



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR BUDGET

The Director-General

Brussels
BUDG/D1/KS

Mr András Lukács
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Mr András Becker
Board Member
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Dear Mr. Lukács, dear Mr. Becker,

Thank you for your letter dated 19 November 2022, registered as Ares(2022)8019086 on 21 November 2022, to which I have been asked to respond on behalf of President von der Leyen.

In your letter, you ask the Commission to ensure that the funds from the Recovery and Resilience Facility and the Cohesion Funds are only disbursed to the Hungarian government under strict conditions and express your concerns regarding the Integrity Authority and the Anti-Corruption Task Force.

As you know, the setting-up of the Integrity Authority has been one of the remedial measures to which Hungary committed under a procedure pursuant to the Regulation 2020/2092 on a general regime of conditionality for the protection of the Union budget¹ ('Conditionality Regulation'). The procedure for the appointment of the board of the Integrity Authority was established in the remedial measure and the Commission has assessed it together with the actual appointment process as part of its assessment of the implementation of the remedial measure by Hungary as notified to the Commission². Similarly, the Commission has assessed the remedial measure on the Anti-Corruption Task Force in this process.

As the latest step in the procedure under the Conditionality Regulation in the case of Hungary, and based on the Commission's assessment of the implementation of the remedial measures, to which Hungary committed, the Council has adopted measures on 15 December 2022. The Council implementing decision ("CID") upholds the assessment of the Commission and suspends 55% of the commitments for three cohesion operational programmes. In addition, the CID provides that no legal commitments (under direct or

¹ OJ L 433I, 22.12.2020, p. 1.

² You can access the Communication from the Commission to the Council containing this assessment online, at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52022DC0687>; see, in particular, paragraphs 25 and 26 therein.

indirect management) shall be entered into with any public interest trust established on the basis of the Hungarian Act IX of 2021 or any entity maintained by such a public interest trust.

Furthermore, on 15 December 2022, the Council adopted a Council implementing decision on the Recovery and Resilience Facility funds, based on a proposal by the Commission. The Commission, after ensuring essential milestones on judicial independence and protecting the EU budget were included, had proposed to endorse Hungary's Recovery and Resilience Plan, conditioned on the full and effective implementation of the required milestones. In fact, in the Recovery and Resilience Plan, and with a view to resolve the breaches putting the EU budget at risk, Hungary has committed to implement the 17 remedial measures, together with other rule of law reforms related to judicial independence, as a clearly defined set of 27 "super milestones". This means that no payment under the Recovery and Resilience Facility is possible until Hungary has fully and correctly implemented these 27 "super milestones".

Similar provisions are in place for the Cohesion funding, for which Hungary must fulfil a set of enabling conditions, defined by the Common Provision Regulation, in order to ensure the effective and efficient implementation of the funds. As long as the enabling conditions are not fulfilled, the Commission cannot reimburse related expenditure included in the payment claims introduced by Hungary for expenses incurred during the implementation of the programme.

Rest assured that it is a priority for the Commission to ensure that the EU budget is spent in line with the applicable rules and generates added value for EU citizens.

Yours sincerely,

Electronically signed

Gert Jan KOOPMAN

c.c.: President von der Leyen, Commissioner Hahn, Commissioner Ferreira