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ANNEX

**ANNEX**

*to the*

**proposal for a Council Implementing Decision**

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

{SWD(2022) 686 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 21<sup>st</sup> 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 3 593 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 3 593 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**

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	
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 public education using 21st century	Target	Share of teachers using Information and Communication Technologies in at least 40% of their classes		%	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 (source: KIR-STAT).

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	
	technology									
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

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	
										classes and the data from the OECD TALIS survey.
7	C1.11 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	C1.11 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

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	
										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	C1.11 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	C1.12 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	C1.12 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

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	
										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;

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	
										<p>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.</p> <p>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.</p>
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	<p>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.</p> <p>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.</p>
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	<p>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.</p>

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	
										<p>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:</p> <ul style="list-style-type: none"> <li>- 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;</li> <li>- 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).</li> </ul> <p>The law shall also include provisions according to which the yearly wage increases for the entry-level teachers (<i>gyakornok</i>) 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.</p> <p>During its preparation, the draft law shall be subject to meaningful social dialogue with the largest trade unions of the teachers.</p>
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	<p>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.</p> <p>The increase in the average wage of teachers for the year 2023 shall be determined based on outturn data</p>

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	
										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	<p>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.</p> <p>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.</p>
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	<p>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.</p> <p>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.</p>
20	C1.R3 Improving the attractiveness of the teaching	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				Q2	2025	Legislation shall enter into force, establishing that the wage increase for the entry-level teachers ( <i>gyakornok</i> ) for the year 2025 shall be 10 percentage points higher than the average wage increase for all teachers in the

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	
	profession			force						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	3 593	Q4	2025	At least 3 593 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

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	
										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	<p>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:</p> <p>(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;</p> <p>(2) provide a diagnosis on the pension system and its financial sustainability;</p> <p>(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));</p> <p>(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;</p> <p>(5) provide an impact assessment (sustainability, inequality, and adequacy point of view) on those policy</p>

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	
										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

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	
										<p>impact assessment.</p> <p>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.</p>

## **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 21<sup>st</sup> 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-credential as set out in the Council Recommendation of 25 May 2022 on a European approach to micro-credentials for lifelong learning and employability.

Sequential Number	Related Measure (Reform or Investment)	Milestone/Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Indicative timeline for completion		Description of each milestone and target
					Unit of measure	Baseline	Goal	Quarter	Year	
32	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, new digital equipment and capacity development activities in higher education institutions	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 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

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	
										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.
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,

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	
										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	C2.12 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.
39	C2.13 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	C2.13 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.

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	
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.
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 upgrades such as energy efficiency renovations (as referred to in target 43), new ICT equipment (as referred to in target 44) and 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.
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

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	
										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 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	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

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	
	social housing, improvement of housing conditions									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	C3.11 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.
55	C3.11 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	C3.11 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	C3.12 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

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	
										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 2500 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	C3.12 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 12500 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 2500 (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	C3.13 Promoting	Target	Participation in labour		Number	0	4 000	Q4	2023	At least 4 000 persons from the targeted settlements shall

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							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 milestone 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 in agriculture through the development of new water networks and reconstruction of existing systems, 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 restoring water supply and improving water retention in the areas affected by water scarcity, giving priority to the retention of precipitation and water from upstream watercourses, 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 Interior 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.<sup>1</sup>

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

#### **C4.I1: Construction of main water replacement systems, development of new networks and systems**

The objective of the investment shall be to refurbish water replacement systems that restore water to areas with no water connection and to ensure that water is provided to water-dependent ecosystems, nature reserves and Natura 2000 network sites. The underlying objective of the interventions shall be to protect groundwater resources without damaging surface water resources. Taking into account the conservation objectives of land management, 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.

To minimise the risk of unsustainable demand for water supplied from outside the affected areas, which would raise the need to abstract groundwater resources in times of low river flows in particular, specific safeguards shall be put in place to maximise the retention of water resources in the soils of the affected territories resulting from precipitation or received from upstream watercourses.

To this end, Hungary shall include in the design of the projects substantial nature-based solutions for water retention<sup>2</sup>, in particular N01 (basins and ponds), N07 (reconnection of oxbow lakes and similar features) and N13 (restoration of natural infiltration to groundwater)<sup>3</sup>.

The investment shall consist of two projects:

- i) Improvement and restoration of the water deficit ecological status of the Danube-Tisza Interfluve Homokhátság (Sand Ridge) – Phase I.

This project concerns the northern plot of the Homokhátság and the reconstruction and further development of the Tiszaalpár water supply system based on the water resources of the river Tisza.

Water recharge based on the water resources of the Tisza shall include the reconstruction and further development of the Tiszaalpár water recharge system. The extension of the current system shall be achieved through the reconstruction of the previously constructed water supply works, the restoration of the Baloghalmi canal and the construction of the Alpár-Nyárlőrincpuszta reservoir. The pumping stations on the river (Tiszaalpár main water intake and Alpár pressure centre) and the water control structures shall be built to deliver water to the

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<sup>1</sup> Infiltration of water from canals through their banks shall not be considered as nature-based solutions.

<sup>2</sup> 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.

<sup>3</sup> Infiltration of water from canals through their banks shall not be considered as nature-based solutions.

canal sections to be reconstructed. The other part of the development shall be the water replacement and revitalisation for ecological purposes of the Szikrai Holt-Tisza and of the Alpári Holt-Tisza reservoirs.

The aim of the project shall be to create the conditions for a safe supply of water that meets ecological needs, to increase the quantity and quality of water resources, and to increase the effectiveness of protection against water damage. While maintaining existing water resources, its operational objective is to ensure the safe diversion of periodically occurring floods and inland waters, to provide water supply opportunities and to improve conditions for the use of water resources. As a result of the project, water retention and water storage capacity of the area shall increase and the water balance of the soils shall improve.

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

ii) Rábaköz-Tóköz water supply development.

This project shall consist of the reconstruction and widening of a section of the Vág-Sárdos-Megág canal. The project shall also consist of the renovation of estuary sluices, the construction of a weir, a control structure, and culverts on the connecting ditches. The reconstruction of the canal linked to the Keszeg river shall involve, among others, the sludge treatment of riverbeds. Between the two canals, a new canal and a new weir shall be built to supplement the ecological water supply from the Kis-Rába water supply through the Keszeg-ér to the Vág-Sárdos-Megág canal.

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

For these two projects:

All parts of the 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.

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).

A climate risk analysis shall be undertaken.

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 or potential of the surface and groundwater bodies affected by the investments by 31 December 2025 (or if good status has been achieved, it shall not have been deteriorated).

#### **C4.I2: Establishment of a monitoring system**

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<sup>4</sup>, wetlands and peatlands restoration, in particular N02 (wetland restoration and management) and N13 (restoration of natural infiltration to groundwater)<sup>5</sup>. Overall, the design shall prioritise the use of nature-based solutions, based on best practices.

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<sup>4</sup> 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.

<sup>5</sup> 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 saving agricultural practices		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 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.I1-3 Investments 1 and 3 – Water	Milestone	Achieving good ecological status of the surface and	Publication of results on the website of the				Q4	2025	Monitoring of the water bodies concerned by investments 1 and 3 shall have been carried out in order to ensure that the surface and groundwater bodies affected by the investments under the

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
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	management		groundwater bodies affected by the investments under this component (Investment 1 and Investment 3)	national water authorities						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.
68	C4.11 Construction of main water replacement systems, development of new networks and systems	Milestone	Design of the project "Improving and restoring the water deficit ecological status of Homokhátság (Danube-Tisza) – Phase I"	Adoption of the design				Q1	2023	The design of the project aiming at improving and restoring the water deficit of the Homokhátság area shall be adopted. Substantial nature-based solutions for water retention (in particular N01 – basins and ponds, N07 – reconnection of oxbow lakes and similar features, and N13 – restoration of natural infiltration to groundwater) shall be included 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. Any measures identified in the framework of the EIA and the assessment under Directive 2000/60/EC shall be integrated into the project. Compliance with the conservation objectives of Natura 2000 shall be ensured. 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 are projected to be in less than good status or potentially good status.
69	C4.11 Construction of main water replacement systems, development of new networks and systems	Milestone	Finalisation of the project "Improving and restoring the water deficit ecological status of Homokhátság (Danube-Tisza) – Phase I"	Completion report				Q2	2026	Completion report of the project aiming at improving water deficit of the Homokhátság area. The report shall demonstrate that the project has been completed in line with the design of the project. The report shall be accompanied by an assessment of the implementation of the nature-based solutions as incorporated in the design of the project.
70	C4.11 Construction of main water replacement systems, development of	Milestone	Design of the project "Rábaköz-Tóköz water supply development"	Adoption of the design				Q4	2022	The design of the project aiming at improving and restoring the water deficit if the Rábaköz-Tóköz area shall be adopted. Substantial nature-based solutions for water retention (in particular N01 – basins and ponds, N07 – reconnection of oxbow lakes and similar features, and N13 – restoration of natural infiltration to

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
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	new networks and systems									groundwater) shall be included 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. Any measures identified in the framework of the EIA and the assessment under Directive 2000/60/EC shall be integrated into the project. Compliance with the conservation objectives of Natura 2000 shall be ensured. 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 are projected to be in less than good status or potentially good status.
71	C4.I1 Construction of main water replacement systems, development of new networks and systems	Milestone	Finalization of the project “Rábaköz-Tóköz water supply development”	Completion report				Q2	2026	Completion report of the project aiming at improving and restoring the water deficit of the Rábaköz-Tóköz shall be finalised. The report shall demonstrate that the project has been completed in line with the design of the project. The report shall be accompanied by an assessment of the implementation of the nature-based solutions as incorporated in the design of the project.
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	Milestone	Comprehensive monitoring system	Completion				Q4	2025	A comprehensive monitoring system of groundwater and surface water (quantitative and qualitative status) has been put in place at

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	
	a monitoring system		at national level							national level in line with the recommendations of the Groundwater Monitoring 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	<p>Adoption of the design of the project aiming at improving the security of water supply in the Hanság Natura 2000 site.</p> <p>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.</p> <p>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 the EIA and the assessment under Directive 2000/60/EC and Directive 92/43/EEC shall be integrated into the project.</p> <p>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.</p>

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	
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 4950 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 Accelerating climate adaptation measures in water management	Milestone	Report of the taskforce on sustainable water management	Publication of the report				Q4	2023	A task force on sustainable water management shall be 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.

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
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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 56 km of railways on the following sections of three main suburban railway lines (HÉV):

- Szentendre – Pomáz – Budakalász – Batthyány tér (H5);
- Ráckeve – Tököl – Szigetszentmiklós – Pesterzsébet (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, the modernisation of converters, 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 – Lökösháza 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 Lökösháza stations. The implementation of this action shall be completed by 31 December 2025.

#### **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.

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 272 km of main suburban and national railway lines, with computer support and real-time train information. The investment shall cover the railway lines 70 and 140, 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 31 March 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 infrastructure, notably a database server, a platform for real time travel and tariff information, 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. 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 2024.

## 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	2023	Completed open public procurement procedure for the modernisation and extension of suburban railway lines for the following suburban electrified railway sections: – Szentendre – Pomáz – Budakalász – Batthyány tér (H5); – Ráckeve – Tököl – Szigetszentmiklós – Milleniumtelep (H6); – Csepel – Kvassay Bridge (H7). The contracts signed shall include the refurbishment of the track for a total of 56 km (the action does not include the Batthyány tér-Békásmegyér section over a length of 10 km), the electrical power supply (1500 V DC traction system), the rebuilding of stopping points, crossings, the installation of signalling equipment and train control and the installation of a modern passenger information system.
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				Q2	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 and vehicle yards.
82	C5.I1 Capacity building of suburban rail network	Target	Refurbishment of non-TEN-T railway lines (H5, H6 and H7)		km		56	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 shall be established by switching to a 1500 V DC traction system, lifting speed restrictions, providing signalling equipment and train control and access to the high railway network.

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		33	Q2	2026	Completing the upgrading of 22 stops and 11 stations along lines H5, H6 and H7 by providing intermodal connections: P+R car park with at least 2.700 seats, recharging points and real-time passenger information system. All stops and stations shall be made accessible for groups with specific needs, including high platforms ensuring barrier-free vehicle-platform connections and visual and acoustic passenger information.
84	C5.I1 Capacity building of suburban rail network	Target	New current transformers or complete modernisation of existing current transformers		Number		12	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		1500	Q2	2026	Installation of new B+R bicycle storage facilities at various HÉV stops and stations for a total of 1500 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				Q3	2023	Signature of works contracts for the renewal of the railway line (Almásfüzitő-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 system, making interlocking equipment high speed. It shall also include the construction/upgrading of missing or outdated

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	
										facilities, including: <ul style="list-style-type: none"> <li>• Construction of 3.9 km of track</li> <li>• New turnaround installation</li> <li>• Reconstruction of two km of overhead contact line</li> <li>• Five new pedestrian overpasses</li> <li>• Two crossings to be rebuilt</li> <li>• Construction of one overpass for car, pedestrians and cyclists</li> <li>• Construction of noise shading walls.</li> </ul>
89	C5.I2 Rail network congestion switching on TEN-T corridor	Milestone	Signature of a contract for the refurbishment of the Békéscsaba-Lókösháza railway line section	Signature of works contract				Q2	2021	Signature of works contracts for the renewal of the railway line (Békéscsaba-Lókösháza) 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-Lókösháza railway line section)		km		30,3	Q4	2025	The renovated Békéscsaba-Lókösháza 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 Lókösháza 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				Q2	2023	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 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.

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	
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				Q2	2023	Signature of a contract for the construction of a Central Traffic Management System operating on four main railway line sections (70, 100a, 80 and 140) 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		272	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 two main rural railway lines (80 and 140) over a total length of 272 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.
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	Provision in the legislation indicating entry into force				Q2	2023	Entry into force of the modification of the Act on Passenger Transport Services establishing a 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.

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	
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	Database server infrastructure and development of an information platform	Entry into operation of a database server infrastructure and availability of the information platform				Q2	2023	Entry into operation of a database server 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	2024	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 commits to require the implementation of this separate accounting system from prosumers that shall benefit from public financial support for the installation of their solar panel systems as from 1 January 2023.

The implementation of the reform shall be completed by 31 March 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 2925 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 34 920 households, of which at least 11 600 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.I3: Installation of energy storage facilities for the transmission system operator and distribution system operators**

The objective of the investment is to support the installation of short-term energy storage facilities by the transmission system operator and distribution system operators, which are to be used by the transmission system operator and those distribution system operators for the sole purpose of ensuring a secure and reliable operation of the transmission or distribution system and indirectly support the further integration of energy production resulting from the increased renewable energy production capacity. The storage facilities shall not be used for balancing or congestion management.

The transmission system operator and distribution system operators shall receive support to install their energy storage facilities based on the derogation provided for in Article 54(2) and Article 36(2) of Directive (EU) 2019/944, i.e. based on the energy storage facilities being fully integrated network components and receiving approval from the regulatory authority (Hungarian Energy and Utilities Regulatory Authority, MEKH). MEKH shall monitor and ensure that the storage facilities are used only as integrated network components and shall check regularly that the owning, developing, managing and operating of these storage facilities do not distort the market.

The total capacity of the electricity storage installed as fully integrated network component as a result of this investment shall be at least 146 MWh.

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

### **C6.I4: Installation of grid energy storage facilities for market participants**

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 311 MWh.

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

### **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.

## **F.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	
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 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/m <sup>2</sup> 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-

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	
										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 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: <ul style="list-style-type: none"> <li>- MEKH shall review at least every six months region by region the adequacy of the temporary limitation in the relevant regions;</li> <li>- this review shall be based on technical information provided by the DSOs and the TSO;</li> <li>- technical and objective criteria for the removal of the restriction</li> </ul>

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	
										<p>shall be set up and published;</p> <ul style="list-style-type: none"> <li>- 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;</li> <li>- the restriction shall be removed in the relevant region as soon as the technical and objective criteria mentioned above are met.</li> </ul> <p>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.</p>
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	<p>The legislation shall be amended to:</p> <ul style="list-style-type: none"> <li>- ensure that the same connection rules ('coordinated grid connection procedure') apply to all power generating technologies in a non-discriminatory approach;</li> <li>- provide that this process shall be based on objective technological parameters and that it shall be published in advance of the calls;</li> <li>- ensure that TSO and DSOs shall be allowed to reject the 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;</li> <li>- 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;</li> <li>- 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</li> </ul>

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	
										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 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	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

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	
	and availability of the grid connection									(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 programmes for local governments buildings).
113	C6.11 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 2925 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	C6.11 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. 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	C6.11 Classic and smart grid development of transmission system operator and	Target	Capacity increase of power plants using renewable energy sources that may be integrated to the power grid as a		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. 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

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	
	distribution system operators		result of the improved grid (cumulated, MW)							recovery and resilience plan, in order to integrate the energy produced by additional renewable energy production capacity.
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. 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	2 925	Q2	2026	Increased ability of the power grid to integrate additional power plant capacity using renewable energy sources through actions under this investment. 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.
119	C6.I2 Support for the use of residential solar	Target	Number of households equipped with solar		Number	0	13 793	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.

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	
	panels and heating modernisation		panels or equipped with solar panels, storage unit, electric heating system and window replacement (cumulated, number of households)							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	13 793	23 320	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.
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	23 320	34 920	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 11 600 households of the 34 920 households shall receive not only the solar panel systems, but besides the solar panel system, also electric heating systems, window replacement and storage unit.

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	
122	C6.I3 Installation of energy storage facilities for distribution- and transmission system operators	Milestone	Launch of the call for proposals on the implementation and support conditions of storage facilities - as fully integrated network component - to be installed by the TSO/DSOs	Publication of the call for proposals on the official website of the Government for calls				Q4	2022	The call shall describe the main principles – including the technological neutrality towards storage facilities – for the installation of short-term energy storage facilities by the transmission system operator and distribution system operators. The call shall include the requirement that the transmission system operator and distribution system operators shall receive support for their energy storage facilities on the basis of the derogation provided for in Directive 2019/944, i.e. on the basis of the energy storage facilities being fully integrated network components and receiving approval from the regulatory authority (Hungarian Energy and Utilities Regulatory Authority, MEKH) before signing the grant agreement. The call shall also specify that storage facilities shall not be used for balancing or congestion management.
123	C6.I3 Installation of energy storage facilities for distribution- and transmission system operators	Milestone	Conclusion of all grant agreements on the implementation and support conditions of storage facilities - as fully integrated network component - to be installed by the TSO/DSOs	Signed grant agreements				Q2	2023	Grant agreements shall be signed for all projects selected following the call referred to in milestone 122. The grant agreement shall include the requirement that the TSO and DSOs shall receive support for their energy storage facilities on the basis of the derogation provided for in Directive 2019/944, i.e. on the basis of the energy storage facilities being fully integrated network components and receiving approval from the regulatory authority (Hungarian Energy and Utilities Regulatory Authority, MEKH).
124	C6.I3 Installation of energy storage facilities for distribution- and transmission system operators	Target	Capacity of newly installed storage as fully integrated network component for the TSO and DSOs		MWh	0	60	Q4	2024	Newly installed electricity storage capacity by TSO and/or DSOs as fully integrated network component with effective capacity measured in MWh

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	
125	C6.I3 Installation of energy storage facilities for distribution- and transmission system operators	Target	Additional capacity of newly installed storage as fully integrated network component for the TSO and DSOs (cumulated, MWh)		MWh	60	146	Q2	2025	Newly installed electricity storage capacity by TSO and/or DSOs as fully integrated network component with effective capacity measured in MWh
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	2022	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.
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	2023	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.

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	
128	C6.14 Installation of grid energy storage facilities for energy market participants	Target	Capacity of newly installed energy storage facilities	-	MWh	0	100	Q4	2024	Newly installed electricity storage capacity for market participants with effective capacity measured in MWh.
129	C6.14 Installation of grid energy storage facilities for energy market participants	Target	Capacity of newly installed energy storage facilities	-	MWh	100	311	Q2	2025	Newly installed electricity storage capacity for market participants with effective capacity measured in MWh.
130	C6.15 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	C6.15 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.
132	C6.15 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.
133	C6.15 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.

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	
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 single-phase or three-phase electricity meters with direct connection and communication unit.

## **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.I1: Strengthening a smart, innovative and sustainable waste management industry and secondary raw materials market**

The aim of the investment is to support chemical recycling in order to facilitate the transition to a circular economy. The investment supports the reduction of the proportion of waste disposed of by landfilling in accordance with the National Waste Management Plan 2021-2027 and it shall also increase the proportion of waste recycled. The investment is expected to significantly improve the recycling of waste, to contribute to promoting separate collection, and to develop infrastructure for pre-treatment and recycling, contributing to both collection and recycling targets.

In the framework of the investment, a chemical recycling and hydrogen production plant shall be established, which shall be suitable for processing 40 000 tonnes of non-reusable and not suitable for mechanical recycling plastic waste. The infrastructure development shall contain all relevant technological steps of chemical recycling, including the management of waste suitable for chemical re-use, the transformation of waste into a feedstock suitable for use by the petrochemical processes, and the production of plastics containing chemically recycled polymers. The output of the chemical recycling process shall be secondary raw materials and not fuels, and as such this process shall not constitute energy recovery<sup>6</sup>. In order to ensure that the measure complies with the ‘Do no significant harm’ Technical Guidance (2021/C58/01), in case the measure includes activities under the EU Emission Trading System (ETS), they shall achieve projected greenhouse gas emissions lower than the relevant benchmarks<sup>7</sup>. Green hydrogen from renewable energy sources (in accordance with applicable EU law) shall be produced as part of the investment, to be used as part of the chemical recycling process. The aim of the technology is to break down the selected waste into secondary raw products (conversion of at least 50 %, in terms of weight, of the processed separately collected non-hazardous plastic waste into secondary raw materials) that shall be partly used as a chemical input in the production process of plastic products.

Once in operation, the recycling plant shall be suitable for the chemical recycling of 40 000 tonnes of plastic waste not suitable for mechanical recycling.

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

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<sup>6</sup> Energy recovery shall be understood as per the Waste Framework Directive.

<sup>7</sup> 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 EU Emissions Trading System, as set out in the Commission Implementing Regulation (EU) 2021/447.

## G.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	
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: <ul style="list-style-type: none"> <li>- The establishment and detailed rules of the deposit system for beverage bottles;</li> <li>- Setting up a waste management authority to rationalise the waste management sector;</li> <li>- Reducing the environmental impact of certain plastic products (regulating certain single-use plastic products);</li> <li>- Rules of the extended producer responsibility;</li> <li>- Legislation providing proof of the removal of abandoned waste from immovable property and of transport to an appropriate waste treatment place.</li> </ul>
137	C7.I1 Strengthening a smart, innovative and sustainable waste management industry and secondary raw materials market	Milestone	Award of contracts for the construction of a chemical recycling and green hydrogen production plant (for chemical recycling of at least 40000 tonnes of plastic and at least 750 tonnes of green hydrogen)	Notification of the award of public contracts for main Engineering, Procurement and Construction				Q4	2023	Notification of the award of public contracts for main engineering procurement for the construction of a chemical recycling plant (for chemical recycling of at least 40 000 tonnes of plastic and production of at least 750 tonnes of green hydrogen from renewable energy sources), selected on the basis of an open and competitive call for proposals.

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	
138	C7.11 Strengthening a smart, innovative and sustainable waste management industry and secondary raw materials market	Milestone	Completion and entry into operation of the chemical recycling and green hydrogen production plant	The independent engineer's report is issued on the completion of the construction works and the plant has started operations				Q2	2026	<p>The construction of the chemical recycling and hydrogen power plant shall be completed and the plant shall have started operation.</p> <p>At least 50 %, in terms of weight, of the processed separately collected non-hazardous plastic waste entering the chemical recycling plant shall be converted into secondary raw materials.</p> <p>The plant shall only treat plastic waste that cannot be recycled mechanically.</p> <p>Hydrogen shall be produced from electrolysis using renewable energy sources in accordance with applicable EU law. The annual capacity of the plant for quantity of separately collected non-hazardous plastic waste processed shall be at least 40 000 tonnes.</p> <p>The annual capacity of the plant for green hydrogen production shall be at least 750 tonnes. The capacity of the plant shall be certified by the regional waste management authority with a waste treatment permit.</p>

## **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

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	
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.
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.

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	
142	C8.11 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	C8.11 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	C8.11 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	C8.11 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 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

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	
										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). 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;

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	
										<ul style="list-style-type: none"> <li>- Notification of biocidal products;</li> <li>- Notification of activities against public health pests;</li> <li>- Notification of fumigation activities by pest control operators;</li> <li>- Notification of mosquito and rodent control by pest control operators; and</li> <li>- 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.</li> </ul>
150	C8.12 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 such interventions shall be recorded by the National Healthcare Service Centre, the institution managing central telemedicine services, as actual care services.
151	C8.12 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	C8.12 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.

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	
153	C8.12 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	C8.13 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 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	C8.13 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	C8.14 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	C8.14 Development of primary health care	Target	Number of doctors participating in newly established and		Number	515	4 000	Q3	2025	At least 4 000 GPs shall have signed a cooperation agreement to establish a community of practice,

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	
			operational GP communities							compared to 515 in March 2021.
158	C8.14 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	C8.14 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<sup>8</sup>. 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<sup>9</sup>.

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).

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<sup>8</sup> Procedure under Article 6 of Regulation (EU, Euratom) 2020/2092 on a general regime of conditionality for the protection of the Union budget.

<sup>9</sup> 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.

## **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.

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 will 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 will 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 Government Control Office (KEHI). The Government Control Office 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, simplified naturalisation (obtaining citizenship) and land registry – with fully operational functionalities shall be introduced in the automatic administrative decision-making system, allowing their fully automated processing, by Q4 2024.

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

**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

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	
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	<p>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.</p> <p>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 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</p>

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	
										<p>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.</p> <p>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 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.</p> <p>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).</p> <p>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.</p> <p>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</p>

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	
										<p>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 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.</p> <p>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 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.</p> <p>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</p>

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										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 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	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 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

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										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.
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	<p>The first annual Integrity Report of the Integrity Authority shall be made publicly available, covering the calendar year of 2022.</p> <p>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).</p> <p>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.</p> <p>Appropriate procedures shall be in place ensuring that annual reports for the subsequent years are prepared and made publicly available.</p>

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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 monitor and review the measures taken in Hungary to prevent, detect, prosecute and sanction corruption	Milestone	Establishment of an Anti-corruption Task Force	The Anti-corruption Task Force shall be established and hold its first meeting				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 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

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										<p>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.</p> <p>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 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.</p> <p>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-</p>

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										<p>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 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.</p> <p>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.</p>
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	<p>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.</p>
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	<p>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.</p> <p>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 examined and the government's comments are made publicly available in line with the above.</p>

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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	<p>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:</p> <ul style="list-style-type: none"> <li>- 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);</li> <li>- 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 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</li> </ul>

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										<p>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.</p> <p>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.</p> <p>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.</p>
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.

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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 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.
174	C9.R5 Ensuring the transparency of the use of public resources by public interest asset management	Milestone	Entry into force of an act ensuring effective oversight on how public interest asset management	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

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	foundations		foundations performing public interest activity and legal persons established or maintained by them make use of Union support							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 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

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
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										<p>spending of public funds, including their nature and purpose (type of contract used, type of tender procedure used, contract value, date of signature, duration of contract, objective to be achieved, deliverable to be delivered under the contract); (viii) tender documentation relating to the spending of public funds, including their nature and purpose (estimated value, type of public procurement procedure, date of tendering, number of offers submitted, name of tenderers); (ix) the name of service providers, including the name of subcontractors, suppliers, and capacity providers, in a free text format for historical data, and in a format processable by machine means for future public procurements; (x) the intended share of subcontractors if available, both for past and future public procurements; (xi) the public body responsible; (xii) the date when the funds were disbursed.</p> <p>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.</p> <p>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.</p> <p>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).</p> <p>Information concerning proof of performance and invoices shall continue to be made available upon requests for access to public information.</p> <p>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.</p>
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 is available				Q1	2023	<p>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.</p> <p>To meet this requirement, the relevant public bodies shall be provided with</p>

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			operational and the full set of information required is available in it	to the public						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. 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)

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	
										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 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 actions of the new National Anti-Corruption Strategy and the related Action	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.

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	
			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 and the prosecution service has started using it				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 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 awareness-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	Milestone	Interim assessment of the first results of the awareness-raising campaign on the	Finalisation of an interim assessment of the first results of the awareness-raising campaign				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.

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
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	sector		acceptability of gratuity payments in healthcare							
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		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 procurement procedures	Target	The share of tender procedures with single bids for procurements financed from Union support shall not exceed 15%		%	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 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%.

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	
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 15%		%	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%.
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	Target	The share of tender procedures with single bids for procurements financed from		%	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

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	
	procedures		national resources shall not exceed 15%							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%.
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.

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	
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 available				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 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.
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	The EPS upgraded with the new functionality allowing the bulk export of all information related to subcontractors is				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.

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	
			public	fully operational and accessible by the public.						
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 procurements and the reasons for limited competition in the sectors most affected by low level of competition				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 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				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

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
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				procurements and the reasons for limited competition in the sectors most affected by low level of competition						<p>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.</p> <p>The analysis shall be carried out by the responsible department 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.</p> <p>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.</p> <p>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.</p>

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	
202	C9.R12 Performance measurement framework for public procurements	Milestone	First annual analysis carried out under the performance measurement framework of public procurements	Publication of the first annual analysis assessing the efficiency and cost-effectiveness of public procurements and the reasons for limited competition in the sectors most affected by the low level of competition for the year 2022				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 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 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.

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	
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	<p>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.</p> <p>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 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.</p> <p>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.</p>
206	C9.R14 Training scheme, and support scheme, on procurement for micro-, small and medium-sized enterprises to facilitate their participation in public	Target	Number of micro-, small and medium-sized enterprises having received training on public procurement practices		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.

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	
	procurement procedures									
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.
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

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										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.
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 enterprises to facilitate their participation in public procurement procedures	Milestone	Completion of the final evaluation on the added value and effectiveness of the support scheme	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 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.

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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	<p>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).</p> <p>The legislative amendments shall:</p> <p>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.</p> <p>Regarding individual decisions, the legislative amendments shall ensure that the NJC shall give a motivated binding opinion on the following matters:</p> <p>(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;</p> <p>(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;</p> <p>(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;</p> <p>(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.</p> <p>Regarding regulations, the legislative amendments shall ensure that the NJC shall give a motivated binding opinion on the following matters:</p> <p>(i) the points system for the assessment of applications for judicial posts within the legislative framework;</p> <p>(ii) the detailed conditions for the award of bonuses and other benefits to judges and court executives;</p>

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										<ul style="list-style-type: none"> <li>(iii) the rules relating to the training system for judges;</li> <li>(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',</li> <li>(v) the number of judicial posts in each court within the framework determined in the annual budget, including the Kúria, and their departments;</li> </ul> <ul style="list-style-type: none"> <li>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 determine the structure of the biannual report of the President of the NOJ;</li> <li>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;</li> <li>d) establish the right for the NJC to seize the competent court and the Constitutional Court to defend its prerogatives and enforce its rights;</li> <li>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;</li> <li>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</li> </ul>

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										competences are exercised by the vice-president; (ii) in the absence of a vice-president, the president's competences are exercised by the head of a department of judges with the longest tenure as a judge; (iii) in the absence of a head of department, the president's competences are exercised 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	<p>Before the submission of the first payment request under the recovery and resilience plan:</p> <p>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;</p> <p>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 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;</p> <p>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</p>

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										<ul style="list-style-type: none"> <li>(a) candidates for the post of chairs and vice-chairs of departments of judges, presiding judges and the Secretary General of the Kúria;</li> <li>(b) secondments to the Kúria;</li> <li>(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,</li> <li>(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.</li> <li>(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 authority (in line with Act CLXII of 2011).</li> </ul>
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: <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul>
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.

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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	Entry into force of the Government Decree on the roles and responsibilities of bodies involved in the implementation, audit and control of the Hungarian recovery and resilience plan				Q3	2022	<p>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.</p> <p>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 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 procedures in case conflict of interest relevant to them in that specific tender is established.</p>

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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 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.

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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 an effective anti-fraud and anti-corruption strategy for Union support	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 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	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)

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			effective action plan related to the anti-fraud and anti-corruption strategy for Union support							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-scoring tool	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	<p>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.</p> <p>The procedures shall ensure that:</p> <p>(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 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);</p> <p>(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</p> <p>(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.</p> <p>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.</p>

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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	Unqualified final audit report of EUTAF confirming the adequacy of procedures on the systematic and effective use of the Arachne risk-scoring tool and the completeness of data uploaded to Arachne				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 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 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

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										<p>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.</p> <p>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.</p>
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	Entry into force of legislative amendments to provide the necessary financial and human resources to the EUTAF				Q4	2022	<p>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.</p> <p>The legislative amendments shall ensure that:</p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> </ul>

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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 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

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										system is fully functional and is in operation.
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	Entry into force of an audit strategy by EUTAF for the recovery and resilience plan				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 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 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

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										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 Government Control Office on access to public information (1)	Publication of the report of the Government Control Office on the compliance of public bodies with their respective obligations regarding access to public information				Q4	2022	The Government Control Office (KEHI) 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 transparency and access to public information	Milestone	Report of the Government Control Office on access to public information (2)	Publication of the report of the Government Control Office on the compliance of public bodies with their respective obligations regarding access to public information				Q2	2024	The Government Control Office (KEHI) 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 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 Government Control Office on access to public information (3)	Publication of the reports of the Government Control Office on the compliance of				Q2	2026	The Government Control Office (KEHI) 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

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				public bodies with their respective obligations regarding access to public information						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 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	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: (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 the recovery and resilience

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										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	<p>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:</p> <p>(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);</p> <p>(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;</p> <p>(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;</p> <p>(iv) that a summary of the preliminary impact assessment shall be made available publicly together with the draft legislative act in all cases;</p> <p>(v) that the scope of exceptions shall be narrowed down by abolishing Section 5(5) of Act CXXXI of 2010.</p> <p>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;</p> <p>Entry into force of amendments to the rules of procedure of the Government or other relevant legislations shall ensure that:</p> <p>(vi) the Government Control Office (KEHI) shall annually check 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.</p> <p>(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.</p> <p>Entry into force of amendments to the relevant legislative acts shall ensure that:</p> <p>(i) additional resources are dedicated to the Office of the National Assembly to</p>

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										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 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		%	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.

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			the systematic publication of preliminary impact assessment summaries (2)							
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 reducing risks of	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 the data platform, the system and the				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 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).

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	irregularities			data platform are fully functional and operational and the public administration has started using them						
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	Q4	2024	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; - simplified naturalisation (obtaining citizenship); and - land registry. 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).
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).

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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 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

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										<p>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.</p> <p>Prior to the adoption of the legislation by the government, the Ministry of Finance shall organise public consultations (including with stakeholders such as tax practitioners and business chambers).</p>
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	<p>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.</p>
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	<p>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.</p>
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	<p>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).</p> <p>Prior to the adoption of the legislation, the authorities shall:</p> <ol style="list-style-type: none"> <li>1) Approve the initial development proposal on ePayroll by means of a government decision;</li> <li>2) Establish an inter-ministerial consortium management structure and appoint</li> </ol>

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					Unit of measure	Baseline	Goal	Quarter	Year	
										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.
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.

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	
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 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: <ul style="list-style-type: none"> <li>consolidation of local property taxation (building tax, land parcel tax, communal tax);</li> <li>consolidation of the taxation of vehicles (vehicle tax, company car tax, registration duty, duties on transfer of property);</li> <li>merging rehabilitation contribution (fixed amount) into employers' tax;</li> <li>merging the taxation of gifts/inheritance into the personal income tax;</li> <li>abolishment of minor taxes with minimal revenue raising capacity (except for those required by EU law and those serving environmental goals); and</li> <li>abolishment/consolidation of sick pay contribution.</li> </ul> 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

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	
										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 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 lines.

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	
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 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	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 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	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.

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	
	administration									
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 reviews				Q2	2023	<p>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.</p> <p>The Government shall issue a decision on the launch of a regular spending review process, which shall be published in the Hungarian Official Gazette. The decision (and/or accompanying documents) shall specify, in particular, the following:</p> <ol style="list-style-type: none"> <li>i) the detailed objectives and targets;</li> <li>ii) methodology for the review;</li> <li>iii) a medium-term work plan, including expenditure areas to be subjected to reviews and the deadlines for conducting the reviews;</li> <li>iv) the public entities concerned (if those entities are part of the central government); and</li> <li>v) the time periods to be covered by the analysis.</li> </ol> <p>The decision shall also specify the roles and responsibilities of the actors involved, including at least the following elements:</p> <ul style="list-style-type: none"> <li>• Line ministries shall provide full access to data and information to the coordination unit in the Ministry of Finance.</li> <li>• 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.</li> <li>• The Ministry of Finance shall present to the government regular (quarterly) reports on the progress of spending reviews.</li> <li>• 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</li> </ul>

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	
										<p>annual budgets and medium-term budgetary planning.</p> <ul style="list-style-type: none"> <li>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”.</li> <li>The coordination unit in the Ministry of Finance shall be tasked to monitor the follow-up and prepare an annual report on the response to the recommendations.</li> </ul> <p>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.</p> <p>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.</p> <p>The expenditure areas for the review shall include but not be limited to:</p> <ol style="list-style-type: none"> <li>Healthcare;</li> <li>Education;</li> <li>Public investment; and</li> <li>Family and housing related support (including related tax advantages).</li> </ol>
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	<p>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.</p> <p>The spending reviews shall identify measures and policy options for achieving potential savings (expressed in terms of percentage 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.</p> <p>Two dedicated reports shall present the concrete outcomes of the reviews in</p>

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	
										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	<p>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.</p> <p>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.</p> <p>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.</p>
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.

## 2. Estimated total cost of the recovery and resilience plan

The estimated total cost of the recovery and resilience plan of Hungary is HUF 2 299 592 927 602, which equals EUR 5 824 260 891 on the basis of the average EUR HUF ECB reference rate in the period from 1 April 2022 to 30 September 2022.

## 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
70	C4.I1 Construction of main water replacement systems, development of new networks and systems	Milestone	Design of the project "Rábaköz-Tóköz water supply development"
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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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
122	C6.I3 Installation of energy storage facilities for distribution- and transmission system operators	Milestone	Launch of the call for proposals on the implementation and support conditions of storage facilities - as fully integrated network component - to be installed by the TSO/DSOs
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
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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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
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
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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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
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 Government Control Office on access to public information (1)

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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
68	C4.I1 Construction of main water replacement systems, development of new networks and systems	Milestone	Design of the project "Improving and restoring the water deficit ecological status of Homokhátság (Danube-Tisza) – Phase I"
75	C4.I3 Nature protection	Milestone	Design of the project "Improving the security of ecological water supply in the Hanság Natura 2000 site"
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
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
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
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	Database server infrastructure and development of an information platform
99	C6.R1 Transformation of electricity regulation	Milestone	Entry into force of legislative amendments to the Government Decree 273/2007. (X.19.)
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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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
123	C6.I3 Installation of energy storage facilities for distribution- and transmission system operators	Milestone	Conclusion of all grant agreements on the implementation and support conditions of storage facilities - as fully integrated network component - to be installed by the TSO/DSOs
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
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
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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
167	C9.R2 Establishment of an Anti-Corruption Task Force to monitor and review the measures taken in Hungary to prevent, detect, prosecute and 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 and 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%
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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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 813 560 000

### 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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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
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
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)
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)
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
137	C7.I1 Strengthening a smart, innovative and sustainable waste management industry and secondary raw materials market	Milestone	Award of contracts for the construction of a chemical recycling and green hydrogen production plant (for chemical recycling of at least 40000 tonnes of plastic and at least 750 tonnes of green hydrogen)
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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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
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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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 639 230 000

#### 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
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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
232	C9.R26 Improving transparency and access to public information	Milestone	Report of the Government Control Office 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)
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
Instalment amount			EUR 464 890 000

### 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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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
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
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)
124	C6.I3 Installation of energy storage facilities for distribution- and transmission system operators	Target	Capacity of newly installed storage as fully integrated network component for the TSO and DSOs
128	C6.I4 Installation of grid energy storage facilities for energy market participants	Target	Capacity of newly installed energy storage facilities
132	C6.I5 Dissemination of smart metering	Target	Newly installed smart meters
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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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)
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
Instalment amount			EUR 639 230 000

#### 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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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
81	C5.I1 Capacity building of suburban rail network	Milestone	50 % physical readiness for the extension of the suburban rail network
92	C5.I3 Development of zero-emission bus transport	Target	Putting into service of additional electric buses and associated recharging points
125	C6.I3 Installation of energy storage facilities for distribution- and transmission system operators	Target	Additional capacity of newly installed storage as fully integrated network component for the TSO and DSOs (cumulated, MWh)
129	C6.I4 Installation of grid energy storage facilities for energy market participants	Target	Capacity of newly installed energy storage facilities
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%
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
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 464 890 000

## 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 education and training	Target	Number of digital learning materials developed for vocational education and 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.I1-3 Investments 1 and 3 – Water management	Milestone	Achieving good ecological status of the surface and groundwater bodies affected by the investments under this component (Investment 1 and 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
90	C5.I2 Rail network congestion switching on TEN-T corridor	Target	Placing in service of the renovated railway line (Békéscsaba-Lökösháza railway line section)
93	C5.I3 Development of zero-emission bus transport	Target	Putting into service of additional electric buses and associated recharging points
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)

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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)
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 transformation of health	Milestone	New EESZT modules launched to 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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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
Instalment amount			EUR 639 230 000

### 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 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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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, improvement of housing conditions	Target	Construction of additional new social housing
60	C3.I3 Promoting employment and skills development based on local specificities	Target	Additional participation in labour socialisation programmes

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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
69	C4.I1 Construction of main water replacement systems, development of new networks and systems	Milestone	Finalisation of the project “Improving and restoring the water deficit ecological status of Homokhátság (Danube-Tisza) – Phase I”
71	C4.I1 Construction of main water replacement systems, development of new networks and systems	Milestone	Finalization of the project “Rábaköz-Tóköz water supply development”
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)
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
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

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
111	C6.R4 Improving transparency, predictability and availability of the grid connection	Target	Grid connection authorisation for renewable power plants
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)
134	C6.I5 Dissemination of smart metering	Target	Additional newly installed smart meters (cumulated)
138	C7.I1 Strengthening a smart, innovative and sustainable waste management industry and secondary raw materials market	Milestone	Completion and entry into operation of the chemical recycling and green hydrogen production plant
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
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 %

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name
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 their participation in public procurement procedures	Milestone	Completion of the final evaluation on the added value and effectiveness of the support scheme
233	C9.R26 Improving transparency and access to public information	Milestone	Report of the Government Control Office 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
Instalment amount			EUR 1 336 557 717

## **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)<sup>10</sup>, 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.

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<sup>10</sup> 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<sup>11</sup> 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

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<sup>11</sup> 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.

application of Arachne for controls performed by the National Authority and implementing bodies as well as a system audit on the DIAI.

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<sup>12</sup> 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

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<sup>12</sup> 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.

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 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.