

## **Hungary plumbing new depths on Transparency International's Corruption Perceptions Index**

**The Secretariat of Transparency International in Berlin prepared the Corruption Perceptions Index (CPI), ranking the countries by the public sector's exposure to corruption for the 25<sup>th</sup> time. In 2019 Hungary received 44 points on the scale ranging from 0 (the most corrupt country) to 100 points (country least infected by corruption), and it is placed at the 70<sup>th</sup> position, tied with Romania, among the 180 countries examined.**

Compared to the previous survey in 2018, Hungary's resistance to corruption worsened by two points and six positions based on the assessment of the businessmen and experts interviewed in the surveys forming the basis of the Corruption Perceptions Index. While globally Hungary is considered moderately corrupt, in the European Union it is among the Member States perceived as the most corrupt. By 44 points achieved in 2019, Hungary finished at the last position both among the V4 countries, and among the Member States that joined the European Union in 2004; and is qualified as the second most corrupt country within the European Union, preceding only Bulgaria, and tied with Romania.

### **Corruption more pervasive in countries where money influences political power**

Globally, more than two-thirds of countries – along with many of the world's most advanced economies – are stagnating or showing signs of backsliding in their anti-corruption efforts. Countries in which elections and political party financing are open to undue influence from vested interests are less able to combat corruption, analysis of the results finds.

"Frustration with government corruption and lack of trust in institutions speaks to a need for greater political integrity," said Delia Ferreira Rubio, Chair of Transparency International. "Governments must urgently address the corrupting role of big money in political party financing and the undue influence it exerts on our political systems."

### **Correlation between corruption and economic performance**

TI Hungary's report points out that within the European Union there is still a strong correlation between the economic development of Member States and the public sector's exposure to corruption. Comparing anticorruption performance based on countries' CPI ranking and their gross domestic product highlights that Hungary is still among the Member States of the European Union which are seriously infected by corruption, while having a low GDP per capita. This conclusion is sustained even in the light of the continuous growth of Hungary's GDP per capita from EUR 10,050 to EUR 13,690 in the period between 2012 and 2018. The growth impetus characterising the second half of the decade of 2010 still keeps on for the time being despite the lurking deceleration of global economy: the Hungarian and international experts and organisations predict a growth of 4-5% for the whole previous year.

"Hungary has demonstrated favourable economic growth rates during the past seven years, however, long-term prospects are gloomy and competitiveness remains among the lowest in the region" – as József Péter Martin, Executive Director of Transparency International Hungary pointed out at TI Hungary's press conference in Budapest. TI Hungary's Executive Director added: this is mostly caused by the significant influence of state institutions over part of the economy, as well as the non-transparent and unaccountable functioning of these institutions. The system of public procurements is heavily distorted, and concentration is apparent in government-friendly oligarchs winning ever more procurements, and the proportion of single-bid procedures being one of the highest in Europe."

### **Rule of Law after a decade of Fidesz' governance**

In Hungary, as a result of a decade-long rule of the elite in power since 2010, the majority of the State institutions responsible for exercising control over the government are in a dead state. The erosion of Rule of Law has been continuous for a decade now, meaning that State institutions have an interest not (only) to promote public good, but to favour the governing party's actors, to keep them in power and to accumulate their wealth. In the area of justice, the report states that the prosecution under a one-man leadership, with a hierarchical and strictly centralised structure can easily fit in the System of National Cooperation. The courts proved their independence and their commitment to autonomy in numerous situations and cases, however, various signs suggest that the government has not given up on its attempts to weaken their impartiality.

The possible infringement of Rule of Law, human rights and the value of democracy was also noticed by the European Union, thus, following Poland, Hungary has become the second Member State against which the procedure of Article 7 has been launched.

The report of TI Hungary also points out that although in the light of the results of the municipal elections in 2019 the municipalities appear as a possible scene to restore Rule of Law, they are significantly limited by the loss of competence and resources resulting from the government's centralisation efforts in the past ten years.

### **Public Procurements and the European Union Funds**

The report of TI Hungary highlights that the Hungarian public procurement market still depends significantly on EU funds, and the use of the former is characterised by overbudgeting and the pressure of absorption, that is, the need to use funds as fast as possible at a maximum level. In the programming period 2014 – 2020 Hungary gets almost HUF 8.000 billion (EUR 25 billion) of support from the European Structural and Investment Funds. This amounts to 4% of the Hungarian annual GDP on average. Hungary ranks second among the Member States in terms of the amount of EU support per capita.

### **The nature of corruption in Hungary**

According to the conclusions of the report, corruption has become extremely centralised in Hungary in the last decade. The essence of the actual Hungarian State corruption is to re-distribute economic resources by various means, to create a new elite, and to award and privilege the actors close to the government. By legal means the State takes away or acquires certain groups' property, which is then given to other groups. This is institutionalised in many cases. As a result of public fund drains, and by infringing the Rule of Law, taxpayers' money is transformed into private wealth. Corruption has become an integral part of the system, rather than a side effect.

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### **About the Corruption Perceptions Index**

The Corruption Perceptions Index (CPI) is prepared by the centre (Secretariat) of Transparency International (TI) in Berlin based on 13 surveys and analyses performed by 12 organisations. They measure corruption in the public sector by surveying the opinion of experts and businessmen on the corruption infestation of the public institutional system, the economy and society. Corresponding data was available on 180 countries in 2018, and Hungary was assessed based on 10 different sub-factors. TI defines the scores of the sub-factors on a scale from 0 to 100, where 0 marks highly corrupt countries and 100 those least affected. The secretariat of TI in Berlin calculates the index by weighting the average of the scores.

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