



Government Defence
Integrity Index



2020

Country Brief:

HUNGARY



HUNGARY

Since taking power in 2010, Prime Minister Viktor Orbán and his Alliance of Young Democrats-Hungarian Civic Union (Fidesz) party, have overseen a continued dismantling of the country's democratic institutions.¹ This “stunning democratic breakdown” has led the country to no longer be classified as a democracy by the NGO Freedom House.² The consolidation of power by Fidesz has led to the gradual side-lining of opposition parties in Parliament, decreasing space for civil society organisations, and an assault on media freedoms, all enforced by constitutional and legal changes that have enabled the capture of Hungary's independent institutions by the ruling party.³ In parallel has come a remarkable increase in militarisation. In response to job losses induced by the 2020 COVID-19 pandemic, a 3000 strong military reserve unit has been established.⁴

Member of Open Government Partnership	No
UN Convention Against Corruption	Ratified in 2005
Arms Trade Treaty	Ratified in 2014

The pandemic has also seen security forces assume ever expanding roles, with police and military officials chairing daily press conferences, military commanders heading major hospitals and advisers deployed to key private sector companies, albeit in a transitory capacity.⁵ In part due to NATO spending targets, the government has also announced a military modernisation programme for the next decade worth 8.5 billion euros. This has raised fears that Orbán is consolidating power by ‘buying’ the silence of Western powers on Hungary's democratic backsliding through the purchase of large amounts of military hardware from these countries.⁶ The consolidation of power and surge in defence spending raises serious concerns about corruption risks within Hungary's defence architecture. Without effective oversight measures, political plurality in the decision-making process and financial transparency, there is a risk of vast amounts of public funds being spent for private or political gain.

Central and Eastern Europe Overview

As Central and Eastern European states become increasingly integrated with the EU and NATO through membership and partnerships, they are poised to play a key role in the continent's future, and in particular its security and defence decisions. Nevertheless, a combination of acute threat perceptions, rising defence budgets, and challenges to democratic institutions make states in Central and Eastern Europe and the Caucasus particularly vulnerable to setbacks in defence governance, which could threaten the progress made over the past decades. Already, authoritarian governments, particularly in the Western Balkans and Central Europe, have overseen significant democratic backsliding that has undermined the quality of defence governance and heightened corruption risk in the sector. Continuing and frozen conflicts in Ukraine, Moldova, Armenia and Azerbaijan, combined with Russian attempts to exert influence over the region through electoral interference, disinformation and corruption, contribute

to a delicate security situation in a strategically critical region. This will test the quality of defence governance across the region, which though fairly robust, has persistent gaps and deficiencies that need addressing. Weak parliamentary oversight and increasing alignment between the executive and legislature is undermining the quality of external scrutiny, while procurement continues to be shrouded in secrecy and exempted from standard contracting and reporting procedures. Equally, access to information and whistleblower protection systems are increasingly coming under threat and anti-corruption remains poorly integrated into military operations.



¹ Laurenz Gehrke, 'Hungary No Longer a Democracy', *Politico.eu*, 5 June 2020.

² Freedom House, *Nations in Transit 2020: Dropping the Democratic Façade*, (Freedom House: Washington DC), 2020; see also, TI Hungary, *Corruption Risks in Hungary 2011: National Integrity Study* (TI Hungary: Budapest), 2012.

³ Freedom House, 'Hungary Country Report', 2020.

⁴ Edit Inotai, 'Hungarian 'Militarisation' Under Orbán Stirs Concern', *Balkan Insight*, 29 July 2020.

⁵ Inotai, 'Hungarian Militarisation'.

⁶ Inotai, 'Hungarian Militarisation'.

HUNGARY

Overall scores

The size of the colour band corresponds to number of countries that fall into that category.

HUNGARY SCORE
HIGH RISK

D

41



A > 83-100 VERY LOW

B > 67-82 LOW

C > 50-66 MODERATE

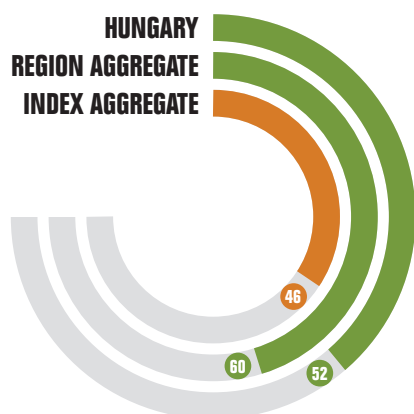
D > 33-49 HIGH

E > 17-32 VERY HIGH

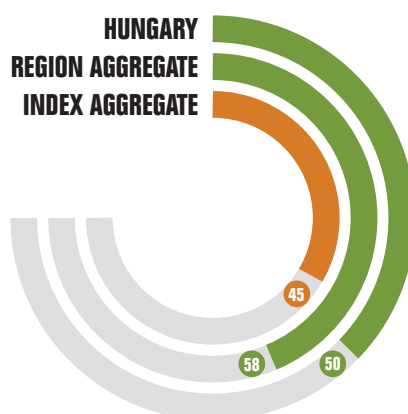
F > 0-16 CRITICAL

Risk Comparison

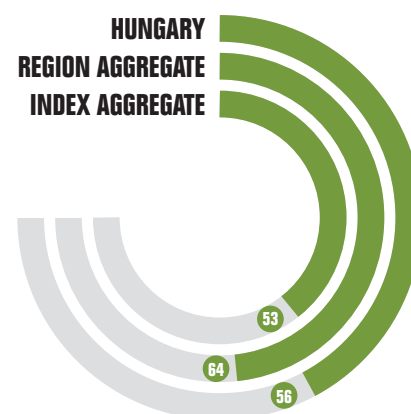
POLITICAL



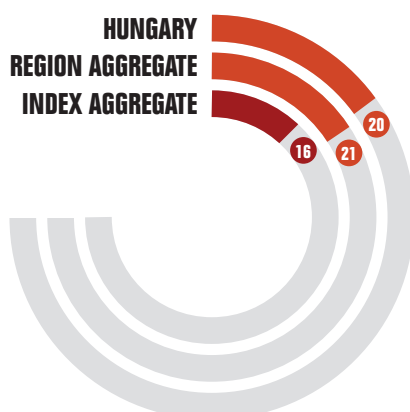
FINANCIAL



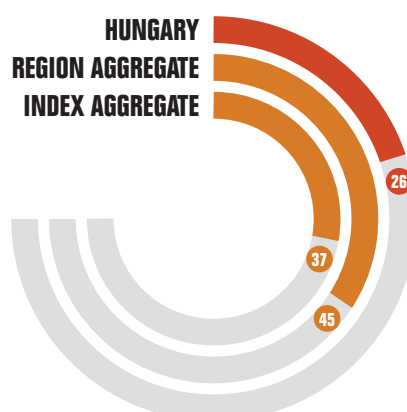
PERSONNEL



OPERATIONAL



PROCUREMENT



HUNGARY

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	57/100
Military expenditure as share of government spending (SIPRI, 2020)	3.1%
Committee members with defence expertise (%)	0% (0 of 9)
# of meetings/year	15 (2019); 15 (2018); No data (2017)
Last review of defence policy/strategy	2020 (National Security Strategy)

Parliament's ability to independently scrutinise the executive has been progressively curtailed over the past decade. The Fidesz party holds a supermajority, meaning that the executive can push through any legislation it chooses without the opposition being able to stop it.⁷ It has also enacted legislation that prevents opposition politicians from entering public buildings without a permit and restricts their ability to occupy the lectern.⁸ This culminated in a 2020 law, in place between March and June, which effectively allowed the Orbán government to rule by decree, side-lining Parliament and any pretence of democratic governance in the process.⁹ The near-complete erosion of parliamentary oversight is particularly visible in the defence sector. Orbán's influence over the legislature means that defence issues are rarely debated and legislation is pushed through with little discussion.¹⁰ The parliamentary Defence Committee also has no formal rights to scrutinise key areas of defence, including the budget, personnel management or arms acquisitions, significantly limiting its influence over key areas of defence policy.¹¹ Meeting minutes reveal that oversight over defence policy is minimal, with the committee consistently aligning itself with the executive, and opposition members' inputs having little effect.¹² Furthermore, no long-term investigations or inquiries have been conducted by the committee over the past five years, despite some attempts from opposition members that were suppressed by the majority.¹³ Weaknesses in financial auditing practices in defence also undermine oversight of the sector. Internal auditing is exercised by an audit department in the Ministry of Defence (MoD), however there is no record of it releasing any reports or of it working with Parliament or the external audit unit to share findings. External auditing is the remit of the State Audit Office (SAO). While the SAO is technically independent, its leadership is elected by the government and it is currently headed by a Fidesz MP.¹⁴ Moreover, the SAO has not conducted a complete audit of the MoD since 2009 and there are few publicly available defence audit reports.¹⁵

Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: Data is not publicly available. (2) # subject to backlog: Data is not publicly available.
Defence-related complaints to ombudsman/commissioner #	Data is not publicly available.
Does the commissioner have authority over the MoD?	Yes, although access to sensitive information is restricted by law
Audit reports on defence (2018-2020) #	None
Open Budget Index (IBP, 2019)	45/100
World Press Freedom Index (RSF, 2021)	92nd out of 180

Government transparency and access to information have been continually undermined since 2012, with 2015-2016 standing out as a particular milestone. That year, emergency legislation was passed by the authorities that allowed government institutions to charge the requester for information provided.¹⁶ Five years later, this has still not been repealed. Similarly, as part of emergency measures to tackle the COVID-19 pandemic in 2020, the government extended the deadline for responding to information requests from 15 to 45 days,¹⁷ although this was repealed in June 2020.¹⁸ This is the latest development in the overall steady dismantling of the right to access information, with the Press Freedom Index now ranking Hungary bottom amongst EU members.¹⁹ In the defence sector, this translates into a system of access to information that is unfit for purpose. The legal framework is vague and incomplete, failing to describe what information is available, allowing the government to abuse classification clauses to reject requests. There is an appeal process, as outlined in ACT CXII of 2011,²⁰ but it is purposely lengthy and expensive, meaning it is rarely worth pursuing for NGOs and journalists, who need to use these channels for even the most basic defence data, as the information published by the government is so limited. Many aspects of the defence budget are classified, and only basic, administrative spending is detailed.²¹ Classified spending is also believed to have increased in recent years, although the lack of budget transparency makes it difficult to measure. The 2018 acquisition of planes by the military in complete secrecy and for questionable purposes point to significant issues surrounding transparent financial management.²² Though the State Treasury publishes monthly reports on actual defence spending,²³ this information is limited in a couple of ways. Firstly, there are very few explanations provided for lines of expenditure and the information is only partially disaggregated; and secondly, variations between actual spending and the original budget are not explained, reducing spending accountability in the process.

⁷ Vlagyiszlav Makszimov, 'Fidesz Majority in Parliament Secured', *Euractiv*, 12 October 2020.

⁸ Freedom House, 'Hungary', Section C1.

⁹ Freedom House, *Nations in Transit*, p. 2.

¹⁰ HVG, 'Fideszians Voted to Not Discuss Sensitive Defence Issues with Embarrassing Predictability', 25 October 2018.

¹¹ National Assembly, 'On the Functioning of the Parliamentary Committees'.

¹² National Assembly, 'Defence and Law Enforcement Committee – Minutes'.

¹³ HVG, 'Fideszians Voted'.

¹⁴ TASZ, 'Our Resolution on the Sanctions of the State Audit Office on Opposition Parties', 17 January 2018.

¹⁵ State Audit Office, 'Reports'.

¹⁶ Access Info Europe, 'Access Info Condemns Sabotage of Hungarian FOI Law', *Access-Info*, 1 July 2015.

¹⁷ Akos Keller-Ant, 'Freedom of Information Curbs Alarm Rights Activists in Hungary', *Balkan Insight*, 13 May 2020.

¹⁸ Petra Lea Lános, 'Data Protection and Freedom of Information in Hungary: The Latest Casualties of COVID-19?', *Blog Droit Europeen*, 9 July 2020.

¹⁹ RSF, 'Hungary'.

²⁰ National Assembly, 'ACT CXII of 2011 on the Right of Informational Self-Determination and on Freedom of Information', 2011.

²¹ National Assembly, 'Central Budget of Hungary 2020'.

²² Peter Bohus, 'You Don't Have to be Afraid to Buy a Steering Wheel', *Index Hungary*, 8 August 2018.

²³ State Treasury, 'Chapter Revenue and Expenditure'.

HUNGARY

Personnel Ethics Framework

Whistleblowing legislation	Law on Complaints and Public Interest Reports (2013)
# defence-sector whistleblower cases	Data is not publicly available
# Code of conduct violations	Military: Data is not publicly available
	Civilian: Data is not publicly available
Financial disclosure system	# submitted: Data is not publicly available
	# of violations: Data is not publicly available

Though defence personnel management processes are formalised and generally effective, they are often lacking in an anti-corruption focus. Codes of conduct are in place for both civilian²⁴ and military personnel, but the military code is vague and does not contain specific reference to corruption.²⁵ The enforcement of ethics and anti-corruption rules can also be irregular. In 2010, the Military Prosecutor's Office was put under the authority of the Office of the Prosecutor General, which opened the way for political influence in the handling of military justice, as the Prosecutor General is a former member of Fidesz.²⁶ In parallel, there is no evidence that personnel receive anti-corruption training, either as part of their induction or throughout their careers. The lack of emphasis on corruption issues includes whistleblowing. While Hungary has legislation dedicated to the protection of whistleblowers that was passed in 2014,²⁷ concerns have been raised as to the narrow scope of the law and how it is insufficient to provide the necessary protection to whistleblowers.²⁸ Moreover, within the armed forces, there remains a strong culture of opposition to whistleblowing, which is not covered in any of the trainings troops receive. The Ministry of Defence has created a Department on Controlling and Integrity Development that is tasked with processing claims, however they have not received a single email, as most personnel are either unaware that the system exists or wary of its effectiveness. Personnel interviewed as part of the GDI Hungary country assessment raised concerns that the system would not protect them should they rely on it, with most stating their lack of trust in it. The 2019 EU Directive on Whistleblowing²⁹ may prompt a re-think of whistleblower legislation in Hungary and could lead to improvements in whistleblower protection, although for now Hungary has not begun transposing it into legislation. However, the directive itself has been criticised for its numerous loopholes³⁰ and the leeway it grants to national authorities with regards to application in the defence and security sector.³¹

Operations

Total armed forces personnel (World Bank, 2018)	40,000
Troops deployed on operations #	397 in Kosovo (NATO KFOR)

Hungary currently commits 397 troops to the NATO mission in Kosovo.³² At the end of 2019, Foreign Minister Szijjártó committed to increasing this contribution to NATO operations to 669, including 500 in Kosovo alone, underlining Hungary's growing role as a prominent security force in the Western Balkans.³³ Given Hungarian participation in multilateral operations, combined with the role of its military in the COVID response and to control migration routes,³⁴ effective anti-corruption safeguards are important to mitigating corruption risk during military operations. However, as things stand, corruption risk is critical. Key strategic military documents, including the military doctrine, do not refer to corruption as a strategic issue for the success of operations.³⁵ Forward planning of operations does not systematically cover corruption risks or provide anti-corruption training. Anti-corruption training is also not included as part of pre-deployment packages. Hungary does not have experts trained to monitor corruption on missions and there are no general regulations or guidance for the armed forces on how to monitor, evaluate and report corruption risks during deployments.

²⁴ Hungary, 'Code of Conduct for Government Officials', 2017.

²⁵ Ministry of Defence, 'Military Code of Ethics', 2014.

²⁶ Baksa Roland, 'Péter Pólt's wife, who earned five million, also included Pólt's daughter in the central bank', 24.hu, 25 May 2017.

²⁷ National Assembly, *Law on Complaints and Public Interest Reports*.

²⁸ TI Hungary, *Contributions of Hungarian NGOs to the European Commission's Rule of Law Report*, May 2020, p. 25.

²⁹ European Commission, 'Country Report Hungary'.

³⁰ Transparency International, 'A Vital Chance for Whistleblower Protection', 22 June 2020.

³¹ European Commission, 'Country Report Hungary', art. 3, p. 35.

³² About Hungary, 'FM: Hungary will Increase Number of Troops Serving in NATO Missions by a Third' *About Hungary*, 21 November 2019.

³³ About Hungary, 'FM: Hungary'.

³⁴ Hungarian Helsinki Committee, 'Deployment of Military Forces as a Response to the Pandemic', 28 May 2021.

³⁵ Republic of Hungary, 'National Military Strategy'.

HUNGARY

Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	2463
Open competition in defence procurement (%)	Data is not publicly available.
Main defence exports – to (SIPRI, 2016-20)	N/A
Main defence imports – from (SIPRI, 2016-20)	Germany, France, Sweden, Czechia, Turkey

The European Commission has frequently singled out Hungarian public procurement as requiring “significant improvement”, with its tendency to single source and weakness of oversight bodies exposing it to “corrupt practices.”³⁶ Hungary’s defence ministry is the only government portfolio that did not see its budget cut for 2021, instead receiving a 30% increase in funding to 2.2 billion euros, including the acquisition of military hardware such as helicopters, tanks and missile defence systems.³⁷ Whilst many agree that Hungary’s defence materiel required upgrading, questions persist around the total lack of transparency and clarity as to the purpose of these purchases. Fundamentally, procurement oversight and planning mechanisms are weak and ineffective. Hungary’s acquisition planning process is confidential, with the public Zrinyi 2026 plan containing only conceptual ideas with very few details.³⁸ This makes it impossible to ascertain if requirements derive from a military strategy, which itself is

exceedingly vague.³⁹ Moreover, oversight of procurement procedures is virtually nonexistent and the process is highly secretive. In theory, oversight is ensured by the State Audit Office and Procurement Authority.⁴⁰ However their remit covers only open competition procedures, which make up only a small fraction of Hungary’s total defence acquisitions. The majority of defence procurement is conducted through non-competitive procedures, such as direct awards or single-sourcing, which are highly secretive and not subject to any oversight. Generally, only minor purchases are made public, with larger deals classified by state secrecy clauses, raising significant corruption risks in large acquisitions.⁴¹ In fact, transparency and oversight are so limited in the defence procurement cycle that one former member of the parliament’s defence committee has highlighted how it is conducted “in an absolutely non-transparent manner.”⁴²

³⁶ European Commission, ‘Country Report Hungary 2020’, *Commission Staff Working Document*, 26 February 2020, p. 42.

³⁷ Inotai, ‘Hungarian Militarisation’.

³⁸ Government of Hungary, ‘Zrinyi 2026 Plan’, 2016.

³⁹ Government of Hungary, ‘National Military Strategy’.

⁴⁰ Public Procurement Authority of Hungary

⁴¹ See Ministry of Defence, ‘Military Procurement Plan’.

⁴² Agnes Vadai, a former secretary of state and current member of the Hungarian parliament’s defence committee from the opposition Democratic Coalition. Quoted in, Inotai, ‘Hungarian Militarisation’.

Version 1.0, October 2021

GDI data collection for **Hungary** was conducted July 2018 to May 2019. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.

HUNGARY

2020 GDI Scorecard

		Grade	Score
Political Risk		C	52
Q1	Legislative Scrutiny	D	42
Q2	Defence Committee	F	15
Q3	Defence Policy Debate	E	19
Q4	CSO Engagement	E	17
Q5	Conventions: UNCAC / OECD	A	100
Q6	Public Debate	D	38
Q7	Anticorruption Policy	C	63
Q8	Compliance and Ethics Units	C	50
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	C	50
Q11	Acquisition Planning	E	17
Q12	Budget Transparency & Detail	A	88
Q13	Budget Scrutiny	B	75
Q14	Budget Availability	C	50
Q15	Defence Income	B	75
Q16	Internal Audit	D	33
Q17	External Audit	D	44
Q18	Natural Resources	A	100
Q19	Organised Crime Links	C	63
Q20	Organised Crime Policing	A	83
Q21	Intelligence Services Oversight	B	75
Q22	Intelligence Services Recruitment	E	25
Q23	Export Controls (ATT)	B	67
Q76	Lobbying	F	0
Financial Risk		D	50
Q24	Asset Disposal Controls	B	67
Q25	Asset Disposal Scrutiny	E	25
Q26	Secret Spending	F	0
Q27	Legislative Access to Information	E	25
Q28	Secret Program Auditing	B	75
Q29	Off-budget Spending	B	67
Q30	Access to Information	E	25
Q31	Beneficial Ownership	C	50
Q32	Military-Owned Business Scrutiny	C	50
Q33	Unauthorised Private Enterprise	A	100
Q77	Defence Spending	C	63
Personnel Risk		C	56
Q34	Public Commitment to Integrity	F	8
Q35	Disciplinary Measures for Personnel	B	75
Q36	Whistleblowing	E	25
Q37	High-risk Positions	D	33
Q38	Numbers of Personnel	E	25
Q39	Pay Rates and Allowances	A	100
Q40	Payment System	A	100
Q41	Objective Appointments	C	50
Q42	Objective Promotions	C	50
Q43	Bribery to Avoid Conscription	NA	
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	A	100
Q46	Military Code of Conduct	D	38

OVERALL COUNTRY SCORE

HIGH RISK



RISK GRADE

A • 83-100 VERY LOW
B • 67-82 LOW
C • 50-66 MODERATE
D • 33-49 HIGH
E • 17-32 VERY HIGH
F • 0-16 CRITICAL



		Grade	Score
Personnel Risk		C	56
Q47	Civilian Code of Conduct	A	88
Q48	Anticorruption Training	F	0
Q49	Corruption Prosecutions	D	42
Q50	Facilitation Payments	B	67
Operational Risk		E	20
Q51	Military Doctrine	F	0
Q52	Operational Training	E	25
Q53	Forward Planning	C	50
Q54	Corruption Monitoring in Operations	F	0
Q55	Controls in Contracting	E	25
Q56	Private Military Contractors	NS	
Procurement Risk		E	26
Q57	Procurement Legislation	E	25
Q58	Procurement Cycle	D	42
Q59	Procurement Oversight Mechanisms	F	0
Q60	Potential Purchases Disclosed	F	0
Q61	Actual Purchases Disclosed	F	13
Q62	Business Compliance Standards	F	0
Q63	Procurement Requirements	E	17
Q64	Competition in Procurement	E	25
Q65	Tender Board Controls	F	6
Q66	Anti-Collusion Controls	D	38
Q67	Contract Award / Delivery	E	25
Q68	Complaint Mechanisms	D	42
Q69	Supplier Sanctions	B	67
Q70	Offset Contracts	A	100
Q71	Offset Contract Monitoring	NA	
Q72	Offset Competition	NA	
Q73	Agents and Intermediaries	E	25
Q74	Financing Packages	F	0
Q75	Political Pressure in Acquisitions	NS	

KEY

NEI Not enough information to score indicator
NS Indicator is not scored for any country
NA Not applicable



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GDI@transparency.org

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Series editor: **Stephanie Trapnell**, *Senior Advisor*

Author: **Matthew Steadman**, *Research Officer*

Project Manager: **Michael Ofori-Mensah**, *Head of Research*

Design: **Arnold and Pearn**



Foreign, Commonwealth
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