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COHESION AND REFORMS

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Dear Honourable Member,

Many thanks for your e-mail dated 7 September 2021 following up on the Commission reply to written question E-3115/2021.

To begin with, I would like to clarify what seems to be a misunderstanding. The President of the European Commission received a letter from the President of the Hungarian Anti-Corruption Association (KELLESZ) on 1 April to which my services replied on 18 May 2021. Your written question dated 14 June refers to an analysis conducted by the same organisation. However, in the absence of a reference number, it was not clear to the Commission services that the written question actually referred to the initial letter of 1 April. As a result, the Commission reply to the written question did not mention the letter received from KELLESZ.

On the substance, I would invite you to refer to the reply from my services to KELLESZ dated 18 May 2021 of which you received a copy. Since then, the relevant Commission services have been working with the Hungarian authorities in order to get additional guarantees in response to the challenges identified in the 2019 and 2020 country-specific recommendations and, more recently, in the Commission 2021 Rule of Law report. Such measures include upgrading the co-operation system between investigative authorities in order to tackle corruption, including high-level corruption, developing an electronic public procurement system to improve transparency, designing a public procurement monitoring system to improve effectiveness of public procurement processes, and developing tools to combat fraud, including the more systematic use of ARACHNE and stepping up co-operation with OLAF.

Rest assured that the Commission attaches utmost importance to support measures that ensure fight against fraud and corruption in view of ensuring legality and regularity of expenditure under cohesion policy programmes, in particular.

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As you are aware, discussions between the Commission and the Hungarian authorities on the Recovery and Resilience Plan and on the programming of the 2021-27 cohesion policy funds are still on-going. The Commission will take all necessary measures to address the long-standing challenges faced by Hungary and protect the EU's budget.

Yours sincerely,



Elisa Ferreira

**Question for written answer E-003115/2021  
to the Commission**

Rule 138

**Daniel Freund** (Verts/ALE), **Gwendoline Delbos-Corfield** (Verts/ALE), **Rosa D'Amato** (Verts/ALE), **Alexandra Geese** (Verts/ALE), **Monika Vana** (Verts/ALE), **Niklas Nienaß** (Verts/ALE), **Caroline Roose** (Verts/ALE)

Subject: (Re-)distribution of EU funds in Hungary

An analysis conducted by the Hungarian anti-corruption association KELLESZ suggests that the distribution of EU funding, in particular under cohesion policy, is politically motivated: decisions to (re-)allocate EU resources are unilaterally taken by the central government, in favour of pro-government cities and municipalities. This approach does not respect the requirement for transparency and non-discrimination in the allocation of EU funds in accordance with EU law (in particular the Financial Regulation and Common Provisions Regulation). It also jeopardises the effective and efficient use of EU resources and the requirement to allocate funding according to territorial and socioeconomic needs. The Commission has been informed of these findings.

1. Does the Commission agree that the Hungarian Government is not upholding important principles governing the use of EU and cohesion policy funding, as proven by the above-mentioned analysis?
2. What measures does the Commission intend to take in order to end discrimination, defend the EU's financial interests and ensure transparency?
3. Should the Commission agree with our assessment of the situation, when will it apply sanctions to the Hungarian Government, such as financial corrections or the interruption or suspension of payments, in accordance with EU law?

EN

E-003115/2021

Answer given by Ms Ferreira  
on behalf of the European Commission  
(1.9.2021)

1 The Commission is not aware of the analysis conducted by the Hungarian anti-corruption association KELLESZ to which the question makes reference. In case of suspected cases of fraud or irregularities involving EU funds, the Commission invites all parties to share any relevant information.

Based on the conclusions from its own audits and reports, the Commission has repeatedly raised concerns about the effective delivery of Cohesion Policy in Hungary, notably as regards the need to improve competition in public procurement, project selection, promote access to public information and reinforce the anti-corruption framework.

2-3 The Commission will use all the existing and new instruments available to pursue any substantiated allegation of fraud and irregularity regarding the misuse of EU Funds. This includes controlling compliance with the directly applicable legal provisions and principles<sup>1</sup>, and providing for the obligations for the competent national authorities and for the Commission to monitor the expenditure, to carry out audits, and to implement the appropriate corrective measures. In case of a proven case of fraud or irregularity the Commission may require financial corrections. Action may also include the suspension of payments where clear evidence suggests the existence of significant deficiencies in the management and control systems. Finally, the Conditionality Regulation<sup>2</sup> allows the Commission to take measures where it is established that breaches of the principles of the rule of law affect or seriously risk affecting the sound financial implementation of the Union budget or the protection of the financial interests of the Union in a sufficiently direct way.

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<sup>1</sup> In particular but not exclusively those laid down in the Financial Regulation and the Common Provisions Regulation

<sup>2</sup> Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget