SZÁZADVÉG

Announcement

Hungary plans to allocate the Recovery and Resilience Funds on health, education and climate protection

The joint conference organised by Mathias Corvinus Collegium and Századvég Economic Research Institute reviewed the strategic and implementation framework of the EU Structural and Cohesion Funds instruments in 2021-2027.

In his opening speech, Secretary of State Dr. Szabolcs Ágostházy assessed the Hungarian and European context of the period ahead. He stressed that the use of development funding is successful if they serve the best possible achievement of overarching government objectives. The traditional EU development funds finance development projects based on agreements between Member States and the European Commission based on common European goals. However, to support European economic development, the EU recently launched its new instrument, the European Recovery Fund, for which Hungary has now submitted its Recovery and Resilience Plan. **Hungary plans to spend more than forty percent of the available HUF 2,500 billion on green goals, a third on strengthening health care, and a quarter on improving education - from nurseries to universities.**

Zsolt Darvas, senior analyst at the Bruegel Institute and Corvinus University, pointed out that the recovery instrument launched at the German-French initiative has in fact its focus not on relaunching the European economy, but the implementation of long-term developments, since areas of environmental sustainability and digitalisation are in the forefront, demonstrating that the new fund's primary role is not necessarily short-term crisis management.

Secretary of State Attila Steiner emphasised, that the government's environmental plans are indeed in line with the EU targets, which makes the planning of the new programmes easier. Hungary committed itself to the 2050 climate objective: the focus of the measures is on solar energy, electric transportation, and reducing CO_2 emissions in key sectors. **The Secretary of State reaffirmed that making the most of the innovation opportunities offered by the green transition are key to maintaining the global competitiveness of European industry.**

Gábor Balás, head of Hétfa Research Institute, emphasized that instead of reinforcing the programmes' strategic content, the EU apparently focuses on strengthening the EU-level instruments in the current planning phase. In his view, we are witnesses of two important developments: on the one hand, the importance of the country-specific recommendations developed by the Commission is further strengthened; on the other, with the Recovery Fund, the European Union enters the financial markets as a borrower of its own.

Deputy Secretary of State Richárd Adorján stated that unified governmental coordination of national and EU development funds is important both for the efficient use and the stable operation of the budget. He emphasized that the domestic co-financing of EU projects are de facto higher than the ratios planned in the course of the programming: the mandatory minimum level of co-financing often needs to be complemented to ensure the successful implementation of the programmes.

The afternoon discussion of the conference was attended by Deputy State Secretaries Anikó Juhász, Gábor Dányi, Zsolt Leveleki, as well as István Szabó, Deputy President of the National Research Development and Innovation Office, Levente Sipos-Tompa, CEO of the Hungarian Development Bank and Dr. András Czeti, Head of Department at the Ministry of Finance.

Participants agreed that the successful use of EU funds in the period 2014-2020 was a result of the coherent approach applied to the EU-funded programmes and the national policies.

The governmental institutions responsible for the EU funds' implementation have gained a serious routine of aligning government targets, EU objectives and administrative criteria for implementation into a single operational framework. In the next period, however, the implementation system faces several serious tasks: the closure of the 2014-2020 period, the negotiations with the Commission on the planning documents of the next EU period, and the launch of these new development programmes - all at the same time.

The discussion highlighted that the use of EU funds is made difficult by the complex EU regulatory environment for both the implementation system and the beneficiaries. Furthermore, governmental institutions have to handle the fact that the legislative framework for cohesion and agricultural policies has not yet been published and the interpretation of the recovery fund legislation is facing ongoing improvement. Planning requires a negotiating strategy that combines a highly flexible approach, constructiveness and strong articulation of the national interests. The successful implementation of the EU programmes can be ensured by the continuous improvement and simplification of the implementation regulation, as well as by a firm and goal-oriented policy coordination.

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Századvég Economic Research Institute