

International Press Release

Hungarian state captured by private interest groups

Transparency International Hungary study warns about integrity of national institutions

Budapest, 8 March 2012 - Hungary's political and economic crises are symptoms of structural weakening of the country's checks and balances, anti-corruption organisation Transparency International Hungary warned today in a report on key institutions and their resistance to abuse of power.

The report warns that the inability of oversight institutions to limit the power of the government could allow private interests prevail over public interests, with new forms of corruption compromising key functions of the state.

“It also warns that even where legislation enacted provides adequate grounds of independence, it is doubtful that control institutions such as the State Audit Office or the new organs of judicial administration can operate free of interference in practice”- says Noémi Alexa, executive director of TI.

The report documents signals that the Hungarian state has been captured by powerful interest groups:

- the symbiotic relationship between the political and the business elite,
- commonly voiced doubts regarding the independence of control institutions,
- and the lack of transparency in the legislative process

Party financing and the business sector face most alarming corruption risks

Party financing and the business sector are found to face the most alarming corruption risks, by the “National Integrity Study”, which assesses the performance of, and corruption risks in, 13 institutions and sectors, from politics and judiciary to media and business. It is the second time that Hungary's integrity system is assessed. The first report was issued in 2007. Similar research is ongoing in 25 European countries.

Rules on campaign financing do not ensure transparency and accountability, with the result that political parties finance their operations though funding obtained from opaque, non-identified sources.

In the business sector the economic crisis and the fast paced legislative process have created an even more chaotic environment for companies than that was earlier the case; companies face heavy regulatory burden and unpredictable state interventions. High corruption risks are present in common business transactions such as bankruptcy, liquidation, procurements, and obtaining official permits.

TI has compiled a broad list of recommendations

Among the most crucial steps to take are the need to reduce political influence on independent institutions, tighter regulation of party and campaign financing, effective protection for whistleblowers and the implementation of a comprehensive anti-corruption programme covering all sectors and institutions concerned.

„Hungary's weak integrity system undermines economic stability, and blocks efforts aiming to re-build confidence among the players of economy. The government should implement a systemic and effective anti-corruption program besides the one focusing on integrity in the central administration”- emphasized Noémi Alexa adding that the anticorruption organization is ready to support the government's work with expertise, proven techniques and best practices.

Transparency International Hungary has been functioning as an independent civil society organisation since 2006. It raises awareness of the law-makers to corruption risks by conducting researches, preparing policy papers and statements. TI Hungary operates a legal aid service as well as promotes international best practices and runs educational projects. More information on TI Hungary is available at the www.transparency.hu website.

The full study and the recommendations can be downloaded from [here](#).

You can find the results of other NIS studies by several European chapters of Transparency International [here](#).

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