

## **Hungary is the most corrupt Member State of the European Union according to Transparency International's 2022 Corruption Perceptions Index**

*Press release*

**Budapest, January 31, 2023. The world's most comprehensive corruption survey, the Corruption Perceptions Index (CPI), was compiled for the 28th time this year by the Berlin-based Secretariat of Transparency International (TI). In 2022, Hungary became the most corrupt member state of the European Union. This result can be attributed to the decade-long erosion of the rule of law, state capture and the development of systemic corruption, according to TI Hungary's Report, which was presented together with the CPI results on January 31 in Budapest.**

### *Hungary at the tail end of the EU*

According to the latest results of the Corruption Perceptions Index (CPI), the corruption situation in Hungary has further deteriorated: in 2022, Hungary scored 42 points on a scale from 0 (most corrupt) to 100 (least corrupt), ranking 77th out of 180 countries, down 1 point and 4 places compared to the previous year. This can be considered a medium performance globally, but within the European Union, Hungary has slipped to last place.

Hungary's results are significantly worse than those of the countries that are considered its direct regional competitors. Czechia and Slovenia, together with other European countries, reached 41<sup>st</sup> place with 56 points. Poland ranked 45<sup>th</sup> with 55 points, Slovakia 49<sup>th</sup> with 53 points, and Croatia 57<sup>th</sup> with 50 points in TI's corruption ranking.

Hungary's rear position in the European Union is the culmination of a process that has been going on for more than a decade, involving the erosion of the rule of law, state capture and the development of systemic corruption. While in 2012 Hungary was ranked 19<sup>th</sup> in the then EU-27, its performance deteriorated in a trend-like fashion, by 2019 and then 2021, only Bulgaria ranked lower. (In 2020, there was a three-way tie for last place between Hungary, Romania and Bulgaria). By 2022, Hungary has lost the minimal lead it had a year earlier against the poorest country of the EU: Bulgaria improved somewhat, while Hungary's position worsened. Overall, Hungary's ranking in the world corruption index has decreased the most in the last ten years. Due to the long lead time of the survey, the impact of the government measures to free up EU funds is not yet reflected in the latest CPI results just published.

### *Fighting corruption in the shadow of the war in Ukraine*

The Berlin-based Secretariat of Transparency International points to a clear link between the extent of corruption and threats to national security, based on the latest global CPI data.

"Corruption is making the world we live in a more dangerous place. Weak government action against corruption has also increased the risk of violence, putting citizens at risk. The only way out of the current situation is for governments to take up the fight against corruption, standing up to guarantee the well-being of society as a whole, not just a narrow elite," said Delia Ferreira Rubio, Chair of TI.

### *The rule of law will not be restored overnight*

In parallel with the presentation of the Corruption Perception Index, Transparency International Hungary (TI Hungary) also published its Annual Report on corruption, which comprehensively analyzes the state of the rule of law, public procurement and the use of EU funds, as well as the impact of corruption on economic performance.

Among the most significant developments in 2022 is the fact that for the first time in the history of the EU, the European Commission has launched a rule of law procedure against Hungary after the parliamentary elections in April, tying the availability of EU funds to conditions - states the section on the rule of law in TI Hungary's Report. This indicates that, after a decade, a change of attitude has taken place in the European Union, and neither the EU institutions nor the key Member States are standing idly by as infringements and systemic corruption occur in some Member States - primarily in Hungary and Poland. As of January 2023, under the rule of law mechanism, Hungary will not have access to 55 percent of the funds from the three operational programs for the 2021-2027 budget cycle, i.e. EUR 6.3 billion (about HUF 2,500 billion, almost 30 percent of the total cohesion funding), until it meets the 17 conditions ("milestones") set by the European Commission. The EU also tied the de-blocking of EUR 5.8 billion (approximately HUF 2,300 billion) of direct grant from the Recovery Fund (RRF) to a total of 27 so-called "super-conditions".

The Report states that the steps taken under EU pressure and designed to curb the misuse of EU funds can be considered the only serious anti-corruption measures of the NER (System of National Cooperation) period, even though the government's real aim is to obtain funds, not to restore the rule of law. According to TI Hungary, the package is not even suitable for the latter, since corruption permeates the state structure and abuses have become part of the system. State capture was already complete by the middle of the previous decade.

"If the Commission rigorously monitors the implementation of the new rules, misuse of EU funds can be expected to decrease in the future, but the institutional destruction of the last decade will not be undone and the rule of law will not be restored "in one fell swoop", said József Péter Martin, Executive Director of TI Hungary, presenting the CPI results and TI Hungary's Report.

### *Public procurement and the distribution of EU funds are hotbeds of corruption*

Although Hungary has been one of the largest beneficiaries of the EU budget, the inflow of money has not contributed to increased efficiency or economic activity measured by the number of businesses, inequalities have not decreased either, but corruption has increased. As the section on public procurement and the allocation of EU funds in TI Hungary's Report shows, the economic weight of public procurement in Hungary remains significant, while the system's exposure to corruption is high. The European Commission has repeatedly drawn attention to the high rate of single-bid tenders in public procurement, which significantly reduces the intensity of competition. The 35 percent rate of single-bid tenders in procurements above the EU threshold remains well above the EU target of 15 percent. The competitive conditions for obtaining public contracts are further worsened by the fact that the most important procurements are regularly exempted by the government from traditional public procurement procedures, for example on the pretext of the coronavirus epidemic, or for reasons of national security. Last year was no exception: concessions launched in previous years that went against EU legislation were closed, usually with winners close to the government (for example, two concessions for waste management and for the operation of freeways, both for 35 years).

*Hungary's economic performance is low by EU standards*

Hungary became the most corrupt country in the EU despite strong economic growth in the seven years leading up to the coronavirus epidemic, according to the chapter on economic trends in TI Hungary's Report. As in previous years, there remains a strong correlation between national income and corruption in the EU. Hungary is stuck in the EU's lower league of corruption-ridden Member States with low national income by EU standards, despite the fact that its gross domestic product (GDP) per capita increased by as much as 39 percent between 2013 and 2022. The main reasons why Hungary failed to improve its position among the EU countries are the destruction of the rule of law and systemic corruption.

According to the findings of the Report, several interrelated factors led to intensive investment activity in the Hungarian economy since 2016, not only in public but also in private investments, despite the destruction of the rule of law and systemic corruption (the investment paradox). The latter is a result of public funds allocated to crony businesses and oligarchs turning into private assets over time; the domestic economy has been characterized by years of resource abundance due to below-inflation borrowing rates; and the systemic overpricing of public procurement and EU resource distribution improved investment and growth statistics. Furthermore, it cannot be neglected that a significant number of economic actors have accommodated the disruption of the rule of law and systemic corruption since the second half of the last decade, accepting it as a kind of "new normal".

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### **About the Corruption Perception Index**

The Corruption Perceptions Index (CPI) is prepared by the Secretariat of Transparency International (TI) in Berlin based on 13 surveys and analyses performed by 12 organizations. They measure corruption in the public sector by surveying the opinion of experts and businessmen on the corruption exposure of the public institutional system, the economy and society. Corresponding data was available on 180 countries in 2022, and Hungary was assessed based on 10 different subfactors. 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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If you have any further questions about this press release, please contact Marcell Dénes Jávör at [marcell.denes.javor@transparency.hu](mailto:marcell.denes.javor@transparency.hu). The full TI Hungary Annual Report and Executive Summary are available on our website: [www.transparency.hu/en](http://www.transparency.hu/en)

## Tables and graphs

### Corruption Perception Index scores in the European Union, 2022

Ranking in the EU	Country	Score		Ranking in the EU	Country	Score	
1	Denmark	90	↑	15	Latvia	59	=
2	Finland	87	↓	16	Czechia	56	↑
3	Sweden	83	↓		Italy	56	=
4	Netherlands	80	↓		Slovenia	56	↓
5	Germany	79	↓	19	Poland	55	↓
6	Ireland	77	↑	20	Slovakia	53	↑
	Luxembourg	77	↓	21	Cyprus	52	↓
8	Estonia	74	=		Greece	52	↑
9	Belgium	73	=	23	Malta	51	↓
10	France	72	↑	24	Croatia	50	↑
11	Austria	71	↓	25	Romania	46	↑
12	Lithuania	62	↑	26	Bulgaria	43	↑
	Portugal	62	=	<b>27</b>	<b>Hungary</b>	<b>42</b>	<b>↓</b>
14	Spain	60	↓				

*Source:* TI Hungary calculations based on the Corruption Perceptions Index 2022. The column showing the ranking of countries shows the ranking within the European Union, not the global ranking, and the arrows indicate the direction of change relative to the country's score in the Corruption Perceptions Index in 2021.

## Corruption Perception Index scores in Central and Eastern Europe, 2012-2022

Ranking in the region	Country	CPI 2012	CPI 2013	CPI 2014	CPI 2015	CPI 2016	CPI 2017	CPI 2018	CPI 2019	CPI 2020	CPI 2021	CPI 2022	Change (2012→ 2021)
1	Estonia	64	68	69	70	70	71	73	74	75	74	74	+10 ↑
2	Lithuania	54	57	58	61	59	59	59	60	60	61	62	+8 ↑
3	Latvia	49	53	55	55	57	58	58	56	57	59	59	+10 ↑
4	Slovenia	61	57	58	60	61	61	60	60	60	57	56	-5 ↓
5	Czechia	49	48	51	56	55	57	59	56	54	54	56	+7 ↑
6	Poland	58	60	61	62	62	60	60	58	56	56	55	-3 ↓
7	Slovakia	46	47	50	51	51	50	50	50	49	52	53	+7 ↑
8	Croatia	46	48	48	51	49	49	48	47	47	47	50	+4 ↑
9	Romania	44	43	43	46	48	48	47	44	44	45	46	+2 ↑
10	Bulgaria	41	41	43	41	41	43	42	43	44	42	43	+2 ↑
11	Hungary	55	54	54	51	48	45	46	44	44	43	42	-13 ↓

*Source:* TI Hungary calculations based on the Corruption Perceptions Index 2012-2022

*Note:* The higher the score, the better the perception of corruption. The number in the last column represents the difference between the country's score in the Corruption Perceptions Index in 2012 and 2022. The ranking in the first column shows the relative - not global - ranking of countries in the region.