

# **The perception of corruption in Hungary has further deteriorated**

## **The results of the 2021 Corruption Perceptions Index**

*A report by Transparency International Hungary Foundation*

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## **The performance of Hungary is mediocre globally and poor in Europe<sup>1</sup>**

The Secretariat of Transparency International in Berlin has prepared for the 27<sup>th</sup> time its Corruption Perceptions Index (CPI<sup>2</sup>), ranking countries by the public sector's resilience to corruption.

In 2021, Hungary scored 43 points on a scale ranging from 0 points (the most corrupt country) to 100 points (the country least infected with corruption), ranking 73<sup>rd</sup> in a survey of 180 countries, down 1 point and 4 places compared to the previous year. While globally Hungary is considered moderately corrupt, within the European Union it is still perceived as one of the most corrupt Member States: in 2021, Bulgaria was the only Member State to perform worse than Hungary.

According to the CPI, Hungary is on a par with Ghana, Kuwait, Senegal and the Solomon Islands globally in terms of the severity of corruption (43-43 points). For the sake of objectivity, we should note that the mechanical comparison of countries with different social, economic and cultural backgrounds can be misleading, as expectations differ greatly in terms of a country's resilience to corruption. Therefore, as experts in measuring corruption regularly point out, it is more appropriate to assess the anti-corruption performance of countries over a longer period of time, and to compare countries with similar institutions and common cultural characteristics. Comparing Member States of the European Union is considered appropriate in all aspects.

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- 1 The results of the 2021 Corruption Perceptions Index are presented in a – compared to previous years – limited focus report by Transparency International Hungary. This is because, at the same time as this report, we published Black Book II, which analyzes the situation of corruption in Hungary on a broader time horizon, but also includes the events of 2021. This report contains only the information which arose after the conclusion of the manuscript of Black Book II.
  - 2 The Corruption Perceptions Index (CPI) is calculated by the Secretariat of Transparency International in Berlin using 13 different surveys and analyses by 12 different institutions. The measurement tools underlying the CPI determine the level of perceived public sector corruption in the various countries based on the opinions of experts and business people. In 2020, corresponding data was available from 180 countries, and Hungary was assessed based on 10 different sub-indices. Researchers at the Secretariat of Transparency International score the underlying indices to a standardized scale of 0 to 100, and calculate the CPI scores for the individual countries by using the average score of the sub-indices. In the Corruption Perceptions Index, 0 equals the highest level of perceived corruption and 100 equals the lowest level of perceived corruption. The detailed description of the CPI methodology is available at: [www.transparency.org/research/cpi/overview](http://www.transparency.org/research/cpi/overview). The CPI is based on the aggregation of the following surveys and studies: African Development Bank Governance Ratings, Bertelsmann Foundation Sustainable Governance Indicators, Bertelsmann Foundation Transformation Index, Economist Intelligence Unit Country Risk Ratings, Freedom House Nations in Transit, Global Insight Country Risk Ratings, IMD World Competitiveness Yearbook, Political and Economic Risk Consultancy Asian Intelligence, Political Risk Services International Country Risk Guide, World Bank Country Policy and Institutional Assessment, World Economic Forum Executive Opinion Survey (EOS), World Justice Project Rule of Law Index, Varieties of Democracy (VDEM) Project. The 2021 CPI figures for Hungary are based on ten different sources and, for obvious reasons, do not include data from the African Development Bank Country Policy and Institutional Assessment and the Political and Economic Risk Consultancy Asian Intelligence. At the same time, the CPI evaluates Hungary based on all sub-indices that cover Europe. Between 1995 and 2000, the CPI report looked at an average of 50-80 countries, which increased to 100-130 countries in 2001–2005, while the CPI survey has covered around 160-180 countries since 2006. The number of countries reviewed was 175 in 2014, 168 in 2015, 176 in 2016 and 180 in every year since 2017. Hungary has been included in the CPI report in every year since 1995. The Secretariat of Transparency International in Berlin calculated Hungary's CPI score on the basis of data from ten surveys in 2012–2013 and every year since 2017. In 2014-2016, the number of surveys considered was nine. The survey is criticized from time to time, in response to which Transparency International requested a robustness test from the European Commission in 2018. According to this, an audit of the Joint Research Center (one of the Commission's support institutions) found the CPI to be an appropriate instrument for measuring corruption. The report is available at the following link: [https://www.transparency.org/files/content/pages/2018\\_CPI\\_2017\\_StatisticalAssessment.pdf](https://www.transparency.org/files/content/pages/2018_CPI_2017_StatisticalAssessment.pdf)

**Table 1: Member States of the European Union in the 2021 Corruption Perceptions Index**

Ranking within EU	Country	Score	Ranking within EU	Country	Score
1.	Denmark	88 =	15.	Latvia	59 ↑
	Finland	88 ↑	16.	Slovenia	57 ↓
3.	Sweden	85 =	17.	Italy	56 ↑
4.	Netherlands	82 =		Poland	56 =
5.	Luxembourg	81 ↑	19.	Czechia	54 =
6.	Germany	80 =		Malta	54 ↑
7.	Ireland	74 ↑	21.	Cyprus	53 ↓
	Estonia	74 ↓	22.	Slovakia	52 ↑
	Austria	74 ↓	23.	Greece	49 ↓
10.	Belgium	73 ↓	24.	Croatia	47 =
11.	France	71 ↑	25.	Romania	45 ↑
12.	Portugal	62 ↑	26.	Hungary	43 ↓
13.	Lithuania	61 ↑		Bulgaria	42 ↓
	Spain	61 ↓	27.		

Source: TI Hungary calculations based on the data of the 2021 Corruption Perceptions Index. The ranking column show the rank within the European Union, not globally. The arrows indicate the direction of change in the country's score compared to the 2020 Corruption Perceptions Index.

As can be seen from Table 1, Hungary still remains at the bottom of the list within the European Union: it finished the year in the penultimate position, ahead of Bulgaria. Over the past decade (2012-2021), the perception of the country's performance against corruption has steadily deteriorated. In 2012, Hungary was the 19<sup>th</sup> most corrupt member of the then 27-member European Union, i.e., it belonged to the lower house of the EU even a decade ago, and the situation has only worsened since then. By 2017, in an EU that in the meantime had expanded to 28 members, Hungary fell to the penultimate, joint 26<sup>th</sup> – 27<sup>th</sup> place, and was only able to overtake Bulgaria within the European Union.<sup>3</sup> Although there was some improvement in the ranking in 2018, which later proved to be temporary: Hungary improved its score by one point and thus overtook a momentarily significantly declining Greece<sup>4</sup>. In 2019, however, only

3 Transparency International Hungary: *The 2017 Corruption Perceptions Index – Corruption, the Rule of Law and Economic Performance in Hungary, in an International Comparison* ([https://transparency.hu/wp-content/uploads/2018/12/CPI\\_2017\\_narrativ\\_final\\_final.pdf](https://transparency.hu/wp-content/uploads/2018/12/CPI_2017_narrativ_final_final.pdf))

4 Transparency International Hungary: *Corruption, Economic Performance and the Rule of Law in Hungary – Results of the Corruption Perceptions Index in 2018* ([https://transparency.hu/wp-content/uploads/2019/01/CPI\\_2018\\_narrativ\\_20190128-1.pdf](https://transparency.hu/wp-content/uploads/2019/01/CPI_2018_narrativ_20190128-1.pdf))

Bulgaria ranked lower than Hungary once again.<sup>5</sup> Nothing has changed ever since: in 2020, Hungary shared the last place with Bulgaria and Romania,<sup>6</sup> and last year it ranked even behind Romania, which had improved by 1 point at that time.

In 2021, only Bulgaria – which had an even worse result, and the perception of its anti-corruption performance got downgraded by 2 points - had a lower ranking than Hungary. For the third time in the last ten years, Hungary is proving to be the second most corrupt Member State in the European Union. The change in the results of the Central and Eastern European region since 2012 is summarized in Table 2.

**Table 2: Scores of Central and Eastern European countries in the Corruption Perceptions Index, 2012-2021**

Ranking within the region	Country	CPI 2012	CPI 2013	CPI 2014	CPI 2015	CPI 2016	CPI 2017	CPI 2018	CPI 2019	CPI 2020	CPI 2021	Change (2012 → 2021)	
1.	Estonia	64	68	69	70	70	71	73	74	75	74	10	↑
2.	Lithuania	54	57	58	61	59	59	59	60	60	61	7	↑
3.	Latvia	49	53	55	55	57	58	58	56	57	59	10	↑
4.	Slovenia	61	57	58	60	61	61	60	60	60	57	-4	↓
5.	Poland	58	60	61	62	62	60	60	58	56	56	-2	↓
6.	Czechia	49	48	51	56	55	57	59	56	54	54	5	↑
7.	Slovakia	46	47	50	51	51	50	50	50	49	52	6	↑
8.	Croatia	46	48	48	51	49	49	48	47	47	47	1	↑
9.	Romania	44	43	43	46	48	48	47	44	44	45	1	↑
10.	Hungary	55	54	54	51	48	45	46	44	44	43	-12	↓
11.	Bulgaria	41	41	43	41	41	43	42	43	44	42	1	↑

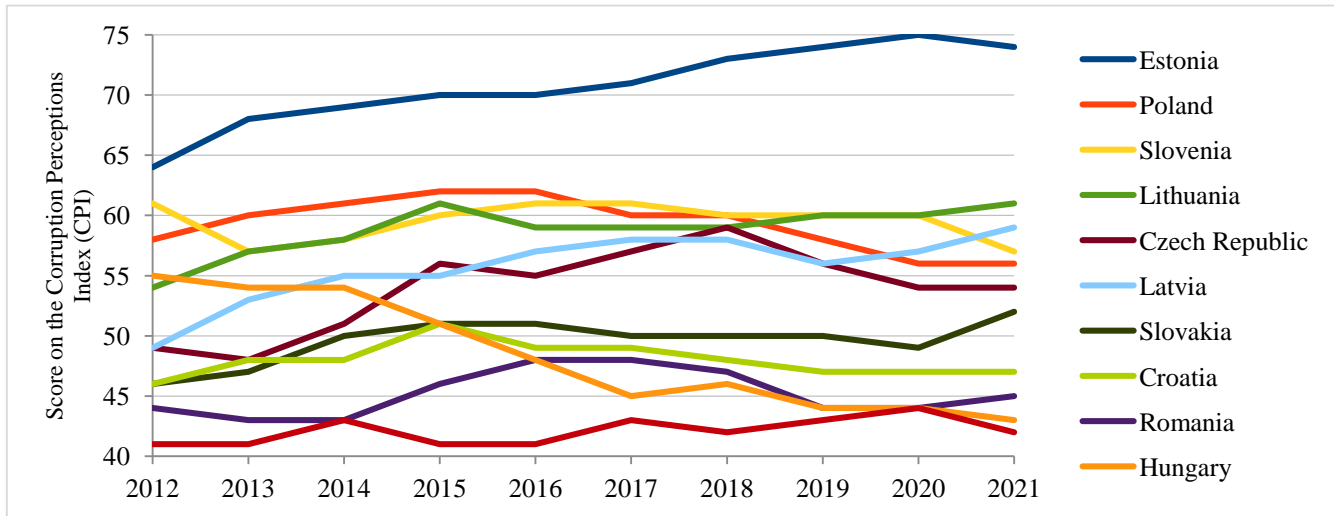
Source: TI Hungary calculations based on data from the 2012-2021 Corruption Perceptions Index reports.

Note: The higher the score, the better the corruption situation. The number in the last column indicates the difference in the CPI score of the given country in 2021 as compared to 2012. The ranking in the first column shows the relative order of the countries in the region, not the global.

<sup>5</sup> Transparency International Hungary: *Corruption, economic performance and the rule of law in Hungary – The results of the 2019 Corruption Perceptions Index* (<https://transparency.hu/wp-content/uploads/2020/02/Korrupci%C3%B3-gazdas%C3%A1g-vel%C3%ADtm%C3%A9ny-%C3%A9s-jog%C3%A1llamis%C3%A1g-Magyarorsz%C3%A1gon-CPI-2019-EN-I.pdf>)

<sup>6</sup> Transparency International Hungary: *Corruption in the shadow of the coronavirus epidemic in Hungary – the results of the 2020 Corruption Perceptions Index* ([https://transparency.hu/wp-content/uploads/2021/01/TI-Magyarorsz%C3%A1g-CPI-2020\\_jelentes.pdf](https://transparency.hu/wp-content/uploads/2021/01/TI-Magyarorsz%C3%A1g-CPI-2020_jelentes.pdf))

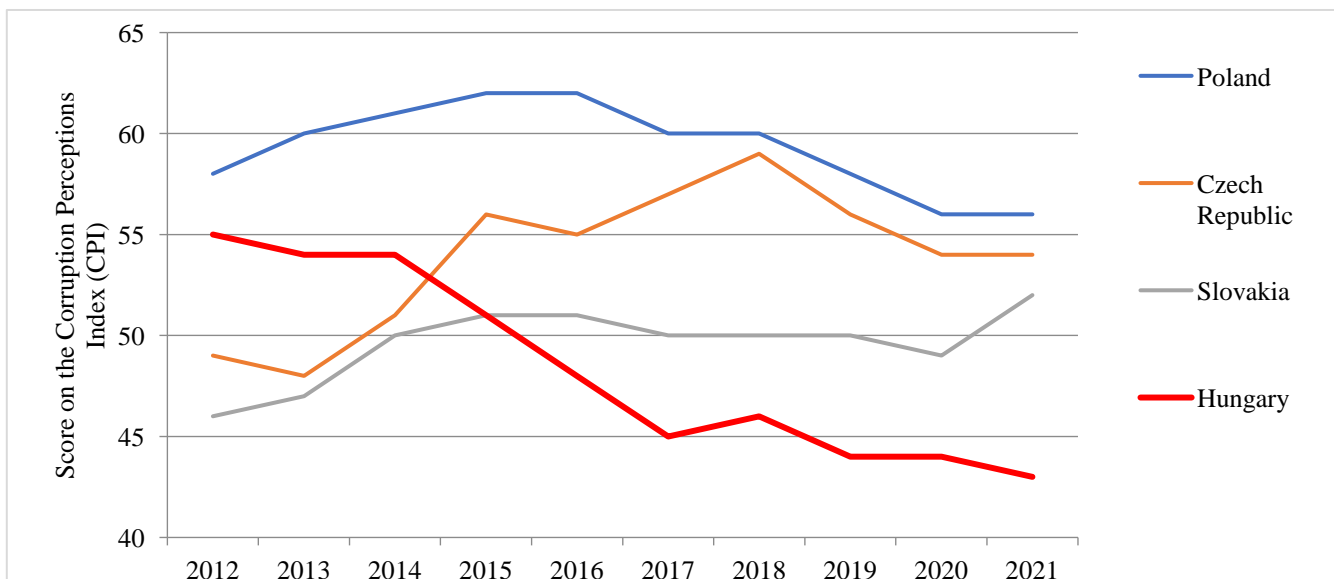
**Figure 1: CPI scores for Central and Eastern European countries between 2012 and 2021**



Source: TI Hungary calculations based on data from the 2012-2021 Corruption Perceptions Index reports.

The deterioration of Hungary is particularly striking among the Visegrád-countries, as it finished in the last place in this group for the sixth time in a row in 2021 (see Figure 2). While the scores of Poland and Czechia have stagnated, and Slovakia has improved by 3 points, Hungary has clearly lagged behind Central Europe with another one-point decline. Examining the decade-long development of the CPI scores of the Visegrád-countries, we find that Poland - which already produces better results than Hungary every year - recorded a two-point decline in performance in ten years, but this still far exceeds Hungary's results. Over the same period, Slovakia's score improved by 6 points, and that of Czechia by 5 points. Meanwhile, the perception of corruption in Hungary fell by 12 points after a ten-year steady decline, indicating a remarkably weak performance not only regionally but also globally.

**Figure 2: CPI scores of Visegrád-countries, 2012–2021**

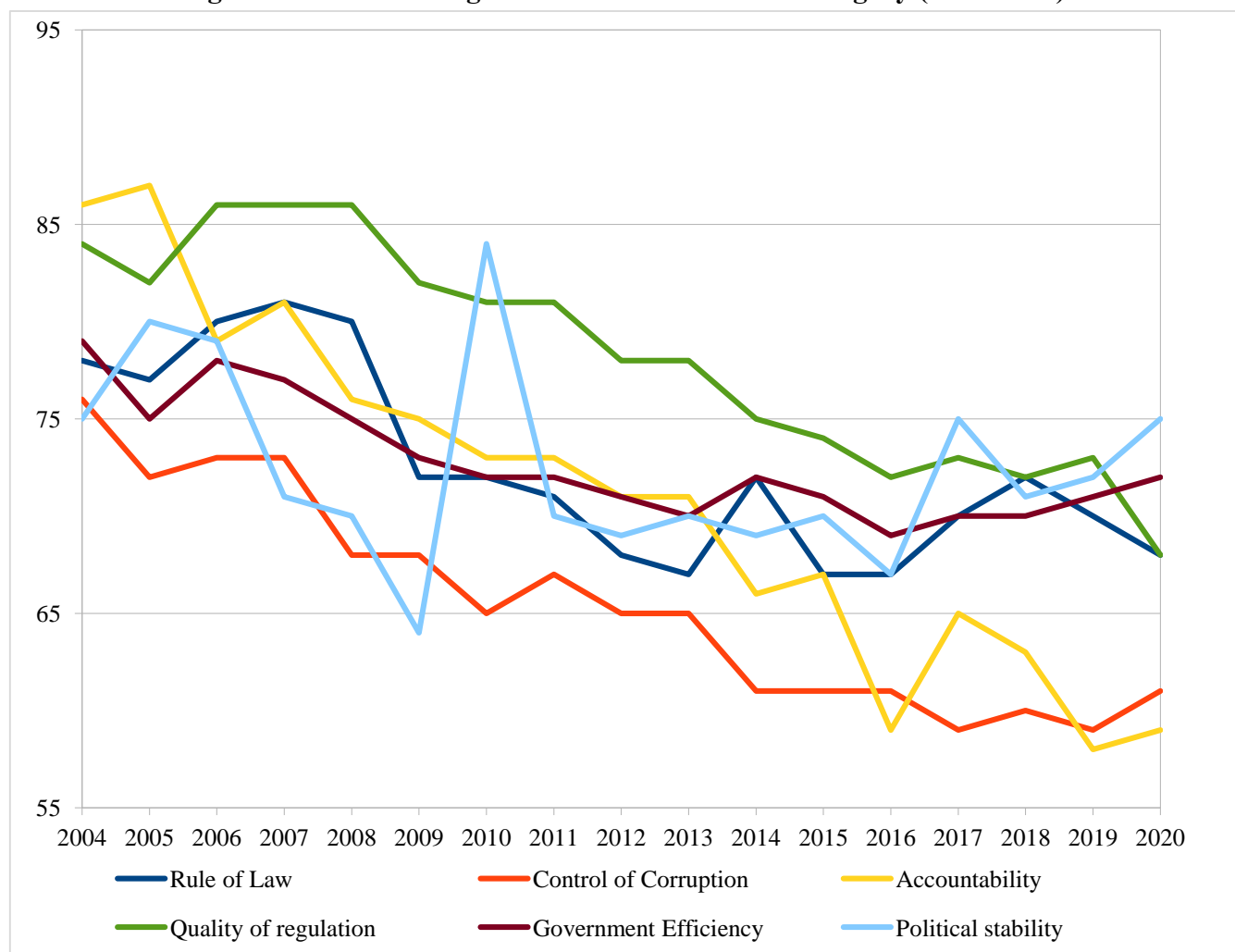


Source: TI Hungary calculations based on data from the 2012-2021 Corruption Perceptions Index reports.

### Weak governance indicators, deteriorating economic prospects

In addition to the CPI, the World Bank's Control of Corruption Indicator (CCI) also reports a trend-like deterioration in the corruption situation in Hungary (see Figure 3). The results of the indicator,<sup>7</sup> which is methodologically close to the Corruption Perceptions Index and is based on the evaluations of business people and experts, also show that the Hungarian state's ability to prevent corruption and the accountability of public decision makers has significantly weakened for more than a decade and a half. The latest (2020) score of 61 points is the worst in the narrower region, as the World Bank rated the ability to curb corruption at 73 points in Poland, 71 in Czechia and 66 in Slovakia (the higher the score, the more effective the state is in preventing corruption).

**Figure 3: World Bank governance indicators for Hungary (2014-2020)**

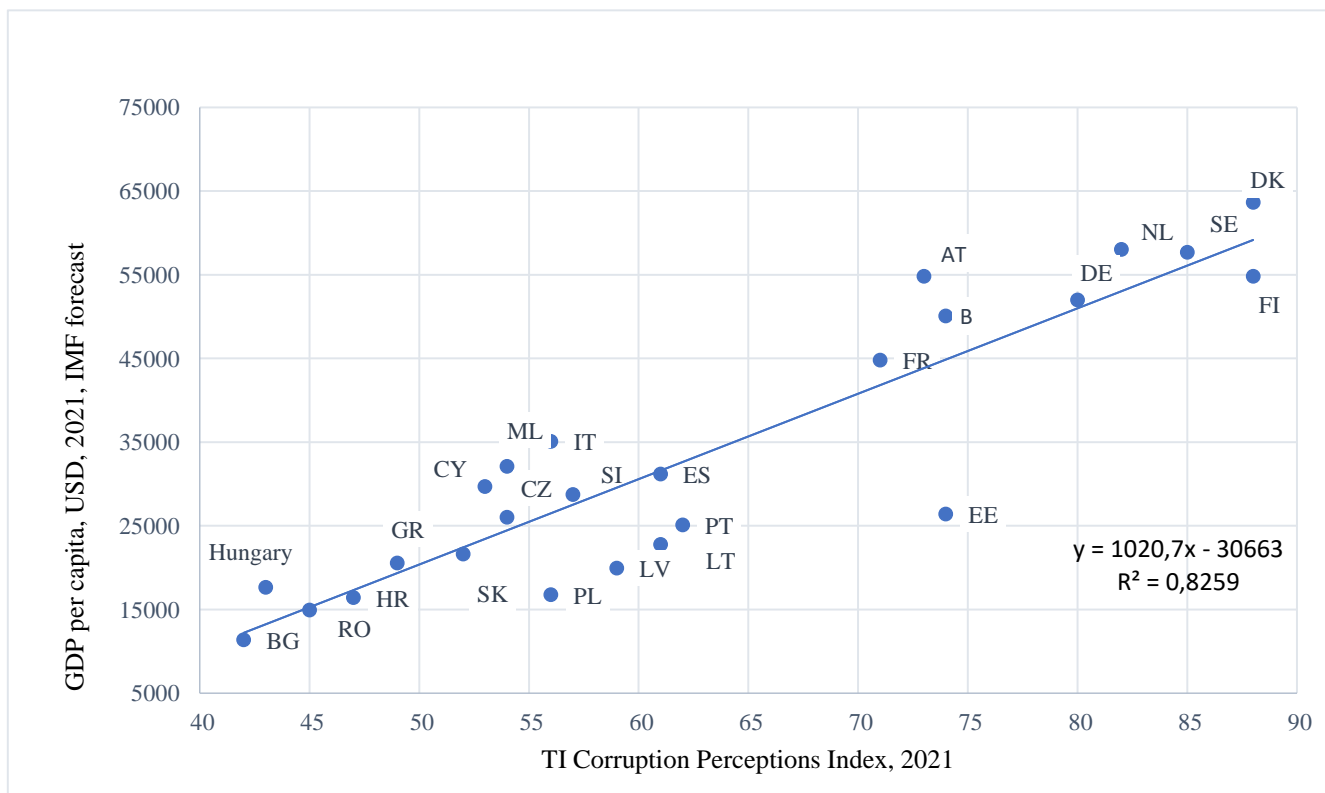


Source: World Bank, Worldwide Governance Indicators (WGI)

<sup>7</sup> See data and methodology here: <http://info.worldbank.org/governance/wgi/>. Previous calculations have shown that the correlation between CPI and CCI is very high every year. See for example Susan Rose-Ackermann – Bonnie Palifka (2016): *Corruption and Governance*, Cambridge University Press. Page 16. According to this, the correlation coefficient is regularly greater than 0.9.

The correlation between economic performance in terms of GDP per capita and the TI Corruption Perceptions Index continued to be very strong in the European Union in 2021 (see Figure 4). Hungary is stuck in the lower house of the EU, i.e., among the Member States heavily infected with corruption but with a low national income, despite significant economic growth in the seven years before the coronavirus epidemic. GDP per capita increased from USD 12,903 to USD 16,470 between 2012 and 2019; it then dropped to USD 15,373 in 2020 and rose to USD 17,645 in 2021.<sup>8</sup>

**Figure 4: Corruption and GDP per capita in the European Union**



Source: Transparency International, World Bank

Note: an  $R^2$  of 0.83 means that there is a close relationship between the two variables. In other words, there is a significant positive link between corruption and national income in the European Union: the less corrupt a country is, the higher its GDP per capita. Of the EU Member States, Luxembourg (USD 126,000 GDP per capita) was excluded due to the country's special situation and Ireland (USD 90,000 GDP per capita) was excluded for technical reasons due to the different clearance of national accounts from other Member States.

The domestic economic prospects - not independent of the fact that corruption continued to increase - deteriorated significantly compared to the years before the outbreak of the coronavirus epidemic. In recent months, high budget deficits and rising inflation have threatened to destabilize the economy. Last December, (year-on-year) inflation stood at a fourteen-year high of 7.4 percent.<sup>9</sup> In addition to external causes and the depreciation of the HUF exchange rate, one of the reasons for this is the budgetary handouts well-known from the history of Hungarian economy. Tight fiscal policy between 2013 and 2019

<sup>8</sup> [https://www.imf.org/en/Publications/WEO/weo-database/2020/October/select-  
subjects?c=914,913,963,918,960,944,967,921,943,962,964,968,922,942,186,926](https://www.imf.org/en/Publications/WEO/weo-database/2020/October/select-subjects?c=914,913,963,918,960,944,967,921,943,962,964,968,922,942,186,926)

<sup>9</sup> <https://mfor.hu/cikk/makro/14-eves-csucsoson-az-inflacio.html>



is now a thing of the past. Using the coronavirus epidemic as an excuse, the budget deficit (which was 7.7 percent in 2021) has inflated, largely due to the expansion of public investments for political purposes and for the enrichment of cronies, as well as election spending.<sup>10</sup> The level of national debt has reached a 25-year high as well.<sup>11</sup>

### **World map of corruption**

For many years, the same countries have been at the forefront of the CPI's global rankings - the Scandinavian countries, for example, are at the top every year.<sup>12</sup> In 2021, Denmark (88), Finland (88) and New Zealand (88), Norway (85), Sweden (85), Singapore (85) and Switzerland (84) were at the forefront. As TI Hungary has pointed out on several occasions - with the sole exception of Singapore, which can be considered an “enlightened autocracy” -, countries that are at the forefront of the Corruption Perceptions Index are mature democracies where state power functions impartially, governments respect the rule of law and, in general, serve to promote the common good. Therefore, the fight against corruption in these countries is mostly successful, laying the foundations for world-class prosperity. Of course, corruption is not unknown in the top-rated countries either, and there are even examples of serious abuses. The fundamental difference is that governments in these countries pursue and seek to curb corruption rather than treat it as a method of governance.

The members of the G7 group of countries that play a key role in the world economy, are also all in the top fifth of Transparency International's global rankings, except for Italy (56). Business people and experts surveyed rate the corruption exposure in Germany (80), the United Kingdom (78), Canada (74), Japan (73), France (71) and the United States (67) as relatively low.

At the same time, it is clear that the perception of the anti-corruption performance of global superpower United States deteriorated significantly during Donald Trump's presidency. The US scored 75 points in the global rankings in 2017, ranking 16<sup>th</sup> in the world survey, then deteriorated by 4 points and six places in a single year, followed by a further 4-point decline until 2020. In 2020, the United States was only ranked 25<sup>th</sup> in the Corruption Perceptions Index, while in 2021, with a score of 67 still, it sank to the 27<sup>th</sup> place in the global corruption rankings, a further two places lower than previously: it fell by 8 points and 11 places in four years.

At the bottom of the 2021 CPI list are Libya (17), Afghanistan (16), North Korea (16), Yemen (16), Venezuela (14), Somalia (13), Syria (13), and South Sudan (11). The more than 25-year history of the Corruption Perceptions Index shows that these countries, with their long-standing poor performance, are long-term occupants in the bottom of the corruption list. There is either dictatorship or anarchy in these countries, and the institutional system, if it exists at all, is unable or unwilling to promote public good, and at the same time corruption proves to be unstoppable.

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10 <https://24.hu/fn/gazdasag/2021/11/17/mnb-koltsegvetesi-hiany-harmadik-negyedev/>

11 <https://data.oecd.org/gga/general-government-deficit.htm>

12 Values in parentheses after the names of the countries listed below indicate that country's CPI score for 2021. A higher score means a lower level of corruption.

The Hungarian government, whose anti-corruption performance is considered one of the weakest in the European Union, also adds to the problem by linking the country to Russia and China in the long run with some investments, and - in the spirit of the so-called Eastern Opening policy - it is seeking arrangements with the successor states of the former Soviet Union in the Caucasus and Central Asia. These countries are placed on a scale ranging from autocracy to semi- or open dictatorships, and their governments' commitment to fight corruption is accordingly weak.

Russia, with which the Hungarian government maintains a particularly cordial relationship, ranked 136<sup>th</sup> in the Corruption Perceptions Index with a score of 29 out of the 180 countries surveyed worldwide in 2021.

Among the founding members of the Turkic Council, which was formed in 2009 and brings together Hungary's new friends, Azerbaijan finished 128<sup>th</sup> with a score of 30, Kazakhstan 102<sup>nd</sup> with a score of 37, Kyrgyzstan 144<sup>th</sup> with a score of 27, Turkey 96<sup>th</sup> with a score of 38, while Uzbekistan was ranked 140<sup>th</sup> with a score of 28 in 2021. In addition to Hungary, Turkmenistan, which ranked 169<sup>th</sup> in the CPI survey last year with a score of 19, also received observer status in the Turkic Council. With its 73<sup>rd</sup> place, Hungary can be considered downright clean in this club.

It is interesting, however, that by 2021, another great friend of the Hungarian government, China, had surpassed not only the former Soviet Union countries, but also Hungary in the ranking of corruption. The East Asian country provided Hungary with more than HUF 1,000 billion in loans for the development of the railway line connecting Budapest with Belgrade and for the investment of Fudan University. Producing results between 36 and 40 points at the beginning of the 2010 decade, well behind Hungary, China scored 45 points on the CPI list last year and advanced to the 66<sup>th</sup> place, surpassing Hungary by seven places. However, the fact that China's ranking in the global corruption survey exceeds the performance of an increasingly weak Hungary does not mean that the Far Eastern country - with its 66<sup>th</sup> place in the world rankings - is becoming a model country in the fight against corruption and transparency. This is evidenced, among other things, by the fact that the most important details of the investment agreements concluded with Hungary have been classified.