachers in the public education system in 2024 relative to the average wage of tertiary graduates		%	64.7	71.8	Q2	2024	The average wage of teachers in the public education system (all teachers holding a tertiary degree in public education system as defined in the Public Education Act, excluding vocational education) shall reach at least 71.8 % of the average wage of tertiary graduates, as compared to at least 64.7% in 2023. The increase in the average wage of teachers for the year 2024 shall be determined based on outturn data for the average salaries of tertiary graduates in 2023 (as published by the Hungarian Statistical Office) and the official forecasts of the Ministry of Finance for wage growth in the national economy for the year 2024. The resulting increase of teachers' wages shall apply retroactively from 1 January 2024.
19	C1.R3 Improving the attractiveness of the teaching profession	Target	Average wage of teachers in the public education system in 2025 relative to the average wage of tertiary graduates		%	71.8	80	Q2	2025	The average wage of teachers in the public education system (all teachers holding a tertiary degree in public education system as defined in the Public Education Act, excluding vocational education) shall reach at least 80 % of the average wage of tertiary graduates, as compared to at least 71.8 % in 2024. The increase in the average wage of teachers for the year 2025 shall be determined based on outturn data for the average salaries of tertiary graduates in 2024 (as published by the Hungarian Statistical Office) and the official forecasts of the Ministry of Finance for wage growth in the national economy for the year 2025. The resulting increase of teachers' wages shall apply retroactively from 1 January 2025.
20	C1.R3 Improving the attractiveness of the teaching profession	Milestone	Entry into force of legislation setting out the wage increase for the entry-level teachers for the year 2025	Provisions in the legislation indicating its entry into force				Q2	2025	Legislation shall enter into force, establishing that the wage increase for the entry-level teachers (*gyakornok*) for the year 2025 shall be 10 percentage points higher than the average wage increase for all teachers in the public education system in 2025.

21	C1.R3 Improving the attractiveness of the teaching profession	Milestone	Application of the wage increases for teachers working in disadvantaged settlements, teachers working in schools with a proportion of disadvantaged pupils of at least 10%, and entry-level teachers	Report on the application of the wage increases				Q2	2026	A report shall be prepared that demonstrates the application during the period 2023-2026 of the wage increases referred to in milestones 16 and 20 for the teachers working in disadvantaged settlements, 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, and for entry-level teachers.
22	C1.I3 Training of teachers and improving the management skills of heads of institutions	Target	Number of heads and deputy heads of public education institutions having participated in continuing professional development		Number	0	3 000	Q2	2026	At least 3 000 heads and deputy heads of public education institutions shall participate in continuing professional development to improve their digital and management skills.
23	C1.I3 Training of teachers and improving the management skills of heads of institutions	Target	Number of teachers from public education institutions having participated in continuing professional development		Number	0	5 000	Q2	2026	Based on the preliminary consultation with teachers carried out through the existing public education coordination organisations (National Public Education Council, Public Education Strategic Round Table), at least 5 000 teachers in lower and upper secondary schools shall participate in continuing professional development to acquire additional specialisation and certificate to teach study fields in high demand.
24	C1.I4 Creation of new crèche places	Target	Number of children enrolled in newly created crèche places		Number	0	500	Q4	2024	At least 500 children shall be enrolled in new crèche places created with support from the recovery and resilience plan.
25	C1.I4 Creation of new crèche places	Target	Number of additional children enrolled in newly created crèche places		Number	500	3 984	Q4	2025	At least 3 984 children shall be enrolled in new crèche places created with support from the recovery and resilience plan. The measure shall earmark at least 70 % of its allocation to construction of new buildings and at least 11 % to energy efficiency renovation of infrastructure. The eligibility criteria shall specify that the primary energy demand of any new buildings shall be at least 20 % lower than the nearly zero-energy building requirement.

26	C1.R4 Improving the sustainability of the pension system	Milestone	Independent international expert report on policy options to address long-term sustainability challenges of the Hungarian pension system	Publication of the report				Q4	2023	An independent international expert report on policy options for addressing long-term sustainability challenges shall be prepared by an independent provider with widely recognised expertise (based on common assumptions and projections of the latest joint European Commission-EPC's Ageing Report). The report shall: (1) cover the public pension pillar of the pension system, the labour market and, to the necessary extent, employment and tax policies relevant for extending working lives. It shall cover both the new entrants and the existing contributors; (2) provide a diagnosis on the pension system and its financial sustainability; (3) put forward concrete policy proposals (focusing on, but not limited to, lengthening working lives, including by linking the statutory retirement age to life expectancy and by raising effective retirement ages through incentives to encourage longer working lives and penalties for early retirement while also addressing income inequalities among pensioners (taking into account best practices in the EU Member States)); (4) ensure the long- and medium-term sustainability of the pension system through appropriate revenue measures and automatic balancing mechanisms, and by containing the increase in the projected pension expenditure as percentage of GDP by 2070 compared to the 2021 Ageing Report projections, while preserving adequacy, in particular through addressing income inequalities; (5) provide an impact assessment (sustainability, inequality, and adequacy point of view) on those policy proposals. The report shall be made public.

27	C1.R4 Improving the sustainability of the pension system	Milestone	Preparation of a policy proposal for amending the pension system	Government policy proposal for reform and consultations				Q2	2024	The government shall prepare a policy proposal based on the findings of the report referred to in the milestone 26, in which the proposed reform options shall be outlined. The policy proposal shall be: (1) Endorsed by the government by means of a government decision; (2) Consulted with social and economic partners and other relevant stakeholders, including but not limited to National Economic and Social Council and Council of the Elderly; (3) Presented and discussed at the EPC's Ageing Working Group; (4) Submitted for public consultation.
28	C1.R4 Improving the sustainability of the pension system	Milestone	Entry into force of the legislation amending the pension system	Provisions in the legislation indicating its entry into force				Q1	2025	The legislation for amending the pension system based on the government's legislative proposal shall enter into force. The legislation shall: (a) promote medium and long-term fiscal sustainability; (b) strengthen the adequacy of pensions paid to lower-income pensioners; (c) contribute to the lengthening of working lives; and (d) to the extent necessary, introduce automatic balancing mechanisms in the pension system and other parametric changes. The legislative proposal of the government for such an act shall take into account the results of the consultations and shall be accompanied by a detailed impact assessment. The impact assessment shall demonstrate how – based on the legislative proposal of the government – the long-term sustainability of the pension system is ensured through appropriate measures and possible

										automatic balancing mechanisms, and by containing the increase in the projected pension expenditure as percentage of GDP by 2070 compared to the latest Ageing Report projections. The impact assessment shall be based on the common assumptions on macroeconomic and demographic projections of the latest Ageing Report.

A.2. Description of the reforms and investments for the loan

C1.I5: Creation of further new crèche places

The objective of the investment is to increase further the availability of early childhood education services. This measure aims to contribute to higher employment rates among parents, notably women, thus contributing to gender equality and social inclusion.

Under this measure, at least 519 new crèche places across Hungary - in addition to the 3 984 new creche places supported under the measure C1.I4 - shall be created in entirely new buildings or by extending existing ones. The investment shall also include auxiliary equipment and infrastructure such as classroom equipment, furniture, playground and bike parking. The construction of new buildings shall have a primary energy demand at least 20% below the nearly zero-energy buildings requirement. As a result of the investment, at least 519 children shall be enrolled in the new places.

The implementation of the investment shall be completed by 31 December 2025.

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	
365	C1.I5 Creation of further new crèche places	Target	Number of additional children enrolled in newly created crèche places		Number	3 984	4 503	Q4	2025	At least 519 children shall be enrolled in new crèche places, in addition to the 3 984 enrolled children referred to in target 25. These new creche places shall be created with support from the recovery and resilience plan, across Hungary, in entirely new buildings or by extending existing ones. The measure shall earmark at least 70 % of its allocation to construction of new buildings and at least 11 % to energy efficiency renovation of infrastructure. The construction of new buildings shall have a primary energy demand at least 20 % below the nearly zero-energy buildings requirement. The investment shall also include auxiliary equipment and infrastructure such as classroom equipment, furniture, playground and bike parking.

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 the reform is to modernise higher education by including more practice-oriented elements in the training requirements. It focuses on establishing training and infrastructural cooperation with vocational training and innovation institutions in certain areas, and on strengthening the system of higher education upskilling and retraining, in line with labour market requirements.

As part of the measure, several regulations shall be reviewed and modified, including on intellectual property management and on operating rules of examination centres in the Vocational Training Act, on determining the performance of examination tasks by the examination centres, on in-service teacher training, and on digital (e-learning, distance learning, blended type) trainings covering adult training and adult education. The modernisation of the study fields and the revision of the legislation shall take into account the labour market needs related to green and digital skills. The reform shall result in the modernisation of 15 higher education study fields such as law and public administration, economics, medical and health sciences, agriculture, art and natural sciences. The reform shall be based on a report identifying the regulations that would be reviewed for the higher education study fields. Such report shall be prepared jointly by the Hungarian Accreditation Committee, the Hungarian Rectors' Conference and the Educational Authority, involving as appropriate the higher education institutions. The features of the modernised training structure shall be disseminated among stakeholders and target groups as a part of the reform.

The implementation of the reform shall be completed by 31 December 2023.

C2.I1: Institutional innovation and strengthened activities in higher education

The objective of the investment is to develop distance learning content, training management system and adult training courses in higher education institutions providing micro-credential certificates. A micro-credential is a proof of the learning outcomes that a learner has acquired following a short learning experience and which have been assessed against transparent standards. The proof is contained in a certified document that lists the name of the holder, the achieved learning outcomes, the assessment method, the awarding body and, where applicable, the qualifications framework level and the credits gained. Micro-credentials are owned by the learner, can be shared, are portable, may be combined into larger credentials or qualifications, and provide European Credit Transfer and Accumulation System (ECTS) credits. They are underpinned by quality assurance following agreed standards.

Under this measure, 19 micro-credential courses shall be developed and start to be used in higher education institutions. The newly developed micro-credentials shall take into account the needs of the economy. The micro-credentials shall be developed in line with the definition and European standard elements to describe a micro-credential as set out in the Council Recommendation of 25 May 2022 on a European approach to micro-credentials for lifelong learning and employability. As a result of the investment, an increasing number of students/persons shall receive micro-credential certificates and shall take part in digital skills development programmes delivered by higher education institutions. At least 600 persons engaged in adult training activities in the higher education institutions concerned shall acquire credit-bearing micro-credentials with ECTS credits. In addition, at least 1800 digital learning contents shall be developed, including teaching materials, scripts, podcasts, screen recordings, videos, quizzes, reference materials, computer content, web-based content, digital games, etc. At least 34 000 students and staff (including teachers) in the involved higher education institutions shall take part in digital skills, competences and knowledge development programmes under this measure. Specifically, the training for teachers shall focus on skills for using digital tools for teaching and developing digital learning content.

The implementation of the investment shall be completed by 30 June 2026.

C2.I2: Modernisation of infrastructure and digitalisation in higher education institutions

The objective of the investment is to increase the attractiveness of higher education institutions and support the green and digital transition through modernised infrastructure, digitalisation and capacity development activities.

The investment shall consist of:

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

ii) the construction of new buildings for higher education institutions, which shall have a primary energy demand at least 20% below the nearly zero-energy buildings requirement.

iii) the purchase and installation of digital equipment in higher education institutions, such as interactive whiteboards or large touch screens, laptops, digital notebooks, PCs, multimedia studios, multimedia and/or interactive devices supporting digital teaching/learning/learning management system, ICT tools necessary for e-learning material development/structured collection, storage, classification and accessibility of content, in line with the EU's FAIR (Findable, Accessible, Interoperable, Reusable) Directive, systems used to broadcast education, communication and collaboration systems supporting digital education, multimedia storage system, online catalogue that ensures the searchability and accessibility of digital content, educational software licenses,

closed system distance learning training management system and related curriculum editing system licenses, systems for cloud-based service.

iv) capacity development activities, including the organisation of trainings, conferences and skills development activities; equipping workshops and laboratories for learning purposes; the development of core facilities, skills laboratories, language courses and competence training based on the needs of the universities.

The implementation of the investment shall be completed by 30 June 2026.

C2.I3: Development of digital curricula for vocational education and training

The objective of the investment is to contribute to the availability of qualified labour force by providing digital education to all students pursuing vocational education and training.

As a result of the investment, at least 75 digital learning materials shall be developed for vocational education and training related to specific professions and at least 13 000 students (individual users) in vocational education and training or attending adult education in relevant professions shall have access to these digital learning materials. The digital learning materials shall be developed in sectors that are not under the control of the Ministry of Culture and Innovation, in line with Article 45(1) of the Government Decree 12/2020. (II. 7.).

The investment is carried out through a call for projects for developing digital curricula, which shall be published by the National Office of Vocational Education and Training and Adult Learning.

The implementation of the investment shall be completed by 31 March 2026.

C2.I4: Vocational education and training infrastructure for the 21st century

The objective of the investment is to foster energy efficiency, carry out general infrastructure improvements and improve the digitalisation of vocational training centres. The improved building and digital infrastructure of vocational schools shall also create a better learning environment for students, which is expected to benefit their educational outcomes.

The investment shall include the energy efficiency renovation and purchase of ICT equipment for at least 16 selected vocational education and training centres. It shall also include other infrastructure improvements in these centres, such as equipping workshops, renovation of teaching areas and purchasing of learning materials, tools and furniture. The selection of centres shall be based on objective and transparent criteria, including the labour market demand in the specific economic area, the status of the infrastructure and assets of the vocational training centres, whether the centres are located in disadvantaged regions, the share of disadvantaged students, and the links and coherence with earlier programmes. The energy efficiency renovation programme shall lead to achieving on average either at least 30% primary energy savings or at least a 30% reduction of direct and indirect greenhouse gas emissions.

The implementation of the investment shall be completed by 31 March 2026.

C2.I5: Development of the Central Examination Centre

The objective of the investment is to establish a central examination centre in Budapest to create the conditions for high-quality professional examinations in certain professions for which the network of examination centres does not ensure appropriate territorial coverage at regional level.

This investment shall consist of the completion of the Central Examination Centre, through which examinations for at least 30 professions and professional qualifications shall be organised. The measure shall include the renovation of the Centre's building, including energy efficiency improvement, other building renovations, and redesign and equipping of the classrooms, examination rooms, workshops and service rooms.

The energy efficiency renovation shall lead, on average, to at least 30% primary energy savings or at least 30% reduction of greenhouse gas emissions. The examination centre shall be developed as a separate examination place from the vocational education and training centres.

The implementation of the investment shall be completed by 31 March 2026.

C2.I6: Establishment of national research and development laboratories

The objective of the investment is to establish additional national research and development laboratories in order to strengthen the innovation ecosystem in the country. These national laboratories are formalised research consortia, including universities, research institutes and other public actors (such as the National Food Chain Safety Office and the Hungarian Meteorological Service), which shall be set up with the aim of conducting research and publishing studies in relevant research areas.

The measure consists in the setting up of national laboratories, which shall include research grants, purchase of equipment and infrastructural development. The national laboratories shall cover relevant research areas for the green/digital transition and socio-economic challenges of Hungary and shall be organised in the thematic areas of safe society and environment; health; industry and digitalisation. These thematic areas shall include topics such as renewable energy, data-driven health, pharmaceutical research and development, water security, artificial intelligence and autonomous systems. The research projects of the laboratories and their related contracts (including labour contracts for researchers and other staff involved) shall have a fixed term, which shall not go beyond 30 June 2026.

The measure includes the publication of a report on the performance of these national laboratories, prepared by the National Research, Development and Innovation Agency. The report shall include information about (i) the activities and outcomes of the laboratories in the field of research in which they were active, including the global challenge they addressed at national level, (ii) the composition of consortia (public and private partners), and (iii) how these national laboratories contributed to strengthening the Hungarian innovation ecosystem.

The implementation of the investment shall be completed by 30 June 2026.

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	
29	C2.R1 Modernisation of higher education courses	Target	Number of modernised higher education study fields		Number	0	15	Q4	2023	The Hungarian Accreditation Committee, the Hungarian Rectors' Conference, the Educational Authority and the Higher Education Institutions shall modernise the 15 higher education study fields by including more practice-oriented elements in the curriculum and revise the relevant regulations, including on intellectual property management, and on operating rules of examination centres in the Vocational Training Act, on determining the performance of examination tasks of examination centres, on in-service teacher training, on digital (e-learning, distance and blended learning) trainings, covering adult training and adult education.
30	C2.I1 Institutional innovation and strengthened activities in higher education	Milestone	Launch of a call for the selection of the universities performing e-curriculum development	Publication of the call by the National Authority of the Recovery and Resilience Plan				Q2	2023	A call shall be launched for the development of closed system distance learning content and training management system and higher education adult training (micro-credentials providing European Credit Transfer and Accumulation System (ECTS) credits). The requirements in the call documentation shall ensure non-discrimination among Hungarian higher education institutions, including based on their ownership structure. The list of potential micro-credentials shall take into account the needs of the economy. The micro-credentials shall be developed in line with the definition and European standard elements to describe a micro-credential as set out in the Council Recommendation of 25 May 2022 on a European approach to micro-credentials for lifelong learning and employability.
31	C2.I1 Institutional innovation and strengthened activities in higher education	Target	Number of courses offering micro credentials with digital content		Number	0	19	Q4	2024	Following the call mentioned under milestone 30, digital learning materials for at least 19 credit-bearing courses offering micro-credentials with ECTS credits shall be developed by higher education institutions. The micro-credentials shall be developed in line with the definition and European standard elements to describe a micro-

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	
										credential as set out in the Council Recommendation of 25 May 2022 on a European approach to micro-credentials for lifelong learning and employability.
32	C2.I1 Institutional innovation and strengthened activities in higher education	Target	Number of students/persons having received a micro-credentials certificate in higher education institutions		Number	0	600	Q2	2026	At least 600 students/persons engaged in adult training activities in the involved higher education institutions shall acquire credit-bearing micro-credentials with ECTS credits.
33	C2.I1 Institutional innovation and strengthened activities in higher education	Target	Number of developed digital learning content for higher education		Number	0	1 800	Q2	2026	At least 1 800 digital learning contents for the involved higher education institutions shall be developed. Digital learning content shall include teaching materials, scripts, podcasts, screen recordings, videos, quizzes, reference materials, computer content, web-based content, digital games, etc.
34	C2.I1 Institutional innovation and strengthened activities in higher education	Target	Number of higher education students and staff having taken part in digital skills development programmes		Number	0	34 000	Q2	2026	At least 34 000 students and staff (including teachers) in the involved higher education institutions shall take part in digital skills, competences and knowledge development programmes under this measure. The training for teachers shall focus on skills for using digital tools for teaching and developing digital learning content.
35	C2.I2 Modernisation of infrastructure and digitalisation in higher education institutions	Milestone	Launch of a call for projects for energy efficiency refurbishment, construction of new buildings,	Publication of the call by the ministry responsible for higher education institutions				Q1	2022	A call for projects regarding energy efficiency renovation, construction of new buildings, purchase and installation of digital equipment and capacity development activities in higher education institutions shall be launched. The call shall earmark at least 2.5 % of the measure's allocation to construction of new buildings, at least

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	
			new digital equipment and capacity development activities in higher education institutions							22.5 % to energy efficiency renovation of infrastructure, at least 41.5 % to new ICT equipment and the remaining allocation to capacity development activities including: the organisation of trainings, conferences and skills development activities; equipping workshops and laboratories for learning purposes; the development of core facilities, skills laboratories, language courses and competence training based on the needs of the universities. The eligibility criteria for energy efficiency investments shall include, among others, a requirement that as a result of the renovation at least 30 % primary energy savings shall be achieved, on average, across the refurbished infrastructure. The eligibility criteria shall also specify that the primary energy demand of any new building shall be at least 20 % lower than the nearly zero-energy building requirement. 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. The selection of the projects shall be based on objective criteria set out in the call, including the energy-efficiency gain related to investment costs, cost-efficiency of the purchase of digital equipment, number of available computers per teacher, share of teachers with high academic degree and share of disadvantaged students in the universities.

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	
36	C2.I2 Modernisation of infrastructure and digitalisation in higher education institutions	Target	Energy efficiency refurbishment of building infrastructure and construction of new buildings in higher education institutions		Square meters	0	25 145	Q2	2026	At least 25 145 square meters of infrastructure of higher education institutions shall be either renovated to achieve at least 30 % primary energy savings or constructed as a new building to achieve at least 20 % lower primary energy demand than the nearly zero-energy building requirement.
37	C2.I2 Modernisation of infrastructure and digitalisation in higher education institutions	Target	Installation of digital equipment in higher education buildings		Number of ICT equipment	0	22 300	Q2	2026	At least 22 300 items of ICT equipment shall be purchased and installed in higher education institutions. This ICT equipment shall include interactive whiteboards or large touch screens, computers and laptops, multimedia studios, multimedia and/or interactive devices supporting digital teaching, learning, learning management system, ICT tools necessary for e-learning material development/ structured collection, storage, classification and accessibility of content, in line with the EU's FAIR (Findable, Accessible, Interoperable, Reusable) Directive, systems used to broadcast education, communication and collaboration systems supporting digital education, multimedia storage system, online catalogue that ensures the searchability and accessibility of digital content, educational software licenses, closed system distance learning training management system and related curriculum editing system licenses, systems for cloud-based service.
38	C2.I2 Modernisation of infrastructure and digitalisation in higher education institutions	Milestone	Report on capacity development activities in higher education institutions	Publication of the report				Q2	2026	A report shall be published, presenting the outcomes of capacity development activities carried out under this measure, including: the organisation of trainings, conferences and skills development activities; equipping workshops and laboratories for learning purposes; the development of core facilities, skills laboratories, language courses and competence training based on the needs of the universities.

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	
39	C2.I3 Development of digital curricula for vocational education and training	Milestone	Launch of a call for projects for developing digital curricula	Publication of the call for projects by the National Office of Vocational Education and Training and Adult Learning				Q2	2023	A call for projects for developing digital learning materials shall be launched by the National Office of Vocational Education and Training and Adult Learning. The call shall specify that the digital learning material shall concern sectors that are not under the control of the Ministry of Culture and Innovation, in line with Article 45(1) of the Government Decree 12/2020. (II. 7.).
40	C2.I3 Development of digital curricula for vocational education and training	Target	Number of digital learning materials developed for vocational education and training		Number	0	75	Q3	2025	At least 75 digital learning materials shall be developed for vocational education and training related to specific professions and be ready to be used by students.
41	C2.I3 Development of digital curricula for vocational education and training	Target	Number of apprentices in vocational education and training having attended courses based on improved digital learning materials		Number	0	13 000	Q1	2026	At least 13 000 students (individual users) in vocational education and training or attending adult education in professions belonging to the sectors concerned by the digital learning materials referred to in milestone 40 shall have access to improved digital learning materials. The number of students shall be extracted from the data recorded in the registration and study system of vocational education and training centres.

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	
42	C2.I4 Vocational education and training infrastructure for the 21st century	Milestone	Selection of at least 16 vocational education and training centres to participate in a development programme	Publication of decision to select at least 16 vocational education and training centres on the webpage of the ministry responsible for vocational training				Q4	2022	At least 16 centres to be involved in the development programme shall be selected on the basis of the development plans of the various centres. The selection shall be based on objective and transparent criteria, including the labour market demand on the specific economic area, the status of the infrastructure and assets of the vocational training centres, whether the vocational education and training centres are located in disadvantaged region, share of disadvantaged students, links and coherence with earlier programmes.
43	C2.I4 Vocational education and training infrastructure for the 21st century	Target	Energy efficiency renovation of vocational education and training centres		Square meters	0	69 175	Q2	2026	At least 69 175 square meters of buildings in at least 16 vocational training centres shall undergo energy efficiency renovation and achieve on average at least 30 % reduction of direct and indirect greenhouse gas emissions or at least 30% primary energy savings.
44	C2.I4 Vocational education and training infrastructure for the 21st century	Target	Purchase of ICT equipment for vocational education and training centres		Number	0	13 825	Q2	2026	13 825 items of ICT equipment shall be purchased and put in use in at least 16 vocational training centres. New ICT equipment shall include digital notebooks, tablets, collaboration learning spaces and knowledge sharing devices.

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	
45	C2.I4 Vocational education and training infrastructure for the 21st century	Target	Number of vocational education and training centres with upgraded infrastructure		Number	0	16	Q2	2026	At least 16 vocational training centres shall receive other general infrastructure improvements (including renovating and equipping workshops, renovation of teaching areas, purchasing learning materials, tools, furniture (benches and cupboards)..
46	C2.I5 Development of the Central Examination Centre	Milestone	Award of the public contract(s) for the renovation and development of the Central Examination Centre	Notification of award of public contract(s)				Q4	2023	The public procurement procedures for the renovation and development of the Central Examination Centre shall be carried out and the public contracts shall be awarded. The scope of the contracts shall include the renovation of the Central Examination Centre's building, including the redesign and equipping of the classrooms, examination rooms and workshops, and service rooms. At least 20% of the budget of the measure shall be allocated to energy efficiency renovation, which shall result in at least 30% primary energy savings or at least 30% reduction in greenhouse gas emissions.
47	C2.I5 Development of the Central Examination Centre	Milestone	Completion of the Central Examination Centre	Entry into operation of the Central Examination Centre				Q1	2026	The development of the Central Examination Centre shall be completed and the centre shall enter into operation. It shall be the central examination centre established in Budapest to create the conditions for high-quality professional examination, covering at least 30 professions and professional qualifications for which the network of accredited examination centres does not ensure appropriate territorial coverage at regional level.

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	
48	C2.I6 Establishment of national research and development laboratories	Target	Setting up of additional national laboratories in five thematic research areas		Number	15	29	Q2	2022	14 additional national laboratories shall be set up in consortia consisting of higher education institutions, research institutes, companies and other public actors (such as National Food Chain Safety Office and Hungarian Meteorological Service). National laboratories shall be organised around research themes in the thematic areas of safe society and environment; health; industry and digitalisation. The laboratories shall be set up with the objective to contribute to strengthening the Hungarian innovation ecosystem.
49	C2.I6 Establishment of national research and development laboratories	Milestone	Report on the performance of national laboratories	Publication of the report by the National Research, Development and Innovation Agency				Q2	2026	A report on the performance of the national laboratories set up under this measure shall be prepared and published by the National Research, Development and Innovation Agency. The report shall provide information about the activities of the national laboratories concerned, including at least the following elements (i) the activities and outcomes of the laboratories in the field of research in which they were active, including the global challenge they addressed at national level, (ii) the composition of consortia (public and private partners), and (iii) how these national laboratories contributed to strengthening the Hungarian innovation ecosystem. The report shall also evaluate the effectiveness of the national laboratories in supporting research and innovation activities in the economy, and make recommendations for improving research support.

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 housing part of principle 19 of the European Pillar of Social Rights and to principle 20 on access to essential services.

To this end, the component aims to (i) build and renovate social houses to improve access to appropriate housing conditions; (ii) establish social solar power plants; (iii) promote employment and skills development based on local specificities and the strengthening of the local economic culture; and (iv) 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 and adequate housing for all (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.R1: Creating framework conditions for an effective integrated support to the most disadvantaged settlements

The objective of the measure is to support the effective and transparent implementation of the Catching up Settlements programme, which aims to develop the most disadvantaged settlements in Hungary and address key socio-economic challenges of their inhabitants.

The measure shall consist of two actions to establish framework conditions for the implementation and monitoring of the Catching-up Settlements programme. First, the non-governmental organisations implementing the various elements of the programme shall be selected through a transparent procedure based on criteria related to professional experience, capacity and merit. The Rules of procedure shall be published on the dedicated website of the Programme. Second, a thematic monitoring committee for the Catching up Settlements programme shall be established to review the results and provide recommendations for further increasing the effectiveness of the programme. The scope of the monitoring committee's review shall cover the relevant interventions – from national and EU funding sources (including ESF+ and ERDF elements) – supporting the programme's objectives in the 300 most disadvantaged settlements. To this end, the membership of the monitoring committee shall include competent ministries and authorities, representatives of municipalities, civil society organisations working on social inclusion and Roma inclusion. The civil society organisations shall be selected based on professional experience, capacity and merit.

The monitoring committee shall meet on a regular basis, at least quarterly. Its documents, including the minutes, shall be published on the dedicated website of the programme.

The implementation of the reform shall be completed by 31 March 2023.

C3.I1: Construction and renovation of social housing, improvement of housing conditions

The objective of the investment is to improve the quality of life and housing conditions of people living in the most disadvantaged municipalities selected under the Catching up Settlements Programme and to alleviate housing poverty, in line with the European Pillar of Social Rights.

The measure shall consist of purchasing and renovating at least 1 600 dwellings, as well as building 400 new houses and renting them out as social houses. The construction of new houses shall take place as centrally as possible within a municipality to make use of dilapidated houses and empty plots of lands. No social housing shall be provided in isolated areas or beyond the populated area of a municipality. New and renovated houses for social purposes may be placed outside the targeted municipalities in a minority of cases, in non-segregated areas with better access to employment and services, but in those cases the social housing stock shall be allocated to people living in those 300 targeted municipalities, who may apply for rental housing through an open call for applications, and may, on a voluntary basis, move in a dwelling outside of their settlement.

As part of the measure, an Intervention Plan shall be prepared and published. This Plan shall provide guidance on the selection of the dwellings to be refurbished and the new social houses to be built. The Plan shall take into account the surveys conducted to map out the needs and the selection of projects shall prevent further risks of segregation and combat existing risks of segregation.

The renovation work shall include interventions such as the renovation of at least one heatable room and one bathroom per dwelling as well as the preparation of safe electricity collection points, building fences, rodent control and use of insecticide. These post-renovation and newly constructed dwellings shall be owned by the organisations implementing the Catching up Settlements Programme for at least 20 years and managed by a social housing agency under a public service contract. The social housing agency, to be selected by an open tender, shall allocate the housing to eligible tenants in the form of a rented property, through a public tender system. New buildings shall comply with Nearly Zero Energy Buildings requirements.

The implementation of the investment shall be completed by 30 June 2026.

C3.I2: Production and use of renewable energy in disadvantaged municipalities

The objective of the investment is to build photovoltaic power plants within or in the proximity of the most disadvantaged municipalities selected under the Catching up Settlements Programme. The production capacity shall be owned by the organisations implementing the Catching up Settlements Programme for at least 20 years. The net revenue generated by the new power plants shall be used for financing various social transfers in kind for households living in energy poverty, in particular families with children below the age of three, such as at least one heated room with electric heating. Families shall be selected through an open selection procedure. As a result of this investment, the living conditions of low-income households are expected to improve. Moreover, the new electric heating shall replace the fossil fuel heating, and the measure is thus expected to also improve air quality in the targeted settlements.

In cases where the network capacity does not allow the investment to take place within the administrative area of targeted municipalities, photovoltaic power plants may also be built outside

the targeted municipalities if technically justified, provided that the revenue generated is used to subsidise the heating of households in the targeted municipalities.

The investment shall result in the installation of a renewable energy production capacity of at least 25 000 kWp to support the annual electricity needs of at least 5 000 vulnerable families.

The implementation of the investment shall be completed by 31 December 2025.

C3.I3: Promoting employment and skills development based on local specificities

The objective of the measure is to nurture local economic development and to create local economic structures focusing on the people living in the 300 most disadvantaged municipalities. This should contribute to reducing the labour market vulnerability of people living in those settlements, increasing their integration in the labour market and improving job opportunities in the targeted municipalities. The measure shall make use of a broad set of instruments for economic development interventions based on action plans and economic development strategies derived from local diagnoses. The launch of economic development interventions shall build on field social work and the network of local social helpers.

This investment shall consist of the participation of at least 10 000 persons in labour socialisation programmes. Such programmes shall include training, personal mentoring, personalised services and a minimum six-month employment experience. More specifically, these programmes shall support the integration of working age people living in the disadvantaged municipalities into the open labour market with training activities, and providing them with intensive and comprehensive mentoring to enter and stay in work. As a result of the measure, the skills and employability of the programme participants is expected to improve, thus contributing to the employment of disadvantaged groups.

The implementation of the investment shall be completed by 30 June 2026.

C3.I4: Community-oriented pedagogy

The objective of the measure is to improve learning outcomes and participation rates in education in the most disadvantaged areas by providing pupils targeted support and involving their families in school life.

This measure shall provide inclusive pedagogical developments in at least 100 public education institutions in the most disadvantaged municipalities selected under the Catching up Settlements Programme. The support shall include social diagnoses for public education institutions, extended school programmes and scholarships for secondary education in educational tracks that lead to ‘matura’ (high-school diploma). The measure shall prevent further educational segregation and combat existing educational segregation.

The implementation of the investment shall be completed by 30 June 2026.

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	
50	C3.R1 Creating framework conditions for an effective integrated support to the most disadvantaged settlements	Milestone	Transparent selection of the organisations that shall implement the various elements of the Catching-up Settlements Programme	Publication of Rules of procedure for the selection of implementing organisations				Q4	2021	Rules of procedure shall ensure a transparent selection of non-governmental organisations and other organisations that shall implement the various elements of the Catching-up Settlements Programme. The Rules of procedure shall be published on the dedicated website of the Catching-up Settlements Programme. Selection shall be based on criteria related to professional experience, capacity and merit.
51	C3.R1 Creating framework conditions for an effective integrated support to the most disadvantaged settlements	Milestone	Establishment of a monitoring committee for the support for the most disadvantaged settlements					Q1	2023	A thematic monitoring committee shall be established for the Catching up Settlements programme, including its ESF+ and ERDF elements, possibly together with other similar social inclusion programmes. The committee shall review the results and provide recommendations for further increasing the effectiveness of the programme. Members of the monitoring committee shall include competent ministries and authorities, representatives of municipalities, civil society organisations working on social inclusion and Roma inclusion. The civil society organisations shall be selected based on professional experience, capacity and merit. The monitoring committee shall meet at least quarterly. Its documents, including the minutes shall be published on the dedicated website of the programme.
52	C3.I1 Construction and renovation of social housing, improvement of housing conditions	Milestone	Adoption of an intervention plan based on housing diagnoses for the settlements involved	Publication of the intervention plan on the dedicated website				Q2	2022	An Intervention Plan shall be adopted by the main organiser of the Catching-up Settlements Programme to identify the renovation needs and the settlements where new social houses shall be built or purchased. New and renovated houses for social purposes may exceptionally be placed outside the 300 most disadvantaged municipalities (in non-segregated areas with better access to employment and services), but in those cases the social housing stock shall be allocated to people living

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 those 300 targeted municipalities, who may apply for rental housing through an open call for applications, and may, on a voluntary basis, move in a dwelling outside of their settlement. The plan shall take into account the surveys conducted to map the needs and the selection of projects shall not generate segregation risk. The plan shall be published on the dedicated website of the Catching-up Settlements Programme.
53	C3.I1 Construction and renovation of social housing, improvement of housing conditions	Target	Refurbishment of dwellings		Number	0	800	Q4	2024	Purchasing and renovation of at least 800 dwellings selected according to the published Intervention Plan and rent them out as social houses. This includes interventions such as renovation of at least one heatable room and one bathroom per dwelling as well as preparation of safe electricity collection points, building fences, rodent control, insecticide. These post-renovation dwellings shall be owned by the organisations implementing the Catching up Settlements Programme for at least 20 years and managed by a social housing agency under a public service contract. The social housing agency shall allocate the housing stock to eligible tenants in the form of a rented property, through a public tender system.
54	C3.I1 Construction and renovation of social housing, improvement of housing conditions	Target	Refurbishment of additional dwellings		Number	800	1 600	Q2	2026	Purchasing and renovation of at least 800 additional dwellings selected according to the published Intervention Plan. This includes interventions such as renovation of at least one heatable room, one bathroom per dwelling, preparation of safe electricity collection points, building fences, rodent control, insecticide. These post-renovation dwellings shall be owned, managed and rented to eligible tenants according to specifications in milestone 53.

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	
55	C3.I1 Construction and renovation of social housing, improvement of housing conditions	Target	Construction of new social housing		Number	0	200	Q4	2024	Construction of at least 200 new social dwellings based on the published Intervention Plan. New buildings shall comply with the Nearly Zero Energy Buildings requirements. The construction of new houses shall take place as centrally as possible within a municipality to make use of dilapidated houses and empty plots of lands. These newly constructed dwellings shall be owned, managed and rented to eligible tenants according to specifications in milestone 53.
56	C3.I1 Construction and renovation of social housing, improvement of housing conditions	Target	Construction of additional new social housing		Number	200	400	Q2	2026	Construction of at least 200 additional new social dwellings based on the published Intervention Plan. New buildings shall comply with the Nearly Zero Energy Buildings requirements. The construction of new houses shall take place as centrally as possible within a municipality to make use of dilapidated houses and empty plots of lands. These newly constructed dwellings shall be owned, managed and rented to eligible tenants according to specifications in milestone 53.
57	C3.I2 Production and use of renewable energy in disadvantaged municipalities	Target	Installation of renewable energy production capacity in or for the benefit of disadvantaged municipalities		kWp	0	12 500	Q4	2023	Renewable energy production power plants shall be built in some of the 300 most disadvantaged settlements, with a production capacity of at least 12 500 kWp. In cases where the network capacity does not allow the investment to take place in catching-up settlements within the administrative area of targeted municipalities, photovoltaic power plants may exceptionally be built outside the 300 targeted municipalities if technically justified, provided that the revenue generated is used to subsidise the heating of households in the 300 targeted municipalities. The production capacity shall be owned by the organisations implementing the Catching up Settlements Programme for at least 20 years. These organisations shall use the net revenue (the difference between the income from energy selling and the expenditures related to the operation of the power plant) of the electricity

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	
										production to support the annual electricity need for heating purposes of at least one heated room for at least 2 500 vulnerable families with children in the 300 settlements, via an open tender. A separate accounting is maintained by the owner for the purposes of recording and reporting about the revenues, expenditures and redistributed financial supports linked to the operation of the power plants.
58	C3.I2 Production and use of renewable energy in disadvantaged municipalities	Target	Installation of additional renewable energy production capacity in or for the benefit of disadvantaged municipalities		kWp	12 500	25 000	Q4	2025	Additional renewable energy production power plants shall be built in some of the 300 most disadvantaged settlements, with a production capacity of at least 12 500 kWp. In cases where the network capacity does not allow the investment to take place in catching-up settlements within the administrative area of targeted municipalities, photovoltaic power plants may exceptionally be built outside the 300 targeted municipalities if technically justified, provided that the revenue generated is used to subsidise the heating of households in the 300 targeted municipalities. The production capacity shall be owned by the organisations implementing the Catching up Settlements Programme for at least 20 years. These organisations shall use the net revenue (the difference between the income from energy selling and the expenditures related to the operation of the power plant) of the electricity production to support the annual electricity need for heating purposes of at least one heated room for at least 2 500 (additional to the previous target) vulnerable families with children in the 300 settlements, via an open tender. A separate accounting is maintained by the owner for the purposes of recording and reporting about revenues, expenditures and redistributed financial supports linked to the operation of the power plants.
59	C3.I3 Promoting	Target	Participation in labour		Number	0	4 000	Q4	2023	At least 4 000 persons from the targeted settlements

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	
	employment and skills development based on local specificities		socialisation programmes							shall participate in labour socialisation programmes, which include training, personal mentoring, personalised services and a minimum six-month employment. Public works participation shall not count as employment under this investment.
60	C3.I3 Promoting employment and skills development based on local specificities	Target	Additional participation in labour socialisation programmes		Number	4 000	10 000	Q2	2026	At least 6 000 additional persons from the targeted settlements shall participate in employment programmes, according to the specifications in target 59.
61	C3.I4 Community-oriented pedagogy	Target	Pedagogical development of public education and vocational training institutions in the selected settlements		Number	0	40	Q4	2023	At least 40 public education and vocational training institutions in selected settlements shall benefit from inclusive pedagogical development. Support shall include social diagnoses for public education institutions, extended school programmes, scholarships for secondary schools leading to 'matura', application of community-oriented teaching methods, and career guidance.
62	C3.I4 Community-oriented pedagogy	Target	Pedagogical development of additional public education and vocational training institutions in the selected settlements		Number	40	100	Q2	2026	At least 60 additional public education and vocational training institutions in selected settlements shall benefit from inclusive pedagogical development. Support shall include social diagnoses for public education institutions, extended school programmes, scholarships for secondary schools leading to 'matura', application of community-oriented teaching methods, and career guidance.

D. COMPONENT 4: WATER MANAGEMENT

This component of the Hungarian recovery and resilience plan aims at addressing the challenges that Hungary faces with water management, in particular related to the risk of drought. 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 effective monitoring system at local and national levels and through the establishment of new sustainable water management communities. The component also includes measures aiming at improving the security of water supply in the Hanság Natura 2000 site and at launching a reflection and at implementing measures in order to accelerate climate adaptation measures in water management, notably through the deployment of nature-based solutions.

The measures of this component focus mostly on protecting groundwater resources, and ensuring ecologically appropriate retention of water resources. Improving Hungary's water management monitoring system by increasing the number of monitoring stations is expected to contribute to a better management of water abstraction by the relevant authorities.

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).

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

The objective of the reform shall be to broaden the scope of existing farmers' associations, also called "Irrigation communities", into "Sustainable water management communities" focusing on sustainable water management practices and sustainable climate adaptation solutions. To this end, Act CXIII/2019 and Government Decree No 302/2020 shall be amended to extend the scope of the existing farmers' associations. New "sustainable water management communities" shall be established to promote sustainable water management solutions (among others, water retention) and exchange of best practices. The reform shall also launch information campaigns in the form of information sessions organised by the Ministry of Agriculture so that newly established "sustainable water management communities" as well as all already existing communities improve their awareness of the importance of sustainable water management and gain the know-how of effective solutions for its implementation.

The reform shall include a minimum of 50 000 hectares of arable land undergoing changes to water saving agricultural practices[1].

The implementation of the reform shall be completed by 31 March 2026.

C4.I2: Establishment of a monitoring system[2]

[1] Infiltration of water from canals through their banks shall not be considered as nature-based solutions.

The objective of the investment shall be to contribute to the sustainable management of water resources. Knowledge of the water flow in surface water courses and other hydrological and water quality parameters of the region is a fundamental prerequisite for sustainable water resource management. Thanks to the investment, actions are expected to be undertaken on the basis of the real-time data from the monitoring systems in the event of a qualitative and quantitative deterioration of the status of water bodies. The use of smart monitoring, IT tools, the interconnection of data systems and the dynamic planning and control function are expected to provide the necessary input information that is necessary for planning.

The investment shall consist of developing a comprehensive monitoring system of water abstractions at local and national levels. This monitoring system shall be used to assess the abstractions both from groundwater and surface water.

This investment shall include the construction of surface hydrographic stations, the installation of state-of-the-art hydrographic monitoring equipment, and the further development of underground monitoring systems through the construction of new ground water level detection wells, which are built with an integrated pressure probe for remote detection systems.

The implementation of the investment shall be completed by 31 December 2025.

C4.I3: Nature protection

The investment shall be carried out in the Hanság area of the Rábaköz-Tóköz water system, in order to improve the water balance of the Natura 2000 area and to make its ecological water replenishment more secure and to improve the retention of surface and groundwater. The objective of the investment shall be to protect and improve the ecological status of protected and Natura 2000 habitats in Hanság in the 4950 ha target area by improving the groundwater and surface water storage capacity.

The main activities of the investment shall focus on upgrading the canal system previously developed to ensure a balanced water supply. With the conservation objectives of land management in mind, the planned activities shall include the necessary renovation of some sections of the riverbed and treatment strips, the renovation of structures for water control and retention and the construction of new structures.

The investment shall contribute to an increased retention and a more conservative management of locally available water resources. It is expected to ensure the ecological conditions necessary for the protection of wetland ecosystems hosting habitats and species of community interest.

Retention of water received through precipitation or from upstream natural watercourses shall be given a priority. The design of the project shall include substantial nature-based solutions for water retention[3], wetlands and peatlands restoration, in particular N02 (wetland restoration and management) and N13 (restoration of natural infiltration to groundwater)[4]. Overall, the design shall prioritise the use of nature-based solutions, based on best practices.

---

[2] The description of this component starts with Investment C4.I2 *Establishment of a monitoring system* as Investment C4.I1 *Construction of main water replacement systems, development of new networks and systems* has been removed in the context of the revision of the plan.

[3] Such nature-based solutions include, based on *NWRM report – 53 NWRM illustrated* : N01 – Basins and ponds that infiltrate slowly the rains or runoff water towards the groundwater; N02 – Wetland restoration and management; N03 – Floodplain restoration and management; N04 – Re-meandering; N05 – Stream bed re-naturalization; N06 – Restoration and reconnection of seasonal streams or temporary streams; N07 – Reconnection of oxbow lakes and similar features; N13 – Restoration of natural infiltration to Groundwater.

[4] Infiltration of water from canals through their banks shall not be considered as nature-based solutions.

All projects likely to have significant effects on the environment shall be subject to an Environmental Impact Assessment (EIA) in accordance with Directive 2011/92/EU, as well as to relevant assessments in the context of Directive 2000/60/EC. Required mitigation measures shall be integrated into the projects. The requirements of these projects, as set out above, may be deviated from to the extent necessary to comply with required mitigation measures.

A climate risk analysis shall be undertaken.

The investments shall also comply with the provisions of Directive 2009/147/EC on the conservation of wild birds (Birds Directive) and Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora (Habitats Directive).

Where water is abstracted, a permit shall be granted by the relevant authority. Water abstraction shall be avoided where the concerned water bodies are, or are projected to be, in less than good status or potentially good status.

Hungary shall achieve good ecological status of the surface and groundwater bodies affected by the investment by 31 December 2025 (or if good status has been achieved it shall not have been deteriorated).

The implementation of the investment shall be completed by 30 June 2026.

C4.R2: Accelerating climate adaptation measures in water management

The purpose of this reform shall be to engage different stakeholders on the matter of sustainable water management. In order to adapt to climate change, the reform shall focus on reaching new public consensus regarding land use.

As a first step, a taskforce shall be set up to assess the current national climate situation, with the participation of international experts. The report produced by the taskforce shall include recommendations and shall be presented for public consultation and in international fora. Based on those recommendations and exchanges, an action plan shall be developed and implemented, including any necessary legislative amendments.

The implementation of the reform shall be completed by 30 June 2025.

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	
63	C4.R1 Awareness-raising	Milestone	Amendment of Act CXIII/2019 on irrigation farming and of Government Decree No 302/2020	Entry into force of legislative amendments				Q2	2023	Act CXIII/2019 and of Government Decree No 302/2020 shall be amended to extend the scope of the existing associations of farmers called “irrigation communities” – "öntözési közösség" into “sustainable water management communities”. Their missions shall be extended beyond irrigation matters to focus on sustainable water management practices, sustainable climate adaptation solutions and micro-regional water supply and demand measuring. They shall also regularly assess information provided by the authorities on the condition of water bodies and provide regular information on water abstraction, water supply and water demand projects. Current membership shall be adjusted accordingly.
64	C4.R1 Awareness-raising	Target	Establishment of sustainable water management communities		Number	0	100	Q3	2024	100 new “sustainable water management communities” (as defined by the new legislative framework) shall be established. Existing communities shall be adapted to the new legal framework.
65	C4.R1 Awareness-raising	Milestone	Organisation of information sessions	Planned information sessions are completed				Q4	2025	Information sessions shall be organised by the Ministry of Agriculture for all new sustainable water management communities as established pursuant to target 64 as well as for all existing communities as adapted to the legal framework pursuant to target 64. These information sessions shall raise awareness on the importance of sustainable water management practices, of natural water retention solutions, on the use of efficient agricultural techniques and of less intensive crops.
66	C4.R1 Awareness-raising	Target	Hectares of arable land having undergone changes to water		Number of hectares	0	50 000	Q1	2026	50 000 hectares of arable land at the national level shall have undergone at least one of the following: (i) applied measures to increase the organic matter content of soils; (ii) switched to less water demanding/more drought

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	
			saving agricultural practices							resistant crops; (iii) use arable land for nature-based water retention; (iv) drip irrigation techniques and use of recycled water for irrigation. In addition, at least 75% of the abovementioned 50 000 hectares of arable land shall have undergone one of the practices (i), (ii) and/or (iii).
67	C4.I3 – Nature protection	Milestone	Achieving good ecological status of the surface and groundwater bodies affected by investment 3.	Publication of results on the website of the national water authorities				Q4	2025	Monitoring of the water bodies concerned by investment 3 shall have been carried out in order to ensure that the surface and groundwater bodies affected by the investment under the recovery and resilience plan are in good ecological status (or that if good status has been achieved it has not deteriorated). Good ecological status of the relevant water bodies as defined in the Water Framework Directive 2000/60/EC shall be achieved.
72	C4.I2 Establishment of a monitoring system	Milestone	Comprehensive monitoring system at local level	Completion				Q4	2024	A comprehensive monitoring system of groundwater and surface water (quantitative and qualitative status) has been put in place at local level in line with the recommendations of the Groundwater Monitoring Guidelines (Guidelines 15, Common Implementation Strategy, Water Framework Directive 2000/60/EC). The increase in remote monitoring stations shall cover the regions where the investments under this component are being implemented. The data from the monitoring system shall be made publicly available. Data from the local monitoring system shall be used to assess water abstractions from both groundwater and surface water in areas affected by the investments supported under the plan. Based on real-time data, the monitoring system shall be used as a tool to ensure that immediate action is taken in the event of a deterioration in water quality or quantity
73	C4.I2 Establishment of a monitoring system	Milestone	Comprehensive monitoring system at national level	Completion				Q4	2025	A comprehensive monitoring system of groundwater and surface water (quantitative and qualitative status) has been put in place at national level in line with the recommendations of the Groundwater Monitoring

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	
										Guidelines (Guidelines 15, Common Implementation Strategy, Water Framework Directive 2000/60/EC). The data from the monitoring system shall be made publicly available. Based on real-time data, the monitoring system shall be used as a tool to ensure that immediate action is taken in the event of a deterioration in water quality or quantity.
74	C4.I2 Establishment of a monitoring system	Target	Development of a comprehensive monitoring system at national level		Number of equipments installed	0	90	Q4	2025	The project shall include the construction of at least 30 new surface hydrographic stations and the drilling of more than 60 new wells to improve the subsurface monitoring system. The data produced by the monitoring system shall be made publicly available in a timely manner.
75	C4.I3 Nature protection	Milestone	Design of the project "Improving the security of ecological water supply in the Hanság Natura 2000 site"	Adoption of the design				Q2	2023	Adoption of the design of the project aiming at improving the security of water supply in the Hanság Natura 2000 site. The design of the project shall include substantial nature-based solutions for water retention, wetlands and peatlands restoration, in particular N02 – wetland restoration and management, and N13 – restoration of natural infiltration to groundwater. Overall, the design shall prioritise the use of nature-based solutions, based on best practices. A description of the nature-based solutions integrated in the project shall be provided, as well as a justification for situations where nature-based solutions could not be taken up in the design of the project. The infiltration of water from canals through their banks shall not be considered as nature-based solutions. An EIA shall be completed in accordance with Directive 2011/92/EU, as well as relevant assessments in the context of Directive 2000/60/EC and Directive 92/43/EEC. Any measures identified in the framework of

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	
										the EIA and the assessment under Directive 2000/60/EC and Directive 92/43/EEC shall be integrated into the project. Where water is abstracted, a relevant permit shall be granted by the relevant authority. Water abstraction shall be avoided where the concerned water bodies are, or projected to be in less than good status or potentially good status.
76	C4.I3 Nature protection	Milestone	Completion of the project "Improving the security of ecological water supply in the Hanság Natura 2000 site"	Completion report				Q2	2026	Completion report of the investment developed to improve the security of ecological water supply in the Hanság Natura 2000 site. It shall demonstrate that the project has been completed, in line with the design of the investment. The report shall include an assessment of the use of nature-based solutions for water retention, wetlands and peatlands restoration.
77	C4.I3 Nature protection	Target	Increase in the combined coverage of hectares of green infrastructure or protected or Natura 2000 sites targeted by restoration of natural hydrology		Number	0	4 950	Q2	2026	The combined coverage of green infrastructure, protected or Natura 2000 sites targeted by restoration of natural hydrology shall increase by 4 950 hectares. This is measured by the number of hectares restored in line with the conservation objectives and in accordance with the provisions of Directive 2009/147/EC on the conservation of wild birds (Birds Directive) and Directive on the conservation of natural habitats and of wild fauna and flora 92/43/EEC (Habitats Directive (Habitats Directive). In addition, the Ferto-Hanság National Park Directorate shall provide an assessment report on the impact of the investment on the restoration of wetlands and peatlands in view of the conservation objectives of the Natura 2000 site, including the hydrology and the improvement of the status of habitats and species.
78	C4.R2	Milestone	Report of the	Publication of				Q4	2023	A task force on sustainable water management shall be

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	
	Accelerating climate adaptation measures in water management		taskforce on sustainable water management	the report						set up, including notably international experts recognised in the field of sustainable water management practices and nature-based solutions. The task force shall publish a report including recommendations on: increased preparedness and response to extreme weather events; monitoring of climate adaptation strategies (including policy framework and governance structure); improvement of adaptation knowledge and environmental awareness and on improvement of the use of climate adaptation interventions such as nature-based solutions.
79	C4.R2 Accelerating climate adaptation measures in water management	Milestone	Implementation of an action plan building on the recommendations developed by the task force	The action plan is implemented				Q2	2025	The report produced by the task force shall be presented for public consultation and in international forums. Based on those recommendations and exchanges, an action plan shall be developed and published. Its implementation shall be completed, including any necessary legislative amendments.

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, emissions and accidents) 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 and road freight. 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 are 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 in the region of Budapest and in the TEN-T corridor, the purchase of zero emission buses for public transport, the modernisation of the management system of railway lines, and the introduction of a uniform price and information system for public transport.

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: Capacity building of suburban rail network

The objective of the investment is to increase the attractiveness of public transport by rail around and in Budapest through the modernisation of 46 km of railways on the following sections of three main suburban railway lines (HÉV):

- Szentendre – Pomáz – Budakalász –Békásmegyer (H5);
- Ráckeve – Tököl – Szigetszentmiklós –Milleniumtelep(H6);
- Csepel – Kvassay Bridge (H7).

The HÉV system is a stand-alone light rail system, in suburban/urban environment, which shall be upgraded in order to tap its full potential. The investment shall consist of the upgrade of the railway tracks and shall also include the modernisation of stops and stations along these lines, replacement of traction system , the installation of new B+R bicycle storage facilities and the creation of new intermodal hubs.

The implementation of the investment shall be completed by 30 June 2026.

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

The objective of the investment is to channel long-distance freight traffic towards low CO2 emission modes and to improve the use of long-distance freight and passenger transport by removing bottlenecks and capacity constraints in the rail TEN-T network.

The investment shall consist of upgrading significantly two electrified railway sections:

- The 11 km long Almásfüzitő-Komárom line section is a critical narrow section currently subject to constant slow signals. The investment shall allow an increased speed on this section (authorised speed of 160 km/h). It shall also include the construction or upgrading of respectively missing or outdated passenger transport facilities, such as overpasses or pedestrian crossings. The implementation of this action shall be completed by 31 March 2026.
- The investment shall reconstruct the 30.3 km long railway Békéscsaba – Lőkösháza section to allow an increased speed on this section (authorised speed of 160 km/h), including the extension of the line to two tracks and a complete overhaul with the development of ETCS L2 train control and the modernisation of Kétegyháza and Lőkösháza stations. The implementation of this action shall be completed by 30 June2026.

C5.I3: Development of zero-emission bus transport

The objective of the investment is to renew and decarbonise the public transport fleet in Hungary through the provision of zero emission buses in alignment with the Clean Vehicle Directive.

The investment shall consist of the replacement by local authorities or public service operators of 300 buses using fossil fuels by new electric buses and in the construction of the same number of recharging points in the framework of the Green Buses Programme. The financial support shall be provided in the form of a grant to municipalities or service operators (which shall be eligible in all cities with more than 25 000 inhabitants) after a call for proposals. The buses shall be used for the provision of public passenger transport services under public service contracts. The vehicle safety systems of the buses purchased shall meet EU requirements.

The implementation of the investment shall be completed by 31 December 2025.

C5.I4: Deployment of central traffic management on TEN-T railways

The objective of the investment is to improve the reliability and the security of the rail network through the deployment of a centralised management system, improving its efficiency and ultimately its attractiveness.

The investment shall consist of the construction of a central traffic management system (KÖFI) for 239 km of main suburban and national railway lines, with computer support and real-time train information. The investment shall cover the railway line 70, part of the TEN-T comprehensive network, and the railway lines 100a and 80, part of the TEN-T core network. It shall provide control staff with real-time monitoring of train running information, improving train traffic control from a single centre. The investment is expected to increase the robustness of the sections of the railway line concerned, to ensure the traffic flow, to make use of scheduling reserves, to increase the capacity to pass through, and to ensure uniform audiovisual passenger information.

The implementation of the investment shall be completed by 30 June2026.

C5.I5: Development of tram and trolleybus system of Budapest

The objective of the investment is to improve the transportation infrastructure of Budapest through purchasing new trams and refurbishing tram and trolleybus infrastructures. The investment aims to improve travelling conditions, increase transport capacity, and to provide greater territorial coverage with the use of new vehicles.

The investment shall support the purchase of new, energy efficient vehicles with zero direct tailpipe CO2 emissions to replace the old vehicles. The investment shall also support the infrastructure related to the tram and trolleybus systems by refurbishing a number of important elements of the transport infrastructure such as stops, stations, tracks and other smaller-scale developments.

The implementation of the investment shall be completed by 30 June 2026.

C5.R1: Deployment of a single national tariff, ticketing and passenger information system for bus and rail by the National Public Transport Authority

The objective of this reform is to facilitate the use of public transport in a multimodal manner, by enabling an easier combination of rail and bus transport services through the deployment of a single tariff, ticketing and passenger information system by the newly established National Public Transport Authority at national level.

The reform shall consist of the introduction of a single national system for tariffs, ticketing and passenger information for the various modes of public transport (local and inter-urban buses and trains) through digital means. The infrastructure for the delivering of e-tickets is not part of this reform and is not funded under the recovery and resilience plan.

The reform shall put in place the relevant regulatory framework. A National Public Transport Authority shall notably be established and a new regulation shall set the institutional framework in terms of methods and procedures for the new tariff system, the ticket schemes and passenger information availability.

The reform shall also put into operation the necessary ticketing infrastructure, notably ticket vending machines, a platform for real time travel and tariff information included train, bus and local transport, an OpenData portal containing passenger transport data and a real-time passenger information system.

The reform shall enable users to purchase tickets for the whole country, request timetable information and check the current traffic situation via a single platform. The resulting system shall treat all rail-bus interchange journeys as a single entity, provide aggregated information and issue a single ticket for the entire route. Timetable and real-time information shall be publicly available and displayed in train and bus stations.

The system shall be non-discriminatory and based on data exchange formats compliant with EU requirements (Commission Delegated Regulation (EU) 2017/1926) and shall be in accordance with the tasks of the National Public Transport Authority on all levels and service area of the regional transport companies.

The implementation of the reform shall be completed by 31 December 2025.

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	
80	C5.I1 Capacity building of suburban rail network	Milestone	Signature of works contracts for the renewal and extension of H5, H6 and H7 lines	Signature of contracts				Q3	2024	Completed open public procurement procedure for the modernisation and extension of suburban railway lines for the following suburban electrified railway sections: — Szentendre – Pomáz – Budakalász – Békásmegyer (H5); — Ráckeve – Tököl – Szigetszentmiklós – Milleniumtelep (H6); — Csepel – Kvassay Bridge (H7). The contracts signed shall include the refurbishment of the track for a total of 46 km (the action does not include the Batthyány tér-Békásmegyer section over a length of 10 km), the electrical power supply (1 500 V DC traction system), the rebuilding of stopping points and crossings.
81	C5.I1 Capacity building of suburban rail network	Milestone	50 % physical readiness for the extension of the suburban rail network	Engineer report confirmed for 50 % physical readiness				Q4	2025	Report of the independent engineer showing the technical progress and the completion of the works contracts signed for: construction and refurbishment of railway lines, stations and stops.
82	C5.I1 Capacity building of suburban rail network	Target	Refurbishment of non-TEN-T railway lines (H5, H6 and H7)		km		46	Q2	2026	Upgraded railway line km on the planned sections in accordance with the technical specifications set out in the public procurement notice. With the investment, a fully modernised suburban high-speed railway infrastructure with the replacement of a 1 500 V DC traction system, lifting speed restrictions.

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	
83	C5.I1 Capacity building of suburban rail network	Target	Refurbishment of railway stations and stops		Number		32	Q2	2026	Completing the upgrading of 22 stops and 10 stations along lines H5, H6 and H7 by providing intermodal connections: P+R car park with at least 1 000 seats. All stops and stations shall be made accessible for groups with specific needs, including high platforms ensuring barrier-free vehicle-platform connections.
84	C5.I1 Capacity building of suburban rail network	Target	New current transformers or complete modernisation of existing current transformers		Number		2	Q2	2026	Installation of new current transformers or complete refurbishment and commissioning of existing current transformers.
85	C5.I1 Capacity building of suburban rail network	Target	New B+R bicycle storage facilities at HÉV stops		Number		1 500	Q2	2026	Installation of new B+R bicycle storage facilities at various HÉV stops and stations for a total of 1 500 bicycles.
86	C5.I1 Capacity building of suburban rail network	Target	New intermodal bus - HÉV hubs		Number		3	Q2	2026	Creation of three intermodal hubs along the renovated HÉV lines in the Budapest agglomeration providing direct transfers for passengers between buses and trains.
87	C5.I2 Rail network congestion switching on TEN-T corridor	Milestone	Signature of a contract for the refurbishment of the railway line (Almásfüzitő-Komárom)	Signature of works contract				Q1	2024	Signature of works contracts for the renewal of the railway line (Almásfüzítő-Komárom section) following an open public procurement procedure.
88	C5.I2 Rail network congestion switching on TEN-T corridor	Target	Placing in service of the renovated railway line (Almásfüzitő-Komárom)		km		11	Q1	2026	The renovated railway line shall be put in service, ensuring a speed of 160 km/h and an axle load of 225 kN over the whole 11 km section of line. It shall include the reconstruction of main road No 1 at a separate level, as well as the modernisation of the overhead contact line and energy supply

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	
										system, making interlocking equipment high speed. It shall also include the construction/upgrading of missing or outdated facilities, including: • Construction of 3.9 km of track • New turnaround installation •Reconstruction of two km of overhead contact line •Five new pedestrian overpasses •Two crossings to be rebuilt •Construction of one overpass for car, pedestrians and cyclists • Construction of noise shading walls.
89	C5.I2 Rail network congestion switching on TEN-T corridor	Milestone	Signature of a contract for the refurbishment of the Békéscsaba-Lőkösháza railway line section	Signature of works contract				Q2	2021	Signature of works contracts for the renewal of the railway line (Békéscsaba-Lőkösháza) following an open public procurement procedure.
90	C5.I2 Rail network congestion switching on TEN-T corridor	Target	Placing in service of the renovated railway line (Békéscsaba-Lőkösháza railway line section)		km		30,3	Q2	2026	The renovated Békéscsaba-Lőkösháza railway line section shall be put in service, ensuring a speed of 160 km/h and an axle load of 225 kN. It shall include the construction of a second parallel track, the development of ETCS Level 2 train control system, and the modernisation of Kétegyháza and Lőkösháza stations.
91	C5.I3 Development of zero-emission bus transport	Milestone	Signature of grant agreements for the purchase of new electric buses and installation of charging points	Signature of grant agreements with municipalities or public passenger transport companies				Q1	2024	Signature of grant agreements concluded with all the selected final recipients (municipalities and public transport service companies in all cities with more than 25 000 inhabitants shall be eligible) as a result of conducting an open and transparent call for proposal and selection process for the purchase of 300 new buses with only electric drive. The selection of final recipients shall ensure that as many obsolete

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	
										vehicles as possible are replaced.
92	C5.I3 Development of zero-emission bus transport	Target	Putting into service of additional electric buses and associated recharging points		Number		100	Q1	2025	100 electric buses and the same number of recharging points put into service replacing at least the same number of old fossil fuel buses.
93	C5.I3 Development of zero-emission bus transport	Target	Putting into service of additional electric buses and associated recharging points		Number	100	300	Q4	2025	300 electric buses and the same number of recharging points put into service replacing at least the same number of old fossil fuel buses.
94	C5.I4 Deployment of central traffic management on TEN-T railways	Milestone	Signature of a contract for the establishment of a central traffic management system	Signature of contracts for works				Q4	2023	Signature of a contract for the construction of a Central Traffic Management System operating on three main railway line sections (70, 100a, and 80) following an open public procurement procedure, including the necessary interlocking equipment and telecommunications parts.
95	C5.I4 Deployment of central traffic management on TEN-T railways	Target	Installation of the Central Traffic Management System operated on suburban and other large railway lines		km		239	Q2	2026	A central traffic management system shall be established. The investment shall include the deployment of central traffic management on the two busiest suburban railway lines in Budapest (70 and 100a) and on a main rural railway line (80) over a total length of 239 km. The investment shall also include the related refurbishment and replacement of signalling equipment, the construction/extension of the overhead line, the construction/extension of KÖFI centres in three locations, the development of a security system (surveillance cameras, lighting), the development of a modern passenger information system, and the construction of the necessary telecommunications data networks.

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	
366	C5.I5 Development of tram and trolleybus system of Budapest	Milestone	Signing of a grant agreement between the Government and City of Budapest on the purchase of trams, trolleybuses and the related infrastructure	Signed grant agreement				Q4	2023	A grant agreement shall be concluded between the Government and the City of Budapest on the purchase of trams. The grant agreement shall provide details on all the deliverables under this investment and the timeline for these.
367	C5.I5 Development of tram and trolleybus system of Budapest	Target	Putting into service the newly purchased trams and the related infrastructure		Number		51	Q2	2026	51 new trams for Budapest, among which 46 shorter and 5 longer shall be purchased and put into operation. Complementary investments related to the purchase of new trams shall be completed: reconstruction of stations including the final stops; the partial refurbishment of carriageways.
368	C5.I5 Development of tram and trolleybus system of Budapest	Target	Putting into service a new power converter for the trolleybus system		Number		1	Q2	2026	A new power converter for the trolleybus system shall be put into service. Trolleybus related infrastructural investments shall be completed including overhead wires for the trolleybuses; wires switches; trolleybus – tram crossings.
96	C5.R1 Deployment of a single national	Milestone	Entry into force of legislation setting	Provision in the legislation				Q2	2023	Entry into force of the modification of the Act on Passenger Transport Services establishing a

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	
	tariff, ticketing and passenger information system for bus and rail by the National Public Transport Authority		up the institutional framework, procedures and processes	indicating entry into force						National Public Transport Authority. Entry into force of legislation and implementing regulations setting up the institutional framework, procedures and processes regarding the tariff system, passenger information procedures, workflows between National Public Transport Authority and public service operators, public service contracts frameworks, and correspondence and emergency management. This legislation shall be in line with regulations on passengers' rights and shall be drafted after analysis of current information security and procedures.
97	C5.R1 Deployment of a single national tariff, ticketing and passenger information system for bus and rail by the National Public Transport Authority	Milestone	Ticketing infrastructure and development of an information platform	Entry into operation of a ticketing infrastructure and availability of the information platform				Q4	2024	Entry into operation of a ticketing infrastructure and related services for OpenData BI system infrastructure. The platform for real time travel and tariff information shall be available on a public platform as well as through an Application Programming Interface.
98	C5.R1 Deployment of a single national tariff, ticketing and passenger information system for bus and rail by the National Public Transport Authority	Milestone	Introduction of an OpenData portal and of a real-time passenger information system	OpenData portal is available for the public and a real-time passenger information system is deployed				Q4	2025	An OpenData portal containing passenger transport data, notably time schedules, real time travel information, tariffs and ticketing shall be made publicly available by the national public transport authority upon registration. Real-time passenger information system, including vehicle occupancy, shall be deployed at train stations, train stops and central bus stations.

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 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 "by stepping up efforts on energy efficiency measures.

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 regulation

The aim of the reform is to improve the legal framework of the Hungarian electricity market by amending Act LXXXVI of 2007 on electricity and by amending certain related government decrees, including Government Decree 273/2007 (X.19), 389/2007 (XII.23) and 299/2017 (X.17).

The present reform foresees the introduction of separate accounting for the electricity fed into the grid and electricity consumed from the grid. Hungary shall introduce this separate accounting system affecting all existing prosumers 10 years after the installation of their solar panel systems.

The implementation of the reform shall be completed by 31 December 2023.

C6.R2: Encouraging the development of onshore wind energy

The objective of the measure is to allow for the development of additional onshore wind power generation capacity in Hungary by removing the existing general restrictions on the installation of wind power plants and by creating 'go to areas' where investments in wind power are encouraged.

The reform shall amend, after public consultation, the currently applicable legislative framework in order to remove unnecessary restrictions on the installation of wind power plants in the country, notably regarding the setback distance for wind turbines (distance between the wind energy installations and residential or other affected areas), wind turbine height (or maximum diameter of windmill rotor blades) and power capacity of turbines. The restrictions shall be eliminated or be defined in such a way as to allow for an effective installation of wind energy power plants and in line with European benchmarks and comparable best practices. The amended regulations may include minimum requirements regarding technical safety, the protection of human and animal health and the environment and local authorities may impose justified requirements. The amended regulations shall not introduce any other impediment, such as restrictions based on size, capacity, or height.

The reform shall also introduce, after public consultation, "go-to areas" for wind power plants in line with the approach of the Commission proposal in COM(2022)222 of 18 May 2022.

"Go-to areas" shall be specific locations that are particularly suitable for installation of wind power plants. These areas shall be defined following objective criteria such as wind energy density or wind speed. The legislation setting up these areas shall also establish specific simplified permitting procedures for the installation of wind power plants in such areas, resulting in easier procedures and shorter deadlines.

The implementation of the reform shall be completed by 31 March 2023.

C6.R3: Improving the permit granting procedures for renewable energy projects

The objective of the measure is to support the deployment of renewable energy projects by facilitating permit granting procedures.

The reform shall put in place an integrated procedure for the environmental protection permit and the construction permit for solar and wind power plants with a built-in capacity above 0.5 MW. This shall ensure a shorter effective time of permitting. Beyond 75 days, the absence of reply by the administration shall result in the granting of authorisation. The reform shall also establish a one-stop-shop, acting as a single contact point for investors for the handling and delivery of such integrated permits.

The reform shall also simplify the grid connection procedures for small photovoltaic installations (below 0.8 kW). For those, only registration before installation shall be necessary, without the need to introduce a permit request. The investor shall not be required to sign a specific contract with the Distribution System Operator (DSO) for the use of the small PV plant, and the registration shall replace the connection contract for the small PV plant. Deadlines for the connection of the small power plant shall not be longer than two months unless the reason for the delay falls outside the competence of the respective DSO.

In order to promote the deployment of solar energy, the recently introduced temporary cessation of the possibility for newly built residential PV systems (up to 50 kVA) to supply power to the grid shall be removed as soon as possible, and no later than by 31 December 2024. For this purpose, the Hungarian Energy and Public Utility Regulatory Authority (MEKH) shall review regularly, at least every six months, this temporary limitation, at a regional level in liaison with the Transmission System Operator (TSO) and DSOs, on the basis of technical and objective criteria. As soon as the result of the evaluation establishes that the grid is capable to integrate the electricity produced, the restriction shall be lifted, at regional level if appropriate.

The implementation of the reform shall be completed by 31 March 2023.

C6.R4: Improving transparency, predictability and availability of the grid connection

The objective of the measure is to increase the transparency and predictability of the coordinated grid connection procedure for weather dependent renewable energy investments, and ultimately to increase the availability of grid connections.

The reform shall amend the relevant legislation on grid connection procedures to ensure a non-discriminatory approach between power generating technologies. Connection requests exceeding connection limits shall always be accepted upon the condition that the investors fulfil the balancing capacity requirements and pay the direct connection fees. The legislation shall define the maximum level of balancing capacity that may be requested. This maximum shall be objectively justified and proportionate, shall not exceed 30% and shall be gradually reduced.

The reform shall also increase the transparency of the grid connection procedure with several actions to raise awareness and foster informed decisions by market participants. These shall include notably the regular publication of accepted and rejected requests, of updated projections for the grid connection capacities and of simplified examples for different connection types, as well as the organisation of information sharing forums for market participants. To improve the effectiveness of the procedure, the TSO and the DSOs shall also create the necessary IT infrastructure to be able to gather and use data from installed smart meters.

The reform shall contribute to Hungary's capability to significantly increase the solar and wind power plant capacity connected to the grid at the national level. A government database shall monitor progress towards corresponding targets.

The implementation of the reform shall be completed by 30 June 2026.

C6.R5: Strengthening energy efficiency requirements

The objective of the measure is to improve energy efficiency of buildings in Hungary, which is expected to contribute to lower energy consumption of buildings and thus to lower exposure to Russian gas.

The reform shall introduce minimum energy efficiency standards (at least 30% energy consumption reduction) for building renovation support schemes financed from EU funds.

The implementation of the reform shall be completed by 31 March 2023.

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

The purpose of the investment is to develop the electricity network with a view to ensuring secure integration of additional capacities to be created by renewable energy sources and increasing the flexibility of the system. In accordance with Hungary's energy policy strategy, Hungary intends to increase the share of renewables in its energy mix and to triple its current domestic solar power plant capacity by 2030. This requires sufficient network access and necessary grid capacity. The transmission and distribution network needs to be developed to be able to meet these challenges.

Thus, the investment shall contribute to the elimination of some of the scarce grid capacities, and to the safe integration of additional production resulting from the increased renewable energy production capacity. The investment shall in particular include development elements, such as high/medium/low voltage network construction and upgrades, new substation installations, substation transformer replacements and expansions, constructions and replacement of controls as well as digitalisation developments.

The completion of the investment that consists of the increased ability of integration of power plants using renewable energy sources to the grid shall result in an ability to integrate an additional power plant capacity of 3 609 MW by 30 June 2026 through actions under the present investment.

The implementation of the investment shall be completed by 30 June 2026.

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 leading to reduced greenhouse gas emissions as well as the reduction of air pollution stemming from outdated heating solutions (such as particulate matter and sulphur dioxide). This measure shall benefit households exposed to higher-than-average risk of energy poverty. For this purpose, the income level of the recipient shall be determined based on one of the following two possibilities: either persons with an income below the national average wage or households with average per capita income below the national average, both established based on statistics from the Hungarian Central Statistical Office.

The measure shall support two types of activities. The first type of activity is the installation of solar panel systems on roof structures for self-consumption. The second type of activity consists of the installation of solar panel systems on roof structures for self-consumption, combined with the replacement of windows, the establishment of storage capacity (maximum 14kWh) and the installation of electric heating (heat pumps, if necessary accompanied by electric heating panels depending on the technical circumstances of the building benefiting from the support). The measure shall benefit 30 974 households, of which at least 7 385 households shall carry out the investment falling under the second type of activity.

The implementation of the investment shall be completed by 30 June 2026.

C6.I4: Installation of grid energy storage facilities for market participants[5]

[5] The investment C6.I3 *Installation of energy storage facilities for the transmission system operator and distribution system operators* has been removed in the context of the revision of the plan.

The objective of this investment is to provide market participants already present or wishing to enter the balancing market (e.g. aggregators, electricity producers and large industrial consumers) with access to technologies that provide a pollution-free flexibility service.

This measure shall support market participants to install grid energy storage facilities.

Recipients shall be selected through an open call for proposal. In the selection process, project proposals to be implemented with different technologies shall be scored and selected on the basis of a cost-benefit analysis, thus ensuring a technology-neutral selection process with a focus on total cost-effectiveness. Recipients shall be required to introduce all or part of the capacity stemming from the subsidised electricity storage facility into the balancing market.

The total capacity of the electricity storage installed as part of the balancing market as a result of this investment shall be at least 885 MWh.

The implementation of the investment shall be completed by 30 June 2026.

C6.I5: Dissemination of smart metering

The objective of the measure is to support the purchase and installation of smart meters.

The application of smart meters is expected to play an important role as an end-to-end tool for the accurate determination of consumer profiles and the optimisation of electricity demand, and their data collection and communication functions shall be exploited in many other areas of application as well. Smart meters shall be remotely controllable, they shall be able to switch the meter's rated output on and off in case of direct measurement, shall be able to provide controllability and have a communication module. The roll-out of smart meters and the flexible tariffs that build on them are expected to provide the basis for demand-side responses in the long term, which is expected to help to build flexibility into the electricity system in the long term.

The national legislation provides for certain type of consumers to have smart meters installed at their place of consumption. Pursuant to Government Decree 273/2007 (X. 19.) on the implementation of certain provisions of Act LXXXVI of 2007 on Electricity, a smart meter needs to be installed for users connected to low voltage in case of annual consumption of 5000 kWh or more; in the case of new connections with a power demand of 3x32 A but not exceeding 3x80 A; and for users who already have a household-sized small power plant or shall install such a system in the future. The investment shall contribute to the dissemination of smart meters.

The recipients of the investment are the distribution system operators, based on a call for priority projects. The distribution system operators shall receive the subsidy in proportion to the number of physical sites required to install smart meters in the geographical areas where they operate.

The measure shall result into a total number of at least 290 680 newly installed smart meters.

The implementation of the investment shall be completed by 30 June 2026.

C6.I6: Energy efficiency investments in public buildings

This investment aims at improving the energy performance of public buildings.

The investment shall lead to an overall reduction in primary energy use through energy efficiency improvements in public buildings with a total floor area of 388 000 square meters, with specific focus on the Budapest region. This shall be achieved by undertaking investments in the energy management of buildings such as by improving building insulation, the thermal performance of buildings, reducing heat loss, modernisation of heating, implementing digital energy management systems to reduce energy demand and/or energy-efficient retrofitting of existing indoor lighting

systems, the use of renewable energy for the public buildings and activities supporting the adaptation of public buildings to climate change. Support for heating systems based on gas shall not amount to more than the maximum of 20% of the overall envelope for this measure.

The implementation of the measure shall be completed by 30 June 2026.

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	
99	C6.R1 Transformation of electricity regulation	Milestone	Entry into force of legislative amendments to the Government Decree 273/2007. (X.19.)	Entry into force of the legislative amendment including gross settlement				Q1	2023	Entry into force of the amendment of the Government decree 273/2007 (X.19) regarding the rules on mandatory gross settlement scheme for prosumers. The decree shall ensure that as of 1 January 2023 prosumers benefiting from public financial support for the installation of their electricity generation units shall account separately the amount of energy produced and the amount of energy consumed.
100	C6.R2 Encouraging the development of onshore wind energy	Milestone	Amending legislation in favour of utilising wind energy	Entry into force of the amended legislation				Q1	2023	Entry into force of the amended legislation removing the unnecessary restrictions on the installation of wind power plants for the entire country. The legislation shall allow an effective installation of wind energy power plants. Specifically, the minimum distance rules in the currently applicable legislation shall be significantly reduced and any minimum distance between the wind energy installations and residential or other affected areas shall not exceed European benchmarks and comparable best practices. The maximum allowable wind turbine height (or maximum diameter of windmill rotor blades) shall be eliminated or increased to be in line with European benchmarks and comparable best practices. No maximum capacity limit per wind turbine shall remain or be introduced. The national legislation may authorise local authorities to impose justified requirements to take into account other legitimate interests, such as other land use, nature or landscape protection. The legislation shall also ensure that spatial planning shall handle wind energy in a similar manner as other sources of renewable energy without any specific restrictions. Public consultation and transparent dialogue with local authorities shall take place before the adoption of the new legislation.
101	C6.R2 Encouraging the development of onshore wind energy	Milestone	Creation of 'go to areas' for wind energy	Entry into force of the relevant legislation				Q1	2023	Entry into force of the regulation defining 'go to areas' for wind power plants and setting up specific simplified permitting procedures for the installation of such power plants in such areas (10 % shorter deadlines for procedures related to granting permits and providing the legal possibility to obtain the statements of the relevant authorities – such as land protection authority, fire

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	
										department – before launching the permission procedure). These 'go to areas' shall be defined, at the minimum, as the areas in the country where the energy density of the wind is at least 500 W/m2 at 150 meters height, or using similar average wind speed value on the condition that the resulting covered area is not smaller. The go-to-areas shall in any event cover the areas currently used for wind turbines so that permitting for repowering is facilitated. Public consultation and transparent dialogue with local authorities shall take place before the adoption of the new legislation.
102	C6.R3 Improving the permit granting procedures for renewable energy projects	Milestone	Integrated procedure for RES permitting	Entry into force of the amended legislation				Q1	2023	Entry into force of the legal and administrative framework for an integrated handling of the provision of the environmental protection permit and the construction permit for weather-dependent renewable - solar and wind - power plants with a built-in capacity above 0.5 MW. The legislative framework shall also ensure a shorter effective time of permitting, by providing that the integrated permit shall be granted within 75 days, and that if no reply of the administration has been forthcoming during that period, the authorisation shall be considered to be granted.
103	C6.R3 Improving the permit granting procedures for renewable energy projects	Milestone	One-stop-shop for RES permitting	Start of operations of a one-stop-shop				Q1	2023	A one-stop-shop shall be operational and have started to offer services to investors interested in setting up weather-dependant renewable - solar and wind - energy power plants. The one-stop-shop shall be a centralised entity at the national level, acting as a single contact point for investors for the handling and delivery of permits.
104	C6.R3 Improving the permit granting procedures for renewable energy projects	Milestone	Simple grid connection of small PV plants	Entry into force of the amended legislation				Q1	2023	Entry into force of the amended legislation allowing for a simplified procedure for the installation and launch of operation, including connection to the grid, for small photovoltaic installations with a maximum built-in capacity of 0.8 kW. The simplified procedure shall take the form of a simple registration. The legislation shall also provide that the deadline for the connection of these small power plants shall not be longer than two months following the complete network request. Delays in ensuring the connection by the respective DSO shall only be allowed in cases where the delay is caused by factors not falling

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	
										under its competence.
105	C6.R3 Improving the permit granting procedures for renewable energy projects	Milestone	Removal of feed-in limitations for households PV	Entry into force of the amended legislation for the regular review of the restriction				Q4	2022	Entry into force of the amended legislation imposing an obligation for the Hungarian Energy and Public Utility Regulatory Authority (MEKH) to review regularly the recently introduced temporary cessation for newly built residential PV systems (up to 50 kVA) to supply power to the grid. The amended legislation shall at least include the following elements: - MEKH shall review at least every six months region by region the adequacy of the temporary limitation in the relevant regions; - this review shall be based on technical information provided by the DSOs and the TSO; - technical and objective criteria for the removal of the restriction shall be set up and published; - MEKH shall publish its reasoned decision per region every six months; MEKH shall inform the government when the assessment based on objective criteria mentioned above reveals that the grid is capable of integrating energy generated by household PVs in view of removing completely this limitation; - the restriction shall be removed in the relevant region as soon as the technical and objective criteria mentioned above are met. The temporary cessation for newly built residential PV systems (up to 50 kVA) to supply power to the grid shall be removed in the entire country at the latest by 31 December 2024.
106	C6.R4 Improving transparency, predictability and availability of the grid connection	Milestone	Increasing predictability of the grid connection procedures	Entry into force of the amended legislation				Q4	2022	The legislation shall be amended to: - ensure that the same connection rules ('coordinated grid connection procedure') apply to all power generating technologies in a non-discriminatory approach; - provide that this process shall be based on objective technological parameters and that it shall be published in advance of the calls; - ensure that TSO and DSOs shall be allowed to reject the

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	
										connection request of weather-dependent renewable - solar and wind - power plants only in a non-discriminatory manner and based on technical criteria, and only if the submitted capacity needs exceed the weather dependent renewable - solar and wind - power plant connection capacity limit and the applicant does not modify the proposed technical conditions of the power plant to ensure the maintenance of the balance of power of the electricity system through providing reserves as balancing services; - provide that for individual requests, investors shall have the certainty that their request is to be accepted upon the condition that they agree to provide a balancing capacity as requested by the TSO/DSOs at the relevant point in time and pay the direct connection fees; - define the maximum level of balancing capacity to be requested in that case. This maximum balancing capacity shall not exceed 30% of the RES capacity to be installed as of 2022. The legislation shall establish a procedure via which the maximum mandatory balancing capacity ratio set in the legislation shall be revised every year on the basis of an analysis of the system imbalance and its main factors, and shall be gradually reduced, taking into account expected investments in the grid and the outcome of the grid connection procedures. The level of the balancing requirement shall be objectively justified and proportionate.
107	C6.R4 Improving transparency, predictability and availability of the grid connection	Milestone	Publication of information on grid connection requests and capacities	Entry into force of the obligation of publication by TSO/DSOs				Q1	2023	The legislation shall be amended to ensure that before issuing a new call and at least every six months, the TSO and DSOs shall publish the anonymised connection requirements of accepted requests and of rejected requests with an associated justification, as well as provide additional information for new connection requests that are possible as a result of all necessary grid investments, including projects funded through the recovery and resilience plan, and updated projections for the grid connection capacities in the coming five years. In addition, simplified examples for different connection types shall

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	
										be published on the internet site of the Hungarian TSO (MAVIR).
108	C6.R4 Improving transparency, predictability and availability of the grid connection	Milestone	Information sharing forums	Setting up the information sharing forums for market participants				Q4	2022	Information sharing forums for market participants shall be organised to support the understanding of the grid connection procedure. A first round of forums shall be organised before the end of 2022, followed by information sharing forums every six months. These forums should be organised prior to the publication of new grid connection calls.
109	C6.R4 Improving transparency, predictability and availability of the grid connection	Milestone	Creation of the IT infrastructure for the use of data from smart meters	Start of operation of relevant databases and IT tools				Q2	2026	The TSO and the DSOs shall create the necessary IT infrastructure to be able to gather and use data from installed smart meters. The data shall be used for increasing the accuracy of the network development plan, as well as for the development of flexible connection and operation options.
110	C6.R4 Improving transparency, predictability and availability of the grid connection	Target	Grid connection authorisation for renewable power plants capacity	Total authorised renewable capacity	MW	3 500	8 000	Q3	2024	A grid connection authorisation executable from the date of granting shall be issued by the DSO or TSO to weather dependent renewable energy - solar and wind - power plants for a total capacity of at least 8 000 MW. The target covers all categories of such power plants (small and large-scale plants), including renewable power plants that are only covered by a registration procedure and are registered.
111	C6.R4 Improving transparency, predictability and availability of the grid connection	Target	Grid connection authorisation for renewable power plants	Total authorised renewable capacity	MW	8 000	10 000	Q2	2026	A grid connection authorisation executable from the date of granting shall be issued by DSO or TSO to weather dependent renewable energy - solar and wind - power plants for a total capacity of at least 10 000 MW. The target covers all categories of such power plants (small and large-scale plants), including renewable power plants that are only covered by a registration procedure and are registered.
112	C6.R5 Strengthening energy efficiency requirements	Milestone	Strengthening energy efficiency requirements for building renovation support schemes	Entry into force of the legislation				Q1	2023	Entry into force of legislation setting up minimum energy efficiency standards for public support schemes for building renovation financed from the EU. The legislation shall at least provide that for renovation support schemes (co-) financed by EU funds, at least a 30% energy consumption reduction shall be achieved in residential, corporate and public buildings. This objective shall be reflected in calls for projects (with an exception of already ongoing published

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	
										programmes for local governments buildings).
113	C6.I1 Classic and smart grid development of transmission system operator and distribution system operators	Milestone	Signature of grant agreements with all authorised on the implementation and support conditions of the development of transmission and distribution grids	Signed grant agreements				Q2	2022	Conclusion of all grant agreements on the implementation and support conditions of the investment between the organisations involved in the investment (the authorised transmission system operator and distribution system operators) and the Managing Authority (Prime Minister's Office). The grant agreements concluded with the transmission system operator and all distribution system operators involved shall lead to creating the ability of integrating an incremental capacity of 2 925 MW of electricity generated by renewables into the electricity network through this investment. The grant agreement shall describe the planned investments, which shall include the development elements, such as high/medium/low voltage network construction and upgrades; new substation installations; substation transformer replacements and expansions; constructions and replacement of controls; and digitalisation developments.
114	C6.I1 Classic and smart grid development of transmission system operator and distribution system operators	Target	Capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)		MW	0	119	Q3	2023	Increased ability of the power grid to integrate additional power plant capacity using renewable energy sources through actions under this investment, which are additional to those to be financed from the non-repayable support under C10.I1c (grants) in section J.1. and from the loans under C10.I1c (loans) in section J.3. The Hungarian Energy and Public Utility Regulatory Authority shall verify it and provide a validation report using a methodology that elaborates the necessary actions on the grid, financed under the recovery and resilience plan, in order to integrate the energy produced by additional renewable energy production capacity.
115	C6.I1 Classic and smart grid development of transmission system operator and distribution system operators	Target	Capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)		MW	119	772	Q3	2024	Increased ability of the power grid to integrate additional power plant capacity using renewable energy sources through actions under this investment, which are additional to those to be financed from the non-repayable support under C10.I1c (grants) in section J.1. and from the loans under C10.I1c (loans) in section J.3. The Hungarian Energy and Public Utility Regulatory Authority shall verify it and provide a validation report using a methodology that elaborates the necessary actions on the grid, financed under the recovery and resilience plan, in order to integrate the energy produced by additional renewable energy production capacity.

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	
116	C6.I1 Classic and smart grid development of transmission system operator and distribution system operators	Target	Additional capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)		MW	772	1749	Q3	2025	Increased ability of the power grid to integrate additional power plant capacity using renewable energy sources through actions under this investment, which are additional to those to be financed from the non-repayable support under C10.I1c (grants) in section J.1. and from the loans under C10.I1c (loans) in section J.3. The Hungarian Energy and Public Utility Regulatory Authority shall verify it and provide a validation report using a methodology that elaborates the necessary actions on the grid, financed under the recovery and resilience plan, in order to integrate the energy produced by additional renewable energy production capacity.
117	C6.I1 Classic and smart grid development of transmission system operator and distribution system operators	Target	Additional capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)		MW	1 749	3 609	Q2	2026	Increased ability of the power grid to integrate additional power plant capacity of a total of 3609 MW using renewable energy sources through actions under this investment. which is in addition to those financed from the non-repayable support under C10.I1c (grants) in section J.1. and from the loans under C10.I1c (loans) in section J.3. The Hungarian Energy and Public Utility Regulatory Authority shall verify it and provide a validation report using a methodology that elaborates the necessary actions on the grid, financed under the recovery and resilience plan, in order to integrate the energy produced by additional renewable energy production capacity.
118	C6.I2 Support for the use of residential solar panels and heating modernisation	Milestone	Launch of the call for proposals for projects regarding the use of residential solar panels and heating modernisation	Publication of the call for proposals on the official website of the Government for calls, including the eligibility conditions and the scope of activities to be supported				Q3	2021	Based on the call for proposals, two types of activities may be supported: (i) only installation of a solar panel system on roof structures for self-consumption or (ii) besides installation of a solar panel system on roof structures, also replacement of windows, installation of storage devices and electric heating system. The eligibility criteria shall include: (i) the technical suitability of the building to host the planned investment (such as condition of the roof and the electricity network installed in the building) and (ii) the income level of the recipient. The income level of the recipient shall be determined based on one of the following two possibilities: either persons with an income below the national average wage or households with average per capita income below the national average, both established based on statistics from the Hungarian Central Statistical Office.

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	C6.I2 Support for the use of residential solar panels and heating modernisation	Target	Number of households equipped with solar panels or equipped with solar panels, storage unit, electric heating system and window replacement (cumulated, number of households)		Number	0	12 234	Q3	2024	Number of households with installed household solar panel systems or equipped with solar panel system, electric heating systems, window replacement and storage unit as a result of the investment. Solar panel system of 4-5 kW on average, storage unit of max 14 kWh, electric heating system of 5-12 kW, window replacement based on standards according to the applicable construction requirements.
120	C6.I2 Support for the use of residential solar panels and heating modernisation	Target	Number of additional households equipped with solar panels or equipped with solar panels, storage unit, electric heating system and window replacement (cumulated, number of households)		Number	12 234	20 684	Q3	2025	Number of households with installed household solar panel systems or equipped with solar panel system, electric heating systems, window replacement and storage unit as a result of the investment. Solar panel system of 4-5 kW on average, storage unit of max 14 kWh, electric heating system of 5-12 kW, window replacement based on standards according to the applicable construction 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	
121	C6.I2 Support for the use of residential solar panels and heating modernisation	Target	Number of additional households equipped with solar panels or equipped with solar panels, storage unit, electric heating system and window replacement (cumulated, number of households)		Number	20 684	30 974	Q2	2026	Number of households with installed household solar panel systems or equipped with solar panel system, electric heating systems, window replacement and storage unit as a result of the investment. Solar panel system of 4-5 kW on average, storage unit of max 14 kWh, electric heating system of 5-12 kW, window replacement based on standards according to the applicable construction requirements. At least 7 385 households of the 330 974 households shall receive not only the solar panel systems, but besides the solar panel system, also electric heating systems, window replacement and storage unit.
126	C6.I4 Installation of grid energy storage facilities for energy market participants	Milestone	Launch of the call for proposals for the implementation and support conditions of storage facilities to be installed for market participants	Publication of the call for proposals on the official website of the Government for calls				Q4	2023	A call for proposals for the implementation and support conditions of storage facilities to be installed for market participants shall be launched. The call shall describe the main principles for the installation of short-term energy storage facilities by market participants, including the technological neutrality towards storage facilities, technical requirements for balancing defined by the transmission system operator and that recipients are required to introduce all or part of the capacity stemming from the subsidised electricity storage facility into the balancing market. In the selection process, project proposals to be implemented with different technologies shall be scored and selected on the basis of a cost-benefit analysis, thus ensuring a technology-neutral selection process with a focus on cost-effectiveness.

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	C6.I4 Installation of grid energy storage facilities for energy market participants	Milestone	Conclusion of all grant agreements on the implementation and support conditions of storage facilities to be installed for market participants	Signed grant agreements				Q2	2024	Grant agreements shall be signed for all the projects selected under the call referred to in milestone 126. The grant agreements shall ensure that recipients are required to introduce all or part of the capacity stemming from the subsidised electricity storage facility into the balancing market.
129	C6.I4 Installation of grid energy storage facilities for energy market participants	Target	Capacity of newly installed energy storage facilities	-	MWh	0	885	Q2	2026	Newly installed electricity storage capacity for market participants with effective capacity measured in MWh.

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	
130	C6.I5 Dissemination of smart metering	Milestone	Launch of a call for priority projects addressed to DSOs for the purchase and installation of smart meters	Publication of the call for priority projects on the official website of the Government for calls				Q4	2022	A call for priority projects addressed to the distribution system operators for purchase and installation of smart meters implementation and support shall be launched. The call shall describe the technical requirements for the installation of smart meters. The distribution system operators shall receive the subsidy in proportion to the number of physical sites required to install smart meters in the geographical areas where they operate.
131	C6.I5 Dissemination of smart metering	Milestone	Conclusion of all grant agreements on the purchase and installation of smart meters	Signed grant agreements				Q2	2023	Grant agreements shall be signed for all the projects selected under the call referred to in milestone 130.

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	
132	C6.I5 Dissemination of smart metering	Target	Newly installed smart meters		Number of smart meters	0	213 297	Q3	2024	New installation of single-phase or three-phase electricity meters with direct connection and communication unit, which are additional to those to be financed from the non-repayable support under C10.I1d (grants) in section J.1. and C10.I1d (loans) in section J.3.
133	C6.I5 Dissemination of smart metering	Target	Additional newly installed smart meters (cumulated)		Number of smart meters	213 297	254 065	Q3	2025	New installation of single-phase or three-phase electricity meters with direct connection and communication unit, which are additional to those to be financed from the non-repayable support under C10.I1d (grants) in section J.1. and C10.I1d (loans) in section J.3.

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	
134	C6.I5 Dissemination of smart metering	Target	Additional newly installed smart meters (cumulated)		Number of smart meters	254 065	290 680	Q2	2026	New installation of a total of 290 680 single-phase or three-phase electricity meters with direct connection and communication unit, which is in addition to those financed from the non-repayable support under C10.I1d (grants) in section J.1. and C10.I1d (loans) in section J.3.
369	C6.I6. Energy efficiency investments in public buildings	Milestone	Launch of a call for proposals for energy efficiency investments in public buildings	Publication of the call for proposals on the official website of the Government for calls				Q4	2023	A call for proposals for energy efficiency investments in public buildings shall be published on the website of the Government. Only projects that achieve at least 30 % reduction in primary energy consumption per building (compared to the baseline situation before the energy performance improvements) shall be eligible under the call, with specific focus on the Budapest region. The call for proposals shall specify that the following types of activities may be supported, related to i) Energy management in buildings: - Improving building insulation, the thermal performance of buildings and reducing heatloss - Modernisation of heating, cooling and domestic hot water systems in buildings; - Implementing digital energy management systems to reduce energy demand; - Energy-efficient retrofitting of existing indoor lighting systems. ii) Increasing the use of renewable energy; iii) Activities to support adaptation to the climate change.

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 selection criteria of the call shall ensure that priority is given to buildings with higher energy saving potential (those with 300 kWh/m2 or above yearly primary energy use) and that no more than 20% of the overall envelope be used to support gas-based heating activities.
370	C6.I6. Energy efficiency investments in public buildings	Milestone	Conclusion and entry into force of all grant agreements for projects regarding energy efficiency investments in public buildings	Signature and entry into force of grant agreements				Q2	2024	Signature and entry into force of grant agreements concluded with all the selected final recipients under the call for proposals referred to in milestone [369] above.

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	
371	C6.I6. Energy efficiency investments in public buildings	Target	Floor area of public buildings having benefitted from energy efficiency improvement		Square meters	0	388 000	Q2	2026	At least 388 000 square meters shall benefit from energy efficiency improvements The primary energy use of the public buildings concerned shall be reduced by 30 % per building. The assessment of primary energy savings per building shall be carried out by registered, independent energy auditors, experts or by registered energy certification service providers. These authorities shall issue an Energy Performance Certificate assessing the achieved energy savings.

G. COMPONENT 7: TRANSITION TO A CIRCULAR ECONOMY

The objective of this component of the Hungarian recovery and resilience plan is to facilitate the transition to a circular economy and contribute to reaching the 2025 and 2030 waste management targets set out in EU legislation. This requires establishing the main legislative and procedural requirements for preparing the Hungarian economy to the transition to the circular economy, including a well-functioning waste management sector. One of the pillars of this process is the renewal of the domestic waste management system. Hungary's circular material use rate is 8.7%, which is below the EU average (12.8%). The recycling rate (municipal waste) – at 33% – is considerably less than the 2025 target.

The measures under this component contribute to the green transition and climate neutrality objectives, as well as to a more developed waste management system in Hungary. They shall support the implementation of investments in chemical recycling of plastic waste that is not suitable for mechanical recycling. They shall also support sustainable growth through the uptake of innovative solutions, such as chemical recycling. The objectives of this component are consistent with the targets of the EU Waste Management Framework.

The component contributes to addressing the Country Specific Recommendations on the need to focus investment-related economic policy on sustainable waste management (Country Specific Recommendation 3 of 2019 and 3 in 2020) and to promote reform and investment on sustainable waste management and the circularity of the economy (Country Specific Recommendation 5 in 2022), which identified the circular economy as an area for improvement, in particular in municipal waste management and in the waste collection and treatment system.

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: Domestic regulation of the transition to a circular economy

The purpose of the reform is to create a sound strategic and legal framework for the transition to the circular economy.

In order to set the strategic framework for the investments, the National Waste Management Plan for the period 2021-2027 as required by the Directive 2008/98/EC on waste shall be adopted and the National Circular Economy Strategy and Action plan, aligned with the OECD recommendations of the ongoing technical support instrument project, shall be finalised. Together, these documents shall constitute the framework for the transition to a circular economy in Hungary.

A further aim of the reform is to create a sound legal environment to efficiently regulate the transition to the circular economy and establish detailed rules for a new waste management model. The changes in the legislative framework shall contribute to creating an enabling environment for waste management in Hungary, in particular by eliminating barriers in the waste management sector, including those related to competition, to establish a competent waste management authority, to regulate the deposit system for beverage bottles and to strengthen the extended producer responsibility legislation. The amendments shall also include a regulation reducing the impact of plastic products on the environment going beyond the requirements of the Directive (EU) 2019/904 on single-use plastics.

The implementation of the reform shall be completed by 30 September 2023.

C7.R2: Awareness raising

The aim of the reform is to provide a coherent national framework communication strategy for local awareness raising measures.

The reform consists in the adoption of a national communication action plan and of a communication strategy. The national communication strategy shall provide a communication framework complementing and providing guidance for local awareness raising measures to inform the general public regarding the higher levels of waste hierarchy (1) prevention, 2) reuse, 3) recycling). The national communication strategy shall also have a particular focus on biowaste, home composting, and separation of waste.

The reform shall be completed by 30 June 2026.

C7.I2: Construction of smart waste collection infrastructure for separate collection and related zero-emission collection vehicles[6]

The aim of the investment is to provide municipalities with infrastructure for the separate collection of waste generated in public spaces.

In the framework of the investment, municipalities shall be provided with underground waste containers, smart bins and zero-emission vehicles for the separate collection of waste, based on their investment needs. A budget for awareness raising measures shall be provided to municipalities.

The implementation of the investment shall be completed by 30 June 2026.

[6] This investment is numbered C7.I2 as Investment C7.I1 *Strengthening a smart, innovative and sustainable waste management industry and secondary raw materials market* has been removed in the context of the revision of the plan.

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	
135	C7.R1 Domestic regulation of the transition to a circular economy	Milestone	Adoption of the National Circular Economy Strategy and Action Plan, and the National Waste Management Plan	Adoption of the National Circular Economy Strategy and Action Plan and of the National Waste Management Plan 2021-27				Q1	2023	The National Circular Economy Strategy and Action Plan (based on the final recommendations of the Technical Support Instrument project implemented by the OECD) shall constitute the framework for the transition to a circular economy and contribute to the EU targets especially on waste recycling. The National Waste Management Plan shall plan the necessary actions to meet the targets on waste referred to in the Directive 2008/98/EC on waste. The development of a separate collection system and an increase in treatment rates shall be reflected in the National Waste Management Plan, which shall regulate the framework to foster waste prevention and to stimulate the return to the wider economic cycle, reduce the amount of waste deposited and reduce the demand for primary raw materials.
136	C7.R1 Domestic regulation of the transition to a circular economy	Milestone	Entry into force of the legislative acts necessary to operationalise waste management practice	Provision in the legislative acts indicating the respective entry into force				Q3	2023	Legislation shall enter into force on the following: - The establishment and detailed rules of the deposit system for beverage bottles; - Setting up a waste management authority to rationalise the waste management sector; - Reducing the environmental impact of certain plastic products (regulating certain single-use plastic products); - Rules of the extended producer responsibility; - Legislation providing proof of the removal of abandoned waste from immovable property and of transport to an appropriate waste treatment place.

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	
372	C7.R2: Awareness raising	Milestone	Adoption of an Action Plan to develop a communication strategy	Adoption of an Action Plan to develop a communication strategy				Q4	2024	A national communication action plan shall be adopted, which shall plan the necessary steps and timeline to develop a communication strategy for the support of the implementation of local awareness raising measures. The national communication strategy shall provide a communication framework complementing, and providing guidance for, local awareness raising measures to inform the general public regarding the higher levels of waste hierarchy (1) prevention, 2) reuse, 3) recycling. The national communication strategy shall also have a particular focus on biowaste, home composting, and separation of waste.
373	C7.R2: Awareness raising	Milestone	The communication strategy is adopted	The communication strategy is adopted				Q2	2026	The communication strategy shall be adopted in line with the requirements under M372.
374	C7.I2 Construction of smart waste collection infrastructure for separate collection and related zero-emission collection	Milestone	Publication of the call for proposals based on the municipalities' investment needs	Publication of the call for proposals based on the municipalities' infrastructure investment				Q1	2024	A call for proposals for the award of waste collection infrastructure open to all Hungarian municipalities shall be published. The conditions for the call shall: • Reflect the infrastructure investment needs of municipalities, determined on the basis of the following criteria:

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	
	vehicles			needs on the official website of the Government for calls						- Existing infrastructure and its age; - the amount of waste generated in public spaces, determined, among others, on the basis of the municipalities' population, the size of public spaces managed and cleaned by municipalities and the intensity of use of such public spaces; - the capacity of the municipalities to treat the additional waste collected. To this end, the call shall ensure that municipalities with the highest investment needs shall receive higher scores in the call procedure; • Require that four underground waste containers be installed per selected site, which shall allow for the separate collection of paper, packaging, biowaste and residual waste; • Require that the smart bins allow for the separate collection of biowaste and residual waste in the selected sites; • Require that the awarded collection vehicles for underground waste containers and smart bins be zero-emission vehicles; • Include an obligation for the municipalities to launch an awareness raising campaign which shall (i) provide information on the new infrastructure and its correct use, 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	
										(ii) raise awareness concerning the higher levels of waste hierarchy (1) prevention, 2) reuse, 3) recycling). To this end, a dedicated budget shall be awarded to the selected municipalities to perform the above awareness raising measures.
375	C7.I2 Construction of smart waste collection infrastructure for separate collection and related zero-emission collection vehicles	Milestone	Publication of a communication guide	Publication of a communication guide				Q4	2025	Publication of a communication guide to support local authorities in their own communication activities in line with the call requirements under M374.
376	C7.I2 Construction of smart waste collection infrastructure for separate collection and related zero-emission collection vehicles	Target	Installation and entry into operation of smart bins		Number	0	930	Q1	2026	At least 930 smart waste bins have been installed and have started operation in the selected municipalities in line with the requirements of the call for proposals under M374.

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	
377	C7.I2 Construction of smart waste collection infrastructure for separate collection and related zero-emission collection vehicles	Target	Installation and entry into operation of underground waste containers		Number	0	860	Q2	2026	At least 860 underground waste containers have been installed and have started operation in the selected municipalities in line with the requirements of the call for proposals under M374.
378	C7.I2 Construction of smart waste collection infrastructure for separate collection and related zero-emission collection vehicles	Target	Purchase and entry into operation of zero-emission vehicles for new waste collection infrastructure		Number	0	111	Q2	2026	At least 32 zero-emission trucks for underground containers under T377 and at least 79 zero-emission trucks for the smart bins under T376 shall have been purchased and have started operation in the selected municipalities in line with the the requirements of the call for proposals under M374.
379	C7.I2 Construction of smart waste collection infrastructure for separate collection and related zero-emission collection vehicles	Taret	Waste collection capacity of the installed infrastructure		Tonnes	0	40 000	Q2	2026	The overall waste collection capacity of the installed infrastructure under targets T376 and T377 shall amount to at least 40 000 tonnes per year.

H. COMPONENT 8: 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; a considerable hospital debt linked to financing problems; 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; (iv) increase the use of information and communication technologies (ICT) to improve the quality and efficiency of healthcare services; and (v) develop a remote health surveillance programme for elderly people.

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).

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

C8.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 shall consist of adopting legislation for introducing a new employment contract for doctors aiming at eradicating gratuity payments and, linked to this, increasing the salaries for doctors and residents employed under the provisions of such contract. Together with the legislated criminalisation of gratuity payments, the measure is expected to eradicate such payments in healthcare services. The effectiveness of the measure is expected to be reinforced by the parallel increases of wages in the healthcare sector (which are financed separately from the RRP).

The impact of the measure shall be evaluated by an independent study whose results shall be made public. The study shall also assess to what extent the reform shall have contributed to improving the attractiveness of the medical doctor profession and the retention of doctors in Hungary.

The implementation of the reform shall be completed by 31 December 2023.

C8.I1: Developing the conditions for healthcare in the 21st century

The objective of the measure is to strengthen in-patient care and its infrastructure. Emphasis is placed on the development of a network of day surgery, out-patient and in-patient care providers

with new and refurbished buildings and modern medical devices that help to increase the efficiency of healthcare, also in view of the possible future occurrence of health crises.

The measure shall consist of four actions. First, the entry into force of legislation to develop a single and transparent new national health management system. Second, the creation of 22 county-level hospital networks with integrated patient pathways, according to a mapping report to be provided by the Ministry of Interior. The integrated patient pathways shall define which institution in the network is responsible for each type of medical intervention within each county-level network of healthcare institutions. Third, at least 40 new or renovated health infrastructure buildings shall receive new and modern healthcare equipment, and newly constructed buildings shall also comply with high energy efficiency requirements. Fourth, an increase in the number of whole blood collection events on mobile collection sites in small settlements.

The implementation of the investment shall be completed by 30 June 2026.

C8.I2: Supporting the digital transformation of health

The objective of the investment is to increase the use of information and communication technologies to enhance the efficiency of the health sector, facilitate access to services and improve the quality of care and services.

The measure shall consist of six actions. First, 65 hospitals shall be equipped with upgraded IT security systems. Second, new databases and disease registers shall become accessible digitally in the Electronic Healthcare Service Space (EESZT). The EESZT is an existing integration platform where all patients' health data can be retrieved, with the right authorisation, through local hospital, general practitioner or pharmacy systems. Third, the proportion of health authority procedures that may be initiated electronically shall increase to 60%. Fourth, the number of telemedicine interventions provided through info-communication tools shall increase. Fifth, new modules shall be launched on the EESZT portal to support supply management and digitised care processes. Sixth, a new central healthcare mobile application (myEESZT) shall be developed and put into operation for households and professional users.

The implementation of the investment shall be completed by 31 March 2026.

C8.I3: Remote health monitoring programme for the elderly

The objective of the investment is to provide remote health surveillance services for elderly people above age 65. The investment is also expected to reduce the de-institutionalisation of long-term care.

The measure shall consist of two actions. First, the entry into operation of dispatching services which shall organise telemedicine services and emergency care for the participants among elderly people above age 65. The system shall allow participants to ask for help from the 24-hour service with their own GSM-based personal emergency call. The dispatching service staff shall have expertise in ambulance or emergency care services. Second, at least 1 500 000 elderly people above age 65 shall be equipped with wearable sensory devices. A dedicated service shall provide a 24-hour surveillance of these elderly people, who shall be able to call the dispatching service in case of medical emergency.

The implementation of the investment shall be completed by 31 December 2025.

C8.I4: Development of primary health care

The objective of the measure is to make primary health care services accessible to as many citizens as possible, in particular by strengthening the role of general practitioners, increasing close-to-home services and relieving the burden of specialised care.

The measure shall consist of four actions. First, a new legal framework shall be adopted for establishing and operating praxis communities of general practitioners. Second, the number of doctors participating in established and operational praxis communities shall be increased. Third, the number of patients enrolled in the Chronic Disease Management Programme, which provides care for clients diagnosed with chronic non-infectious diseases, shall increase. Fourth, the number of patients enrolled in prevention and health promotion programmes shall increase.

The implementation of the investment shall be completed by 31 December 2025.

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	
139	C8.R1 Eradication of gratuity payments in the healthcare sector	Milestone	Entry into force of the Act on Healthcare Service Relationship	Provision in the Act indicating its entry into force				Q4	2020	The Act on Healthcare Service Relationship shall enter into force. The Act shall contain 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. The Act shall transform employment relationships in state-owned healthcare service providers, increasing doctors' salaries and eradicating gratuity payments in the healthcare sector. The legislated change in the employment contract, the elimination and criminalisation of gratuity payments and the salary increase shall aim – as part of a coherent reform – at improving doctors' financial and working conditions and helping staff retention.
140	C8.R1 Eradication of gratuity payments in the healthcare sector	Milestone	Publication of independent study providing evidence on the impact of the implemented healthcare reforms on the practice of gratuity payment	Publication of independent study on the website of the Ministry of Interior				Q4	2023	A study by independent experts, based on objective data such as official statistics and surveys, shall establish whether the implemented reforms have been successful in eliminating the practice of gratuity payment and shall assess the effectiveness of legal provisions criminalising the gratuity payments. It shall also assess to what extent the reform shall have contributed to improving the attractiveness of the medical doctor profession and the retention of doctors in Hungary. The study may include recommendations for further measures to enhance the effect of the reforms.

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	
141	C8.I1 Developing the conditions for healthcare in the 21st century	Milestone	Entry into force of the Government Decree on the tasks of the National Directorate-General for Hospitals	Provision in the Government Decree indicating its entry into force				Q1	2021	The Government Decree on the tasks of the National Directorate-General for Hospitals shall lay down the basis for developing a single and transparent new national health management system.
142	C8.I1 Developing the conditions for healthcare in the 21st century	Milestone	Completing a mapping process for creating county hospital system with integrated patient pathways	Publication of the mapping report in the Official Journal				Q2	2023	The Ministry of Interior shall carry out a mapping process to identify the roles of various institutions in the county-level integrated patient pathways, based on available capacities and demographic trends. The published mapping report shall include the timetable for setting up the county-level hospital networks with integrated patient pathways.
143	C8.I1 Developing the conditions for healthcare in the 21st century	Target	Number of county-level hospital networks with integrated patient pathways		Number	0	22	Q1	2024	The ministerial decision establishing the number of county-level hospital networks with integrated patient pathways shall be published in the Official Journal. County-level hospital networks with integrated patient pathways shall be established, covering the entire area of Hungary. The integrated patient pathways shall define which institution in the network is responsible for each type of medical intervention within each county-level network of healthcare institutions.
144	C8.I1 Developing the conditions for healthcare in the 21st century	Target	Number of whole blood collection events on mobile collection sites in small settlements		Number	0	480	Q1	2026	Organisation of voluntary blood donation in mobile donation units in settlements with population below 3 000.
145	C8.I1 Developing the conditions for healthcare in the 21st century	Target	Entry into operation of new or modernised health infrastructure buildings equipped with new and modern healthcare equipment		Number	0	40	Q2	2026	At least 40 health infrastructure buildings shall be constructed or renovated. The constructed or renovated buildings shall be put into operation after the purchase and installation of modern healthcare equipment. Such equipment may

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	
										include transport equipment used in hospitals, prefabricated modular surgery rooms and surgical tools, hand instruments, childcare tools, diagnostic tools, endoscopy and laparoscopy tools, pathology and laboratory tools, rehabilitation tools, medical image storage and transmission system tools, totalling 140 000 pieces of equipment. This equipment shall be installed and put into operation in, or –as appropriate to the situation - related to, the health infrastructure buildings constructed or renovated under this investment.
146	C8.I1 Developing the conditions for healthcare in the 21st century	Target	Floor area of health infrastructure buildings having benefitted from energy efficiency improvement		Square meter	0	139 701	Q2	2026	At least 139 701 square meters of floor area in the new or modernised health infrastructure buildings referred to in target 145 shall benefit from efficiency improvement. The primary energy demand of any new buildings shall be at least 20% lower than the nearly zero-energy building requirement.
147	C8.I2 Supporting the digital transformation of health	Target	Number of hospitals with an upgraded IT security system		Number	0	65	Q4	2024	At least 65 hospitals shall benefit from upgrades to their IT security systems. In order to count as an institution with upgraded IT security system, the following elements shall be operational in the hospital: adopted IT security governance; a central identity management system; use of the Office Gateway (Hivatali Kapu); the existence of hardware and software inventories; a data backup system; an IT security knowledge centre. The existence of these elements shall be certified through an external audit by IT security experts.
148	C8.I2 Supporting the digital transformation of health	Target	Number of new healthcare databases and disease registers available digitally		Number	0	17	Q1	2026	At least 17 new databases shall be made accessible on the Electronic Healthcare Service Space (Elektronikus Egészségügyi Szolgáltatási Tér - EESZT).

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 new databases may be authenticated or public databases, or medical registers related to different medical specialties.
149	C8.I2 Supporting the digital transformation of health	Target	Increase of the proportion of types of health authority procedures that can be initiated electronically		% (Percentage)	5	60	Q4	2025	The proportion of health authority procedures that may be initiated digitally shall increase to at least 60% by 31 December 2025, compared to 5% in February 2020. Such procedures may be official notifications, authorisation procedures and data collections. Procedures that are currently partially electronic and shall become fully electronic: - Notification of activities involving dangerous substances or compounds (including notification of changes); - Notification of hazardous substances used exclusively for industrial purposes; - Notification of biocidal products; - Notification of activities against public health pests; - Notification of fumigation activities by pest control operators; - Notification of mosquito and rodent control by pest control operators; and - Authorisation of biocidal products under the transitional measures of the Regulation (EU) No 528/2012 of the European Parliament and of the Council concerning the making available on the market and use of biocidal products.
150	C8.I2 Supporting the digital transformation of health	Target	Number of telemedicine services provided via digital tools in a single year		Number	0	690 000	Q4	2025	The number of telemedicine interventions provided annually to patients shall increase up to at least 690 000 in 2025. Such interventions include services provided through telecommunication devices without in-person doctor-patient interaction, such as teleconsultation and diagnostics. The number of

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	
										such interventions shall be recorded by the National Healthcare Service Centre, the institution managing central telemedicine services, as actual care services.
151	C8.I2 Supporting the digital transformation of health	Milestone	New EESZT modules launched to support supply management and digitised care processes	Entry into operation of the new modules				Q4	2025	The following EESZT modules shall be developed and launched: central patient registry; central treatment registry, patient journey planning and resource publication; central patient documentation database; laboratory ordering system. The modules shall be operational and made available to the users.
152	C8.I2 Supporting the digital transformation of health	Milestone	Launch of a central healthcare mobile application (myEESZT)					Q2	2024	The myEESZT mobile application and web framework and their associated personal and professional e-Health functions shall be developed and put into operation for households and professional users. The planned functionalities of the application shall include at least a health diary, educational content and the online booking of appointments for medical visits and treatments.
153	C8.I2 Supporting the digital transformation of health	Target	Number of unique users of the central healthcare mobile application		Number	0	100 000	Q4	2025	The number of unique users of the central healthcare mobile application (myEESZT) shall reach at least 100 000 on 31 December 2025.
154	C8.I3 Remote health monitoring programme for the elderly	Milestone	Launch of the dispatching service for the remote health monitoring programme for the elderly	Entry into operation of the dispatching service				Q3	2022	The dispatching service for the programme shall enter into operation. The location of the dispatching service shall be designated, and the necessary infrastructure and the specialised staff shall be established and operational. The dispatching centre shall receive the incoming emergency calls by the users of the service (elderly people above age 65); it shall have access to the family members, the patient's general

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	
										practitioner, health and social service providers of the patient. The staff of the dispatching service shall communicate with the patients and call relatives or healthcare providers in case of an emergency. The staff shall have expertise in ambulance or emergency care services. The IT system of the dispatching service shall guide the patient and the staff through a questioning protocol in order to ensure a high-quality service.
155	C8.I3 Remote health monitoring programme for the elderly	Target	Number of participants in the remote health monitoring programme for the elderly		Number	0	1 500 000	Q4	2025	At least 1 500 000 participants (elderly people above age 65) in the programme shall be equipped with wearable sensory devices. The service shall provide a 24-hour surveillance of these elderly people, which shall allow them to call a dispatching centre in case of medical emergency. Family members and relatives may also receive notification in case of an emergency.
156	C8.I4 Development of primary health care	Milestone	Entry into force of the Government Decree on Praxis Communities	Provision in the Government Decree indicating its entry into force				Q1	2021	The Government Decree on Praxis Communities shall create the legal framework for establishing and operating praxis communities, including their possible forms, the legal procedure of their establishment, their extra professional duties and the delimitation from basic GP activities.
157	C8.I4 Development of primary health care	Target	Number of doctors participating in newly established and operational GP communities		Number	515	4 000	Q3	2025	At least 4 000 GPs shall have signed a cooperation agreement to establish a community of practice, compared to 515 in March 2021.

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	
158	C8.I4 Development of primary health care	Target	Number of patients enrolled in the Chronic Disease Management Programme		Number	0	43 000	Q4	2025	At least 43 000 patients shall be enrolled in the Chronic Disease Management Programme, which refers to the complex process of providing effective, timely and accessible care for clients diagnosed with chronic non-communicable diseases. The chronic diseases covered by the programme shall include hypertension and other cardiovascular diseases, type II diabetes and chronic obstructive pulmonary disease (COPD).
159	C8.I4 Development of primary health care	Target	Number of patients enrolled in prevention and health promotion programmes		Number	0	30 000	Q4	2025	At least 30 000 patients shall be enrolled in prevention and health promotion programmes. These are defined as programmes aimed at preventing chronic non-communicable diseases and supporting lifestyle change through activities such as: programmes to advocate a healthy diet; programmes to advocate regular physical exercise; programmes supporting lifestyle change; workplace health promotion programmes; school health promotion programmes; programmes to preserve and develop mental health; programmes against excessive alcohol consumption; programmes to support giving up smoking; and programmes to prevent the use of illegal substances.

I. COMPONENT 9: 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 described in the 2022 Rule of Law Report 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.

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, developing comprehensive anti-corruption strategies and strengthening the capacities of the Hungarian audit 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 the long-standing 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), and "*Achieve prudent medium-term fiscal positions"* (Country Specific Recommendation 1 of 2022).

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[7]. 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 the first 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[8].

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).

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

C9.R1: Establishment of an Integrity Authority 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

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 establishment of an Integrity Authority.

The mission of the Integrity Authority shall be 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 Union.

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

[8] 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.

The Integrity Authority shall be set up and shall start its operations before the submission of the first payment request under the recovery and resilience plan.

It shall be guaranteed that the Integrity Authority has full independence, including that the Integrity Authority and its staff shall neither take nor seek instructions from any other person or institution. Strong guarantees shall apply for the selection of its staff, management and budget.

The Integrity Authority shall have, among others, the power to instruct contracting authorities to suspend a procurement procedure (for a maximum of two months); to request administrative investigative bodies to carry out investigations on its behalf; to recommend the exclusion of specific economic operators from Union funding for a certain period of time; to instruct relevant national authorities or bodies to carry out their supervisory or control functions, in particular as regards procedures to verify conflicts of interest declarations and suspicions in relation to the management of Union funds; to recommend contracting authorities to use a specific procurement procedure; to initiate procedures before the relevant national authorities or bodies with the aim of establishing suspected illegalities or irregularities; from 31 March 2023, the exclusive competence to verify asset declarations of senior political leaders not having a mandate as members of the National Assembly (Prime Minister, ministers, the Prime Minister's political directors, secretaries of state), the power to directly verify publicly available asset declarations of all high-risk officials, including the President, members of Parliament, heads of central executive authorities, other political officials, staff of private offices of political officials, regional governors, mayors of large cities, judges, prosecutors, members of the judicial and prosecutorial governance bodies, anti-corruption investigators and senior executives of state-owned enterprises, and for non-public asset declarations at least the power to request the competent bodies to carry out the verification of those declarations and obtain the result of that verification; to initiate asset declaration verification procedures upon own-initiative, complaint and suspicion and have direct and unlimited access to the relevant databases and registries it deems necessary to verify the veracity of the information contained in the asset declarations; to request the judicial review of all decisions of authorities concerning public procurement procedures that involve any Union support and may be subject to judicial review; and to challenge the inaction of an authority concerned in court. The Integrity Authority shall have unequivocal and unlimited powers to continue to exercise its powers even in cases where the affected projects or procedures initially envisaged for Union support were subsequently withdrawn from Union support.

The Integrity Authority shall have access to all information, databases and registries required to carry out its tasks related to public procurements, cases of suspected corruption, including the verification of asset declarations, fraud and conflict of interest involving any Union support. It shall be ensured that authorities concerned by an information request or instruction from the Integrity Authority act within a reasonable period of time.

The Integrity Authority shall carry out an Integrity Risk Assessment Exercise to evaluate the state of play of the integrity situation of the Hungarian public procurement system, to identify integrity risks, systemic risks to integrity and the tools available to address these, within four months of its establishment.

The Integrity Authority shall prepare its first annual Integrity Report for the year 2022 by Q2 2023, and by Q2 subsequently every year thereafter. The reports shall be made public. The government shall examine each report of the Integrity Authority and provide in writing its explanation how it intends to address each of the findings in those reports within three months from their publication.

The implementation of the reform shall be completed by Q4 2023.

C9.R2: Establishment of an Anti-Corruption Task Force to monitor and review the measures taken in Hungary to prevent, detect, prosecute und sanction corruption

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

The Anti-Corruption Task Force shall examine the existing anti-corruption measures and elaborate proposals concerning the improvement of detection, investigation, prosecution and sanctioning of corrupt practices and other practices such as nepotism, favouritism or 'revolving doors' between the public and private sectors. It shall also notably put forward proposals for measures to improve corruption prevention and detection, and to improve the flow of information between administrative and control authorities of the state and criminal investigation authorities.

At least half of the members of the Anti-Corruption Task Force shall be independent non-governmental organisations active in the field of anti-corruption with proven expertise and sufficiently long verifiable activity, selected based on an open, transparent, non-discriminatory selection process and objective criteria related to the candidates' expertise and merit.

The president of the Integrity Authority as established under reform C9.R1 shall act as the chair of the Anti-Corruption Task Force, but the two entities shall work separately and independently from each other.

The Anti-Corruption Task Force shall meet at least twice a year and take its decisions by a simple majority of votes cast. The minutes of its meetings shall be made publicly available on the website for the Anti-Corruption Task Force along with written contributions and observations sent by its members before or after its meetings requested to be attached to the minutes of the meeting. The Anti-Corruption Task Force shall adopt its own rules of procedures on a proposal by its chair at its first meeting.

The Anti-Corruption Task Force shall publish its first report for the year 2022 by Q1 2023 and annual reports by Q1 each year thereafter. Non-governmental members of the Anti-Corruption Task Force shall have the possibility to issue shadow reports setting out their positions. Such reports shall also be made publicly available together with the report of the Anti-Corruption Task Force.

The Government shall examine the reports of the Anti-Corruption Task Force within two months from their issuance, and provide its comments – including a detailed reasoning as regards each proposal from the Anti-corruption Task Force it decided not to implement – to the Anti-Corruption Task Force.

The Anti-Corruption Task Force shall hold its first meeting before the submission of the first payment request under the recovery and resilience plan.

The implementation of the reform shall be completed by Q2 2023.

C9.R3: 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')

In order to improve prosecutorial efforts and to ensure that determined action is taken to prosecute corruption and similar criminal offences, this reform shall establish a specific procedure that ensures an effective judicial review of decisions of investigating authorities or the prosecution service to dismiss a crime report or to terminate proceedings. The procedure shall be possible to be triggered by anyone, natural and legal persons shall have the possibility to file a motion for revision of such decisions and for a repeated motion for revision to request that the investigation or the proceeding concerned is continued. The Integrity Authority (see reform C9.R1) shall also have the possibility to file a motion for revision and a repeated motion for revision. Following a repeated

motion for revision, natural and legal persons may file a motion for prosecution, provided there are reasonable grounds to bring the matter to prosecution. The person filing a repeated motion for revision shall act as prosecutor. In such cases, a preliminary examination of the ground for the motion for prosecution by the trial court shall not be envisaged. The procedure shall be applicable as of 1 January 2023, including also to non time-barred criminal offences committed before that date.

The implementation of the reform shall be completed before the submission of the first payment request under the recovery and resilience plan. A comprehensive review of the reform shall be carried out by Q4 2023.

C9.R4: Strengthening rules related to asset declarations

The aim of this reform is to strengthen the anti-corruption framework by introducing more stringent rules related to asset declarations, through extending their personal and material scope, ensuring frequent disclosure of such declarations and ensuring their transparency by making them available to the public and by introducing effective sanctions for the breach of related rules and obligations.

The reform shall consist of related legislative changes that shall enter into force and start being applied before the submission of the first payment request under the recovery and resilience plan. They shall in particular ensure that persons entrusted with senior political functions 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 for the first time under the new asset declaration rules by 31 January 2023 relating to the state on 31 December 2022, and shall be obliged to declare their assets (notably, their revenues, real estate properties, other valuable properties, savings in bank deposits and cash, assets in stocks, securities and private equity funds, life insurance policies, trusts, and beneficial ownership of enterprises).

Additionally, by Q1 2023, a new system shall be set up where asset declarations shall be filed electronically and where asset declarations of persons entrusted with senior political functions is accessible to the public free-of-charge.

Finally, an effective, proportionate and sufficiently dissuasive sanctioning regime (including both criminal and administrative sanctions) concerning serious violations related to the obligations of persons subject to the rules on asset declarations shall be introduced and start being applied as of Q3 2023.

The implementation of the reform shall be completed by Q3 2023.

C9.R5: Ensuring the transparency of the use of public resources by public interest asset management foundations

The objective of this reform is to ensure effective oversight on how public interest asset management foundations make use of Union support.

For that purpose, to clarify applicable legal provisions related to access to public information, public procurement rules and tasks and responsibilities of public interest asset management foundations when they are involved in the implementation of Union support in any capacity, dedicated legislative amendments shall enter into force to:

- explicitly designate public interest asset management foundations performing public interest activity, and the legal persons established or maintained by them, as ‘contracting authorities’ under public procurement rules;

- ensure that public interest asset management foundations performing public interest activity, and legal persons established or maintained by them as well as their staff, involved in the implementation of Union support in any capacity, shall be subject to the same requirements as those applicable for public entities, concerning access to public information and audit and controls;
- and ensure the full application of rules related to conflict of interest for all individuals holding office or being employed by public interest asset management foundations performing public interest activity and the legal persons established or maintained by them.

The reform shall be implemented before the submission of the first payment request under the recovery and resilience plan.

C9.R6: Enhancing the transparency of public spending

The objective of this reform is to increase the transparency of public spending by removing obstacles to access to public information, by setting out an obligation for all public bodies to proactively disclose a wide range of pre-defined information on the use of public funds into a central register with public access.

The obligation on all public bodies for publishing such data in the central register and the scope of information to be proactively disclosed shall be specified in a legislative act, which shall enter into force before the submission of the first payment request under the recovery and resilience plan. The legislative act shall also establish clear procedures and rules for the publication of such data, including the deadline for and the form of publication.

Information concerning proof of performance and invoices shall continue to be made available upon access to documents requests. The central register shall include unique identifiers of contracts in the Electronic Public Procurement System (EPS). Information indicating if the public funds involve (fully or partially) Union support above the national public procurement threshold shall also be made available. For procurement procedures started after 31 March 2023, such information shall be included also for procedures involving Union support not exceeding the national public procurement thresholds. Data sets published in the central register shall be in an open, interoperable and machine-readable format, which allows bulk download and data to be sorted, searched, extracted, compared and reused. Access to the data shall be provided free-of-charge and without the need to register.

Public bodies shall be obliged to update the data in the central register at least every two months. The Government shall supervise the compliance with and enforce the obligations stemming from the above legislative act on public bodies and shall ensure that public bodies comply with their obligation to upload all relevant data in full and in a timely manner.

The central register shall be fully operational, and the full set of data shall be uploaded in it by Q1 2023.

The implementation of the reform shall be completed by Q1 2023.

C9.R7: Development and implementation of a National Anti-corruption strategy and action plan

The objective of the reform is to strengthen the anti-corruption framework by ensuring the implementation of the current National anti-corruption strategy and action plan and by developing a new National Anti-corruption strategy and action plan, aiming at improving the mechanisms to effectively ensure the prevention, detection and correction of fraud and corruption (including in the

public procurement system) and to strengthen the system of how the risks of conflicts of interest are addressed.

The new National Anti-corruption strategy and action plan shall be prepared with the effective involvement of the Anti-corruption Task Force (see reform C9.R2) based on policy advice from the OECD, following extensive consultations with national and international stakeholders, including the Commission and GRECO, and in dialogue with stakeholders incorporating their recommendations. It shall give particular attention to strengthening the institutional and normative framework for the fight against high-level corruption through enhancing the transparency of the work of public bodies (including on senior political level). Building on and in consistency with the anti-fraud and anti-corruption strategy mentioned in reform C9.R20 (which is expected to be limited to Union support), the National Anti-corruption strategy and action plan shall ensure a coherent implementation of anti-fraud and anti-corruption measures for both national and Union financial support.

The action plan shall include dedicated actions to strengthen the repression of corruption; to strengthen administrative control related to asset declarations; to develop efficient internal mechanisms to promote and raise awareness of integrity matters in the government; to review the application of the Code of Professional Ethics by the Hungarian Government Official Corps as well as practices of local governments to identify and promote best practices regarding contacts with lobbyists and preventing conflict of interest; and to adopt, make publicly available and start to apply a code of conduct for persons with top executive functions (as defined by GRECO), including contact with lobbyists, post-employment restrictions and relatives' employment and the promotion for employment.

The National Anti-corruption strategy and action plan (covering the period between 1 July 2023 and 31 December 2025) shall be adopted, and the implementation of its action plan shall start, by Q2 2023. The National Anti-corruption strategy and action plan shall be reviewed regularly, taking into account the content of the reports of and the work carried out by the Anti-Corruption Task Force (see reform C9.R2) and the Integrity Authority (see reform C9.R1).

The Government shall adopt and make publicly available a report assessing the implementation of the new National Anti-corruption strategy and the actions under the action plan by Q1 2026.

The implementation of the reform shall be completed by Q1 2026.

C9.R8: Upgrading the cooperation systems of the prosecution service to tackle corruption practices

The objective of this reform is to increase the efficiency of public administration and thereby contribute to strengthening the anti-corruption framework by putting in place:

- by Q2 2024, a new IT system for the handling of sensitive documents, thus supporting and facilitating the administrative work and information exchange of at least seven organisational units involved in prosecutorial investigations; and
- by Q4 2025, a new IT system for the management of case files, thus supporting and facilitating the investigative work of seven organisational units involved in prosecutorial investigations.

The implementation of the reform shall be completed by Q4 2025.

C9.R9: Awareness-raising for the eradication of gratuity payments in the healthcare sector

The aim of this reform is to raise awareness among citizens about the criminalisation of gratuity payments in the healthcare sector – including through printed, TV and online campaign material, information dissemination – and thus contribute to their eradication.

This measure is a complement to the legal changes to criminalise gratuity payments in the healthcare sector and of the legislation to introduce a new employment contract for doctors aiming at eradicating gratuity payments and, linked to this, increasing the salaries for doctors and residents employed under the provisions of such contract.

The measure shall consist of carrying out a comprehensive information and awareness-raising campaign to reach at least five million citizens. An interim assessment of the first results of the campaign identifying the number of citizens reached, the change in citizens' perception on the acceptability of gratuity payments in healthcare compared to the situation before the launch of the awareness-raising campaign, identifying lessons learnt and drawing up recommendations for the rest of the campaign shall be published by Q3 2023.

The implementation of the reform shall be completed by Q4 2024.

C9.R10: 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, effectiveness and robustness of related processes by reducing the share of single-bid public procurement procedures financed from Union funds or the national budget.

This reform includes a comprehensive set of actions aiming to increase competition in public procurements.

The share of public procurement tender procedures – both above and below the EU public procurement thresholds – with single bids shall be reduced and then maintained below 15% (i) for public procurements financed fully or partially from Union support; and (ii) for public procurements financed from national resources respectively, in accordance with the timeline specified in the targets below. The calculation of the share of single bids shall be carried out in accordance with the Single Market Scoreboard methodology. Final audit reports with unqualified audit opinions by EUTAF shall also confirm that the share of single bids is below the corresponding targets.

A monitoring and reporting tool ("single-bid reporting tool") shall be set up and put in operation before the submission of the first payment request under the recovery and resilience plan to allow for the monitoring and reporting of progress towards the targets related to this measure. Compliance of that tool with the methodology of the Single Market Scoreboard, that data in the tool is accurate and complete, including for the level of the baselines, shall be confirmed by a final audit report with an unqualified audit opinion by the EUTAF. By Q4 2022, the tool shall also include data on geographical indications. The first written report based on information from the single-bid reporting tool, including absolute figures and shares, geographical indications and identification of services and products, shall be prepared by the ministry responsible for public procurement and shall be made publicly available on the EPS website by Q1 2023 and annually thereafter.

The implementation of the reform shall be completed by Q1 2023.

C9.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 by making publicly available, free-of-charge, all tender data in bulk download and machine-readable format through the development of the Electronic Public Procurement System (EPS).

The EPS shall be upgraded before the submission of the first payment request under the recovery and resilience plan, to allow for the regularly updated publication of all contract award notices of public procurement procedures in a structured form, which shall allow for the search, bulk export and processing by machine means of all data related to contract award notices. In this database, all economic operators, including individual members of consortia, shall be identifiable by a unique identifier. The regularly updated database shall be accessible and downloadable by anyone from the EPS homepage without registration.

Before the submission of the first payment request under the recovery and resilience plan, information related to sub-contractors shall also be made available in the EPS in a structured format. By Q1 2023, the database shall also contain all contract award notices from 1 January 2014 onwards, with all necessary information, including on sub-contractors.

The implementation of the reform shall be completed by Q1 2023.

C9.R12: Performance measurement framework for public procurements

The objective of this reform is to set up a comprehensive performance measurement framework to continuously monitor and assess the efficiency and cost effectiveness of public procurements in Hungary.

The performance measurement framework shall be developed with the full and effective involvement of independent non-governmental organisations active in the field of public procurement and public procurement experts. The independent non-governmental organisations shall be selected through an open, transparent and non-discriminatory selection procedure based on objective criteria related to expertise and merit.

The performance measurement framework shall enter into operation before the submission of the first payment request under the recovery and resilience plan. It shall enable in particular the annual analysis of the level of unsuccessful public procurement processes and their reasons; the share of contracts that are entirely cancelled during contract execution; the share of occurrence of delays in contract completion; the share of occurrence of cost overruns (including their proportion and volume); the share of awarded procurement contracts in which the whole life-cycle or life-cycle costing is explicitly taken into consideration; the share of successful participation of micro- and small enterprises in public procurements; the value and share of public procurement procedures with single bids financed from national resources and from Union support separately and/or both.

The analysis based on the above shall be carried out with the full and effective involvement of selected independent non-governmental organisations and independent public procurement experts and its results shall be made publicly available by Q1 2023 for the first time for the year 2022 and each year thereafter.

The implementation of the reform shall be completed by Q1 2023.

C9.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 through the adoption and implementation of a comprehensive action plan.

Actions in the action plan shall be based on an assessment of good practices to facilitate competition in the field of public procurements; the first results of the performance measurement framework (see reform C9.R12) and proposals drawn up based on it to facilitate competition in public procurement; available findings, decisions and recommendations of the Integrity Authority (see reform C9.R1) relevant for competition in public procurements.

The action plan shall set out specific and measurable objectives to be achieved each year; define measures relevant to achieve the related objectives; set precise deadlines for the implementation of the measures and assign relevant indicators for each measure to monitor the progress of its implementation; identify the relevant authority or institution responsible for implementing each measure; establish a monitoring mechanism to assess progress towards the achievement of the objectives in the action plan; include a specific provision to annually review the action plan and revise it as necessary; and ensure that an annual state of play on the implementation of actions in the action plan or its revisions are made publicly available without delay.

The action plan shall be adopted by Q1 2023. Following the first annual review, the Government shall adopt and make publicly available the revised action plan, including a state of play on the implementation of each of the measures therein, by Q1 2024.

The implementation of the reform shall be completed by Q1 2024.

C9.R14: Training scheme and support scheme for micro-, small and medium-sized enterprises to facilitate their participation in public procurement procedures

The objective of this reform is to facilitate the participation of micro-, small and medium-sized enterprises (with a focus on micro- and small enterprises) in public procurement procedures.

For this purpose, Hungary shall develop and implement a training scheme providing, free of charge, the most important theoretical and practical information to micro-, small and medium-sized enterprises on how they may successfully participate in public procurement procedures. The training shall be based on newly developed trainings and e-learning materials. Newly developed training materials shall cover at least matters of public procurement procedures and their preparation stage, the effective use of remedies and the specificities arising in the performance of a public contract. The evaluation of the efficiency of the trainings shall be ensured. Trainings shall be provided to at least 1 000 micro-, small and medium-sized enterprises by Q1 2024 and to at least 2 200 micro-, small and medium-sized enterprises by Q2 2026. An evaluation report evaluating the effectiveness and efficiency of the training measure shall be made publicly available by Q2 2026.

Hungary shall also set up, by Q1 2023, and implement a support scheme that shall provide lump-sum compensation, based on objective, non-discriminatory and transparent selection criteria, to be paid directly to at least 1 800 micro-, small and medium-sized enterprises (with a focus on micro- and small enterprises) by Q2 2026, for their costs associated with their participation in public procurement procedures. By Q3 2024, a mid-term evaluation of the support scheme, and by Q2 2026, a final evaluation of the support scheme shall be carried out, on the programme's added value and effectiveness.

The implementation of the reform shall be completed by Q2 2026.

C9.R15: Strengthening the role and powers of the National Judicial Council to counterbalance the powers of the President of the National Office for the Judiciary

The objective of the reform is to establish 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. The reform shall result in a strengthening of the independence and impartiality of courts and judges established by law in accordance with Article 19 of the Treaty on European Union (TEU) and the relevant EU acquis.

The reform shall establish stronger powers for the NJC and shall include legislative amendments to ensure that the NJC shall give a motivated binding opinion on a number of matters regarding both individual decisions and regulations.

The reform shall also ensure that the NJC has adequate resources, including staff and offices, to carry out its tasks in an effective manner.

Before tabling the draft laws required for the implementation of this reform, a stakeholder consultation shall be organised, allowing at least the NJC, judicial associations, the Hungarian Bar Association, civil society organisations, the *Kúria*, the National Office for the Judiciary (NOJ), the Constitutional Court, and the Prosecutor General to give comments within no less than 15 days.

The implementation of the reform shall be completed by Q1 2023 and before the first payment request under the recovery and resilience plan.

C9.R16: Strengthening judicial independence of the Supreme Court (*Kúria*)

The objective of the reform is to strengthen the judicial independence of the Supreme Court (*Kúria*). The reform shall result in a strengthening of the independence and impartiality of courts and judges established by law in accordance with Article 19 of the TEU and the relevant EU acquis.

The reform shall consist of amending 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* to (i) establish stronger powers for the judicial council of the *Kúria* and the departments of judges ('kollégium') concerned, (ii) remove the possibility for members of the Constitutional Court to become judges and then be appointed to the *Kúria* without following the normal application procedure, and (iii) ensure that the NJC gives a motivated binding opinion on the suitability of candidates for the posts of President and Vice President of the *Kúria*; the suitability criteria, including independence, impartiality, probity and integrity, shall be determined by the law. The candidates found unsuitable by the NJC shall have access to an accelerated judicial review before the competent court.

The reform shall also ensure that the strengthened powers of the NJC referred to in reform C9.R15 also apply in relation to the *Kúria* President when acting as appointing authority (in line with Act CLXII of 2011).

Before tabling the draft amendments required for the implementation of this reform, a stakeholder consultation shall be organised, allowing at least the NJC, judicial associations, the Hungarian Bar Association, civil society organisations, the *Kúria*, the NOJ, the Constitutional Court, and the Prosecutor General to give comments within no less than 15 days.

The implementation of the reform shall be completed by Q1 2023 and before the first payment request under the recovery and resilience plan.

C9.R17: 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), thereby ensuring compliance with the CJEU's jurisprudence. The reform shall result in a strengthening of the independence and impartiality of courts and judges established by law in accordance with Article 19 of the TEU and the relevant EU acquis.

The reform shall consist of amending Sections 666 et seq. of the Criminal Procedure Code to remove the possibility for the *Kúria* to review the legality of the decision of a judge to make a preliminary reference to the CJEU, and Section 490 of the Criminal Procedure Code on staying the proceedings to remove any obstacle to a court to make a preliminary reference in line with Article 267 TFEU.

Before tabling the draft laws required for the implementation of this reform, a stakeholder consultation shall be organised, allowing at least the NJC, judicial associations, the Hungarian Bar Association, civil society organisations, the *Kúria*, the NOJ, the Constitutional Court, and the Prosecutor General to give comments within no less than 15 days.

The implementation of the reform shall be completed by Q1 2023 and before the first payment request under the recovery and resilience plan.

C9.R18: Reform regarding the review of final judgments by the Constitutional Court

The reform shall consist of removing 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. The reform shall result in a strengthening of the independence and impartiality of courts and judges established by law in accordance with Article 19 of the TEU and the relevant EU acquis.

Before tabling the draft laws required for the implementation of this reform, a stakeholder consultation shall be organised, allowing at least the NJC, judicial associations, the Hungarian Bar Association, civil society organisations, the *Kúria,* the NOJ, the Constitutional Court, and the Prosecutor General to give comments within no less than 15 days.

The implementation of the reform shall be completed by Q1 2023 and before the first payment request under the recovery and resilience plan.

C9.R19: Reinforced legal provisions setting out implementation, monitoring, and audit and control arrangements to guarantee the sound use of Union support

The objective of the reform is to ensure the effective implementation, monitoring, control and audit of Union support and the protection of the financial interests of the Union.

For that purpose, legal provisions setting out the roles and responsibilities of bodies involved in the implementation, monitoring, control and audit of Union support in Hungary shall enter into force before the submission of the first payment request under the recovery and resilience plan, to 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.

In relation specifically to the recovery and resilience plan, the abovementioned legal provisions shall also establish the legal mandate by setting out the detailed roles and responsibilities of the bodies involved in the implementation, audit and control of the implementation of the recovery and resilience plan, set out rules related to the collection and reliability of data linked to the monitoring of the achievement of milestones and targets in the plan, procedures for the drawing up and reliability of the management declarations, audit summaries and payment requests, as well as procedures ensuring the collection of all data in accordance with Article 22 of the RRF Regulation.

As a complement to the abovementioned legal arrangements, Hungary shall develop and start applying comprehensive guidelines ensuring the effective prevention, detection and correction of

conflict of interest situations before the submission of the first payment request. The guidelines shall set out in detail the related tasks and obligations for each of the bodies involved in the implementation, management and control of Union support ensuring the effective prevention, detection, control and correction of conflict of interest situations.

The implementation of the reform shall be completed before the submission of the first payment request under the recovery and resilience plan.

C9.R20: An effective anti-fraud and anti-corruption strategy for the implementation, audit and control of Union support

The objective of the reform is to ensure the effective 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 and implementing it.

The anti-fraud and anti-corruption strategy shall be complemented by an action plan setting out clear and comprehensive actions corresponding to the objectives set out in the strategy. For each of the actions, clear deadlines for implementation, responsible bodies, and specific indicators for measuring progress shall be identified.

The strategy and the action plan shall be adopted before the submission of the first payment request under the recovery and resilience plan.

C9.R21: Full and effective use of the Arachne system for all Union support

The objective of the reform is to ensure the effective prevention, detection and correction of fraud, corruption, conflict of interest, double funding and other irregularities related to any Union support in Hungary through the full and effective use of the Commission's Arachne data-mining and risk scoring tool.

For that purpose, the Government shall approve and start applying procedures ensuring that relevant national authorities upload all relevant data into the Arachne system every two months, that they provide regular and effective follow-up to the risk-scoring generated by the Arachne system. A final audit report of EUTAF with an unqualified audit opinion shall confirm the appropriateness of the procedures and arrangements and the completeness of the data uploaded.

The reform shall be implemented before the submission of the first payment request under the recovery and resilience plan.

C9.R22: Establishment of a Directorate of Internal Audit and Integrity to reinforce the control of conflicts of interest when implementing Union support

The objective of the reform is to ensure effective prevention, detection and correction of conflicts of interest in the implementation of Union support, by establishing a Directorate of Internal Audit and Integrity (DIAI) within the ministry responsible for the implementation of Union support in Hungary.

The DIAI shall carry out a regular and effective control of conflict of interest declarations and investigate reported suspicions of conflict of interest. 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 (as established under reform C9.R1). The law establishing the DIAI shall ensure its full independence and the appropriate competences to act in relation to any national authority or body

involved in the implementation of Union support in Hungary. The DIAI shall prepare an annual report of its work and submit it to the Integrity Authority.

The reform shall be implemented before the submission of the first payment request under the recovery and resilience plan.

C9.R23: Ensuring the capacity for the EUTAF to effectively carry out its tasks

The objective of this reform is to ensure the effective prevention, detection and correction of fraud and corruption in the implementation of Union support, by ensuring that the Audit Authority (EUTAF) has the necessary financial and human resources to safeguard its independence and enable it to carry out its tasks in an effective and timely manner.

The reform shall ensure 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 not in a manner that would undermine the EUTAF's ability to carry out its tasks in an effective and timely manner; that the remuneration of the staff of the EUTAF is set at 70% of that applicable to the staff of the State Audit Office; that the head of the EUTAF shall have the same prerogatives to decide on the basic principles of salary, benefits and working conditions as those available to the president of the State Audit Office, and that any arrangement deviating from those applicable to the State Audit Office shall only be possible upon a written and duly justified proposal from the head of EUTAF; and that 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.

The reform shall be implemented before the submission of the first payment request under the recovery and resilience plan.

C9.R24: Strengthening cooperation with OLAF to reinforce the detection of fraud related to the implementation of Union support

The objective of the reform is to reinforce the arrangements related to the detection of fraud concerning the use of Union financing and to strengthen cooperation with OLAF.

For that purpose, legislation shall enter into force to designate a competent national authority to assist OLAF with its on-the-spot checks in Hungary, and to introduce the possibility to levy financial sanctions on economic actors that do not cooperate with OLAF during its on-the-spot checks and inspections.

The legislation shall enter into force before the submission of the first payment request under the recovery and resilience plan.

C9.R25: Effective implementation, control and audit of the Recovery and Resilience Plan and the protection of the financial interests of the Union

The objective of this reform is to ensure the effective implementation, control and audit of the recovery and resilience plan and the protection of the financial interests of the Union, by putting in place a proper repository system for recording and storing of data when implementing the recovery and resilience plan, and by ensuring that the EUTAF has in place an effective audit strategy for the audit of the implementation of the recovery and resilience plan.

For that purpose:

- a repository system for recording and storing all relevant data related to the implementation of the recovery and resilience plan – the achievement of milestones and targets, data on final

recipients, contractors, subcontractors and beneficial owners – shall be fully functioning and operational. A final audit report by the EUTAF, with an unqualified audit opinion, shall confirm the functionalities of the repository system and that the system is fully functional and is in operation;

- in order to ensure the reliability of and the assurance obtained from its audit summaries, the audit authority of the Hungarian recovery and resilience plan (EUTAF) shall adopt an audit strategy ensuring the effective audit of the implementation of the Hungarian recovery and resilience plan, in accordance with internationally accepted audit standards.

The reform shall be implemented before the submission of the first payment request under the recovery and resilience plan is submitted to the Commission.

C9.R26: Improving transparency and access to public information

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

A first sub-measure shall facilitate access to public information by ensuring that public data shall, as a principle, be provided free of charge. In exceptional cases when fees may be charged for access to public information, those fees shall be reasonable and sufficiently low and shall not include associated labour costs. For that purpose, legislative amendments shall enter into force and start being applied that (i) abolish the possibility for the holder of public information to charge labour costs for fulfilling an access to public information request; (ii) introduce an overall ceiling of HUF 190 000 to fees that can be charged to a data requestor for fulfilling its access to public information request; (iii) fees charged shall not exceed the actual costs incurred by data holders and they shall only relate to the costs of copying and the delivery of information may be charged by the holder of public information and only if those costs exceed HUF 10 000. Before tabling the abovementioned amendments, the Government shall take into account the proposals of the National Authority for Data Protection and Freedom of Information (NAIH) related to unit costs concerning the cost of copying and delivery of data as well as the calculation method of fees that may be charged for access to information requests. The Government shall also ensure that any information made available upon an access to information request shall be made available simultaneously in the central register referred to in reform C9.R6.

A second sub-measure shall ensure that a regular review of public bodies' compliance with access to public information rules shall be carried out by the NAIH. The NAIH shall carry out comprehensive and detailed checks on all public bodies at least twice per year 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 these checks shall be set out in a publicly accessible comprehensive report identifying the shortcomings per public body concerned (at least identifying the number of requests for access to public data received, the number of complaints related to the sharing of public data, the number of requests fulfilled and the number of days it took to fulfil them), how these shortcomings shall be remedied and followed up, as well as recommendations how access to public data may be improved. The first such report shall be published by Q4 2022, followed by subsequent reports every half year until Q2 2026.

Finally, a third sub-measure shall facilitate access to public information and limiting the duration of judicial procedures by introducing an exceptional procedure for court cases related to access to public information. To this end, a legislative act setting out that exceptional procedure shall establish the same procedural steps and deadlines as applied in the case of press rectification cases as set out in Act CXXX of 2016 on civil procedures, with the sole exception that the deadline for the summons period in Section 497(1) of Act CXXX of 2016 shall be at least three working days.

The implementation of the reform shall be completed by Q4 2022.

C9.R27: Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making

This reform aims at increasing the quality and predictability of law-making by ensuring the systematic use of impact assessments and the effective involvement of social partners, stakeholders and non-governmental experts in law-making. It also aims at establishing a framework for the systematic and effective consultation of social partners and stakeholders relevant for the implementation of the measures of the recovery and resilience plan, in order to contribute to improving the quality of legislation, reducing the risk of policy mistakes and enhancing oversight over the implementation of the recovery and resilience plan as a whole.

For that purpose:

- Legislative amendments shall enter into force that introduce in particular a mandatory minimum consultation period of eight days for all legislative acts adopted or tabled for adoption by the Government; introduce a minimum period of five days for the Government to consider the inputs received during the consultation before finalising its proposal for a legislative act; introduce the obligation that the Government Control Office (KEHI) shall annually assess the compliance of the Government and ministries with the obligations set out in Act CXXXI of 2010 on social participation in law-making (including whether exceptions were duly justified); and introduce the obligation for the Government Control Office to impose a fine on the ministry responsible for the preparation of the legislative act in case of non-compliance with the provisions of Act CXXXI of 2010 on social participation in law-making.
- In order to ensure that the above obligations are effectively complied with in practice and limiting the scope of exceptions from applying those rules, it shall be ensured that each calendar year at least 90% of all government decrees, ministerial decrees adopted by the government and all bills submitted by the government to the Parliament are subject to public consultation, and that all the summary impact assessments required to be published are made publicly available. A final audit report with an unqualified audit opinion by the EUTAF shall confirm each of the annual targets.
- In order to provide the possibility for a more systematic and effective involvement of social partners and stakeholders and experts in law-making as well as for the preparation of impact assessments for amendments to bills or bills proposed by the Members and Committees of the National Assembly, additional administrative capacity shall be established in the Office of the National Assembly. Members or Committees of the National Assembly shall have the possibility to turn to the Office of the National Assembly to prepare effective impact assessments and conduct effective stakeholder consultations concerning the bills proposed by them or amendments to bills they intend to submit for consideration. In order to facilitate the quality of impact assessments to be carried out by the Office of the National Assembly, the systematic data provision by the Hungarian Statistical Office for the purpose of such impact assessments shall be ensured.
- In order to facilitate the preparation of regulatory impact assessments and to adequately assess the different types of impacts of legislation, the Government shall adopt and start applying a new methodology for the systematic impact assessment of all legislative proposals. The new methodology shall be prepared with the effective involvement of international organisations with widely recognised expertise in the field of regulatory impact assessment (such as the OECD) and social partners and non-governmental stakeholders taking due account of best practices of other Member States and international institutions. The new methodology shall start

to be applied systematically to carry out impact assessments of all legislative proposals from Q4 2023.

- In order to ensure the effective and full involvement of social partners and stakeholders in the implementation of the recovery and resilience plan, a legislative act shall set out a clear obligation that relevant social partners and stakeholders shall be consulted during the implementation of the plan; set out a binding strategy defining tasks and responsibilities on how the main stakeholders shall be involved in the implementation of the measures under the plan; and establish a monitoring committee, tasked to continuously monitor the effective implementation of the plan, consisting of stakeholders and social partners relevant for the implementation of the components of the plan, with at least 50% of the members of the monitoring committee representing civil society organisations independent from the government and public bodies. Members of the monitoring committee representing civil society shall be selected through an open, transparent, and non-discriminatory selection process based on objective criteria related to expertise and merit.

The implementation of the reform shall be completed by Q4 2023.

C9.R28: Support to the data-based decision-making and legislative process with a view to increasing efficiency, transparency and reducing risks of irregularities

The objective of this reform is to improve the visualisation and explanation of the effects of legislation to the public in a transparent and objective manner.

For that purpose, a data platform and a data modelling tool shall be set up to ensure the connection of databases – in full compliance with data protection rules – and develop the capacities for data modelling based on these data. In addition, at least 200 persons from the staff of line ministries, government institutions and representatives of social partners involved in strategic planning and legislative preparatory work shall complete a training course on data visualisation tools and practices.

The data platform and data modelling tool shall be set up by Q2 2024, while the training shall take place by Q1 2025.

The implementation of the reform shall be completed by Q1 2025.

C9.R29: Extension of the automatic administrative decision-making system with a view to increasing efficiency, transparency and reducing risks of irregularities

The objective of the reform is to expand the automatic administrative decision-making system, with a view to increasing its efficiency and transparency and reducing risks of irregularities such as corruption, mistakes and inconsistencies in decision-making.

For that purpose, three types of new cases – vehicle administration, transport and parking benefits for people with reduced mobility and verification of the proof of eligibility for state benefits and entitlements – with fully operational functionalities shall be introduced in the automatic administrative decision-making system, allowing their fully automated processing, by Q2 2025.

The implementation of the reform shall be completed by Q2 2025.

C9.R30: Strengthening the national IT equipment management system to increase the efficiency of public services

The objective of the reform is to strengthen the national IT equipment management system to increase the efficiency of public services.

For that purpose, a central IT equipment management and software licensing system shall be set up. This system shall provide a comprehensive register and life-cycle monitoring of IT equipment and a flexible and client-friendly central service to ensure the supply, upgrade, repair, change, scrapping, installation and related services for IT equipment for at least 3 000 public bodies in the field of health, public education and social care, by Q4 2025.

The implementation of the reform shall be completed by Q4 2025.

C9.R31: Introduction of minimum substance requirements for corporate income tax purposes

The objective of this reform is to ensure that companies shall not be established in Hungary exclusively for tax planning purposes and without carrying out any real economic activity. The reform shall contribute to the fight against the use of letterbox and shell companies, while contributing to stronger job creation and higher government revenues.

The reform shall consist of the entry into force of new legislation establishing minimum substance requirements for corporate income tax purposes and the tax consequences in case the requirements are not met. The legislation shall be based on the recommendations of an independent international expert review.

The implementation of the reform shall be completed by 31 December 2023.

C9.R32: Strengthening of transfer pricing regulations

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

The reform shall consist of the entry into force of new legislation setting out detailed requirements for a new transfer pricing data reporting. The scope of the legislative provisions shall cover transactions between associated enterprises reaching at least HUF 100 million. This is expected to improve the risk analysis of the tax administration and allow it to carry out more targeted audits and to focus on potential tax evaders.

The implementation of the reform shall be completed by 31 December 2023.

C9.R33: Broadening 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.

The reform shall broaden the scope of non-deductibility rules for Hungarian corporate income tax purposes. Legislative amendments covering at least the following elements shall enter into force:

- all transactions of outbound royalty and interest payments to jurisdictions that are either i) listed on the EU list of non-cooperative jurisdictions or ii) considered to be zero- or low-tax jurisdictions shall be covered by the broadened non-deductibility rules;
- criteria shall be established on when a tax consequence shall be applied, taking into account the business reasons behind the transaction and the tax treatment of the transaction; and
- a tax consequence to mitigate the risk of aggressive tax planning shall be identified.

An independent evaluation of the rules related to aggressive tax planning, assessing the Hungarian tax framework holistically, shall also be conducted. Based on this, further legislative amendments to improve the effectiveness of measures to tackle aggressive tax planning shall be adopted and enter into force.

The implementation of the reform shall be completed by 30 June 2026.

C9.R34: 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.

The reform shall consist of the creation of the following digital services:

- "ePayroll" (Employment Data Provision Platform). This platform shall allow employers to streamline the reporting of employment data to the administration;
- "eReceipt". This service shall gradually replace the current system of online cash registers via the creation of a fully platform-independent service for the collection of receipts;
- "eVAT". This shall consist of the creation of an online platform for the provision of pre-filled VAT returns.

The implementation of the reform shall be completed by 30 June 2026.

C9.R35: 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 consolidating personal income taxation.

The reform shall consist of the following actions:

- the temporary tax measures introduced in the context of the COVID-19 pandemic and the energy crisis shall be phased out, in line with the sunset date laid down in their legal basis;
- the number of taxes in Hungary shall be reduced by 10% compared to the number being in effect on 1 January 2023, based on the recommendations of a dedicated working group set up by the authorities;
- personal income taxation shall be simplified and consolidated, with a view to eliminating inefficient tax expenditures, making tax rules easier for the taxpayers and reducing distorting or unwarranted incentives.

The implementation of the reform shall be completed by 30 June 2024.

C9.R36: 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.

The reform shall either repeal Act number CLXVIII of 2012 on the tax on utility pipelines or amend it 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. A decision between the two options shall be made by the government.

The implementation of the reform shall be completed by 31 December 2024.

C9.R37: Mainstreaming the use of communication campaigns and behavioural insights by the tax administration

The objective of this reform is to promote voluntary tax compliance and improve the interaction between taxpayers and the tax administration with more targeted and personalised communication strategies and the use of behavioural insights.

The reform shall consist of the following actions:

- "Step-by-step" guidance shall be published on the National Tax Collection Authority's (NTCA) digital platforms to assist and inform taxpayers on specific topics related to their tax rights and obligations;
- the NTCA shall prepare a report on how behavioural insights (BI) can improve the effectiveness of the tax administration. Based on this, at least three new BI pilot projects shall be carried out in cooperation between the NTCA and the Ministry of Finance;
- the different IT platforms of the NTCA shall be consolidated into a single-channel, centralised platform and at least three new functionalities shall become operational and available to users on the platform.

The implementation of the reform shall be completed by 30 September 2025.

C9R38: Improving 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 strengthening economic growth.

The reform shall introduce a regular review of expenditure in selected priority areas of public expenditure from 2023 onwards, based on a medium-term work plan. Four spending reviews shall be conducted in 2023 and 2024 and shall cover altogether at least 20% of the general government expenditure.

Two dedicated reports shall be published by the government in 2024 and 2025, respectively, to present the concrete outcomes of the reviews in terms of potential savings and efficiency gains, as reflected notably in the budgetary planning (i.e. in annual budgets and medium-term budgetary plans). A concluding report shall provide overall evidence on the results of the spending reviews.

The implementation of the reform shall be completed by 31 December 2025.

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	
160	C9.R1 Establishment of an Integrity Authority 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	Milestone	Setting up of an Integrity Authority	Start of activity of the Integrity Authority				Q4	2022	Setting up and entry into operation, before the submission of the first payment request under the recovery and resilience plan, of an Integrity Authority 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. It shall be guaranteed that the Integrity Authority has full independence. The Authority shall intervene in all cases where in its views competent 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 Integrity Authority shall be a truly independent institution. The Integrity Authority and its staff shall neither seek nor take instructions from any other person or institution. The Integrity Authority shall be given an annual budget that is commensurate with its tasks and responsibilities, and it shall be responsible for managing its own budget without outside interference (as a separate chapter in the State budget). The budget allocation available for the Integrity Authority shall not be reduced during the fiscal year without the consent of the Integrity Authority. The work of the Integrity Authority shall be organised and managed by a board composed of a president and two vice-presidents. The three members of the board shall be appointed by the President of Hungary upon a nomination by the President of the State Audit Office for a non-renewable six-year term without the need for countersignature by any member of the Government based on their professional qualities, qualifications, extensive and undisputed experience and reputation (including

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	
										internationally) in legal and financial matters concerning public procurement and anti-corruption, as well as their proven competence in those fields. The members of the board shall be selected following an open call for expression of interest 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. The Eligibility Committee shall be convened by the Director General of the EUTAF following an open call for expression of interest. 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) 2018/1046 shall apply to members of the eligibility committee for five years after the issuance of the binding opinion. The members of the Eligibility Committee shall publish their declaration of interests and assets and declare their absence of conflict of interest prior to starting their work in the Eligibility Committee. The members of the board 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. In addition, the members of the board shall not pursue any remunerated activities during their mandate working for the Integrity Authority (with the exception of academic activity and related publications), shall not have a controlling stake in a business entity, shall not be members of any political party or political foundation. 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

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	
										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 president of the Integrity Authority shall also act as an ex officio member of the Public Procurement Council and as the chair of the Anti-corruption Task Force (milestone 166). The president of the Integrity Authority shall exercise the employer's rights over the staff of the Authority, which shall at least comprise 50 FTEs. Staff shall be selected by the board based on professional merit. The Integrity Authority shall be endowed with extensive powers, including the following: (i) the power to instruct contracting authorities to suspend a procurement procedure (for a maximum of two months); (ii) the power to request administrative investigative bodies to carry out investigations on its behalf; (iii) the power to recommend the exclusion of specific economic operators from Union funding for a certain period of time; (iv) the power to instruct relevant national authorities or bodies to carry out their supervisory or control functions, in particular as regards procedures to verify conflicts of interest declarations and suspicions in relation to the management of Union funds; (v) the right to request access to all relevant files, including on ongoing or upcoming public procurement procedures; (vi) the power to recommend contracting authorities to use a specific procedure in a specific procurement or in a category of procurement procedures; (vii) the right to initiate procedures before the relevant national authorities or bodies with the aim of establishing suspected illegalities or irregularities; (viii) the exclusive competence to verify asset declarations of persons who fall under the scope of Section 183 of Act CXXV of 2018 (including the Prime Minister, ministers, state secretaries, political director of the Prime Minister), the power to directly verify public asset declarations of all high-risk officials (including the President, members of Parliament, heads of central executive authorities, other political officials, staff of private offices of political officials, regional governors, mayors of

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	
										large cities, judges, prosecutors, members of the judicial and prosecutorial governance bodies, anti-corruption investigators and senior executives of state-owned enterprises), and for non-public asset declarations of high-risk officials at least the power to request the competent bodies to carry out the verification of those declarations and obtain the result of that verification, as of 31 March 2023; (ix) the right to have access to all relevant databases and registries for the purposes of verifying asset declarations in accordance with data protection and privacy regulations; (x) the right to initiate asset declaration verification procedures upon own-initiative, complaint and suspicion; (xi) the right to request the judicial review of all decisions of authorities concerning public procurement procedures that involve any Union support and may be subject to judicial review; (xii) the right to initiate the proceedings of the Public Procurement Arbitration Board; (xiii) the right to challenge the inaction of an authority concerned in court in accordance with Section 15(2) and 25 of Act CL of 2016 on General Administrative Code. It shall be guaranteed that the Integrity Authority shall have access to all information, databases and registries required to carry out its tasks related to public procurements, cases of suspected corruption, including the verification of asset declarations, fraud and conflict of interest involving any Union support in any way. Legal provisions shall ensure that the authorities concerned by an information request or instruction of the Integrity Authority shall act within a reasonable period of time, not exceeding 60 calendar days. The Integrity Authority shall act either on its own initiative based on available information or on the basis of complaints or reports it receives. The Integrity Authority shall establish a whistle-blower interface where anonymous and confidential communication may be conducted. The Integrity Authority shall 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. The Integrity Authority

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	
										shall be obliged to report suspected cases of fraud, corruption, conflict of interest or any other irregularities and illegalities to the relevant national authorities and, where applicable, to OLAF. The Integrity Authority shall have unequivocal and unlimited powers to continue to exercise its powers even in cases where the affected projects or procedures initially envisaged for Union support were subsequently withdrawn from Union support.
161	C9.R1 Establishment of an Integrity Authority 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	Milestone	Report on the Integrity Risk Assessment Exercise	Publication of the report				Q1	2023	A comprehensive report on the Integrity Risk Assessment Exercise carried out by the Integrity Authority shall be made publicly available. This exercise shall include an evaluation of the state of play of integrity in the public procurement system in Hungary, by identifying integrity risks and systemic problems with integrity that need to be addressed, the tools available to address those risks and problems, the gaps in addressing those risks and problems as well as propose possible solutions. The exercise shall be carried out in close cooperation with relevant and knowledgeable international bodies (e.g. the OECD, World Bank) and be based on the indicators of the "IV Pillar of the Methodology to Assess Procurement Systems (MAPS), Accountability, Integrity and Transparency of the Public Procurement System". The exercise shall also take into account the contributions of national or international civil society organisations monitoring the state of integrity in Hungary.
162	C9.R1 Establishment of an Integrity Authority to reinforce the prevention, detection and correction of fraud, conflicts of interest and corruption as well as other illegalities and irregularities	Milestone	Start of application of the powers and competences on the verification of asset declarations by the Integrity Authority	Start of application of powers and competences for the verification of asset declarations by the Integrity Authority				Q1	2023	Start of application of the provisions transferring the exclusive legal responsibility and competence to verify the asset declarations of persons who fall under the scope of Section 183 of Act CXXV of 2018 to the Integrity Authority, ensuring that the Integrity Authority has the power to directly verify the public asset declarations of all high-risk officials, for non-public asset declarations of high-risk officials at least the power to request the competent bodies to carry out the verification of those declarations and obtain the result of that verification, and has direct and unlimited access to the relevant databases and registries it deems necessary to verify the veracity of the information contained in the asset declarations, as of 31 March 2023. High-risks officials shall include the President, members of

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	
	concerning the implementation of Union support									Parliament, members of Government, heads of central executive authorities, other political officials, staff of private offices of political officials, regional governors, mayors of large cities, judges, prosecutors, members of the judicial and prosecutorial governance bodies, anti-corruption investigators and senior executives of state-owned enterprises. This shall include the verification of asset declaration irrespective of whether they have been verified before or not. For persons who fall under the scope of Section 183 of Act CXXV of 2018 that shall also include the following: (i) that such a verification procedure by the Integrity Authority 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; (ii) 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; (iii) that the Integrity Authority has the possibility to request and receive data from all relevant databases and registries, including, but not limited to, the company register, the National Tax and Customs Administration, the property register and vehicle register, to verify the content of an asset declaration; (iv) 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 within 10 days; (v) that the failure to act upon the instruction of the Integrity Authority by the person whose asset declaration the Integrity Authority found to be incorrect or by a person who knowingly provided false data in its asset declaration shall result in automatic dismissal from her/his employment.

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	
163	C9.R1 Establishment of an Integrity Authority 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	Milestone	The annual Integrity Report for the year 2022 is made publicly available	Publication of the first annual Integrity Report, for the year 2022				Q2	2023	The first annual Integrity Report of the Integrity Authority shall be made publicly available, covering the calendar year of 2022. The report shall include at least the following: (i) a fully-fledged and comprehensive analysis of the concentration of the public procurement market (as indicated by the number and value of successful tenders by economic operators); (ii) an analysis of the differences between estimated and final prices in tender procedures; (iii) an assessment of applicable public procurement rules, bottlenecks in their implementation and the related administrative practices; (iv) the identification of risk indicators; (v) an assessment of the use of framework agreements (including the distribution of contracts awarded to and agreements concluded with economic operators and the distribution of specific contracts awarded under framework agreements between economic operators); (vi) an assessment of whether and to what extent the existing control system is capable of identifying and effectively preventing, detecting and correcting risks of corruption, fraud and conflict of interest; (vii) activities related to the verification of asset declarations; (viii) recommendations on improving the systems and practices related to points (i) to (vii). The first annual report shall also include: (i) an assessment whether relevant arrangements and practices related to conflict of interest in Hungary are consistent with the Commission Notice on Guidance on the Avoidance and management of conflict of interest under the Financial Regulation (2021/C 121/01) and – if relevant – an identification of what improvements would be necessary to ensure consistency; (ii) specific indicators for the risks of fraud, corruption and conflict of interest. Appropriate procedures shall be in place ensuring that annual reports for the subsequent years are prepared and made publicly available.

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	
164	C9.R1 Establishment of an Integrity Authority 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	Milestone	The Government examines the first annual Integrity Report of the Integrity Authority and provides its responses in writing	Publication of the Government's response on the first annual Integrity Report and its detailed explanation on how it intends to address each of the findings therein				Q3	2023	The Government shall examine the first annual Integrity Report and provide in writing its assessment, including a detailed explanation on how it intends to address each of the findings, including recommendations, therein. Appropriate procedures shall be in place ensuring that annual reports for the subsequent years are examined and the government's comments are made publicly available in line with the above. The milestone shall be considered fulfilled when the government makes publicly available in writing its assessment and appropriate procedures are put in place ensuring the same procedure for all subsequent annual Integrity Reports.
165	C9.R1 Establishment of an Integrity Authority 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	Milestone	Review of the asset declaration system by the Integrity Authority	Publication of a report on the results of the Integrity Authority's review of the asset declaration system				Q4	2023	The Integrity Authority shall carry out a comprehensive review of the regulatory framework and the functioning of the Hungarian system of asset declarations, including its scope and verification processes and shall make its findings publicly available in a report.
166	C9.R2 Establishment of an Anti-Corruption Task Force to	Milestone	Establishment of an Anti-corruption Task Force	The Anti-corruption Task Force shall be established and				Q4	2022	Before the submission of the first payment request under the recovery and resilience plan, an Anti-corruption Task Force shall be established and it shall hold its first meeting. The tasks of the Anti-corruption Task Force shall be the

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	
	monitor and review the measures taken in Hungary to prevent, detect, prosecute und sanction corruption			hold its first meeting						following: (a) examine the existing anti-corruption measures and elaborate proposals concerning the improvement of detection, investigation, prosecution and sanctioning of corrupt practices and other practices such as nepotism, favouritism or 'revolving doors' between the public and private sectors; (b) put forward proposals for measures to (i) improve corruption prevention and detection (including the effective use of all available corruption prevention and detection tools), (ii) improve 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 an annual report and send it to the Government by 15 March each year. That report shall (i) analyse the risks and trends of corruption and corrupt practices, (ii) propose effective countermeasures and best practices for the prevention, detection and sanctioning corruption risks and corruption types, assessing their effective implementation, (iii) assess how its previous proposals were followed up and implemented in relevant legislative and non-legislative initiatives and government programmes. The applicable rules shall ensure that the Government shall discuss the report of the Anti-corruption Task Force and the proposals included therein within two months and that, if it does not decide to implement a proposal of the Anti-corruption Task Force, it shall provide the chair of the Anti-corruption Task Force with a detailed reasoning for its decision. Relevant non-governmental actors active in the field of anti-corruption shall be involved in the activities of the Anti-corruption Task Force and their full, structured and effective participation shall be ensured. It shall be ensured that such members are demonstrably independent from the government, public authorities, political parties and business interests, have proven expertise and sufficiently long verifiable professional activity in one or more of the following fields: anti-corruption, transparency, access to public information, protection of human rights, public procurement procedures, law enforcement related

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	
										to those topics. Non-governmental members of the Anti-corruption Task Force shall be selected based on an open call for applications by the board of the Integrity Authority and following the binding opinion regarding the eligibility of the candidates by the eligibility committee referred to in milestone 160. That selection shall be based on an open, transparent, non-discriminatory selection process and objective criteria related to the candidates' expertise and merit. It shall be ensured that the number of non-governmental members shall amount to 50% of the members of the Anti-corruption Task Force (the chair excluded), or, if this cannot be ensured, that the share of votes of non-governmental members is modulated to achieve 50% of the total of votes (excluding the chair). The president of the Integrity Authority (referred to in milestone 160) shall act as the chair of the Anti-corruption Task Force. At the same time, the members of the Task Force shall not interfere with the work of the Integrity Authority or have access to its work. Public authorities shall ensure that they are represented by sufficiently high-level competent persons in the Anti-corruption Task Force. The task force shall meet at least twice a year and make decisions by a simple majority of votes cast. The minutes of its meetings shall be made publicly available on the website for the Anti-corruption Task Force along with written contributions and observations sent by its members before or after its meetings requested to be attached to the minutes of the meeting. The Anti-corruption Task Force shall adopt its own rules of procedures on a proposal by its chair at its first meeting. For the purposes of the work of this Anti-corruption Task Force, corruption shall be understood as defined by Article 4(2) Directive (EU) 2017/1371, the offences under Chapter III of the United Nations Convention Against Corruption, the criminal offences set out in Chapter XXVII of Act C of 2012 on the Criminal Code as well as other practices such as nepotism, cronyism or revolving doors between the public and the private sectors. The Anti-corruption Task Force shall also take into

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	
										account situations of conflicts of interest as defined by Article 61(a) of Regulation (EU, Euratom) 2018/1046 and Article 24 of Directive 2014/24/EU, as complemented by the Commission Guidance on the avoidance and management of conflicts of interest under the Financial Regulation (C/2021/2119), and by relevant national provisions. The milestone shall be reached when the Anti-corruption Task Force is established in line with the above requirements, it holds its first meeting and the minutes of that meeting are published on the website for the Anti-corruption Task Force.
167	C9.R2 Establishment of an Anti-Corruption Task Force to monitor and review the measures taken in Hungary to prevent, detect, prosecute und sanction corruption	Milestone	The annual analysis of the Anti-corruption Task Force for the year 2022 is publicly available	Publication of the first annual report of the Anti-corruption Task Force for the year 2022				Q1	2023	The Anti-corruption Task Force shall operate as specified in milestone 166 and shall adopt and make publicly available its first annual report along with the shadow report of non-governmental actors that are members of the Anti-corruption Task Force if such a report is prepared, covering the 2022 calendar year. That report shall also include the comments and recommendations of the Anti-corruption Task Force on the draft National Anti-Corruption Strategy and Action plan (milestone 178). Appropriate procedures shall be in place ensuring that annual reports for the subsequent years are prepared and made publicly available.
168	C9.R2 Establishment of an Anti-Corruption Task Force to monitor and review the measures taken in Hungary to prevent, detect, prosecute und sanction corruption	Milestone	The Government examines the first report of the Task Force	Publication of the Government's response on the first report of the Task Force				Q2	2023	The government shall examine and discuss the first report of the Anti-corruption Task Force and provide its comments – including a detailed reasoning as regards each proposal from the Anti-corruption Task Force it decided not to implement – to the Anti-corruption Task Force. The milestone is met once the list of measures taken and to be taken (with an indication of the envisaged timeframe for measures not yet taken) by the government on the basis of the proposals of the Anti-corruption Task Force, and the detailed reasons of the government for each of those proposals of the Task Force it decided not to implement, are made publicly available on both the government portal and the website of the Integrity Authority. Appropriate procedures shall be in place ensuring that annual reports for the subsequent years are

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	
										examined and the government's comments are made publicly available in line with the above.
169	C9.R3 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	Introduction of a specific procedure in the case of special crimes related to the exercise of public authority or the management of public property	Provision in the amendment of Act XC of 2017 on the Code of Criminal Procedure indicating entry into force and start of application				Q4	2022	Before the submission of the first payment request under the recovery and resilience plan, an amendment of Act XC of 2017 on the Code of Criminal Procedure shall enter into force which shall be applicable as of 1 January 2023, also to (non time-barred) criminal offences committed before that date, following an ex ante review by the Constitutional Court, that shall: - establish a procedure concerning corruption and corruption-related practices as defined in Article 4(2) of Directive (EU) 2017/1371 and in Chapter III of the United Nations Convention Against Corruption (i.e. all cases of bribery involving public officials as well as other cases of bribery with the exception of petty crimes, abuse of office with the exception of petty crimes, the aggravated cases of budget fraud, failure to comply with the supervisory or control obligation related to budget fraud, agreement restricting competition in a public procurement and concession procedure, more serious crimes against property – provided that the criminal offence is committed concerning national assets or assets managed by a public interest asset management foundation performing public duty or damages such assets. It shall be available for participation in a criminal organisation and money laundering if committed in relation to the above-mentioned crimes); - establish 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. Eventually 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 the possibility to file an indictment to the court of law shall be provided. The motion for

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	
										revision shall have suspensory effect on coercive measures affecting assets. Following a repeated motion for revision, the investigating judge shall establish whether there is a person who can reasonably be suspected of having committed a crime. In that case, 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. In cases where a motion for prosecution may be filed, a preliminary examination of the ground for the motion for prosecution by the trial court shall not be envisaged. The procedure may be triggered by anyone; natural persons and legal persons can file motions under this procedure with the exception of public authorities, however, the Integrity Authority (see milestone 160) shall have the right to file a motion for revision and a repeated motion for revision. The aggrieved party and the party reporting a crime shall have a privileged procedural position, with other parties having the possibility to trigger the procedure, following the publication of the pseudonymised decision not to open or to terminate the investigation, if the aggrieved party or the party reporting a crime has not done so. Legal representation shall be mandatory for all parties. The legal representative shall communicate by electronic means and the signature of the party shall not be required for acts within the procedure. The party filing a motion for prosecution shall not be obliged to appear in court in person. The Prosecutor General shall not have the possibility to lodge with the Kúria an extraordinary legal remedy on the ground of legality against judicial decisions handed down under the new procedure. The existence of a decision dismissing a crime report or a decision terminating the proceedings, adopted before 1 January 2023 (related to crimes which are not time-barred due to the statute of limitations) shall not remove the obligation of the investigating authority or the prosecution service to adopt a new decision on the crime report under Section 379 of the Criminal Procedure Code, which decision may be subject to a motion for revision under the new procedure.

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	
										All courts in Hungary hearing civil, administrative and criminal cases, including those relevant for the protection of the financial interests of the Union, shall comply with the requirements of independence, impartiality and being established by law in accordance with Article 19(1) of the Treaty on European Union and the relevant EU acquis. In addition, by 31 December 2022 a) the implementing regulations necessary for the application of the amendment shall enter into force, and b) the Buda Central District Court shall be allocated additional posts for at least two judges and two legal secretaries.
170	C9.R3 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	Review of the specific procedure in the case of special crimes related to the exercise of public authority or the management of public property	The Government adopts its report on the review of the functioning of the special procedure				Q4	2023	The Government shall carry out a comprehensive review of the functioning of the specific procedure set out in milestone 169 and present its findings in a report, including an assessment and specific statistical data on cases and reviews conducted compared to other high-level cases investigated where no review took place. The review shall also indicate explicitly if legislative changes to the procedure are considered necessary and indicate the envisaged timeframe for these.
171	C9.R4 Strengthening 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 their entry into force and start of application				Q4	2022	Before the submission of the first payment request under the recovery and resilience plan, legislative amendments shall enter into force and start being applied ensuring that (i) persons entrusted with senior political functions 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 for the first time under the new asset declaration rules by 31 January 2023 relating to the state on 31 December 2022; (ii) all individuals falling under the personal scope in point (i) shall be obliged to declare: revenues, real estate properties, other valuable

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	
										properties (such as vehicles, vessels, valuable antiques, work of art, etc.), savings in bank deposits and cash, assets in stocks, securities and private equity funds, life insurance policies, trusts, and beneficial ownership of enterprises; (iii) that asset declarations shall be filed upon taking up duties, then annually thereafter and at the time of leaving the duties concerned.
172	C9.R4 Strengthening rules related to asset declarations	Milestone	Setting up of a new system for the electronic submission of asset declarations in digital format and a public database for asset declarations	Full functionality, start of operation and complete scope of asset declarations made available in a new electronic asset declaration system				Q1	2023	A new system shall be fully functional and operational, where asset declarations shall be filed electronically in a digital format. The government shall also set up and make available to the public, free-of-charge and without registration, a searchable database of asset declarations filed by persons entrusted with senior political functions under Sections 183 and 184 of Act CXXV of 2018 on government administration and members of the National Assembly.
173	C9.R4 Strengthening rules related to asset declarations	Milestone	Introduction of effective administrative and criminal sanctions concerning the serious violations of asset declaration obligations	Start of application of the new sanctions regime concerning serious violations of asset declaration obligations				Q3	2023	The specific action in the National Anti-corruption Strategy and Action Plan (milestone 178) on introducing an effective, proportionate and sufficiently dissuasive sanctioning regime (including both criminal and administrative sanctions) concerning serious violations related to the obligations of persons subject to the rules on asset declarations shall be completed and the related sanctions regime shall start being applied.

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	
174	C9.R5 Ensuring the transparency of the use of public resources by public interest asset management foundations	Milestone	Entry into force of an act ensuring effective oversight on how public interest asset management foundations performing public interest activity and legal persons established or maintained by them make use of Union support	Provision in the legislative act indicating the entry into force				Q4	2022	Entry into force before the submission of the first payment request under the recovery and resilience plan of dedicated legislative amendments that shall: (i) explicitly designate public interest asset management foundations performing public interest activity and the legal persons established or maintained by them as contracting authorities within the meaning of Section 5 of Act CXLIII of 2005 on public procurement; (ii) ensure that public interest asset management foundations performing public interest activity and legal persons established or maintained by them as well as their staff, including the chairs and members of their boards and their supervisory boards, involved in the implementation of Union support in any capacity (either as final recipients, beneficiaries or intermediaries) shall be subject to the same requirements as those applicable for public entities and the legal entities managed by them in the Hungarian legislation concerning access to public information and audit and controls – including related to conflict of interest rules – in relation to their involvement in Union support; and (iii) ensure the full compliance of rules applicable to all individuals holding office or being employed by public interest asset management foundations performing public interest activity and the legal persons established or maintained by them with the provisions of Article 61 of Regulation (EU, Euratom) 2018/1046 and the instructions and practice set out in the Commission Notice on Guidance on the avoidance and management of conflict of interest under the Financial Regulation (2021/C 121/01) irrespective of their other activities and functions, including in the Hungarian government.
175	C9.R6 Enhancing the transparency of public spending	Milestone	Entry into force of a legislative act ensuring enhanced transparency of public spending	Entry into force of a legislative act ensuring enhanced transparency of public spending				Q4	2022	Entry into force before the submission of the first payment request under the recovery and resilience plan of a legislative act setting out an obligation for all public bodies 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, in line with the relevant

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	
										methodology provided under milestone 197. The central register shall include unique identifiers of contracts in the Electronic Public Procurement System (EPS) (milestone 197) to allow data requesters to find related information on public procurement procedures in the EPS. The legislative act shall also establish clear procedures and rules for the publication of such data, including the deadline for and the form of publication. The sets of data to be uploaded shall be relevant, correct and defined on the basis of the principles of transparency and proportionality, and in accordance with applicable Union law. 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; (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

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	
										when the funds were disbursed. The legislative act shall indicate that, in addition to the above, information indicating if the public funds involve (fully or partially) Union support above the national public procurement threshold shall also be made available in the central register. The legislative act shall also indicate that for procurement procedures started after 31 March 2023, such information shall be included in the register also for procedures involving Union support not exceeding the national public procurement thresholds. The legislative act shall ensure that data sets published in the central register shall 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 indicate that access to the data shall be provided free of any charge and without the need to register. The legislative act shall include an obligation that public bodies update the data in the central register at least every two months (except for data directly available in the EPS which shall be updated in line with the frequency applicable to the EPS contract award notice database). Information concerning proof of performance and invoices shall continue to be made available upon requests for access to public information. The legislative framework shall ensure that the Government supervises the compliance with and enforces the obligations set out in the above legislative act and ensure that public bodies comply with their obligation to upload all relevant data in full and in a timely manner in the register.
176	C9.R6 Enhancing the transparency of public spending	Milestone	The central register set up under the remedial measures in the conditionality procedure is fully	Relevant public authorities have uploaded all required data in the central register and the central register				Q1	2023	The central register, with the features described under milestone 175 shall be fully operational, and the full set of information under milestone 175 shall be uploaded (including for information indicating if the public funds involve (fully or partially) Union support for procurements below and above national public procurement thresholds) and it is ensured that it shall continue to be uploaded.

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	
			operational and the full set of information required is available in it	is available to the public						To meet this requirement, the relevant public bodies shall be provided with the development of the application required for data provision and the applicable template for data provision, the public bodies concerned shall be provided with information on the data to disclose. The first provision of data shall take place continuously from the start of operation of the application. The milestone shall be considered fulfilled when the public authorities have uploaded all relevant data as provided in milestone 175 in full in the central register, and the central register is accessible to the public with all the functionalities described in milestone 175.
177	C9.R7 Development and implementation of a National Anti-corruption strategy and action plan	Milestone	Strengthening the anti-corruption framework in Hungary by implementing concrete actions under the National Anti-Corruption Strategy and a related Action plan covering the period 2020-2022	Implementation of specific actions under the National Anti-Corruption Strategy and related Action plan covering 2020-2022 by the Government				Q1	2023	The Government shall fully implement actions no. 1, 2, 3, 4, 6a, 6b, 7a, 7b, 10, 12, 13, 14, 15, 16, 17 and 18 stemming from the Government Decision 1328/2020 (VI. 19.).
178	C9.R7 Development and implementation of a National Anti-corruption strategy and action plan	Milestone	Strengthening the anti-corruption framework in Hungary by putting in place a new National Anti-Corruption Strategy and a related Action plan	Adoption and start of implementation of the new National Anti-Corruption Strategy and related Action plan by the Government				Q2	2023	The Government shall adopt a new National Anti-Corruption Strategy and a related Action plan including actions which shall be implemented in the period between 1 July 2023 and 31 December 2025 and which shall be prepared in dialogue with relevant stakeholders. The Strategy and the Action plan shall be prepared with the involvement of the Anti-Corruption Task Force, established in accordance with milestone 166, on the basis of policy advice from the OECD, following extensive consultations with national and international stakeholders, including the Commission and GRECO and in dialogue with stakeholders on the incorporation of their recommendations.

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 National Anti-Corruption Strategy shall build on and be consistent with the strategy under milestone 220. Its main priority shall be to effectively improve the mechanisms ensuring the prevention, detection and correction of fraud and corruption (including in the public procurement system) and to strengthen the system of how the risks of conflicts of interest are addressed. It shall give particular attention to strengthening the institutional and normative framework for the fight against high-level corruption through enhancing the transparency of the work of public bodies (including on senior political level). It shall ensure a coherent implementation of anti-fraud and anti-corruption measures for both national and Union financial support. The Action plan shall include at least the following dedicated actions: (i) strengthening the repression of corruption; (ii) strengthening administrative control procedures independent from investigations by law enforcement authorities (including the verification, control and sanctioning mechanisms) related to asset declarations; (iii) developing efficient internal mechanisms to promote and raise awareness of integrity matters in the government (including by general training for all staff and confidential counselling for senior executive and political level; (iv) reviewing the application of the Code of Professional Ethics by the Hungarian Government Official Corps as well as practices of local governments to identify and promote best practices regarding contacts with lobbyists and preventing conflict of interest; (v) adopting, making publicly available and start applying a code of conduct for persons with top executive functions (as defined by GRECO), providing clear guidance on integrity matters (including in relation to a) contact with lobbyists, b) post-employment restrictions [addressing the practice of “revolving doors” between positions in the public and private sectors] and c) relatives’ employment and the promotion for employment [nepotism]); (vi) with an immediate deadline for implementation of any residual actions stemming from the Government Decision 1328/2020 (VI. 19.) not

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	
										implemented by 30 June 2023. Point (ii) above shall include specific actions to introduce an effective, proportionate and sufficiently dissuasive sanctioning regime (including both criminal and administrative sanctions) concerning serious violations related to the obligations of persons subject to the rules on asset declarations. The milestone shall be considered fulfilled once the Government adopts and makes publicly available the strategy and the action plan following the consideration of the recommendations of the Anti-Corruption Task Force on Corruption Prevention (milestone 166) based on a draft made available to it in advance.
179	C9.R7 Development and implementation of a National Anti-corruption strategy and action plan	Milestone	Strengthening the anti-corruption framework in Hungary through assessing the effective implementation of the implementation of the actions of the new National Anti-Corruption Strategy and the related Action plan	Adoption and publication of a report on the implementation of the actions in the Action plan				Q1	2026	The Government shall adopt and make publicly available a report assessing the implementation of the new National Anti-Corruption Strategy and the actions envisaged under the Action plan.
180	C9.R8 Upgrading the cooperation systems of the prosecution service to tackle corruption practices.	Milestone	Setting up of a new IT system for the handling of sensitive documents of the prosecution service	The new IT system for the handling of sensitive documents, in line with the descriptions of the system, is fully functional and operational				Q2	2024	Based on a detailed system description, a new IT system for the handling of sensitive documents supporting and facilitating the administrative work and information exchange of at least seven organisational units involved in prosecutorial investigations shall be set up. The milestone shall be considered fulfilled once, following the necessary trial runs of the IT system and the training for the necessary staff, the system is fully functional and operational and it is activated (i.e. the seven organisational units involved in prosecutorial investigations have started using

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	
				and the prosecution service has started using it						it).
181	C9.R8 Upgrading the cooperation systems of the prosecution service to tackle corruption practices.	Milestone	Setting up of a new IT system for the handling of case files of the prosecution service	The new IT system for the handling of case files, in line with the descriptions of the system, is fully functional and operational and the prosecution service has started using it				Q4	2025	Based on detailed system description, a new IT system for the handling of case files supporting and facilitating the administrative work and information exchange of at least seven organisational units involved in prosecutorial investigations shall be set up. The milestone shall be considered fulfilled once, following the necessary trial runs of the IT system and the training for the necessary staff, the system is fully functional and operational and it is activated (i.e. the seven organisational units involved in prosecutorial investigations have started using it).
182	C9.R9 Awareness-raising for the eradication of gratuity payments in the healthcare sector	Milestone	Launch of an awareness-raising campaign on the acceptability of gratuity payments in healthcare	The contract with the contractor implementing the public awar eness-raising campaign is signed and the campaign has started				Q4	2022	A detailed campaign programme shall be drawn up to ensure that the awareness-raising campaign on the acceptability of gratuity payments in healthcare is effective and reaches the majority of the citizens. The detailed campaign programme shall be adopted and the contract for the implementation of that campaign programme with the implementing contractor shall be signed by the National Protective Service. The National Protective Service officially shall announce the launch of the awareness-raising campaign.
183	C9.R9 Awareness-raising for the eradication of gratuity payments in the healthcare sector	Milestone	Interim assessment of the first results of the awareness-raising campaign on the acceptability of	Finalisation of an interim assessment of the first results of the awareness-				Q3	2023	Drawing up and adoption of an interim assessment report of the first results of the awareness-raising campaign identifying the lessons learnt, the number of citizens reached, the change in citizens' perception on the acceptability of gratuity payments in healthcare compared to the situation before the launch of the awareness-raising campaign.

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	
			gratuity payments in healthcare	raising campaign						
184	C9.R9 Awareness-raising for the eradication of gratuity payments in the healthcare sector	Target	Number of citizens reached by the completed aw areness-raising campaign		Number	0	5 000 000	Q4	2024	The target shall be considered fulfilled when the final campaign report is accepted by the National Protective Service and its main results are made publicly available, including the number of citizens reached (at least 5 000 000) by the campaign as validated by an independent survey and set out in the accepted campaign report, which shall also describe the campaign tools used, the target groups reached and an analysis of the change of attitude among citizens as a result of the awareness-raising campaign on the eradication of bribery in the field of health.
185	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from Union support shall not exceed 15 %		%	16	15	Q1	2023	The share of public procurement tender procedures – covering public procurement procedures with an estimated value both above and below the EU public procurement thresholds – closed between 1 January 2022 and at least 31 December 2022 with single bids, for procurements financed at least partially from Union support is below 15%, measured in accordance with the Single Market Scoreboard methodology. A final audit report with an unqualified audit opinion by EUTAF shall confirm that the share of single bids – calculated in line with the above methodology – is below 15%.
186	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from national resources shall not exceed 32%		%	36	32	Q1	2023	The share of public procurement tender procedures – covering public procurement procedures with an estimated value both above and below the EU public procurement thresholds – closed between 1 January 2022 and at least 31 December 2022 with single bids for procurements financed exclusively from national resources is below 32%, measured in accordance with the Single Market Scoreboard methodology. A final audit report with an unqualified audit opinion by EUTAF shall confirm that the share of single bids – calculated in line with the above methodology – is below 32%.
187	C9.R10 Reducing the share of single-bid public	Target	The share of tender procedures with		%	15	15	Q1	2024	The share of public procurement tender procedures – covering public procurement procedures with an estimated value both above and below the EU public procurement thresholds – closed

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 procedures		single bids for procurements financed from Union support shall not exceed 15%							between 1 January 2023 and 31 December 2023 with single bids for procurements, at least partially financed from Union support is below 15%, measured in accordance with the Single Market Scoreboard methodology. A final audit report with an unqualified audit opinion by EUTAF shall confirm that the share of single bids – calculated in line with the above methodology – is below 15%.
188	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from national resources shall not exceed 24%		%	32	24	Q1	2024	The share of public procurement tender procedures – covering public procurement procedures with an estimated value both above and below the EU public procurement thresholds – closed between 1 January 2023 and 31 December 2023 with single bids for procurements financed exclusively from national resources is below 24%, measured in accordance with the Single Market Scoreboard methodology. A final audit report with an unqualified audit opinion by EUTAF shall confirm that the share of single bids – calculated in line with the above methodology – is below 24%.
189	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from Union support shall not exceed 15 %		%	15	15	Q1	2025	The share of public procurement tender procedures – covering public procurement procedures with an estimated value both above and below the EU public procurement thresholds – closed between 1 January 2024 and 31 December 2024 with single bids for procurements at least partially financed from Union support is below 15%, measured in accordance with the Single Market Scoreboard methodology. A final audit report with an unqualified audit opinion by EUTAF shall confirm that the share of single bids – calculated in line with the above methodology – is below 15%.
190	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from national resources shall not exceed		%	24	15	Q1	2025	The share of public procurement tender procedures – covering public procurement procedures both above and below the EU public procurement thresholds – closed between 1 January 2024 and 31 December 2024 with single bids for procurements financed exclusively from national resources is below 15%, measured in accordance with the Single Market Scoreboard methodology. A final audit report with an unqualified audit opinion by EUTAF shall confirm that the share of single bids – calculated in line with the above methodology – is below 15%.

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	
			15%							
191	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from Union support shall not exceed 15 %		%	15	15	Q1	2026	The share of public procurement tender procedures – covering public procurement procedures with an estimated value both above and below the EU public procurement thresholds – closed between 1 January 2025 and 31 December 2025 with single bids for procurements at least partially financed from Union support is below 15%, measured in accordance with the Single Market Scoreboard methodology. A final audit report with an unqualified audit opinion by EUTAF shall confirm that the share of single bids – calculated in line with the above methodology – is below 15%.
192	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from national resources shall not exceed 15%		%	15	15	Q1	2026	The share of public procurement tender procedures – covering public procurement procedures with an estimated value both above and below the EU public procurement thresholds – closed between 1 January 2025 and 31 December 2025 with single bids for procurements financed exclusively from national resources is below 15%, measured in accordance with the Single Market Scoreboard methodology. A final audit report with an unqualified audit opinion by EUTAF shall confirm that the share of single bids – calculated in line with the above methodology – is below 15%.
193	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from Union support shall not exceed 15 %		%	15	15	Q2	2026	The share of public procurement tender procedures – covering public procurement procedures with an estimated value both above and below the EU public procurement thresholds – closed between 1 January 2026 and 31 March 2026 with single bids for procurements at least partially financed from Union support is below 15%, measured in accordance with the Single Market Scoreboard methodology. An unqualified audit report by EUTAF shall confirm that the share of single bids – calculated in line with the above methodology – is below 15%.

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	
194	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from national resources shall not exceed 15%		%	15	15	Q2	2026	The share of public procurement tender procedures – covering public procurement procedures with an estimated value both above and below the EU public procurement thresholds – closed between 1 January 2026 and 31 March 2026 with single bids for procurements financed exclusively from national resources is below 15%, measured in accordance with the Single Market Scoreboard methodology. A final audit report with an unqualified audit opinion by EUTAF shall confirm that the share of single bids – calculated in line with the above methodology – is below 15%.
195	C9.R10 Reducing the share of single-bid public procurement procedures	Milestone	Setting up of a monitoring and reporting tool ("single-bid reporting tool") to monitor and report on public procurements closed with single-bids financed from Union support or from national resources in accordance with the Single Market Scoreboard methodology	The monitoring and reporting tool is fully functional and operational and its functionalities are verified to be in accordance with the methodology of the Single Market Scoreboard				Q3	2022	Before the submission of the first payment request under the Recovery and Resilience Plan, the ministry responsible for the public procurement system shall develop a new monitoring and reporting tool ("single-bid reporting tool") for separately measuring the share of procurement tender procedures closed with single bids – with an estimated value both above and below the EU public procurement thresholds – financed either from Union support or from national resources, or both, in accordance with the Single Market Scoreboard methodology. The milestone shall be considered fulfilled when a final audit report with an unqualified audit opinion by the audit authority (EUTAF) confirms that the monitoring and reporting tool is fully functional and operational, 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.
196	C9.R10 Reducing the share of single-bid public procurement procedures	Milestone	First report based on the "single-bid reporting tool" is made available	The first report based on information from the single reporting tool is made publicly				Q1	2023	The first written report based on information from the single reporting tool (set up and operated in accordance with milestone 195), including absolute figures and shares, geographical indications and identification of services and products, shall be prepared by the ministry responsible for public procurement and shall be made publicly available on the EPS website. The report shall also confirm that the single

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	
				available						reporting tool was updated to include also data on geographical indications and those functionalities are fully functional and operational and available to the public. Appropriate procedures shall be in place ensuring that annual reports for the subsequent years based on information from the single reporting tool are prepared and made publicly available.
197	C9.R11 Development of the Electronic Public Procurement System (EPS) to increase transparency	Milestone	The EPS functions allowing the structured search and bulk export of contract award notice data are available to the public	The EPS upgraded with the new functionalities is fully operational and accessible by the public.				Q3	2022	The functions of the Electronic Public Procurement System (EPS) allowing the structured, machine-readable search (including by Boolean search operators) and bulk export of all contract award notice data with company identification numbers (including the names of each individual member of consortia and – in a free text format – also the names of sub-contractors) shall be made fully functional and operational before the submission of the first payment request under the recovery and resilience plan. Those search and export functions of the EPS shall 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 regularly updated (at least quarterly) database shall be created and published in the EPS, containing information on all contract award notices of public procurement procedures in a structured form, which shall be fit to be processed by machine means. All economic operators in the database, including members of consortia, shall be identifiable by a unique identifier (tax number). The database shall be made available to the public. The published database shall be accessible and downloadable by anyone from the EPS homepage without registration and free of charge. The milestone shall be considered fulfilled when, following a trial run, the new functions are activated and the data is available and accessible to the public through the new functions on the EPS homepage.

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	
198	C9.R11 Development of the Electronic Public Procurement System (EPS) to increase transparency	Milestone	The EPS functions allowing the structured search and bulk export of all data related to subcontractors is available to the public	The EPS upgraded with the new functionality allowing the bulk export of all information related to subcontractors is fully operational and accessible by the public.				Q4	2022	The functions of the EPS allowing the bulk export and search possibility of all information related to sub-contractors is fully functioning and operational before the submission of the first payment request under the recovery and resilience plan. The milestone is reached once, following a trial run, the new function is activated and the data is available and accessible to the public through the new functions on the EPS homepage.
199	C9.R11 Development of the Electronic Public Procurement System (EPS) to increase transparency	Milestone	The EPS functions allowing the structured search and bulk export of contract award notice data from 1 January 2014 are available to the public	All data related to contract award notices from 1 January 2014 are made available for search and bulk export in the EPS system				Q1	2023	All data referred to in milestone 197 related to contract award notices retroactively from 1 January 2014 shall be made available for search and bulk export, and accessible to the public, in the EPS, in line with the criteria set out in milestone 197 and 198. The milestone shall be considered fulfilled when the related data is available and accessible to the public on the EPS homepage.
200	C9.R12 Performance measurement framework for public procurements	Milestone	Setting up of a performance measurement framework of public procurements	Adoption of a Government Decision on the setting up of a performance measurement framework assessing the efficiency and cost effectiveness of public				Q3	2022	Adoption of a Government Decision before the submission of the first payment request under the recovery and resilience plan setting up a performance measurement framework to assess the efficiency and cost-effectiveness of public procurements with the effective involvement of independent non-governmental organisations and independent public procurement experts. The Decision shall establish at least (i) the selection criteria for the involvement of independent non-governmental organisations, which shall be the same as the ones set out under milestone 201; (ii) the selection criteria for independent public procurement experts; (iii) the respective tasks and roles of the

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	
				procurements and the reasons for limited competition in the sectors most affected by low level of competition						selected non-governmental organisations and of the independent public procurement experts; (iv) a commitment for the annual publication of the results of the performance measurement framework; (v) minimum requirements concerning the content of the performance measurement framework.
201	C9.R12 Performance measurement framework for public procurements	Milestone	Entry into operation of a performance measurement framework of public procurements	Entry into operation of a performance measurement framework assessing the efficiency and cost effectiveness of public procurements and the reasons for limited competition in the sectors most affected by low level of competition				Q4	2022	Entry into operation before the submission of the first payment request under the recovery and resilience plan of a performance measurement framework that shall be developed with the purpose to be used regularly, with the involvement of independent non-governmental organisations and independent public procurement experts to assess the efficiency, cost effectiveness of public procurements and the possible reasons for and effects of public procurement procedures resulting in single bids. The performance measurement framework shall enable in particular 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 contract completion, (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 value of public procurement procedures with single bids financed from national resources and from Union support separately and/or both and how that value compares to the total value of public procurement procedures financed from national resources and Union support separately and/or both. The analysis shall be carried out by the responsible department

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	
										of the ministry in charge of public procurement with the full and effective involvement of selected independent non-governmental organisations and independent public procurement experts. The result of that analysis shall be made publicly available by 28 February each year on the Electronic Public Procurement System (EPS) website. For the analysis of this and other matters of significance to the public procurement market, such as the type of public procurement procedure used, the performance measurement framework shall include the definition of relevant indicators and rely, to the extent relevant, on the data available in the single-bid reporting tool (milestone 195) and specifically analyse the services and products concerned, the sectors and contracting authorities concerned. The selection of independent non-governmental organisations shall be based on an open, transparent and non-discriminatory selection process based on objective criteria related to expertise and merit. Selection criteria shall relate to proven expertise, professional reputation and sufficiently long verifiable activity relevant to the field of public procurement, as well as independence from the influence of political parties. The milestone shall be considered fulfilled when the detailed documentation of the performance measurement framework and its annual use – in line with the above description – is accepted by the government, the related government decision entered into force and the performance measurement framework has been developed with the involvement of the selected independent non-governmental organisations and independent public procurement experts, and is fully operational.
202	C9.R12 Performance measurement framework for public procurements	Milestone	First annual analysis carried out under the performance measurement framework of public	Publication of the first annual analysis assessing the efficiency and cost-effectiveness of				Q1	2023	The responsible department of the ministry in charge of public procurement shall carry out the first annual analysis in accordance with milestone 201 for the year 2022 with the effective and full involvement of selected independent non-governmental organisations and independent public procurement experts, and the results of that assessment shall be made publicly available on the Electronic Public Procurement

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	
			procurements	public procurements and the reasons for limited competition in the sectors most affected by the low level of competition for the year 2022						System (EPS) website. Appropriate procedures shall be in place ensuring that annual analyses for the subsequent years are prepared and made publicly available.
203	C9.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				Q1	2023	The Government shall adopt and make publicly available a comprehensive action plan to improve the level of competition in public procurement. Actions in the action plan shall be based on the following: (i) an assessment of good practices to facilitate competition in the field of public procurements (taking into account any information resulting from relevant remedial measures under Regulation (EU, Euratom) 2020/2092 and the enforcement of Government Decree 63/2022 (II. 28.)); (ii) first results of the performance measurement framework (milestone 201) and proposals drawn up based on it to facilitate competition in public procurement; and (iii) available findings, decisions and recommendations of the "Public procurement integrity reports" of the Integrity Authority (milestone 161) relevant for competition in public procurement. Actions based on point (iii) shall promote and render effective the integrity checks in public procurement. The action plan shall: (i) set out specific and measurable objectives to be achieved each year; (ii) define measures relevant to achieve the related objectives; (iii) set precise deadlines for the implementation of the measures and assign relevant indicators for each measure to monitor the progress of its implementation; (iv) identify the relevant authority or institution responsible for implementing each measure; (v) establish a monitoring mechanism to assess progress towards

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 achievement of the objectives in the action plan; (vi) include a specific provision to annually review the action plan and revise it as necessary; (vii) ensure that an annual state of play on the implementation of actions in the action plan or its revisions are made publicly available without delay. The content of the actions may change the legal environment and introduce changes to public procurement practices, such as standard conditions applied or contract clauses.
204	C9.R13 Action plan for increasing the level of competition in public procurement	Milestone	Revision of the action plan to increase the level of competition in public procurements following its first annual review	First annual revision of the action plan is adopted and made publicly available				Q1	2024	The Government shall adopt and make publicly available the revised action plan following the first annual review, the results of the review as well as a document setting out the state of play of the implementation of each of the measures in the action plan. The revised action plan shall indicate clearly and in detail what measures are to be taken (and by which authority) to implement the actions that have not been implemented and take into account the findings, decisions and recommendations of the Integrity Authority (where relevant to increase competition in public procurement).
205	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate their participation in public procurement procedures	Milestone	Launch of a training scheme for facilitating the participation of micro-, small and medium-sized enterprises in public procurement procedures	Launch of the scheme				Q2	2023	Launching of a training scheme with the capacity to provide free-of-charge training to at least 2 200 micro-, small and medium-sized enterprises (with a particular focus on micro- and small enterprises) based on newly developed trainings and e-learning materials. The development of the training scheme shall be coordinated by the Ministry responsible for public procurement. The trainings shall provide the most important theoretical and practical information on how micro-, small and medium-sized enterprises may successfully prepare and participate in public procurement procedures. Training materials shall cover in particular, the effective use of remedies and the specificities arising in the performance of a public contract. It shall be ensured that the number of participants in trainings from a single enterprise is limited. An online registration mechanism shall be set up for the training sessions and to access e-learning courses. It shall be ensured that participation is monitored using login data from the online

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	
										system and test questions to be answered during the sessions. The Ministry responsible for public procurement shall also ensure that interested micro-, small- and medium-sized enterprises shall also be able to register for e-mail notifications about upcoming training sessions with details about the course content and registration process. It shall be ensured that (i) the participation of micro-, small and medium-sized enterprises is continuously monitored, (ii) a database on participants is kept, (iii) a follow-up mechanism is established allowing all participants to provide feedback on the efficiency and usefulness of the trainings and training materials.
206	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate their participation in public procurement procedures	Target	Number of micro-, small and medium-sized enterprises having received training on public procurement prac tices		Number	0	1 000	Q1	2024	The target shall be considered fulfilled when representatives from at least 1 000 micro-, small and medium-sized enterprises have successfully completed at least one of any of the trainings or e-learning courses, as verified by the training or e-learning course logs under the training scheme in accordance with the requirements set out in milestone 205.
207	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate their participation in public procurement procedures	Target	Cumulative number of micro-, small and medium-sized enterprises having received training on public procurement practices		Number	1 000	2 200	Q2	2026	The target shall be considered fulfilled when representatives from at least an additional 1 200 micro-, small and medium-sized enterprises (i.e. 2 200 micro-, small and medium-sized enterprises in total) have successfully completed at least one of any of the trainings or e-learning courses, as verified by the training or e-learning course logs under the training scheme in accordance with the requirements set out in milestone 205.

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	
208	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate their participation in public procurement procedures	Milestone	Evaluation of the training scheme to facilitate the participation of micro-, small and medium-sized enterprises in public procurement procedures	Final evaluation report is made publicly available				Q2	2026	A final evaluation report shall be made publicly available evaluating the effectiveness and efficiency of the training measure, in particular through (i) assessing the results of the training scheme, (ii) assessing the lessons learnt and how future training schemes could be improved, and (iii) evaluating the longer-term effects of the scheme on the participation in particular of micro-, and small enterprises respectively in public procurement procedures. The evaluation shall also take into account the feedback of participants of the trainings gathered through the follow-up mechanism.
209	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate their participation in public procurement procedures	Milestone	Setting up a support scheme for compensating the costs associated with participating in public procurements of micro-, small and medium-sized enterprises	Launch of the scheme				Q1	2023	A support scheme providing a lump-sum compensation – based on objective, non-discriminatory and transparent selection criteria – to be paid directly to micro-, small and medium-sized enterprises (with a particular focus on micro- and small enterprises) for their costs associated with their participation in public procurement procedures to facilitate their participation in public procurements and reduce their entry barriers shall be launched. Financial support under the support scheme shall cover, in particular, the cost of using an accredited public procurement consultant, but shall not cover all the costs of participation in a public procurement procedure borne by the respective enterprise. Only those micro-, small and medium-sized enterprises shall be eligible for the support who (i) submitted a valid bid in a public procurement procedure (i.e. tenderers that have submitted a complete tender documentation for a tender procedure, meeting both the exclusion and selection criteria) and (ii) that have not participated in another public procurement procedure in the twelve months prior to submitting the bid in the public procurement procedure. The number of applications for support from an individual enterprise shall be limited.

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	
210	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate their participation in public procurement procedures	Milestone	Carrying out of a mid-term evaluation on the added value and effectiveness of the support scheme	The final evaluation report for the mid-term evaluation is made publicly available				Q3	2024	A mid-term evaluation report on the added value and effectiveness of the support scheme shall be made publicly available. The evaluation shall be based in particular on: (i) interest in the financial support (participation in the programme), (ii) the winning rate of micro-, small and medium-sized enterprises having participated in the programme in the public procurement procedures and (iii) feedback provided by micro-, small and medium-sized enterprises having received support. The evaluation shall also analyse in which sectors the participating enterprises are active and whether those correspond to the sectors where participation of micro-, small and medium-sized enterprises is generally low. The mid-term evaluation shall analyse whether enterprises in other sectors shall be specifically targeted with dedicated communication activities to raise awareness of the programme and whether the delivery of the programme shall be changed in view of the results of the analysis.
211	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate their participation in public procurement procedures	Target	Number of micro-, small and medium-sized enterprises having received lump-sum support for public procurement cost compensation		Number	0	1 800	Q2	2026	The target is reached when at least 1 800 enterprises participating in public procurements as bidders have received compensation for their associated costs in the support scheme in accordance with the requirements set out in milestone 209 as proven by the official payments and accounting records of the authority managing the support scheme.
212	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized	Milestone	Completion of the final evaluation on the added value and effectiveness of the support	Final evaluation report is made publicly available				Q2	2026	A final evaluation report on the added value and effectiveness of the support scheme shall be made publicly available. The evaluation shall be based in particular on (i) interest in the financial support (participation in the programme), (ii) the winning rate of micro-, small and medium-sized enterprises having participated in the support scheme in 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	
	enterprises to facilitate their participation in public procurement procedures		scheme							procurement procedures and (iii) feedback provided by micro-, small and medium-sized enterprises having received support. The evaluation shall also analyse in which sectors the participating enterprises are active and whether those correspond to the sectors where participation of micro-, small and medium-sized enterprises is generally low.
213	C9.R15 Strengthening the role and powers of the National Judicial Council to counterbalance 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 while safeguarding its independence	Provision in the legislative amendments indicating their entry into force				Q1	2023	Before the submission of the first payment request under the recovery and resilience plan, legislative amendments shall enter into force and start being applied ensuring the strengthening of the role and powers of the National Judicial Council (NJC) to effectively counterbalance the powers of the President of the National Office for the Judiciary (NOJ). The legislative amendments shall: a) establish stronger powers for the 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. Regarding individual decisions, the legislative amendments shall ensure that the NJC shall give a motivated binding opinion on the following matters: (i) the annulment, by the President of the 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 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;

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	
										(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; (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 (including personal data) related to the administration of the courts. In addition, the legislative amendments shall provide that the NJC shall

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	
										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 ensure that the NJC has adequate resources, including staff and offices, to carry out its tasks in an effective manner. The legislative amendments shall also provide that, in order to carry out their tasks in the NJC, judges-members shall be entitled to be 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 in the law 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

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	
										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 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.
214	C9.R16 Strengthening judicial independence of the Supreme Court (Kúria)	Milestone	Entry into force of amendments to strengthen judicial independence of the Supreme Court	Adopted and effective amendments to the rules on the election of the Kúria President, the case allocation scheme, and the functioning of the Kúria				Q1	2023	Before the submission of the first payment request under the recovery and resilience plan: a) legislative amendments shall enter into force and start being applied, which shall amend the rules on the election of the Kúria President in order to ensure that: (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 shall ensure that the candidates found unsuitable by the NJC shall 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 and start being applied, which shall ensure that: (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 able to verify on the basis of the case file whether the rules

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	
										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 and start being applied, which shall amend 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 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 213 also apply in relation to the Kúria President when acting as appointing

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	
										authority (in line with Act CLXII of 2011).
215	C9.R17 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				Q1	2023	Before the submission of the first payment request under the recovery and resilience plan, legislative amendments shall enter into force and start being applied 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.
216	C9.R18 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				Q1	2023	Before the submission of the first payment request under the recovery and resilience plan, legislative amendments shall enter into force and start being applied ensuring that 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, is removed.
217	C9.R19 Reinforced legal provisions setting out implementation, monitoring, and audit and control arrangements to guarantee the	Milestone	Legal mandate for the implementation, audit and control of the recovery and resilience plan	Entry into force of the Government Decree on the roles and responsibilities of bodies involved in the				Q3	2022	Entry into force of the Government Decree establishing the legal mandate for the bodies involved in the implementation, audit and control of the implementation of the recovery and resilience plan in Hungary before the submission of the first payment request under the recovery and resilience plan. The decree shall at least set out the roles and responsibilities of those bodies ensuring (a) the collection and reliability of data linked to and monitoring of the achievement of milestones 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	
	sound use of Union support			implementation, audit and control of the Hungarian recovery and resilience plan						targets; (b) that detailed procedures are in place for the drawing up and reliability of management declarations, audit summaries and payment requests; (c) that the necessary procedures 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 are in place; (d) that rules 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 procedures) and audit of the Recovery and Resilience Plan and to all 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) 2018/1046 and the related Commission Notice ('Guidance on the avoidance and management of conflicts of interest under the Financial Regulation' [C 121/01]); (f) that all persons under point (d) shall be obliged to issue a declaration of their absence of conflict of interest on a case by case basis if they are 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), which shall be stored for at least 5 years; (g) that the veracity of conflict of interest declarations is regularly and effectively controlled and the results of those controls are stored for at least five years; (h) that regular and effective oversight of staff in sensitive positions (such as dealing with irregularity management, controls and risk-assessment) is set out and that the regular rotation of staff in those positions is ensured based on a methodology that shall start to be applied no later than 31 March 2023; (i) that bidders shall not participate in tenders in public procurement

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	
										procedures in case conflict of interest relevant to them in that specific tender is established.
218	C9.R19 Reinforced legal provisions setting out implementation, monitoring, and audit and control arrangements to guarantee the sound use of Union support	Milestone	Amendment of the legal provisions relating to the implementation, monitoring, control and audit of the European Structural and Investment Funds and the funds under Regulation (EU) 2021/1060 in Hungary	Provision in the Government Decrees on the implementation , monitoring, control and audit of the European Structural and Investment Funds and the funds under Regulation (EU) 2021/1060 in Hungary indicating entry into force				Q3	2022	Entry into force of the amendment of the Government Decrees regulating the implementation, monitoring, control and audit of the European Structural and Investment Funds under Regulation (EU) 1303/2013 and the funds under Regulation (EU) 2021/1060 in Hungary before the submission of the first payment request under the recovery and resilience plan. The amendments shall ensure at least the following: (a) introduction of rules and procedures making the prevention, detection and correction of conflict of interest more efficient; (b) that rules 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 procedures) and audit of the above mentioned funds and to all beneficiaries and final recipients, contracting authorities, contractors, sub-contractors, as well as consultancy firms involved in project preparation and implementation; (c) 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) 2018/1046 and the related Commission Notice ('Guidance on the avoidance and management of conflicts of interest under the Financial Regulation' [C 121/01]); (d) that all persons under point (b) shall be obliged to issue a declaration of their absence of conflict of interest on a case by case basis if they are 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), which shall be stored for at least five years; (e) that the veracity of conflict of interest declarations is regularly and effectively

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	
										controlled and the results of those controls are stored for at least five years; (f) that regular and effective oversight of staff in sensitive positions (such as dealing with irregularity management, controls and risk-assessment) is set out and that the regular rotation of staff in those positions is ensured based on a methodology that shall start to be applied no later than 31 March 2023; (g) 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.
219	C9.R19 Reinforced legal provisions setting out implementation, monitoring, and audit and control arrangements to guarantee the sound use of Union support	Milestone	Adoption and start of application of guidelines to ensure the effective the prevention, detection and correction of conflict of interest for the staff of all bodies involved in the implementation, control and audit of Union support in Hungary	Start of application of detailed guidelines on conflict of interest				Q4	2022	Before the submission of the first payment request under the recovery and resilience plan comprehensive guidelines ensuring the effective prevention, detection and correction of conflict of interest situations in line with Article 61 of Regulation (EU, Euratom) 2018/1046 and the related Commission Notice ('Guidance on the avoidance and management of conflicts of interest under the Financial Regulation' [C 121/01]) shall be adopted and start being applied. The guidelines shall set out detailed tasks and obligations for each of the bodies involved in the implementation, management and control of Union support ensuring the effective prevention, detection, control and correction of conflict of interest situations.
220	C9.R20 An effective anti-fraud and anti-corruption strategy for the implementation, audit and control of Union support	Milestone	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support by drawing up and implementing	Entry into force of an anti-fraud and anti-corruption strategy for Union support				Q3	2022	The government shall adopt and bring into force before the submission of the first payment request under the recovery and resilience plan an anti-fraud and anti-corruption strategy for all Union support setting out the (i) detailed roles and responsibilities of the different entities involved in the implementation of any Union financial support in Hungary regarding the prevention, detection and correction of fraud, conflict of interest and corruption; (ii) the assessment of the main risks, factors and practices of fraud, conflict of interest and corruption; and ensuring that fraud and corruption is effectively

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	
			an effective anti-fraud and anti-corruption strategy for Union support							prevented, detected and corrected.
221	C9.R20 An effective anti-fraud and anti-corruption strategy for the implementation, audit and control of Union support	Milestone	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support by drawing up and implementing an effective action plan related to the anti-fraud and anti-corruption strategy for Union support	Entry into force of an action plan related to the anti-fraud and anti-corruption strategy for Union support				Q4	2022	The government shall adopt and bring into force before the submission of the first payment request under the recovery and resilience plan an action plan related to the anti-fraud and anti-corruption strategy for all Union support setting out the detailed roles and responsibilities of the different entities involved in the implementation of any Union financial support in Hungary regarding the prevention, detection and correction of fraud or corruption. The action plan shall: (i) define clear and comprehensive actions assigned to each of the objectives set out in the anti-fraud and anti-corruption strategy; (ii) define clear deadlines for the implementation of each of the actions; (iii) assign each of the actions to a body responsible for effectively carrying it out; (iv) define specific, measurable and related indicators to measure progress in implementing each of the actions; (v) set out appropriate arrangements for the regular review of the actions in light of evidence.
222	C9.R21 Full and effective use of the Arachne system for all Union support	Milestone	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support through appropriate arrangements ensuring the effective use of the Arachne risk-	Start applying procedures ensuring the systematic use of the Arachne risk-scoring tool to effectively prevent and detect fraud, corruption, conflict of interest and other irregularities				Q3	2022	Before the submission of the first payment request under the recovery and resilience plan the Government shall approve and start applying procedures setting out the conditions for the systematic and extended use of all the functionalities of the Arachne risk-scoring tool in the implementation of the Hungarian recovery and resilience plan and any other support from the Union budget (including for Union support from the 2014-2020 budgetary period) to effectively prevent and detect conflict of interest, fraud, corruption, double funding and other irregularities. The procedures shall ensure that: (i) the relevant national authorities upload every two months into the Arachne system all data for the data fields set out in the applicable EU regulations related to the implementation of any

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	
			scoring tool							Union support under any budgetary period. As regards the European Structural and Investment Funds of the 2014-2020 budgetary period, all data sets (including contract data on final recipients, detailed contractors/sub-contractors and expenses) that have been collected in the relevant period shall be uploaded into the Arachne system (with the exception that the upload of data concerning contract amendments and additions, information on experts involved in the performance of contracts and information on consortium partners shall start as of 31 January 2023); (ii) the relevant national authorities provide systematic, regular and effective follow-up to the risk-scoring generated by the Arachne system – including for the ex-ante verification of applicants – to effectively prevent and detect conflict of interest, fraud, corruption, double funding and other irregularities and those bodies shall be bound to take into account those risk-scoring results and ensuring that this is set out in the applicable national legislative acts and reflected in the applicable workflows, guidelines (to be issued and introduced by 30 November 2022) and decision-making process of those bodies; and (iii) the respective audit bodies in Hungary and in the relevant Commission services and control bodies have full access to the functionalities of the Arachne system for the purposes of their risk-assessment and to the data sets in the system. The milestone shall be considered fulfilled once the procedures – in line with the above requirements – are in place, binding on all authorities set out above and subject to their application in practice by those authorities.
223	C9.R21 Full and effective use of the Arachne system for all Union support	Milestone	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation	Unqualified final audit report of EUTAF confirming the adequacy of procedures on the systematic				Q4	2022	Before the submission of the first payment request under the recovery and resilience plan: a) detailed and binding procedural guidelines shall be developed and start to be applied by all bodies listed in milestone 222 that set out the steps to be taken in case the Arachne system indicates risk; b) a final audit report with an unqualified audit opinion from the

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	
			of Union support by confirming the adequacy of the procedures on the systematic and effective use of the Arachne risk-scoring tool	and effective use of the Arachne risk-scoring tool and the completeness of data uploaded to Arachne						audit authority (EUTAF) shall confirm the appropriateness of the procedures set out in milestone 222 by verifying that (i) the procedures 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 its entirety in Arachne, and (iii) the National Authority, implementing bodies/managing authorities and intermediate bodies put in place appropriate arrangements to ensure the systematic, regular and effective follow-up of risk-scoring generated by the Arachne system (based on detailed procedural guidelines available to them).
224	C9.R22 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 setting up and full functioning of a new Directorate of Internal Audit and Integrity (DIAI)	A new Directorate of Internal Audit and Integrity (DIAI) set up in the ministry responsible for the implementation of Union support, is fully staffed, its rules of procedures and internal processes are in place and it is fully operational				Q4	2022	In order to strengthen the effectiveness of audit and control arrangements related to Union support and the effective implementation of the anti-fraud and anti-corruption strategy set out in milestone 220, a new Directorate of Internal Audit and Integrity (DIAI) shall be established by means of a law that shall enter into force, and the DIAI shall be fully staffed and shall be fully functional in the ministry responsible for the implementation of Union support before the submission of the first payment request under the recovery and resilience plan. The law shall ensure: (i) the full independence of the DIAI through appropriate guarantees (including concerning the nomination of its high-ranking staff, duration of their mandate without a possibility to dismiss them etc.); (ii) that the selection of staff of the DIAI shall be based on objective criteria developed in cooperation with the Integrity Authority (milestone 160) and that the Integrity Authority supervises the recruitment process; (iii) that the DIAI has appropriate competences to act in relation to any national authority or body involved in any manner 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 appropriate rules of procedures and guidelines (including on the allocation and sequencing of cases in the DIAI) shall be put in place by 30 November 2022 regulating the institutional setup, working methods 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	
										procedures of the DIAI and the Integrity Authority is provided with sufficient guarantees that it can supervise the compliance with those rules of procedures and guidelines; (vi) that sufficient resources are allocated to the tasks necessary to be carried out by the DIAI; (vii) that the DIAI regularly controls (based on sampling and upon suspicion reports) the validity of conflict of interest declarations of all relevant staff involved in the implementation, including acts preparatory thereto, control (including to internal and external evaluators in public procurement procedures) of any Union support in Hungary as well as those of all final recipients, beneficiaries, recipients, contracting authorities, contractors, sub-contractors, as well as consultancy firms involved in project preparation and implementation (based on biennial control plans) and that information on those controls are stored for at least five years; (viii) that a page is created on the main page of the palyazat.gov.hu portal to allow for the anonymous reporting of any suspicion regarding conflict of interest in relation to persons involved in the implementation and control of Union support in Hungary; (ix) that the DIAI shall investigate the reported suspicions in a timely manner; (x) that the DIAI shall annually prepare a detailed report of its work to the Integrity Authority. The milestone shall be considered fulfilled when the law establishing the DIAI with at least the above requirements has entered into force, all positions of the DIAI have been filled and the Integrity Authority has not raised concerns with regard to the recruitment process, the necessary rules of procedures of the DIAI as well as the guidelines regulating its work have entered into force and the DIAI is fully operational and started its work.
225	C9.R23 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	Entry into force of legislative amendments to provide the necessary financial and				Q4	2022	Before the submission of the first payment request under the recovery and resilience plan, legislative amendments shall enter into force ensuring the necessary financial and human resources for the EUTAF to safeguard its independence and enable it to carry out its tasks in an effective and timely manner. The legislative amendments shall ensure that:

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	
			implementation of Union support through appropriate capacity for EUTAF	human resources to the EUTAF						- 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 and staff of the EUTAF shall be set at 70% of the remuneration of the president and staff of the State Audit Office, respectively. - The head of the EUTAF shall have the same or similar powers to decide on the basic principles of salary policy and benefits, and working conditions as those applicable to the president of the State Audit Office. Any arrangement deviating from those applicable to the State Audit Office shall only be possible upon a written and duly justified proposal from the head of EUTAF. - 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.
226	C9.R24 Strengthening 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	Entry into force of a legislative amendment designating the competent authority and of a legislative amendment introducing the possibility to levy dissuasive financial sanctions on non-cooperating economic actors				Q4	2022	Entry into force before the submission of the first payment request under the recovery and resilience plan: (i) of an amendment to Act CXXII of 2010 on Nemzeti Adó- és Vámhivatal designating 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 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

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	
										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) of an amendment to 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.
227	C9.R25 Effective implementation, control and audit 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	Audit report confirming the functionalities and operation of the repository system for the recovery and resilience plan				Q4	2022	A repository system for monitoring the implementation of the recovery and resilience plan shall be set up before the submission of the first payment request under the recovery and resilience plan. The system shall include at least the following functionalities: (a) collection of data and monitoring of the achievement of milestones and targets; (b) collect, store and ensure access to the data required by Article 22(2)(d)(i) to (iii) of the RRF Regulation. The access to this data shall be granted to all relevant national and European bodies for the purpose of audit and control. Data available in the repository system shall be made available in the Arachne system every two months to access the complete list of the RRF risk indicators. A final audit report from the audit authority (EUTAF) with an unqualified audit opinion shall confirm the functionalities of the repository system and that the system is fully functional and is in operation.
228	C9.R25 Effective implementation, control and audit of the Recovery and Resilience Plan	Milestone	Ensuring effective audit of the implementation of the Hungarian recovery and	Entry into force of an audit strategy by EUTAF for the recovery and				Q4	2022	Adoption and entry into force of an audit strategy for the audit authority (EUTAF), ensuring the effective audit of the implementation of the Recovery and Resilience Plan in accordance with internationally accepted audit standards before the submission of the first payment request under the recovery

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	
	and the protection of the financial interests of the Union		resilience plan	resilience plan						and resilience plan. The strategy shall at least 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 investment implemented under the recovery and resilience plan as well as the reliability of data supporting the achievement of milestones and targets.
229	C9.R26 Improving transparency and access to public information	Milestone	Entry into force of a legislative act ensuring legal predictability in access to public information cases in court	Provision in the legislative act indicating the entry into force				Q4	2022	Entry into force of a legislation providing for an exceptional procedure for requests for access to public information. That exceptional procedure shall establish the same procedural steps and deadlines as applied in the case of press rectification cases as set out in Act CXXX of 2016 on civil procedures (Sections 495-501), with the sole exception that the deadline for the summons period in Section 497(1) of Act CXXX of 2016 shall be at least three working days.
230	C9.R26 Improving 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				Q4	2022	Entry into force of amendments to Act CXII of 2011 on Freedom of Information and Government Decree No. 301/2016 (IX. 30.) in order 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) Ensure that any information made available upon an access

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	
										to information request shall be made available simultaneously in the central register mentioned in milestone 175. (Where possible this shall be carried out in the format applicable to the central register referred to in milestone 175. In cases, where the information cannot be structured in that format, it shall be made publicly available on the central register website in a searchable format that allows the download, extraction and reuse of the data.) The amendments concerning the unit costs under point (ii) and the calculation method of the fees that may be chargeable for access to information requests shall be based on a proposal by the National Authority for Data Protection and Freedom of Information (NAIH). Entry into force of a legislative amendment repealing the application of the provisions in Government Decree 521/2020 (IX. 25.) on deviating from certain rules on access to information during the state of danger and ensuring that no further legislative constraints on access to public information are introduced.
231	C9.R26 Improving transparency and access to public information	Milestone	Report of the National Authority for Data Protection and Freedom of Information on ac cess to public information (1)	Publication of the report 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				Q4	2022	The NAIH shall carry out comprehensive and detailed checks on all public bodies at least twice per year 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 set out in a comprehensive report identifying the shortcomings per public body concerned (at least identifying the number of request for access to public data received, the number of complaints related to the sharing of public data, the number of requests fulfilled and the number of days it took to fulfil them), how shortcomings shall be remedied and followed up as well as recommendations how access to public data may be improved. The milestone shall be considered fulfilled when the biannual report covering the second half of 2022 is made publicly available in its entirety.
232	C9.R26 Improving	Milestone	Report of the	Publication of				Q2	2024	The NAIH shall carry out comprehensive and detailed checks on

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	
	transparency and access to public information		National Authority for Data Protection and Freedom of Information on access to public information (2)	the report 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						all public bodies at least twice per year 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 set out in a comprehensive report identifying the shortcomings per public body concerned (at least identifying the number of request for access to public data received, the number of complaints related to the sharing of public data, the number of requests fulfilled and the number of days it took to fulfil them), how shortcomings shall be remedied and followed up as well as recommendations how access to public data may be improved. The milestone shall be considered fulfilled when the biannual report covering the first half of 2024 is made publicly available in its entirety and a total of four reports are publicly available.
233	C9.R26 Improving transparency and access to public information	Milestone	Report of the National Authority for Data Protection and Freedom of Information on access to public information (3)	Publication of the reports 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 NAIHshall carry out comprehensive and detailed checks on all public bodies at least twice per year 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 set out in a comprehensive report identifying the shortcomings per public body concerned (at least identifying the number of request for access to public data received, the number of complaints related to the sharing of public data, the number of requests fulfilled and the number of days it took to fulfil them), how shortcomings shall be remedied and followed up as well as recommendations how access to public data may be improved. The milestone shall be considered fulfilled when the biannual report covering the first half of 2026 is made publicly available in its entirety and a total of eight reports are publicly available.
234	C9.R27 Improving the quality of law-making and effective	Milestone	Entry into force of a legislative act laying down the framework for	Provision in the legislative act indicating entry into force				Q3	2022	Entry into force of a legislative act laying down the framework for consulting the relevant stakeholders during the implementation of the Hungarian recovery and resilience plan. That legislative act shall:

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	
	involvement of stakeholders and social partners in decision-making		effectively involving all relevant stakeholders in the implementation of the Hungarian recovery and resilience plan							(1) Set out a binding 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) Establish 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 effective implementation of the recovery and resilience plan. 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 society organisations independent from the government and public bodies 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 shall be selected through an open, transparent, and non-discriminatory selection process based on objective criteria related to expertise and merit. Each of those members shall have proven expertise in one or more of the above mentioned areas proven by a sufficiently long verifiable and relevant activity in those areas. The monitoring committee shall meet at least twice per year and receive all relevant information related to the implementation of the measures in the recovery and resilience plan. The monitoring committee may issue recommendations to the National Authority of the recovery and resilience plan to be adopted with a simple majority of its members. The National Authority shall follow-up on those recommendations and report on the progress of this follow-up to the monitoring committee; (3) Establish an obligation to regularly and effectively consult social partners and stakeholders during the implementation of

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 recovery and resilience plan.
235	C9.R27 Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making	Milestone	Entry into force of amendments to the relevant legislative acts to enhance the use of public consultations and impact assessments in the law-making process	Provisions in the legislative amendments indicating their entry into force				Q4	2022	Entry into force of amendments to the Act CXXXI of 2010 ensuring that for all 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) effective public consultation shall be carried out and impact assessment shall be prepared and summaries thereof shall be systematically made publicly available by: (i) establishing 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) establishing 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% and that it shall be ensured that the use of these exceptions are duly justified; (iv) that a summary of the preliminary impact assessment shall be made available publicly together with the draft legislative act in all cases; (v) that the scope of exceptions shall be narrowed down by abolishing Section 5(5) of Act CXXXI of 2010. Relevant rules of procedures shall also ensure that the scope and content of impact assessments shall be in line with the methodology prepared under the project “ÁROP-1.1.10 - A jogszabály előkészítési folyamat racionalizálása” co-financed by the European Union; Entry into force of amendments to the rules of procedure of the Government or other relevant legislations shall ensure that: (vi) the Government Control Office (KEHI) shall annually check

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	
										compliance with the public consultation requirements of Act CXXXI of 2010, including the implementation of points (i) to (v). The findings of the above checks shall be published annually by 31 January in a report on the website of the Office. (vii) the Government Control Office shall consistently impose a sufficiently high fine on the ministry led by the 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. Entry into force of amendments to the relevant legislative acts shall ensure that: (i) additional resources are dedicated to the Office of the National Assembly to develop the capacity of the Office to help Members and Committees of the National Assembly to prepare effective impact assessments and conduct effective stakeholder consultations for the bills proposed by them. The Members and Committees of the National Assembly shall have the possibility to request the Office to prepare impact assessments and carry out effective stakeholder consultations on bills or amendments initiated by them. (ii) the Hungarian Central Statistical Office shall provide data to the Office of the National Assembly necessary to carry out the impact assessments.
236	C9.R27 Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making	Milestone	Start of application of a new methodology for the preparation of impact assessments of legislative proposals	Adoption and start of application of a new methodology				Q4	2023	The government shall adopt and start applying a new methodology for the systematic impact assessment of all legislative proposals that shall be based on (i) a comprehensive assessment of the experience with the methodology prepared under the project "ÁROP-1.1.10 - A jogszabály előkészítési folyamat racionalizálása" co-financed by the European Union, identifying the strengths and weaknesses of that methodology; (ii) an identification of the best practices of international institutions and Member States concerning regulatory impact assessments; (iii) an outline of a revised impact assessment methodology which shall be prepared with the involvement of international organisations with widely recognised expertise in

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 field of regulatory impact assessment. All the above documents shall be made publicly available and shall be subject to effective consultation with social partners and non-governmental stakeholders.
237	C9.R27 Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making	Target	Strengthening the effective application of rules concerning obligatory public consultation of legislative acts and the systematic publication of preliminary impact assessment summaries (1)		%	0	90	Q1	2023	At least 90 % of all government decrees, ministerial decrees adopted by the government and all bills submitted by the government to the Parliament between 1 November 2022 and 31 December 2022 were subject to public consultation, and all of the summary impact assessments needed to be published in accordance with the provisions of Act CXXXI of 2010 – as amended in accordance with milestone 235 – were published. All this shall be confirmed by a final audit report with an unqualified audit opinion by EUTAF.
238	C9.R27 Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making	Target	Strengthening the effective application of rules concerning obligatory public consultation of legislative acts and the systematic publication of preliminary impact assessment summaries (2)		%	0	90	Q1	2024	At least 90% of all government decrees, ministerial decrees adopted by the government and all bills submitted by the government to the Parliament from 1 January 2023 to 31 December 2023 were subject to public consultation, and all of the summary impact assessments needed to be published in accordance with the provisions of Act CXXXI of 2010 – as amended in accordance with milestone 235 – were published. All this shall be confirmed by a final audit report with an unqualified audit opinion by EUTAF.

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	
239	C9.R25 Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making	Target	Strengthening the effective application of rules concerning obligatory public consultation of legislative acts and the systematic publication of preliminary impact assessment summaries (3)		%	0	90	Q1	2025	At least 90% of all government decrees, ministerial decrees adopted by the government and all bills submitted by the government to the Parliament from 1 January 2024 to 31 December 2024 were subject to public consultation, and all of the summary impact assessments needed to be published in accordance with the provisions of Act CXXXI of 2010 – as amended in accordance with milestone 235 – were prepared in accordance with the methodology developed in line with milestone 236 and were published. All this shall be confirmed by a final audit report with an unqualified audit opinion by EUTAF.
240	C9.R27 Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making	Target	Strengthening the effective application of rules concerning obligatory public consultation of legislative acts and the systematic publication of preliminary impact assessment summaries (4)		%	0	90	Q1	2026	At least 90% of all government decrees, ministerial decrees adopted by the government and all bills submitted by the government to the Parliament from 1 January 2025 to 31 December 2025 were subject to public consultation, and all of the summary impact assessments needed to be published in accordance with the provisions of Act CXXXI of 2010 – as amended in accordance with milestone 235 – were prepared in accordance with the methodology developed in line with milestone 236 and were published. All this shall be confirmed by a final audit report with an unqualified audit opinion by EUTAF.
241	C9.R28 Support to the data-based decision-making and legislative process with a view to increasing efficiency, transparency and	Milestone	Setting up of a data platform and data modelling system	A data platform connecting data bases and a data modelling tool are set up in line with the description of the system and				Q2	2024	Based on a detailed system description prepared under the coordination of the Ministry of Justice a data platform and a data modelling tool shall be set up to ensure the connection of data bases and developing the capacities for data modelling based on these data for the purposes of allowing the better visualisation and explanation of the effects of regulation to the public. The milestone shall be considered fulfilled once, following a trial

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	
	reducing risks of irregularities			the data platform, the system and the data platform are fully functional and operational and the public administration has started using them						run, the data platform and data modelling tool are fully functional and operational and they are activated (namely, the public administration has started using it).
242	C9.R28 Support to the data-based decision-making and legislative process with a view to increasing efficiency, transparency and reducing risks of irregularities	Target	Number of persons having completed training courses on data visualisation		Number	0	200	Q1	2025	Training courses for the staff of line ministries, government institutions and representatives of social partners involved in strategic planning and legislative preparatory work on data visualisation tools and practices (related to milestone 241) have taken place and at least 200 participants having completed the training in full receiving their certificate.
243	C9.R29 Extension of the automatic administrative decision-making system with a view to increasing efficiency, transparency and reducing risks of irregularities	Target	Additional automated types of cases introduced in the automatic administrative decision-making system (AKD)		Number	0	3	Q2	2025	Three types of new cases with fully operational functionalities shall be introduced in the automatic administrative decision-making system (AKD) allowing their fully automated processing (without human interaction) to reduce the risk of corruption. These case types shall concern the following areas: - vehicle administration; - transport and parking benefits for people with reduced mobility; and - verification of theproof of eligibility for state benefits and entitlements]. The milestone shall be considered fulfilled once, following a trial run, the modules for the three case types in the AKD are fully functional and operational and they are activated (namely, the public has started using them).

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	
244	C9.R30 Strengthening the national IT equipment management system to increase the efficiency of public services	Milestone	Setting up of a central IT equipment management and software licensing system	The IT equipment management and software licensing register and system is fully functioning and operational				Q4	2025	A central IT equipment management and software licensing system shall be set up to provide a comprehensive register and life-cycle monitoring of IT equipment and a flexible and client-friendly central service to ensure the supply, upgrade, repair, change, scrapping, installation and related services for IT equipment for at least 3 000 public bodies in the field of health, public education and social care (such as nursery schools, primary schools, secondary schools, social homes and childcare facilities). The milestone shall be considered fulfilled when following a trial run (with the involvement of end-users and business decision makers) the new system is fully functioning and operational in line with the adopted system design and its functions are activated (i.e. the end-users have started using it).
245	C9.R31 Introduction 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				Q3	2023	An independent international expert review of the domestic anti-tax avoidance rules shall be carried out by an independent provider of widely recognised expertise on the topic of aggressive tax planning. The study 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, focusing on minimum substance requirements for corporate income tax purposes and the tax consequences in case of failure to meet the minimum substance requirements. The review, including the recommendations, shall be published on the Ministry of Finance's website.
246	C9.R31 Introduction of minimum substance requirements for corporate income tax purposes	Milestone	Entry into force of legislation establishing minimum substance requirements for corporate income tax purposes	Provision in the law indicating its entry into force				Q4	2023	Legislation establishing minimum substance requirements for corporate income tax purposes shall enter into force. The legislation shall be prepared based on the findings and recommendations of the independent expert review referred to in milestone 245 and shall mitigate the risks identified in the said review. Prior to the adoption of the legislation by the government, the concept of minimum substance requirements shall be published on the Ministry of Finance's website and the Ministry of Finance shall organise public consultations (including with stakeholders such as tax practitioners and business

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	
										chambers) on the introduction of new minimum substance requirements. The adopted legislation shall include at least the following elements: i) identifying the scope of companies with large exposure of cross-border passive income (gateway criteria); ii) identifying minimum substance requirements (including – but not limited to - bank account and venue); and iii) establishing tax consequences in the case of failure to meet the minimum substance requirements.
247	C9.R32 Strengthening of transfer pricing regulations	Milestone	Entry into force of legislative amendments to strengthen transfer pricing rules	Provisions in the legislative amendments indicating their entry into force				Q4	2023	Legislative amendments introducing new transfer pricing reporting obligations shall enter into force. The legislative amendments shall take into account the findings of public consultations organised by the Ministry of Finance. The adopted legislation shall include detailed requirements for the new transfer pricing data reporting (such as scope, reportable data, method). The scope of the legislative provisions shall cover transactions between associated enterprises reaching at least HUF 100 million.
248	C9.R33 Broadening the scope of non-deductibility rules for outbound payments	Milestone	Entry into force of legislative amendments to broaden the non-deductibility rules for outbound payments	Provisions in the legislative amendments indicating their entry into force				Q4	2023	Legislative amendments broadening the non-deductibility rules for outbound payments shall enter into force. The adopted legislation shall extend the scope of non-deductibility rules so as 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 legislation 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. Prior to the adoption of the legislation by the government, the

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	
										Ministry of Finance shall organise public consultations (including with stakeholders such as tax practitioners and business chambers).
249	C9.R33 Broadening the scope of non-deductibility rules for outbound payments	Milestone	Independent evaluation of the effectiveness of the overall set of domestic rules related to aggressive tax planning	Publication of the evaluation				Q4	2025	An independent evaluation shall be carried out 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 form part of the EU list of non-cooperative jurisdictions or that are considered to be zero-tax or low-tax jurisdictions. The evaluation shall be conducted by an independent provider of widely recognised expertise on the topic of aggressive tax planning. The evaluation shall assess the Hungarian tax framework holistically, including all measures adopted by then. The evaluation shall put forward recommendations for policy action to be undertaken by Hungary, including in the form of legislative changes to address the shortcomings identified, particularly in the area of outbound payments of royalties, interest and dividend. The evaluation, including the recommendations, shall be published on the Ministry of Finance's website.
250	C9.R33 Broadening the scope of non-deductibility rules for outbound payments	Milestone	Entry into force of legislative amendments to improve the effectiveness of measures related to aggressive tax planning	Provisions in the legislative amendments indicating their entry into force				Q2	2026	Legislative amendments to improve the effectiveness of measures to tackle aggressive tax planning shall enter into force. The legislation shall be introduced to address the findings and recommendations of the independent evaluation referred to in milestone 249.
251	C9.R34 Digital transformation of tax compliance procedures	Milestone	Entry into force of legislation for introducing the ePayroll solution	Provision in the legislation indicating its entry into force				Q2	2025	The new ePayroll (Employment Data Provision Platform) solution shall be developed and legislative changes necessary for its rollout shall enter into force. The legislation shall modify the procedures of employment data provision forms to enable the use of the new services by taxpayers (employers).

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	
										Prior to the adoption of the legislation, the authorities shall: 1) Approve the initial development proposal on ePayroll by means of a government decision; 2) Establish an inter-ministerial consortium management structure and appoint a dedicated government commissioner responsible for the successful implementation of the reform; and 3) Carry out a public consultation on the proposed version of the solution before the IT development phase commences.
252	C9.R34 Digital transformation of tax compliance procedures	Milestone	Multi-phase roll-out of the ePayroll system	Completion of the pilot phase of the new system				Q2	2026	The pilot phase of the implementation of the ePayroll solution, with the voluntary involvement of a minimum of 50 companies (including employers of all size categories), shall be completed. The core functionalities of the new system shall be tested, identifying in a cost-efficient manner any potential flaws in due time.
253	C9.R34 Digital transformation of tax compliance procedures	Milestone	Entry into force of legislation for introducing the eReceipt system	Provision in the legislation indicating its entry into force				Q4	2024	The new eReceipt solution shall be developed and legislative changes necessary for its rollout shall enter into force. The legislation shall modify the procedures of documentation on B2C transactions to enable the use of the new services by taxpayers. Prior to the adoption of the legislation, the authorities shall: 1) Approve the initial development proposal for eReceipt by means of a government decision; and 2) Carry out a public consultation on the proposed solution.
254	C9.R34 Digital transformation of tax compliance procedures	Milestone	Multi-phase roll-out of the eReceipt system	Launch of the new eReceipt system				Q1	2026	The eReceipt solution shall be implemented and shall be offered as a service to interested clients. The already functioning Online Cash Registers shall be permitted to operate in parallel until the expiry of a sunset clause. The eReceipt solution shall reach a penetration equal to 40% of the total B2C transaction value by 31 March 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	
255	C9.R34 Digital transformation of tax compliance procedures	Milestone	Entry into force of legislation for the simplification of VAT compliance procedures through the introduction of the eVAT system	Provision in the legislation indicating its entry into force				Q4	2024	The new eVAT solution shall be developed and legislative changes necessary for its rollout shall enter into force. The legislation shall simplify VAT compliance procedures by modifying the procedures of VAT returns to enable the use of the new services by taxpayers. Prior to the adoption of the legislation, the authorities shall: 1) Approve the initial development proposal for eVAT by means of a government decision; and 2) Carry out a public consultation on the proposed solution.
256	C9.R34 Digital transformation of tax compliance procedures	Milestone	Multi-phase roll-out of the eVAT system	Launch of the new eVAT system				Q1	2026	The new eVAT solution shall be implemented and be offered as a service to interested clients. The new eVAT system shall reach a penetration of at least 40% of all VAT taxpayers using at least one service offered by the system by 31 March 2026.
257	C9.R35 Simplifying the tax system by reducing the number of taxes	Milestone	Phasing-out of temporary tax measures	Provisions in the legislation indicating the expiration of temporary tax measures				Q4	2023	The temporary tax measures introduced in the context of the economic disruption caused by the COVID-19 and the energy crisis shall be phased out, in line with their existing sunset clauses. Those temporary tax measures include: (1) the extra tax on the banking sector (Paragraph 1 of Government Decree 197/2022) (2) the special tax on the insurance sector (Paragraph 16 of Government Decree 197/2022) (3) the special taxes on the energy sector (Paragraphs 2, 3 and 8 of Government Decree 197/2022) (4) the surtax on the retail sector (Paragraphs 20-21 of Government Decree 197/2022) (5) the surtax on the telecommunication sector (Paragraph 14 of Government Decree 197/2022) (6) the surtax on the pharmaceutical sector (Paragraph 7 of Government Decree 197/2022).
258	C9.R35 Simplifying the tax system by reducing the number of taxes	Milestone	Report by the working group on reducing the number of taxes	Publication of the report				Q4	2023	A working group shall be set up to evaluate possibilities of reducing the number of taxes. The working group shall include representatives of the Ministry of Finance, tax authority, commercial chambers (Hungarian Chamber of Commerce and Industry, German-Hungarian Chamber of Industry 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	
										Commerce, American Chamber of Commerce in Hungary), representatives of the tax advisors and academic experts. The working group shall prepare a report recommending options for a reduction in the number of taxes. The working group shall evaluate at least the following topics: • consolidation of local property taxation (building tax, land parcel tax, communal tax); • consolidation of the taxation of vehicles (vehicle tax, company car tax, registration duty, duties on transfer of property); • merging rehabilitation contribution (fixed amount) into employers' tax; • merging the taxation of gifts/inheritance into the personal income tax; • abolishment of minor taxes with minimal revenue raising capacity (except for those required by EU law and those serving environmental goals); and • abolishment/consolidation of sick pay contribution. The report of the working group shall recommend a reduction by 10% of the number of taxes compared to the number being in effect on 1 January 2023. The reduction shall be achieved by the abolishment of existing taxes or consolidation of two or more of them into a single one. The temporary tax measures set to expire by 31 December 2023 and referred to in milestone 257, as well as the tax on utility pipelines referred to in milestone 262, 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. The report of the working group shall be made public.
259	C9.R35 Simplifying the tax system by reducing the number of taxes	Milestone	Entry into force of legislative amendments for reducing the number of taxes	Provisions in the legislative amendments indicating their entry into force				Q2	2024	Entry into force of legislative amendments for reducing the number of taxes, based on the report of the dedicated working group referred to in milestone 258. The adopted legislation shall achieve a reduction by 10% in the number of taxes compared to the number being in effect on 1 January 2023. The reduction shall be achieved by the abolishment of existing taxes or

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	
										consolidation of two or more of them into a single one. The temporary tax measures set to expire by 31 December 2023 and referred to in milestone 257, as well as the tax on utility pipelines referred to in milestone 262, shall neither be counted as part of the taxes being in effect on 1 January 2023 nor contribute to the reduction in the number of taxes.
260	C9.R35 Simplifying the tax system by reducing the number of taxes	Milestone	Report by the working group for simplification and consolidation possibilities of alternative set of rules regarding personal income taxation	Publication of the report				Q3	2023	A working group shall be tasked with the preparation 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 thereby making the tax system fairer. The working group shall include representatives of the Ministry of Finance, tax authority, commercial chambers (Hungarian Chamber of Commerce and Industry, German-Hungarian Chamber of Industry and Commerce, American Chamber of Commerce in Hungary), representatives of the tax advisors and academic experts. The working group shall submit its report on reform proposals to the Government. The report shall be made public.
261	C9.R35 Simplifying the tax system by reducing the number of taxes	Milestone	Entry into force of legislative amendments for the simplification and consolidation of personal income taxation	Provisions in the legislative amendments indicating their entry into force				Q4	2023	Entry into force of legislative amendments for simplification and consolidation of personal income taxation, based on the report of the dedicated working group referred to in milestone 260.
262	C9.R36 Reforming the tax on public utility pipelines	Milestone	Entry into force of the Act repealing or amending Act number CLXVIII of 2012 on the tax on utility pipelines	Provisions in the legislative amendments indicating their entry into force				Q4	2024	An Act on the simplification of public utility taxation shall enter into force to either 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 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

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	
										lines.
263	C9.R37 Mainstreaming the use of communication campaigns and behavioural insights by the tax administration	Milestone	Improvement of communication practices of public administration bodies towards their clients	Report is submitted to the Government and new "step-by-step" guidance are launched				Q3	2024	The National Tax Collection Authority (NTCA) shall prepare a report on the components and the results of its "plain communication programme". The report shall promote the mainstreaming of the client-oriented and easy-to-understand communication approaches in other client-facing organisations of the public administration through actual experiences gathered and methods pioneered by the NTCA. The report shall be submitted to the government and made public. Based on the report, new "step-by-step" guidance on specific topics, including assisting private entrepreneurs' choice among optional tax regimes, applications for payment relief, taxation and stamp duties of real estate transactions shall be published on the NTCA's digital platforms.
264	C9.R37 Mainstreaming the use of communication campaigns and behavioural insights by the tax administration	Milestone	Applications of behavioural insights in NTCA procedures	Report on applications of behavioural insights in NTCA procedures and publication of the results of BI pilot projects				Q4	2024	A report shall be prepared by the NTCA and submitted to the Government on how behavioural insights (BI) approaches can improve the conduct of public administration functions, based on the evidence gathered in the BI pilots of the NTCA and the experience gathered through their mainstreaming in regular procedures. At least three new RCT-based BI pilot projects shall be carried out in cooperation between the NTCA and the Ministry of Finance. Topics shall include at least fine-tuning messaging, providing tools for voluntary compliance, improving mentoring services, finding the right balance between behavioural interventions and enforcement in fighting tax evasion. The results of these projects shall be evaluated and published.
265	C9.R37 Mainstreaming the use of communication	Milestone	Concept paper on general overhaul of NTCA IT platforms and	Publication of the concept paper				Q2	2024	A concept paper prepared by the NTCA shall provide a detailed plan of how the multiple IT platforms of the tax administration are to be consolidated into a single-channel platform. The consolidation shall make a fully digital channel available to

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	
	campaigns and behavioural insights by the tax administration		their integration into a single-channel service							taxpayers for use in their interactions with the tax authority. The concept paper shall include a proposed timeline of the necessary development projects, including an estimate on the size and temporal distribution of resources necessary. It shall also provide a plan for the integration of all the on-going or planned IT developments of the NTCA on the platform, building on the communication innovations and BI approaches when designing services and User Interface/User Experience design (UI/UX). This concept paper shall serve as a basis for IT-development planning for the NTCA. The concept paper shall be published on the NTCA website.
266	C9.R37 Mainstreaming the use of communication campaigns and behavioural insights by the tax administration	Milestone	Availability of new functionalities on the NTCA integrated platforms	New functionalities are operational and available on the integrated platforms and the mobile application				Q3	2025	Following the consolidation of separate platforms (such as ePIT, Online Form Application site) and the provision of services not yet available through digital channels (such as ePayroll connection, stamp duty, taxes related to vehicles), at least three new functionalities (not provided before 30 September 2022) shall become operational and available to the users on the integrated platform and the mobile application.
267	C9.R38 Improving the efficiency of public expenditure by carrying out spending reviews	Milestone	Establishment of the legal and institutional framework for conducting annual spending reviews	Entry into force of an amendment of the organisational and operational rules of the Ministry of Finance, and entry into force of a government decision on the methodology and medium-term work plan for spending				Q2	2023	The authorities shall designate the Ministry of Finance as the institution responsible for coordinating and carrying out spending reviews. The Ministry of Finance shall set up a unit in charge of coordination of spending reviews ('coordination unit'). The coordination unit shall be supported in its work by a taskforce that shall include external experts (such as renowned specialists in the areas under review, academics, think-tankers) and representatives of relevant line ministries. The coordination unit shall conduct regular consultations and work closely with the members of the task force in drafting the legal and institutional rules for the conduct of spending reviews and subsequently in designing, implementing and following-up on the spending reviews. The Government shall issue a decision on the launch of a regular spending review process, which shall be published in the Hungarian Official Gazette.

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	
				reviews						The decision (and/or accompanying documents) shall specify, in particular, the following: i) the detailed objectives and targets; ii) methodology for the review; iii) a medium-term work plan, including expenditure areas to be subjected to reviews and the deadlines for conducting the reviews; iv) the public entities concerned (if those entities are part of the central government); and v) the time periods to be covered by the analysis. The decision shall also specify the roles and responsibilities of the actors involved, including at least the following elements: • Line ministries shall provide full access to data and information to the coordination unit in the Ministry of Finance. • The Ministry of Finance shall coordinate and carry out the spending reviews and, after having consulted the taskforce, set out recommendations on possible follow-up actions. • The Ministry of Finance shall present to the government regular (quarterly) reports on the progress of spending reviews. • In line with the principle of “comply or explain”, the government shall present all the findings of the reviews to the Parliament and, in case it does not wish to follow up on some of the corresponding recommendations, explain why. The results of the spending reviews shall be ready by the predefined deadlines to feed into the preparation of the annual budgets and medium-term budgetary planning. • To achieve an effective follow-up, the Ministry of Finance, line ministries and other public institutions who were given recommendations shall be given a deadline to reply to these recommendations in line with the principle of “comply or explain”. • The coordination unit in the Ministry of Finance shall be tasked to monitor the follow-up and prepare an annual

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	
										report on the response to the recommendations. The methodology of the reviews shall take into account OECD recommendations and similar practices in EU Member States. The objective of the spending reviews shall be to examine in detail the adequacy of public expenditure in the areas under review, in particular with regard to its positive social impact, its contribution to economic growth and its impact on the budgetary balance and medium-term sustainability of public expenditure. The methodology shall define concrete savings and efficiency targets for specific expenditure areas with an adequate level of ambition. The areas for the review shall be selected based on criteria such as low-versus-high priority spending and efficiency. When selecting the areas for review, priority shall be given to large and rapidly increasing spending items. The 2023 and 2024 reviews shall cover at least 10% of the general government expenditure each year. The expenditure areas for the review shall include but not be limited to: i) Healthcare; ii) Education; iii) Public investment; and iv) Family and housing related support (including related tax advantages).
268	C9.R38 Improving the efficiency of public expenditure by carrying out spending reviews	Milestone	Reports on the outcomes of the first and second spending reviews	Publication of two reports on the outcome of the first two spending reviews on the Government's website				Q2	2024	The Ministry of Finance shall coordinate and carry out spending reviews of the expenditure of at least two areas designated in the medium-term work plan, of which at least two areas from the list specified in milestone 267, in consultation with relevant professional organisations independent of the government. The coordination unit shall work closely with the members of the task force referred to in milestone 267 on the design, implementation and follow-up of spending reviews. The spending reviews shall identify measures and policy options for achieving potential savings (expressed in terms of percentage

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	
										of the scope of expenditure reviewed) and efficiency gains in the relevant expenditure areas. The proposed measures and options shall be available no later than Q4 2023. Two dedicated reports shall present the concrete outcomes of the reviews in terms of potential savings (expressed in terms of % of the scope of expenditure reviewed) and efficiency gains, as reflected notably in the budgetary planning (i.e. in annual budgets and medium-term budgetary plans). The reports shall be discussed by the government and shall be published on the government's website.
269	C9.R38 Improving the efficiency of public expenditure by carrying out spending reviews	Milestone	Reports on the outcomes of the third and fourth spending reviews	Publication of two reports on the outcome of the additional two spending reviews on the Government's website				Q2	2025	The Ministry of Finance shall coordinate and carry out spending reviews of the expenditure of at least two areas designated in the medium-term work plan, of which at least two areas from the list specified in milestone 267, in consultation with relevant professional organisations independent of the Government. The coordination unit shall work closely with the members of the task force referred to in milestone 267 on the design, implementation and follow-up of spending reviews. The spending reviews shall identify measures and policy options for achieving potential savings (expressed in terms of % of the scope of expenditure reviewed) and efficiency gains in the relevant expenditure areas. The proposed measures and options shall be available no later than Q4 2024. Two dedicated reports shall present the concrete outcomes of the reviews in terms of potential savings (expressed in terms of % of the scope of expenditure reviewed) and efficiency gains, as reflected notably in the budgetary planning (i.e. in annual budgets and medium-term budgetary plans). The reports shall be discussed by the government and shall be published on the government's website.
270	C9.R38 Improving the efficiency of public expenditure by carrying out spending reviews	Milestone	Concluding report on the outcome of the spending review exercise	Publication of the concluding report on the Government's website				Q4	2025	The concluding report shall demonstrate that at least 20% of general government expenditure was successfully covered by the four spending reviews conducted during 2023-2025.

J. COMPONENT 10: 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 accelerating the deployment of renewables and the supply of clean energy, streamlining permitting procedures, and by supporting geothermal research and sustainable production of hydrogen. The component is to reduce fossil fuel consumption by promoting sustainable transport and to improve energy efficiency and reduce energy poverty by improving the energy efficiency of buildings. The component is also to improve the efficiency and flexibility of the electricity market by supporting the improvement 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 and CSR 2023 4.

Several measures are to have a cross border impact including investments in electricity network development, greening of industrial-, science and technology- and logistics parks for energy purposes, building green economy production capacities, the application of green technologies for the decarbonisation of industry, hydrogen investments, supporting geothermal energy exploration and exploitation, the financial instrument to improve companies' energy efficiency, energy efficiency investments in public buildings, the financial instrument to improve the energy efficiency of residential buildings and tackle energy poverty and electrification of railway sections.

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: Improving the transparency, predictability and availability of the grid connection procedure

The objective of this measure is to improve the transparency, predictability and availability of the grid connection procedure. It consists of two sub-measures, one focused on grid connection authorisation for weather-dependent renewable power plants and the other on the harmonisation of the electricity grid connection procedure by distribution system operators.

The objective of the first sub-measure is to scale up C6.R4 (Improving transparency, predictability and availability of the grid connection - Grid connection authorisation for renewable power plants; milestone 111) and increase the availability of grid connections for renewable energy sources. The transmission system operator or the distribution system operators shall issue grid connection authorisations executable from the date of granting for weather-dependent renewable energy plants – solar and wind – for a total capacity of at least 12 000 MW. The scope includes all categories of such power plants (small and large), including renewable power plants that are subject only to a registration procedure and are registered.

This objective of the second sub-measure is to establish a standardised approach to be applied by all distribution system operators when treating the applications for the electricity grid connection procedure. The administrative grid connection procedures shall be reviewed and a consistent interpretation of the related general rules and harmonised procedures by the different distribution system operators shall be ensured. The distribution system operators shall be required to provide information on the availability of network connection points for renewable energy power plants within their area of operation every six months. The implementation of this sub-measure shall be completed by 31 December 2024.

The implementation of the measure shall be completed by 30 June 2026.

C10.R2: Setting network tariffs

The objective of the measure is the adoption and entry into force of a new methodology to calculate network tariffs. In the new methodology, the regulator shall have sole responsibility for determining which costs and revenues are taken into consideration in the methodology. The methodology shall ensure that transmission and distribution tariffs are non-discriminatory and cost-reflective.

The implementation of the measure shall be completed by 31 December 2024.

C10.R3: Adapting the legislation on smart meters

This measure aims at enhancing the use of smart meters to better exploit the technology and thus benefit both the network operation and the users.

The reform shall be achieved through the amendment of the relevant legislation on electricity, which shall:

- define the basic functional requirements for smart meters to ensure their interoperability, including the requirements that these shall provide input to energy management systems.
- establish requirements to improve transparency and access to data deriving from the use of smart meters.
- enhance the scope of those users that are obliged to install smart meters.

The implementation of the measure shall be completed by 31 December 2024.

C10.R4: Strengthening the role of aggregators

The measure aims at introducing legislative amendments aggregators and network codes, as well as developing contract models, to remove market barriers and improve the market entry and service development of new demand response players (independent aggregators) operating in Hungary in the field of demand side management and aggregation.

The amendments shall be based on international best practices, mainly regional best practices, and shall improve the market entry and service development of new demand response players (independent aggregators) operating in Hungary in the field of demand side management and aggregation. The changes shall be introduced within the framework provided by the existing Hungarian legislation, by way of a supportive legal and policy environment as well as contract models, in line with the Electricity Regulation (EU) 2019/943 and the Electricity Directive (EU) 2019/944.

As part of the amendments, the measure shall develop instruments that allow universal service beneficiaries to conclude contracts with one or more community providers, including the legal possibility of converting a universal service contract into a partial or scheduled supply contract. The introduced changes shall cover the definition of clearing rules between aggregators and traders, financial responsibility for mismatches and liability for any imbalances that may arise.

As part of the reform, a contract model for independent aggregator shall be developed with a timeline provided for its introduction.

The implementation of the measure shall be completed by 31 March 2024.

C10.R5: Wider use of dynamic pricing in electricity purchase agreements

The reform aims at amending the regulatory framework to enhance the application of dynamic pricing and shall offer its use also to residential consumers and micro-enterprises covered by universal service. The amended legislation shall give residential consumers and micro-enterprises with suitable meters the possibility to enter into a voluntary electricity purchase contract with dynamic pricing. The reform shall allow users to adjust their consumption according to price signals that reflect the supply and demand conditions in the electricity market.

The implementation of the measure shall be completed by 31 December 2025.

C10.R6: Renewing the product structure of regulatory reserve markets to facilitate market entry for new types of flexibilities

This measure aims at establishing a comprehensive regulatory framework, modifying the rules and developing model contracts at the required regulatory levels to open the market to new supply-side players, taking into consideration any constraints that may arise from the structure of the wholesale market.

Furthermore, the reform aims to remove the barriers and facilitate market access for traditional, non-traditional and renewable energy producers, thereby increasing the efficiency of the balancing market.

The reform shall allow for the inclusion of weather-dependent generators in the balancing capacity market and shall introduce a special flexibility product for consumers with lower accreditation capacity limit. A regulatory package preventing the producers to block new entrants from entering the market based on their prices shall be introduced.

The implementation of the measure shall be completed by 31 March 2024.

C10.I1: Electricity network development and digitalisation (grants)

The objective of this investment is to support the uptake of renewable energy by increasing the electricity network's ability to integrate further renewable energy, to improve the consumer and producer electricity connections as well as the quality of service offered by the system operators.

The investment shall support four types of interventions, which are partly financed by non-repayable financial support, and partly by loans as described below in section J.3. under the investment measure C10.I1 (loans). The below description refers to the parts of the investments, which are financed by non-repayable financial support. The targets to be achieved under the investments financed from non-repayable financial support are additional to those financed under the loans:

- Digital developments at the level of the system operator;
- Improvement of the accuracy of weather forecast;
- Classic and smart grid development for transmission system operator and distribution system operators;
- Dissemination of smart metering.

The call for proposals, the calls for priority project(s) and the grant agreements relating to the sub-measures under this investment may be separate or aggregated for the parts financed from non-repayable financial support and from the loans.

C10.I1a: Digital developments at the level of the system operator (grants)

The 'digital developments at the system operator' sub-measure aims to support the use of digital technologies in the network infrastructure and operation of the electricity network with a view to responding efficiently to the challenges stemming from the reliance on different energy sources, including the large-scale integration of renewable energy sources to the grid. The sub-measure also aims to support the stability of the grid and to improve data management and cybersecurity. The sub-measure financed under both the loans and the non-repayable support is to contribute to these objectives.

As part of the sub-measure, the financing that is provided through a call for proposals shall encompass the development and the putting in operation of digital infrastructure development, such as: customer service systems, fundamental energy IT infrastructure, IT systems supporting energy services and/or consumer-side management systems. In total 17 digital developments related to network infrastructure and/or the operation of the electricity network at the system operator shall be financed from the non-repayable financial support, which are additional to those financed under the loan part.

The implementation of this sub-measure shall be completed by 30 June 2026.

C10.I1b: Improvement of the accuracy of weather forecast (grants)

The ‘improvement of the accuracy of weather forecast’ sub-measure aims to improve the accuracy of energy production estimation of weather dependent renewable energy power plants by installing 37 meteorological stations in addition to those financed under the loan part. The data and forecasts generated as a result of the investment shall be made publicly available for both energy market players and the general public.

The implementation of this sub-measure shall be completed by 30 June 2026.

C10.I1c: Scaled-up measure: Classic and smart grid development for transmission system operator and distribution system operators (grants)

The objective of this measure is scale-up investment C6.I1 ‘Classic and smart grid development for transmission system operator and distribution system operators’. The scaled-up part of the measure shall result in an ability to integrate an additional power plant capacity using renewable energy sources of 1 197 MW to the grid by 30 June 2026, in addition to those financed from the loans and as part of the investment C6.I1.

The implementation of this sub-measure shall be completed by 30 June 2026.

C10.I1d: Scaled-up measure: Dissemination of smart metering (grants)

The objective of this measure is to scale-up investment C6.I5 ‘Dissemination of smart metering’. The scaled-up part of the measure shall support the purchase and installation of 387 791 smart meters by 30 June 2026, in addition to those financed from the loans and as part of the investment C6.I5.

The implementation of this sub-measure shall be completed by 30 June 2026.

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	
271	C10.R1: Improving the transparency, predictability and availability of the grid connection procedure Scaled-up measure: Grid connection authorisation for weather dependent renewable power plants	Target	Grid connection authorisation for weather dependent renewable power plants		MW	10 000	12 000	Q2	2026	Grid connection authorisations executable from the date of granting shall be issued by DSO or TSO to weather dependent renewable energy - solar and wind - power plants for a total capacity of at least 12 000 MW. The target covers all categories of such power plants (small and large-scale plants), including renewable power plants that are only covered by a registration procedure and are registered.
272	C10.R1: Improving the transparency, predictability and availability of grid connection procedure Harmonisation of the electricity grid connection procedure by distribution system operators	Milestone	Harmonisation of the electricity grid connection procedure by distribution system operators	Provision in the rules indicating the entry into force of the minimum requirements for the harmonised electricity grid connection procedure				Q4	2024	The Hungarian Energy and Utilities Regulatory Authority (MEKH) shall identify the differences and define the minimum requirements for harmonising the electricity grid connection procedures applied by all DSOs, for example as regards general deadlines and documents to be submitted. The DSOs shall be required to provide information on the availability of network connection points for renewable energy power plants within its area of operation every six months.
273	C10.R2: Setting network tariffs	Milestone	New methodology to calculate network	Provision in the implementing act				Q4	2024	Entry into force of a new methodology to calculate network tariffs adopted by the

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	
			tariffs	indicating the entry into force of the methodology						independent regulatory authority. It shall ensure that transmission and distribution tariffs are cost reflective and non-discriminatory in accordance with Article 18 of Regulation (EU) 2019/943. The regulator shall have sole responsibility for determining which costs and revenues are taken into consideration in the methodology.
274	C10.R3: Adapting the legislation on smart meters	Milestone	Entry into force of amended legislation on smart meters	Provision in the law indicating the entry into force of the legislation				Q4	2024	Entry into force of amended legislation enhancing the use of smart meters. The legislative amendments shall include: • basic functional requirements for smart meters to ensure their interoperability, including the requirements that these shall provide input to energy management systems; • requirements to improve transparency and access to data deriving from the use of smart meters to users and to market players; • provisions to enhance the scope of users obliged by the national legislation to install smart meters.
275	C10.R4: Strengthening the role of aggregators	Milestone	Entry into force of implementing act on aggregators and	Provision in the implementing act indicating the				Q2	2024	Entry into force of the implementing act on aggregators and network codes to improve the market entry and service development

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	
			network codes including model contracts	entry into force of the legislation on aggregators and network codes, including the modified model contracts						of new demand response players (independent aggregators) operating in Hungary in the field of demand side management and aggregation. The changes develop instruments which encourage universal service beneficiaries to conclude contracts with one or more community providers, including the legal possibility of converting a universal service contract into a partial or scheduled supply contract. The amendments shall cover the definition of clearing rules between aggregators and traders, financial responsibility for mismatches and liability for any imbalances that may arise. Under the measure, the development of contract models shall also be included.
276	C10.R5: Wider use of dynamic pricing in electricity purchase agreements	Milestone	Entry into force of the amended legislation to facilitate the application of dynamic pricing in the segment of residential consumers and micro-enterprises	Provision in the law indicating the entry into force of the legislative amendments				Q4	2025	Entry into force of the legislative amendments to facilitate the application of dynamic pricing in the residential consumer and micro-enterprises segment. The amended legislation(s) shall give residential consumers and micro-enterprises with suitable meters the possibility to enter into a voluntary electricity purchase contract with dynamic pricing, also in addition to a universal service contract. The amended legislation(s) shall ensure that, via dynamic pricing contracts, consumers shall be able to benefit from the functions of smart meters

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	
										and from aggregation, and shall allow them to act as prosumers.
277	C10.R6: Renewing the product structure of regulatory reserve markets to facilitate market entry for new types of flexibilities	Milestone	Entry into force of a comprehensive regulatory framework and modifications of the rules and model contract at the required regulatory levels	Publication of model contracts and the regulatory framework on the websites of the relevant authorities				Q2	2024	The entry into force of the new regulatory framework shall open the market to new supply-side players, remove the barriers and facilitate market access for traditional, non-traditional, and renewable energy producers. Within the regulatory framework, a package preventing the producers, to block new entrants from entering the market shall be introduced. The regulatory framework shall include the use of weather-dependent generators in balancing capacity market and develop a special flexibility product for consumers with lower accreditation capacity limit.
278	C10.I1: Electricity network development and digitalisation C.10.I1a: Digital developments at the level of the system operator (grants)	Milestone	Launch of the call for proposals regarding digital developments related to network infrastructure and operation of the electricity network at the level of the system operator	Publication of the call for proposals on the official website of the Government for calls				Q1	2024	A call for proposals shall be launched for digital developments for the setting up and operation of the electricity network at the level of the system operator. The call shall describe the main development elements and activities that may receive support in order to develop digital infrastructure, such as: the digital customer service system, fundamental energy IT infrastructure, IT systems supporting energy services and consumer-

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	
										side management systems.
279	C10.I1: Electricity network development and digitalisation C.10.I1a: Digital developments at the level of the system operator (grants)	Milestone	Entry into force of the grant agreements for digital developments related to network infrastructure and operation of the electricity network at the level of the system operator	Entry into force of grant agreements				Q3	2024	Grant agreements shall be signed with system operators –including their IT companies – shall enter into force for all the projects selected under the call referred to in milestone 278
280	C10.I1: Electricity network development and digitalisation C.10.I1a: Digital developments at the level of the system operator (grants)	Target	Digital developments related to network infrastructure and operation of the electricity network at the level of the system operator		Number	0	2	Q4	2025	Number of digital developments carried out at the system operators and/or their IT companies. A digital development shall contain the development and installation of a digital infrastructure such as: digital customer service system, fundamental energy IT infrastructure, IT systems supporting energy services and consumer-side management systems.
281	C10.I1: Electricity network development and digitalisation C.10.I1a: Digital developments at the level of the system operator	Target	Digital developments related to network infrastructure and operation of the electricity network at the level of the system operator		Number	2	17	Q2	2026	Number of digital developments carried out at the system operators and/or their IT companies. A digital development shall contain the development and installation of a digital infrastructure one, several such as: digital customer service system, fundamental energy IT infrastructure, IT systems supporting energy services 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	
	(grants)									consumer-side management systems.
282	C10.I1: Electricity network development and digitalisation C10.I1b: Improvement of the accuracy of weather forecast (grants)	Milestone	Launch of the call for priority project(s) to install meteorological stations to improve the accuracy of weather forecasting	Publication of the call for priority project(s) on the official website of the Government for calls				Q1	2024	A call for priority project(s) on the design, purchase and installation of an improved weather forecasting tool shall be launched. The call shall require that the weather forecasting tool is used to improve the accuracy of the estimations of weather dependent renewable energy (such as solar and wind) production. The call shall describe the main requirements for the meteorological stations to be installed. It shall also require that the data and forecasts generated by the meteorological stations shall be made publicly available.
283	C10.I1: Electricity network development and digitalisation C10.I1b: Improvement of the accuracy of weather forecast (grants)	Milestone	Entry into force of the grant agreement(s) on the support to install meteorological stations to improve the accuracy of weather forecasting	Entry into force of grant agreement(s)				Q3	2024	Grant agreement(s) shall be signed and enter into force for the project(s) selected under the call referred to in milestone 282.
284	C10.I1: Electricity network development and digitalisation C10.I1b: Improvement of the accuracy of weather	Target	Meteorological stations in operation		Number	0	7	Q4	2025	Meteorological stations put in operation to improve accuracy of weather forecasting. The data and forecasts generated by the meteorological stations shall be used for the estimations of weather dependent renewable energy (solar and wind) production.

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	
	forecast (grants)									
285	C10.I1: Electricity network development and digitalisation C10.I1b: Improvement of the accuracy of weather forecast	Target	Meteorological stations in operation		Number	7	37	Q2	2026	Meteorological stations put in operation to improve accuracy of weather forecasting. The data and forecasts generated by the meteorological stations shall be used for the estimations of weather dependent renewable energy (solar and wind) production.
286	C10.I1: Electricity network development and digitalisation C10.I1c: Scaled-up measure: Classic and smart grid development for transmission system operator and distribution system operator	Milestone	Entry into force of all grant agreements containing the conditions of implementation and support for development of transmission and distribution grids	Entry into force of grant agreements				Q3	2024	Entry into force of all grant agreements on the implementation and support conditions of the investment between the organisations involved in the investment (the authorised transmission system operator and distribution system operators) and the Managing Authority. These grant agreements shall lead to creating the ability of integrating an incremental capacity of 1197 MW of electricity generated by renewables into the electricity network through this investment, which is in addition to those financed from the loans and as part of the investment C6.I1. The grant agreements shall describe the planned investments, which shall include the development elements, such as high/medium/low voltage network construction and upgrades; new substation installations; substation transformer replacements and expansions; constructions and replacement of controls; 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	
										digitalisation developments.
287	C10.I1: Electricity network development and digitalisation C10.I1c: Scaled-up measure: Classic and smart grid development for transmission system operator and distribution system operator	Target	Capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)		MW	0	295	Q4	2025	Increased ability of the power grid to integrate additional power plant capacity of 295 MW using renewable energy sources through actions under this investment, which is in addition to those financed from the loans and as part of the investment C6.I1. The Hungarian Energy and Public Utility Regulatory Authority shall verify it and provide a validation report using a methodology that elaborates the necessary actions on the grid, financed under the recovery and resilience plan, in order to integrate the energy produced by additional renewable energy production capacity.
288	C10.I1: Electricity network development and digitalisation C10.I1c: Scaled-up measure: Classic and smart grid development for transmission system operator and distribution system operator	Target	Capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)		MW	295	1197	Q2	2026	Increased ability of the power grid to integrate additional power plant capacity of a total of 1197 MW using renewable energy sources through actions under this investment, which is in addition to those financed from the loans and as part of the investment C6.I1. The Hungarian Energy and Public Utility Regulatory Authority shall verify it and provide a validation report using a methodology that elaborates the necessary actions on the grid, financed under the recovery and resilience plan, in order to integrate the energy produced by additional renewable energy production capacity.

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	
289	C10.I1: Electricity network development and digitalisation C10.I1d Scaled-up measure: Dissemination of smart metering (grants)	Milestone	Launch of a call for priority projects addressed to DSOs for the purchase and installation of smart meters	Publication of the call for priority projects on the official website of the Government for calls				Q1	2024	A call (additional to the investment C6.I5) for priority projects addressed to the distribution system operators for purchase and installation of smart meters implementation and support shall be launched. The call shall describe the technical requirements for the installation of smart meters. The distribution system operators shall receive the subsidy in proportion to the number of physical sites required to install smart meters in the geographical areas where they operate.
290	C10.I1: Electricity network development and digitalisation C10.I1d Scaled-up measure: Dissemination of smart metering (grants)	Milestone	Entry into force of all grant agreements on the purchase and installation of smart meters	Entry into force of grant agreements				Q3	2024	Grant agreements shall be signed and enter into force for all the projects selected under the call referred to in milestone 289.
291	C10.I1: Electricity network development and digitalisation C10.I1d Scaled-up measure:	Target	Newly installed smart meters		Number	0	147 480	Q4	2025	New installation of single-phase or three-phase electricity meters with direct connection and communication unit, in addition to those financed from the loans and as part of the investment C6.I5.

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	
	Dissemination of smart metering (grants)									
292	C10.I1: Electricity network development and digitalisation C10.I1d. Scaled-up measure: Dissemination of smart metering (grants)	Target	Newly installed smart meters		Number	147 480	387 791	Q2	2026	New installation of a total of 387 791 single-phase or three-phase electricity meters with direct connection and communication unit, in addition to those financed from the loans and as part of the investment C6.I5.

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

C10.R7: Expanding energy communities

This measure aims at expanding the application of 'energy communities' involving residential and entrepreneurial sector actively in renewable energy use as well as awareness-raising and training focused on developing community-based energy. The reform covers both Citizen Energy Communities (defined in the Electricity Market Directive) and Renewable Energy Communities (defined in the Renewable Energy Directive).

The reform consists of the revision of the current legislative framework, providing for more detailed and flexible rules while introducing incentives for the development of energy communities as well as encouraging their engagement in activities such as collective production and consumption within the energy community framework. The reform goes beyond the transposition of the EU acquis.The reform shall be achieved through the following actions:

- Adoption of legislative framework:
  - aiming at the simplification of the registration process and operation of energy communities as legal entities
  - on energy sharing, transmission, access to consumer data, electricity, metering and accounting in the public grid
  - for the participation of energy communities in the heating-cooling sector.
- Adoption of financing scheme following the review of the legislative framework;
- Awareness-raising and education focused on developing energy communities;
- Establishment of one stop shops to facilitate access to financing and information including guidelines and templated documents for the legal establishment of energy communities.

The amended rules shall implement the open participation principle, shall not unduly restrict the collective self-consumption and production nor introduce any kind of restrictions based on the size or geography.

The implementation of the measure shall be completed by 30 June 2024.

C10.R8: Legal incentives for the uptake of energy storage

This measure aims at establishing a comprehensive regulatory framework for energy storage following the publication of an analysis on existing regulatory barriers to the deployment of energy storage solutions. The measure shall simplify the process and requirements for grid connection and operation of energy storage assets. The reform shall establish the list of market services and of their conditions that can be provided by energy storage operators and shall include the adoption of a national plan on energy storage and non-fossil flexibility.

The adopted regulatory framework shall cover at least:

a) the access to the grid for storage facilities, including permitting and planning procedures;
b) methodology and conditions for access and connection to the transmission and distribution networks of electricity generation facilities;
c) the participation of energy storage facilities in the provision of ancillary services;
d) Rights and obligations of energy storage asset operators, including active consumers, and the exclusion of double charging;
e) The provision of contracts on operating energy storage assets.

The implementation of the measure shall be completed by 31 December 2024.

C10.R9: Ensuring a legal framework for renewable hydrogen

The objective of this reform is the adjustment of the domestic legal framework to encourage the development of a renewable hydrogen ecosystem in Hungary in line with the EU hydrogen strategy, particularly focused on the domestic production of renewable hydrogen, with industry and heavy-duty transport sectors as the main offtakes.

The reform aims to incentivise the uptake of renewable hydrogen in the industrial sector and shall be aligned with the renewable hydrogen in industry targets of the Renewable Energy Act. The measures shall create enabling conditions for the uptake of hydrogen in the transport sector, notably to increase the deployment of hydrogen refuelling stations and the use of renewable hydrogen. The conditions for the production of renewable hydrogen shall be aligned with Delegated Act (EU) 2023/1184 on a methodology for renewable fuels of non-biological origin and Delegated Act (EU) 2023/1185 on a minimum threshold for GHG emissions savings of recycled carbon fuels.

As part of the reform, major legislative gaps and administrative barriers towards a renewable hydrogen ecosystem shall be identified together with the stakeholders and addressed through the adoption of a legislative package on renewable hydrogen and an accompanying non-legislative package.

The implementation of the measure shall be completed by 30 September 2024.

C10.R10: Development of a strategy and action plan for biogas and biomethane

The reform aims at developing a strategy and an action plan to promote the uptake of sustainable biogas and biomethane production. The strategy shall be in line with the REPowerEU biomethane action plan and with the Renewable Energy Directive II (RED II). It shall cover the following elements:

- the sustainable feedstock potential for anaerobic digestion and gasification to produce biogas and biomethane, including retrofitting existing biogas CHP plants with biomethane upgrading units (supply) with potential use;
- assessing possible quantities and uses of digestate and biogenic CO2 from sustainable biogas and biomethane potential;
- identification and removal of the barriers currently constraining the injection of sustainable biomethane into the gas grid, digestate use as a local source of nutrients and biogenic CO2;
- improving the business model for sustainable biomethane production by valorising digestate and biogenic CO2 with the aim of producing biomethane at the most competitive cost and benefiting from GHG emissions in non-ETS sector (agriculture);
- the identification of the legislative and financial (support) measures (e.g. licensing) required to promote the uptake of sustainable biogas and biomethane production, together with digestate and biogenic CO2;
- setting an action plan for the required legislative and non-legislative measures.

The implementation of the measure shall be completed by 31 March 2024.

C10.R11: Improving the geothermal energy regulatory framework

The objective of this reform is to improve the regulatory framework for the exploration and use of geothermal energy and to optimise geothermal exploration and exploitation activities in Hungary. The reform aims to encourage geothermal exploration in the areas of industrial, urban and district heating, in light of the lower geological risk related to them.

The reform shall consist of two phases. Under Phase 1, Hungary shall publish a comprehensive strategy document outlining the envisaged policy steps to improve the regulatory framework for the exploration and use of geothermal energy. This document shall be based on an evaluation of the

licensing regime for geothermal exploration introduced in 2023. Under Phase 2, Hungary shall monitor the accomplishment of the policy steps outlined in the strategy document published under Phase 1. This shall include, but not be limited to, adopting legislation to optimise geothermal energy exploration and exploitation.

The implementation of the measure shall be completed by 31 December 2024.

C10.R12: Supporting potential beneficiaries' applications for EU-funded residential energy efficiency support schemes

The objective of this reform is to ensure that potential beneficiaries of energy efficiency support schemes financed by all EU funds, and in particular vulnerable households and households living in energy poverty, may avail themselves of technical assistance for the preparation of their applications. As such, it aims to level the playing field between all households wishing to apply to such schemes.

As a result of this reform, households wishing to apply for financial support under EU-funded residential energy efficiency support schemes shall have access to assistance by one of the following actors:

- an organisation under the energy efficiency obligation scheme (EEOS) or an ESCO enterprise;
- a one-stop-shop established by a non-governmental organisation or any other entity that provides preparatory services for the installation of deep renovation and/or renewable heating systems. Such organisations shall have relevant professional experience in the field of energy efficiency renovations and/or energy poverty;
- energy experts registered with the Hungarian Chamber of Engineers or the Hungarian Chamber of Architects who are entitled to issue energy performance certificates (EPCs) for buildings.

The preparation of households' applications shall concern both the financial and the technical aspects. It shall include, but not be limited to, the following elements:

- certifying that the potential beneficiaries are eligible to receive support;
- supporting potential beneficiaries in providing evidence of compliance with the relevant provisions of national and EU legislation;
- monitoring the successful implementation of the investment project through EPCs.

The implementation of the measure shall be completed by 30 June 2024.

C10.R13: National strategy for developing green skills

The reform aims to prepare a strategy and concrete actions on developing green skills for the current and future labour force as well as to raise public awareness of the green transition.

As part of the reform, a Government decision on the national strategy on skills for the green transition as part of Hungary's National Energy and Climate Plan and an Action Plan for 2025-2027 for the implementation of the strategy shall enter into force. The strategy shall provide a strategic framework for green skills development policy, defining objectives, measures and indicators to monitor progress in the implementation of the strategy.

Public consultation involving all key stakeholders and social partners shall be carried out on the draft national strategy and action plan. A progress report on the implementation of the national

strategy and of the related action plan shall also be published. The report shall assess progress towards achieving the policy objectives and indicators defined in the strategy.

The implementation of the measure shall be completed by 30 June 2026.

C10.I1: Electricity network development and digitalisation (loans)

The objective of the investment is to support the uptake of renewable energy by increasing the electricity network's ability to integrate further renewable energy, to improve the consumer and producer electricity connections as well as the quality of service offered by the system operators.
The investment shall support four types of interventions, which are partly financed by non-repayable financial support as described above under the investment measure C10.I1 (grants) in section J.1. and partly by loans. The below description refers to the parts of the investments, which are financed by loans:

- Digital developments at the level of the system operator;
- Improvement of the accuracy of weather forecast;
- Classic and smart grid development for transmission system operator and distribution system operators;
- Dissemination of smart metering.

The call for proposals, the calls for priority project(s) and the grant agreements relating to the sub-measures under this investment may be separate or aggregated for the parts financed from non-repayable financial support and from the loans.

C10.I1a. Digital developments at the level of the system operator (loans)

The 'digital developments at the system operator' sub-measure aims to support the use of digital technologies in the network infrastructure and operation of the electricity network with a view to respond efficiently to the challenges stemming from the reliance on different energy sources, including the large-scale integration of renewable energy sources to the grid. The sub-measure also aims to support the stability of the grid and to improve data management and cybersecurity. The sub-measure financed under both the loans and the non-repayable support is to contribute to these objectives.

As part of the sub-measure, the financing that is provided through a call for proposals shall encompass the development and the putting in operation infrastructure development, such as of digital customer service systems, fundamental energy IT infrastructure, IT systems supporting energy services and/or consumer-side management systems. In total six digital developments related to network infrastructure and/or the operation of the electricity network at the system operator shall be financed from the loans, which are additional to those financed under the non-repayable financial support part.

The implementation of the sub-measure shall be completed by 30 June 2026.

C10.I1b. Improvement of the accuracy of weather forecast (loans)

The 'improvement of the accuracy of weather forecast' sub-measure aims to improve the accuracy of energy production estimation of weather dependent renewable energy power plants by installing 13 meteorological stations in addition to those financed under the loan part. The data and forecasts

generated as a result of the investment shall be made publicly available for both energy market players and the general public.

The implementation of the sub-measure shall be completed by 30 June 2026.

C10.I1c. Scaled-up measure: Classic and smart grid development for transmission system operator and distribution system operators (loans)

The objective of this measure is to scale-up investment C6.I1 'Classic and smart grid development for transmission system operator and distribution system operators'. The scaled-up part of the measure shall result in an ability to integrate an additional power plant capacity using renewable energy sources of 426 MW to the grid by 30 June 2026, in addition to those financed from the non-repayable support under C10.I1c (grants) in section J.1. and as part of the investment C6.I1.

The implementation of the sub-measure shall be completed by 30 June 2026.

C10.I1d. Scaled-up measure: Dissemination of smart metering (loans)

The objective of this measure is to scale-up investment C6.I5 'Dissemination of smart metering'. The scaled-up part of the measure shall support the purchase and installation of 138 098 smart meters by 30 June 2026, in addition to those financed from the non-repayable support under C10.I1d (grants) in section J.1. and as part of the investment C6.I5.

The implementation of the sub-measure shall be completed by 30 June 2026.

C10.I2: Greening of industrial-, science and technology- and logistics parks for energy purposes

The objective of this measure is to decarbonise the activities of industrial-, science and technology- and logistics parks. Greening shall be achieved via the deployment of renewable energy systems, creating storage capacity for renewable energy and energy management systems, microgrid network development, and improving the energy efficiency of buildings and decarbonising industrial processes. Accompanying climate adaptation measures of buildings and sites such as the use of rain- and greywater shall be eligible under this measure.

In order to ensure that the measure complies with the 'do no significant harm' principle under the Recovery and Resilience Facility as set out in the DNSH Technical Guidance (2021/C58/01), the eligibility criteria in upcoming calls shall exclude activities under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks. Where the activity achieves projected greenhouse gas emissions that are not significantly lower, but still lower than the relevant benchmarks, an explanation of the reasons why this is not possible should be provided. Benchmarks established for the free allocation for activities fall within the scope of the Emissions Trading System, as set out in the Commission Implementing Regulation (EU) 2021/447.

Geothermal activities shall not include exploration or extraction of either oil or gas. There shall be no equipment purchased or used for such purposes. It shall be ensured that methane releases are minimised and remain well below the threshold of 20 000 tonnes CO2eq/year. Bioenergy activities shall only be based on sustainable biomethane and derivatives in line with RED II.

The following activities shall not be supported under the measure: deployment of hybrid and gas heat pumps, gas boilers.

The implementation of the measure shall be completed by 30 June 2026.

C10.I3: Building green economy production capacities

The objective of this measure is to support the upstream production of goods and improvement of services contributing to the transition towards a net-zero economy. The measure shall increase and initiate enterprises' manufacturing of goods and supply of services directly linked to the energy transition towards a net-zero economy. These interventions shall be made through the development of new highly efficient and decarbonised or low-carbon manufacturing facilities, R&D&I, re- and upskilling activities, and/or the extension, conversion and modernisation of existing facilities.

The activities eligible for support under this measure include activities that increase or initiate the manufacturing of goods and supply of services for the energy transition such as renewable energy systems, heating solutions, carbon capture and storage, electric transmission and distribution, green mobility, the production and use of renewable hydrogen, energy efficiency measures, demand-side measures, as well as skills and IT applications. The concrete interventions chosen shall predominantly be usable only for downstream activities making a substantial contribution to climate change mitigation as per Article 10 of Regulation (EU) 2020/852.

The call for proposals for building green economy production capacities shall contain selection criteria to ensure compliance with the 'do no significant harm' Technical Guidance (2021/C58/01). In order to ensure that the measure complies with the 'do no significant harm' Technical Guidance (2021/C58/01), the eligibility criteria contained in terms of reference for upcoming calls shall exclude the following list of activities: (i) activities under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks[9]; (ii) activities related to fossil fuels, including downstream use, outside the Emission Trading Systems (ETS)[10]. The selection criteria shall additionally require that only activities that comply with relevant EU and national environmental legislation may be selected.

The implementation of the measure shall be completed by 30 June 2026.

C10.I4: Application of green technologies for the decarbonisation of industry

The objective of this measure is to provide support for the decarbonisation of carbon-intensive industries. Through a call for proposals, the investment shall support projects contributing to the decarbonisation of industrial processes, with optional support also for enabling infrastructure linked to supported facilities (in particular digital support systems and renewable hydrogen production lines). The eligible activities under this measure include carbon capture and storage, renewable hydrogen production and use for the decarbonisation of industry, the use of residual heat, sustainable bioenergy measures, electrification, replacements to increase the energy efficiency of installations and related deployment of IT applications.

In order to ensure that the measure complies with the 'do no significant harm' principle under the Recovery and Resilience Facility as set out in the DNSH Technical Guidance (2021/C58/01), the

[9] 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 should 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.

[10] Except for (a) projects under this measure 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 (i) for which the use of fossil fuel is temporary and technically unavoidable for the timely transition towards a fossil fuel free operation.

eligibility criteria in upcoming calls shall exclude activities under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks. Where the activity achieves projected greenhouse gas emissions that are not significantly lower, but still lower than the relevant benchmarks, an explanation of the reasons why this is not possible should be provided. Benchmarks established for the free allocation for activities fall within the scope of the Emissions Trading System, as set out in the Commission Implementing Regulation (EU) 2021/447.

Bioenergy activities shall only be based on sustainable biomethane and derivatives in line with RED II. Deep geothermal activities shall not be supported as part of this measure.

The implementation of the measure shall be completed by 30 June 2026.

C10.I5: Digitalisation of energy companies

The investment aims to contribute to a higher operational efficiency of the electricity system and to improve the security of electricity supply by implementing digital solutions at energy companies. Eligible activities under this measure include digital improvements that support the security of energy services, IT assets, cybersecurity improvements, operational, management and business processes, including power plant management and control technology improvements of electricity producers and digitalisation of customer service.

A plan in the form of a diagram and/or a textual description shall be prepared to present how the digitalisation investments in the field of energy financed under this measure and under Cohesion Policy build on each other. In order to ensure that the measure complies with the 'do no significant harm' principle under the Recovery and Resilience Facility as set out in the DNSH Technical Guidance (2021/C58/01), the eligibility criteria in upcoming calls shall exclude activities under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks. Where the activity achieves projected greenhouse gas emissions that are not significantly lower, but still lower than the relevant benchmarks, an explanation of the reasons why this is not possible should be provided. Benchmarks established for the free allocation for activities fall within the scope of the Emissions Trading System, as set out in the Commission Implementing Regulation (EU) 2021/447.

The implementation of the measure shall be completed by 30 June 2026.

C10.I6: Hydrogen investments

The objective of this measure is to support projects along the renewable hydrogen value chain in two subparts: renewable hydrogen production and the use of hydrogen for mobility.

The first subpart of the investment shall support the production of electrolyser capacity via a call. Corresponding production of additional renewable energy from wind and/or solar energy shall also be eligible under this measure. Operators shall provide a justification showing that the electricity consumed for the hydrogen production is generated from fossil-free energy sources.

The second subpart of the investment shall support the purchase of hydrogen fuel-celled buses (category M3) and hydrogen fuel-celled heavy-duty vehicles (categories N2/N3) and hydrogen-fuelled light-duty vehicles (category N1), as well as the deployment of hydrogen refuelling stations through a call for proposals. The hydrogen refuelling stations shall be located in places with a demonstrable, sufficient supply of renewable and fossil-free hydrogen.

In order to ensure that the measure complies with the 'do no significant harm' principle under the Recovery and Resilience Facility as set out in the DNSH Technical Guidance (2021/C58/01), the

eligibility criteria in upcoming calls shall exclude activities under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks. Where the activity achieves projected greenhouse gas emissions that are not significantly lower, but still lower than the relevant benchmarks, an explanation of the reasons why this is not possible should be provided. Benchmarks established for the free allocation for activities fall within the scope of the Emissions Trading System, as set out in the Commission Implementing Regulation (EU) 2021/447.

The implementation of the measure shall be completed by 30 June 2026.

C10.I7: Strengthening human resources in the green economy

The objective of the investment is to support training, upskilling and reskilling of the workforce to acquire green skills, as well as increasing public awareness on energy, climate mitigation and adaptation and environmental issues.

As part of the investment, new learning content on green skills, including content to be used for practical training of students, shall be developed for at least 40 different courses that shall be integrated into formal (accredited) vocational education and training and higher education programmes.

A labour market supply-demand analysis shall be conducted to prioritize green skills areas for which new courses and learning materials as well as micro-credentials training programmes shall be developed. The analysis shall be conducted and published prior to developing new courses, and learning materials as well as micro-credentials training programmes.

Moreover, under this investment at least 50 000 professionals with, at most, completion of upper secondary education and who have participated in adult training courses for green skills shall acquire micro-credentials certificates in green skills areas. The unemployed, inactive labour force and workers from micro and small enterprises shall be prioritised as training participants.

The micro-credentials awarded shall be fully in line with Council's Recommendation on a European approach to micro-credentials for lifelong learning and employability (2022/C 243/02). The development of micro credentials shall build on the Technical Support Instrument project aiming to create a single micro-credential system in Hungary and on a labour market supply-demand analysis.

The implementation of the measure shall be completed by 30 June 2026.

C10.I8: Energy efficiency investments in public buildings

This investment aims at improving the energy performance of public buildings through the modernisation of existing building stock. Only projects that achieve at least 30% reduction in primary energy consumption per building, compared to the baseline situation before the energy performance improvements, shall be eligible under this investment.

The investment shall lead to at an overall reduction in primary energy use through energy efficiency improvements in public buildings with a total floor area of 1 442 000 square meters, with specific focus on the Budapest region. This shall be achieved by undertaking investments in the energy management of buildings such as by improving building insulation, the thermal performance of buildings, reducing heat loss, modernisation of heating, implementing digital energy management systems to reduce energy demand and/or energy-efficient retrofitting of existing indoor lighting systems; through the increase in the use of renewable energy for the public buildings and activities

supporting the adaptation of public buildings to climate change. Support for heating systems based on gas shall amount to no more than the maximum of 20% of the overall envelope for this measure.

The implementation of the measure shall be completed by 30 June 2026.

C10.I9: Electrification of railway sections

The objective of the investment is to complete electrification of a railway section, thus reducing reliance on fossil fuels in the local transport system. Specifically, the investment shall result in the completion of the electrification of the railway section between Szeged and the border of Hungary with Serbia in the direction of Röszke and in building new electrified delta track between railway lines 136 and 140. The investment also shall improve the capacity of the electricity network of railways by building or reconstructing seven substations (Tatabánya, Kimle, Szabadegyháza, Füzesabony, Nyékládháza, Őrmező, Kisvárda), including the complete update of transformers and switchgears.

Since for the Szeged-Rendező - Röszke – Border of the country section project, compliance with the 'do no significant harm' principle under the Recovery and Resilience Facility as set out in the DNSH Technical Guidance (2021/C58/01) for the circular economy objective could not be established ex-ante, Hungary shall demonstrate upon completion of this project that the operators carrying out the construction ensured that at least 70 % (by weight) of the non-hazardous construction and demolition waste from the construction (excluding naturally occurring material defined in category 17 05 04 in the European List of Waste established by Commission Decision 2000/532/EC) generated on the construction site are prepared for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol. For this particular project, it shall also be demonstrated that the operators limited waste generation during construction, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and facilitated re-use and high-quality recycling by selective removal of materials, using available sorting systems for construction waste.

The implementation of the measure shall be completed by 30 June 2026.

C10.I10: Boosting companies' uptake of battery-electric vehicles (BEVs)

This measure aims at increasing companies' uptake of battery-electric vehicles by providing financial support in the form of grants. It shall result in at least 12 500 new battery-electric vehicles purchased and put into service by the companies that received grant support.

The investment shall be targeted to companies other than fleet providers. In particular, the targeted companies shall be car sharing operators and passenger transport companies. Eligible vehicles to be purchased by recipients shall include battery-electric cars, light commercial vehicles and minibuses.

The implementation of the measure shall be completed by 30 June 2026.

C10.I11: Supporting geothermal energy exploration

This investment aims at providing financial support to undertakings active in geothermal exploration activities to help them complete such activities. The measure shall consist of a call for applications open to entities with a geothermal exploration permit that are to start exploration activities in 2024. It shall result in at least 20 grants being awarded and at least 13 exploration activities being finalised.

In order to ensure that the measure complies with the 'do no significant harm' principle under the Recovery and Resilience Facility as set out in the DNSH Technical Guidance (2021/C58/01), the eligibility criteria in upcoming calls shall exclude activities under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks. Where the activity achieves projected greenhouse gas emissions that are not significantly lower, but still lower than the relevant benchmarks, an explanation of the reasons why this is not possible should be provided. Benchmarks established for the free allocation for activities fall within the scope of the Emissions Trading System, as set out in the Commission Implementing Regulation (EU) 2021/447.

Geothermal activities shall not include exploration or extraction of either oil or gas nor the equipment used for such purposes. It shall be ensured that methane releases are minimised and remain well below the threshold of 20 000 tonnes CO2eq/year.

The implementation of the measure shall be completed by 30 June 2026.

C10.I12: Setting up a financial instrument to improve companies' energy efficiency

This 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 efficiency sector for companies. The Facility shall operate by providing loans through intermediaries to the private sector, as well as to public sector entities engaged in similar activities. On the basis of the RRF investment, the Facility aims at initially providing at least EUR 405 703 312 of financing.

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:

- Loan support to improve the energy performance of the corporate sector. At least 60% of the support shall be reserved for micro, small and medium-sized enterprises. If there is insufficient demand from micro, small and medium-sized enterprises to meet the 60% target by 30 September 2025, the remaining share of the funds shall be reallocated to large enterprises. Final beneficiaries receiving support under this measure shall be required to achieve at least 30% primary energy savings, as certified by energy audits. Only activities directly linked to the energy-efficient renovation of buildings and the decarbonisation and improvement of the energy efficiency of industrial processes shall be eligible for support under this measure. The installation and connection of renewable energy production capacities is considered to be an activity with such a direct link if feeding into an energy savings activity.

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. The MFB and the financial intermediaries that shall be selected to assist in the implementation of this measure shall make investment decisions in a transparent, independent and market-conform way.

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[11], (ii) activities and assets under the EU Emissions Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks[12], (iii) activities and assets related to waste landfills, incinerators[13] and mechanical biological treatment plants[14].

   i. Moreover, support for heating systems based on gas shall amount to no more than a maximum of 20% of the overall envelope for this measure.

   ii. Bioenergy activities shall only be based on sustainable biomethane and derivatives in line with RED II.

   iii. For industry sectors using steam and low temperature heat up to 400°C, electrification of industrial processes over the use of low carbon gases shall be prioritised. Investments in non-fossil carbon capture (bio-CCS) shall only be eligible provided that they comply with relevant DNSH criteria, notably for bioenergy activities. Fossil carbon capture shall only be eligible if the CO2 stems from unavoidable emissions. Projects comprising the whole CCS value chain (capturing, transport and underground permanent geological storage) and projects completing existing value chains (e.g., new storage clearly linked to existing capturing installations) shall be prioritised over other CCS project proposals.

   iv. For hydrogen use in industry, if low-carbon hydrogen is used, it shall meet a 73.4% GHG emission savings threshold with corresponding certificates. Only renewably hydrogen and low-carbon hydrogen shall be eligible for support. In addition, the process shall be 100% compatible with hydrogen and the use of hydrogen shall be increased up to 100% in the near future.

[11] 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.

[12] 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.

[13] 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.

[14] 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.

v. Geothermal activities shall not include exploration or extraction of either oil or gas. There shall be no equipment purchased or used for such purposes. It shall be ensured that methane releases are minimised and remain well below the threshold of 20 000 tonnes CO2eq/year.

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 unless they are used to service loan repayments of the Recovery and Resilience 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.

5. Requirements for climate investments carried out by the Implementing Partner: At least EUR 461 026 491 of the RRF investment into the Facility shall contribute to the climate change objectives in accordance with Annex VI to the RRF Regulation.[15]

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

[15] 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.

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.

The implementation of the measure shall be completed by 31 August 2026.

C10.I13: Setting up a financial instrument to improve the energy efficiency of residential buildings and tackle energy poverty

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 efficiency sector for residential buildings. The Facility shall operate by providing combined loan and grant support through intermediaries to the private sector, specifically to households. On the basis of the RRF investment, the Facility aims at initially providing at least EUR 518 559 440 of financing.

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. This investment is also aimed at tackling energy poverty and at least 10% of the support shall be reserved for energy poor households. If there is insufficient demand from energy poor households to meet the 10% target by 30 September 2025, the remaining share of the funds shall be reallocated to other households. The share of grants and loans for each final beneficiary shall be set according to two criteria: i) the income level of final beneficiaries and ii) the potential primary energy savings to be achieved by the final beneficiary. Namely, the lower is the income level of the final beneficiary and the higher are the potential energy savings, the higher shall be the share of grant support on total support per final beneficiary. In the case of households living in energy poverty, the share of loan support on total support per final beneficiary shall not exceed 10%. Households receiving support under this measure shall be required to achieve at least 30% primary energy savings, as certified with energy performance certificates (EPCs).

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. The MFB and the financial intermediaries that shall be selected to assist in the implementation of this measure shall make investment decisions in a transparent, independent and market-conform way.

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[16], (ii) activities and assets under the EU Emissions Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks[17], (iii) activities and assets related to waste landfills, incinerators[18] and mechanical biological treatment plants[19]. 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 unless they are used to service loan repayments of the Recovery and Resilience 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.

[16] 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.

[17] 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.

[18] 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.

[19] 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.

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.

5. Requirements for climate investments carried out by the Implementing Partner: At least EUR 589 272 091 of the RRF investment into the Facility shall contribute to the climate change objectives in accordance with Annex VI to the RRF Regulation.[20]

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.

The implementation of the measure shall be completed by 31 August 2026.

C10.I14: Setting up a financial instrument to increase the rollout of recharging stations for electric vehicles (EVs)

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 electromobility 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. On the basis of the RRF investment, the Facility aims at initially providing at least EUR 73 640 597 of financing.

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:

[20] 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.

- Combined loan and grant support for the installation of recharging 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 is the company, the higher shall be the share of grant support;
    - the ratio of heavy-duty vehicles (HDV) charging points per station to be installed by final beneficiaries. In particular, the higher is the HDV 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 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. The MFB shall make investment decisions in a transparent, independent and market-conform way.

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[21], (ii) activities and assets under the EU Emissions Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks[22], (iii) activities and assets related to waste landfills, incinerators[23] and mechanical biological treatment plants[24].

[21] 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.

[22] 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.

[23] 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.

[24] 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.

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 unless they are used to service loan repayments of the Recovery and Resilience 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 are being respected.

5. Requirements for climate investments carried out by the Implementing Partner: At least EUR 79 183 437 of the RRF investment into the Facility shall contribute to the climate change objectives in accordance with Annex VI to the RRF Regulation.[25]

The implementation of the measure shall be completed by 31 August 2026.

C10.I15: Setting up a financial instrument to support the purchase of battery-electric vehicles (BEVs) by fleet providers

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 electromobility sector by boosting the uptake of battery-electric vehicles in the private sector. The Facility shall operate by providing loans directly to the private sector, as well as to public sector entities engaged in similar activities. On the basis of the RRF investment, the Facility aims at initially providing at least EUR 48 930 629 of financing.

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:

[25] 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.

- Loan support to fleet providers for the purchase of battery-electric vehicles.

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. The MFB shall make investment decisions in a transparent, independent and market-conform way.

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[26], (ii) activities and assets under the EU Emissions Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks[27], (iii) activities and assets related to waste landfills, incinerators[28] and mechanical biological treatment plants[29].

   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 unless they are used to service loan repayments of the Recovery and Resilience Facility.

---

[26] 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.

[27] 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.

[28] 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.

[29] 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.

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 are being respected.

5. Requirements for climate investments carried out by the Implementing Partner: At least EUR 52 613 580 of the RRF investment into the Facility shall contribute to the climate change objectives in accordance with Annex VI to the RRF Regulation.[30]

The implementation of the measure shall be completed by 31 August 2026.

C10.I16: Setting up a financial instrument to support geothermal energy exploration and exploitation

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 geothermal energy sector. The Facility shall operate by providing loans directly to the private sector, as well as to public sector entities engaged in similar activities. On the basis of the RRF investment, the Facility aims at initially providing at least EUR 326 709 810 of financing.

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:

- Loan support to improve the exploitation of geothermal energy. Final beneficiaries of the Facility shall consist of entities with a valid geothermal extraction permit. Final beneficiaries that have not received grant support under investment C10.I11 shall take up less than 20% of the loan support under this investment.

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

[30] 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.

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. The MFB shall make investment decisions in a transparent, independent and market-conform way.

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[31], (ii) activities and assets under the EU Emissions Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks[32], (iii) activities and assets related to waste landfills, incinerators[33] and mechanical biological treatment plants[34]. Geothermal activities shall not include exploration or extraction of either oil or gas nor the equipment used for such purposes. It shall be ensured that methane releases are minimised and remain well below the threshold of 20 000 tonnes CO2eq/year.

   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 unless they are used to service loan repayments of the Recovery and Resilience Facility.

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

---

[31] 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.

[32] 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.

[33] 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.

[34] 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.

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 are being respected.

5. Requirements for climate investments carried out by the Implementing Partner: At least EUR 351 300 871 of the RRF investment into the Facility shall contribute to the climate change objectives in accordance with Annex VI to the RRF Regulation.[35]

The implementation of the measure shall be completed by 31 August 2026.

[35] 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.

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	
293	C10.R7: Expanding energy communities	Milestone	Entry into force of the amended legislation on energy communities	Provision in the law indicating the entry into force of the law				Q2	2024	A revised legislation establishing a detailed and flexible regulatory framework for citizens and renewable energy communities shall enter into force based on the experience of previous pilot projects financed from ETS sources. Legal provisions on energy sharing, transmission, access to consumer data, metering and accounting in the public grid for energy communities shall be adopted. The reform shall introduce incentives for the development of energy communities, encourage collective production and consumption within the energy community framework and simplify the registration and operation process of energy communities. The reform shall implement the open participation principle, it shall not unduly restrict the collective self-consumption and production nor introduce any kind of unjustified restrictions based on the size or geography. The Energy Communities shall also be allowed to operate in the heating and cooling sector. The energy communities shall have the right to receive metering data on electricity supplies, metering data taking into account electricity shared within the energy community and evaluated data. Following the review of the legislative framework, dedicated financing schemes shall be

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	
										created to provide further incentive for the establishment of the Energy Communities.
294	C10.R7: Expanding energy communities	Milestone	One stop shop and guidelines on energy communities	Establishment of a one stop shop and publication of the database of template legal documents for the establishment of energy communities				Q2	2024	A one stop shop for energy communities shall be established which shall include information on financing and guidelines and templated documents for the legal establishment of energy communities (including technical and economic feasibility studies, contracts and legal documents related to the establishment of the energy communities, the contractual relationships of the energy communities and its members), shall be published to guide the public and facilitate the creation of energy communities. Awareness raising and education materials on energy communities shall support the dissemination of information on energy communities
295	C10.R8: Legal incentives for the uptake of energy storage	Milestone	Entry into force of legislation establishing a regulatory framework on energy storage	Provision in the law indicating the entry into force of the law				Q4	2024	Entry into force of legislation establishing a regulatory framework on energy storage for active customers and for industrial demand response participants to the energy market. The amended legislation shall include: - Simplified permitting to operate energy storage; - Definition of the rights and obligations of the operator of the energy storage assets in relation with other market participants (right to connect the energy storage to the grid, the right to sell to the grid and buy electricity from

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 grid, the right to provide balancing services); - methodology and conditions for access and connection to the transmission and distribution networks of electricity generation facilities; - The right and rules for an active consumer to operate a storage asset - Provisions of contracts on operating the energy storage assets; - Exclusion of double charging (concerning the electricity from the grid, then delivered back to the grid and consumed by the final customer); - The requirement for DSOs to include in their network development plans information on flexibility services, potential demand response, energy efficiency, energy storage facilities resources the DSO intend to use or invest in as an alternative to system expansion.
296	C10.R8: Legal incentives for the uptake of energy storage	Milestone	Adoption of the National Plan on Energy Storage and non-fossil flexibility	Adoption of the strategy by the government				Q4	2024	The National Plan on Energy Storage and non-fossil flexibility shall be adopted by the Ministry. It shall define priorities of the development of non-fossil flexibility and define a target for non-fossil flexibility, including energy storage until 2035. The National Strategy shall provide an investment trajectory to reach the identified potential and shall identify suitable public and private financing sources for supporting flexibility and storage technologies including

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	
										timelines for their development and support.
297	C10.R9: Ensuring a legal framework for renewable hydrogen	Milestone	Completion of a review of the legal framework on renewable hydrogen	Publication of the regulatory assessment including a list identifying legislative measures, technical norms and methodologies on the official website of the Ministry of Energy				Q1	2024	The Ministry of Energy shall prepare an assessment of regulatory gaps and inconsistencies within the legal and regulatory framework for hydrogen production and use of hydrogen in industry and heavy-duty transport. Based on this assessment, the Ministry shall present a list of measures, which shall be published on the official website. The list shall set out primary legislation, secondary legislation, technical norms, and methodologies whose adoption or amendment is necessary to ensure alignment with the EU legal framework relating to renewable hydrogen, especially the Renewable Energy Directive (2018/2001/EU), as well as to provide enabling conditions for the development of the Hungarian renewable hydrogen ecosystem. The measures shall also create enabling conditions for the uptake of renewable hydrogen in both industrial and heavy-duty transport sectors. The measures on the list shall be identified together with stakeholders. Relevant stakeholders such as industry representatives and non-governmental organisations shall be consulted on the draft list of measures before its publication.
298	C10.R9: Ensuring a legal framework for renewable	Milestone	Entry into force of the legislative package on	Provision in the law indicating the				Q3	2024	Entry into force of a legislative package on renewable hydrogen and publication of an accompanying non-legislative package. The two

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	
	hydrogen		renewable hydrogen and publication of an accompanying non-legislative package	entry into force of the legislation and publishing of the non-legislative package						packages shall set out at least the following: - conditions and safety and quality requirements for the use of electricity produced using renewable hydrogen have been clarified; - the concept of hydrogen refuelling stations has been anchored in the law; - rules on safety requirements for the installation of pressure equipment have been established; - rules for the authorisation of hydrogen refuelling stations have been clarified and simplified; - guarantees of origin for renewable energy sources through a national certification scheme; - the plans for alternative fuels infrastructure deployment have been updated in line with Regulation (EU) 2023/1804. For the list of measures referred to in the previous milestone number 298, Hungary shall publish a report on the progress of implementation for each of the measures.
299	C10.R10: Development of a strategy and action plan for biogas and biomethane	Milestone	Development of a strategy and action plan for biogas and biomethane	Adoption by the Government of a biogas and biomethane strategy and action plan				Q1	2024	The government shall adopt a biogas and biomethane strategy and an action plan that shall provide a strategic framework for biomethane and biogas policy, define objectives and measures to achieve them, and address all elements included in the description of the reform.

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	
300	C10.R11: Improving the geothermal energy regulatory framework	Milestone	Entry into force of legislation for improving the regulatory framework for the exploration and use of geothermal energy	Provision in the law indicating the entry into force of the legislation				Q4	2024	Entry into force of legislation for improving the regulatory procedures for the exploration and exploitation of geothermal energy. Prior to the entry into force of the legislation, the Ministry of Energy shall have: i) published a strategy document outlining the envisaged policy steps to improve the regulatory framework for the exploration and use of geothermal energy. This document shall be based on an evaluation of the licensing regime for geothermal exploration introduced in 2023; ii) published a monitoring document on the accomplishment of the policy steps outlined in the strategy document mentioned above. The policy steps to be achieved shall include, but not be limited to, the legislation for improving the regulatory framework for the exploration and use of geothermal energy.
301	C10.R12: Supporting potential beneficiaries' applications for EU-funded residential energy efficiency support schemes	Milestone	Entry into force of legislation establishing a framework for assisting potential beneficiaries' applications for support under EU-funded residential energy efficiency	Provisions in the law indicating the entry into force of the legislation				Q2	2024	Entry into force of legislation establishing a framework for supporting potential beneficiaries' applications under EU-funded energy efficiency support schemes. The legislation shall specify the following elements: - which organisations or entities shall be eligible to provide the assistance to potential beneficiaries of EU-funded energy efficiency support schemes, in line with the measure description; - the concrete steps to be performed by the organisations or entities when

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	
			support schemes							preparing the potential beneficiaries' applications, in line with the measure description. Households wishing to apply for financial support under EU-funded residential energy efficiency support schemes shall have access to assistance by one of the actors referred to in the description of the measure as of 1 January 2025. The legislation shall specify that energy performance certificates (EPCs) shall be issued after the beneficiaries of EU-funded energy efficiency support schemes complete their investment, to certify the amount of energy savings achieved. Prior to the entry into force of the legislation, the definition of energy poverty shall be published on the website of the Ministry of Energy. Hungary shall use that definition when setting the strategy to target energy poor households under the relevant energy investments, including investment C10.I13.
302	C10.R13: National strategy for developing green skills	Milestone	Government decision on the national strategy on skills for the green transition and its implementation action plan	Entry into force of the Government decision on the national strategy on skills for the green transition				Q3	2024	Entry into force of Government decision on the national strategy on skills for the green transition as part of Hungary's National Energy and Climate Plan and an action plan for 2025-2027 for the implementation of the strategy. The strategy shall provide a strategic framework for green skills development policy, defining objectives, measures and indicators to monitor progress in the implementation of the strategy. Public consultation involving all key stakeholders 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	
										social partners shall be carried out on the draft national strategy and action plan. The Government decision shall be published in the Official Journal.
303	C10.R13: National strategy for developing green skills	Milestone	Progress report on the implementation of the national strategy on skills for the green transition and the related action plan	Publication of the report on the website of the Ministry responsible for green skills				Q2	2026	A progress report on the implementation of the national strategy on skills for the green transition and the related action plan shall be published. The report shall assess progress towards achieving the policy objectives and indicators defined in the strategy.
304	C10.I1: Electricity network development and digitalisation C.10.I1a: Digital developments at the level of the system operator s (loans)	Milestone	Launch of the call for proposals regarding digital developments related to network infrastructure and operation of the electricity network at the level of the system operator	Publication of the call for proposals on the official website of the Government for calls				Q1	2024	A call for proposals shall be launched for digital developments for the setting up and operation of the electricity network at the level of the system operator. The call shall describe the main development elements and activities that may receive support in order to develop digital infrastructure, such as the digital customer service system, fundamental energy IT infrastructure, IT systems supporting energy services and consumer-side management systems.
305	C10.I1: Electricity network development and	Milestone	Entry into force of all the grant agreements for digital	Entry into force of grant agreements				Q3	2024	Grant agreements shall be signed with system operators – including their IT companies – and shall enter into force for all the projects selected under the call referred to in milestone 304.

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	
	digitalisation C.10.I1a: Digital developments at the level of the system operator (loans)		developments related to network infrastructure and operation of the electricity network at the level of the system operator							
306	C10.I1: Electricity network development and digitalisation C.10.I1a: Digital developments at the level of the system operator (loans)	Target	Digital developments related to network infrastructure and operation of the electricity network at the level of the system operator		Number	0	1	Q4	2025	Number of digital developments carried out at the system operators and/or their IT companies. A digital development shall contain the development and installation a digital infrastructure such as: digital customer service system, fundamental energy IT infrastructure, IT systems supporting energy services and consumer-side management systems.
307	C10.I1: Electricity network development and digitalisation C.10.I1a: Digital developments at the level of the system operator (loans)	Target	Digital developments related to network infrastructure and operation of the electricity network at the level of the system operator		Number	1	6	Q2	2026	Number of digital developments carried out at the system operators and/or their IT companies. A digital development shall contain the development and installation of a digital infrastructure such as: digital customer service system, fundamental energy IT infrastructure, IT systems supporting energy services and consumer-side management systems.
308	C10.I1: Electricity	Milestone	Launch of the	Publication of				Q1	2024	A call for priority project(s) on the design,

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	
	network development and digitalisation C10.I1b: Improvement of the accuracy of weather forecast (loans)		call for priority project(s) to install meteorological stations to improve the accuracy of weather forecasting	the call for priority project(s) on the official website of the Government for calls						purchase and installation of an improved weather forecasting tool shall be launched. The call shall require that the weather forecasting tool is used to improve the accuracy of the estimations of weather dependent renewable energy (such as solar and wind) production. The call shall describe the main requirements for the meteorological stations to be installed. It shall also require that the data and forecasts generated by the meteorological stations shall be made publicly available.
309	C10.I1: Electricity network development and digitalisation C10.I1b: Improvement of the accuracy of weather forecast (loans)	Milestone	Entry into force of all grant agreements on the support to install meteorological stations to improve the accuracy of weather forecasting	Entry into force of grant agreements				Q3	2024	Grant agreements shall be signed and enter into force for all the projects selected under the call referred to in milestone 308.
310	C10.I1: Electricity network development and digitalisation C10.I1b: Improvement of the accuracy of weather forecast (loans)	Target	Meteorological stations in operation		Number	0	2	Q4	2025	Meteorological stations put in operation to improve accuracy of weather forecasting. The data and forecasts generated by the meteorological stations shall be used for the estimations of weather dependent renewable energy (solar and wind) production.

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	
311	C10.I1: Electricity network development and digitalisation C10.I1b: Improvement of the accuracy of weather forecast (loans)	Target	Meteorological stations in operation		Number	2	13	Q2	2026	Meteorological stations put in operation to improve accuracy of weather forecasting. The data and forecasts generated by the meteorological stations shall be used for the estimations of weather dependent renewable energy (solar and wind) production.
312	C10.I1: Electricity network development and digitalisation C10.I1c: Scaled-up measure: Classic and smart grid development for transmission system operator and distribution system operator (loans)	Milestone	Entry into force of all grant agreements on the implementation and support conditions of the development of transmission and distribution grids	Entry into force of grant agreements				Q3	2024	Entry into force of all grant agreements on the implementation and support conditions of the investment between the organisations involved in the investment (the authorised transmission system operator and distribution system operators) and the Managing Authority. These grant agreements shall lead to creating the ability of integrating an incremental capacity of 426 MW of electricity generated by renewables into the electricity network through this investment, which is in addition to those financed from the non-repayable support under C10.I1c (grants) in section J.1. and as part of the investment C6.I1. The grant agreements shall describe the planned investments, which shall include the development elements, such as high/medium/low voltage network construction and upgrades; new substation installations; substation transformer replacements and expansions; constructions and replacement of controls; and digitalisation developments.
313	C10.I1: Electricity network	Target	Capacity increase of		MW	0	105	Q4	2025	Increased ability of the power grid to integrate additional power plant capacity of 105 MW using

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	
	development and digitalisation C10.I1c: Scaled-up measure: Classic and smart grid development for transmission system operator and distribution system operator (loans)		power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)							renewable energy sources through actions under this investment, which is in addition to those financed from the non-repayable support under C10.I1c (grants) in section J.1. and as part of the investment C6.I1. The Hungarian Energy and Public Utility Regulatory Authority shall verify it and provide a validation report using a methodology that elaborates the necessary actions on the grid, financed under the recovery and resilience plan, in order to integrate the energy produced by additional renewable energy production capacity
314	C10.I1: Electricity network development and digitalisation C10.I1c: Scaled-up measure: Classic and smart grid development for transmission system operator and distribution system operator (loans)	Target	Capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)		MW	105	426	Q2	2026	Increased ability of the power grid to integrate additional power plant capacity of a total of 426 MW using renewable energy sources through actions under this investment, which is in addition to those financed from the non-repayable support under C10.I1c (grants) in section J.1. and as part of the investment C6.I1. The Hungarian Energy and Public Utility Regulatory Authority shall verify it and provide a validation report using a methodology that elaborates the necessary actions on the grid, financed under the recovery and resilience plan, in order to integrate the energy produced by additional renewable energy production capacity.
315	C10.I1: Electricity network development and digitalisation	Milestone	Launch of call for priority projects addressed to DSOs for the	Publication of the call for priority projects on the official website				Q1	2024	A call (additional to the investment C6.I5) for priority projects addressed to the distribution system operators for purchase and installation of smart meters implementation and support shall be launched. The call shall describe the technical

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	
	C10.I1d Scaled-up measure: Dissemination of smart metering (loans)		purchase and installation of smart meters	of the Government for calls						requirements for the installation of smart meters. The distribution system operators shall receive the subsidy in proportion to the number of physical sites required to install smart meters in the geographical areas where they operate.
316	C10.I1: Electricity network development and digitalisation C10.I1d Scaled-up measure: Dissemination of smart metering (loans)	Milestone	Entry into force of all grant agreements on the purchase and installation of smart meters	Entry into force of grant agreements				Q3	2024	Grant agreements shall be signed and enter into force for all the projects selected under the call referred to in milestone 315.
317	C10.I1: Electricity network development and digitalisation C10.I1d Scaled-up measure: Dissemination of smart metering (loans)	Target	Newly installed smart meters		Number	0	52 520	Q4	2025	New installation of single-phase or three-phase electricity meters with direct connection and communication unit, in addition to those financed from the non-repayable support under C10.I1d (grants) in section J.1 and as part of the investment C6.I5.
318	C10.I1: Electricity network development and digitalisation	Target	Newly installed smart meters		Number	52 520	138 098	Q2	2026	New installation of a total of 138 098 single-phase or three-phase electricity meters with direct connection and communication unit, in addition to those financed from the non-repayable support under C10.I1d (grants) in

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	
	C10.I1d Scaled-up measure: Dissemination of smart metering									section J.1 and as part of the investment C6.I5.
319	C10.I2: Greening of industrial-, science and technology- and logistics parks for energy purposes	Milestone	Launch of the call for proposals for greening of industrial-, science and technology- and logistics parks	Publication of the call for proposals on the official website for EU Funds of the Government				Q1	2024	A call for proposals for the greening of industrial-, science and technology- and logistics parks shall be published by the Ministry for Regional Development on the official website for EU Funds. The terms of reference of the call shall enable enterprises, municipalities, business associations and/or a consortium of these entities owning or operating in industrial-, science and technology- and logistics parks to submit applications to one or multiple of the following supported activities: - Microgrid networks development connecting all power generation, storage and user units of a given site, either in conjunction with the deployment of renewable energy production facilities (also supported) or to connect pre-existing renewable energy production facilities to users; - The deployment of renewable energy production facilities where microgrid networks already pre-exist; - Heating networks development focused on heat pumps, based on renewable energy, including also the use of residual heat; - Electricity and heat storage development for the storage of renewable energy only;

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	
										- Activities to increase the energy efficiency of buildings and to decarbonise industrial processes in conjunction with the above activities; - Installation of an energy management system, inverters, and/or control centers in conjunction with the above activities. The eligibility criteria in the call shall require that projects achieve projected GHG emissions and exclude certain activities in line with the conditions in the measure description. The call shall reflect that only up to 10% of the measure's total envelope shall be used for energy efficiency of buildings and decarbonisation of industry activities combined.
320	C10.I2: Greening of industrial-, science and technology- and logistics parks for energy purposes	Milestone	Entry into force of grant agreements	Entry into force of grant agreements				Q4	2024	Grant agreements shall be concluded and enter into force based on technical evaluations of the Science and Innovation, Technology, Industry and Logistics Parks Council, committing at least 95% of the total envelope for this measure (EUR 502 670 000).
321	C10.I2: Greening of industrial-, science and technology- and logistics parks for energy purposes	Target	Renewable energy systems capacity installed		MW	0	197	Q2	2026	As part of the projects for which grant agreements have been concluded under milestone 320 above, 197 MW of renewable energy system capacity shall be installed. Electricity and heat storage development for the storage of renewable energy totalling 100 MW shall be completed and connected to the microgrid networks.

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	
322	C10.I2: Greening of industrial-, science and technology- and logistics parks for energy purposes	Target	Number of microgrid networks operationally connected		Number	0	50	Q2	2026	As part of the projects for which grant agreements have been concluded under milestone 320 above, 50 microgrid networks shall be installed, each operationally connecting all power generation facilities (including at least 80% of renewable energy installed capacity), storage, and user units of a given park to users.
323	C10.I2: Greening of industrial-, science and technology- and logistics parks for energy purposes	Target	Capacity of heat pumps installed		MW	0	10	Q2	2026	As part of the projects for which grant agreements have been concluded under milestone 320 above, 10 MW of electric/geothermal heat pumps shall be installed.
324	C10.I3: Building green economy production capacities	Milestone	Launch of the call for proposals for green economy production capacities	Publication of the call for proposals on the official website of the Government for calls				Q1	2024	A call for proposals for building green economy production capacities shall be published on the website of the Government for calls. The terms of reference of the call shall enable enterprises to submit applications to one or multiple of the following supported activities: - devices for the production and use of renewable energy in electricity and heat production; - equipment and products to increase energy efficiency; - technologies and equipment for the development of the electricity network and the reduction of GHG emissions; - activities related to the production of inverters; - demand-side management applications (e.g. smart meters); - solutions for residual heat recovery;

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	
										- heat pumps; - CCUS technologies (including the means to build the necessary infrastructure); - equipment for the production and use of biomethane, and biogas if focused on the upgrade to biomethane; - equipment for the production and use of renewable hydrogen and its derivatives; and - devices and equipment related to green mobility (battery-electric vehicle manufacturing, hydrogen fuel-celled heavy-duty vehicle manufacturing, electric charging and hydrogen refuelling equipment manufacturing). The re- and upskilling for the provision of services and IT applications linked to the above supported activities may also be supported under the measure. The eligibility criteria in the call shall require that projects achieve projected GHG emissions and exclude certain activities in line with the conditions in the measure description.
325	C10.I3: Building green economy production capacities	Milestone	Entry into force of grant agreements	Entry into force of grant agreements				Q3	2024	Grant agreements for at least 35 projects shall be concluded and shall have entered into force, committing at least 95% of the total envelope for this measure (EUR 499 833 000).
326	C10.I3: Building green economy production	Milestone	Entry into use of all projects	Entry into use of the projects				Q2	2026	All projects under the scheme shall be completed and shall have entered into use.

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	
	capacities									
327	C10.I4: Application of green technologies for the decarbonisation of industry	Milestone	Launch of a call for proposals for decarbonisation of industry projects	Publication of the call for proposals on the official website of the Government for calls				Q1	2024	A call for proposals for decarbonisation of industry projects shall be published on the website of the Government for calls. The terms of reference of the call shall enable enterprises to submit applications to one or more of the following supported activities: - fossil carbon capture and storage from unavoidable process emissions; - non-fossil carbon capture and storage (bio-CCS) in line with the Do No Significant Harm technical guidance (i.e. bioenergy); - industrial decarbonisation projects using renewable hydrogen and derivatives for activities that are 100% compatible with hydrogen, optionally including support for renewable hydrogen production; - 'sustainable' bioenergy measures (using sustainable biomethane in line with RED II); - use of residual heat; - electrification replacing fossil energy processes; - replacement of components with more energy-efficient ones; - IT applications in support of the above activities such as emission monitoring equipment. The eligibility criteria in the call shall require that projects achieve projected GHG emissions in line

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	
										with the conditions in the measure description.
328	C10.I4: Application of green technologies for the decarbonisation of industry	Milestone	Entry into force of grant agreements	Entry into force of grant agreements				Q2	2024	Grant agreements have been concluded and entered into force, committing at least 95% of the total envelope for this measure (EUR 105 963 000).
329	C10.I4: Application of green technologies for the decarbonisation of industry	Milestone	Entry into use of all decarbonisation projects	Entry into use of projects				Q2	2026	All projects under the investment shall have been completed and entered into use. Each of the projects shall achieve a certified projected greenhouse gas emission reduction of at least 30% at the level of the installation.
330	C10.I5: Digitalisation of energy companies	Milestone	Adoption of a comprehensive plan on digitalisation in the field of energy	Adoption of a comprehensive plan on digitalisation in the field of energy				Q1	2024	A plan – in the form of a diagram and/or textual description – shall set out how the investment under this measure and under DROP Plus 2.1.1-2.3.1. will build on each other. This shall include the following information on an aggregated level for the systems to be financed under these two sources: systems to be deployed, type of data collected and/or managed (if relevant), data collection method (if relevant), data flow between the systems to be deployed and the re-use of data (if relevant), existing systems to be replaced or used in conjunction with the newly introduced systems.
331	C10.I5: Digitalisation of energy companies	Milestone	Launch of the call for proposals for digital developments at energy	Publication of the call for proposals on the official website of the Government				Q1	2024	A call for proposals for digital developments at energy companies shall be launched. The call shall describe the main digital development elements that may be supported, such as digital improvements that support the security of energy services, IT assets,

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	
			companies	for calls						cybersecurity improvements, operational, management and business processes, including power plant management and control technology improvements of electricity producers and digitalisation of customer service. The eligibility criteria in the call shall require that projects achieve projected GHG emissions in line with the conditions in the measure description.
332	C10.I5: Digitalisation of energy companies	Milestone	Entry into force of all the grant agreements on the support for the digital development at energy companies	Entry into force of grant agreements				Q2	2024	Grant agreements shall enter into force for all the projects selected under the call referred to in milestone 331.
333	C10.I5: Digitalisation of energy companies	Milestone	Digital solutions supporting the functioning of energy systems and services put into operation	Entry into operation of all projects				Q2	2026	All projects under the investment, which shall consist of at least 35 digital solutions supporting the functioning of energy systems and services as part of the projects selected under the call referred to in milestone 331 shall be put into operation at energy companies.
334	C10.I6: Hydrogen investments	Target	Distribution to final recipients of hydrogen-fueled vehicles		Number	0	10	Q4	2025	At least 10 hydrogen-fueled buses (category M3) shall be purchased and distributed to final recipients selected through a call.
335	C10.I6: Hydrogen investments	Target	Distribution to final recipients of hydrogen-		Number	10	47	Q2	2026	At least 7 hydrogen-fueled heavy-duty and light-duty vehicles (categories N1/N2/N3) and an additional 30 hydrogen-fueled buses (category

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	
			fueled vehicles							M3) shall be purchased and distributed to final recipients selected through a call.
336	C10.I6: Hydrogen investments	Target	Entry into operation of new hydrogen refuelling stations		Number	0	5	Q2	2026	At least five hydrogen refuelling stations for zero-emissions road vehicles shall be deployed and shall have entered into operation. The deployed infrastructure shall include: - at least two hydrogen refuelling stations shall be deployed on TEN-T core road networks, each offering at least 700 bar refuelling points, and cumulatively at minimum 2 tonnes per day or with proven commercial commitments to scale up respective daily capacity to meet requirements of the Alternative Fuels Infrastructure Regulation by 2030; - at least two hydrogen refuelling stations shall be deployed on urban nodes, each offering at least 700 bar refuelling points; - infrastructure ensuring at least 1.5 tonnes of total daily hydrogen refuelling capacity shall be deployed in total across Hungary.
337	C10.I6: Hydrogen investments	Target	Entry into operation of electrolyser capacity		MW	0	30	Q2	2026	At least 30 MW of electrolyser capacity for the production of renewable hydrogen shall have entered into operation. A hydrogen storage tank directly linked to the production of renewable hydrogen shall be put into operation.

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	
338	C10.I7: Strengthening human resources in the green economy	Milestone	Supply-demand analysis on labour market for green skills	Publication of the supply-demand analysis				Q2	2024	Publication of labour market supply-demand analysis that shall be conducted to prioritise green skills areas for which new courses and learning materials shall be developed, as indicated in target 339, and micro-credentials training programmes shall be developed, as indicated in target 340.
339	C10.I7: Strengthening human resources in the green economy	Target	Number of courses for which new green skills learning content is developed		Number	0	40	Q2	2025	New green skills learning content, including content to be used for practical training of students, shall be developed for at least 40 different courses that shall be integrated into formal (accredited) vocational education and training and higher education programmes. The courses and the related learning content shall be developed on the basis of the labour market supply-demand analysis, as indicated in milestone 338.
340	C10.I7: Strengthening human resources in the green economy	Target	Number of professionals having received a micro-credentials certificate on green skills		Number	0	50 000	Q2	2026	At least 50 000 professionals with, at most, completion of upper secondary education and who have participated in adult training courses for green skills shall acquire micro-credentials on green skills. The unemployed, inactive labour force and workers from micro and small enterprises shall be prioritised as training participants. The micro-credentials awarded shall be fully in line with Council's Recommendation on a European approach to micro-credentials for lifelong learning and employability (2022/C 243/02). The development of micro-credentials shall also build on the results of the Technical Assistance Instrument project on micro-

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	
										credentials and on the labour market supply-demand analysis, as indicated in milestone 338.
341	C10.I8: Energy efficiency investments in public buildings	Milestone	Launch of a call for proposals for projects regarding energy efficiency investments in public buildings	Publication of the call for proposals on the official website of the Government for calls				Q4	2023	A call for proposals for projects regarding energy efficiency investments in public buildings shall be published on the website of the Government for calls. Only projects that achieve at least 30% reduction in primary energy consumption per building (compared to the baseline situation before the energy performance improvements) shall be eligible under the call, with specific focus on the Budapest region. The call for proposals shall specify that the following types of activities may be supported, related to i) the energy management in buildings: - Improving building insulation, the thermal performance of buildings and reducing heat loss - Modernisation of heating, cooling and domestic hot water systems in buildings; - Implementing digital energy management systems to reduce energy demand; - Energy-efficient retrofitting of existing indoor lighting systems. ii) Increasing the use of renewable energy iii) Activities to support adaptation to the climate change. The selection criteria of the call shall ensure that

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	
										priority is given to buildings with higher energy saving potential (those with 300 kWh/m² or above yearly primary energy use), and that no more than 20% of the overall envelope be used to support gas-based heating activities.
342	C10.I8: Energy efficiency investments in public buildings	Milestone	Entry into force of all grant agreements for projects regarding energy efficiency investments in public buildings	Entry into force of grant agreements				Q2	2024	Entry into force of grant agreements concluded with all the selected final recipients under the call for proposal referred to in milestone 341.
343	C10.I8: Energy efficiency investments in public buildings	Target	Floor area of public buildings having benefitted from energy efficiency improvement			Square meters	1 442 000	Q2	2026	At least 1 442 000 square meters of floor area of public buildings shall have benefitted from energy efficiency improvements. The primary energy use of the public buildings concerned shall have been reduced by 30% per building. The assessment of primary energy savings per building shall be carried out by registered, independent energy auditors, experts or by registered energy certification service providers. These authorities shall issue an Energy Performance Certificate assessing the achieved energy savings.
344	C10.I9: Electrification of railway sections	Target	Completion of electrification of railway for section "Szeged-		km	0	14.5	Q2	2026	The railway section "Szeged-Rendező - Röszke – Border of the country" shall be electrified and railway lines 136 and 140 shall be connected with new electrified delta track. Compliance with

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	
			Rendező - Röszke – Border of the country" and connection of railway lines 136 and 140							the circular economy objectives for this section as indicated in the measure description shall be demonstrated.
345	C10.I9: Electrification of railway sections	Target	Construction or reconstruction of electricity substations for railway network		Number of substations	0	7	Q2	2026	Seven electricity substations shall be built or reconstructed including the complete update of transformers and switchgears. The substations concerned are Tatabánya, Kimle, Szabadegyháza, Füzesabony, Nyékládháza, Őrmező, Kisvárda
346	C10.I10: Boosting the private sector's uptake of battery-electric vehicles (BEVs)	Milestone	Launch of a call for proposals for projects regarding the purchase of battery-electric vehicles	Publication of the call for proposals on the official website of the Government				Q4	2024	A call for proposals for projects regarding the purchase and entry into service of battery-electric vehicles shall be published on the website of the Government. Companies eligible to apply shall be car sharing operators and passenger transport companies. Eligible vehicles to be purchased by final recipients shall include battery-electric cars, light commercial vehicles and minibuses. The call shall specify that only battery-electric vehicles shall be purchased by final recipients.
347	C10.I10: Boosting the private sector's uptake of battery-electric vehicles (BEVs)	Target	Battery-electric vehicles purchased and put into service		Number	0	12 500	Q2	2026	At least 12 500 new battery-electric vehicles (cars, light commercial vehicles and minibuses) shall be purchased and put into service by final recipients having received grant support under this measure.
348	C10.I11: Supporting geothermal energy	Milestone	Entry into force of grant	Entry into force of grant				Q4	2024	Following the launch of a call for applications to receive support for geothermal exploration

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	
	exploration		agreements for support for geothermal exploration activities	agreements						activities under this measure, at least 20 grant agreements shall be signed with successful applicants. The call for applications shall require that projects achieve projected GHG emissions in line with the conditions in the measure description. The selection of successful applicants shall be based on an open, transparent and non-discriminatory process. An organisation independent from the government and with widely recognised expertise in the geothermal sector shall certify that the selection respected the aforementioned criteria and that the evaluation of the applications was done based on the eligibility and selection criteria set out in the call.
349	C10.I11: Supporting geothermal energy exploration	Target	Number of geothermal exploration activities finalised		Number	0	13	Q2	2026	At least 13 geothermal exploration activities shall be completed. The results and details of the completed activities shall be published on the website of the Ministry of Energy.
350	C10.I12: Setting up a financial instrument to improve companies' energy efficiency	Milestone	Implementing Agreement	Entry into force of the Implementing Agreement				Q1	2024	Entry into force of the Implementing Agreement between Hungary and the Hungarian Development Bank (Magyar Fejlesztési Bank Zrt. – MFB).
351	C10.I12: Setting up a financial instrument to improve companies' energy efficiency	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

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	
										contribute to climate objectives using the methodology in Annex VI to the RRF Regulation.
352	C10.I12: Setting up a financial instrument to improve companies' energy efficiency	Milestone	The MFB has completed the investment	Certificate of transfer				Q2	2026	The MFB shall transfer at least EUR 405 703 312 to financial intermediaries for the Facility. In addition, EUR 55 323 179 shall be transferred to the MFB as the maximum ceiling for the payment of management fees to the Implementing Partner and financial intermediaries.
353	C10.I13: Setting up a financial instrument to improve the energy efficiency of residential buildings and tackle energy poverty	Milestone	Implementing Agreement	Entry into force of the Implementing Agreement				Q1	2024	Entry into force of the Implementing Agreement between Hungary and the Hungarian Development Bank (Magyar Fejlesztési Bank Zrt. – MFB).
354	C10.I13: Setting up a financial instrument to improve the energy efficiency of residential buildings and tackle energy poverty	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.
355	C10.I13: Setting up a financial instrument to improve the energy	Milestone	The MFB has completed the investment	Certificate of transfer				Q2	2026	The MFB shall transfer at least EUR 518 559 440 to financial intermediaries for the Facility. In addition, EUR 70 712 651 shall be transferred to the MFB as the maximum ceiling for the

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	
	efficiency of residential buildings and tackle energy poverty									payment of management fees to the Implementing Partner and financial intermediaries.
356	C10.I14: Setting up a financial instrument to increase the rollout of recharging stations for electric vehicles (EVs)	Milestone	Implementing Agreement	Entry into force of the Implementing Agreement				Q1	2024	Entry into force of the Implementing Agreement between Hungary and the Hungarian Development Bank (Magyar Fejlesztési Bank Zrt. – MFB).
357	C10.I14: Setting up a financial instrument to increase the rollout of recharging 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.
358	C10.I14: Setting up a financial instrument to increase the rollout of recharging stations for electric vehicles (EVs)	Milestone	The MFB has completed the investment	Certificate of transfer				Q2	2026	The MFB shall transfer at least EUR 73 640 596 to final beneficiaries of the Facility. In addition, EUR 5 542 841 shall be transferred to the MFB as the maximum ceiling for the payment of management fees to the Implementing Partner.
359	C10.I15: Setting up a financial instrument to support the	Milestone	Implementing Agreement	Entry into force of the Implementing Agreement				Q1	2024	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	
	purchase of battery-electric vehicles (BEVs) by fleet providers									
360	C10.I15: Setting up a financial instrument to support the purchase of battery-electric vehicles (BEVs) by fleet providers	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.
361	C10.I15: Setting up a financial instrument to support the purchase of battery-electric vehicles (BEVs) by fleet providers	Milestone	The MFB has completed the investment	Certificate of transfer				Q2	2026	The MFB shall transfer at least EUR 48 930 629 to final beneficiaries of the Facility. In addition, EUR 3 682 950 shall be transferred to the MFB as the maximum ceiling for the payment of management fees to the Implementing Partner.
362	C10.I16: Setting up a financial instrument to support geothermal energy exploration and exploitation	Milestone	Implementing Agreement	Entry into force of the Implementing Agreement				Q1	2024	Entry into force of the Implementing Agreement between Hungary and the Hungarian Development Bank (Magyar Fejlesztési Bank Zrt. – MFB).
363	C10.I16: Setting up a financial instrument to	Target	Legal agreements signed with final		%	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

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	
	support geothermal energy exploration and exploitation		beneficiaries							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.
364	C10.I16: Setting up a financial instrument to support geothermal energy exploration and exploitation	Milestone	The MFB has completed the investment	Certificate of transfer				Q2	2026	The MFB shall transfer at least EUR 326 715 730 to final beneficiaries of the Facility. In addition, EUR 24 591 061 shall be transferred to the MFB as the maximum ceiling for the payment of management fees to the Implementing Partner.

2. Estimated total cost of the recovery and resilience plan

The estimated total cost of the recovery and resilience plan of Hungary is HUF 3 954 135 844 000, which equals EUR 10 429 974 916 (of which EUR 5 435 014 235 on the basis of the average EUR HUF ECB reference rate in the period from 1 April 2022 to 30 September 2022 and EUR 4 994 960 681 on the basis of the average EUR HUF ECB reference rate of 31 August 2023).

The estimated total cost of the REPowerEU chapter is HUF 1 749 690 000 000, which equals EUR 4 602 872 701 on the basis of the average EUR HUF ECB reference rate of 31 August 2023.

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.R1 Development of competitive public education using 21st century technology	Target	Number of digital notebooks delivered for pupil or teacher use
2	C1.R1 Development of competitive public education using 21st century technology	Milestone	Development of a means-testing strategy for the allocation of digital notebooks to pupils
35	C2.I2 Modernisation of infrastructure and digitalisation in higher education institutions	Milestone	Launch of a call for projects for energy efficiency refurbishment, construction of new buildings, new digital equipment and capacity development activities in higher education institutions
42	C2.I4 Vocational education and training infrastructure for the 21st century	Milestone	Selection of at least 16 vocational education and training centres to participate in a development programme
48	C2.I6 Establishment of national research and development laboratories	Target	Setting up of additional national laboratories in five thematic research areas
50	C3.R1 Creating framework conditions for an effective integrated support to the most disadvantaged settlements	Milestone	Transparent selection of the organisations that shall implement the various elements of the Catching-up Settlements Programme
52	C3.I1 Construction and renovation of social housing, improvement of housing conditions	Milestone	Adoption of an intervention plan based on housing diagnoses for the settlements involved
89	C5.I2 Rail network congestion switching on TEN-T corridor	Milestone	Signature of a contract for the refurbishment of the Békéscsaba-

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
			Lőkösháza railway line section
105	C6.R3 Improving the permit granting procedures for renewable energy projects	Milestone	Removal of feed-in limitations for households PV
106	C6.R4 Improving transparency, predictability and availability of the grid connection	Milestone	Increasing predictability of the grid connection procedures
108	C6.R4 Improving transparency, predictability and availability of the grid connection	Milestone	Information sharing forums
113	C6.I1 Classic and smart grid development of transmission system operator and distribution system operators	Milestone	Signature of grant agreements with all authorised on the implementation and support conditions of the development of transmission and distribution grids
118	C6.I2 Support for the use of residential solar panels and heating modernisation	Milestone	Launch of the call for proposals for projects regarding the use of residential solar panels and heating modernisation
130	C6.I5 Dissemination of smart metering	Milestone	Launch of a call for priority projects addressed to DSOs for the purchase and installation of smart meters
139	C8.R1 Eradication of gratuity payments in the healthcare sector	Milestone	Entry into force of the Act on Healthcare Service Relationship
141	C8.I1 Developing the conditions for healthcare in the 21st century	Milestone	Entry into force of the Government Decree on the tasks of the National Directorate-General for Hospitals
154	C8.I3 Remote health monitoring programme for the elderly	Milestone	Launch of the dispatching service for the remote health monitoring programme for the elderly
156	C8.I4 Development of primary health care	Milestone	Entry into force of the Government Decree on Praxis Communities
160	C9.R1 Establishment of an Integrity Authority 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	Milestone	Setting up of an Integrity Authority
166	C9.R2 Establishment of an Anti-Corruption Task Force to monitor and review the measures taken in Hungary to prevent, detect, prosecute und sanction corruption	Milestone	Establishment of an Anti-corruption Task Force

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
169	C9.R3 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	Introduction of a specific procedure in the case of special crimes related to the exercise of public authority or the management of public property
171	C9.R4 Strengthening 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
174	C9.R5 Ensuring the transparency of the use of public resources by public interest asset management foundations	Milestone	Entry into force of an act ensuring effective oversight on how public interest asset management foundations performing public interest activity and legal persons established or maintained by them make use of Union support
175	C9.R6 Enhancing the transparency of public spending	Milestone	Entry into force of a legislative act ensuring enhanced transparency of public spending
182	C9.R9 Awareness-raising for the eradication of gratuity payments in the healthcare sector	Milestone	Launch of an awareness-raising campaign on the acceptability of gratuity payments in healthcare
195	C9.R10 Reducing the share of single-bid public procurement procedures	Milestone	Setting up of a monitoring and reporting tool ("single-bid reporting tool") to monitor and report on public procurements closed with single-bids financed from Union support or from national resources in accordance with the Single Market Scoreboard methodology
197	C9.R11 Development of the Electronic Public Procurement System (EPS) to increase transparency	Milestone	The EPS functions allowing the structured search and bulk export of contract award notice data are available to the public
198	C9.R11 Development of the Electronic Public Procurement System (EPS) to increase transparency	Milestone	The EPS functions allowing the structured search and bulk export of all data related to subcontractors is available to the public
200	C9.R12 Performance measurement framework for public procurements	Milestone	Setting up of a performance measurement framework of public procurements
201	C9.R12 Performance measurement framework for public procurements	Milestone	Entry into operation of a performance measurement framework of public procurements

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
213	C9.R15 Strengthening the role and powers of the National Judicial Council to counterbalance 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 while safeguarding its independence
214	C9.R16 Strengthening judicial independence of the Supreme Court (Kúria)	Milestone	Entry into force of amendments to strengthen judicial independence of the Supreme Court
215	C9.R17 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
216	C9.R18 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
217	C9.R19 Reinforced legal provisions setting out implementation, monitoring, and audit and control arrangements to guarantee the sound use of Union support	Milestone	Legal mandate for the implementation, audit and control of the recovery and resilience plan
218	C9.R19 Reinforced legal provisions setting out implementation, monitoring, and audit and control arrangements to guarantee the sound use of Union support	Milestone	Amendment of the legal provisions relating to the implementation, monitoring, control and audit of the European Structural and Investment Funds and the funds under Regulation (EU) 2021/1060 in Hungary
219	C9.R19 Reinforced legal provisions setting out implementation, monitoring, and audit and control arrangements to guarantee the sound use of Union support	Milestone	Adoption and start of application of guidelines to ensure the effective the prevention, detection and correction of conflict of interest for the staff of all bodies involved in the implementation, control and audit of Union support in Hungary
220	C9.R20 An effective anti-fraud and anti-corruption strategy for the implementation, audit and control of Union support	Milestone	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support by drawing up and implementing an effective anti-fraud and anti-corruption strategy for Union support

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
221	C9.R20 An effective anti-fraud and anti-corruption strategy for the implementation, audit and control of Union support	Milestone	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support by drawing up and implementing an effective action plan related to the anti-fraud and anti-corruption strategy for Union support
222	C9.R21 Full and effective use of the Arachne system for all Union support	Milestone	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support through appropriate arrangements ensuring the effective use of the Arachne risk-scoring tool
223	C9.R21 Full and effective use of the Arachne system for all Union support	Milestone	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support by confirming the adequacy of the procedures on the systematic and effective use of the Arachne risk-scoring tool
224	C9.R22 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 setting up and full functioning of a new Directorate of Internal Audit and Integrity (DIAI)
225	C9.R23 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
226	C9.R24 Strengthening 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
227	C9.R25 Effective implementation, control and audit 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
228	C9.R25 Effective implementation, control and audit of the Recovery and Resilience Plan and the protection of the financial interests of the Union	Milestone	Ensuring effective audit of the implementation of the Hungarian recovery and resilience plan

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
229	C9.R26 Improving transparency and access to public information	Milestone	Entry into force of a legislative act ensuring legal predictability in access to public information cases in court
230	C9.R26 Improving transparency and access to public information	Milestone	Entry into force of legislative amendments ensuring increased transparency of public information
231	C9.R26 Improving transparency and access to public information	Milestone	Report of the National Authority for Data Protection and Freedom of Information on access to public information (1)
234	C9.R27 Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making	Milestone	Entry into force of a legislative act laying down the framework for effectively involving all relevant stakeholders in the implementation of the Hungarian recovery and resilience plan
235	C9.R27 Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making	Milestone	Entry into force of amendments to the relevant legislative acts to enhance the use of public consultations and impact assessments in the law-making process
Instalment amount			EUR 813 560 000

1.2. Second Instalment (non-repayable support):

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
7	C1.I1 Improving access to quality education in lower secondary schools	Milestone	Mapping of the school network with a view to selecting schools for integration of small lower secondary classes into larger schools in the neighbouring settlements
10	C1.I2 Supporting the education of students with special education needs	Milestone	Mapping of needs for the education of pupils with special education needs
14	C1.R2 Reduction of segregation risk in schools	Milestone	Entry into force of legislation providing for the reduction of State support for primary and lower secondary schools with a low proportion of disadvantaged students
16	C1.R3 Improving the attractiveness of the teaching profession	Milestone	Entry into force of legislation to increase wages of teachers in the public education system up to at least 80% of the average wage of tertiary graduates
17	C1.R3 Improving the attractiveness of the teaching profession	Target	Average wage of teachers in the public education system in 2023 relative to the average wage of tertiary graduates
30	C2.I1 Institutional innovation and strengthened activities in higher education	Milestone	Launch of a call for the selection of the universities performing e-curriculum development
39	C2.I3 Development of digital curricula for vocational education and training	Milestone	Launch of a call for projects for developing digital curricula
51	C3.R1 Creating framework conditions for an effective integrated support to the most disadvantaged settlements	Milestone	Establishment of a monitoring committee for the support for the most disadvantaged settlements
63	C4.R1 Awareness-raising	Milestone	Amendment of Act CXIII/2019 on irrigation farming and of Government Decree No 302/2020
75	C4.I3 Nature protection	Milestone	Design of the project “Improving the security of ecological water supply in the Hanság Natura 2000 site”
96	C5.R1 Deployment of a single national tariff, ticketing and passenger information system for bus and rail by the National Public Transport Authority	Milestone	Entry into force of legislation setting up the institutional framework, procedures and processes
99	C6.R1 Transformation of electricity regulation	Milestone	Entry into force of legislative amendments to the Government Decree 273/2007. (X.19.)

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
100	C6.R2 Encouraging the development of onshore wind energy	Milestone	Amending legislation in favour of utilising wind energy
101	C6.R2 Encouraging the development of onshore wind energy	Milestone	Creation of 'go to areas' for wind energy
102	C6.R3 Improving the permit granting procedures for renewable energy projects	Milestone	Integrated procedure for RES permitting
103	C6.R3 Improving the permit granting procedures for renewable energy projects	Milestone	One-stop-shop for RES permitting
104	C6.R3 Improving the permit granting procedures for renewable energy projects	Milestone	Simple grid connection of small PV plants
107	C6.R4 Improving transparency, predictability and availability of the grid connection	Milestone	Publication of information on grid connection requests and capacities
112	C6.R5 Strengthening energy efficiency requirements	Milestone	Strengthening energy efficiency requirements for building renovation support schemes
131	C6.I5 Dissemination of smart metering	Milestone	Conclusion of all grant agreements on the purchase and installation of smart meters
135	C7.R1 Domestic regulation of the transition to a circular economy	Milestone	Adoption of the National Circular Economy Strategy and Action Plan, and the National Waste Management Plan
142	C8.I1 Developing the conditions for healthcare in the 21st century	Milestone	Completing a mapping process for creating county hospital system with integrated patient pathways
161	C9.R1 Establishment of an Integrity Authority 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	Milestone	Report on the Integrity Risk Assessment Exercise
162	C9.R1 Establishment of an Integrity Authority 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	Milestone	Start of application of the powers and competences on the verification of asset declarations by the Integrity Authority

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
163	C9.R1 Establishment of an Integrity Authority 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	Milestone	The annual Integrity Report for the year 2022 is made publicly available
167	C9.R2 Establishment of an Anti-Corruption Task Force to monitor and review the measures taken in Hungary to prevent, detect, prosecute und sanction corruption	Milestone	The annual analysis of the Anti-corruption Task Force for the year 2022 is publicly available
168	C9.R2 Establishment of an Anti-Corruption Task Force to monitor and review the measures taken in Hungary to prevent, detect, prosecute und sanction corruption	Milestone	The Government examines the first report of the Task Force
172	C9.R4 Strengthening rules related to asset declarations	Milestone	Setting up of a new system for the electronic submission of asset declarations in digital format and a public database for asset declarations
176	C9.R6 Enhancing the transparency of public spending	Milestone	The central register set up under the remedial measures in the conditionality procedure is fully operational and the full set of information required is available in it
177	C9.R7 Development and implementation of a National Anti-corruption strategy and action plan	Milestone	Strengthening the anti-corruption framework in Hungary by implementing concrete actions under the National Anti-Corruption Strategy and a related Action plan covering the period 2020-2022
178	C9.R7 Development and implementation of a National Anti-corruption strategy and action plan	Milestone	Strengthening the anti-corruption framework in Hungary by putting in place a new National Anti-Corruption Strategy and a related Action plan
185	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from Union support shall not exceed 15 %
186	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from national resources shall not exceed 32%

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
196	C9.R10 Reducing the share of single-bid public procurement procedures	Milestone	First report based on the "single-bid reporting tool" is made available
199	C9.R11 Development of the Electronic Public Procurement System (EPS) to increase transparency	Milestone	The EPS functions allowing the structured search and bulk export of contract award notice data from 1 January 2014 are available to the public
202	C9.R12 Performance measurement framework for public procurements	Milestone	First annual analysis carried out under the performance measurement framework of public procurements
203	C9.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
205	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate their participation in public procurement procedures	Milestone	Launch of a training scheme for facilitating the participation of micro-, small and medium-sized enterprises in public procurement procedures
209	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate their participation in public procurement procedures	Milestone	Setting up a support scheme for compensating the costs associated with participating in public procurements of micro-, small and medium-sized enterprises
237	C9.R27 Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making	Target	Strengthening the effective application of rules concerning obligatory public consultation of legislative acts and the systematic publication of preliminary impact assessment summaries (1)
267	C9.R38 Improving the efficiency of public expenditure by carrying out spending reviews	Milestone	Establishment of the legal and institutional framework for conducting annual spending reviews
Instalment amount			EUR 771 780 000

1.3. Third Instalment (non-repayable support):

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
3	C1.R1 Development of competitive public education using 21st century technology	Target	Share of teachers using Information and Communication Technologies in at least 40% of their classes
8	C1.I1 Improving access to quality education in lower secondary schools	Target	Implementation of pilot institutional reorganisations for the integration of small lower secondary classes into larger schools in the neighbouring settlements
26	C1.R4 Improving the sustainability of the pension system	Milestone	Independent international expert report on policy options to address long-term sustainability challenges of the Hungarian pension system
29	C2.R1 Modernisation of higher education courses	Target	Number of modernised higher education study fields
46	C2.I5 Development of the Central Examination Centre	Milestone	Award of the public contract(s) for the renovation and development of the Central Examination Centre
57	C3.I2 Production and use of renewable energy in disadvantaged municipalities	Target	Installation of renewable energy production capacity in or for the benefit of disadvantaged municipalities
59	C3.I3 Promoting employment and skills development based on local specificities	Target	Participation in labour socialisation programmes
61	C3.I4 Community-oriented pedagogy	Target	Pedagogical development of public education and vocational training institutions in the selected settlements
78	C4.R2 Accelerating climate adaptation measures in water management	Milestone	Report of the taskforce on sustainable water management
94	C5.I4 Deployment of central traffic management on TEN-T railways	Milestone	Signature of a contract for the establishment of a central traffic management system
366	C5.I5 Development of tram and trolleybus system of Budapest	Milestone	Signing of a grant agreement between the Government and City of Budapest on the purchase of trams, trolleybuses and the related infrastructure
114	C6.I1 Classic and smart grid development of transmission system operator and distribution system operators	Target	Capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)
369	C6.I6. Energy efficiency investments in public buildings	Milestone	Launch of a call for proposals for energy efficiency investments in public buildings
126	C6.I4 Installation of grid energy storage facilities for energy market participants	Milestone	Launch of the call for proposals for the implementation and support conditions of storage facilities to be installed for market participants

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
136	C7.R1 Domestic regulation of the transition to a circular economy	Milestone	Entry into force of the legislative acts necessary to operationalise waste management practice
140	C8.R1 Eradication of gratuity payments in the healthcare sector	Milestone	Publication of independent study providing evidence on the impact of the implemented healthcare reforms on the practice of gratuity payment
164	C9.R1 Establishment of an Integrity Authority 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	Milestone	The Government examines the first annual Integrity Report of the Integrity Authority and provides its responses in writing
165	C9.R1 Establishment of an Integrity Authority 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	Milestone	Review of the asset declaration system by the Integrity Authority
170	C9.R3 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	Review of the specific procedure in the case of special crimes related to the exercise of public authority or the management of public property
173	C9.R4 Strengthening rules related to asset declarations	Milestone	Introduction of effective administrative and criminal sanctions concerning the serious violations of asset declaration obligations
183	C9.R9 Awareness-raising for the eradication of gratuity payments in the healthcare sector	Milestone	Interim assessment of the first results of the awareness-raising campaign on the acceptability of gratuity payments in healthcare
236	C9.R27 Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making	Milestone	Start of application of a new methodology for the preparation of impact assessments of legislative proposals
245	C9.R31 Introduction of minimum substance requirements for corporate income tax purposes	Milestone	Independent international expert review of the domestic anti-tax avoidance rules

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
246	C9.R31 Introduction of minimum substance requirements for corporate income tax purposes	Milestone	Entry into force of legislation establishing minimum substance requirements for corporate income tax purposes
247	C9.R32 Strengthening of transfer pricing regulations	Milestone	Entry into force of legislative amendments to strengthen transfer pricing rules
248	C9.R33 Broadening the scope of non-deductibility rules for outbound payments	Milestone	Entry into force of legislative amendments to broaden the non-deductibility rules for outbound payments
257	C9.R35 Simplifying the tax system by reducing the number of taxes	Milestone	Phasing-out of temporary tax measures
258	C9.R35 Simplifying the tax system by reducing the number of taxes	Milestone	Report by the working group on reducing the number of taxes
260	C9.R35 Simplifying the tax system by reducing the number of taxes	Milestone	Report by the working group for simplification and consolidation possibilities of alternative set of rules regarding personal income taxation
261	C9.R35 Simplifying the tax system by reducing the number of taxes	Milestone	Entry into force of legislative amendments for the simplification and consolidation of personal income taxation
Instalment amount			EUR 657 810 000

1.4. Fourth Instalment (non-repayable support):

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
18	C1.R3 Improving the attractiveness of the teaching profession	Target	Average wage of teachers in the public education system in 2024 relative to the average wage of tertiary graduates
27	C1.R4 Improving the sustainability of the pension system	Milestone	Preparation of a policy proposal for amending the pension system
87	C5.I2 Rail network congestion switching on TEN-T corridor	Milestone	Signature of a contract for the refurbishment of the railway line (Almásfüzitő-Komárom)
91	C5.I3 Development of zero-emission bus transport	Milestone	Signature of grant agreements for the purchase of new electric buses and installation of charging points

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
370	C6.I6. Energy efficiency investments in public buildings	Milestone	Conclusion and entry into force of all grant agreements for projects regarding energy efficiency investments in public buildings
127	C6.I4 Installation of grid energy storage facilities for energy market participants	Milestone	Conclusion of all grant agreements on the implementation and support conditions of storage facilities to be installed for market participants
374	C7.I2 Construction of smart waste collection infrastructure for separate collection and related zero-emission collection vehicles	Milestone	Publication of the call for proposals based on the municipalities' investment needs
143	C8.I1 Developing the conditions for healthcare in the 21st century	Target	Number of county-level hospital networks with integrated patient pathways
152	C8.I2 Supporting the digital transformation of health	Milestone	Launch of a central healthcare mobile application (myEESZT)
180	C9.R8 Upgrading the cooperation systems of the prosecution service to tackle corruption practices.	Milestone	Setting up of a new IT system for the handling of sensitive documents of the prosecution service
187	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from Union support shall not exceed 15%
188	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from national resources shall not exceed 24%
204	C9.R13 Action plan for increasing the level of competition in public procurement	Milestone	Revision of the action plan to increase the level of competition in public procurements following its first annual review
206	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate their participation in public procurement procedures	Target	Number of micro-, small and medium-sized enterprises having received training on public procurement practices
232	C9.R26 Improving transparency and access to public information	Milestone	Report of the National Authority for Data Protection and Freedom of Information on access to public information (2)
238	C9.R27 Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making	Target	Strengthening the effective application of rules concerning obligatory public consultation of legislative acts and the systematic publication of preliminary impact assessment summaries (2)

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
241	C9.R28 Support to the data-based decision-making and legislative process with a view to increasing efficiency, transparency and reducing risks of irregularities	Milestone	Setting up of a data platform and data modelling system
259	C9.R35 Simplifying the tax system by reducing the number of taxes	Milestone	Entry into force of legislative amendments for reducing the number of taxes
265	C9.R37 Mainstreaming the use of communication campaigns and behavioural insights by the tax administration	Milestone	Concept paper on general overhaul of NTCA IT platforms and their integration into a single-channel service
268	C9.R38 Improving the efficiency of public expenditure by carrying out spending reviews	Milestone	Reports on the outcomes of the first and second spending reviews
275	C10.R4: Strengthening the role of aggregators	Milestone	Entry into force of implementing act on aggregators and network codes including model contracts
277	C10.R6: Renewing the product structure of regulatory reserve markets to facilitate market entry for new types of flexibilities	Milestone	Entry into force of a comprehensive regulatory framework and modifications of the rules and model contract at the required regulatory levels
278	C10.I1: Electricity network development and digitalisation C.10.I1a: Digital developments at the level of the system operator (grants)	Milestone	Launch of the call for proposals regarding digital developments related to network infrastructure and operation of the electricity network at the level of the system operator
282	C10.I1: Electricity network development and digitalisation C10.I1b: Improvement of the accuracy of weather forecast (grants)	Milestone	Launch of the call for priority project(s) to install meteorological stations to improve the accuracy of weather forecasting
289	C10.I1: Electricity network development and digitalisation C10.I1d Scaled-up measure: Dissemination of smart metering (grants)	Milestone	Launch of a call for priority projects addressed to DSOs for the purchase and installation of smart meters
Instalment amount			EUR 667 020 000

1.5. Fifth Instalment (non-repayable support):

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
4	C1.R1 Development of competitive public education using 21st century technology	Target	Number of school education institutions equipped with modern display tools and tools that develop student creativity and problem-solving skills
24	C1.I4 Creation of new crèche places	Target	Number of children enrolled in newly created crèche places
31	C2.I1 Institutional innovation and strengthened activities in higher education	Target	Number of courses offering micro credentials with digital content
53	C3.I1 Construction and renovation of social housing, improvement of housing conditions	Target	Refurbishment of dwellings
55	C3.I1 Construction and renovation of social housing, improvement of housing conditions	Target	Construction of new social housing
64	C4.R1 Awareness-raising	Target	Establishment of sustainable water management communities
72	C4.I2 Establishment of a monitoring system	Milestone	Comprehensive monitoring system at local level
80	C5.I1 Capacity building of suburban rail network	Milestone	Signature of works contracts for the renewal and extension of H5, H6 and H7 lines
97	C5.R1 Deployment of a single national tariff, ticketing and passenger information system for bus and rail by the National Public Transport Authority	Milestone	Ticketing infrastructure and development of an information platform
110	C6.R4 Improving transparency, predictability and availability of the grid connection	Target	Grid connection authorisation for renewable power plants capacity
115	C6.I1 Classic and smart grid development of transmission system operator and distribution system operators	Target	Capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)
119	C6.I2 Support for the use of residential solar panels and heating modernisation	Target	Number of households equipped with solar panels or equipped with solar panels, storage unit, electric heating system and window replacement (cumulated, number of households)
132	C6.I5 Dissemination of smart metering	Target	Newly installed smart meters
372	C7.R2: Awareness raising	Milestone	Adoption of an Action Plan to develop a communication strategy

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
147	C8.I2 Supporting the digital transformation of health	Target	Number of hospitals with an upgraded IT security system
184	C9.R9 Awareness-raising for the eradication of gratuity payments in the healthcare sector	Target	Number of citizens reached by the completed awareness-raising campaign
210	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate their participation in public procurement procedures	Milestone	Carrying out of a mid-term evaluation on the added value and effectiveness of the support scheme
253	C9.R34 Digital transformation of tax compliance procedures	Milestone	Entry into force of legislation for introducing the eReceipt system
255	C9.R34 Digital transformation of tax compliance procedures	Milestone	Entry into force of legislation for the simplification of VAT compliance procedures through the introduction of the eVAT system
262	C9.R36 Reforming the tax on public utility pipelines	Milestone	Entry into force of the Act repealing or amending Act number CLXVIII of 2012 on the tax on utility pipelines
263	C9.R37 Mainstreaming the use of communication campaigns and behavioural insights by the tax administration	Milestone	Improvement of communication practices of public administration bodies towards their clients
264	C9.R37 Mainstreaming the use of communication campaigns and behavioural insights by the tax administration	Milestone	Applications of behavioural insights in NTCA procedures
272	C10.R1: Improving the transparency, predictability and availability of grid connection procedure Harmonisation of the electricity grid connection procedure by distribution system operators	Milestone	Harmonisation of the electricity grid connection procedure by distribution system operators
273	C10.R2: Setting network tariffs	Milestone	New methodology to calculate network tariffs
274	C10.R3: Adapting the legislation on smart meters	Milestone	Entry into force of amended legislation on smart meters
279	C10.I1: Electricity network development and digitalisation C.10.I1a: Digital developments at the level of the system operator (grants)	Milestone	Entry into force of the grant agreements for digital developments related to network infrastructure and operation of the electricity network at the level of the system operator
283	C10.I1: Electricity network development and digitalisation C10.I1b: Improvement of the accuracy of weather forecast (grants)	Milestone	Entry into force of the grant agreement(s) on the support to install meteorological stations to improve the accuracy of weather forecasting

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
286	C10.I1: Electricity network development and digitalisation C10.I1c: Scaled-up measure: Classic and smart grid development for transmission system operator and distribution system operator	Milestone	Entry into force of all grant agreements containing the conditions of implementation and support for development of transmission and distribution grids
290	C10.I1: Electricity network development and digitalisation C10.I1d Scaled-up measure: Dissemination of smart metering (grants)	Milestone	Entry into force of all grant agreements on the purchase and installation of smart meters
Instalment amount			EUR 775 140 000

1.6. Sixth Instalment (non-repayable support):

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
5	C1.R1 Development of competitive public education using 21st century technology	Target	Number of additional digital notebooks delivered for pupil or teacher use
19	C1.R3 Improving the attractiveness of the teaching profession	Target	Average wage of teachers in the public education system in 2025 relative to the average wage of tertiary graduates
20	C1.R3 Improving the attractiveness of the teaching profession	Milestone	Entry into force of legislation setting out the wage increase for the entry-level teachers for the year 2025
28	C1.R4 Improving the sustainability of the pension system	Milestone	Entry into force of the legislation amending the pension system
79	C4.R2 Accelerating climate adaptation measures in water management	Milestone	Implementation of an action plan building on the recommendations developed by the task force
92	C5.I3 Development of zero-emission bus transport	Target	Putting into service of additional electric buses and associated recharging points
189	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from Union support shall not exceed 15 %
190	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from national resources shall not exceed 15%

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
239	C9.R25 Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making	Target	Strengthening the effective application of rules concerning obligatory public consultation of legislative acts and the systematic publication of preliminary impact assessment summaries (3)
242	C9.R28 Support to the data-based decision-making and legislative process with a view to increasing efficiency, transparency and reducing risks of irregularities	Target	Number of persons having completed training courses on data visualisation
243	C9.R29 Extension of the automatic administrative decision-making system with a view to increasing efficiency, transparency and reducing risks of irregularities	Target	Additional automated types of cases introduced in the automatic administrative decision-making system (AKD)
251	C9.R34 Digital transformation of tax compliance procedures	Milestone	Entry into force of legislation for introducing the ePayroll solution
269	C9.R38 Improving the efficiency of public expenditure by carrying out spending reviews	Milestone	Reports on the outcomes of the third and fourth spending reviews
Instalment amount			EUR 424 220 000

1.7. Seventh Instalment (non-repayable support):

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
9	C1.I1 Improving access to quality education in lower secondary schools	Target	Implementation of additional institutional reorganisations for the integration of small lower secondary classes into larger schools in the neighbouring settlements
15	C1.R2 Reduction of segregation risk in schools	Milestone	Report on the application of the new legislation providing for the reduction of State support for primary and lower secondary schools with a low proportion of disadvantaged students
25	C1.I4 Creation of new crèche places	Target	Number of additional children enrolled in newly created crèche places
40	C2.I3 Development of digital curricula for vocational	Target	Number of digital learning materials developed for vocational education and

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
	education and training		training
58	C3.I2 Production and use of renewable energy in disadvantaged municipalities	Target	Installation of additional renewable energy production capacity in or for the benefit of disadvantaged municipalities
65	C4.R1 Awareness-raising	Milestone	Organisation of information sessions
67	C4.I3 – Nature protection	Milestone	Achieving good ecological status of the surface and groundwater bodies affected by investment 3.
73	C4.I2 Establishment of a monitoring system	Milestone	Comprehensive monitoring system at national level
74	C4.I2 Establishment of a monitoring system	Target	Development of a comprehensive monitoring system at national level
81	C5.I1 Capacity building of suburban rail network	Milestone	50 % physical readiness for the extension of the suburban rail network
93	C5.I3 Development of zero-emission bus transport	Target	Putting into service of additional electric buses and associated recharging points
98	C5.R1 Deployment of a single national tariff, ticketing and passenger information system for bus and rail by the National Public Transport Authority	Milestone	Introduction of an OpenData portal and of a real-time passenger information system
116	C6.I1 Classic and smart grid development of transmission system operator and distribution system operators	Target	Additional capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)
120	C6.I2 Support for the use of residential solar panels and heating modernisation	Target	Number of additional households equipped with solar panels or equipped with solar panels, storage unit, electric heating system and window replacement (cumulated, number of households)
133	C6.I5 Dissemination of smart metering	Target	Additional newly installed smart meters (cumulated)
375	C7.I2 Construction of smart waste collection infrastructure for separate collection and related zero-emission collection vehicles	Milestone	Publication of a communication guide
149	C8.I2 Supporting the digital transformation of health	Target	Increase of the proportion of types of health authority procedures that can be initiated electronically
150	C8.I2 Supporting the digital transformation of health	Target	Number of telemedicine services provided via digital tools in a single year
151	C8.I2 Supporting the digital	Milestone	New EESZT modules launched to

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
	transformation of health		support supply management and digitised care processes
153	C8.I2 Supporting the digital transformation of health	Target	Number of unique users of the central healthcare mobile application
155	C8.I3 Remote health monitoring programme for the elderly	Target	Number of participants in the remote health monitoring programme for the elderly
157	C8.I4 Development of primary health care	Target	Number of doctors participating in newly established and operational GP communities
158	C8.I4 Development of primary health care	Target	Number of patients enrolled in the Chronic Disease Management Programme
159	C8.I4 Development of primary health care	Target	Number of patients enrolled in prevention and health promotion programmes
181	C9.R8 Upgrading the cooperation systems of the prosecution service to tackle corruption practices.	Milestone	Setting up of a new IT system for the handling of case files of the prosecution service
244	C9.R30 Strengthening the national IT equipment management system to increase the efficiency of public services	Milestone	Setting up of a central IT equipment management and software licensing system
249	C9.R33 Broadening the scope of non-deductibility rules for outbound payments	Milestone	Independent evaluation of the effectiveness of the overall set of domestic rules related to aggressive tax planning
266	C9.R37 Mainstreaming the use of communication campaigns and behavioural insights by the tax administration	Milestone	Availability of new functionalities on the NTCA integrated platforms
270	C9.R38 Improving the efficiency of public expenditure by carrying out spending reviews	Milestone	Concluding report on the outcome of the spending review exercise
276	C10.R5: Wider use of dynamic pricing in electricity purchase agreements	Milestone	Entry into force of the amended legislation to facilitate the application of dynamic pricing in the segment of residential consumers and micro-enterprises
280	C10.I1: Electricity network development and digitalisation C.10.I1a: Digital developments at the level of the system operator (grants)	Target	Digital developments related to network infrastructure and operation of the electricity network at the level of the system operator
284	C10.I1: Electricity network development and digitalisation	Target	Meteorological stations in operation

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
	C10.I1b: Improvement of the accuracy of weather forecast (grants)		
287	C10.I1: Electricity network development and digitalisation C10.I1c: Scaled-up measure: Classic and smart grid development for transmission system operator and distribution system operator	Target	Capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)
291	C10.I1: Electricity network development and digitalisation C10.I1d Scaled-up measure: Dissemination of smart metering (grants)	Target	Newly installed smart meters
Instalment amount			EUR 797 220 000

1.8. Eighth Instalment (non-repayable support):

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
6	C1.R1 Development of competitive public education using 21st century technology	Target	Share of teachers using Information and Communication Technologies in at least 40% of their classes
11	C1.I2 Supporting the education of students with special education needs	Target	Share of special education institutions having received support for the education of pupils with special education needs
12	C1.I2 Supporting the education of pupils with special education needs	Target	Number of pupils with special education needs having benefited from enhanced services
13	C1.I2 Supporting the education of pupils with special education needs	Target	Number of special education teachers having received professional in-service training
21	C1.R3 Improving the attractiveness of the teaching profession	Milestone	Application of the wage increases for teachers working in disadvantaged settlements, teachers working in schools with a proportion of disadvantaged pupils of at least 10%, and entry-level teachers
22	C1.I3 Training of teachers and improving the management skills of heads of institutions	Target	Number of heads and deputy heads of public education institutions having participated in continuing professional

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
			development
23	C1.I3 Training of teachers and improving the management skills of heads of institutions	Target	Number of teachers from public education institutions having participated in continuing professional development
32	C2.I1 Institutional innovation and strengthened activities in higher education	Target	Number of students/persons having received a micro-credentials certificate in higher education institutions
33	C2.I1 Institutional innovation and strengthened activities in higher education	Target	Number of developed digital learning content for higher education
34	C2.I1 Institutional innovation and strengthened activities in higher education	Target	Number of higher education students and staff having taken part in digital skills development programmes
36	C2.I2 Modernisation of infrastructure and digitalisation in higher education institutions	Target	Energy efficiency refurbishment of building infrastructure and construction of new buildings in higher education institutions
37	C2.I2 Modernisation of infrastructure and digitalisation in higher education institutions	Target	Installation of digital equipment in higher education buildings
38	C2.I2 Modernisation of infrastructure and digitalisation in higher education institutions	Milestone	Report on capacity development activities in higher education institutions
41	C2.I3 Development of digital curricula for vocational education and training	Target	Number of apprentices in vocational education and training having attended courses based on improved digital learning materials
43	C2.I4 Vocational education and training infrastructure for the 21st century	Target	Energy efficiency renovation of vocational education and training centres
44	C2.I4 Vocational education and training infrastructure for the 21st century	Target	Purchase of ICT equipment for vocational education and training centres
45	C2.I4 Vocational education and training infrastructure for the 21st century	Target	Number of vocational education and training centres with upgraded infrastructure
47	C2.I5 Development of the Central Examination Centre	Milestone	Completion of the Central Examination Centre
49	C2.I6 Establishment of national research and development laboratories	Milestone	Report on the performance of national laboratories
54	C3.I1 Construction and renovation of social housing, improvement of housing conditions	Target	Refurbishment of additional dwellings
56	C3.I1 Construction and renovation of social housing,	Target	Construction of additional new social housing

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
	improvement of housing conditions		
60	C3.I3 Promoting employment and skills development based on local specificities	Target	Additional participation in labour socialisation programmes
62	C3.I4 Community-oriented pedagogy	Target	Pedagogical development of additional public education and vocational training institutions in the selected settlements
66	C4.R1 Awareness-raising	Target	Hectares of arable land having undergone changes to water saving agricultural practices
76	C4.I3 Nature protection	Milestone	Completion of the project “Improving the security of ecological water supply in the Hanság Natura 2000 site”
77	C4.I3 Nature protection	Target	Increase in the combined coverage of hectares of green infrastructure or protected or Natura 2000 sites targeted by restoration of natural hydrology
82	C5.I1 Capacity building of suburban rail network	Target	Refurbishment of non-TEN-T railway lines (H5, H6 and H7)
83	C5.I1 Capacity building of suburban rail network	Target	Refurbishment of railway stations and stops
84	C5.I1 Capacity building of suburban rail network	Target	New current transformers or complete modernisation of existing current transformers
85	C5.I1 Capacity building of suburban rail network	Target	New B+R bicycle storage facilities at HÉV stops
86	C5.I1 Capacity building of suburban rail network	Target	New intermodal bus - HÉV hubs
88	C5.I2 Rail network congestion switching on TEN-T corridor	Target	Placing in service of the renovated railway line (Almásfüzitő-Komárom)
90	C5.I2 Rail network congestion switching on TEN-T corridor	Target	Placing in service of the renovated railway line (Békéscsaba-Lőkösháza railway line section)
95	C5.I4 Deployment of central traffic management on TEN-T railways	Target	Installation of the Central Traffic Management System operated on suburban and other large railway lines
367	C5.I5 Development of tram and trolleybus system of Budapest	Target	Putting into service the newly purchased trams and the related infrastructure
368	C5.I5 Development of tram and trolleybus system of Budapest	Target	Putting into service a new power converter for the trolleybus system
109	C6.R4 Improving transparency, predictability and availability of the grid connection	Milestone	Creation of the IT infrastructure for the use of data from smart meters
111	C6.R4 Improving transparency, predictability and availability of the grid connection	Target	Grid connection authorisation for renewable power plants

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
117	C6.I1 Classic and smart grid development of transmission system operator and distribution system operators	Target	Additional capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)
121	C6.I2 Support for the use of residential solar panels and heating modernisation	Target	Number of additional households equipped with solar panels or equipped with solar panels, storage unit, electric heating system and window replacement (cumulated, number of households)
371	C6.I6. Energy efficiency investments in public buildings	Target	Floor area of public buildings having benefitted from energy efficiency improvement
129	C6.I4 Installation of grid energy storage facilities for energy market participants	Target	Capacity of newly installed energy storage facilities
134	C6.I5 Dissemination of smart metering	Target	Additional newly installed smart meters (cumulated)
373	C7.R2: Awareness raising	Milestone	The communication strategy is adopted
376	C7.I2 Construction of smart waste collection infrastructure for separate collection and related zero-emission collection vehicles	Target	Installation and entry into operation of smart bins
377	C7.I2 Construction of smart waste collection infrastructure for separate collection and related zero-emission collection vehicles	Target	Installation and entry into operation of underground waste containers
378	C7.I2 Construction of smart waste collection infrastructure for separate collection and related zero-emission collection vehicles	Target	Purchase and entry into operation of zero-emission vehicles for new waste collection infrastructure
379	C7.I2 Construction of smart waste collection infrastructure for separate collection and related zero-emission collection vehicles	Target	Waste collection capacity of the installed infrastructure
144	C8.I1 Developing the conditions for healthcare in the 21st century	Target	Number of whole blood collection events on mobile collection sites in small settlements
145	C8.I1 Developing the conditions for healthcare in the 21st century	Target	Entry into operation of new or modernised health infrastructure buildings equipped with new and modern healthcare equipment

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
146	C8.I1 Developing the conditions for healthcare in the 21st century	Target	Floor area of health infrastructure buildings having benefitted from energy efficiency improvement
148	C8.I2 Supporting the digital transformation of health	Target	Number of new healthcare databases and disease registers available digitally
179	C9.R7 Development and implementation of a National Anti-corruption strategy and action plan	Milestone	Strengthening the anti-corruption framework in Hungary through assessing the effective implementation of the implementation of the actions of the new National Anti-Corruption Strategy and the related Action plan
191	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from Union support shall not exceed 15 %
192	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from national resources shall not exceed 15%
193	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from Union support shall not exceed 15 %
194	C9.R10 Reducing the share of single-bid public procurement procedures	Target	The share of tender procedures with single bids for procurements financed from national resources shall not exceed 15%
207	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate their participation in public procurement procedures	Target	Cumulative number of micro-, small and medium-sized enterprises having received training on public procurement practices
208	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate their participation in public procurement procedures	Milestone	Evaluation of the training scheme to facilitate the participation of micro-, small and medium-sized enterprises in public procurement procedures
211	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate their participation in public procurement procedures	Target	Number of micro-, small and medium-sized enterprises having received lump-sum support for public procurement cost compensation
212	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate	Milestone	Completion of the final evaluation on the added value and effectiveness of the support scheme

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
	their participation in public procurement procedures		
233	C9.R26 Improving transparency and access to public information	Milestone	Report of the National Authority for Data Protection and Freedom of Information on access to public information (3)
240	C9.R27 Improving the quality of law-making and effective involvement of stakeholders and social partners in decision-making	Target	Strengthening the effective application of rules concerning obligatory public consultation of legislative acts and the systematic publication of preliminary impact assessment summaries (4)
250	C9.R33 Broadening the scope of non-deductibility rules for outbound payments	Milestone	Entry into force of legislative amendments to improve the effectiveness of measures related to aggressive tax planning
252	C9.R34 Digital transformation of tax compliance procedures	Milestone	Multi-phase roll-out of the ePayroll system
254	C9.R34 Digital transformation of tax compliance procedures	Milestone	Multi-phase roll-out of the eReceipt system
256	C9.R34 Digital transformation of tax compliance procedures	Milestone	Multi-phase roll-out of the eVAT system
271	C10.R1: Improving the transparency, predictability and availability of the grid connection procedure Scaled-up measure: Grid connection authorisation for weather dependent renewable power plants	Target	Grid connection authorisation for weather dependent renewable power plants
281	C10.I1: Electricity network development and digitalisation C.10.I1a: Digital developments at the level of the system operator (grants)	Target	Digital developments related to network infrastructure and operation of the electricity network at the level of the system operator
285	C10.I1: Electricity network development and digitalisation C10.I1b: Improvement of the accuracy of weather forecast	Target	Meteorological stations in operation
288	C10.I1: Electricity network development and digitalisation C10.I1c: Scaled-up measure: Classic and smart grid development for transmission system operator and distribution system operator	Target	Capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)
292	C10.I1: Electricity network development and digitalisation C10.I1d. Scaled-up measure: Dissemination of smart metering	Target	Newly installed smart meters

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
	(grants)		
Instalment amount			EUR 1 604 911 435

2. Loan

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
293	C10.R7: Expanding energy communities	Milestone	Entry into force of the amended legislation on energy communities
294	C10.R7: Expanding energy communities	Milestone	One stop shop and guidelines on energy communities
297	C10.R9: Ensuring a legal framework for renewable hydrogen	Milestone	Completion of a review of the legal framework on renewable hydrogen
299	C10.R10: Development of a strategy and action plan for biogas and biomethane	Milestone	Development of a strategy and action plan for biogas and biomethane
301	C10.R12: Supporting potential beneficiaries' applications for EU-funded residential energy efficiency support schemes	Milestone	Entry into force of legislation establishing a framework for assisting potential beneficiaries' applications for support under EU-funded residential energy efficiency support schemes
304	C10.I1: Electricity network development and digitalisation C.10.I1a: Digital developments at the level of the system operator (loans)	Milestone	Launch of the call for proposals regarding digital developments related to network infrastructure and operation of the electricity network at the level of the system operator
308	C10.I1: Electricity network development and digitalisation C10.I1b: Improvement of the accuracy of weather forecast (loans)	Milestone	Launch of the call for priority project(s) to install meteorological stations to improve the accuracy of weather forecasting
315	C10.I1: Electricity network development and digitalisation C10.I1d Scaled-up measure: Dissemination of smart metering	Milestone	Launch of call for priority projects addressed to DSOs for the purchase and installation of smart meters

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
	(loans)		
319	C10.I2: Greening of industrial-, science and technology- and logistics parks for energy purposes	Milestone	Launch of the call for proposals for greening of industrial-, science and technology- and logistics parks
324	C10.I3: Building green economy production capacities	Milestone	Launch of the call for proposals for green economy production capacities
327	C10.I4: Application of green technologies for the decarbonisation of industry	Milestone	Launch of a call for proposals for decarbonisation of industry projects
328	C10.I4: Application of green technologies for the decarbonisation of industry	Milestone	Entry into force of grant agreements
330	C10.I5: Energy digitalisation of energy companies	Milestone	Adoption of a comprehensive plan on digitalisation in the field of energy
331	C10.I5: Digitalisation of energy companies	Milestone	Launch of the call for proposals for digital developments at energy companies
332	C10.I5: Digitalisation of energy companies	Milestone	Entry into force of all the grant agreements on the support for the digital development at energy companies
338	C10.I7: Strengthening human resources in the green economy	Milestone	Supply-demand analysis on labour market for green skills
341	C10.I8: Energy efficiency investments in public buildings	Milestone	Launch of a call for proposals for projects regarding energy efficiency investments in public buildings
342	C10.I8: Energy efficiency investments in public buildings	Milestone	Entry into force of all grant agreements for projects regarding energy efficiency investments in public buildings
350	C10.I12: Setting up a financial instrument to improve companies' energy efficiency	Milestone	Implementing Agreement
353	C10.I13: Setting up a financial instrument to improve the energy efficiency of residential buildings and tackle energy poverty	Milestone	Implementing Agreement
356	C10.I14: Setting up a financial instrument to increase the rollout of recharging stations for electric vehicles (EVs)	Milestone	Implementing Agreement
359	C10.I15: Setting up a financial instrument to support the purchase of battery-electric vehicles (BEVs) by fleet providers	Milestone	Implementing Agreement

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
362	C10.I16: Setting up a financial instrument to support geothermal energy exploration and exploitation	Milestone	Implementing Agreement
Instalment amount			EUR 1 097 130 000

2.2. Second instalment (loan support)

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
295	C10.R8: Legal incentives for the uptake of energy storage	Milestone	Entry into force of legislation establishing a regulatory framework on energy storage
296	C10.R8: Legal incentives for the uptake of energy storage	Milestone	Adoption of the National Plan on Energy Storage and non-fossil flexibility
298	C10.R9: Ensuring a legal framework for renewable hydrogen	Milestone	Entry into force of the legislative package on renewable hydrogen and publication of an accompanying non-legislative package
300	C10.R11: Improving the geothermal energy regulatory framework	Milestone	Entry into force of legislation for improving the regulatory framework for the exploration and use of geothermal energy
302	C10.R13: National strategy for developing green skills	Milestone	Government decision on the national strategy on skills for the green transition and its implementation action plan
305	C10.I1: Electricity network development and digitalisation C.10.I1a: Digital developments at the level of the system operator (loans)	Milestone	Entry into force of all the grant agreements for digital developments related to network infrastructure and operation of the electricity network at the level of the system operator
309	C10.I1: Electricity network development and digitalisation C10.I1b: Improvement of the accuracy of weather forecast (loans)	Milestone	Entry into force of all grant agreements on the support to install meteorological stations to improve the accuracy of weather forecasting
312	C10.I1: Electricity network development and digitalisation C10.I1c: Scaled-up measure: Classic and smart grid development for transmission system operator and distribution system operator (loans)	Milestone	Entry into force of all grant agreements on the implementation and support conditions of the development of transmission and distribution grids
316	C10.I1: Electricity network development and digitalisation C10.I1d Scaled-up measure:	Milestone	Entry into force of all grant agreements on the purchase and installation of smart meters

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
	Dissemination of smart metering (loans)		
320	C10.I2: Greening of industrial-, science and technology- and logistics parks for energy purposes	Milestone	Entry into force of grant agreements
325	C10.I3: Building green economy production capacities	Milestone	Entry into force of grant agreements
346	C10.I10: Boosting the private sector's uptake of battery-electric vehicles (BEVs)	Milestone	Launch of a call for proposals for projects regarding the purchase of battery-electric vehicles
348	C10.I11: Supporting geothermal energy exploration	Milestone	Entry into force of grant agreements for support for geothermal exploration activities
Instalment amount			EUR 783 660 000

2.3. Third instalment (loan support):

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
306	C10.I1: Electricity network development and digitalisation C.10.I1a: Digital developments at the level of the system operator (loans)	Target	Digital developments related to network infrastructure and operation of the electricity network at the level of the system operator
310	C10.I1: Electricity network development and digitalisation C10.I1b: Improvement of the accuracy of weather forecast (loans)	Target	Meteorological stations in operation
313	C10.I1: Electricity network development and digitalisation C10.I1c: Scaled-up measure: Classic and smart grid development for transmission system operator and distribution system operator (loans)	Target	Capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)
317	C10.I1: Electricity network development and digitalisation C10.I1d Scaled-up measure: Dissemination of smart metering (loans)	Target	Newly installed smart meters
334	C10.I6: Hydrogen investments	Target	Distribution to final recipients of hydrogen-fueled vehicles
339	C10.I7: Strengthening human resources in the green economy	Target	Number of courses for which new green skills learning content is developed
365	C1.I5 Creation of further new crèche places	Target	Number of additional children enrolled in newly created crèche places

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
Instalment amount			EUR 666 110 000

2.4. Fourth instalment (loan support):

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
303	C10.R13: National strategy for developing green skills	Milestone	Progress report on the implementation of the national strategy on skills for the green transition and the related action plan
307	C10.I1: Electricity network development and digitalisation C.10.I1a: Digital developments at the level of the system operator (loans)	Target	Digital developments related to network infrastructure and operation of the electricity network at the level of the system operator
311	C10.I1: Electricity network development and digitalisation C10.I1b: Improvement of the accuracy of weather forecast (loans)	Target	Meteorological stations in operation
314	C10.I1: Electricity network development and digitalisation C10.I1c: Scaled-up measure: Classic and smart grid development for transmission system operator and distribution system operator (loans)	Target	Capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a result of the improved grid (cumulated, MW)
318	C10.I1: Electricity network development and digitalisation C10.I1d Scaled-up measure: Dissemination of smart metering	Target	Newly installed smart meters
321	C10.I2: Greening of industrial-, science and technology- and logistics parks for energy purposes	Target	Renewable energy systems capacity installed
322	C10.I2: Greening of industrial-, science and technology- and logistics parks for energy purposes	Target	Number of microgrid networks operationally connected
323	C10.I2: Greening of industrial-, science and technology- and logistics parks for energy purposes	Target	Capacity of heat pumps installed
326	C10.I3: Building green economy production capacities	Milestone	Entry into use of all projects
329	C10.I4: Application of green technologies for the decarbonisation of industry	Milestone	Entry into use of all decarbonisation projects

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
333	C10.I5: Digitalisation of energy companies	Milestone	Digital solutions supporting the functioning of energy systems and services put into operation
335	C10.I6: Hydrogen investments	Target	Distribution to final recipients of hydrogen-fueled vehicles
336	C10.I6: Hydrogen investments	Target	Entry into operation of new hydrogen refuelling stations
337	C10.I6: Hydrogen investments	Target	Entry into operation of electrolyser capacity
340	C10.I7: Strengthening human resources in the green economy	Target	Number of professionals having received a micro-credentials certificate on green skills
343	C10.I8: Energy efficiency investments in public buildings	Target	Floor area of public buildings having benefitted from energy efficiency improvement
344	C10.I9: Electrification of railway sections	Target	Completion of electrification of railway for section “Szeged-Rendező - Röszke – Border of the country” and connection of railway lines 136 and 140
345	C10.I9: Electrification of railway sections	Target	Construction or reconstruction of electricity substations for railway network
347	C10.I10: Boosting the private sector’s uptake of battery-electric vehicles (BEVs)	Target	Battery-electric vehicles purchased and put into service
349	C10.I11: Supporting geothermal energy exploration	Target	Number of geothermal exploration activities finalised
351	C10.I12: Setting up a financial instrument to improve companies’ energy efficiency	Target	Legal agreements signed with final beneficiaries
352	C10.I12: Setting up a financial instrument to improve companies’ energy efficiency	Milestone	The MFB has completed the investment
354	C10.I13: Setting up a financial instrument to improve the energy efficiency of residential buildings and tackle energy poverty	Target	Legal agreements signed with final beneficiaries
355	C10.I13: Setting up a financial instrument to improve the energy efficiency of residential buildings and tackle energy poverty	Milestone	The MFB has completed the investment
357	C10.I14: Setting up a financial instrument to increase the rollout of recharging stations for electric vehicles (EVs)	Target	Legal agreements signed with final beneficiaries
358	C10.I14: Setting up a financial instrument to increase the rollout of recharging stations for electric vehicles (EVs)	Milestone	The MFB has completed the investment

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
360	C10.I15: Setting up a financial instrument to support the purchase of battery-electric vehicles (BEVs) by fleet providers	Target	Legal agreements signed with final beneficiaries
361	C10.I15: Setting up a financial instrument to support the purchase of battery-electric vehicles (BEVs) by fleet providers	Milestone	The MFB has completed the investment
363	C10.I16: Setting up a financial instrument to support geothermal energy exploration and exploitation	Target	Legal agreements signed with final beneficiaries
364	C10.I16: Setting up a financial instrument to support geothermal energy exploration and exploitation	Milestone	The MFB has completed the investment
Instalment amount			EUR 1 371 413 481

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 9 (Governance and Public Administration)[36], 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 respect of 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 C9.R19, is reflected in a specific milestone, which shall be fulfilled before the submission of the first payment request under the Recovery and Resilience Plan.

The implementation, monitoring and reporting process of the Hungarian Recovery and Resilience Plan shall be ensured by the National Authority (deputy state secretariat of the minister responsible for the implementation of Union support). 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 carrying out (desk-based and on-the-spot) first level controls of implementation.

[36] 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 that shall be fulfilled before the submission of the first payment request. A number of the measures contained in component 9 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 sectoral implementation of the specific measures[37] 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.

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 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.

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.

A new Directorate for Internal Audit and Integrity (DIAI) in the ministry responsible for the implementation of Union support shall be set up before the submission of the first payment request under the Recovery and Resilience Plan, to reinforce 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 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.

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 first payment request. The audit strategy shall prioritise audit work, starting with an audit on the setup of the systems focusing on the adequacy of processes (legal and institutional), the setup and operation of IT systems and the availability and quality of human capacities. This audit shall be carried out before the submission of the first payment request. Further system audits to be carried out at the start of implementation concern the application of Arachne for controls performed by the National Authority and implementing bodies as well as a system audit on the DIAI.

[37] Line ministries bear the sectoral responsibility for the implementation of all measures of the plan, except for those on governance and public administration, which fall under the responsibility of the National Authority.

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, 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.

2. Arrangements for providing full access by the Commission to the underlying data

In order to provide full access of the Commission to the underlying relevant data, Hungary shall have in place the following arrangements:

- All information related to the implementation and monitoring of the plan shall be stored in a monitoring IT system that shall be developed for the implementation of the Recovery and Resilience Plan.
- The National Authority shall be responsible for monitoring and assessing the implementation of the plan and the fulfilment of milestones and targets, as well as providing the Commission with the data collected upon request. It shall coordinate the reporting of milestones and targets, relevant indicators, but also qualitative financial information and other data, such as on final recipients. It shall also be responsible for operating the monitoring IT system, monitoring the progress of implementation of the different measures, ensuring the reliability and veracity of data in the monitoring system. Data encoding shall be conducted using an IT system called FAIR-EUPR[38] through which all institutions responsible for the implementation of reforms and investments are obliged to report to the National Authority.
- The Audit Authority (EUTAF) shall confirm in an audit report with an unqualified audit opinion, before the submission of the first payment request, that the functionalities of the monitoring IT system are available to fulfil data collection, storage and provision requirements related to the implementation of the Recovery and Resilience Plan and that the system is fully functional and in operation.

In accordance with Article 24(2) of Regulation (EU) 2021/241, upon completion of the relevant agreed milestones and targets in Section 2.1 of this Annex, Hungary shall submit to the Commission a duly justified payment request of the financial contribution. Hungary shall ensure that, upon request, the Commission has full access to the underlying relevant data that supports the

[38] This IT system is used to encode data on Cohesion funds for the periods 2014-2020 and 2021-2027 as well. Hungary has developed the system to ensure that it also fits the specific requirements of the Recovery and Resilience Plan.

due justification of the payment requests, both for the assessment of the payment request in accordance with Article 24(3) of Regulation (EU) 2021/241 and for audit and control purposes.

Where the milestones or targets refer to the production of reports, the underlying data, including any data used to underpin statements in such reports, shall be available to the Commission upon request, notably during the assessment of those milestones or targets.