ЕВРОПЕЙСКИ ПАРЛАМЕНТ PARLAMENTO EUROPEO EVROPSKÝ PARLAMENT EUROPA-PARLAMENTET
EUROPÄISCHES PARLAMENT EUROOPA PARLAMENT ΕΥΡΩΠΑΪΚΟ ΚΟΙΝΟΒΟΥΛΙΟ EUROPEAN PARLIAMENT
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DIRECTORATE GENERAL - INTERNAL POLICIES
Committees and Delegations

Fact-finding delegation of the Committee on Budgetary Control
20-22 July 2011

Feedback report
Hungary

Before the delegation visit took place, the following two preparatory meetings were organised:

i. an internal preparatory meeting on 22 June 2011, with the participation of Commission officials; and
ii. a short discussion in CONT committee on 14 July 2011.

The principal objective of the delegation was to look at the implementation of EU funds in Hungary, in particular of the ERDF, CF, ESF, EAGF and EAFRD, seven years after its accession to the EU and to consider anti-fraud matters.

The following Commission officials accompanied the delegation:

- Gabriela HERNÁNDEZ (DG REGIO, Unit I4, HU geographical unit)
- Marco CECCHETTO (DG REGIO, Unit I4, HU geographical unit)
- Gábor MIKLÓSI (DG REGIO, Unit I4, HU geographical unit)
- Ádám ROTTENBACHER (DG REGIO, Unit J2, audit unit)
- Nóra SÁGODI (DG EMPL, Unit E4, HU-ES-PT geographical unit)
- Giovanni CIOFFI (DG EMPL, Unit H1, relation with Control Authorities)
- Fruzsina ELLENRIEDER (DG ENV, Unit A3, Cohesion Policy and Environmental Impact Assessment)

The programme and list of participants is to be found in Annex 1.

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The delegation arrived to Budapest on Wednesday midday and started its programme in the afternoon with a meeting with **Tamás Iván KOVÁCS**, Deputy State Secretary for European Union and International Relations, Ministry of National Development and **Róbert HOMOLYA,** Vice-President for Implementation of the National Development Agency (NDA) and **Flórián SZALÓKI,** Director General for EU Coordination of the NDA

Mr Kovács welcomed the delegation and shortly presented the work of the Hungarian Presidency of the Council, which concluded only 3 weeks before the visit took place.

Mr Homolya presented the role and tasks of the NDA after the change of government in 2010 (responsible for managing all OPs in Hungary). All development policy now belongs to one Ministry, the Ministry of National Development responsible for drawing up the common development policy. The total EU funding of OPs is EUR 29 319 million, the biggest OP being the Transports OP[1]. He also presented briefly all the OPs[2] and the New Széchenyi Plan (NSP), a medium term plan covering almost the same areas as concerned by the Europe 2020 strategy and the OPs being the main instruments for its implementation.

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[1] EUR 7 091 million

[2] Six of the seven Hungarian regions fall under the 'convergence' objective, while the region of Central Hungary belongs to the 'regional competitiveness and employment' objective. In addition, Hungary also receives subsidies from the Cohesion Fund (EUR 8.642 million).

In order to mitigate some negative effects of the economic crisis Hungary carried out reallocations among its Operational Programmes (OPs) and simplified the system of applying for grants. The largest beneficiary of this reallocation was the Economic Development OP (funds reallocated mainly from the Social Infrastructure OP and from the Transport OP).

The state of implementation of the OPs is rather satisfactory in Hungary, except for the Environmental OP which is still lagging behind (due to the complicated nature of the projects): by end of June 2011, 59 % of projects have been approved, 54% contracted, 21% of the payments have been made, and 14% of funds certified. Some 61 000 requests for funding have been received for the current programming period (2007-2013) and 31 280 projects have been approved. Payments accelerated in a significant way in the last year. The deadline for implementation of the programmes is 31 December 2015 (due to the n+2 rule).

The 24-25 different pieces of legislation dealing with the use of SF and CF in Hungary became one single Government decree at the end of 2010. According to the Hungarian authorities, the system became more transparent and simpler also for beneficiaries thanks to the electronic submission for applications, improved legal certainty and a simplified institutional structure. Moreover, the NDA having been reinforced especially its structures dealing with the implementation of programmes.

The planning phase having come to an end, emphasis is now put by the Hungarian authorities on the implementation and the control of projects. In order to improve effectiveness, the regulatory framework has been changed and new methods and tools were introduced to speed up implementation[3]. Furthermore, legal security has been reinforced by an extended complaint and objection regime. As far as institutional changes are concerned, the NDA has reinforced programme monitoring and all projects, which receive more than HUF 1 billion of funding, and all 'high risk' projects are systematically checked and continuously monitored. A new, restructured Audit Authority, the Directorate General for Audit of European Funds (DGAEF, see below) has been set up which is responsible for auditing EU Funds. A reduction in number of the Intermediate bodies, a unified financing system, enhanced IT support for programme management are other recent institutional changes.

The most problematic area - *i.e.* public procurement (PP) - has been dealt with in the following way: the law on PP has been amended in 2011 (shortened by half) and now sets clear definitions and clearer rules. Moreover, a new department in the NDA was set up in 2010, as a single, dedicated entity for public procurement verifications of EU funded projects and functions as a "one stop shop" control system. Without its prior approval no PP can be launched, no result can be announced and co contract can be modified, the aim being to reduce irregularities to a strict minimum.

The issues of (i) the effect of the crisis on national co-financing, (ii) the concrete future results of administrative simplification measures, (iii) the large number of projects (more than 30.000), (iv) irregularities, (v) the set-up of managing, audit and certifying authorities in Hungary, (vi) comparison with neighbouring MSs concerning the state of

[3] such as electronic applications, shorter deadlines, reduced administrative burden

implementation, (vii) funds lost due to de-commitment and (viii) the cost of control were also discussed.

At the current speed the NDA can disburse some EUR 48 million/month, but this figure should be increased to some EUR 115-120 million/month in order not to loose funds.

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Meeting with **Lajos SZŰCS**, President of the Regional Development Council (RDC) of the region of Central Hungary, **Tamás LUKOVICH,** Managing Director of the Regional Development Agency (RDA) of the region of Central Hungary and **Tamás GORDOS,** Head of Planning (RDA)

Mr Gordos presented the characteristics of the region of Central Hungary[4], the only Hungarian (NUTS II) region belonging to the 'regional competitiveness and employment' objective as well as the administrative system (regions, counties, micro-regions and municipalities) of the country. The Regional Development Council (RDC) is a delegated body with 18 voting members, set up in 2000.

The tasks of the RDC are *i.a.* the following: examining and evaluating the region's economic and social position, elaborating and approving the region's development concept and operational programme based on the State budgetary allocations and co-ordinating sub-regional level development efforts. However, it has no task in the management of EU Structural Funds as the OPs are approved by the national Government and the decisions on selecting projects for subsidy are made by the National Development Agency and the intermediary bodies, the Regional Agencies. The Council gives an opinion on plans, on project selection criteria and on key projects.

The Regional Development Agency, which is the Pro Regio Agency Ltd. (with some 85 staff) in Central Hungary is under the authority of the Regional Council and assumes the operational tasks of the Regional Council apart from being the intermediate body with regard to the implementation of Central Hungary Operational Programme (CHOP) for 2007-13. In 2006, based on the partnership principle, the RDA has adopted a Strategy Plan for the region. The slogan of the Strategy Plan is "Central Hungary the creative region" and its main objectives are: increasing the competitiveness of the region, strengthening its social cohesion and creating a "liveable" region.

The CHOP is a national level document[5] and not the RDC's Plan, however from this latter many elements are built in the CHOP.

Mr Szűcs, president of the RDC stressed that the decision has been recently made that in preparing and implementing the next MFF (in joining up the strategic plans and managing the OPs) counties (NUTS III regions) will be active as it will be their responsibility. Thanks to this, decisions on territorial development will be taken closer to citizens. In his views, this should help to put an end to a difference in development between Budapest and its surrounding region in the next programming period.

[4] the smallest, most densely populated, most prosperous (50% of the GDP of the entire country, relatively low unemployment), but also the most heterogeneous region in Hungary
[5] approved by the Government and implemented by the National Development Agency

Mr Lukovich, Head of the RDA, said that the implementation of the CHOP was on track[6]. He mentioned the development of town centres as popular investment, the development of (nursery) schools and secondary school services in Pest county, to respond to a growing demand) as well as the procurement of goods (machineries) for business development purposes (for SMEs). Due to remaining important structural and infrastructural problems in the region there is a continuous need for important basic infrastructure projects, services.

Answering to question, Mr Gordos pointed out that although they had no direct experience with the financial engineering instruments (FEIs)[7], JEREMIE programme for example was popular[8] and successful in Central Hungary, but with teething problems. He further suggested that in the 2014-2020 programming period, as far as possible, the tools and rules of the agriculture/rural development policy should be harmonised with those of the cohesion policy.

In the transport sector, the biggest projects belong to the Transport OP (mainly financed from the Cohesion Fund), managed by the NDA, such as the M0 ring motorway extension of the south and north-west sectors, the M2 motorway going north of Budapest, a number of railway development projects as well as tramway development projects etc. Other, smaller scale projects belong to the CHOP such as the development of cycle paths, Park and Ride (P+R) facilities, bicycles rental scheme or the setting-up of an information system for passengers for Budapest public transports.

Concerning the sustainability and tangible results of projects it is difficult to assess and measure the achievement of targets at this stage as most of them are still ongoing. It was also pointed out that only for 40% of funds committed and affecting the region took the RDC actually part of the decision-making process, so they could only have little influence on the preparation of most of the projects.

As far as the error rate and the recovery rate are concerned, Pro Regio Agency (the RDA) gave an example, as one of the 4 intermediary bodies in the CHOP. Mr Lukovich told the delegation that around 300 cases of irregularities were found, amongst which only 3 (or 1%) were serious ones, the rest only concerned small irregularities without an important financial impact.

In order to build a sustainable economic framework, in addition to financing infrastructure projects, it was stressed by the delegation that innovation and in particular SMEs also needed to be properly funded and in this context the experience with JEREMIE and other FEIs was of utmost importance when it comes to discuss their future in the framework of the next programming period. The Commission explained that JEREMIE[9] belongs to the Economic Development OP in Hungary and the EIB only provides loans to the government for co-financing the scheme. At the beginning, SMEs were not ready to develop innovation plans and grants often replaced loans, however, a combination of grants and loans launched recently seem to give better results and the Implementing bodies in Hungary launch innovative tools. They promised to provide the delegation with further information on monitoring systems, funds involved and used by SMEs, specific results of beneficiary companies as well as on the rate of success also in terms of leveraging private capital.

[6] 76,4% approval rate, 38% for payments
[7] the Holding Fund Manager Authority is Venture Finance Hungary Plc.
[8] representing some 6000 projects on national level
[9] EUR 600 million

It was further explained by the Commission that for the regional OPs the partnership with local and regional authorities is guaranteed within the Monitoring Committees and by the regional sub-committees where representatives of local and regional authorities can participate. The approval of the projects was made by Project Selection Committees lead by the National Development Agency, with experts and members of the Monitoring Committees and regional sub-committees. The RDC could have initiated only the so-called key projects.[10] and give an opinion on the projects submitted to the calls within the regional OP.

Talking about transport projects, Mr Szalóki (NDA) stressed the need to have a larger timeline (15 or 30 years) than that of the MFFs and told the delegation that they were planning to introduce a distance-related tolling system on the motorways, which will contribute to national co-financing and to sustainability. As far as innovation is concerned, he mentioned a certain number of smaller scale projects[11], but with a significant impact, especially in the road and railways sectors.

Concerning the experience with JEREMIE he said that it is a new product[12] which assumes that there is good ownership and sustainability (can generate money) and draws a lot of interest and is being taken up quickly (some 6000 projects). The government has reallocated from the Transports OP some EUR 280 million. Such a reallocation might again be necessary by 2012-13 when the funding will be running out. He pointed out that according to the EU rules this kind of repayable financing (loans) can only be used with the ERDF and not with the Cohesion Fund (CF), as the most important revenue-generating projects are precisely in the CH region which is not a cohesion region and therefore cannot benefit of this funding mechanism. Therefore they would appreciate if the flexibility of ERDF could also apply to the CF.

Moreover, Mr Szalóky stressed that in his views the system of shared management creates a very burocratic monitoring system. If these rules are more detailed (e.g. annual accounting system, etc.), they would eventually cause large administrative and financial burdens for the Member States, as he said. Therefore he advocated the use of automatic tendering model for small-value projects. He further explained that most of the errors and irregularities in the projects could be explained by the complexity of the rules and the sometimes very high number of public procurement procedures used for a given project. For instance, in the case of Metro 4, the beneficiary chose to split the works in 200 contracts, and this implied that if the activity of any of the companies is in delay, the whole project is consequently delayed and this also involves financial penalties and losses. He mentioned the option of making one person or company financially liable for the whole of a project.

Finally, Mr Szalóki has also mentioned the issues of funding-intensity[13] in Hungary and the Danube strategy.

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[10] projects of national or regional importance over 4 million EUR; their beneficiaries are State (or State-owned) or local government organisations

[11] less than EUR 10 million

[12] with mix of funding consisting of repayable (with or without interest) and non repayable parts

[13] lower EU co-financing ratio than the one foreseen by the relevant regulations

Meeting with **Balázs DENCSŐ**, Director General, Directorate General for Audit of European Funds (DGAEF, under the Ministry for National Economy)

The Director General of the DGAEF, Mr Dencső, presented the tasks and functions of his organisation[14]. Since its creation (in 2010), DGAEF is the body responsible for performing the tasks of the Audit Authority for Structural Funds (and other EU and international funds) in Hungary.

The DGAEF performs system audits as well as audits on operations (project audits), prepare an annual audit plan and an annual control report, as well as provides an opinion on operation of systems of Operational Programmes. Moreover, it follows up to its audits and reports on implementation of measures. The auditors' background is varied: economists, (chartered) accountants, lawyers, international relations experts, engineers, IT experts.

They performed 277 project audits in 2010 (regarding OPs of 2007-2013) representing a wide coverage, in average some 65% of eligible EU funds (expenditure declared in 2009). The main problems revealed by these audits were related to the following areas:

i. Public procurement;
ii. Documentation shortcomings; and
iii. non-eligible expenditure.

Smaller problems relate to the non fulfilment of reporting obligations, financial infringement and projects which started earlier than approval.

The system audits revealed deficiencies regarding:

i. Definition, distribution and separation of functions;
ii. Adequate managerial control (in particular over public procurement);
iii. Audit trail;
iv. Material substantiating statements of expenditure;
v. IT recording system;
vi. Deficiencies of rules regulating management and control; and
vii. Inadequate implementation of action plans.

Following their system assessment (involving complex and full system audits with test projects), the management and audit systems of all Hungarian OPs received a 2nd level rating (this 2nd best category meaning that the systems work but some improvements are needed). The Transports OP have been flagged with a star because of the issue of segregation in this OP discussed later.

Since 2010, the following (positive) institutional and procedural developments were highlighted by Mr Dencső:

i. Simplification (fewer pieces of legislation and institutions);
ii. Electronic procedures;
iii. More experienced staff and beneficiaries;
iv. Better public procurement control; and
v. Faster payments, irregularity procedures and implementation of measures.

[14] a central budgetary entity within the budgetary chapter of the Ministry for National Economy, but independent in its professional functions and with separate legal status

The number of project audits planned for 2011 (regarding OPs of 2007-2013) is 328 and their coverage is some 40% of eligible EU funds (expenditure declared in 2010). This should provide the DGAEF with a reliable basis for its opinion.

In answering to questions, Mr Dencső told participants that the error rates found by the DGAEF for the OPs and systems were situated between 0,3% and 1,98%, stressed however that they were moving figures. These data surprised the participants given the usual error rates found by the ECA, especially in the area of Structural and Cohesion Funds. Mr Dencső declared that he could only take responsibility for the audits his organisation carried out according to a methodology which was checked by the Commission.

Concerning the Transport OP, he explained that there was no complete separation between the Intermediate body and the main beneficiary. The solution found to this problem is that in the future the Intermediate body (IB) will belong to another Ministry. The Commission explained that a similar problem (no functional independence ensured between the Managing Authority, the IB and the main beneficiary) concerning the same OP was detected in 2008 by DG REGIO in the course of the compliance assessment exercise. The Hungarian authorities decided than to replacing the IB from one ministry to another which was then accepted by the Commission. In 2010, following the reshuffling of ministries, the same problem reappeared.
The Hungarian authorities are planning to move the IB (which is a company limited by shares) under the Minister for National Economy in order to ensure full functional independence.

Concerning the partial interruption of the Social Infrastructure OP, an audit report of DG REGIO claimed a serious deficiency in the functioning of the management and control system related to first-level management verifications of the Managing Authority, in particular regarding public procurement irregularities. Mr Dencső commented that the interruptions of payments were an instrument of good management for the Commission in order to make sure that the Member States take the necessary measures. He stressed, however, that in his views one had to bear in mind that such an interruption (which is based on deficiencies of the past) can also result in problems and can cause harm in the present and in the future, even if deficiencies have already been remedied. In this context Mr Szalóki (NDA) considered that the possibility of paying the last 20% of instalment at the closure of the projects[15] was a good management instrument in the hands of the Commission while the interruption of payment deadlines had, in his views, more damaging effects than benefits. Moreover, the NDA told the delegation that an Action Plan is being implemented and a new department (Department for Procurement Control) has been set up, responsible for scrutinising all public procurement procedures and reviewing all audit findings relating to public procurement.

Concerning the criteria applied to decide which programmes are controlled more intensively, Mr Dencső explained that for OPs with more than 800 projects they used statistical samples (Monetary Unit Sampling) as recommended by the Commission and for OPs with less projects (in particular in the area of environmental protection and transport) the sampling procedure is used at a random basis combined with stratification.

[15] as was previously the case with Regulation (EC) No. 1164/94 establishing the Cohesion Fund, Annex II Article D2(c) and (d), OJ L130 of 25.5.1994, p.1.

Answering a question related to the number of SF and CF projects in Hungary in the 2007-2013 period, Mr Homolya, Vice-President responsible for Implementation at the National Development Agency, explained that so far there have been some 60 000 projects submitted, 30 000 of them accepted and it was expected that by the end of 2013 a total of some 100 000 applications will be received and between 40 000 and 50 000 of them will receive funding.

Concerning the Hungarian State Audit Office (SAO) and its independence it was explained that a new law has just been adopted and entered into force concerning the SAO which can decide on its own budget and its audit methodology and work programme and write its reports independently. The SAO is aiming to scrutinise more closely the use of public money and to move from legality/regularity audits towards more result-oriented (performance) audits.

Possible improvements to the regulations on cohesion and agriculture policies were also discussed, in particular the question at which stage a systemic audit should ideally be carried out by the Commission to make sure that everything has been done correctly. In this context, it was also stressed by the delegation that most of the irregularities come from a few Member States and the Council should seriously discuss the problems by naming and shaming the faulty countries. According to the delegation, a bonus system (through facilitated checks and other privileges for those Member States in which the management and control systems function well) should be established for the next programming period in order to encourage and reward the best performing Member States.

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Meeting with Major **Dávid SZEVERÉNYI**, Head of Anti-Fraud Coordination Service - AFCOS-HU, National Tax and Customs Administration

Mr Szeverényi in his presentation first explained the rationale behind the creation of AFCOS in the new Member States and stressed the progress made in the Council during the Hungarian Presidency on the revision of the OLAF Regulation[16]. According to the draft text adopted in the Council, Member States would have the legal obligation to set up such a coordination service[17]. However, the second reading in Parliament is still ahead.
AFCOS-HU is a department of the NAV (Hungarian abbreviation for the new National Tax and Customs Administration) and its main functions (created by law in 2004), its nature (umbrella organisation with 12 staff, having links to all bodies or persons dealing with the protection of the EU financial interests in Hungary) as well as its main partners (fund managers, criminal authorities, legal and natural persons and other services) were also presented.

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[16] Regulation (EC) No 1073/1999 concerning investigations conducted by the European Anti-fraud Office (OLAF)

[17] "*Member States shall, for the purposes of this Regulation, designate a service (hereafter "the anti-fraud coordination service") to facilitate an effective cooperation and information exchange with the Office. Where appropriate, in accordance with national law the anti-fraud coordination service may be regarded as "a competent authority" within the meaning of this Regulation.*"

AFCOS-HU has good cooperation with the Hungarian Authorities (cooperation agreements concluded or under discussion with the National Development Agency, the Agriculture and Rural development Agency and the Directorate General for Audit of European Funds).
It was stressed that recent amendment of the Hungarian Act on the Criminal Procedures permits the Hungarian authorities to provide OLAF, at its request, with information on ongoing criminal proceedings.

Hungary also ratified the Convention on the Protection of Financial Interests and its Protocols at the end of 2009. However, the offence of "fraud affecting the financial interests of the EU" had already been introduced in the Hungarian Criminal Code (Art. 314) in 2002.

Concerning the number of legal proceedings concerning fraud with EU funds which ended up in Hungarian Courts and the type of criminal offence involved, the following answers were received:

i. the number of ordered criminal proceedings based on Article 314 was 18 (in 2006), 34 (in 2007), 20 (in 2008), 27 (in 2009), 56 (between January and September 2010);
ii. the most common types of offences involved e.g. unlawful claims of area based subsidies retrieved from EAGF, falsified participation sheets or other documents (in the case of training programmes, as they have little controllable material output), lower quality machinery than the one contracted by the beneficiaries, lower quality materials built in building projects, falsified invoices etc.

However, as Mr Szeverényi pointed out, a certain number of proceedings initiated on the basis of the offence of "fraud affecting the financial interests of the EU" end up in other (collateral) proceedings, relating to other criminal offences, therefore it is difficult to know precisely the number of cases and the variety of offences involving illicit activities with EU funds. These statistics are better known by the Hungarian investigative authority, as they have primary/exclusive competence in that matter. AFCOS-HU is an administrative body (not an investigative one) and therefore does not have access to such data. Based on the above mentioned and taking into account that other criminal offences (not only those affecting the financial interests of the EU) can be linked at a certain level to EU Funds, it is difficult to list all the cases in which EU Fund were involved. The solution to this might come from the amendment of the Hungarian Act on the Criminal Code, entering into force in 2012, which is introducing a criminal act of 'budgetary fraud' which will cover all criminal activities affecting public funds regardless of their nature, such as those of national, EU or other countries.

The persons notifying fraud cases are either institutions/bodies or legal/natural persons (in particular in the case of area based subsidies retrieved from EAGF). Only 3-5 whistleblowers per year notify AFCOS-HU about alleged irregularity or fraud cases, as Hungarian citizens often contact directly the relevant administrative or investigative bodies.

Responding to a quotation from the briefing received by the delegation from OLAF in preparation of the visit which deplored, in the field of agriculture, a certain lack of "*full support and cooperation of the Hungarian services (e.g. paying agencies) to forward in a timely manner all necessary information*" as far as reporting of irregularities was concerned, Mr Szeverényi answered, that, although some late reporting did indeed happen in the case of the Agriculture and Rural Development Office/Paying Agency, AFCOS-HU enjoyed the full support of and a good cooperation with that agency and there were no cooperation problems at all to report.

Concerning the question of how to improve the cooperation between OLAF and the national authorities (some 93% of OLAF investigation work remains without legal follow-up in the Member States), Mr Szeverényi stressed the importance of having one contact point for all OLAF requests and therefore that ideally all OLAF requests should be channelled through the AFCOS. Indeed, in his views, if AFCOS could act as a single information channel for receiving OLAF enquiries, it could be enabled to see the focus of OLAF's investigations and would be able to communicate it to the decision makers so that after the identification of the areas considered risky by OLAF, those can be revised and further strengthened if necessary at national level. "*This is a must if we are to act in a pro-active way instead of a re-active way*" he said.

It is encouraging in this respect that since the end of 2010, the beginning of 2011 it has been achieved that all OLAF requests to Hungarian authorities were channelled through AFCOS-HU.
As far as the overall number of requests from OLAF to the Hungarian authorities is concerned, it amounts to no more than 10-15 requests/year and they concern two types of requests: (i) simple information request (predominantly concerning the Cohesion policy) and (ii) requests for on-the-spot checks (mainly in the agriculture sector).

Talking about organised crime and recognising that this phenomenon must exist in Hungary, as in other countries all over the world, Mr Szeverényi pointed out that the forthcoming amendment of the Act on the Hungarian Criminal Code (entry into force in 2012) makes of the involvement of organised crime an aggravating factor.

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Following the meetings a cocktail reception took place which was hosted by the Ministry of National Development

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On Thursday morning, the programme of the delegation started with a meeting with **Lajos BÚSI**, Deputy Under-Secretary responsible for rural development, Ministry of Rural Development, **Zsolt FELDMAN**, Under-Secretary responsible for agriculture and **Péter PALKOVICS**, Head of Agricultural and Rural Development Agency (ARDA)

Mr Búsi presented the 4 axis[18] of the Rural Development Programme and some aspects of the Mid Term Evaluation carried out in 2010 which examined the progress of the programme in relation to its goals and which will lead to some minor corrections in the future.

According to DG AGRI 2010 Annual Activity Report[19] 4,60% was the error rate detected in the sector of area aid covered by IACS (1st pillar) in Hungary. This data was not known by the representatives of the Ministry of Rural Development, which caused concern amongst the participants.

The discussion focused on the following main issues: (i) a 4,6% error rate in area aids covered by IACS, discovered by the Commission[20], (ii) the future structure of agriculture in Hungary (trends), (iii) average rate of co-financing in Hungary in the rural development (RD) programmes, (iv) the amount of direct payments per hectare and as a proportion of farmers' income, (v) how cross-compliance rules are enforced in Hungary and what the number is of farmers sanctioned for non-compliance with the rules, (vi) implementation problems which should be referred back to EU level, (vii) level of co-financing in the second axis, (viii) most frequent errors,

Mr Palkovics (ARDA, Paying Agency), presented the tasks of the agency he heads, which is a centralised office with, in his views, all resources necessary to carry out its work.

Mr Búsi underlined the importance rural development and of Leader in helping people to stay in the rural areas, ensure quality of life, integrated community services, economic possibilities (jobs).

Direct payments for Hungary are subject to a phasing-in process (as for other new Member States), which means that direct payments per hectare are increasing each year to reach their full level in 2013[21]. Due to this phasing-in, Hungary is allowed to complement the direct payments to the fully phased-in level with national funds through the Complementary National Direct Payments (CNDPs).

The total public expenditure in the Rural Development Programme for 2007-2013 is some EUR 5.266 billion including co-financing. EAFRD contribution alone represent some EUR 3,86 billion.

In response to the delegation's questions the following answers were received:
- 198 EUR/ha land-based SAPS support is received in Hungary;
- a dual structure exists currently in the country: large farms and small plots;
- the Government's objective is to help family farms to increase their competitiveness and secure their income in order to avoid depopulation of rural areas;
- on Cross-compliance (CC): (i) in 2010, 10 073 audits took place and in 2 562 cases (25,4%) CC rules were not fulfilled (ii) amongst these irregularities 2 360 were due to

[18] Axis I: Improving the competitiveness of the agricultural and forestry sector (45,5% of expenditures for the whole programming period), Axis II: Improving the environment and the countryside (32,5% of expenditures), Axis III Quality of life in rural areas and diversification of the rural economy (13%) and Axis IV. Leader (5%)

[19] Annex 7.A Area aids covered by IACS

[20] see Annual Activity Report of DG AGRI, Annex 7.A

[21] in 2011 the applicable level is 80% corresponding to EUR 1.073 billion

negligence, 119 due to repetitive negligence and 83 intentional, (iii) altogether 2 297 farmers have been cut their subsidy.

Moreover, in relation to the 4,6% error rate for the area aids covered by IACS, Mr Palkovics (ARDA, Paying Agency) explained, that there were indeed problems in the years 2004-05 concerning the parcel identification system, they now double-check the system within a 3 to 4-year cycle with ex-post controls and in 2009-2010 certain areas retrospectively were ruled out as certain lands were not eligible any more for support[22]. An electronic application system for parcel identification has been introduced which will eliminate most of the possible errors.

It was further explained that direct payments are indeed very important as they guarantee a secure source of income to Hungarian farmers. As far as arable farming is concerned, there is an average of EUR 800/ha of income (therefore the approximately EUR 200 SAPS support, represents around 25% of farmers' income) and without direct payment many of agricultural companies would be loss-making and not viable. From the farmer accountancy data network the following data can be obtained:

- the average income for 1 ha for field crops has been HUF 310 000 (some EUR 1 150, including some HUF 50 000-60 000 in EU subsidies[23]) in 2009;
- the total cost: some HUF 300 000 total costs
- therefore the net revenue/profit has been some: HUF 10 000/ha.

As a consequence, even field crops (arable farming) would have been at a loss without EU subsidies. In the dairy sector, for ex., in 2009, even with EU subsidies farmers produced a loss but the pig, poultry sectors would also be in a very difficult situation without EU and national subsidies.

Finally concerning the notification of irregularities or suspected fraud to OLAF and especially the cooperation between the Paying Agency and AFCOS, Mr Palkovics explained that at the beginning of 2011 it was not clear to the Hungarian authorities which checking and monitoring procedures needed to be carried out and how information flow should run. This issue has only been clarified with OLAF in May 2011. He insisted on a good relationship with OLAF and stressed that his agency reports the irregularities on a regular basis and OLAF receives the requested information.

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Meeting with **László DOMOKOS**, President of the State Audit Office of Hungary, **Tihamér WARVASOVSZKY**, Vice-President and **Pál BECKER**, Director General

[22] i.e. plots of land are used for other purposes, or are affected by natural disasters
[23] SAPS and others

Mr Domokos briefly presented the Hungarian State Audit Office (SAO) and the new law on the SAO which entered into force on 1 July 2011. He stressed that the new law reinforced the SAO's independence, making all its reports public and also enhanced its powers (all its recommendations need to be adhered to and action plans need to be drawn up by the affected parties based on the conclusions of the reports) making of it a stronger, independent and professional body.

Since 2006 the SAO issues an annual trend report on the financial Management and Control of EU Funds in Hungary and between 2008 and 2011 eight joint audits have been carried out together with the ECA.

The SAO's main point of contact in the Hungarian Parliament is the Committee on Budgetary Control and Budgets and they have an active relationship.

On national management declarations, Mr Domokos stressed that there was a need for harmonised rules without which it was difficult to make meaningful comparisons between the declarations. He considered that it was up to the Hungarian Parliament to take a political decision on this issue.

Mr Becker told the delegation about the principal conclusions of the audit of the National Development Plan carried out by the SAO. It was found that there was no overall strategy around which to build up projects and to maximise the benefits of the use of EU and national funding. The SAO deplores that the convergence of Hungary's GDP to the EU average was negligible (by only 1 percentage point) and the convergence between regions was not achieved: the most developed region of Central Hungary received most of the funds thanks to its better absorption capacity and the gap between the poorer and richer regions grew even further. Although the investments in the education and health sectors, in rural development and in environment made that Hungary is now closer to EU standards, they did not bring direct economic benefit at short term.
Furthermore, the audit found problems regarding the timely compliance of the expected results in one out of four projects.
The SAO recommended that increased efficiency should be achieved through the more extended use of performance indicators and through simplified administrative structure and procedures. However the focus of the audit was on the achievement of the Plan's objectives and the efficiency of the implementation of the individual OPs.

On the issue of the possible introduction a tolerable rate of error, Mr Domokos told the delegation that the Hungarian position was not finalised yet, however they do not refuse the idea. He also explained that the SAO had intensive relationships with other Supreme Audit Institutions in a number of countries[24] and ECA especially on trans-European investments in order to increase efficiency of auditing. He stressed that methodologies need to be harmonised to allow direct comparability.

The delegation stressed the importance of enhanced independence for the SAO vis-à-vis the government and the need for valuable recommendations and critical remarks to the latter. A further guarantee for this could be if its president came from the opposition. In response to this, Mr Domokos explained that the SAO was placed under the Parliament was

[24] the Netherlands, Germany, Switzerland and the United Kingdom

financially not dependent on the Government and therefore was not afraid of confronting with it. The new law on the SAO specifies that more resources needed to be granted if extra tasks were given to it and also enhances its independence in financial, employment and planning terms. Its president is now elected for a longer period, decides on the annual work programme and is politically independent as (s)he cannot keep any membership in any political party.

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Following the meeting the delegation left by bus and visited 3 EU co-financed projects.

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1. Visit to the project "Budapest Metro Line 4 – Section I." (2008HU161PR003)

The delegation first heard a presentation of the project by Mr János Guba, deputy project director, DBR Metro Ltd. and Mr Kálmán Szabó, managing director, Eurometro Ltd., followed by a Q&A session as well as a field visit (short walk) between two future metro stations[25], under River Danube.

This is the biggest single Hungarian project in the 2007-2013 period with a total project cost of more than EUR 1.4 billion, out of which the Cohesion Fund contribution is EUR 729 million. The project consist of a new metro line in Budapest between the two major railways stations Kelenföld and Keleti[26]. It was approved by the Commission in September 2009 considering its contribution to the development of sustainable transport in Budapest. Some complementary measures were required in the Commission approval decision, one is the introduction of a congestion charge.

The project is often strongly criticised for its high construction costs (and cost overruns), significant delays of implementation and is also one of the most audited projects in Hungary. Following the results of the review of the public procurement procedures conducted by the Managing Authority for the Transport OP the Commission's decision excluded from eligible costs the expenditure related to eleven contracts not compliant with public procurement law.

In September 2010 the Commission has <u>interrupted the payments of the Transport OP</u> on the basis of the outcomes of the system audit report submitted by the National Audit Authority. The report included suspicions of irregularities in relation to 53 procurement items related to the project. The Managing Authority defined a <u>financial correction</u> amounting to EUR 276 800.

According to the initial project time plan submitted by Hungary, the operational phase should start on 31 December 2011. However some dates[27] are not realistic anymore as the project is suffering <u>significant delays</u>. Even if with a delay of about two years, the civil works for the construction of tunnels and stations have almost been completed and the installation of the technological equipment has already. By mid 2011 the percentage of the completion of the project has exceeded 65%.

[25] Gellért square and Fővám square
[26] length: 7.34 km
[27] e.g. concerning the expected number of users of the new metro line by the end of 2012.

On the contrary, the procurement of the rolling stock and the train control systems was blocked. The contract signed by Alstom (the rolling stock provider) and BKV[28] has been cancelled by the latter. BKV argued that the breaking system of Alstom trains was not compliant with the technical requirements specified in the tender. The case has been brought to court by Alstom. Since the train control system is strictly connected to the rolling stock, the contract with Siemens, selected provider of the traffic control system, has been blocked as well.

Negotiations were still undergoing shortly before the visit took place and major progress has been achieved with the signature of an agreement between BKV Plc, Municipality of Budapest and Alstom, precisely at the time of the visit. This agreement is a fundamental passage to ensure that the project is completed by the end of the current programming period.

ooo

2. Visit to the Budapest Central Municipal Wastewater Treatment Works and Collector Systems project in Csepel (CCI 2004HU16CPE001)

The delegation first heard a presentation of the project by François Pyrek, Managing Director of BKSZT Ltd. operating the plant and Zsolt Wertán, managing director, Enviroduna Ltd., followed by a Q&A session as well as a field visit of the plant.

The Budapest Central Municipal Waste Water Treatment Works and Collector Systems is the biggest ongoing Cohesion Fund project in the environment sector in Hungary. The total cost is EUR 428,7 millions[29].

Prior to the construction of the plant, most of the wastewater generated in central Budapest was led directly into the Danube without treatment (51% without any treatment). The project aims to collect the wastewater and to channel it to the wastewater treatment plant, to avoid untreated wastewater entering the Danube. The new plant will provide treatment of 350 000 m^3/day, affecting a total of 600 000 inhabitants.

Due to savings resulting from the lesser value of a number of contracts after signature compared to the forecasted value, the total eligible costs of EUR 468,7 million[30] and the Cohesion Fund grant of EUR 304,6 were revised in 2006 by a Commission decision.

Moreover, as a result of an audit carried out in November 2007 on the Budapest Waste Water Treatment Plant Cohesion Fund project a <u>financial correction of EUR 40,5 million</u> was proposed in respect of a <u>serious breach of the public procurement rules</u> and this correction was accepted by the Hungarian authorities. Hungary had the possibility of replacing this expenditure with other eligible expenditure.
As a result of a further audit carried out in November 2009, <u>an other financial correction</u> arising from irregularities related to contract modifications, amounting to ca. EUR 2,2 million was accepted by the Hungarian authorities.

[28] the Budapest public transport company
[29] Cohesion Fund contribution: EUR 278,7 millions
[30] reduced by EUR 40 million to EUR 428,7 million

The Budapest Central Wastewater Treatment Plant, (BCWWTP) is managed by BKSZT Ltd. The dominant owner of BKSZT Ltd. is the Municipality of Budapest, the minority owners are two leading companies in French wastewater technology - Degrémont and OTV – and two leading companies in Hungarian building industry – Alterra and Hídépítő.

After the presentation of the project and the reasons for the financial corrections which have been applied, the following other issues were also discussed: waste water treatment fee in Budapest[31], total cost of the project and sustainability of the arrangements for the disposal of the sewage sludge[32].

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3. Visit to the Kiút project

The project forms part of the Social Renewal OP[33] and, together with 17 other projects and a supporting key project in Hungary, it aims at the social and labour integration of homeless people. There are some 20-30 000 (estimated) homeless people in Hungary every second of them living in Budapest.

"Kiút" (way out) association, the leading beneficiary of the project, was founded in 1995 and has 22 members and 2 full time employees. The amount of support for the project is around HUF 42 million[34].

The project provides complex services, places 20 persons for vocational education and training, so as 15 of them were able to pass successfully the examinations, to obtain new qualifications. 9 people managed to be employed for longer than 60 days. It also tries to find solutions for the living conditions and therefore accommodation is provided for 20 people, with the objective that 16 of them could keep their housing after the supported period. The greatest challenge for the clients of the project is to find a job because of the current economic crisis[35] and the difficult condition of labour market.

The delegation appreciated the opportunity to discuss the project with the beneficiaries, the "Kiút" association, represented by Zsuzsanna Bukovics Köles and its consortium partner, the Nonprofit Foundation, represented by Tünde Virág as well as with Balázs Hunya, representative of the Managing Authority[36].

The representative of DG EMPL explained that following their audits[37] in Hungary in 2010 on the Social Renewal OP a 'pre-suspension' procedure was to be launched. However, Hungary made a 5% flat rate self correction and demonstrated evidence of corrective measures taken and started to implement an Action Plan to address the main problems identified by the Commission audit. The final response of the Hungarian authorities on the draft Audit Report was received by the Commission on 10 June 2011 and the DG EMPL

[31] around HUF 325 (or EUR 1,2) / m^3 including the cost of operating the sewage treatment plant, sludge evacuation fee, lease fee, water pollution fee etc., all operating costs being covered by Budapest Municipality
[32] a consortium (BioSolid) is in charge until end 2011, a municipality-owned Ltd. will probably be in charge of this from 2012
[33] some 4 700 living projects
[34] some EUR 150 000
[35] unforeseen at the moment of the launch of the programme
[36] Human Resources Programmes MA
[37] systems audit and the follow-up project-based audits

auditors were processing the Final Audit Report (sent to the Member State on 01 August 2011). In the meantime, the payment flow has resumed.

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Following the project visits, in the evening, the delegation was invited to an official dinner by the National Development Agency**.**

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On Friday morning the delegation met with **László NYIKOS**, Chairman of the Committee on Budgetary Control and Budgets of the Hungarian National Assembly and **Ákos KARA,** Member of the Committee.

The Committee on Budgetary Control and Budgets is one of the 20 standing committee of the Hungarian Parliament and is traditionally chaired by an MP from the opposition and since 2010, the beginning of the new parliamentary term, it held some 73 meetings. In the views of its chairman, Mr Nyikos, the control function of the Parliament has somehow been neglected in favour of its law-making function. He advocated the need for clear internal rules on the responsibilities of the committee to be established, specifying also the way how the special reports of the State Audit Office (SAO) should be dealt with in Parliament. On this latter aspect, according to Mr Nyikos, the new law on the SAO does not bring enough clarity either. He took as an example to follow the model of the UK Committee of Public Accounts and advocated that the committee he chairs should be provided with the overall responsibility of coordinating and preparing Parliament's answers to the SAO special reports.

In answering to questions regarding the willingness of Hungary to issue national management declarations Mr Nyikos answered that Hungary was not in a position yet to deliver such declaration as its accounting is still cash based and not accrual based.

Mr Kara stressed that the Hungarian government aimed at a more responsible policy- and law-making and the great priority placed on reducing public dept was also serving that purpose. He also defended the proficiency of the Hungarian administration and the measures taken recently to simplify the national rules on the use of EU funds.

Contrary to the European Court of Auditors which does not formulate an opinion on the EU draft budget, the Hungarian SAO does provide an opinion on the State draft budget. However Mr Nyikos pointed out the need for a law on public finance which does not exist yet in Hungary.

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Following an internal meeting of the delegation a well-attended **press conference** took place with the support of the EP Information office in Budapest.

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To end the official programme, participants took part of a guided visit in the Hungarian Parliament.

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In the briefing papers provided by the Commission before the visit, participants could also read that following an audit by DG REGIO of the Social Infrastructure OP, although the contradictory procedure has not been closed yet, due to the gravity of the audit findings[38], the procedure to suspend interim payments and the interruption of payment deadline has been initiated by the Commission on 1 June 2011.

Following the visit, the Commission provided the CONT delegation with additional documents regarding the eleven contracts excluded from EU grant in the Metro Line 4 project and on the implementation of JEREMIE and other innovative measures in Hungary.

[38] i.e. (i) lack of due diligence by beneficiaries when awarding contracts for design services, (ii) quasi-direct award of service contracts and conflict of interest issues and (iii) limitation of competition through overly restrictive selection criteria

Main recommendations

The delegation:

1. Welcomes the efforts made by the Hungarian authorities in order to enhance the implementation of the EU funds and to improve the quality of the spending (e.g. simplification measures, improved public procurement procedures and better control arrangements, etc.); notes moreover that the National Development Agency (NDA) has reinforced its structures dealing with the implementation of programmes and that the structural and managerial changes made the NDA capable to disburse subsidies at a higher speed;

2. Welcomes the will of reducing the red tape, that the 24-25 different pieces of legislation dealing with the use of EU Funds in Hungary became one single Government decree at the end of 2010, further welcomes the electronic submission for applications, which has improved legal certainty and created a simplified institutional structure thanks to which the system became more transparent and simpler;

3. Stresses however that utmost attention should be paid in order to ensure the highest level of national administrative capacity for the management and control of EU funds and therefore to avoid, as far as possible, the high-turnover of staff, especially in managerial position;

4. Is of the opinion that the Hungarian authorities should consider the introduction of National Management Declarations as a necessary accountability measure which would ensure an effective functioning of the national management and control systems and make it possible for the Commission to fulfil its duty to supervise the Member States' implementation systems in shared management;

5. Stresses the importance of ensuring a total independence for the President of the Supreme Audit Institutions (SAIs) which is indispensable in order to carry out his/her responsibilities effectively and impartially;

6. Supports the idea to establish clear rules on the responsibilities of the Committee on Budgetary Control and Budgets of the Hungarian Parliament, in particular in respect of the coordination and preparation of the Parliaments' answers to the State Audit Office special reports; welcomes that the new law on the Hungarian State Audit Office entered into force on 1 July 2011, which reinforced the institution's independence, making all its reports public and also enhanced its powers, as all its recommendations need to be adhered to and action plans need to be drawn up by the affected parties based on the conclusions of the reports;

7. Requests the Commission to forward an updated report to the Committee on Budgetary Control (CONT) on the state-of-play of the project "Budapest Metro Line 4";

8. Requests the Commission to provide further information on the existing monitoring and reporting systems of the JEREMIE and other Financial Engineering Instruments (FEIs) in

Hungary, the funds involved and used by SMEs, the specific results of beneficiary companies as well as on the rate of success in terms of leveraging private capital;

9. Takes the view that AFCOS in Hungary should be informed about all OLAF requests in order to enable it to act as a single information channel for receiving OLAF enquiries;

ANNEX I

Delegation of the Budgetary Control Committee to Hungary, 20 July - 22 July 2011

Final Programme

Members having confirmed their participation in the delegation visit:
Ms Ingeborg GRÄßLE (EPP, DE) leader of the delegation
Ms Monika HOHLMEIER (EPP, DE)
Mr Jens GEIER (S&D, DE)
Mr Jan MULDER (ALDE, NL)

Member 'out of quota':
Mr Tamás DEUTSCH (EPP, HU)

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Nikolett LOSONCI (DE)
S. FEARNSIDE (EN)
S. LOOSMORE (EN)
Claudia ZIMMERMANN (HU)
Krisztina VÍGH (HU)

Technician
Laurent GUILLEMEAU

Commission
Marco CECCHETTO (DG REGIO, Unit I4, HU geographical unit)
Gábor MIKLÓSI (DG REGIO, Unit I4, HU geographical unit)
Gabriela HERNÁNDEZ (DG REGIO, Unit I4, HU geographical unit)
Ádám ROTTENBACHER (DG REGIO, Unit J2, audit unit)
Nóra SÁGODI (DG EMPL, Unit E4, HU-ES-PT geographical unit)
Giovanni CIOFFI (DG EMPL, Unit H1, relation with Control Authorities)
Fruzsina ELLENRIEDER (DG ENV, Unit A3, Cohesion Policy and Environmental Impact Assessment)

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Accommodation and transport in Budapest

The delegation will stay two nights in Budapest (Hotel Intercontinental Budapest[39]).

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Wednesday, 20 July 2011

9.30	Departure to Budapest
	Flight: Malév Hungarian Airlines, departure from Brussels at 09.30, arrival to Budapest at 11.25 (Franz Liszt International Airport, Terminal 2)
	Transfer to the hotel by bus, check-in
13.30	Departure from the hotel by bus
14.00-15.00	Meeting with **Tamás Iván KOVÁCS**, Deputy State Secretary for European Union and International Relations, Ministry of National Development, **Róbert HOMOLYA,** Vice-President for Implementation of the National Development Agency and **Flórián SZALÓKI,** Director General for EU Coordination of the National Development Agency
	Venue: Ministry of National Development, Fő street 44-50, 7th floor

[39] Address: Budapest, V., Apáczai Csere J. u. 12-14, H-1052, http://www.intercontinental.com/intercontinental/en/gb/locations/overview/budhb

15.15-16.15 Meeting with **Lajos SZŰCS**, President of the Regional Development Council of the region of Central Hungary and **Tamás LUKOVICH,** Managing Director of the Regional Development Agency of the region of Central Hungary

Venue: Ministry of National Development, Fő street 44-50, 7th floor

16.30-17.45 Meeting with **Balázs DENCSŐ**, Director General, Directorate General for Audit of European Funds (Ministry for National Economy)

Venue: Ministry of National Development, Fő street 44-50, 7th floor

18.00-19.00 Meeting with Major **Dávid SZEVERÉNYI**, Head of Anti-Fraud Coordination Service - AFCOS-HU, National Tax and Customs Administration

Venue: Ministry of National Development, Fő street 44-50, 7th floor

19.15 Cocktail reception hosted by the Ministry of National Development)

Venue: Ministry of National Development, Fő street 44-50, ground floor

Thursday, 21 July 2011

8.30 Departure from the hotel (walking distance)

9.00-10.00 Meeting with **Lajos BÚSI**, Deputy Under-Secretary responsible for rural development, Ministry of Rural Development

Venue: Ministry of Rural Development,
Kossuth Lajos tér 11. Budapest

10.15-11.30 Meeting with **László DOMOKOS**, President of the State Audit Office of Hungary

Venue: State Audit Office, Klubterem
Apáczai Cs. J. u. 10., Budapest

11.45 Departure to the project visits by bus

Sandwich lunch en route
(individual payment)

12.15-14.30 Visit to the project "Budapest Metro Line 4 – Section I." (2008HU161PR003, under construction)

- 1st part of the visit (12.15-13.15)

- Presentation of the project
- Q&A
- field visit to the vehicle depot

Venue: Info Centre - Kelenföld Station

- 2nd part of the visit (13.30-14.30)

- short walk through the tunnel under River Danube; arriving at Fővám Square station

Venue: Gellért square station - Fővám Square station

14.30 Departure to the Central Sewage Treatment Plant in Csepel

15.10-17.20 Visit to the Budapest Central Municipal Wastewater Treatment Works and Collector Systems project in Csepel (CCI 2004HU16CPE001)

- 1st part of the visit (15.10-15.50)

- Presentation of the project
- Q&A

- 2nd part of the visit (15.50-17.20)

- Field visit with refreshments

Venue: Csepel, suburbs of Budapest

17.20 Departure to ESF project: training employment for disadvantaged people

18.00-19.00 Visit to the ESF project: training employment for disadvantaged people – Association “Kiút”

- Presentation of the project
- Q&A

Venue: downtown Budapest (Budapest VII., Wesselényi u. 17.)

20.00 Official dinner at the invitation of the National Development Agency

Venue: Kossuth Múzeumhajó és Vén Hajó Étterem[40]
1052 Budapest, Vígadó téri hajóállomás, 2-es ponton (tbc)

Friday 22 July 2011

8.30 Departure from the hotel (walking distance)

9.00-10.00 Meeting with **László NYIKOS**, Chairman of the Committee on Budgetary Control and Budgets of the Hungarian National Assembly and Members of the Committee

Venue: Hungarian Parliament, Delegációs terem
Kossuth Lajos tér 1/3, Budapest

10.00-10.45 Internal meeting of the EP delegation to come to preliminary conclusions

Venue: Hungarian Parliament, Delegációs terem
Kossuth Lajos tér 1/3, Budapest

10.45-11.30 Press conference
with the support of the EP Information office in Budapest

Venue: Hungarian Parliament, Delegációs terem
Kossuth Lajos tér 1/3, Budapest

11.30-12.15 Guided visit of the Hungarian Parliament

Venue: Hungarian Parliament
Kossuth Lajos tér 1/3, Budapest

12.15 End of the official programme

Departure to the airport (individual arrangements)
NB.: Average travel time in taxi from the City centre to the airport: between 45 and 60 minutes, depending on traffic.

Return flight to Brussels: *Brussels Airlines, departure from Budapest (Franz Liszt International Airport, Terminal 2 at 17.45, arrival to Brussels at 19.45*

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[40] http://venhajo-etterem.hu/fooldal