

Executive Summary

Hungary is a [Central European](#) country with a population of approximately 10 million. After decades of a Soviet-style political system, it became a Western-style democracy in 1990, joined NATO in 1999, and has been a member state of the European Union since 2004.

A shortage or faulty allocation of resources and over-bureaucratisation of the legal and administrative system have remained structural causes of corruption, notably exacerbated by changes associated with economic, political and social transition.

Hungarian anti-corruption programmes have increasingly been based on the recognition that a comprehensive arsenal of legislative and non-legislative measures needs to be developed including not only criminalisation of a broader range of behaviours, but also e.g. stricter regulation on conflicts of interest and the organisation of information campaigns. The successful implementation of these programmes however, requires a strong political will on the part of government, and a solid consensus among political parties accompanied by continuous support from civil society.

Although the Government is politically responsible to the Parliament, the executive has become the most powerful branch of the constitutional system. To put effective limits on the dynamic growth of the Government, internal control mechanisms (disclosure of assets, conflicts of interest) need to be strengthened, and a comprehensive code of conduct for civil servants needs to be adopted. The external control mechanisms provided by organisations independent of the Government and political parties (the State Audit Office [SAO], the proposed Budgetary Office) also need to be improved.

Hungary's multiparty system lacks a proper and comprehensive set of financial regulations. Spending on electoral campaigns has been soaring, and for several years it has been an open secret that party expenditure exceeds the outdated limit. The State Audit Office only examines invoices submitted by the political parties, and does not assess real expenditure by using other sources of information. Financial accounts in their present form do not give a reliable picture of the parties' financial management, and there are no sanctions for delay in submission or for inclusion of false data. Comprehensive reform in this area, based on a political consensus of government and opposition parties is strongly advisable.

The recent changes to the law on the composition of electoral commissions could open the way for certain political parties (with a majority in Parliament or local government assemblies) to exercise a covert influence on the work of such commissions. Nonetheless, mutual supervision by delegates, the role of the media, and in the last resort legal remedies in the ordinary courts or the Constitutional Court ensure the fairness of parliamentary or local elections.

The State Audit Office is a professional body of the Parliament set up to control the legality, integrity and transparency of the financial affairs. The integrity and efficiency of the SAO could be improved by modification of defective regulations on conflicts of interest, limitation of the practice of advance notifications and introduction of post-employment restrictions. Governmental agencies should be urged to accept the recommendations of the SAO.

The Judiciary gained structural independence from the government and the parliamentary majority in 1997, but it is still vulnerable to pressure via the manipulation of its budget. The National Judicial Council (with a majority of judges) is responsible for the administration of the judicial system, but overlaps of personnel could weaken the integrity of its internal oversight mechanisms. Independence rather than transparency and accountability were the main focus of the recent reforms of the judiciary.

Poor career prospects and low admission requirements together with a lack of specialised expertise have been structural causes of corruption in law enforcement agencies since the transition. The weakness of technical and professional resources hampers the investigation and prosecution of high-level corruption cases.

The administrative regulation of public procurement cannot in itself prevent corrupt practices, since not only a wide range of discretionary powers and imprecise legal definitions, but even the actual abuse of strict formal requirements can result in systemic corruption. Strengthening the rules on civil law remedies, education, consciousness raising and stronger civil participation could reduce the unnecessarily high expenditures in public procurement proceedings.

In Hungary the institution of ombudsman is not a sector with a priority function in the fight against corruption, but the tasks of the ombudsman on data protection and freedom of information are of

vital importance for transparency of governance. The soft powers of the ombudsmen would have a greater impact if the organisations the ombudsmen address would be more open to, and ready to accept professional criticism, and if the ombudsmen's findings would be more effectively communicated towards the wider public.

Tasks and powers in the fight against corruption are distributed between the executive, legislative committees and law enforcement agencies. No specialised agency has been created solely for the investigation or prosecution of corruption, and bodies with only consultative powers have been established to co-ordinate and facilitate strategic planning.

In Hungary the situation of the media can be characterised as one of strong foreign ownership, a serious political press that is losing ground in the face of the growing circulation of tabloids, more commercial radio and television channels, a weak public media, a very low market share, and a deep divisions in the journalist profession. The legal basis for free and responsible journalism exists, and legislation in this sector is progressive, but the implementation of laws is imperfect, the licensing procedures are not transparent, political battles overflow into the media and many media outlets are openly biased towards one or the other political camp.

Recent legislative changes have considerably improved the position of the civil sector, especially with regard to accessibility of information of public interest, but only rarely are its organisations invited to be involved in the decision-making process of government organs, and then only on an arbitrary basis.

A very fragmented local governmental system has been established in Hungary as a reaction to the earlier forced amalgamation of localities under soviet-type local government authorities (In a country of ten million people there are 3,187 local government authorities.) Because of the heavy fiscal pressure on these bodies, weak regulation on conflict of interest and no satisfactory local control and auditing, there is a high risk of corruption in contracting out practices and utilisation of community assets.

Hungary is a party to conventions adopted against corruption, and participates in the work of every relevant international institution. International monitoring bodies, however, often reveal discrepancies of a minor nature between treaty-based obligations and internal legislation.