



**Permanent Mission of Hungary to the United Nations Office
and Other International Organizations in Geneva**

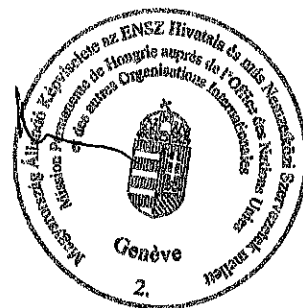
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Geneva, 15 September 2014

The Permanent Mission of Hungary to the United Nations Office and other international organizations in Geneva presents its compliments to the Special Procedures Branch of the Office of the High Commissioner for Human Rights and with reference to the joint communication sent by the Special Rapporteur on the rights to freedom of peaceful assembly and of association and the Special Rapporteur on the situation of human rights defenders dated 16 July 2014 has the honor to forward the responses by the Government of Hungary to the issues raised in the joint communication.

The Mission of Hungary would appreciate the early transmission of the document to the Special Rapporteurs for their consideration and inclusion in a future report to the Human Rights Council.

The Permanent Mission of Hungary to the United Nations Office and other international organizations in Geneva avails itself of this opportunity to renew to the Special Procedures Branch of the Office of the High Commissioner for Human Rights the assurances of its highest consideration.



**Office of the High Commissioner for Human Rights
Special Procedures Branch**

**Responses by the Hungarian Government
to the joint communication from
the Special Rapporteur on the rights to freedom of peaceful assembly and
of association
and the Special Rapporteur on the situation of human rights defenders**

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Allegations concerning the transfer of monitoring and evaluation of the so-called Norway Grants (EEA and Norway Financing Mechanisms) from the central government to an independent State-owned company as of 1st January 2014 by a unilateral decision of the Hungarian authorities.

The changes which took place in Hungary regarding the institutional setup of development policy affected the institutions of the EEA and the Norway Financing Mechanisms as well. Since the autumn of 2013 the upcoming changes had been several times communicated to the donors by the National Contact Point. According to the Hungarian legal system international agreements can be modified upon authorization provided in form of resolution tabled jointly by the competent line Minister and the Minister for foreign affairs and issued by the Prime Minister. The negotiations started after the entry into force of the Prime Minister's resolution. In the meantime, in February 2014, State Secretary János Lázár (Prime Ministers' Office) informed the donor countries about the background and reasons of the changes as follows.

He assured the chair of the Financing Mechanism Committee that within the system of development programs the EEA and the Norway Financing Mechanisms are reputedly contributing to the implementation of the Hungarian development policy. For this reason the Hungarian Government was paying particular attention to minimize, as much as possible, the negative impact of the transitional period on the Financing Mechanisms and to ensure proper human resources and environment to their smooth functioning.

Mr Lázár informed the donors that the Hungarian Government previously, in the context of its preparation to the European Unions' next financial period (2014-2020) had already taken the decision to transform the institutional setup of development policy. The structural changes had started in the second half of 2013 with the aim to establish a more transparent, better structured and customer friendly institutional setup guaranteeing a more efficient and better use of European (EU) and international grants, and also resulting in a shift towards a less centralised but efficiently coordinated solution. As a result of this reform, the National Development Agency (NDA) became inoperative on 31 December 2013 by Government Resolution 475/2013 (XII.17.). The different tasks handled by NDA were transferred to the designated institutions with legal succession. The horizontal, coordinative tasks of NDA were transferred to the Prime Minister's Office.

The tasks of the National Contact Point were transferred by legal succession to the Széchenyi Program Office Non-profit Ltd. The Széchenyi Program Office is not a "company" but a 100% State-owned non-profit organisation under the supervision of the Prime Minister's Office. The Program Office has been playing an important role in the Hungarian development policy for years. Its primary mission consists in propagating the EU-funded operative programs and to support the efficient distribution and use of the funds, contributing by this to boost the employment, enhance the competitiveness of the economy as well as to decrease the social

and territorial inequalities. Currently, the tasks of the Program Office have been significantly extended in the area of support to the development policy. Its human capacities and institutional experiences would have guaranteed the proper management of the EEA and Norway Grants as well. However, the Hungarian Government took into account the expectations of the donor countries and as a result the tasks of the National Contact Point were transferred to the Prime Minister's Office.

Allegations according to which the Hungarian Government has no legal basis to audit civic beneficiaries of the Memorandum of Understanding concluded with donor countries. The investigation of KEHI hinders the activities of those organizations involved, stigmatize them, while threatening them by cancelling their tax numbers in case they refuse cooperation with the authorities

The Hungarian Government is committed to ensure the legitimate use of public financial assets. While honouring the fact that the Norway Civil Grants is financed by public resources, the Hungarian Government deems it its moral obligation to order – at its discretion - any necessary measures to investigate the issues at hand, regardless the eventual political ties of the organizations under investigation or the nature of their sponsored activities.

The Government Audit Office (KEHI) is entitled by law to audit business companies and foundations using funds provided by the central budget, including grants endowed on the basis of international agreements (Act CXCV/2011 on Public Finances and Govt. Decree 355/2011.(XII.30.)). This competent and legally empowered body was instructed by the Hungarian Government to engage investigation upon the suspicion of irregularities with regard to the distribution of funds provided by the Norway Civil Grants.

The Hungarian Government is firmly committed to protect democratic values, including the basic principles of transparency. The aim of the investigation run by KEHI is to serve these values, in particular regarding the use of public financial assets.

KEHI requested the fund administrator foundation as well as the supported organisations to provide information only concerning those activities it has competence to investigate within the framework of controlling the regular use of public financial assets. KEHI is entitled to apply all legal measures at its disposal to obtain the required information. It is to be noted, that both the fund administrator and the supported organisations are interested in proving the inexact nature of the alleged suspicions regarding the irregular use of financial resources, raised by some audit reports and by the press. Consequently, full cooperation of the organisations concerned is required.

The supported institutions, foundations, civil and other organisations are obliged by the law to stay at the disposal of the investigating body and to provide the required information to audits regarding the regular use of assets, which obligation had to be assumed together with the right to receive financial assistance.

August, 2014