



European Commission

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# LAYING THE FOUNDATIONS FOR HUNGARY'S RECOVERY CONDITIONED ON RULE OF LAW REFORMS

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## Hungary's recovery and resilience plan

The European Commission has given a positive assessment to **Hungary's recovery and resilience plan, which will be financed by €5.8 billion in grants**, conditioned on the full and effective implementation of 27 milestones on the rule of law, judicial independence, anti-corruption, and protecting the Union's budget. The financing provided by the Recovery and Resilience Facility – at the heart of NextGenerationEU – remains available to support the implementation by 2026 of crucial investment and reform measures put forward by Hungary.

The Hungarian plan can form part of an unprecedented coordinated EU response to the COVID-19 crisis, to address common European challenges by **embracing the green and digital transitions, to strengthen economic and social resilience and the cohesion of the Single Market**. In particular, once Hungary meets the aforementioned 27 milestones, the funding via the RRF will support the deployment of renewable energy, develop sustainable transport, support digital skills and education, and modernise the health system. The implementation of the measures included in the plan will also strengthen the rule of law in Hungary through a comprehensive set of measures on anti-corruption, public procurement, and judicial independence. These rule of law reforms, as well as specific audit and control reforms, will need to be fulfilled before any payment to Hungary is possible.

### KEY MEASURES TO SECURE HUNGARY'S GREEN TRANSITION

**48.1%** of the plan's total allocation for reforms and investments supports climate objectives



▶ **Sustainable transport:** modernising important railway lines and their management system, in particular in the region of Budapest and purchase of 300 zero-emission buses. **€1.4 billion**



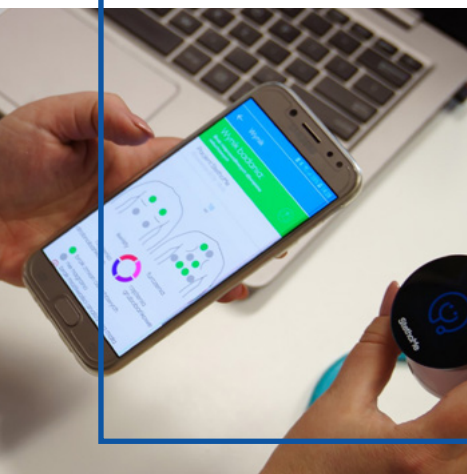
▶ **Renewable energy sources:** broad overhaul of Hungary's electricity regulatory framework, which will triple the connection of renewable energy capacity to the grid to 10 GW by 2026. This includes a removal of regulatory obstacles to the deployment of wind turbines, simplified permit granting procedures, and improved transparency and availability of the grid connection. Investing in grid development to allow for the integration of electricity generated from renewable energy, as well as in solar panel systems for 35,000 households. **€825 million**



▶ **Energy efficiency of buildings:** supporting the replacement of windows in almost 12,000 houses, financing the energy efficient renovation and construction of buildings for early age childcare facilities, schools, universities and in the healthcare sector. **€386 million**

## KEY MEASURES TO SUPPORT HUNGARY'S DIGITAL TRANSITION

**29.8%** of the plan's total allocation for reforms and investments supports the digital objectives



▶ **Reinforced digital skills and better digital equipment in education:** providing 579,000 digital notebooks to pupils and teachers in school education, and modern display tools to 3,100 schools, supporting the development of digital curricula for vocational education and training and digital skills development for students in higher education. **€570 million**



▶ **Digitalisation of the healthcare sector:** financing the development of IT infrastructure in healthcare institutions, the development of telemedicine solutions, the roll-out of new functionalities for mobile health apps and a remote health monitoring system for elderly people. **€488 million**



▶ **Safer and digital public transport:** support for a central traffic management system for railway lines, as well as a single national system for tariffs, ticketing and passenger information for the various modes of public transport (buses and trains) through digital means. **€212 million**

## KEY MEASURES TO REINFORCE HUNGARY'S ECONOMIC AND SOCIAL RESILIENCE



▶ **Anti-corruption:** reforms establishing new independent bodies equipped with the appropriate tools and capacity to act, possibility to challenge in court the decisions of investigative authorities or prosecutors not to investigate or prosecute corruption and corruption-related practices, binding targets to improve competition and transparency of public procurement, requirements for public consultation of stakeholders, including on key reforms and on the overall implementation of the plan as a whole, and easier access to public information.



▶ **Strengthening of judicial independence:** reforms increasing the powers of the National Judicial Council to limit undue influence and arbitrary decisions in the administration of courts, amending the functioning of the Supreme Court to shield it from risks of political influence, removing the role of the Constitutional Court in reviewing final decisions by judges at the request of public authorities and safeguarding the possibility of national Courts to refer preliminary questions to the Court of Justice of the European Union.



▶ **Modern healthcare:** support for upgraded healthcare infrastructure and equipment, optimising service provision in the hospital network, developing primary and preventive care through communities of general practitioners providing integrated healthcare services, supporting the prohibition of informal out-of-pocket payments by patients to healthcare workers and digitalisation of healthcare services. **€1.3 billion**



▶ **Quality education and social inclusion:** promoting a more attractive teachers' profession through gradual wage increases, improving access to mainstream education for disadvantaged students and for those with special needs, and financial incentives for schools to reduce the segregated enrolment of disadvantaged pupils in just a few schools, support for 3,600 additional early age childcare places, social measures in the 300 most disadvantaged settlements experiencing high levels of poverty. **€266 million**



▶ **Quality of public finances:** reforms promoting the medium and long-term sustainability of the Hungarian pension system, contributing to lengthening working lives and strengthening the adequacy of pensions for lower-income pensioners, combatting aggressive tax planning, simplifying the tax system, and introducing regular spending reviews.

## IMPLEMENTATION

- None of the plan's measures will do significant harm to the environment.
- Stakeholders should continue to be involved in the implementation of the recovery and resilience plan to ensure ownership of reforms.
- Disbursement of funds is performance-based and will reflect progress on reforms and investments set out in the plan.
- Control systems will protect against serious irregularities such as fraud, corruption and double funding.