COMMISSION STAFF WORKING DOCUMENT

2023 Rule of Law Report
Country Chapter on the rule of law situation in Hungary

Accompanying the document


2023 Rule of Law Report

The rule of law situation in the European Union
ABSTRACT

Legislative reforms have been adopted, aimed at addressing the justice-related recommendations of the 2022 Rule of Law Report, the relevant country-specific recommendation issued by the Council under the European Semester and the related commitments in Hungary’s Recovery and Resilience Plan, and some of the concerns expressed under the Article 7(1) TEU procedure initiated by the European Parliament. A strengthened role for the National Judicial Council will allow it to counter-balance the powers of the President of the National Office for the Judiciary, also as regards the career of judges. The new rules on the Supreme Court will contribute to the transparency of its functioning and will decrease the possibility of political interference. The Supreme Court will no longer be able to review the necessity of preliminary references in criminal proceedings, in line with EU law requirements. However, as regards lower courts, the lack of transparency of case allocations is a source of concern. The justice system performs very well as regards the length of proceedings and has an overall high level of digitalisation.

Hungary is introducing a number of relevant anti-corruption reforms in response to the EU conditionality procedure, including the preparation of a new National Anti-Corruption Strategy for 2023-2025 and the establishing of the new Integrity Authority to enhance oversight over the spending of EU funds. Prosecutorial decisions not to investigate or prosecute corruption can now be reviewed by court decisions, although such decisions are still not binding. Although some high-level cases reached the indictment and conviction stage, the lack of a robust track record of investigations of corruption allegations concerning high-level officials and their immediate circle remains a serious concern. Only some progress was made relating to asset declarations due to legislative amendments reducing public official’s declaration obligations and the lack of systematic monitoring. No amendments have been introduced to reform lobbying and revolving doors, and shortcomings remain regarding political party and campaign finance. The Council has temporarily suspended budgetary commitments from EU funds under several programmes and has prohibited entering into new legal commitments with Hungarian public interest trusts and entities maintained by them, until further anti-corruption reforms are introduced and enforced.

There have been no developments to address the various challenges to media pluralism highlighted in past Rule of Law Reports. Concerns persist with regard to both the functional independence of the media authority, as well as the editorial and financial independence of public service media. No measures have been adopted or are planned to regulate the channelling of state advertising to media outlets. While there have not been any physical attacks on journalists, smear campaigns have been registered and the deployment of spyware targeting certain investigative journalists and media professionals remains an issue of serious concern. As part of the commitments undertaken in the Recovery and Resilience Plan, a new reform aims to facilitate access to public information and rendered the charging of fees for releasing public information and documents exceptional.

Legal certainty has been undermined by the unpredictable regulatory environment and the extensive and prolonged use of the Government’s emergency powers, also interfering with the operation of businesses in the single market. The practical impact of new rules on formal public consultations remains to be assessed. The Constitutional Court, composed of members elected by Parliament without the involvement of the judiciary, can no longer be seized by public authorities, but can still review final decisions of the ordinary courts. The ineffective implementation by state authorities of the judgments of European courts remains a source of concern. No steps have been taken to remove obstacles affecting civil society organisations, which remain under pressure.
RECOMMENDATIONS

Overall, concerning the recommendations in the 2022 Rule of Law Report, Hungary has (made):

- Fully implemented the recommendation to strengthen the role of the National Judicial Council, while safeguarding its independence, to effectively counter-balance the powers of the President of the National Office for the Judiciary.
- Fully implemented the recommendation to adapt the rules related to the Kúria to remove judicial appointments outside the normal procedure, to strengthen eligibility criteria for the Kúria President, and to strengthen control by judicial bodies over the Kúria President, taking into account European standards, and to remove the possibility of reviewing the necessity of preliminary references, in line with EU law requirements.
- No progress on adopting comprehensive reforms on lobbying and revolving doors, and some progress on strengthening the system of asset declarations, providing for effective oversight and enforcement.
- No progress yet on establishing a robust track record of investigations, prosecutions and final judgments for high-level corruption cases.
- No progress on introducing mechanisms to enhance the functional independence of the media regulator taking into account European standards on the independence of media regulators.
- No progress on strengthening the rules and mechanisms to enhance the independent governance and editorial independence of public service media taking into account European standards on public service media.
- No progress on adopting legislation to ensure fair and transparent distribution of advertising expenditure by the state and state-owned companies.
- No progress on removing obstacles affecting civil society organisations.

On this basis, and considering other developments that took place in the period of reference, in addition to recalling the obligation to comply with the rule of law-related rulings of the ECJ and the rule of law-related infringement procedures referred to in the country chapter, the concerns raised under the conditionality regulation, the relevant concerns raised in the Article 7 TEU procedure initiated by the European Parliament, the commitments made under the national Recovery and Resilience Plan relating to certain aspects of the justice system, the anti-corruption framework and the checks and balances, and recalling the relevant country-specific recommendations under the European Semester, it is recommended to Hungary to:

- Improve the transparency of case allocation systems in lower-instance courts, taking into account European standards on case allocation.
- Adopt comprehensive reforms on lobbying and revolving doors, and further improve the system of asset declarations, providing for effective oversight and enforcement.
- Establish a robust track record of investigations, prosecutions and final judgments for high-level corruption cases.
- Introduce mechanisms to enhance the functional independence of the media regulator taking into account European standards on the independence of media regulators.
- Strengthen the rules and mechanisms to enhance the independent governance and editorial independence of public service media taking into account European standards on public service media.
- Adopt legislation to ensure fair and transparent distribution of advertising expenditure by the state and state-owned companies.
- Foster a safe and enabling civic space and remove obstacles affecting civil society organisations, including by repealing legislation that hampers their capacity of working, in particular the immigration tax.
I. **JUSTICE SYSTEM**

Hungary has a four-tier ordinary court system. 114 district courts operate at first instance, while 20 regional courts hear appeals against district court decisions and decide on certain cases at first instance. Five regional appeal courts decide on appeals against decisions of the regional courts. Administrative cases are dealt with by the ordinary courts (the Budapest Regional Appeal Court hears appeals against first-instance decisions of the eight regional courts with an administrative department). The main role of the Supreme Court (Kúria) is to guarantee the uniform application of the law. The Fundamental Law tasks the President of the National Office for the Judiciary (NOJ), elected by Parliament, with the central administration of the courts. The National Judicial Council is an independent body, which, under the Fundamental Law, supervises the NOJ President and participates in the administration of the courts. Since June 2023, it has been vested with legal capacity and budgetary autonomy. Judges are appointed by the President of the Republic following a recommendation of the NOJ President based on a ranking of candidates established by the local judicial councils (composed of judges elected by their peers). The NOJ President cannot deviate from this ranking without the prior consent of the National Judicial Council. In the case of Kúria judges, the recommendation is made by the Kúria President. The Constitutional Court is not part of the ordinary court system. The prosecution service is an independent institution vested with powers to investigate and prosecute crime. The Hungarian Bar Association and the regional bar associations are autonomous self-governing public bodies.

**Independence**

The level of perceived judicial independence in Hungary has decreased among the general public and continues to be low among companies. Overall, 35% of the general population and 32% of companies perceive the level of independence of courts and judges to be ‘fairly or very good’ in 2023. According to data in the 2023 EU Justice Scoreboard, no clear trend can be identified in the evolution of the perceived level of independence in the last years. Nevertheless, the perceived judicial independence among the general public has decreased in comparison with 2022 (43%) as well as with 2016 (49%). The perceived judicial independence among companies has slightly increased compared to 2022 (34%), as well as to 2016 (33%).

A new law fully implements the 2022 recommendation, by strengthening the role of the National Judicial Council allowing it to effectively counter-balance the powers of the NOJ President. The 2022 Rule of Law Report recommended to Hungary to ‘[s]trengthen the role of the National Judicial Council, while safeguarding its independence, to effectively counter-balance the powers of the President of the National Office for the Judiciary’.

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1 Figures 49 and 51, 2023 EU Justice Scoreboard. The level of perceived judicial independence is categorised as follows: very low (below 30% of respondents perceive judicial independence as fairly good and very good); low (between 30-39%), average (between 40-59%), high (between 60-75%), very high (above 75%).


and Resilience Plan\textsuperscript{4} Hungary committed to a legislative reform of the National Judicial Council\textsuperscript{5}. Hungary adopted a legislative reform\textsuperscript{6} which establishes as of 1 June 2023 stronger powers for the National Judicial Council and ensures that the Council gives a binding opinion on a number of important matters related to the administration of the justice system as regards both individual decisions and general regulations issued by the NOJ President. According to the new law, the National Judicial Council will have access to all documents, information and data related to the administration of courts. It will need to be consulted on legislative proposals affecting the justice system and will be able to propose to the Government to initiate new legislation on the same matters. The reform also aims at ensuring that the National Judicial Council has adequate resources, including staff and offices, to carry out its tasks in an effective manner\textsuperscript{7}. It will have legal capacity and autonomy in disbursement of its budget. Finally, according to the new law, it will be able to seize the competent court and the Constitutional Court to defend its prerogatives and enforce its rights. Therefore, the recommendation made in the 2022 Rule of Law Report has been fully implemented.

\textbf{The new law aims at limiting the risk of arbitrary decisions as regards the career of judges.} The 2022 Rule of Law Report noted that the absence of effective control over the NOJ President increases the possibility of arbitrary decisions as regards the career of judges\textsuperscript{8}. In its Recovery and Resilience Plan\textsuperscript{9} Hungary committed to strengthen the role of the National Judicial Council. In 2022, the National Judicial Council found that the Kúria President and the NOJ President had not respected applicable rules when appointing several judges to the bench in 2021\textsuperscript{10}. Moreover, stakeholders reported that the point system applicable to the evaluation of applications for judicial posts favours candidates from the public administration to the

\begin{itemize}
  \item \textsuperscript{4} RRP milestone 213.
  \item \textsuperscript{5} The National Judicial Council is composed of the Kúria President ex officio and 14 judges-members (and 14 substitute members) elected by their peers for a period of six years. Judges-members (one court of appeal judge, six regional court judges and seven district court judges) are elected by a conference of delegates from among delegate judges. The full court of the Kúria and the plenary sessions of each of the five regional appeal courts and the 20 regional courts elect 2 to 20 delegates (the number of delegates is proportionate to the number of judicial posts at the given court). The next election of delegates is due in Autumn 2023.
  \item \textsuperscript{6} Act X of 2023 amending, with regard to the Hungarian Recovery and Resilience Plan, certain Acts governing justice was adopted on 3 May 2023.
  \item \textsuperscript{7} The budget of the National Judicial Council for the year 2022 was HUF 34.5 million (HUF 29.5 million in 2021) (input from Hungary for the 2023 Rule of Law Report, p. 1). For the year 2023, HUF 300 million is committed. For a period of nine months, the NOJ will provide administrative and financial management support.
  \item \textsuperscript{8} 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 4.
  \item \textsuperscript{9} RRP milestone 213.
  \item \textsuperscript{10} Decisions 50/2022 of 6 July 2022 and 70/2022 of 5 October 2022. The Kúria President and the NOJ President decided on the outcome of several appointment procedures in a single batch and removed from the list of ranked candidates those who had already been appointed in other (parallel) appointment procedures but had not withdrawn their applications. In five cases out of the 11 vacancies announced in 2021, the Kúria President did not initiate the appointment (or transfer) of the first-ranked judge, nor did he reach out to the National Judicial Council in order to obtain its consent to deviate from the ranking of candidates. In the case of one position, he declared the fourth-ranked applicant as successful, which is not allowed under the law even with the National Judicial Council’s consent (see contribution from the National Judicial Council for the 2023 Rule of Law Report, p. 10). Stakeholders note that, as a result, a former state secretary without any prior judicial experience became a Kúria judge (contribution from Amnesty International Hungary for the 2023 Rule of Law Report, p. 11). The Kúria President followed the same practice in the evaluation of the 2021 calls for applications as it had always been done in the previous decade (contribution from the Kúria for the 2023 Rule of Law Report, p. 2).
\end{itemize}
disadvantage of candidates with experience on the bench. The new law will ensure that in the future, the National Judicial Council gives a binding opinion on the regulation laying down the point system for the evaluation of applications for judicial posts and on a series of individual decisions of the NOJ President. Such decisions include (i) the annulment of appointment procedures for judicial and court executive positions where there is at least one eligible candidate who has been supported by the judges of the given court; (ii) the transfer of judges, including secondments, to another court; (iii) the removal of judges without their consent from the pool of judges that hear special cases, including administrative cases. A binding opinion of the National Judicial Council is also introduced as regards the suitability of candidates for the post of President and Vice-President of the NOJ, who can be proposed by the President of the Republic or the President of the NOJ, respectively. A draft legislative proposal has also been prepared by the NOJ President to amend the rules related to the assessment of the suitability for judicial tenure of judges appointed for an initial three-year period. However, it does not include provisions preventing the interruption of the judicial career during the review of the evaluation, raising some concerns as regards effective judicial protection of the judges concerned.

Case allocation in the Kúria is expected to be more transparent following a legislative reform. In its Recovery and Resilience Plan Hungary committed to amend the rules on the case allocation scheme of the Kúria. Electronically filed cases will be given a case number without human intervention. Cases will be allocated to chambers following pre-established, objective criteria. The bench hearing the case will be composed following an algorithm prescribed in advance. The parties to the proceedings will be able to verify on the basis of the case file whether the rules on case allocation have been duly applied. The judicial council of the Kúria and the departments of judges (‘kollégium’) concerned will give a binding opinion

11 Contribution from the Hungarian Association of Judges for the 2023 Rule of Law Report, p. 11.
12 The NOJ President appoints the presidents, vice-presidents and heads of department (‘kollégium’) of the 20 regional courts and of the five regional appeal courts. Stakeholders point out that most court executives are appointed by the presidents of regional appeal courts and of regional courts (contribution from Alapjogokért Központ for the 2023 Rule of Law Report, p. 12). The new rules do not apply to the appointment of deputy heads of department and presiding judges in the regional appeal courts, to the appointment of deputy heads of department and presiding judges in the regional courts, and to the appointment of presidents, vice-presidents and (deputy) heads of groups in the 114 district courts. Judicial bodies (e.g. the department) vote on the candidates for court executive posts by secret ballot; the voting results are not binding.
13 See Sections 27, 27/A, 31 and 32 of Act CLXII of 2011 on the status and remuneration of judges. The National Judicial Council’s consent is not required for secondments to the NOJ. The National Judicial Council does not give a binding opinion on transfers and secondments between the district courts in the area of jurisdiction of the same regional court and between the regional court and district courts in the area of its jurisdiction. Stakeholders note that such transfers and secondments, ordered by the regional court presidents, may have a significant impact on the living conditions, workload and remuneration of judges (Contribution from the Hungarian Association of Judges for the 2023 Rule of Law Report, p. 12).
14 The suitability criteria, including independence, impartiality, probity and integrity, are determined by the law. The legislative amendments ensure that the candidates found unsuitable by the National Judicial Council have access to an accelerated judicial review before the Budapest Regional Court.
15 RRP milestone 214.
on the case allocation scheme\textsuperscript{16}. The implementing law also fixes the number of judges sitting on the uniformity complaint panels\textsuperscript{17}.

**Concerns have been raised regarding the lack of transparency of case allocation in lower courts.** The case allocation schemes in the five regional appeal courts, the 20 regional courts and the 114 district courts are established by the court presidents\textsuperscript{18}. The law provides for a wide range of exceptions to the rules without establishing guarantees against their inappropriate application\textsuperscript{19}. European standards require that the allocation of cases within a court follow objective pre-established criteria in order to safeguard the right to an independent and impartial judge\textsuperscript{20}. Stakeholders note that case allocation schemes can be modified at any point of time; according to stakeholders, such modifications are carried out on a regular basis, sometimes even from one day to another\textsuperscript{21}. Also, parties to court proceedings cannot verify the proper application of the scheme or whether there was a derogation from it\textsuperscript{22}. The data of the most recent survey of the European Network of Councils for the Judiciary suggests that one out of five Hungarian judges considers that during the last three years, not all cases have been allocated in accordance with established rules in order to influence the outcome of the particular case\textsuperscript{23}.

**A new law fully implements the 2022 recommendation by addressing several concerns related to the functioning of the Kúria.** The 2022 Rule of Law Report recommended to Hungary to ‘[a]dapt the rules related to the Kúria to end judicial appointments outside the normal procedure, to strengthen eligibility criteria for the Kúria President, and to strengthen control by judicial bodies over the Kúria President, taking into account European standards’\textsuperscript{24}.

\textsuperscript{16} As of 1 January 2023, the Kúria President, with the support of the Kúria’s judicial bodies, amended the case allocation scheme to increase from three to five the number of judges on the bench hearing civil and criminal cases (input from Hungary for the 2023 Rule of Law report, pp. 2-3). This measure is not related to the RRP.

\textsuperscript{17} Parties to the proceedings may lodge a uniformity complaint against a final decision of the Kúria if it deviates from the Kúria’s published case law. Also, the uniformity complaint panel decides on the preliminary reference in the interest of uniformity of law. The ‘preliminary reference procedure in the interest of uniformity of law’ can be applied in two scenarios: (i) when a Kúria chamber wishes to deviate from the Kúria’s published case law, it must stay the proceedings and request a uniformity decision; (ii) the Kúria (vice) President, the heads of Kúria departments and the Prosecutor General may request a uniformity decision if it is necessary to ensure the uniform interpretation of the law, or to alter or annul a previous uniformity decision. The Kúria’s uniformity decisions are binding on courts (Article 25(3) of the Fundamental Law). In 2022, the Kúria heard 41 uniformity complaints (23 of them were dealt with on their merits) and delivered 12 uniformity decisions (input from Hungary for the 2023 Rule of Law report, p. 8).

\textsuperscript{18} In the case of district courts, the case allocation scheme is established by the president of the regional court. The judicial council of each court gives a non-binding opinion (contribution from Alapjogokért Központ for the 2023 Rule of Law Report, p. 13).


\textsuperscript{22} Ibid.

\textsuperscript{23} ENCJ Survey on the Independence of Judges 2022, p. 27.

\textsuperscript{24} 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 2.
In its Recovery and Resilience Plan\(^{25}\) Hungary committed to amend the rules on the election of the Kúria President; the rules on the case allocation scheme of the Kúria; and the rules on the functioning of the Kúria to (i) establish stronger powers for the judicial council of the Kúria and the departments of judges (‘kollégium’) concerned, (ii) remove the possibility for members of the Constitutional Court to become judges and then be appointed to the Kúria without following the normal application procedure, and (iii) ensure that the National Judicial Council gives a binding opinion on the suitability of candidates for the posts of President and Vice President of the Kúria\(^{26}\). The reform will equally ensure that the strengthened powers of the National Judicial Council also apply in relation to the Kúria President when acting as appointing authority. Therefore, the recommendation made in the 2022 Rule of Law Report has been fully implemented. These reforms address several long-standing concerns regarding the Kúria. As flagged by the Council of Europe, the lack of an effective oversight by an independent judicial body regarding Parliament’s competence to remove the Kúria President from office\(^{27}\) remains a concern. Also, the possibility to maintain the Kúria President in office after the expiry of his/her mandate could expose him/her to undue political influence\(^{28}\).

**Smear campaigns continue to exert undue pressure on judges, affecting their freedom of expression.** Stakeholders report that in autumn 2022, pro-government media launched smear campaigns against two judges-members of the National Judicial Council\(^{29}\). The National Judicial Council issued a public statement in defence of its members\(^{30}\). On 15 July 2022, the

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\(^{25}\) RRP milestone 214.

\(^{26}\) The suitability criteria, including independence, impartiality, probity and integrity, are determined by the law. The candidates found unsuitable by the National Judicial Council have access to an accelerated judicial review before the Budapest Regional Court.

\(^{27}\) Decision of the Committee of Ministers of the Council of Europe of 9 March 2023 (CM/Del/Dec(2023)1459/H46-11). In the context of the supervision of the execution of the judgments of the European Court of Human Rights, the Committee of Ministers recalled that the Court had found violations of the European Convention on Human Rights on account of the undue and premature termination of the applicants’ mandates as President (Baka) and Vice-President (Erményi) of the former Hungarian Supreme Court through ad hominem legislative measures: in the Baka case through legislative acts of constitutional rank and therefore beyond judicial control; in the Erményi case through an ordinary legislative act, unsuccessfully challenged before the Constitutional Court, found by the European Court of Human Rights not to pursue any legitimate aim.

\(^{28}\) The Kúria President is elected by Parliament voting with a two-thirds majority, for a period of nine years (see Article 26(3) of the Fundamental Law). Section 115(4) of Act CLXI of 2011 provides that if the mandate of the Kúria President ceased upon expiry of the term of office and Parliament had not elected a new president before the mandate terminated, the Kúria President shall remain in office until the new president is elected. A blocking minority in Parliament can prevent the election of a new president, thereby keeping the incumbent in office for an undetermined period of time. The Kúria President can stay in office beyond the statutory retirement age for judges (see Article 26(2) of the Fundamental Law). In a letter sent to the Commission on 16 June 2023, the European Association of Judges expressed concerns regarding the possibility that the current Kúria President continues in his position after the end of his term of office until a successor has been elected.

\(^{29}\) Contribution from Eötvös Károly Policy Institute for the 2023 Rule of Law Report, p. 19; contribution from Liberties for the 2023 Rule of Law Report, p. 4. In August 2022, in a statement published by *The Guardian*, the spokesperson of the National Judicial Council voiced his concerns over government overreach aimed at swaying courts; his statements triggered severe and defamatory attacks against him from pro-government media. In October 2022, further attacks were launched by pro-government media and government officials against the National Judicial Council’s spokesperson and its member responsible for international relations. Their independence was questioned for meeting the US ambassador in their capacity as representatives of the Council, to discuss the situation of judicial independence in Hungary.

\(^{30}\) The Hungarian Association of Judges (MABIE), the European Association of Judges (EAJ) and the representatives of the European Network of Councils for the Judiciary (ENCJ) publicly expressed their solidarity.
Code of Ethics for Judges, adopted by the National Judicial Council\textsuperscript{31}, came into force. It includes provisions on judges’ freedom of expression when voicing their opinion on the functioning of the justice system. The Kúria President challenged the Code before the Constitutional Court\textsuperscript{32}. On 9 March 2023, the Council of Europe’s Committee of Ministers\textsuperscript{33} called on the Hungarian authorities to implement the Baka\textsuperscript{34} judgment from the European Court of Human Rights, and reiterated the paramount importance, stressed by the Court in its case law, including the Baka judgment, of effective and adequate safeguards against abuse when it comes to restrictions on judges’ freedom of expression.

A new law fully implements the 2022 recommendation by removing the Kúria’s possibility of reviewing the necessity of preliminary references in criminal proceedings, in line with EU law requirements. The 2022 Rule of Law Report recommended to Hungary to ‘remove the possibility of reviewing the necessity of preliminary references, in line with EU law requirements’\textsuperscript{35}. In its Recovery and Resilience Plan\textsuperscript{36} Hungary committed to remove obstacles for courts to independently refer cases for preliminary rulings to the Court of Justice, thereby ensuring compliance with its case law\textsuperscript{37}. Therefore, the recommendation made in the 2022 Rule of Law Report has been fully implemented.

A new law introduced the possibility for judicial review of prosecutorial decisions in corruption cases, reducing the risk of arbitrary decisions. Concerns as regards the discretionary powers of the prosecution service to decide on the investigation and prosecution of cases had been raised in previous reports\textsuperscript{38}. To address them, as of 1 January 2023, a new law provides for judicial review of decisions of the prosecution service not to open or to close an investigation in corruption-related cases. This new judicial review possibility could mitigate the persistent risk of top prosecutors influencing the work of subordinate prosecutors and interfering in individual cases, which is facilitated by the strictly hierarchical architecture of the prosecution service and a lack of internal checks and balances within the prosecution service\textsuperscript{39}. Also, the continued possibility to maintain the Prosecutor General in office after the expiry of his/her mandate could expose him/her to undue political influence\textsuperscript{40}.

\textsuperscript{31} Decision 16/2022 of 2 March 2022.
\textsuperscript{32} Case II/01285/2022, pending. The Kúria President questioned the National Judicial Council competence to issue a Code of Ethics and pointed to the absence of a reference in its text to the Fundamental Law.
\textsuperscript{33} CM/Del/Dec(2023)1459/H46-11.
\textsuperscript{34} Judgment of the European Court of Human Rights of 23 June 2016, Baka v. Hungary, 20261/12. The Court found that the impugned measures had a ‘chilling effect’, discouraging not only the applicant, but also ‘other judges and court presidents […] from participating in public debate on […] issues concerning the independence of the judiciary’ (§ 173).
\textsuperscript{35} 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 2.
\textsuperscript{36} RRP milestone 215.
\textsuperscript{37} Judgment of the Court of Justice of 23 November 2021, IS, C-564/19.
\textsuperscript{38} 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 9.
\textsuperscript{39} See 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 9. However, see also the findings of the Council on limitations to the effectiveness of such procedure, as expressed in recital 46 of Council Implementing Decision (EU) 2022/2506 of 15 December 2022 on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary.
Quality

The digitalisation of the justice system continues to be overall high. Hungary ranks very high when it comes to digital solutions to conduct and follow court proceedings in criminal cases and online access to published judgments by the general public. It also ranks high as regards the use of electronic communication tools by courts and the prosecution service, and the existence of digital solutions to initiate and follow proceedings in civil/commercial and administrative cases. Moreover, Hungary has good results as regards the promotion of and incentives for using alternative dispute resolution methods.

Access to justice for vulnerable groups could be improved. There are concerns as regards the level of inclusiveness of the legal aid scheme. Further specific arrangements could be introduced for access to justice of persons at risk of discrimination and elderly persons and for victims of violence against women/domestic violence. Training in communication for judges is scarce.

The impact of earlier salary increases of judges and prosecutors has been adversely affected by high inflation. The three-year salary-increase programme ended in 2022 with judges and prosecutors receiving an average increase of 12%. At the same time, in 2022, inflation exceeded 15% in Hungary, significantly impacting the real value of judges’ salaries. The financial situation of judges and court staff has deteriorated, also compared to the significant wage increases in other segments of society. Stakeholders report that due to low salaries, courts have difficulties with recruiting and retaining non-judicial staff.

Efficiency

The efficiency in civil and administrative cases remains high. Hungary performs very well as regards the estimated time needed to resolve litigious civil and commercial cases at all court

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41 See Figures 46 and 47, 2023 EU Justice Scoreboard.
42 See Figures 43, 44 and 45, 2023 EU Justice Scoreboard.
43 See Figure 26, 2023 EU Justice Scoreboard.
44 See Figure 24, 2023 EU Justice Scoreboard. The threshold for legal aid is so low that a person with an income below the poverty threshold may not be eligible for legal aid.
45 See Figures 27 and 28, 2023 EU Justice Scoreboard. For instance, information on the rights of persons at risk of discrimination is not available. Judges cannot follow training on gender-sensitive practices in judicial proceedings. Judges cannot follow training on protection measures, in particular in cases of violence against women. Victims are not informed, at least in cases where the victims and their family might be in danger, when the perpetrator escapes or is released temporarily or definitively. There is no specific website to provide information about support and protection services to victims of domestic violence.
46 See Figure 38, 2023 EU Justice Scoreboard. No training available on the use of social media and/or communication with the media, on dealing with disinformation campaigns in new media (social media), on communication with LGBTIQ people, on communication with persons of different cultural, religious, racial, ethnic or linguistic background.
47 Input from Hungary for the 2023 Rule of Law report, p. 4.
48 Inflation is expected to remain above 15% in 2023.
49 Contribution from the Hungarian Association of Judges for the 2023 Rule of Law Report, p. 15. The salary base of both judges and prosecutors has been raised from gross HUF 507 730 – for the year 2021 – to HUF 566 660 – for the year 2022 – but remained at this level (HUF 566 660) for the year 2023.
50 Information received during the country visit from Hungarian Association of Judges and National Judicial Council.
instances, as well as administrative cases at all court instances\textsuperscript{52}. On 21 March 2023, the European Court of Human Rights confirmed that the 2021 Act on pecuniary compensation for delay in civil proceedings guarantees in principle genuine redress for Convention violations\textsuperscript{53}. A compensation scheme for protracted administrative and criminal proceedings remains to be set up. In January 2023, the Ministry of Justice established a new working group in order to shorten the length of proceedings in those exceptional cases, which are significantly longer than the average\textsuperscript{54}.

II. ANTI-CORRUPTION FRAMEWORK

The Ministry of Interior is responsible for the overall coordination of the anti-corruption policy and oversight over the National Protective Service\textsuperscript{55}. As a law enforcement agency, the National Protective Service is still in charge of crime detection, lifestyle monitoring and integrity testing for staff subordinated to the Ministry of Interior\textsuperscript{56}. However, since May 2022, the Constitution Protection Office as an internal security intelligence agency overseen by the Prime Minister’s Cabinet Office is empowered to carry out integrity tests for all other public officials\textsuperscript{57}. In 2022, Hungary set up an Integrity Authority as a new, independent authority to enhance oversight over the public spending with a focus on EU funds\textsuperscript{58}. A new Anti-Corruption Task Force was set up as a consultative body with the aim of examining existing anti-corruption policies and elaborate new proposals\textsuperscript{59}. The State Audit Office contributes to corruption prevention with its competences for the audit of the financial management of public funds, the monitoring of state-owned companies’ compliance with statutory public disclosure obligations, as well as political party finance and campaign finance audits. As to the repression of corruption, the police can investigate private sector corruption and corruption-related economic crimes. The investigation and prosecution of corruption in the public sector fall under the

\textsuperscript{52} See Figures 7 and 9, 2023 EU Justice Scoreboard.
\textsuperscript{54} Contribution from Alapjogokért Központ for the 2023 Rule of Law Report, p. 17.
\textsuperscript{55} A smaller division of the National Protection Service is entrusted with corruption prevention tasks, including intra-governmental cooperation and evaluation of the 2020-2022 anti-corruption strategy and action plans. Since May 2022, the Service has been in charge of corruption prevention in the health care and public education sectors.
\textsuperscript{56} Following the April 2022 elections, the competence of the National Protection Service was reduced, for more information see further below in this text on integrity tests.
\textsuperscript{57} Act IV of 2022 amending certain Acts related to Act II of 2022 on the list of Ministries of Hungary. Since 25 May 2022, corruption prevention in the National Tax and Customs Administration are under the competence of the Constitution Protection Office, a national security agency (input from Hungary for the 2023 Rule of Law Report, p. 19).
\textsuperscript{58} This reform (RRP milestone 160) was proposed as a remedial measure under the budget conditionality procedure. In this context, a new internal audit directorate has also been set up within the government body coordinating EU funds to strengthen internal controls to prevent the misuse of EU funds (RRP milestone 224). The Directorate-General for Auditing European Funds has been transformed in an autonomous body from the Ministry of Finance (RRP milestone 225).
\textsuperscript{59} The Task Force is mandated to examine existing anti-corruption measures and to elaborate proposals to enhance the detection, investigation, prosecution and sanctioning of corrupt practices. It includes an even number of government and non-governmental members. Delegate members who participate in the Task Force meetings, but do not have a voting right, include the State Audit Office, the Competition Authority, the Public Procurement Authority, the Authority for the Supervision of Regulated Activities, the National Office for the Judiciary and the prosecution service. Other relevant actors, such as the Government Control Office, the National Authority for Data Protection and Freedom of Information, the Commissioner for Fundamental Rights, and the Central Bank of Hungary, are so far not participating in the work of the Task Force. See in this context also the reforms agreed under the RRP milestone 166.
exclusive competence of the Investigation Division of the Central Chief Prosecution Office of Investigation and its five regional offices. The prosecution service oversees investigations and is supported by the investigative forces of the police and the National Protective Service.

The perception of public sector corruption among experts and the business executives is that the level of corruption in the public sector remains high. In the 2022 Corruption Perceptions Index by Transparency International, Hungary scores 42/100 and ranks 27th in the European Union and 77th globally. This perception has been relatively stable over the past five years. The 2023 Special Eurobarometer on Corruption shows that in Hungary, 88% of respondents consider corruption widespread in their country (EU average 70%) and 22% of respondents feel personally affected by corruption in their daily lives (EU average 24%). As regards businesses, 77% of companies in Hungary consider that corruption is widespread (EU average 65%) and 45% consider that corruption is a problem when doing business (EU average 35%). Furthermore, 34% of respondents find that there are enough successful prosecutions to deter people from corrupt practices (EU average 32%), while 22% of companies believe that people and businesses caught for bribing a senior official are appropriately punished (EU average 30%).

Hungary is introducing a number of anti-corruption reforms in response to the EU conditionality procedure. To protect the EU budget against corruption and systemic rule of law issues, the Council temporarily suspended EU funding under certain instruments or towards certain entities under Hungarian law. To remedy the identified breaches in the area

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60 Transparency International (2023), Corruption Perceptions Index 2022. The level of perceived corruption is categorised as follows: low (the perception among experts and business executives of public sector corruption scores above 79); relatively low (scores between 79-60), relatively high (scores between 59-50), high (scores below 50).

61 In 2018, the score was 46, while, in 2022, the score is 42. The score significantly increases/decreases when it changes more than five points; improves/deteriorates (changes between 4-5 points), and is relatively stable (changes from 1-3 points) in the last five years.

62 Special Eurobarometer 534 on Corruption (2023). The Eurobarometer data on citizens’ corruption perception and experience is updated every year. The previous data set is the Special Eurobarometer 523 (2022).

63 Flash Eurobarometer 524 on Businesses’ attitudes towards corruption in the EU (2023). The Eurobarometer data on business attitudes towards corruption as is updated every year. The previous data set is the Flash Eurobarometer 507 (2022).

64 Special Eurobarometer 534 on Corruption (2023).

65 Flash Eurobarometer 524 on Businesses’ attitudes towards corruption in the EU (2023).


67 On 15 December 2022, following a proposal by the Commission, the Council adopted measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary under the Conditionality Regulation. See, in particular, Article 2(1) of Council Implementing Decision (EU) 2022/2506 of 15 December 2022 on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary. As of 2019, Hungary initiated a change of the governance model of higher education institutions (‘model change’) promoting the transformation of public universities into publicly funded private universities that are maintained by newly established trusts managed by boards of trustees. With this model change, organisational and operational competences were transferred to the boards of trustees (whose members are appointed by the government for life with subsequent appointments occurring through co-option, and which do not appear to be accountable to or supervised by any external organ, including the State). To implement the Council Implementing Decision, national agencies implementing Erasmus+ and the European Solidarity Corps are to ensure that they do not enter into any new legal commitment with public interest trusts. Similarly, under Horizon Europe, the Commission, the Executive Agencies and Joint Undertakings refrain from entering into new legal commitments with any public interest trust or any entity.
of anti-corruption, Hungary is finalising a draft National Anti-Corruption Strategy, established an Anti-Corruption Task Force as well as an Integrity Authority to provide oversight over public procurements that affect the EU’s financial interests. It also adopted legislative reforms on asset declarations and introduced the possibility for the judicial review of prosecutorial decisions. In order to address the remaining concerns identified in this area, Hungary can at any time notify remedial measures it has taken under the conditionality procedure to demonstrate that the relevant breaches of the principles of the rule of law and/or their effects or risks for the Union budget and the Union’s financial interests have been removed pursuant to the procedure set by the Conditionality Regulation. Furthermore, no disbursement of funds under the Recovery and Resilience Plan can be made to Hungary until all audit and control milestones, including those related to the key implementation steps of the conditionality procedure are fully and correctly implemented.

**Hungary is finalising a new National Anti-Corruption Strategy and Action Plan until 2025**. Hungary committed under the conditionality procedure and its Recovery and Resilience Plan to strengthen its anti-corruption framework. The draft strategy covers the period from 1 July 2023 to 31 December 2025. It is intended to be more ambitious than the previous strategy, as the Government committed to include tasks, such as new ethical standards for high-level officials and a sanctioning regime for non-compliance with asset declaration rules. However, the draft strategy does not include a comprehensive, strategic approach to corruption. Strategic policy coordination in relevant anti-corruption areas, such as a comprehensive lobbying legislation or political party and campaign financing, as well as measures against high-level corruption are missing from the draft strategy. Stakeholders

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68 See Council Implementing Decision (EU) 2022/2506 of 15 December 2022, in particular recitals 56 and 57.

69 Article 7 of the Conditionality Regulation provides for a specific procedure to adapt or lift the measures adopted by the Council if the Member State remedies the situation - in part or in full - that had led to the adoption of Council measures.

70 Apart from the new National Anti-Corruption Plan for 2023-2025, a separate Anti-Fraud and Anti-Corruption Strategy specifically for the protection of EU funds has also entered into force in 2022, which the Government committed to coordinate. See RRP milestones 178-179.

71 These include tasks 1-4, 6a-6b, 7a-7b, 10, 12-18 of Government Decision 1328/2020 of 19 June 2020 on the Mid-term National Anti-Corruption Strategy for 2020-2022 and the accompanying action plan, see RRP milestone 177. While the National Protection Service was tasked with the overall coordination of the implementation of the 2020-2022 strategy, most of the strategy tasks were delegated to the Ministry of Interior, see 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 11.

72 The draft strategy was prepared by the National Protective Service under the Minister of Interior. For the new National Anti-Corruption Strategy and Action Plan, the newly established Task Force shall evaluate the progress in the implementation of the Action Plan, see input from Hungary for the 2023 Rule of Law Report, p. 18. An assessment report of the level of implementation prepared by the Ministry of Interior for the government is planned one year after the end of its implementation period (Q1 2026), see RRP milestone 179.

73 The OECD is also preparing an assessment of the draft National Anti-Corruption Strategy. See also 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 12; 2021 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 11, and 2020 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 11. Notably, the government committed to including in the new Action Plan 2023-2025 the adoption of a non-binding Code of Conduct for persons with executive functions, including contacts with lobbyists and post-employment restrictions, and to strengthen administrative control procedures (including the verification, control and sanctioning mechanism) related to asset declarations, see
pointed to some shortcomings, such as the lack of an evidence-based approach in the development of the strategy and the lack of a dedicated budget. The low level of public information and visibility of the actions implemented under the previous strategy has reduced the possibilities for public monitoring and oversight. This should be taken into account for the implementation of the new strategy.

Amendments to Hungary’s criminal procedural law were introduced to strengthen prosecutorial efforts to investigate corruption cases, although the court decision overturning the prosecutorial decision not to prosecute is still not binding. In November 2022, an amendment to the Criminal Procedure Code introduced the possibility for a judge to review prosecutorial and investigative authorities’ decisions not to investigate reported corruption suspicions or to terminate ongoing corruption investigations without indictment. Anyone, irrespective of whether it is a natural or a legal person, can request a review and trigger the oversight procedure for any corruption-related cases dismissed or terminated after 1 January 2023. The objective of this new procedure is to enhance the effective prosecution of corruption by addressing the concerns raised in the past as regards the accountability of the prosecution service. However, shortcomings remain, in particular as regards the temporal scope of the new measure and the lack of the binding nature of court decisions quashing the

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75 Hungary’s National Institute of Criminology operating in the framework of the Prosecutor-General’s Office conducts analyses and research on trends in different crime areas, which could be used to inform and provide an evidence base for the government’s anti-corruption policy. According to the information received from the Prosecution Service in the context of the country visit to Hungary, so far the research is primarily used for trainings.

76 Information received from K-Monitor and Transparency International Hungary in the context of the country visit to Hungary. See also 2021 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 11, including footnote 77.

77 Act XLIV of 2022 on the Directorate-General for Audit of European Funds and amending certain acts adopted at the request of the European Commission to ensure the successful conclusion of the conditionality procedure.

78 The offences concerned relate to the exercise of public authority or the management of public property, including, all corruption offences of Chapter XXVII of the Criminal Code except lenient cases of bribery; abuse of office; serious cases of embezzlement and fraud; misappropriation; budget fraud; and money laundering among others. For more details, see also footnote 109 below.

79 Notably, the new Integrity Authority, any other public authority and the European Public Prosecutor’s Office have no standing in the procedure.

80 The Prosecutor General has published guidelines, including instructions how to file a review request, see http://ugyeszseg.hu/altalanos-benyujtasi-informaciok/, which stakeholders, such as K-Monitor, have found to be user-friendly; information received in the context of the country visit to Hungary. If the prosecution service does not grant the request, the judge can decide that an investigation should take place and send the case back for investigation to the prosecution service. If the prosecution service does not act, the judge informs the person who has requested the review that an indictment can be lodged with the court by him as a ‘private prosecutor’, see pillar I above, p. 10.

81 The introduction of the procedure stems from Council Implementing Decision (EU) 2022/2506 of 15 December 2022 on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary, and a commitment of Hungary under its Recovery and Resilience Plan (RRP milestone 169).


83 The new law does not clarify the scope of application in time of the new rules and, in particular, fails to clarify that the new procedure will also apply to (non-time-barred) criminal offences committed before 1 January 2023. See Council Implementing Decision (EU) 2022/2506 of 15 December 2022 on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary, recital 46.
prosecutor’s decision not to prosecute\textsuperscript{84}. A government assessment report on the functioning of the judicial review is planned for the fourth quarter of 2023.

**Integrity tests and ‘lifestyle monitoring’ continue to be the primary tool for the detection of corruption in the public sector.** Since 25 May 2022, the competence to conduct integrity tests\textsuperscript{85} and ‘lifestyle monitoring’\textsuperscript{86} of public officials has been divided between the Ministry of Interior and the Constitution Protection Office, which is a national security service\textsuperscript{87}. With the exception of police and staff in the public education and public healthcare sectors that are subordinated to the Ministry of Interior, all public officials are now under the remit of the Constitution Protection Office that is overseen by the Prime Minister. The Government maintains that these changes are without prejudice to the applicable law on integrity tests and ‘lifestyle monitoring’. However, there is a risk that the transparency of such proceedings can be affected, as the potential detection of corruption by the secret service may fall under national secrecy rules and a decision not to further pursue a corruption investigation is de facto impossible to contest. For 2022, the prosecution service considers the National Protective Service still to be the main and indispensable source for evidence-gathering to initiate corruption investigations and prosecutions\textsuperscript{88}, in particular of petty corruption, such as gratitude payments in healthcare\textsuperscript{89}. Other detection tools, including asset declarations, whistleblower disclosures and registries, continue to play a relatively minor role in corruption investigations\textsuperscript{90}. Since 1 July 2022, the central register for beneficial ownership information managed by the

\textsuperscript{84} See Council Implementing Decision (EU) 2022/2506 of 15 December 2022 on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary, recital 46.

\textsuperscript{85} The possibility of conducting covert surveillance of public officials through ‘integrity tests’ to establish whether they commit corruption has to be approved by the public prosecutor and, in case a suspected crime is detected, reported to the competent agency. The individual concerned by the surveillance shall only be informed once evidence of corruption is detected and this resulted in criminal proceedings.

\textsuperscript{86} The lifestyle monitoring takes into account whether or not the public official’s way of living is beyond his/her salary. In order to conduct the lifestyle monitoring, the curriculum vita and a completed consent declarations have to be submitted by the concerned person and those living in the same household. The ‘lifestyle monitoring’ is conducted at the request of the responsible head of the public institution and related findings can be a ground for dismissal of the public official.

\textsuperscript{87} See Act CXXV of 1995 on the national security services, which was modified in 2022, providing in Section 8(k) that the civilian national security services can perform internal crime prevention activities, lifestyle monitoring and integrity testing. With regard to corruption, the Constitution Protection Office is now mandated to detect crimes until a criminal investigation is opened. according to input from Hungary for the 2023 Rule of Law Report, p. 13.

\textsuperscript{88} Information received from the Prosecution Service in the context of the country visit to Hungary. As reported last year, criminal proceedings for corruption offenses are mainly initiated on the basis of the criminal investigation activities of the investigating authorities. The majority of the investigated cases are detected by the National Protective Service, see 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 13. To what extent the newly tasked Office for the Protection of the Constitution will cooperate with the prosecution service and contribute to the detection of corruption remains to be seen.

\textsuperscript{89} Gratitude payments in the health care sector are reported to be the most serious challenges that the National Protective Service is in charge of, with a total of 120 cases of corruption and other criminal offences in the healthcare sector having been reported or investigations been initiated in the course of January 2023, according to input from Hungary for the 2023 Rule of Law Report, p. 20. In its Recovery and Resilience Plan, Hungary committed to implement an awareness-raising campaign against gratuity payments (RRP milestones 182-183 and target 184).

\textsuperscript{90} Information received from the Prosecution Service in the context of the country visit to Hungary. See also contribution from K-Monitor for the 2022 Rule of Law Report, p. 18; 2021 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 12.
Tax and Customs Authority is publicly accessible to those who have a legitimate interest in a manner determined by the registry and against payment of an access fee.91

**Hungary’s oversight system was extended through the creation of the new Integrity Authority.** On 18 November 2022, the newly established Integrity Authority took up its operations with the powers to intervene in all cases where in its view the competent national authorities have not taken the necessary steps to prevent, detect and correct corruption, fraud, conflicts of interest and other illegalities and irregularities focusing on the implementation of EU financial support in Hungary.92 The procedure for the appointment of its president and vice-presidents is based on eligibility criteria. In respect of other state bodies with supervisory functions, political appointments raise questions about their impartiality in detecting corruption. As previously reported, deficient independent oversight mechanisms and close interconnections between politics and certain national businesses are conducive to corruption.94

**There has been no progress yet regarding the establishment of a robust track record of repressing high-level corruption.** The 2022 Rule of Law Report recommended to Hungary to “establish a robust track record of investigations, prosecutions and final judgments for high-level corruption cases.” As in previous years, the prosecution service considers the level of cooperation between the relevant anti-corruption entities, as well as human and financial resources available.

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91 Stakeholders raised concerns that excessive fees and too strict accessibility criteria set by the Authority would deter ordinary citizens from using the central database, see for example, Transparency International, Exporting Corruption (2022), p. 52, also recommending increased transparency of private equity funds, which play a role in hiding ill-gotten gains from corruption. The EU legislation on anti-money laundering and counter terrorist financing imposes obligations on all Member States, including Hungary, to identify the ultimate beneficial owner. Beneficial owners are individuals who benefit from a company even though they are not formally named as the owner of the business.

92 The Integrity Authority was created as part of the remedial measures proposed by Hungary in the context of the conditionality procedure. See, in this respect, the findings of the Council of the EU regarding certain weaknesses, risks and shortcomings in Council Implementing Decision (EU) 2022/2506 of 15 December 2022, recital 36. The creation and functioning of the Integrity Authority is also the subject of RRP milestone 160.

93 See Section 36 of Act XXVII of 2022 on the control of the use of European Union budget funds.

94 Appointments have been sought for unusually long periods for a mandate, such as in the State Audit Office, for which the President was elected in July 2022 for a period of twelve years. The President of the State Audit Office (just like the Prosecutor General) is accountable to Parliament and can be the addressee of questions raised by members of Parliament. However, the President of the SAO has no right to reply. This has the practical consequence that accountability cannot be fully exercised. Similarly, for the Supervisory Authority of Regulated Activities overseeing concessions, the President was appointed in October 2021 for a period of nine years, while grounds for the termination of the mandate are limited. See also Freedom House (2022), Freedom in the World – Hungary Country Report, emphasising the Government’s broad control over auditing and investigative bodies; and the 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 14.


97 Information received from the Prosecution Service in the context of the country visit to Hungary. According to information received from Nézőpont, Alapjogokért Központ, Mathias Corvinus Collegium, Danube Institute and Századvég in the context of the country visit to Hungary, ongoing proceedings against public officials support this view.
resources, and of specialisation⁹⁸ adequate to carry out their tasks⁹⁹. To facilitate more effective investigations, including in corruption cases, a new IT system for the prosecution service is planned to address the persisting challenges in evidence-gathering and sharing, particularly with regard to obtaining relevant financial data from the currently numerous separate state registries¹⁰⁰. The indictment rates for corruption are reported to be overall high¹⁰¹. In 2022, the prosecution service reported that 326 persons had been convicted on a final instance for corruption related crimes¹⁰². The prosecution service reports filing indictments in a number of corruption cases involving senior officials and the start of investigations in other cases since July 2022 and that investigations from previous years are ongoing in several other cases. Convictions in a high-level corruption cases continue to be rare. In the reporting period, judgments were handed down in two high-level corruption cases¹⁰³. Stakeholders report that in 2022, investigations were either grounded to stall for a long time or, rather to the contrary, proceedings were quickly closed ‘in the absence of a crime’, or no investigations were launched¹⁰⁴. Serious concerns remain therefore regarding the absence of a robust track record of investigations of corruption allegations concerning high-level officials and their immediate

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⁹⁸ Special trainings for prosecutors are provided to cover new and emerging crime areas and investigative techniques, including on encrypted communication and crypto currency, according to information received from the Prosecutor General’s Office in the context of the country visit.

⁹⁹ Information received from the Prosecutor General’s Office in the context of the country visit to Hungary. See also 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 14.

¹⁰⁰ The IT database would offer the possibilities to interconnect prosecutors and investigate criminal cases, including through artificial intelligence and an open-source element, according to information received from the Prosecution Service in the context of the country visit to Hungary. See also 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 14. The IT system for the handling of sensitive files is to be fully functional and operational by Q2 2024, see RRP milestone 180. In addition, a case management IT system is planned to be fully functional and in operation by the end of 2025, see RRP milestone 181.

¹⁰¹ 83.1% of registered corruption offences under prosecutorial investigations led to indictments in 2022 (i.e. a total of 1 224 offences) (information received from the Prosecution Service in the context of the country visit to Hungary). See also 2022 Rule of Law report, Country Chapter on the rule of law situation in Hungary, p. 15. See also the OLAF (2023), 2022 Annual Report, for the latest data on judicial follow-up by Member States, indicating an indictment rate in Hungary.

¹⁰² Input from Hungary for the 2023 Rule of Law Report, p. 22. The number of proceedings initiated for public sector corruption has remained essentially unchanged from 173 proceedings (in 2021) to 176 (in 2022).

¹⁰³ Both were handed down by military chambers. One case concerned a former leader of the National Security Office who was sentenced by the Kaposvár Regional Court, confirmed by the military chamber of the Budapest Regional Appeal Court in September 2022. The other case concerned the Head of Division in the Budapest Police Headquarters and two leaders of the National Bureau of Investigations, who were sentenced by the military chamber of the Budapest Regional Court in February 2023 (information received from the Prosecution Service on 28 April 2023).

¹⁰⁴ Information received from the Hungarian Association of Judges and Hungarian Bar Association in the context of the country visit to Hungary, stating that criminal proceedings are extremely and unacceptably long, especially in more sophisticated and complex cases that require expertise in other areas, such as financial regulation, that investigators and prosecutors do not have, resulting in a lack of knowledge to investigate such cases. As a recent example of a case against a former Member of Parliament of the governing party, see 24.hu (2022), ‘The investigation into Florian Farkas’ scandalous Roma programme was quietly terminated, relating to a procedure in the case of the Bridge to the World of Work programme’. Notably, the Integrity Authority announced to request access to the documents from the prosecutor’s office, see Telex, The Integrity Authority appeals to the public prosecutor’s office over the terminated investigation into the case of Florian Farkas. For an overview of cases, see also Átlátszó (2021), Botched investigations: 20 important cases that got stuck with prosecutors. Notably, even where cases are dismissed at an early stage in the detection phase on lower levels of the police or the National Tax Authority, the prosecution service has the right to take on the investigation and instruct the police forces to act accordingly. See also Civitas Institute and Transparency International Hungary (2021), Black Book II – Corruption and State Capture in Hungary.
For cases dismissed or terminated after 1 January 2023, citizens and public interest organisations can now request a review of the prosecutorial decisions, or of those of investigating authorities, not to investigate reported corruption suspicions or to terminate ongoing corruption investigations without indictment. It remains to be seen to what extent this newly introduced procedure will be used and thus contribute to a more effective prosecution in practice. Stakeholders also continued to raise concerns about clientelism, favouritism and nepotism in high-level public administration and about the risk of impunity caused by a disparity in the treatment of corruption cases for political purposes, which potentially breaches the principle of equality before the law. Overall, given these developments coupled with the politicisation of the prosecution service and a too close relationship between politics and business, no progress was therefore made on establishing

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105 See contribution from K-Monitor for the 2023 Rule of Law Report, p. 25 and from Transparency International, pp. 22-23. See 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, pp. 15-16 with references to previous reports of 2021 and 2020. See also Bertelsmann Stiftung (2022), Transformation Index: Hungary Country Report, highlighting that the prosecution of corruption is limited to those cases, which can be considered political petty corruption, happening outside of the negotiated rules of the power pyramid.

106 The offences concerned relate to the exercise of public authority or the management of public property, including all corruption offences of Chapter XXVII of the Criminal Code except lenient cases of bribery; abuse of office; serious cases of embezzlement and fraud; misappropriation; budget fraud; and money laundering among others (Section 817/A(1)). A request for judicial review can be filed for criminal proceedings initiated on or after 1 January 2023. Relevant terminated corruption cases are published on the publicly available websites of the police (https://ugyintezes.police.hu/web/guest/anonimizalt-hatarozatok/), the National Tax Authority (https://nav.gov.hu/anonimizalt-hatarozatok/) and the Prosecution Service (http://ugyveszseg.hu/anonimizalt-hatarozatok/). The legislation if one of the seventeen commitments the government made under the conditionality procedure to protect EU money from breaches of the rule of law, including weak anti-corruption safeguards, see Council Implementing Decision (EU) 2022/2506 of 15 December 2022 on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary, recital (e) and paras. 44-46.

107 Notably, several recommended reforms of the prosecution service in Hungary remain, however, partly implemented or not implemented at all (such as to limit the broad immunities of prosecutors to functional immunity only), see GRECO Fourth Evaluation Round - Third Interim Compliance Report (8 September 2022), p. 7, paras. 41-45.

108 Corruption Research Center Budapest (2023), Fourteen Graphs and Two Tables on the New Trends of Corruption in the Hungarian Public Procurement 2005-2022. Information received from Transparency International Hungary, K-Monitor, Corruption Research Center Budapest, Átlátszó, Hungarian Bar Association, Hungarian Association of Judges in the context of the country visit to Hungary. Highly centralised political corruption became the main modus operandi of Hungarian politics, with political corruption and informal power networks as key pillars of party-state capture, according to Bertelsmann Stiftung (2022), Transformation Index: Hungary Country Report, stressing that the prosecution of corruption is limited to those cases, which can be considered political petty corruption, happening outside of the negotiated rules of the power pyramid.

109 Information received from Transparency International Hungary, K-Monitor, Corruption Research Center Budapest, Átlátszó, Hungarian Bar Association, Hungarian Association of Judges in the context of the country visit to Hungary.

110 The full implementation of the GRECO recommendations as regards the effective functioning of the prosecution would further strengthen the anti-corruption framework. See GRECO Fourth Evaluation Round – Third Interim Compliance Report (8 September 2022), p. 6, paras. 31-35. See also pillar I and 2022 Rule of Law report, Country Chapter on the rule of law situation in Hungary, p. 16. This concerns in particular the limitation of prosecutors’ immunity to functional immunity but also the procedures to lift parliamentarians’ immunity, which risk hampering the timely evidence-gathering in corruption investigations against parliamentarians, see also GRECO Fourth Evaluation Round – Third Interim Compliance Report (8 September 2022), p. 7, paras. 41-45, and recommendation v, paras. 8-10. See also above in pillar I.

111 See above in this pillar II on oversight and control mechanisms, p. 16.
a robust track record to fight high-level corruption, as recommended in the 2022 Rule of Law Report.

**The lack of enforcement against foreign bribery continues.** No new investigations into foreign bribery have been initiated\textsuperscript{112}. International recommendations to design a strategy to proactively detect and investigate foreign bribery cases and to provide for more time in the application of investigation measures in highly complex multi-jurisdictional cases remain among other recommendations unfulfilled since 2012\textsuperscript{113}.

**Some legislative steps have been taken to facilitate on-the-spot checks conducted by the EU Anti-Fraud Office (OLAF) for investigations involving EU funds.** On 4 October 2022, Hungary designated by law the National Tax and Customs Administration as the relevant authority to assist OLAF when carrying out on-the-spot checks and inspections in Hungary, including when an economic operator that is subject to such checks refuses to cooperate\textsuperscript{114}. The amendments also introduced the possibility to involve, upon OLAF’s request, a finance guard in the checks as well as to impose a financial sanction in case an economic operator refuses to cooperate with OLAF during its checks and investigations. Regarding the allegations reported last year of a corruption ring in management authorities linked to national and EU funds that raised concerns as to the lack of systemic oversight\textsuperscript{115}, more than 30 suspects of bribery involving the Ministry of Finance and the Prime Minister’s Office have in the meantime been identified\textsuperscript{116}.

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\textsuperscript{112} Transparency International (2022), Exporting Corruption, p. 51, reporting about little to no enforcement referencing that in the period of 2018-2021, Hungary opened one investigation, commenced no cases and concluded no cases. See also OECD, Implementing the OECD Anti-Bribery Convention, Phase 4 Two-Year Follow-Up Report: Hungary (2021), p. 3, para. 3 and p. 6 on recommendation 4.a, reporting that only one small-scale foreign bribery case has been concluded, resulting in the conviction of 26 natural persons between 2008 and 2011, since the entry into force of the Convention in Hungary. Some stakeholders indicate that foreign financial influence from third countries poses an additional threat, information received from Mathias Corvinus Collegium in the context of the country visit to Hungary.

\textsuperscript{113} See OECD Working Group on Bribery (2023), Hungary should urgently implement long-standing OECD Anti-Bribery recommendations, enforce its foreign bribery laws and improve its engagement with the Working Group on Bribery. See also OECD (2021), Implementing the OECD Anti-Bribery Convention, Phase 4 Two-Year Follow-Up Report: Hungary, following up on the OECD recommendation of the Phase 4 Report – Hungary (2019), p. 54, aspects of which are planned to be included in Hungary’s new National Anti-Corruption Strategy and Action Plan.

\textsuperscript{114} Act XXIX of 2022 on the control of the use of European Union budget funds, which entered into force on 11 October 2022. See in this context also Communication on the remedial measures notified by Hungary under Regulation (EU, Euratom) 2020/2092 for the protection of the Union budget, COM(2022) 687 final of 30 November 2022, paras. 12, 134, 137-138 and Council Implementing Decision (EU) 2022/2506 of 15 December 2022, recital (53), concluding that Hungary fulfilled the relevant remedial measure set under the conditionality procedure for the protection of the Union budget against breaches of the principles of the rule of law in Hungary. Notably, the refusal of economic operators to cooperate with OLAF had been in focus in the previous report, as were concerns regarding the frequent practice of the Hungarian authorities to withdraw EU-funded projects in case of financial recommendations issued or investigations opened by OLAF, while amounts due are not systematically recovered from the economic operator who committed the irregularity or fraud, see 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 14. In RRP milestone 226, Hungary committed to reforms to strengthen the cooperation with OLAF to reinforce the detection of fraud related to the implementation of Union support.


\textsuperscript{116} Telex (2023), There are already 34 suspects in the bribery case involving the Ministry of Finance and the Prime Minister’s Office.
There has been no progress so far to reform lobbying rules. The 2022 Rule of Law Report recommended to Hungary to ‘adopt comprehensive reforms on lobbying […] providing for effective oversight and enforcement’\(^{117}\). Although new lobbying guidance is planned, the measures are not sufficient to address the identified systemic weaknesses in Hungary’s lobbying framework. The Government committed to including in the new National Anti-Corruption Strategy Action Plan the adoption of a code of conduct for persons with top executive functions providing guidance on contacts with lobbyists\(^{118}\). The non-binding code of conduct alone is a step forward, but alone it does not adequately address the previously raised concerns in the area of lobbying. These are that Hungary does not have a comprehensive lobby regulation, transparency register or legislative footprint in place to disclose contacts with interest representatives\(^{119}\). There is no obligation to make the encounters or the content public, nor are there any sanctions provided in the relevant Decree\(^{120}\) in case of failure to comply. No steps have been taken to establish a clear set of rules for contacts between members of Parliament and lobbyists to address concerns regarding the level of transparency in the decision-making process\(^{121}\). The lobbying rules therefore remain incomplete, with no systematic follow-up ensured in case of non-compliance. The envisaged actions can therefore not be considered a comprehensive reform on lobbying, as recommended in the previous report. Therefore, there has been no progress so far on the implementation of the recommendation made in the 2022 Rule of Law Report.

The government plans to provide new guidance on post-employment restrictions, while reforms of the revolving door rules in place are not yet envisaged. The 2022 Rule of Law Report recommended to Hungary to ‘adopt comprehensive reforms on […] revolving doors […] providing for effective oversight and enforcement’\(^{122}\). There are plans to provide further guidance on post-employment restrictions, and the Government committed to including such guidance in the new Anti-corruption Strategy Action Plan\(^{123}\). Post-employment restrictions and cooling-off periods remain largely fragmented and apply only to a small group of public

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\(^{118}\) Input from Hungary for the 2023 Rule of Law Report, p. 10. See also RRP milestone 178. There are no specific plans to go beyond the implementation of the commitments made under the conditionality procedure and the RRP with regard to lobbying, according to information received from the Ministry of Interior in the context of the country visit.

\(^{119}\) According to Government Decree 50/2013 of 25 February 2013, employees of state administration bodies need to document meetings and may only meet interest representatives in relation to their work after informing their superiors, who may prohibit the meeting. See 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 17; 2021 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 13. Comprehensive lobbying rules would be of particular importance with regard to the increasing number of ‘investments of strategic importance for the national economy’, as they are exempted from regular requirements and safeguards in order to simplify and accelerate investment procedures.

\(^{120}\) Government Decree 50/2013 of 25 February 2013 on the integrity management system of public administration bodies and the procedure for receiving lobbyists.

\(^{121}\) See GRECO Fourth Evaluation Round – Third Interim Compliance Report (8 September 2022), paras. 9-10. According to information received from the National Assembly’s Immunity Committee in the context of the country visit to Hungary, parliamentary rules are clear and interest representatives have the opportunity to express their opinions.

\(^{122}\) 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 2.

\(^{123}\) Input from Hungary for the 2023 Rule of Law Report, p. 10. There are no specific plans to go beyond the implementation of the commitments made under the conditionality procedure and the RRP (milestones 177-179) with regard to revolving doors, according to information received from the Ministry of Interior in the context of the country visit.
officials\textsuperscript{124} and a limited set of public institutions, such as the State Audit Office and the National Media and Infocommunications Authority\textsuperscript{125}. In practice, however, these rules are not effectively enforced, as the Government is still to specify the sectors and public officials’ positions to which cooling-off time restriction will apply with regard to business careers of public officials in the area, in which they were active beforehand\textsuperscript{126}. A code of conduct for members of Parliament that would include post-employment guidelines is neither in place nor planned\textsuperscript{127}. Therefore, while the guidance would be a good initial step if adopted, the envisaged actions cannot be considered a comprehensive reform on post-employment rules. Therefore, there has been no progress on the implementation of on the recommendation made in the 2022 Rule of Law Report.

Some progress has been made to strengthen the system of asset declarations and a newly established oversight structure has started operating. The 2022 Rule of Law Report recommended to Hungary to ‘[s]trengthen the system of asset declarations, providing for effective oversight and enforcement’\textsuperscript{128}. Until July 2022, Hungary had an extensive asset disclosure system in place that required members of Parliament, Government officials and public officials to declare their assets and interests\textsuperscript{129}. The system lacked effective oversight and enforcement in practice. In 2022, after several amendments to the Act on the National Assembly\textsuperscript{130} which first abolished the obligation to report on assets in exchange for an exclusive focus on income\textsuperscript{131}, the previous asset declaration system was largely reinstated\textsuperscript{132}.


\textsuperscript{125} Confidentiality clauses exist in the Labour Code (Section 8(4) of Act I of 2012), as well as in some specific legislation applicable to public officials (Section 93(1)(g) of Act CXXV of 2018). Such clauses stipulate that a Government official shall retain classified information and, in addition, not disclose to any unauthorised person or entity any fact which came to his knowledge in the course of his activities and the disclosure of which would have adverse or beneficial consequences for the State, a governmental authority, an employee or a citizen.

\textsuperscript{126} The term of the restriction specified by law is the equivalent of the time spent on the job subject to the restriction, with a maximum of two years (Section 117(2) of Act CXXV of 2018). Section 117(1) provides that the Government must determine the sectors and positions where a government official may not be employed after the termination of his/her public service. That provision remains to be implemented.

\textsuperscript{127} According to Section 85 of Act XXXVI on the National Assembly, restrictions apply for a period of two years after the termination of the mandate to members of Parliament to prevent economic conflicts of interest in that they are restricted to conclude a purchase agreement to acquire shareholdings of a business organisation operating with influence over the Hungarian or foreign State, a local government, the association of local governments, a foreign municipality, a political party, or a domestic or foreign religious community. GRECO has repeatedly called for the introduction of a code of ethics/conduct for members of Parliament to be adopted, covering, among others, post-employment rules, and complementary, practical measures for their implementation, see GRECO Fourth Evaluation Round – Third Interim Compliance Report, pp. 3-4, paras. 8-11, with reference to the Fourth Evaluation Report, p. 17.

\textsuperscript{128} 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 2.

\textsuperscript{129} See 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 16; 2021 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 12, flagging concerns with regard to the lack of effective oversight and enforcement in practice, not the system established in law.

\textsuperscript{130} The scope of the Act also extends to senior government officials, as their system is based on the rules applicable to members of Parliament. Asset declaration rules for lower-level public officials and local government leaders remained unchanged in 2022.

\textsuperscript{131} See 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 16, stressing that the government proposal introducing amendments to the asset declarations rules for members of Parliament with a timeline for adoption on 27 July 2022 does not aim to address these calls to strengthen the data verification, oversight or sanctions in case of failure to comply with the rules.

\textsuperscript{132} As before, members of Parliament, their spouses and partners living in the same household are required to submit asset declarations each year after taking up their mandate and at the end of their mandate. While the
Concerns have been raised regarding some remaining loopholes\(^{133}\), as well as effective monitoring and verification. In 2022, out of the 605 declarations submitted, one procedure against a member of Parliament was initiated but rejected by the Committee of Immunity as manifestly unfounded\(^{134}\). There is still no obligation for regular monitoring for the respective entities in the parliament or the Tax and Customs Authority to check the correctness and completeness of the declarations made\(^{135}\). Asset declarations are generally verified only upon notification of suspicions, and potential follow-up is left to the discretion of the public official’s employer or, in case of members of Parliament and other high-ranking officials, to the Committee of Immunity\(^{136}\). However, neither declarations of interests nor information about any follow-up are publicly available. To address some of the long-standing calls to make the supervision, verification and enforcement of rules of conduct, conflict of interest and asset declarations for members of Parliament more effective, the Integrity Authority was created in November 2022 and tasked to increase oversight over asset declarations\(^{137}\). The overall effectiveness of the Integrity Authority’s oversight role will considerably depend on the collaboration of other relevant state bodies and entities\(^{138}\). While the Integrity Authority has no enforcement or sanctioning powers of its own, it can provide evidence to the competent law enforcement authorities. Against this background, some progress can be seen in the establishment of this new oversight structure for the asset declarations of certain categories of officials. Future reports will continue to monitor its effectiveness in practice. Therefore, some progress has been made towards implementing the recommendation made in the 2022 Rule of Law Report.

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\(^{133}\) Written contribution from the National Assembly’s Committee of Immunity in the context of the country visit in Hungary, p. 3.

\(^{134}\) Written contribution from the National Assembly’s Committee of Immunity in the context of the country visit in Hungary, p. 3.

\(^{135}\) Written contribution from the National Assembly’s Committee of Immunity in the context of the country visit in Hungary, p. 3.

\(^{136}\) See also K-Monitor (2023), Hungarian MPs Assets: Less Declared and Still Not Monitored.

\(^{137}\) Act XXVII of 2022 on the control on the implementation of EU Funds establishing the Integrity Authority. The Integrity Authority has the exclusive power to verify asset declarations of political government leaders, including the Prime Minister and other high-level executives. For all other high-risk officials, including members of Parliament, the Authority has a supervisory role and as such the right to request the respective competent authorities to initiate a verification procedure upon suspicion, complaint or ex officio. This latter element is considered a weakness or a shortcoming by the Council of the EU under the conditionality procedure. See the Council Implementing Decision (EU) 2022/2506 of 15 December 2022 on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary, recital 36.


In law, they have an obligation to collaborate, while the Integrity Authority can act in court for failure of compliance with this obligation.
Hungary committed to addressing conflict of interest risks, including for public interest trusts\footnote{139}. Rules on conflicts of interest for public officials, judges and prosecutors exist and are regulated in the respective sectoral laws as well as in codes of ethics. The national integrity measures target low and mid-level officials in the public administration, while for senior public officials the national framework remains weak\footnote{140}. There are also no general conflict of interest rules in place for political advisors and ministerial or government commissioners\footnote{141}. Notably, the Government committed to including in the Action Plan to the National Anti-Corruption Strategy 2023-2025 the adoption of a Code of Conduct for persons with executive functions\footnote{142}. It remains to be seen to what extent the Code would cover also new rules on conflicts of interest, on gifts and similar benefits for parliamentarians, as planned by the Government and reported last year\footnote{143}. Until these commitments are implemented in practice, there are no codes of ethics for members of the Government, state secretaries, or members of Parliament. Furthermore, verification procedures by the National Tax and Customs Authority upon suspicions of unjustified wealth can only be initiated if investigative authorities have also opened criminal inquiries, thus significantly limiting the possibility for such verifications\footnote{144}. At the same time, the newly established Integrity Authority will be able to request the investigation of such suspicions when there is a link with public funds with a focus on EU funds. To ensure more transparency of the use of EU funds, the scope of the conflict of interest rules were enlarged to cover also public interest trusts\footnote{145}. However, top-level public officials, including but not limited to members of Parliament and former public officials can receive a second income through

\footnote{139} Public interest trusts receive significant public funding, including EU funding, and have been found to be managed by board members close to the Government.

\footnote{140} Act CXXV of 2018 on central government administration provides only for a limited concept of conflicts of interest, as it does not define conflicts of interest as such, but instead lists only certain activities that are incompatible with the position of senior political executive (Section 182). The law does not sufficiently regulate specific situations, in which private interests are in contradiction with public interests, or financial interests with decision-making. This seen in context, the integrity tests described above prove to contribute rather to curbing petty corruption in the public administration at the same time. For the implementation of EU funds, as a consequence of the Conditionality procedure, Government Decrees 373 and 374 were adopted in 2022 to include rules on compliance with Article 61 of the Financial Regulation.

\footnote{141} To implement Hungary’s Recovery and Resilience Plan (RRP milestones 217-220 and 224), the guidelines and conflict of interest rules applicable to staff involved in any way in the implementation of EU funds were updated, while a dedicated body (the Directorate for Internal Audit and Integrity, DIAI) set up, which is empowered to regularly check the veracity of those declarations. Furthermore, while the rules on the use of EU funds were updated on conflicts of interest, ministers do not need to sign conflict of interest declarations, even if they are involved in the implementation of EU funds. These apply only from state secretary level and below.

\footnote{142} RRP milestone 178.

\footnote{143} See 2022, Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 17, which was based on information received from the Government in the context of the draft 2022 report consultation.


\footnote{145} Act XXIX of 2022. However, the regulatory framework still does not prevent top-level officials, including senior political executives from the National Assembly and Hungary’s autonomous bodies, from sitting on boards of public interest trusts, as repeatedly requested by the Commission. Moreover, Hungary reintroduced (by means of an exception from the general prohibition), as of 1 November 2022, the possibility for senior political executives to have second remunerated employment, including in boards of public interest trusts. On 15 December 2022, the Council adopted budgetary measures to protect the Union budget from breaches of the principles of the rule of law in Hungary, under the Conditionality Regulation. In this context, the Council prohibited to enter into any new legal commitments with public interest trusts and entities maintained by such trusts when implementing the Union budget in direct or indirect management. The regulation on public interest trusts was codified in April 2021, see Act IX of 2021.
their board membership side-job. This situation presents a personal financial benefit that may bring personal and professional interests in conflict\textsuperscript{146}. Board members are currently appointed for life, while no cooling-off periods exist for former high-level officials to become board members.

Parliament adopted the update of the whistleblower protection legislative framework. Upon the political veto of the President on 21 April 2023, Parliament passed a revised law to transpose the EU Directive\textsuperscript{147} on 23 May 2023\textsuperscript{148}. Various state agencies operate online reporting channels, including the National Protective Service\textsuperscript{149}, the Commissioner for Fundamental Rights\textsuperscript{150}, the Hungarian Competition Authority\textsuperscript{151}, the Public Procurement Authority\textsuperscript{152} and the Prime Minister’s Office\textsuperscript{153}. The latter can receive disclosures related to

\textsuperscript{146} Top-level officials, who may take decisions on the implementation of Union funding, can sit on boards of public interest asset management trusts, which might benefit from such funding. In addition, the Government has reintroduced as of 1 November 2022 the possibility (by means of an exception from the general prohibition) for senior political executives to have other remunerated employment, including on boards of public interest asset management foundations, see Council Implementing Decision (EU) 2022/2506 of 15 December 2022 on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary, recital 43. Public interest trusts receive significant public funding, entailing increased risks of corruption. Since such trusts may receive funding not only from the Hungarian State but also from the private sector and foreign States, the trustees may engage in fundraising and lobbying activities. The legal framework has been challenged before the Constitutional Court (case II/02280/2021, pending) due to concerns regarding the separation of powers, as trustees are not prevented from holding high ranking positions, such as Minister and member of Parliament, at the same time.

\textsuperscript{147} The deadline for transposition of the Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law was 17 December 2021. Pursuing the infringement proceedings launched against Hungary for failure to transpose the Directive, on 15 February 2023, the Commission decided to refer Hungary to the Court of Justice (case C-155/23, pending). The OECD recognised the positive aspects of the existing regulatory framework, but raised concerns as regards the effectiveness of the protection of whistleblowers, see OECD (2021), Implementing the OECD Anti-Bribery Convention, Phase 4 Two-Year Follow-Up Report: Hungary.

\textsuperscript{148} Act XXV of 2023 on complaints, public interest disclosures and rules related to whistleblowing. On 21 April 2023, the President of the Republic vetoed the earlier version of the Bill (T/3089), adopted on 11 April 2023, but not promulgated by the President, that would have added provisions stigmatising LGBTIQ people to the law transposing the EU’s Whistleblower Directive. The new law no longer contains provisions that could have resulted in reporting on sensitive data, such as same-sex couples raising children.

\textsuperscript{149} Since 2011, the National Protective Service has had a toll-free hotline where anyone can report anonymously, according to input from Hungary for the 2023 Rule of Law Report, p. 19.

\textsuperscript{150} The Commissioner acts as a reporting channel and operates the electronic platform but has limited formal competence as regards whistleblower complaints on corruption, including primarily the forwarding of reports to competent authorities. In 2022, the Commissioner has not received any petition relating to corruption despite its awareness-raising activities to promote whistleblower reporting, including on corruption and EU subsidies, according to information received from the Commissioner for Fundamental Rights in the context of the country visit to Hungary. See also 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 18.

\textsuperscript{151} Hungarian Competition Authority, General information about how Cartel chat works, https://www.gvh.hu/kartellchat/kcfaq/faqentry_g568311.html.

\textsuperscript{152} Public Procurement Authority, Public Procurement Anonymous Chat (KAC) launched, https://www.kozbeszerzes.hu/hirek/elindult-kozbeszerzesi-anonim-chat-kac/.

\textsuperscript{153} The reporting channel has been complemented by a conflict of interest reporting interface, see conflict of interest reporter at https://www.palyazat.gov.hu/osszeferhetetlenseg, which is a new commitment of Hungary under its Recovery and Resilience Plan milestone 224 on the setting up of the DIAI to report anonymously any conflict of interest suspicions on conflicts of interest in relation to persons involved in the implementation and control of Union support in Hungary.
the misuse of EU funds. In practice, reporting on these channels continued to be scarce in 2022, while reported cases are frequently dismissed. The anonymous, secure whistleblower hotline of the new Integrity Authority is currently under development and not yet operational. No steps have been taken yet to address the major operational deficiencies in the whistleblower regime, including the limited protection against retaliation and the risks of disclosure of the whistleblowers’ identity.

**Challenges persist with regard to political party and campaign financing rules, which have a narrow scope of application.** Campaign activities that are conducted outside the official campaign period of 50 days before the general elections do not fall under the law. In practice, however, parties had extensively campaigned long before the start of the official campaign for the recent elections in 2022. The State Audit Office, which is responsible to oversee the use of public funds and to control the legality of political parties’ financial management, indicated that significant foreign sources appeared in campaign financing in 2022, which raised suspicions of the possibility of illegal financing. An audit control in this regard on party and campaign financing is being carried out in the course of 2023. Stakeholders have raised concerns to the Supreme Audit Office on systemic overspending in 2022 on outdoor billboard advertising during the 2022 elections, possibly violating spending caps. Also, political advertising on the social media platform Facebook, financed by third parties, is not considered to fall within the legal definition of political advertising under the Electoral Procedure Act. Consequently, it is not audited by the State Audit Office, even if recent

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155 See the list of public interest announcements on the website of Magyarorszag.hu for the orderly and transparent use of funds from the European Union, https://www.anti-lop.hu/. According to information received from Transparency International Hungary in the context of the country visit to Hungary, some whistleblowers refrained from reporting corruption cases due to concerns of political affiliates being involved in the reporting channels with the consequence that the whistleblower systems do not fulfil their objective in practice.

156 See Section 4 of Act XXVII of 2022 on the control of the use of EU budget resources.

157 Information received from the Integrity Authority in the context of the country visit to Hungary.

158 Including the limited protection against retaliation and the risks of disclosure of the whistleblowers’ identity. See OECD (2021), Implementing the OECD Anti-Bribery Convention, Phase 4 Two-Year Follow-Up Report: Hungary, p. 3.


161 Written contribution from the State Audit Office in the context of the country visit to Hungary, p. 8.

162 K-Monitor (2022), Outnumbered eight to one by the government’s poster campaign, they have already exceeded the legal requirements. See contribution from Transparency International for the 2023 Rule of Law Report, p. 16. See also K-Monitor, Political Capital and Transparency International Hungary (2022), Orban’s Fidesz to overspend in Hungary’s election campaign; and K-Monitor (2022), Hungary’s State of Corruption heading towards elections.

163 This can include proxies, such as GONGOs, companies, informal grouping of people or individuals that are involved in campaigning activities as special purpose vehicles to promote political parties or candidates, the related spending of which would not appear in party accounts. See also Hungary Today (2022), Pro-Fidesz Megafon’s Facebook Ad Spending Exceeds HUF 1 Billion.

164 Information received from Transparency International Hungary and the State Audit Office in the context of the country visit to Hungary. Act XXXVI of 2013 on electoral procedure covers media content or audiovisual content published in a press product promoting or encouraging a candidate organisation or an independent candidate, while political advertising content on Facebook is considered not to be from a media promotion provider. Thus, its social media content does not qualify as press product within the meaning of Section 146(b)
elections have shown that most of the political party campaigning takes place on this social media tool. While some measures have been taken to ensure that political party financial registries are transparent and up-to-date, which allows clarifying party income sources, campaign periods and ensuring a more in-depth monitoring, overall concerns remain as regards the transparency of party financing despite OSCE ODIHR recommendations.

Several amendments to the public procurement rules were introduced for a more transparent use of funds, including for public interest trusts. Public interest trusts established by the State, as well as legal persons established or maintained by them are now explicitly designated to fall within the scope of application of procurement rules in respect of procurements financed by the European Union funds. Since 19 November 2022, the newly established Integrity Authority can intervene upon request, complaint or ex officio in cases of suspected fraud, conflicts of interest, corruption and any other irregularities and inform the national prosecution service and the European Anti-Fraud Office. Furthermore, the Government undertook to reduce the percentage of contracts awarded to single-bidders, for

of the Media Act. See also State Audit Office (2021), Elections: Handbook prepared to support election regularity.

BIRN (2022), Hungary Election: Virtual Smear Tactics Alive and Well on Facebook. According to information received from K-Monitor, Transparency International and Corruption Research Center Budapest in the context of the country visit to Hungary, the amounts spent on Facebook being by far the largest. See also Hungary Today (2022), Political Parties Spent HUF 3 Billion during Campaign Period on Facebook Alone; BIRN (2022), Hungary Election: Virtual Smear Tactics Alive and Well on Facebook; Euractiv (2022), Orban's influencers shower cash, become largest social media spenders.

OSCE ODIHR and Venice Commission Guidelines on Political Party Regulation para. 194. OSCE, Hungary, Parliamentary Elections and Referendum - ODIHR Election Observation Mission Final Report (2022), p. 22. Also, the State Audit Office (SAO) has limited competence to control the expenditure of political parties, and only parties that have gained at least one percent on the ballot from the party list can be monitored. Corruption risks therefore exist for public funds, for example, if parties below this threshold are founded to obtain access to state subsidies, terminating their operations right after the elections. SAO audit findings that can result in the withdrawal of state funds and cannot be challenged before an administrative court. See also GRECO (2019), Third Evaluation Round – Second Addendum to the Second Compliance Report on Hungary on incriminations and transparency of party funding, para. 24.

Act XXIX of 2022 introduced a new point f) to Section 5(1) of Act CXLIII of 2015 on public procurement stipulating that public interest asset management foundations performing public duty and legal persons established or controlled by them were subject to the obligation to conduct procurement procedures in accordance with the Act on public procurement. As reported previously, Act VIII of 2021 repealed Section 5(3) of the public procurement law, thereby removing trusts and legal persons managed by them from the scope of application of procurement rules, see 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 20. See also pillar IV.

As a horizontal measure, the Government has established the new Integrity Authority, which aims at remedying systematic breaches of the rule of law concerning public procurement affecting the Union’s financial interests and to reinforce the prevention, detection and correction of fraud, conflicts of interest and corruption, as well as other illegalities and irregularities. Hungary adopted on 4 October 2022 the Act establishing the Integrity Authority by Act XXVII of 2022 on the control of the use of European Union budget funds, which entered into force on 11 October 2022. Further amendments were introduced to the Act as part of the two draft bills composing the ‘service package’ submitted to the National Assembly on 15 November 2022. See in this context, Council Implementing Decision (EU) 2022/2506 of 15 December 2022 on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary, para. 34. The Integrity Authority is provided access to all available information relevant for its task and has the right to instruct other competent national authorities, including giving instructions to exercise their supervisory or control functions or to carry out administrative investigative acts on behalf of the Integrity Authority. In addition, the Integrity Authority can conduct investigative procedures on their behalf in order to identify relevant circumstances.
both tender procedures financed from European Union as well as from national funds. Transparency in public procurement has improved, though specific data on beneficiaries and overall amounts on exempted, pandemic-related procurements remain unpublished. Further measures to increase the level of competition in public procurement are included in a dedicated action plan for the period 2023-2026. To address its findings on the inadequate system of control, monitoring, accountability and sanctions, the Integrity Authority’s report recommends furthermore to establish a single audit and control system that addresses the whole public procurement process in a holistic way. According to the Public Procurement Authority, the trend continues in 2022 that fewer investments have been procured in 2022, however with larger amounts, even larger than already in 2021. Businesses’ attitudes towards corruption in the EU show that 27% of companies in Hungary (EU average 26%) think that corruption has prevented them from winning a public tender or a public procurement contract in practice in the last three years. Stakeholders also report about selective awarding to political affiliates, which would carry the potential to increase corruption risks in a procurement market that is already vulnerable to corruption.

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169 The share of single bids for tender procedures is to be reduced below 15%, while measures will be taken in case they exceed this limit. See RRP milestones and targets 185-212 and Communication on the remedial measures notified by Hungary 2020/2092 for the protection of the Union budget, 100-105. Previously in 2022, Government Decree 63/2022 of 28 February 2022, which entered into force on 15 March 2022, had introduced measures to reduce this high share of single bids targeting, however, only public procurements above the EU public procurement thresholds, thus relating only to a limited number of procurements. See also Corruption Research Center Budapest (2021), Two tendencies in the Hungarian public procurement, pp. 3-4, including an analysis of more than 250,000 public contracts awarded between 2005 and 2021, stating that the contracts awarded to single-bidders in 2021 rose to 34.6% in 2021 (from 32.1% in 2020). According to the single bid indicator of the 2022 Single Market Scoreboard, until 2021, the proportion of contracts awarded in procedures where there was just one bidder had stagnated around 40% between 2018-2021, which was among the highest in the EU. However, there is a downward trend since 2022.

170 See Átlátszó (2020), The Government has abused the pandemic multiple times according to K-Monitor and HCLU. See in this context also Integrity Authority, Integrity Risk Assessment Report (2023), finding that the application and use of the legal framework on public procurement, which is generally in line with international standards and guidelines, is dysfunctional, as it leads to higher costs of taxpayers and does not achieve the objectives of the transparent use of public funds.

171 Government Decision No 1118/2023 (of 31 March 2023) on the action plan (2023 to 2026) to increase the level of competition in public procurements.

172 Integrity Authority, Integrity Risk Assessment Report (2023).

173 Public Procurement Authority (2022), Flash Report: Hungarian Public Procurement in Numbers, p. 3, reporting only for the first half of 2022 that the final total value of the procedures shows a 73.3% increase compared to the same period in 2021. See also Public Procurement Authority (2021), Flash Report: Hungarian Public Procurement in Numbers, p. 3, reporting a 23% increase of the total value compared to 2020 and considerably above the level of the total value calculated in the years prior to the coronavirus pandemic.

174 Flash Eurobarometer 524 on Businesses’ attitudes towards corruption in the EU (2023). This is one percentage point above the EU average.

175 See, Corruption Research Center Budapest (2023), Fourteen Graphs and Two Tables on the New Trends of Corruption Risk in the Hungarian Public Procurement 2005-2022; as well as the six case studies of the Corruption Research Center Budapest (2023), White Elephants in Hungary – Lessons of some EU funded projects. See also Átlátszó (2023), We identified the companies that have won hundreds of public contracts in a single city.

176 See European Semester (2022), p. 11. This is also supported by the Integrity Authority’s public procurement risk assessment exercise report.
III. **MEDIA PLURALISM AND MEDIA FREEDOM**

Hungary’s Fundamental Law and sectoral legislation provide the legal framework for the protection of media freedom and pluralism. The Media Act regulates, in detail, both the Hungarian media regulator as well as the governance of public service media. Legislative amendments adopted in 2022 have modified certain aspects of the right to access information held by public authorities, thereby facilitating the exercise of that right.\(^{177}\)

**There has been no progress in strengthening the functional independence of the Hungarian media regulator.** The 2022 Rule of Law Report recommended to Hungary to ‘[i]ntroduce mechanisms to enhance the functional independence of the media regulatory authority taking into account European standards on the independence of media regulators.’\(^{178}\) While the Media Act\(^ {179}\) regulates the establishment and operation of the Media Authority, the Authority’s functional independence needs to be strengthened.\(^ {180}\) The decision-making body of the Authority, the Media Council, remains composed of members all nominated by Parliament, which is controlled by the governing party. By virtue of a recent amendment to the Media Act as part of the revision of the asset disclosure system (see also Pillar II), members of the Media Council are now obliged to make a declaration of assets.\(^ {181}\) On 15 July 2022, the Commission decided to refer Hungary to the Court of Justice in the infringement procedure which considers incompatible with EU law the Media Council’s refusal to renew the broadcasting license of independent radio station *Klubrádió*, which resulted in the radio being taken off air.\(^ {183}\) Following the April 2022 rejection of renewal of *Tilos Rádió*’s licence,\(^ {184}\) the Media Council eventually opened a fresh tendering process under which the independent station obtained a new licence in September 2022. Given the ongoing issue with regard to the Authority’s composition, the 2023 Media Pluralism Monitor (MPM) has changed its previous assessment of the independence and effectiveness of the Media Authority from medium to high risk,\(^ {185}\) also referring to the Authority’s ‘openly discriminatory’ decision making. Given that no measures have been adopted or are planned so far to strengthen the regulator’s functional independence, there has thus been no progress in the implementation of this recommendation.

**There has been no progress to increase transparency and fairness in the distribution of state advertising.** The 2022 Rule of Law Report recommended to Hungary to ‘adopt legislation to ensure fair and transparent distribution of advertising expenditure by the state and...

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177 Hungary ranks 72\(^{nd}\) in the 2023 Reporters without Borders World Press Freedom Index compared to 85\(^{th}\) the previous year.
179 Act CLXXXV of 2010 on media services and on mass media.
181 The amendment to Section 218/E of the Media Act in relation to asset declarations is in line with Act LVI of 2022 amending certain Acts requested by the European Commission for the successful conclusion of the conditionality procedure.
182 Case C-92/23, pending.
183 The Commission considers that the Media Council’s decisions to reject *Klubrádió*’s application were disproportionate and non-transparent and that Hungarian media law has been applied in a discriminatory way in breach of EU telecoms rules, set out in Directive (EU) 2018/1972 establishing the European Electronic Communications Code (Recast). On 17 June 2021, the Kúria upheld the Media Council’s decision. On 8 February 2022, the Constitutional Court dismissed *Klubrádió*’s constitutional complaint (Decision 3064/2022. (II. 25.) AB).
state-owned companies\textsuperscript{186}. No legislative or other measures have been announced to that effect. The channelling of significant state resources to pro-government media continues to prevent a level playing field in the Hungarian media landscape. While according to the Mértékel Media Monitor ‘the primary instrument of distorting the media market in Hungary is state advertising spending’ and this remains the case today\textsuperscript{187}, the 2023 MPM has this year adjusted its risk score from high to medium risk with regard to state advertising in the country\textsuperscript{188}. Given that no legislative or other measures have been adopted or announced, there has been no further progress in the implementation of this recommendation.

There are no detailed rules on transparency in the ownership structure of media companies. Registers maintained by the media authority only contain limited information on media service providers though direct ownership information is available via the business register. This leads the 2023 MPM to consider this a high-risk area although it points out that ‘in practice […] the public is often aware of the ultimate beneficial owners behind a particular outlet’ due to the attention which journalists and researchers have given to this matter\textsuperscript{189}. The Hungarian system of review of market concentration in the media market continues to operate under the conditions described in detail in previous reports\textsuperscript{190}.

There has been no progress with regard to enhancing the independence of public service media. The 2022 Rule of Law Report recommended to Hungary to ‘[s]trengthen the rules and mechanisms to enhance the independent governance and editorial independence of public service media taking into account European standards on public service media’\textsuperscript{191}. No significant legislative or policy changes have been adopted or are planned in terms of the governance and funding of public service media, amid concerns in relation to its financial and editorial independence\textsuperscript{192}. The 2023 MPM maintains its high risk score for this area holding that: ‘Hungarian public service media is financially dependent on the governing majority in Parliament, is controlled by political interests and is seen as extremely biased in its reporting’\textsuperscript{193}. Section 87 of the Media Act, which establishes rules related to the election of the members of the board of trustees of the Public Service Foundation was amended\textsuperscript{194}. The amendment stipulates that in case of termination of a member’s mandate before the end of his or her term and an intervening change of Government it shall be up to the Committee on Culture of the National Assembly to propose a replacement member. There has thus been no progress in the implementation of this recommendation\textsuperscript{195}.

A new reform aims to facilitate access to public information and rendered the charging of fees exceptional. As part of the commitments undertaken in the Recovery and Resilience

\textsuperscript{186} 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 2.
\textsuperscript{187} Mértékel (2021), State advertising spending – complaint update.
\textsuperscript{188} Media Pluralism Monitor 2023, country report on Hungary, pp. 30-31.
\textsuperscript{189} Media Pluralism Monitor 2023, country report on Hungary, pp. 21-22.
\textsuperscript{190} See 2020, 2021 and 2022 Rule of Law Reports, Country Chapters on the rule of law situation in Hungary.
\textsuperscript{191} 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 2.
\textsuperscript{192} See details as to the legislative framework regulating public service media in 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, pp. 22-23.
\textsuperscript{193} Meridion Media Pluralism Monitor 2023, country report on Hungary, p. 31.
\textsuperscript{194} Act CLXXXV of 2010 on media services and on mass media, amended by Section 4 of Act XVIII of 2022.
\textsuperscript{195} According to the European Parliament’s Flash Eurobarometer: News & Media Survey 2022, 22% of respondents in Hungary stated that they trust public TV and radio stations, below the EU average of 49%.
Plan\textsuperscript{196}, a new Chapter 21/A was added to the Freedom of Information Act\textsuperscript{197}, which aims to accelerate litigation in connection with data of public interest by applying the rules of litigation on press rectification\textsuperscript{198}. The legislative provisions entered into force on 31 December 2022 and apply to data requests filed after that date. The provisions are expected to significantly speed up litigation, thanks to the very tight deadlines\textsuperscript{199}. In addition, in October 2022, the Government had amended other relevant provisions\textsuperscript{200} thus establishing an over-arching principle that public information shall be provided free of charge and that fees for access to such public information may only be charged under exceptional and clearly defined circumstances and that such fees should be capped. This reform is expected to address some long-standing issues regarding access to public information. Stakeholders point out that certain legal obstacles to freedom of information remain, and that proactive data publication on the new transparency portal is not mandatory for all entities performing a public duty\textsuperscript{201}. The 2023 MPM considers that the 2022 amendments are positive but considers that the current regime is still more restrictive than that existing prior to 2015 and consequently maintains its high risk score for this area\textsuperscript{202}.

**Journalists and other media professionals have been targeted by spyware and smear campaigns.** Following allegations related to the use of Pegasus and equivalent spyware surveillance software against journalists\textsuperscript{203}, (see also pillar IV), the 2023 MPM highlights the fact that, in Hungary, ‘Pegasus spyware has been used by national authorities against journalists and media owners\textsuperscript{204}’ adding that independent media outlets which have expressed critical positions towards the Government have been targeted by seemingly coordinated smear campaigns\textsuperscript{205}, amplified by coverage in outlets belonging to the KESMA media

\textsuperscript{196} RRP milestones 229 and 230.
\textsuperscript{197} Act XL of 2022 amending Act CXII of 2011 on the right to informational self-determination and on the freedom of information in order to reach an agreement with the European Commission.
\textsuperscript{198} It applies the provisions of Act CXXX of 2016 on the Code of Civil Procedure in an analogous manner.
\textsuperscript{199} The amendment also included a rule with a slowing effect: holders of trade secrets may now intervene in a lawsuit, supporting the data controller (contribution from Liberties for the 2023 Rule of Law Report, p. 6). Legislative changes do not affect the execution of court decisions where challenges remain (see pillar IV and contribution from ILGA-Europe for the 2023 Rule of Law Report, p. 19).
\textsuperscript{200} Government Decree 301/2016 of 30 September 2016 on the amount of the reimbursement of costs for the execution of a request for data of public interest. The new rules (a) abolished the possibility to charge labour costs associated with the fulfilment of access to public information requests; (b) defined publicly available unit costs related to the costs of copying and the delivery of the information requested; (c) established the rule that fees charged shall not exceed the actual cost incurred by the holder of the public information requested when fulfilling that information request related to the cost categories under point (b) and only if those costs exceed HUF 10 000; and (d) defined a reasonably low overall ceiling of maximum HUF 190 000 for associated cost that can be taken into account by a public body when fulfilling an individual access to public information request.
\textsuperscript{201} Contribution from Transparency International Hungary for the 2023 Rule of Law Report, p. 26. According to stakeholders, state entities frequently reject requests claiming that they are not in possession of the information, then grant access during the court proceedings. Also, stakeholders refer to case-law confirming that data related to subcontractors’ participation in projects financed by EU funds do not need to be disclosed (contribution from Hungarian Civil Liberties Union for the 2023 Rule of Law Report, p. 24).
\textsuperscript{204} On 31 January 2022, following an ex officio procedure, the Hungarian National Authority for Data Protection and Freedom of Information (NAIH) concluded that the investigation regarding the use of Pegasus software did not reveal any illegality. Subsequently, on 15 June 2022, the Central Chief Prosecution Office of Investigation terminated its investigation into the matter, concluding that no crime had been committed.
\textsuperscript{205} Media Pluralism Monitor 2023, country report on Hungary, p. 16.
conglomerate. For these reasons, the 2023 MPM considers this to be an area of medium risk. The Council of Europe’s Platform to promote the protection of journalism and safety of journalists registered three new alerts relating to, respectively, an opposition party politician who spoke about the hypothetical hanging of a journalist, a far-right website which hosted content suggesting that all journalists working for a particular media outlet should be beaten to death and denial-of-service (DDoS) attacks suffered by 12 media outlets in a short period of time.

IV. OTHER INSTITUTIONAL ISSUES RELATED TO CHECKS AND BALANCES

Hungary is a parliamentary republic with a unicameral Parliament (National Assembly). Parliament, among other functions, adopts and amends the Fundamental Law of Hungary, legislates, including cardinal laws, elects the Prime Minister, and elects – by a two-thirds majority – the top rank public officials of the country. The President of the Republic is elected by Parliament. There are a number of institutions tasked with counter-balancing the powers of the legislature and the executive and entrusted with guaranteeing the respect of the constitutional order, including the Constitutional Court, the State Audit Office and the Ombudsperson (‘Commissioner for Fundamental Rights’). The Constitutional Court reviews the constitutionality of laws and judicial decisions. In addition to the Government, the President of the Republic, every parliamentary committee and any member of Parliament may table a bill.

Amendments to the rules on public consultations are expected to improve the legislative process, yet their practical impact remains to be assessed. The quality of law-making and frequent changes in legislation remains a significant reason for concern about the effectiveness of investment protection among companies in Hungary. The 2022 Rule of Law report noted that the lack of public consultation coupled with an accelerated legislative process had further weakened the quality of the regulatory environment. From among the 81 Acts of Parliament promulgated in 2022, five were adopted in an exceptional procedure, and eight were adopted via urgent procedure. Hungary’s Recovery and Resilience Plan includes dedicated milestones and targets to ensure that at least 90% of all legislation, including decrees, initiated by the Government will be subject to public consultation for a minimum period of eight days. Any exceptions would need to be duly justified and in all cases impact assessments should be prepared in line with an agreed methodology and the summaries of these should be made

206 See Rule of law reports on Hungary 2020, 2021 and 2022 for details on KESMA.
208 The government replied to this alert, distancing itself from the statement made by this politician.
209 The Government replied to this alert, stating that the offending content had been taken down.
210 Council of Europe, Platform to promote the protection of journalism and safety of journalists.
211 A two-thirds majority of all the members is required to adopt or amend the Fundamental Law.
212 The Fundamental Law provides for the adoption of 33 cardinal laws implementing its provisions and containing detailed rules on the functioning of key institutions or on the exercise of certain fundamental rights. They may be adopted or amended by a two-thirds majority of the members of Parliament present. The Venice Commission criticised Hungary for using cardinal acts beyond what is strictly necessary, and even in respect of detailed legislation, which has been considered questionable from a democratic perspective as it makes it difficult to introduce reforms in the future (CDL-AD(2012)009, para. 47).
213 Figure 54, 2023 EU Justice Scoreboard indicates that ‘Frequent changes in legislation or concerns about quality of the law-making process’ are of concern to 29% of companies in Hungary.
215 RRP milestones and targets 235 to 240.
The Government continues to use its emergency powers extensively, which undermines legal certainty and affects the operation of businesses in the single market. Hungary has been under a special legal regime for prolonged periods of time\(^\text{219}\). In response to the COVID-19 pandemic, the Government maintained a ‘state of danger’ between 11 March 2020 and 18 June 2020 and then between 1 January 2021 and 1 June 2022. On 25 May 2022, a ‘state of danger’ was declared by the Government ‘in view of the armed conflict and humanitarian catastrophe in Ukraine and with a view to averting their impact on Hungary’, which is still in force\(^\text{220}\). In 2022, out of the 637 government decrees, 267 (41.9%) were adopted as emergency decrees, either with a reference to the pandemic or the war. 82 of these were issued in November-December 2022, including a decree restructuring the state budget. Despite a country-specific recommendation in the context of the 2020 European Semester\(^\text{221}\), interference with business activities and the stability of the regulatory environment continued, and some emergency measures raise questions as regards their necessity and proportionality\(^\text{222}\).

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\(^{216}\) Act CXXXI of 2010. Draft laws and draft government decrees are published online for a period of at least eight days; anyone can send comments. According to the Government, as from the entry into force of the new rules, 92% of draft legislation was subjected to public consultation in 2022.

\(^{217}\) Act I of 2023 amending Act XCVII of 2006 on professional associations in the health sector and Act CLIV of 1997 on healthcare.

\(^{218}\) www.parlament.hu. Earlier, the Government’s Bill (T/583) on repealing a lump-sum tax for entrepreneurs, prepared with no public consultation and tabled on 11 July 2022, was passed into law in less than 28 hours. Also, in an open letter to the European Commission, stakeholders (Amnesty International Hungary, Eötvös Károly Policy Institute and Hungarian Helsinki Committee) complain that Parliament breached its own procedural rules when on 3 May 2023 it adopted the omnibus legislation introducing a justice reform (see pillar I) based on an amendment tabled by members from the governing parties, changing the entire content of a Bill (T/3131) in the final stage of the legislative process, without any debate. According to the Government, appropriate consultations were conducted in accordance with legal requirements and commitments in the RRP.


\(^{220}\) In order to formally comply with the revised Article 51 of the Fundamental Law, Government Decree 424/2022 of 28 October 2022 reintroduced the ‘state of danger’ for 30 days as of 1 November 2022. The Government needs an authorisation from Parliament to extend the ‘state of danger’ after an initial 30-day period. This authorisation can be given for a maximum of 180 days per occasion but can be repeated without limitation. On 22 November 2022, Parliament authorised the Government, through Section 2(1) of Act XLII of 2022, as amended on 3 May 2023, to extend the ‘state of danger’ until 25 November 2023.


\(^{222}\) Government Decree 197/2022 of 4 June 2022 on extra profit tax targets banks and other financial institutions, oil refineries, producers of renewable energy, telecom companies, air carriers, insurance companies and retailers. It has been amended more than 10 times without any stakeholder consultation. Government Decree 404/2021 of 8 July 2021 on supplementary mining royalty payable with a view to relaunching the economy obliges the producers of building raw material to pay a special tax; it forces cement producers to realise a negative profit margin. Government Decrees are norms that can only be reviewed by the Constitutional Court. The Constitutional Court has no power to hear cases related to taxation. The Constitutional Court has developed a specific test for reviewing emergency measures: it examines whether (i) there has been an
The Government continues to use its emergency powers also to interfere with the administration of justice\textsuperscript{223} as well as to limit the freedom of the press\textsuperscript{224} and the right to strike\textsuperscript{225}. Parliament has no ex ante control over individual emergency measures\textsuperscript{226}.

The Government’s practice of granting exemptions from regulatory oversight for selected transactions and projects undermines legal certainty and equality before the law. The Government may declare certain mergers and acquisitions of companies of ‘strategic importance for the national economy’, thereby exempting them from control by the competition authority\textsuperscript{227}. In the context of the European Semester, the Commission noted that, as a consequence, the impact of such transactions on the economy, competition and the single market is not being assessed\textsuperscript{228}. Also, the Government may declare certain investment projects to be of ‘strategic importance for the national economy’ merely through a Decree\textsuperscript{229}, thereby exempting these type of projects from public oversight and control\textsuperscript{230}. The criteria for these

\textsuperscript{223} Government Decree 356/2022 of 19 September 2022 made inaccessible – retroactively – documents related to the operation and functioning of the COVID-19 Task Force and its working groups. The emergency measure specifies that such documents cannot be filed in court proceedings and can only be inspected on the premises.

\textsuperscript{224} Government Decree 210/2022 of 14 June 2022 on the rules of dissemination of printed media during the state of danger provides that no permission is needed for newspapers that only sell newspapers and magazines containing state advertising related to the war in Ukraine. Since only pro-government media has access to state advertising, newsstands are disincentivised to sell independent newspapers.

\textsuperscript{225} Government Decree 36/2022 of 11 February 2022 limited teachers’ right to strike by establishing rules on minimum service. On 24 May 2022, Parliament codified the provisions of the emergency measure in Sections 14 and 15 of Act V of 2022 on regulatory issues in the context of the termination of the state of danger. Subsequently, the Constitutional Court dismissed an application challenging the relevant provisions of this law (Decision 1/2023. (I. 4.) AB). In response to the ensuing civil disobedience movement of teachers, Government Decree 4/2023 of 12 January 2023 on emergency rules related to the functioning of public education institutions, allows the extraordinary dismissal of teachers with immediate effect and without severance payment any time up to 1 August in the academic year, instead of the generally applicable 15-day deadline. Stakeholders note that the Government relies on the special legal regime introduced because of the war to put pressure on protesting teachers by extending their insecurity as regards the application of sanctions (contribution from Liberties for the 2023 Rule of Law Report, pp. 23-24.).

\textsuperscript{226} Under Article 53 of the Fundamental Law, the Government reports regularly to the National Assembly about its measures introduced; the National Assembly may repeal a decree adopted by the Government during the state of danger. In this case, the Government, as a rule, cannot adopt again a repealed decree with identical content.

\textsuperscript{227} Section 24/A of Act LVII of 1996 on the prohibition of unfair trading practices and unfair competition.


\textsuperscript{229} Government Decrees are norms that can only be reviewed by the Constitutional Court in very limited cases.

\textsuperscript{230} The Government has issued Decrees under Act LIII of 2006 on the acceleration and simplification of the implementation of investments of strategic importance for the national economy. For example, Government Decree 1/2023 of 4 January 2023 (industrial park), Government Decree 44/2023 of 20 February 2023 (development of an industrial park) Government Decree 45/2023 of 20 February 2023 (renovation of a school building), Government Decree 66/2023 of 6 March 2023 (water management), Government Decree 77/2023
exemptions are not clearly laid out, they are applied arbitrarily, and there is no formal procedure to contest their application. There are several instances where the Government granted such exemptions, giving rise to criticism by stakeholders.231

Concerns regarding the independence and effective functioning of the Commissioner for Fundamental Rights persist. The 2022 Rule of Law Report noted that concerns as regards the independence of the Commissioner for Fundamental Rights had been aggravated by the Commissioner taking over the responsibilities of the Equal Treatment Authority.232 The UN Sub-Committee on Accreditation (SCA) of the Global Alliance of NHRIs (GANHRI) has not revised its earlier recommendation that the Hungarian national human rights institution be downgraded to B-status.233 Stakeholders reported that the Office of the Commissioner’s Equal Treatment Directorate has discontinued the practice of the former Equal Treatment Authority by repeatedly refusing to provide protection for the rights of LGBTIQ people.234 As of 1 January 2023, the Commissioner has also assumed the responsibilities of the independent mechanism defined in the UN Convention on the Rights of Persons with Disabilities.235

Further concerns have been raised due to the absence of effective oversight as regards the use of secret surveillance measures outside criminal proceedings. Stakeholders reported that the rules of secret information gathering allow for any citizen to become a surveillance target as the Minister of Justice has discretion in allowing secret surveillance for reasons of national security, without any meaningful control by courts or the data protection authority.236

of 10 March 2023 (building of a poultry slaughterhouse), Government Decree 86/2023 of 21 March 2023 (building of a logistic warehouse), Government Decree 102/2023 of 29 March 2023 (extraction of natural gas). Also, an emergency measure allows to dispense with public hearings in administrative procedures related to urban planning, thus further limiting public oversight and the effective involvement of stakeholders (Section 3 of Government Decree 146/2023 of 27 April 2023). According to the Government, during implementation, the same official control rules apply as for other investment projects which were not declared to be of ‘strategic importance for the national economy’.


232 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 27.

233 The SCA found that the Commissioner for Fundamental Rights ‘has not effectively engaged on […] all human rights issues, including in relation to vulnerable groups such as ethnic minorities, LGBTI, refugees and migrants as well as constitutional court cases deemed political and institutional, media pluralism, civic space and judicial independence (2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 27).

234 Contribution from Hátter Society for the 2023 Rule of Law Report, p. 21. While the law requires that the equal-opportunity-related tasks be carried out by a separate Equal Treatment Directorate within the Office of the Commissioner, no director has so far been appointed (contribution from ILGA-Europe for the 2023 Rule of Law Report, p. 21). According to the Government, the Equal Treatment Directorate operates smoothly in an uninterrupted manner, the duties of the director are carried out by the Commissioner, and the Commissioner follows the practice of the Equal Treatment Authority in cases concerning LGBTIQ people.

235 Section 33(2) of the Convention. Contribution from the Commissioner for Fundamental Rights for the 2023 Rule of Law Report, p. 18. The Commissioner for Fundamental Rights operates the electronic system serving for filing and registering public interest disclosures, aimed at protecting whistleblowers (see also pillar II). Since 2015, the Commissioner has been tasked with the role of National Preventive Mechanism under the Optional Protocol to the UN Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (OPCAT). In 2020, the Commissioner took over the responsibilities of the Independent Police Complaints Board.

236 The European Court of Human Rights referred to the limited power conferred on Hungary’s data protection authority and the resulting absence of an external, independent scrutiny in such matters. In its investigation, the data protection authority is bound by the restrictions on access to certain types of data, including those
In the context of its call to implement the Szabó and Vissy\textsuperscript{237} judgment from the European Court of Human Rights, on 10 March 2023 the Council of Europe’s Committee of Ministers\textsuperscript{238} ‘exhorted’ the Hungarian authorities to adopt without further delay the measures required to bring domestic legislation on secret surveillance for national security purposes fully and effectively in line with the requirements of the European Convention on Human Rights.

**Legal certainty has been improved as final judicial decisions can no longer be challenged by public authorities before the Constitutional Court.** In the context of the European Semester, the Council of the European Union noted that questions had been raised regarding the role of the Constitutional Court, composed of members elected by Parliament without the involvement of the judiciary, in reviewing judgments of the ordinary courts\textsuperscript{239}. The 2022 Rule of Law Report noted that the possibility for the Constitutional Court to review final judicial decisions upon request of public authorities raises questions in particular as regards legal certainty\textsuperscript{240}. In its Recovery and Resilience Plan, Hungary committed to remove this possibility\textsuperscript{241} introduced in 2019. The Constitutional Court, composed of members elected by Parliament without the involvement of the judiciary, can still review such final rulings in other cases\textsuperscript{242}.

**On 1 January 2023, Hungary had 43 leading judgments of the European Court of Human Rights pending implementation, a decrease of four compared to the previous year**\textsuperscript{243}. Hungary’s rate of leading judgments from the past 10 years that remain pending is at 76% (compared to 71% in 2022) and the average time that the judgments have been pending processed by the defence force, national security services, police, tax authority and the public prosecutor’s office. The data protection authority cannot therefore have direct access to such data. In case of data categories statutorily exempt from independent supervision, the data protection authority can enquire only via the overseeing minister and would only be informed of the result of the latter’s own enquiry. Judgment of the European Court of Human Rights of 29 September 2022, Hüttl v Hungary, 58032/16, paras. 16 and 18. See also pillar III.


\textsuperscript{238}An Interim Resolution is a form of decision adopted by the Committee of Ministers aimed at overcoming more complex situations requiring special attention. The Committee recalled that the European Court of Human Rights had found violations of the applicants’ right to respect for their private and family life and for their correspondence on account of the Hungarian legislation on secret surveillance measures. This was namely within the framework of intelligence gathering for national security, which did not provide for ‘safeguards sufficiently precise, effective and comprehensive on the ordering, execution and potential redressing of such measures’.

\textsuperscript{239}Council Recommendation of 12 July 2022 on the 2022 National Reform Programme of Hungary and delivering a Council opinion on the 2022 Convergence Programme of Hungary, recital 27.

\textsuperscript{240}2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 27.

\textsuperscript{241}Section 27 of Act CLI of 2011 on the Constitutional Court. See RRP milestone 216.

\textsuperscript{242}Although it is not part of the court system, the Constitutional Court adjudicating on the merits of the case has been characterised as ‘a court of fourth instance’ when hearing constitutional complaints challenging final judicial decisions (see 2022 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, pp. 27-28). Stakeholders note that the Constitutional Court does not have a case-allocation scheme and cases are assigned to judges-rapporteurs under non-transparent rules (contribution from Amnesty International Hungary for the 2023 Rule of Law Report, p. 14) and it is not bound by procedural deadlines when hearing constitutional complaint cases (contribution from ILGA-Europe for the 2023 Rule of Law Report, p. 14).

\textsuperscript{243}The adoption of necessary execution measures for a judgment by the European Court of Human Rights is supervised by the Committee of Ministers of the Council of Europe. It is the Committee’s practice to group cases against a State requiring similar execution measures, particularly general measures, and examine them jointly. The first case in the group is designated as the leading case as regards the supervision of the general measures and repetitive cases within the group can be closed when it is assessed that all possible individual measures needed to provide redress to the applicant have been taken.
implementation is over 6 years and 8 months (compared to over 6 years and 3 months in 2022). The oldest leading judgment, pending implementation for almost 14 years, concerns the violation of the right to freedom of assembly. On 15 June 2023, the number of leading judgments pending implementation has decreased to 42. Stakeholders report that there is still no separate national structure to bring together various actors to coordinate the implementation of judgments of the European Court of Human Rights; meaningful parliamentary oversight is lacking. According to stakeholders, some public authorities fail to execute final court decisions related to access to documents. The number of decisions in which the Constitutional Court declared that a legislative omission resulted in the violation of the Fundamental Law, but Parliament has failed to remedy the situation to date, is 13. The court-set deadline for implementing these decisions has expired in 10 cases, the oldest one in 2013.

There has been no progress to remove obstacles affecting civil society organisations, which remain under pressure. The 2022 Rule of Law Report recommended to Hungary to ‘[r]emove obstacles affecting civil society organisations’. Independent domestic civil society organisations (CSOs) continue to be attacked by the Government and the governing parties. The space for civil society continues to be rated as ‘obstructed’, while legislation on freedom of association generally conforms with relevant international standards and did not change in the past year. According to stakeholders, attempts to stifle CSOs include extensive smear campaigns and rhetorical attempts of intimidation, launching ill-founded legal procedures against civil society, and otherwise hindering their work. Stakeholders report that most authorities refuse to cooperate with stigmatised CSOs and reject invitations to workshops and participation in research. Stakeholders also note that while various consultative bodies with civil society representatives do exist, they are rarely convened, and their functions are often merely formal, and traditional channels of advocacy and consultation with state institutions ceased to work years ago. The Government regularly avails itself of ‘national

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244 All figures are calculated by the European Implementation Network and are based on the number of cases that are considered pending at the annual cut-off date of 1 January 2023. See the contribution from the European Implementation Network for the 2023 Rule of Law Report, p. 4.
246 Data according to the online database of the Council of Europe (HUDOC).
247 Contribution from the Hungarian Helsinki Committee for the 2023 Rule of Law Report, p. 37. The Minister of Justice submits a yearly report to the relevant parliamentary committee on the judgments delivered by the European Court of Human Rights and the actions taken as a result thereof.
250 Rating by CIVICUS; ratings are on a five-category scale defined as: open, narrowed, obstructed, repressed and closed.
251 Contribution from the European Civil Forum on Hungary for the 2023 Rule of Law Report, p. 5.
consultations\textsuperscript{256}, replacing other forms of dialogue and civic participation. Furthermore, the implementation of the law\textsuperscript{257} adopted in 2021 to repeal the Transparency Act\textsuperscript{258}, found to be contrary to EU law by the Court of Justice\textsuperscript{259}, is putting additional pressure\textsuperscript{260}. The so-called ‘child-protection law’\textsuperscript{261}, amending various laws including the law on national public education\textsuperscript{262}, authorises the responsible minister to regulate by decree the conditions of registration for CSOs that may give sex education classes in public education institutions. No such decree has been issued ever since, thereby limiting the activity of the CSOs concerned\textsuperscript{263}. As of 1 January 2023, in response to a judgment of the Court of Justice\textsuperscript{264}, Hungary amended its legislation which criminalised the organisation of activities carried out with a view to assisting the initiation of applications for international protection that do not fulfil the national criteria for granting that protection. Another law\textsuperscript{265} introducing a special 25% immigration tax applicable to financial support received by organisations carrying out ‘activities facilitating immigration’, which also raised concerns, continues to apply\textsuperscript{266}. Therefore, there has been no progress on the implementation of the recommendation made in the 2022 Rule of Law Report.

\textsuperscript{256} Contribution from Amnesty International Hungary for the 2023 Rule of Law Report, pp. 39-40. The ‘national consultation’ is a tool consisting of letters sent directly to every Hungarian household ‘on behalf of the Government of Hungary’, accompanied by questionnaires allowing the citizens to submit answers to sets of questions formulated by the Government and supported by a countrywide billboard and media campaign. The ‘national consultation’ organised between October and December 2022, focused on the presumed economic impact of the sanctions imposed on Russia because of the war of aggression against Ukraine and adopted by unanimous decisions of the Council of the European Union.

\textsuperscript{257} Act XLIX of 2021 on the transparency of organisations carrying out activities capable of influencing public life; an application seeking the review of the law is pending before the Constitutional Court (Case IV/05049/2021). According to the Government, the law is aimed at increasing the transparency of support granted to and the operation of non-governmental organisations.

\textsuperscript{258} Act LXXVI of 2017 on the transparency of organisations which receive support from abroad.


\textsuperscript{260} Stakeholders report that the procedures to comply with the new reporting requirements impacted the capacity of CSOs to carry out their activities, including because of several technical difficulties and due to the lack of feedback to the audited CSOs (contribution from the European Civil Forum on Hungary for the 2023 Rule of Law Report, p. 8; contribution from the Hungarian Helsinki Committee for the 2023 Rule of Law Report, p. 39). Under the new rules, in May 2022, the State Audit Office carried out legality checks on all accounts of CSOs with an annual balance sheet exceeding a certain amount and, therefore, considered capable of influencing public life. The Summary Report published by the State Audit Office on 2 December 2022 announced that the rules governing both the selection criteria and the methodology for the assessment would be reviewed but did not provide detailed information (https://www.asz.hu/dokumentumok/22062.pdf). No information is available on the continuation of the legality check process.

\textsuperscript{261} Act LXXIX of 2021 on stricter action against paedophile offenders and amending certain acts for the protection of children lays down a number of restrictive and discriminatory measures; in particular, it prohibits or limits access to content that propagates or portrays the so-called ‘divergence from self-identity corresponding to sex at birth, sex change or homosexuality’ for individuals under the age of 18. The Commission considered that the law violates the internal market rules, the fundamental rights of individuals (in particular LGBTIQ people) as well as - with regard to those fundamental rights - the EU values; on 15 July 2022, the Commission decided to refer Hungary to the Court of Justice (case C-769/22 is pending).

\textsuperscript{262} Act CXC of 2011 on national public education.


\textsuperscript{264} The Court of Justice has held that Section 353/A of Act C of 2012, introduced by Section 11(1) of Act VI of 2018 (part of the so-called ‘Stop Soros’ legislative package) breached Union law (judgment of the Court of Justice of 16 November 2021, \textit{Commission v Hungary}, C-821/19).

\textsuperscript{265} Section 253 of Act XLII of 2018 amending certain tax laws and other related laws and on the immigration tax.

\textsuperscript{266} 2020 Rule of Law Report, Country Chapter on the rule of law situation in Hungary, p. 19, which reported on criticism voiced in the Venice Commission and OSCE ODHIR Joint Opinion (CDL-AD(2018)035).
Concerns related to the State’s role in financing civil society persist. Almost 47% of civil society’s resources come from public funding\(^{267}\). Stakeholders report that this income is distributed unevenly\(^{268}\), that the operation of state funding\(^{269}\) for CSOs is non-transparent and that about half of the largest beneficiaries are organisations directly controlled by local governing party politicians or their affiliates\(^{270}\). Also in this respect, no progress has been made on the implementation of the 2022 recommendation to remove obstacles affecting CSOs.

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\(^{267}\) The total income of associations and foundations in 2021 was HUF 1 070 billion, a little more than the year before (HUF 900 billion). Of this, some 47% comes from public funding, 22% from private sources, with the rest originating from generated own income and a variety of other sources. The Government did not provide any additional funding or relief to CSOs in response to the effects of the pandemic on the sector and lagged behind civil society in treating the refugee crisis stemming from the war in Ukraine. Domestic institutional philanthropy remains very underdeveloped, with just a handful of relatively small actors. There are no dedicated national public funding sources specifically supporting CSOs engaged in the areas of democracy, rule of law and fundamental rights. Independent CSOs remain dependent on international philanthropic and institutional donors (contribution from Ökotárs for the 2023 Rule of Law Report, p. 21).

\(^{268}\) 35% of the CSOs work with an annual budget of not more than HUF 500 000 and 70.5% below HUF 5 million, with the average per organisation being around HUF 21 million.

\(^{269}\) The central state support instrument to CSOS, the National Cooperation Fund provides grants annually to some 4 000 organisations with a total budget of HUF 11 billion in 2022. Additionally, the Village and Town Civil Funds (for CSOs operating in settlements under and over 5 000 inhabitants, respectively) each distributed HUF 5 billion. A large part of the Hungarian civil society sector is not eligible for funding by the National Cooperation Fund which actively promotes government agendas (European Commission: Civil Society Landscape in the European Union - Research in support of the Citizens, Equality, Rights and Values (CERV) Programme, p. 19). According to the Government, in 2022, 11 023 organisations received grants from the National Cooperation Fund. In addition, taxpayers can donate 1% of their personal income tax to any CSO. According to the Government, in 2022, HUF 11 247 679 837 was distributed among 28 822 organisations under this scheme, based on the declarations of 1 491 469 taxpayers.

\(^{270}\) Contribution from the Hungarian Helsinki Committee for the 2023 Rule of Law Report, p. 29; contribution from Ökotárs for the 2023 Rule of Law Report, p. 18.
Annex I: List of sources in alphabetical order*


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K-Monitor (2022), *Outnumbered eight to one by the government’s poster campaign, they have already exceeded the legal requirements* (Nyolcszoros túlerőben a kormányoldal plakátkampánya, már túlköltötték a törvényi előírásokat) [https://k.blog.hu/2022/03/30/nyolcszoros_tuleroben_a_kormanyoldal_plakatkampanya](https://k.blog.hu/2022/03/30/nyolcszoros_tuleroben_a_kormanyoldal_plakatkampanya).


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Telex (2023), *There are already 34 suspects in the bribery case involving the Ministry of Finance and the Prime Minister’s Office* (Már 34 gyanúsítottja van a Pénzügyminisztériumot és a Miniszterelnökséget is érintő vesztegetési ügynek) [https://telex.hu/belfold/2023/03/03/vesztegetes-miniszterelnokseg-ugyeszseg-palyazat-penzugyminiszterium-korrupcio-buncselekmeny-nyomozas](https://telex.hu/belfold/2023/03/03/vesztegetes-miniszterelnokseg-ugyeszseg-palyazat-penzugyminiszterium-korrupcio-buncselekmeny-nyomozas).

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Annex II: Country visit to Hungary

The Commission services held virtual meetings in February 2023 with:

- Alapjogokért Központ
- Amnesty International Hungary
- Átlátszó
- Budapest Institute for Policy Analysis *(Budapest Szakpolitikai Elemző Intézet)*
- Corruption Research Center Budapest
- Danube Institute
- Editors-in-Chief’s Forum *(Főszerkesztők Fóruma)*
- ELTE Media Department
- Hungarian Association of Judges *(MABIE)*
- Hungarian Bar Association
- Hungarian Civil Liberties Union *(TASZ)*
- Hungarian Helsinki Committee
- Integrity Authority
- K-Monitor
- Kúria (the Supreme Court)
- Mathias Corvinus Collegium
- Media Service Support and Asset Management Fund *(MTVA)*
- Mérték Media Monitor
- Ministry of Interior
- Ministry of Justice
- National Assembly *(Országgyűlés)*
- National Association of Public Procurement Advisors *(Közbeszerzési Tanácsadók Országos Szövetsége)*
- National Authority for Data Protection and Freedom of Information
- National Judicial Council
- National Media and Infocommunications Authority
- National Office for the Judiciary
- Nézőpont
- Office of the Commissioner for Fundamental Rights
- Prosecution Service of Hungary
- Public Procurement Authority
- State Audit Office *(Állami Számvevőszék)*
- Századvég
- Transparency International Hungary

* The Commission also met the following organisations in a number of horizontal meetings:

- ALDA (European Association for Local Democracy)
- Amnesty International
- Civil Liberties Union for Europe
- Civil Society Europe
- Culture Action Europe
- European Centre for Press and Media Freedom
- European Civic Forum
- European Federation of Journalists
- European Partnership for Democracy
- European Youth Forum
- Free Press Unlimited
- Front Line Defenders
- ILGA Europe
- International Commission of Jurists
- International Federation for Human Rights (FIDH)
- International Planned Parenthood Federation European Network
- International Press Institute
- JEF Europe
- Osservatorio Balcani e Caucaso Transeuropa
- Philea
- Reporters Without Borders
- SOLIDAR
- Transparency International EU