



Council of the European Union  
General Secretariat

Brussels, 25 October 2022

**DOCUMENT PARTIALLY ACCESSIBLE  
TO THE PUBLIC (09.01.2024)**

WK 12831/2022 ADD 2

LIMITE

FIN

*This is a paper intended for a specific community of recipients. Handling and further distribution are under the sole responsibility of community members.*

#### MEETING DOCUMENT

---

From:	General Secretariat of the Council
To:	Budget Committee
N° Cion doc.:	12551/22 + ADD 1
Subject:	Rule of Law/Conditionality Regulation: COM replies to MS questions - PPT presentation

---

Delegations will find attached the slides that were used by the Commission for presenting its replies to MS questions on the RoL/Conditionality Regulation at the Budget Committee meeting on 25 October 2022.



# Rule of law conditionality regulation

**Hungary - Answers to MS questions**

*25 October 2022*

# Written questions: Block 1 - Breaches & impact on EU budget

- **Concerns raised in the written notification:**
  - Systemic irregularities, deficiencies and weaknesses in public procurement, including
    - high rate of **single bidding** procedures and low intensity of competition in procurement procedures
    - issues related to the use of **framework agreements**
  - Detection, prevention and correction of **conflicts of interest**; concerns regarding ‘**public interest trusts**’
  - Addition grounds related to **investigation, prosecution, and the anti-corruption framework**
- **Significant potential impact:** intrinsically linked to EU budget implementation process – improper functioning of public authorities deciding on award of contracts; coupled with additional grounds even more significant

## Written questions: Block 2 – Proportionality of measures

- Identified irregularities, deficiencies and weaknesses are widespread and intertwined → **other procedures cannot address the risks for the Union budget more effectively**
- Explained for the main instruments in CID, e.g. continuation of deficiencies over many years shows that financial corrections are not sufficient
- **Precise quantification of potential impact** on EU budget **not possible** at this stage
- Percentage reflects **estimated ensuing risk for the budget**; determined in light of seriousness, frequency and duration of the systemic breaches identified, expected maximum financial risk and **takes into account remedial measures**

## Written questions: Block 3 – Effect of remedial measures

- **Taken together**, the 17 remedial measures could in principle be capable of **addressing the issues raised in the notification**, if correctly specified in laws and rules, and implemented accordingly
- Full and effective implementation of all **key implementation steps is key to consider that the budget and the financial interests of the Union are no longer at risk**. → COM monitors closely and will inform Council of assessment **after 19 November 2022**
- **Legal framework and practices concerned** – more extended timeframe to produce concrete results (beyond 2022)
- Hungary has committed to **unconditionally maintain** in force the remedial measures (and the related legislation) without any time limit

# Thank you

PUBLIC