

Dear President von der Leyen,

We are writing to you to express our conclusion that after detailed analysis the draft Hungarian Recovery and Resilience Plan (RRP) does not comply with the conditions set out in Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (RRF Regulation) and the Treaties.

We recall that in 2018 the Parliament adopted a reasoned proposal calling on the Council to determine, pursuant to Article 7(1) of the Treaty on European Union, the existence of a clear risk of a serious breach by Hungary of the values on which the Union is founded. This procedure is pending in the Council, the concerns by the Parliament remain unaddressed. Due to this, additional vigilance is necessary when carrying out the Commission assessment.

Firstly, in our view the RRP fails to strengthen the independence of the judiciary, to reinforce the anti-corruption framework, as well as to improve competition in public procurement and the quality and transparency of the decision-making process through effective social dialogue and engagement with other stakeholders in line with the relevant CSRs from 2019 ad 2020. Addressing those challenges cannot be seen as optional for two reasons, namely the requirements of 18(4) (b) and also because there are a precondition to fulfil the criteria to prevent, detect and correct corruption, fraud and conflicts of interests as required in Article 19(3)(j). These recommendations remain pertinent, as indicated in Council Recommendation of 20 July 2020 on the 2020 National Reform Programme of Hungary and delivering a Council opinion on the 2020 Convergence Programme of Hungary. Moreover, the compliance reports by the Group of State against Corruption (GRECO) also clearly demonstrate the validity of the country-specific recommendations. This is extremely pertinent given that the pre-financing of 13% under the RRF will be the biggest single payment made to Hungary since it joined the European Union.

Secondly, in our view the control mechanism put forward by Hungary does not fulfil the requirements of Article 22 of the RRF Regulation, in particular in view of safeguarding the Union's financial interest against conflict of interest and fraud, which also links to the abovementioned weaknesses and the GRECO assessment. As a minimum, transparency of the implementation needs to be increased, for example though requiring the involvement of civil society actors in the monitoring. In addition, we expect the Commission to undertake targeted audits and have an action plan ready in case it finds irregularities.

Thirdly, we are particularly concerned that fundamental rights issues previously identified by the Parliament remain unaddressed and even exacerbated. For example, after the adoption of the new Hungarian anti-LGBTIQ Act LXXIX of 2021, the Parliament calls on the Commission to carefully assess every measures, notably the components on demography, employment, education and health care, to guarantee that the Union spending for the implementation of the Hungarian RRP would not lead in any case to the Union actively contributing to any breach of fundamental rights in Hungary. The adoption of the Hungarian RRP risks furthermore to violate the Charter of Fundamental Rights as interpreted by the Court of Justice in *Ledra Advertising*.

Fourthly, we believe that in the true meaning and purpose, there was no honest consultation process in Hungary to prepare the submission of the RRP and, paired with severe concerns on the Rule of law, that the selection and the territorial distribution of the measures included in the plan could lead to favouritism or nepotism as well as fraud and corruption.

Therefore, we call on the European Commission to reject the draft Hungarian RRP in its current form in the light of those serious concerns and the ongoing deterioration of Rule of Law in Hungary, and to insist that the updated draft plan is in full compliance with the RRF Regulation and in full respect of our shared European values as enshrined in the Treaties and the Charter of Fundamental Rights. This request is not directed against the Hungarian citizens we are all committed to ensuring that the European

funds in general, but more precisely the Recovery and Resilience Facility serve the Hungarian people and to help recovery from the social and economic fallout of the pandemic and contribute towards the objectives of the Facility. The goals of the Hungarian National Recovery and Resilience Plan must be in line with our European shared values and priorities.

A revised draft needs to be submitted after proper consultation and with sufficient elements to address to all Parliament' concerns expressed hereinabove.

Respect of the rule of law and sound financial management are key components of successful recovery in Europe. Citizens must be fully assured that the money of taxpayers is invested properly and not used to undermine the foundations of the EU. We trust you will use your leverage to ensure this and defend the Union values properly.

Sincerely yours,

MEP Damian Boeselager (Greens/EFA)

MEP Gwendoline Delbos-Corfield (Greens/EFA)

MEP Eider Gardiazabal Rubial (S&D)

MEP Bettina Vollath (S&D)

MEP Ramona Strugariu (Renew)

MEP Malin Björk (The Left)

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