

Hungary

2015 Country Summary

Recommendations

Hungary's GI ranking in Band C places it in the moderate risk category for corruption in the defence and security sector. Hungary scored higher for Personnel Risk, which scores in Band B (low risk of corruption). The highest risk area is Procurement, which fell in Band D (high risk of corruption).

Parliamentary oversight

While the parliamentary Defence and Law Enforcement Committee has ample provisions for effective oversight, its ability to provide effective scrutiny is in doubt. The Committee has the right to review and approve exemptions from procurement law in defence acquisitions, but the exemptions (totalling 55 billion HUF since 2010) have been criticised (including by one of the Committee members) as mostly unjustified. The Committee met rarely in 2014 and its supervisory and control sub-committee has only been called together six times since 2010. The defence budget lacks detail and transparency, and it is unclear whether parliament receives information on intelligence spending. There have been concerns about the ruling party's unwillingness to work with opposition parties which has significantly weakened oversight. The parliament as a whole and the Defence and Law Enforcement Committee should build on existing prerogatives to address shortcomings in oversight as a matter of urgency.

Procurement

The Hungarian legislation is in compliance with EU standards. However, the possibility to exempt procurement decisions from the provisions of the legislation appears to be routinely abused and lacking robust oversight; in some cases, such as a recent helicopter procurement, there is no evidence that correct procedures have been followed to obtain exemptions. A government decree suspending the application of the national security exemption has recently been adopted, but its coming into force was preceded by a wave of classifications and its effectiveness remains unknown. We recommend a review of the application of the national security exemption and stringent application of acquisition processes to ensure effective allocation of resources.

Operations

The Hungarian National Military Strategy suggests that the armed forces take pride in their operational experience in international missions. It also recognises that the armed forces might be called upon to perform stabilisation and reconstruction tasks in challenging environments. This is a step in the right direction, supported by some - although not systematic - training. The government could build on that by analysing and acknowledging

the impact of corrupt practices on stabilisation and reconstruction, and putting in place a detailed doctrine and in-depth training to prepare operational commanders and troops for risks that corruption could pose in theatre.

Anti-corruption training

The government has recently launched anti-corruption training for public officials, in association with the European Union and the NATO Building Integrity Programme. At the MOD, the number of staff trained rose from 13 in 2013 to 83 in 2014. The challenge is to build on and sustain the momentum. We recommend that training capacity is developed within the MOD and the armed forces, to ensure that it can be continued.

Scorecard

Political	Defence & Security Policy	Legislative Scrutiny	3
		Defence Committee	2
		Defence Policy Debated	3
		CSO Engagement	1
		International AC Instruments	3
		Public Debate	2
		AC Policy	2
		AC Institutions	2
		Public Trust	3
		Risk Assessments	2
	Defence budgets	Acquisition Planning	2
		Budget Transparency & Detail	2
		Budget Scrutiny	2
		Budget Publicly Available	1
		Defence Income	1
		Internal Audit	2
		External Audit	2
	Other Political Areas	Natural Resources	4
		Organised Crime Links	2
		Organised Crime Policing	2
Intelligence Services Oversight		3	
Intelligence Services Recruitment		1	
Export Controls		2	
Finance	Asset Disposals	Asset Disposal Controls	3
		Asset Disposal Scrutiny	3
	Secret Budgets	Percentage Secret Spending	0
		Legislative Access to Information	2
		Secret Program Auditing	0
		Off-budget Spending in Law	3
		Off-budget Spending in Practice	4
	Information Classification	2	
	Links to Business	Mil. Owned Businesses Exist	2
		Mil. Owned Business Scrutiny	1
Unauthorised Private Enterprise		2	

Personnel	Leadership	Public Commitment	3
		Measures for Corrupt Personnel	2
		Whistleblowing	2
		Special Attention to Sensitive Personnel	3
	Payroll and Recruitment	Numbers of Personnel Known	4
		Pay Rates Openly Published	4
		Well-established Payment System	4
		Objective Appointments	2
		Objective Promotions	2
	Conscription	Bribery to Avoid Compulsory Conscription	
		Bribery for Preferred Postings	
	Salary Chain	Ghost Soldiers	4
		Chains of Command and Payment	4
	Values, Standards, Other	Code of Conduct Coverage	2
		Code of Conduct Breaches Addressed	1
		AC Training	3
Prosecution Outcomes Transparent		2	
Facilitation Payments		2	
Operations	Controls in the Field	Military Doctrine	2
		Operational Training	2
		AC Monitoring	2
		Controls on Contracting	2
		Private Military Contractors	2
Procurement	Government Policy	Legislation	2
		Transparent Procurement Cycle	1
		Oversight Mechanisms	1
		Purchases Disclosed	3
		Standards Expected of Companies	2
	Capability Gap	Strategy Drives Requirements	2
		Requirements Quantified	2
	Tendering	Open Competition v. Single-Sourcing	2
		Tender Board Controls	2
		Anti-Collusion Controls	3
	Contract Delivery / Support	Procurement Staff Training	2
		Complaint Mechanisms for Firms	3
		Sanctions for Corruption	3
	Offsets	Due Diligence	1
		Transparency	0
		Competition Regulation	2
	Other	Controls of Agents	2
		Transparency of Financing Packages	2
		Subsidiaries / Sub-Contractors	0
Political Influence		2	