

29 September 2021

Dear Vice-President Dombrovskis,

Commissioner Gentiloni,

Commissioner Hahn,

We, the undersigned organisations, are writing to express our shared concerns regarding Hungary's inadequate anti-corruption framework and to request the European Commission delays the approval of the Hungarian national plan for the Resilience and Recovery Facility (RRF) until concrete measures are put in place.

Hungary remains prone to corruption and fraud involving public funds and has been subject to rule of law backsliding for years. The fact that the Hungarian government has refused to join the European Public Prosecutor's Office (EPPO) further limits the effective investigation and prosecution of fraud and corruption cases in the country.

The country has spent successive years leading OLAF's list of Member States where the [most irregularities](#) involving EU funds have been found. Projects implemented with EU funding are often overbudgeted and overpriced. There are no guarantees of the independence of those state institutions that are also the managing authority and oversight body of EU funding programmes.

In January of this year, [Commission services found](#) "*competition in public procurement is insufficient in practice,*" citing "*systemic irregularities*" that "*led to the highest financial correction in the history of (EU) structural funds in 2019*". The proportion of single-bidder tenders in public procurement processes above the EU threshold – a recognised indicator of potential corruption - was 40 per cent in 2019, one of the [highest ratios in the European Union](#).

In addition to these shortcomings, restrictions on access to information continue to hinder the fight against corruption. During the COVID-19 pandemic, the Hungarian government further curtailed the accessibility of [information](#) of public interest, greatly increasing the timeframe for answering request for information held by public authorities. A [detailed analysis](#) on this issue is available [here](#).

The disbursement of EU funds in Hungary comes with serious risks of corruption that Hungarian State institutions have yet to address. As President von der Leyen said in her State of the Union address, the European budget is the future of our Union and needs to be protected from fraud and remain in-line with rule of law principles.

As you are aware, within the Next Generation EU instrument, national plans must be assessed on whether they contribute to effectively addressing challenges that were previously identified in relevant Country Specific Recommendations. In Hungary's case, these

recommendations include measures in the areas of rule of law, improvements in the anti-corruption framework, strengthening prosecutorial efforts and improving transparency.

We therefore ask you to ensure that the Hungarian national plan effectively meets the standards and criteria set out in the regulation before it is approved. Specifically, we call on you to address a significant subset of the country-specific recommendations and ensure that stronger safeguards and guarantees on the spending are put in place before approving the plan. We are calling for the Commission's approval of the Hungarian Plan to be contingent on the following concrete milestones:

- Proactively enhance the freedom of and access to public information i.e. making a significant part of public data available through no-cost searchable, processable central databases.
- Establish a legal obligation to fully participate in the EU's Arachne database.
- Make ultimate beneficial ownership information of all beneficiaries publicly available.
- Re-introduce Article 5 (3) concerning the obligation of public procurement in case of use of EU funds in the Act CXLIII of 2015 on Public Procurement in its original form, as originally published on 2 October 2015.
- Lower the fees for remedies linked to the review of a public procurement procedure to allow for SMEs to be able to afford the procedure.
- Establish the real independence of the Public Procurement Arbitration Board.

The rule of law backsliding in Hungary and the severe disregard of the values of transparency and integrity require the European Commission to take decisive action and use its powers to uphold EU values and protect the Union budget.

Yours sincerely,

Transparency International EU

Open Society European Policy Institute

Helsinki Committee Netherlands

Access Info Europe

The Good Lobby

The Good Lobby Profs

Open Contracting Partnership