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English - Or. English

24 June 2022

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
WORKING GROUP ON BRIBERY IN INTERNATIONAL BUSINESS TRANSACTIONS**

Hungary: Phase 4 additional follow-up report

This document was adopted by the WGB on 16 June 2022.

JT03498407

HUNGARY: PHASE 4 ADDITIONAL FOLLOW-UP REPORT

Instructions

This document seeks to obtain information on the progress each participating country has made in implementing the recommendations of its Phase 4 evaluation report. Countries are asked to answer all recommendations as completely as possible. Further details concerning the written follow-up process is in the Phase 4 Evaluation Procedure (paragraphs 51-59 and Annex 8) as updated in December 2019.

*Please submit completed answers to the Secretariat on or before **15 March 2021**.*

Name of country: HUNGARY

Date of approval of Phase 4 evaluation report:

Date of information: April 2022

PART I: RECOMMENDATIONS FOR ACTION

Regarding Part I, responses to the first question should reflect the current situation in your country, not any future or desired situation or a situation based on conditions that have not yet been met. For each recommendation, separate space has been allocated for describing future situations or policy intentions.

Recommendations regarding detection of foreign bribery

Text of recommendation 1(a):

1. Regarding the **detection of foreign bribery in the government and private sectors**, the Working Group recommends that Hungary take the following steps to increase the effectiveness of its whistleblower system for the purpose of detecting the bribery of foreign public officials:

a. Raise awareness in the public and private sectors, including SMEs, of how an effective whistleblower system helps to detect crimes, including foreign bribery, and increases integrity in public and private governance. [2009 Recommendation IX, iii)]

Action taken as of the date of the follow-up report to implement this recommendation:

In 2021 the National Protective Service started the implementation of the training project entitled “Anti-corruption trainings, especially in the field of international bribery” financed from the Internal Security Fund. As part of the project, we are planning a wide-ranging training program for the public sector (foreign affairs staff, judges, prosecutors, police officers, public administration staff) and companies to transfer knowledge about the obligation to report international bribery and about the liability of legal entities for international bribery. The project is planned to involve nearly 1,400 people in 34 trainings.

As part of the project the role of whistleblower systems will be emphasized during the following trainings:

- One-day mandatory training for domestic MFA staff focusing on internal control system and integrated risk management system (400 officials).

- Foreign bribery focused further training for commercial attachés (100 officials) was realized in July, 2021.

During the training, the participants received knowledge about the characteristics of corruption offenses, the behavior of the perpetrators, and information about foreign bribery, including practical examples. Among the relevant international conventions, the provisions of the UN Convention against Corruption and the Organization for Economic Co-operation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions have been described in detail.

The presentations were given by experts from the Prosecutor General's Office, the Office of the Commissioner for Fundamental Rights and the National Protective Service. Speakers have repeatedly stressed that in addition to lawful and ethical behavior, it is essential to report incidents violating integrity through an appropriate official channel and to use whistleblower protection systems.

- Foreign bribery focused training held for the staff preparing for diplomatic missions (150 officials).

- Further training for police officers focusing on foreign bribery and on detecting corruption related crimes (A three-day training for 70 law enforcement officers).

- One-day training for business actors focusing on foreign bribery.

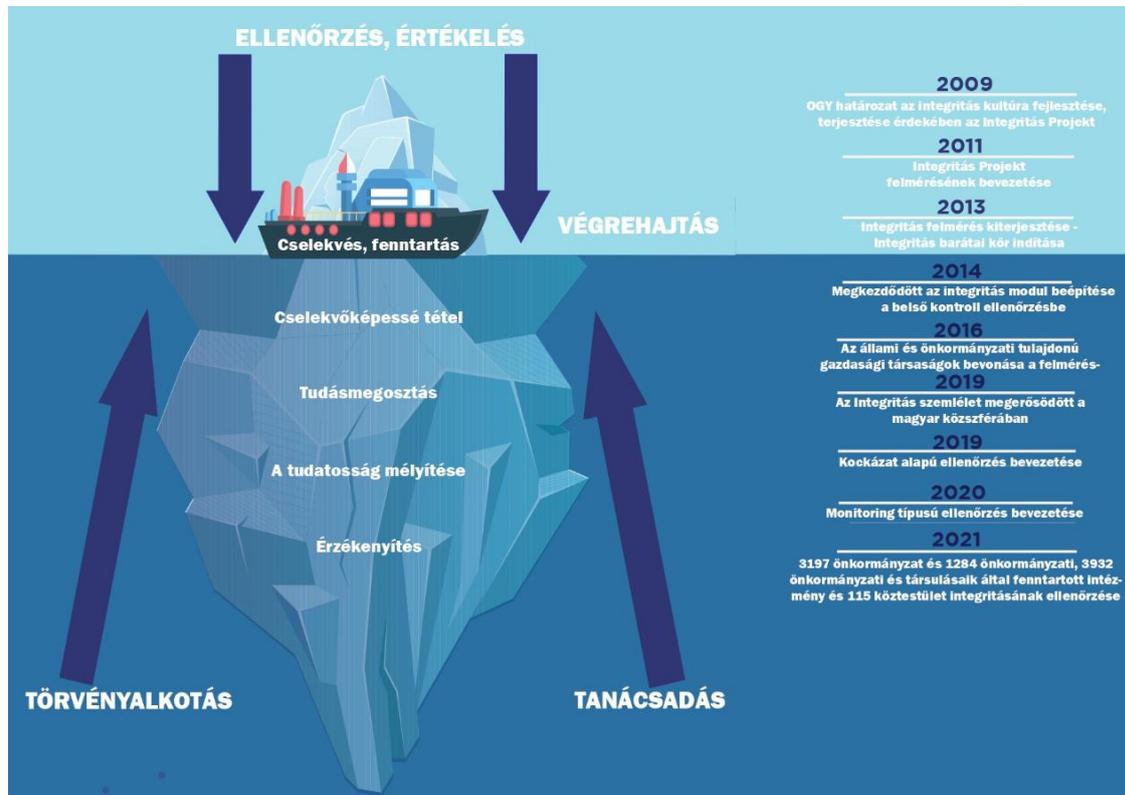
In relation to the recommendation in Point 1.a. of the Report, I would like to note, however, that in February and March 2022, the Office of the Commissioner for Fundamental Rights opened six regional offices (in Győr, Szeged, Debrecen, Székesfehérvár, Miskolc and Pécs), thus citizens are now able to request the Ombudsman's inquiry in person also outside the capital. In the course of the opening of the regional offices, I paid particular attention to providing information on public interest disclosures: the leaflets placed in the regional offices, the short informative videos on the official Facebook page of the Office of the Commissioner for Fundamental Rights, as well as other press materials contain information on the electronic system for submitting public interest disclosures.

Also it is important to emphasize that the State Audit Office of Hungary examines the areas of corruption risks, and supports the strengthening of the integrity culture with its analyzes based on the authorization of the 35/2009. (V.12.) resolution of the National Assembly.

The National Assembly in the framework of the 34/2015. (VII. 7.) resolution of the National Assembly acknowledged the activities conducted by the SAO of Hungary mapping corruption risks and disseminating an integrity-based organizational culture, expanding its advisory activities on management systems and fostering organizations involved in the management of public funds also promoting management training on ethical public finance.

In accordance with these resolutions, the State Audit Office of Hungary has been dealing with the introduction, establishment, continuous strengthening and development of an integrity-based administrative culture in Hungary for more than a decade. At the system level, the activities of our institution are illustrated by the SAO iceberg model (Figure 1), which is based on the formation of attitudes and the support of the development of integrity-conscious thinking.

1. Figure 1. - The SAO iceberg model



In Hungary, guarantees for the protection for whistle-blowers are provided by law. The Act CLXV/2013 on complaints and public announcements clearly regulates the protection of the personal data of the whistle-blower.

Notifications must be handled by any public institution and since 2014 it can also be conducted through a secure electronic system operated by the Commissioner for Fundamental Rights (<https://www.ajbh.hu/kozerdeku-bejelentes-benyujtasa>). The Anonymous Chat (KAC) function of the Public Procurement Authority was launched on 16 September 2020, which allows anyone to share information with the Public Procurement Authority in an anonymous manner regarding suspected cases of alleged or actual breaches of public procurement law (<https://anonim.kozbeszerzes.hu/>).

Institutions and economic entities belonging to the central and local government subsystem in accordance with Government Resolution 370/2011 (XII. 31.) on the internal control system and internal audit of budgetary bodies, and 339/2019 (XII.23.) on the internal control system of publicly owned companies. (XII. 23.), they had to develop their own integrity management systems and control processes.

50/2013 (II.25.) Government Decree on the Integrity Management System of Public Administration Bodies and the Procedure for Receiving Advocates. (II. 25.) provides for the use of an integrity consultant in addition to defining the concept of integrity. The integrity adviser shall, inter alia, receive and investigate reports of integrity and corruption risks related to the operation of the organization, if authorized by the head of the organization.

Integrity management systems should also include procedural rules for handling reports and complaints in the public interest, due to the recommendations of the State Audit Office of Hungary. The SAO examines the implementation of the integrity management system and the existence of key controls in the framework of its audit activities, and also evaluates them during its analyzes.

The State Audit Office of Hungary also assessed the adequacy of the systems for handling public notifications in the Integrity Survey established in 2009. The 2019 survey found that, in addition to the mandatory legal guarantees, 52% of Hungarian public institutions have systems for handling external notifications, while 42% of those surveyed provided protection whistleblowers belong to the organisation. Simultaneously with the survey, the integrity audits were given more and more emphasis, during the evolution of which the monitoring type audit was created, which make possible the evaluation of an organizational group.

The SAO's audits in recent years have included an assessment of whether the leaders of the audited organizations have created the necessary conditions to ensure integrity, the basic organizational framework, the regulations related to integrity controls and the protection against corruption. During the monitoring audits conducted in 2021, for instance, the SAO assessed the basic documents of the integrity of 3341 local governments and 591 institutions under the control of associations, as well as 356 state-owned companies.

In addition, in 2021 the SAO continued to audit the control environment and integrity of central budget bodies and local government institutions, as well as local government-owned companies. The latter focused on creating an accounting and integrity-conscious regulatory environment, which is a fundamental condition for the accountability of financial management. The focus areas of the audit programs examined in each case whether the procedural issues of handling reports and complaints in the public interest were regulated at the given organization, in respect of which it can be positively assessed that the audited organizations reacted immediately to the deficiencies and risks.

The activities of the State Audit Office of Hungary in the field of culture of integrity have been surrounded by extensive knowledge-sharing activities from the very beginning. The SAO repeatedly drew attention to the importance of the protection of whistleblowers of public interest and the importance of setting up a whistleblowing system.

The total number of publications, news and knowledge-sharing materials and events in the last decade is close to 100. The State Audit Office's latest analysis entitled "Rethinking Integrity risks and controls during pandemic" published in 2021 (https://www.asz.hu/storage/files/files/Elemz_s_integritas_kockazatok_vilagjarvany.pdf?ctid=1307) also deals with the special significance of the public interest notification system in a separate chapter.

The publication about the analysis was also published in the Civil Review (Polgári Szemle) in 2021 (<https://polgariszemle.hu/aktualis-szam/193-egy-uj-vilagrend-fele-uj-kihivasok-es-valaszok/1176-integritasi-kockazatok-es-control-world-ideas>). The publication of the scientific paper in English and Chinese is currently ongoing.

The analysis highlights that whistleblower protection systems are one of the most important guarantees on highlighting abuses, ethically controversial situations, or breaches of integrity. A concrete way of implementation for the institution to create a mailbox that can ensure that employees, patients, representatives of private companies, citizens can safely report suspicious cases, potential abuses, without disclosing their identities (UNODC, 2020). The basic condition for the operation of such systems is that it adequately protects the data or anonymity of the whistleblower, as this is the only way for her/him to use such channels with confidence.

The external reporting channel operated by the SAO can be reported in person orally, in writing (by post), by telephone or electronically. The SAO receives a notification by telephone by recording the voice recording of persons initiating a call at the central telephone number of the State Audit Office (SAO call-center).

The recordings shall be formulated in writing by the client in accordance with the relevant model regulations and sent in duplicate to the complainant or notifier in the public interest for confirmation, together with the data protection and related information annexed to the model minutes. The notification can be made in writing (via email) on the internal notification channel by filling in the notification form according to the relevant regulations.

The SAO registers each incoming public interest notification and utilizes it in its control and analysis

activities through its risk analysis system. Since 2010, 2254 notifications have been received by the State Audit Office. In order to efficiently handle public interest notifications, the SAO also developed a new procedure and a system for handling notifications from 2014 onwards. In 2021, the Procedure for the audit carried out with the receipt of design data related to management risks was prepared. This procedure is suitable for evaluating the specific transactions related to the public interest notification, thus ensuring even more efficient utilization of the notifications.

If no action has been taken to implement recommendation 1(a), please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:

Pursuant to Directive (EU) 2019/1937, the member states shall enact those provisions set out in the laws, decrees and administrative decisions which are necessary for their compliance with the Directive. Related to this, we are going to make our proposals during the negotiations with Ministry of Justice in the course of the eventual transposition of the Directive.

Text of recommendation 1(c):

1. Regarding the **detection of foreign bribery in the government and private sectors**, the Working Group recommends that Hungary take the following steps to increase the effectiveness of its whistleblower system for the purpose of detecting the bribery of foreign public officials:

c. Clarify how the three reporting channels – the Ombudsman, Employer Channel, and System of Integrity Management of Public Administration Bodies – interact. [2009 Recommendation IX, iii)]

Action taken as of the date of the follow-up report to implement this recommendation:

There has been no change in the legislation concerning the interaction between the three reporting channels – the Ombudsman, Employer Channel, and System of Integrity Management of Public Administration Bodies – since 15 March 2021.

No changes have occurred in the operation of the electronic system for public interest disclosures or in the procedures pertaining to its operation.

If no action has been taken to implement recommendation 1(c), please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:

Pursuant to Directive (EU) 2019/1937, the member states shall enact those provisions set out in the laws, decrees and administrative decisions which are necessary for their compliance with the Directive. Related to this, we are going to make our proposals during the negotiations with MoJ in the course of the eventual transposition of the Directive.

Text of recommendation 1(d):

1. Regarding the **detection of foreign bribery in the government and private sectors**, the Working Group recommends that Hungary take the following steps to increase the effectiveness of its whistleblower system for the purpose of detecting the bribery of foreign public officials:

d. Ensure that measures for protecting the identity of whistleblowers are effective. [2009 Recommendation IX, iii)]

Action taken as of the date of the follow-up report to implement this recommendation:

There has been no change in the legislation concerning the effective protection of the identity of whistleblowers since 15 March 2021. No changes have occurred in the operation of the electronic system for public interest disclosures or in the procedures pertaining to its operation.

If no action has been taken to implement recommendation 1(d), please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:

Pursuant to Directive (EU) 2019/1937, the member states shall enact those provisions set out in the laws, decrees and administrative decisions which are necessary for their compliance with the Directive. Related to this, we are going to make our proposals during the negotiations with MoJ in the course of the eventual transposition of the Directive. It is to be noted that the Commissioner and the Office of the Commissioner for Fundamental Rights are not legislative bodies and are not responsible for transposition of EU Law.

Text of recommendation 1(e):

1. Regarding the **detection of foreign bribery in the government and private sectors**, the Working Group recommends that Hungary take the following steps to increase the effectiveness of its whistleblower system for the purpose of detecting the bribery of foreign public officials:

e. Provide an appropriate mechanism for redressing acts of retaliation against public and private sector employees who report in good faith and on reasonable grounds to the competent authorities suspected acts of foreign bribery. [2009 Recommendation IX, iii)]

Action taken as of the date of the follow-up report to implement this recommendation:

There has been no change in the legislation concerning the mechanism for redressing acts of retaliation against whistleblowers who report in good faith since 15 March 2021. No changes have occurred in the operation of the electronic system for public interest disclosures or in the procedures pertaining to its operation.

If no action has been taken to implement recommendation 1(e), please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:

Pursuant to Directive (EU) 2019/1937, the member states shall enact those provisions set out in the laws, decrees and administrative decisions which are necessary for their compliance with the Directive. Related to this, we are going to make our proposals during the negotiations with MoJ in the course of the eventual transposition of the Directive. It is to be noted that the Commissioner and the Office of the Commissioner for Fundamental Rights are not legislative bodies and are not responsible for transposition of EU Law.

Text of recommendation 2(a):

2. Regarding **the detection of foreign bribery in the government sector**, the Working Group recommends that Hungary:

a. Fully implement the Phase 3 recommendation to raise awareness and develop policies and procedures on the legal obligation of public officials to report foreign bribery to the law enforcement authorities. [2009 Recommendation III. i); and IX. ii)]

Action taken as of the date of the follow-up report to implement this recommendation:

In 2021 NPS started the implementation of the training project entitled “Anti-corruption trainings, especially in the field of international bribery” financed from the Internal Security Fund. As part of the project, we are planning a wide-ranging training program for the public sector (foreign affairs staff, judges, prosecutors, police officers, public administration staff) and companies to transfer knowledge about the obligation to report international bribery and about the liability of legal entities for international bribery. The project is planned to involve nearly 1,400 people in 34 trainings.

Hungary's commitment to implementing the key recommendations of the OECD Anti- Bribery Working Group is reflected by the effort to carry out them among the measures of the governmental strategic document on anti-corruption, titled National Anti-Corruption Strategy (NACS).

Para 16 of Government Decision 1328/2020. (VI.19.) implementing NACS defines the following measures:

„Considering the recommendations of the OECD Anti-Bribery Working Group, the Minister of Interior, the Minister of Foreign Economy and Foreign Affairs and the Minister of Finance should distribute knowledge about the reporting obligation regarding the bribery of a foreign official, and about international bribery of legal entities, among the institutions of the public sector, the actors of business life, especially SME's, and work out the related training programmes.”

Furthermore according to the act C of 2012 on the Criminal Code chapter 27 („Corruption related criminal offences”), section 300(1), a public officer who, obtaining in his official capacity credible knowledge of the commission of an undiscovered criminal offence of active or passive bribery, active or passive bribery regarding a public officer, active or passive bribery in court or in authority proceedings, active or passive trading in influence, and fails to report it to the authorities as soon as he can is guilty of the felony called failure to report a corruption criminal offence and shall be punished by imprisonment for up to three years.

Therefore in Hungary, public officers have the obligation in general to report corruption offences. This obligation is not differentiated based on the domestic or foreign nature of the act, it applies to both cases. Btk. allows only a narrow exception to this obligation, according to section 300(2), a relative of the perpetrator shall not be liable to punishment for failure to report a corruption criminal offence.

Act XC of 2017 on the Code of Criminal Procedure section 30 point f) puts the investigation of the above mentioned offences under the exclusive competence of the prosecutor's office.

Trainings specifically on foreign bribery mentioned in the OECD recommendations are organised by the National Protective Service.

To raise awareness, training sessions are organised annually at the prosecution service. Each year, there are training sessions for candidate prosecutors and junior prosecutors on corruption cases, as well as general training sessions for prosecutors of the Central Investigation Public Prosecution

Office, which has exclusive competence to investigate bribery of foreign officials, with a focus on experience in corruption cases.

If no action has been taken to implement recommendation 2(a), please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:

Text of recommendation 4(a):

4. Regarding the **detection and investigation of foreign bribery by the competent authorities**, the Working Group recommends that Hungary:

a. Undertake an assessment of the foreign bribery risk exposure of: i) Hungarian companies, including SMEs, ii) MNEs using Hungary as a manufacturing base and then re-exporting goods to other markets, 3) the expanding presence of MNEs for the purpose of developing and exporting new technology-based industrial production, including in the transportation, healthcare and pharmaceutical industries, and 4) SOEs, including in the electricity, gas, transport and finance sectors.

Action taken as of the date of the follow-up report to implement this recommendation:

If no action has been taken to implement recommendation 4(a), please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:

Text of recommendation 4(b):

4. Regarding the **detection and investigation of foreign bribery by the competent authorities**, the Working Group recommends that Hungary:

b. Develop and implement a strategy for proactively detecting and investigating foreign bribery cases, including through the use of all available sources of detection inside and outside of the law enforcement community, and training specifically targeted at foreign bribery. [Convention, Article 5; 2009 Recommendation, I, paragraph D)]

Action taken as of the date of the follow-up report to implement this recommendation:

National Protective Service submitted and was awarded an ISF tender titled "Anti-corruption trainings, especially around the issue of foreign bribery" in 2020. With this we laid down the foundations of a large-scale training and experience sharing project in the field of bribery of foreign public officials. Not only the Ministry of the Interior, but also the Head of the General Prosecutor's Office, the President of the National Judicial Office, the Head of the National Police Headquarters, the Rector of the National University of Public Service, the Administrative State Secretary of the Ministry of Foreign Trade and Foreign Affairs also expressed their intention to cooperate.

As it is reflected in the evaluation report, from the side of prosecutors a strong need has arisen. As part of the project, we are planning a series of practical one-day trainings consisting of 7 workshops for 160 investigating prosecutors and prosecutors on the use of covert investigative tools. In addition, considering the Recommendations, we are planning a conference around the topic of the responsibility of legal persons for prosecutors, judges and police officers (totally 100 participants), keeping in mind the issue of bribery of foreign public officials. Within the frames of the project prosecutors, judges and police officers would receive additional training on their duties in connection with holding legal persons accountable, and on the knowledge that facilitates their work in cases related to bribery of foreign public officials.

In order to achieve a high standard of practical training, the Hungarian side contacted the Foreign Bribery Working Group to provide speakers, to which Hungary received positive feedback from the Canadian, Polish, Italian, American and English delegates. The training is expected to take place in Autumn of 2022, unless the pandemic repeatedly prevents the training from being held in person.

We also set the goal of organizing additional trainings (a three-day training and an one-day training) around the topic of the bribery of foreign public officials and the investigation of corruption offences for police officers (totally 170 participants) taking part in the detection and investigation of corruption cases.

In the event of the implementation of the project element titled **„Raising awareness of business officials around the issue of the bribery of foreign public officials”**, a conference would be held for business actors, especially small and medium-sized enterprises, on promoting of internal control systems and of compliance systems, also encouraging them implementing measures aiming at prevention and detection of the bribery of foreign officials.

The staff (650 officials) of the Ministry of Foreign Trade and Foreign Affairs would be provided with knowledge on the topic foreign bribery within the framework of trainings held for the staff preparing for diplomatic missions, further training of commercial attachés and mandatory training of domestic staff.

In addition, using the online interface established by the NPS we conducted a survey in 2021 to map integrity and corruption risks at public administration bodies in relation to their jobs and positions. In the framework of the survey, we also examine the exposure of individual jobs to foreign influence. The analysis of the survey will be completed this year.

To perform the tasks recorded in the government decision 1328/2020. (VI. 19.) on the adoption of the medium term National Anti-corruption Strategy of 2020-2022 and the related action plan, the National Protection Service organizes trainings called „Anticorruption training for police investigators, prosecutors and judges”. The National Police Headquarters takes part in developing the thematics of them based on the cooperation agreement between the Police and NPS.

Following OECD recommendations, the focus of „general” anti-corruption trainings will also include foreign bribery. The training called "Supplementary training for police investigators on bribery of foreign officials and investigation of corruption crimes" organised by Police and NPS will be held in 2022. Also in 2022, a three-day training course will be organised for police officers investigating corruption cases, which will also focus on bribery of foreign officials.

In its training programme, the prosecution service continues to place a strong emphasis on improving the knowledge of prosecutors, and in particular investigating prosecutors, on corruption (see answer to Recommendation 2a).

If no action has been taken to implement recommendation 4(b), please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:

Text of recommendation 4(c):

4. Regarding the **detection and investigation of foreign bribery by the competent authorities**, the Working Group recommends that Hungary:

c. Assign responsibility for enforcing the foreign bribery offence, including against foreign subsidiaries, and diligently investigate suspicions of foreign bribery perpetrated by them. [Convention, Article 5; 2009 Recommendation, I, paragraph D]

Action taken as of the date of the follow-up report to implement this recommendation:

Investigations in bribery regarding a foreign public official (Section 293(1) and (3) of CC) fall into the exclusive investigative competence of the PPO (Section 30 point f) of CCP).

The competence is based on the qualification of the conduct according to the CC, the criminal jurisdiction is based on the personal and territorial principles, so the rules are clear.

Since the 4th round evaluation there was no new foreign bribery case.

If no action has been taken to implement recommendation 4(c), please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:

Recommendations regarding enforcement of the foreign bribery offence

Text of recommendation 6(b):

6. Regarding the **investigation and prosecution of foreign bribery**, the Working Group recommends that Hungary:

b. Urgently implement the Phase 3 recommendation to extend the two-year investigation time limit for foreign bribery offences in a manner that ensures that there is adequate time to apply investigative measures to natural person suspects including in highly complex multijurisdictional cases. [Convention, Article 6]

Action taken as of the date of the follow-up report to implement this recommendation:

There are no changes in this regard.

If no action has been taken to implement recommendation 6(b), please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:

Text of recommendation 6(c):

6. Regarding the **investigation and prosecution of foreign bribery**, the Working Group recommends that Hungary:

c. Consider whether the substitute prosecution procedure could feasibly apply to foreign bribery in cases where competitors and/or citizens have been harmed by such bribery, and thus might constitute 'victims' for the purpose of initiating the procedure. [Convention, Article 5; 2009 Recommendation, Annex I, paragraph D]

Action taken as of the date of the follow-up report to implement this recommendation:

In connection with this recommendation, attention should be drawn to the decision of the Constitutional Court 3384/2018. (XII. 14.) AB adopted in the meantime. This may have a significant impact on the definition of victim in the criminal procedural law and thus on the opening of the possibility of substitute private prosecution proceedings in accordance with the above recommendation.

As a consequence of the AB decision, compared to the previous case-law, the careful consideration of the issue of direct infringement has a special importance. The AB decision will certainly open the way for a development of the definition of victim, compared to the previous judicial practice. It is expected because the Constitutional Court has expressly pointed out that the new CCP and the changes in the rules concerning the private prosecutor, in particular Sections 50 and 54 and Section 787(3) (d), require the review and reconsideration of the Opinion number 90. of the criminal division of the Hungarian Supreme Court in order to bring the guidelines for courts into line with CCP.

The aspects which, according to the view of the Constitutional Court, the courts have to take into account when examining the right to act as a substitute private prosecutor have to be highlighted from the AB decision. As a consequence, the courts shall consider the following aspects when examining the right to act as a substitute private prosecutor:

- whether the criminal offense caused a direct infringement to the victim,
- whether the legal definition of the criminal offense contain a passive subject or a result of the criminal offense, and
- whether there is a possibility for a substitute private prosecution and thus for the enforcement of a criminal claim by the victim, which has to be examined in the light of the specific legal facts in each cases.

If no action has been taken to implement recommendation 6(c), please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:

Recommendations regarding liability of, and engagement with, legal persons**Text of recommendation 9(b):**

9. Regarding **corporate responsibility for foreign bribery**, the Working Group recommends that Hungary:

b. Review Act CIV of 2001 on the liability of legal persons, in consultation with business, NGOs and the legal profession, to identify possible opportunities to improve the clarity and efficacy of the law on the liability of legal persons in relation to the foreign bribery offence. [Convention, Articles 1 and 2; 2009 Recommendation, Annex I, paragraph B)]

Action taken as of the date of the follow-up report to implement this recommendation:

The Ministry of Justice is still in the process of running a comprehensive review of Act CIV of 2001. In the initial phase, MOJ contacted the relevant authorities and the representatives of the legal practitioners in order to collect their experience in applying the legislation currently in force, including challenges in its application. The Ministry also approached all the law faculties in order to obtain expert advice on the particular concerns that the academia might have or suggestions for improving the law.

In addition, MOJ also analysed the relevant legislation in other EU Member States and collected good practices in this respect. MoJ concluded that in terms of main features these legislative solutions did not differ widely from the Hungarian legislation with regards the sanctions applied against legal persons and the link between the offenders and the legal persons concerned.

Therefore the Hungarian legislation does not seem to be less capable of producing the required effects.

If no action has been taken to implement recommendation 9(b), please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:

PART II: ISSUES FOR FOLLOW-UP BY THE WORKING GROUP

Regarding Part II and as per the procedures agreed by the Working Group in December 2019, countries are invited to provide information with regard to any follow-up issue identified below where there have been relevant developments since the Phase 4 report. Please also note that the Secretariat and the lead examiners may also identify follow-up issues for which it specifically requires information from the evaluated country.

11. The Working Group will follow up on the issues below as case law, practice, and legislation develops:

Text of issue for follow-up 11(a):

a. Hungary's use of MLA requests for the purpose of detecting foreign bribery case;

With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:

There is no new case law since the adoption of the Follow-up report.

The prosecution authorities are responsible for the management of mutual legal assistance, and the International Centre for Criminal Cooperation (hereinafter referred to as "ICRC") is involved in this process only exceptionally, upon specific request, to the extent that it is required to deliver the mutual legal assistance request to the addressee. In the absence of a specific database, NEBEK does not have detailed information on mutual legal assistance requests. For the year 2021, mutual assistance requests were received by NEBEK in a negligible number, which, in the absence of NEBEK powers were forwarded to the receiving prosecuting authorities.

Specifically on bribery no requests for legal assistance were recorded.

Text of issue for follow-up 11(b):

b. The impact of recent legislative reforms on the ability of the media and NGOs to play an effective role in detecting allegations of foreign bribery;

With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:

The general right of freedom of expression is safeguarded in Article IX of the Fundamental Law. Freedom of expression enjoys traditionally a high level of fundamental rights protection in Hungary: the case-law of the Constitutional Court attached priority to freedom of expression in the system of fundamental rights, as the freedoms of expression, speech and press are basic preconditions for developing and upholding democratic public opinion.

Following the 2010 elections the Parliament has modified the media law. All the relevant legal concerns formulated concerning the new legislation were addressed by the Hungarian legislator by amending the law. Concerning the rules introduced by the modifications adopted between 2011 and 2013, no further significant remarks have been made. In fact, e.g. the former Secretary General of the Council of Europe acknowledged on several occasions that the Hungarian media law had been significantly improved.

It is a main principle of the Hungarian media regulation that media services may be provided and press products may be published freely, as well as the contents of media services and press products may be determined freely. Freedom of the press embodies sovereignty from the State, and from any and all organizations and interest groups. These general principles as well as the safeguards for editorial and journalistic freedom provided for among others in Act CIV of 2010 on the Freedom of the Press ensure efficient safeguards against state / political interference.

It is important to emphasize that – in contrast to Hungary – the media authorities in many EU member states are subordinated to governments, while the National Media and Infocommunications Authority (NMHH) and its Media Council are subject only to a cardinal law that can only be amended with a two-thirds majority. The media authority of Hungary also has an autonomous budget. This practice completely separates the media supervisory from the executive power compared to many other Member States of the European Union.

The impartiality of the NMHH and its independence from the government is unquestionable, as the authority imposes fines on the conservative media and on the left-liberal, so-called opposition ones as well.

In addition to the legal framework, specific practical and empirical statistical data also support the pluralism of the Hungarian media landscape. One of the important features of the plural media landscape of Hungary is that it is easy and fast to establish new media due to the permissible legal regulations, so new press products appear regularly on the Hungarian media market. According to the think tank Médianéző Központ, it is a remarkable phenomenon that the number of left-liberal media has been growing steadily since 2010, rising from 33 to 48 by 2020.[1]

With regard to the balance of the media market, it is important to emphasize that 95% of the Hungarian adult population (approximately 7.7 million people) are regular media consumers. [2]

Slightly more than 6.8 million of them follow the conservative media, while almost 6.7 million follow the left-liberal, meaning that the camp of right-wing and left-liberal media is practically the same size.

The common set, i.e., those who are equally informed by the media on both sides, is almost 6 million (5,927,620) people, meaning that at least 75 percent of voters are guaranteed to have views on all political sides.

Hungary recognises the vital contribution of nongovernmental organisations to the promotion of common values and goals (over 60 000 non-governmental organisations are operating in Hungary). These organisations also play an important role not only in the democratic control of the government and shaping public opinion but also in addressing certain social difficulties and fulfil other community policy needs. Therefore, the right to freedom of association as well as other relating fundamental rights, such as the freedom of assembly and freedom of expression, are guaranteed by the Fundamental Law of Hungary in line with the norms of the Council of Europe.

Legislative amendments in the last couple of years ensure simplified registration and modified registration procedures for associations and foundations and reduced administrative burdens affecting NGO grant applications. With reference to the Law on Transparency of Organisations receiving Foreign Funds cited in footnote 38 of the Report, the following shall be reported:

Although in June 2020, the Court of Justice found certain violations of EU law in connection to the Hungarian legislation on the transparency of foreign-funded civil society organisations, at the same time, the Court explicitly endorsed the objective of the Hungarian legislation by stating that some civil society organisations may, having regard to the aims which they pursue and the means at their disposal, have a significant influence on public life and public debate and that the objective consisting in increasing transparency in respect of the financial support granted to such organisations may constitute an overriding reason in the public interest. The Hungarian Government found it reasonable to provide greater transparency regarding foreign funds received by civil organizations to pursue a higher level of national security.

The legitimate aim of the legislation has been acknowledged by the Venice Commission as well (in the process of adoption of the law, Hungary complied with 3 out of 5 of the recommendations by the Venice Commission).

The elaboration and adoption of the adjusted legal framework in line with the EU Court's guidance and in close cooperation with the European Commission is underway.

Text of issue for follow-up 11(c):

c. Application in practice of the amendments to the foreign bribery offence and the liability of legal persons for the purpose of covering the bribery of foreign public officials through intermediaries;

With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:

According to data collected from the court's official statistical database, the following data on corruption offences for the year 2021 are available.

*THE EXAMINED LEGISLATION		
	new Criminal Code	previous Criminal Code.
Bribery in international relations		258/B-D
Abuse of a function and indirect corruption in international relations		258/E
Failure to report bribery in international relations		258/F
Active corruption (bribery)	290.§	255.§-255/A.§
Passive corruption	291.§	
Active corruption of public officials	293.§	
Passive corruption of public officials	294.§	
Indirect corruption	298.§	256/A.§
Abuse of a function	299.§	256.§
Active corruption in Court or Regulatory Proceedings	295.§	
Passive corruption in Court or Regulatory Proceedings	296.§	
Failure to report Crimes of Corruption	300.§	

In 2021, 341 natural persons were found criminally liable, and 25 natural persons were acquitted in proceedings for this category of offences.

The table below shows the sanctions applied in case of convictions:

Number of people charged with bribery*	
In 2021*	
	Persons
Number of persons found guilty	341
Number of acquitted	25
Penalties, measures imposed	
Imprisonment	253
- 0-6 months	15
- 6-12 months	62
- 1-2 years	121
- 2-3 years	34
- 3-5 years	15
- 5-8 years	5
- 8-10 years	1
Fine	171
- average (in HUF)	467029,2
Prohibition to exercise professional activity	37
Driving Ban	1
Prohibition from residing in a particular area	15

Loss of military rank	1
Warning	15
Conditional Sentence	1
Deprivation of civil rights	61
Confiscation of property	105
Confiscation	5
Probation with supervision	3
Irreversibly Rendering Electronic Information Inaccessible	2

We examined separately the statistics on cases initiated and finally concluded in 2021 for internationally related offences qualifying under the legislation indicated in the table below.

*THE EXAMINED LEGISLATION		
	new Criminal Code	previous Criminal Code
Bribery in international relations		258/B-D
Abuse of a function and indirect corruption in international relations		258/E
Failure to report bribery in international relations		258/F
Active corruption	290.§ (4)	
Passive corruption	291.§ (4)	
Active corruption of a Public Official	293.§ (3)	
Passive corruption of a Public Official	294.§ (4)	
Indirect corruption	298.§ (3)	
Abuse of a function	299.§ (5)	

Number of defendants charged with foreign-related bribery offences*	
In 2021*	
	2021*
Number of persons found guilty	2
Penalties, measures imposed	
Imprisonment	1
- 1-2 years	1
Fine	2
- average (in HUF)	550000
Prohibition to exercise professional activity	1
Confiscation of property	1

* the statistical database is not yet closed

During data processing it is important to note, that one accused could have received multiple penalties or measures, thus the number of imposed penalties and measures could exceed the number of persons found guilty, and that in cases of multiple accounts of offenses one accused could have been found guilty for a crime or crimes additional to bribery.

The convictions above, although in relation to foreign corruption offences, were not around international business transactions covered by this follow-up report.

Text of issue for follow-up 11(d):

d. Jurisdiction over foreign bribery, as case law and practice develop, as regards: i) cases that take place in part in Hungarian territory; and ii) cases involving legal persons abroad where the natural person that committed the bribery act is identified and is a not a Hungarian national;

With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:

There is no new case law, but:

i) if a criminal conduct has been committed in Hungary, even if only in part (including an accomplice who does not act within the offence but abets or aids the commission), Hungarian jurisdiction can be established;

ii) offences committed abroad by non-Hungarian citizens also fall into Hungarian jurisdiction rules, but in these special cases the criminal proceedings can be initiated by the decision of the prosecutor general (Section 3 (2) a) aa) and ac) and (3) of CC).

Text of issue for follow-up 11(e):

e. Training provided to CIOPPS on the foreign bribery offence, including confiscation of the proceeds of such bribery;

With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:

The standards in force are guaranteeing the possibility of effective asset recovery in bribery investigations as well.

HU Asset Recovery Office provides training for the staff of other investigating authorities as well in connection with effective asset recovery techniques and good practices. Prosecutors' offices (and magistrates) and the authorities responsible for corruption related procedures are involved in these trainings.

In the course of the procedures within the competence of NBI ARO, the department is striving to comply with the requirements of domestic, EU and international regulations including the provisions of the OECD Convention.

Text of issue for follow-up 11(f):

f. Application of sanctions by the courts in cases of foreign bribery, the impact of the new settlement procedure, including whether settlements are transparent and available to the public and the resulting penalties are “effective, proportionate and dissuasive”, and the gradual system for encouraging confessions;

With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:

Subject to point Section 11 c., the question cannot be answered in substance.

Text of issue for follow-up 11(g):

g. Whether Hungary routinely applies effective confiscation or monetary sanctions of comparable effect to legal and natural persons on conviction for foreign bribery in compliance with Article 3.3 of the Convention;

With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:

Sections 74-76. of Act C of 2012 on the Criminal Code (Hereinafter: Criminal Code) lay down the rules on confiscation of property.

Under the abovementioned legislation, confiscation of property must be ordered in respect of property resulting from the commission of the offence which the offender has acquired during or in connection with the commission of the offence, property which has replaced property resulting from the commission of the offence acquired during or in connection with the commission of the offence, property which has been provided or intended to be provided in order to secure the conditions necessary for or facilitating the commission of the offence, property which has been the object of a benefit given or promised.

Any financial gain or advantage resulting from criminal activities, obtained by the offender in the course of or in connection with, a criminal act; any financial gain or advantage that was used to replace the financial gain or advantage obtained by the offender in the course of or in connection with, a criminal act; any property that was supplied or intended to be used to finance the means used for the commission of a crime, the conditions required therefor or facilitating thereof; any property embodying the subject of financial gain given or promised.

Any financial gain or advantage resulting from criminal activities, obtained by the offender in the course of or in connection with, a criminal act, also if it served the enrichment of another person, shall be confiscated. If such gain or advantage was obtained by an economic operator, this economic operator shall be subject to confiscation of property. If the perpetrator or the profiteering person has died or the economic operator has been transformed, confiscation shall be ordered against the successor in title for the property subject to confiscation of property for which the succession has taken place.

A special type of confiscation of property, the Section 74/A of the Criminal Code. This provision –

based on the Directive 2014/42/EU of the European Parliament and of the Council of 3 April 2014 on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union – provides that following a conviction, confiscation of property may also apply to property which the proceeding court considers as proceeds of other offences on the basis of the specific facts and available evidence; in view of the fact that the assets are disproportionate to the legitimate income, it can be concluded in the judicial proceedings that the assets in question are the proceeds of a criminal offence and as such are subject to confiscation of property.

Particular reference should be made to the Section 74/A subsection (2) point g) of the Criminal Code, according to which, until proven otherwise property shall be regarded as property subject to confiscation, if the perpetrator of the offence of active corruption, passive corruption, active corruption of a public official, passive corruption of a public official (Sections 290-294 of the Criminal Code) acquired the property the five years preceding the start of the criminal proceedings, if the size assets, and the lifestyle of the perpetrator is considered unreasonably disproportionate relative to his lawful income and personal circumstances.

Judicial practice remains unchanged, also as a result of the legal obligation; in the case of corruption offences, property sanctions such as confiscation and confiscation of property are consistently applied.

We reiterate that in corruption cases, the judicial practice follows the practice set out in Case no. BH1996. 297, according to which in cases of offences against the integrity of public life, the object of unlawful pecuniary gain must be confiscated, or the offender shall be ordered to pay the full amount corresponding to the value of the benefit, in which case there is no legal possibility of waiving or reducing the amount of the undue benefit on equitable grounds.

Text of issue for follow-up 11(i):

i. How in practice the presidents of the individual courts allocate cases of foreign bribery to judges pursuant to the Rules on the Case Administration of Courts, including in particular criteria for allocating and transferring cases that may provide for greater discretion, such as regarding the specialisation and experience of judges, and the need to relieve case backlogs;

With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:

Our comments on this point made during the preparation of the biannual follow-up report remain unchanged.

There is no court specialized in the adjudication of international bribery and corruption cases in the Hungarian judicial system, the adjudication of such cases falls under the jurisdiction of the tribunals on first instance with regard to Section 20 Subsection (1) Point 11 of Act XC of 2017 on Criminal Procedure.

According to Chapter V. Point 6 of the Order 6/2015 (XI.30.) of the National Office for the Judiciary on the Rules of Court Administration, each court operates under a specific case allocation order, and the tasks and criteria for determining the case allocation order are set out here.

The case allocation order must specify the cases on which judges, assistant judges and court administrators may act (case allocation) and the rules for the allocation of cases (case assignment).

The principles set out in Section 10 Subsections (1) and (3) of Act CLXI of 2011 on the Organization and Administration of Courts shall be taken into account when determining the case allocation order.

Thus, in order to enforce the right to a lawful judge, the order of assignment of cases must be drawn up in such a way that it can be established in advance which council/judge will act in a given case, including who will act in its place if the chamber or a member of the chamber is prevented from acting.

The order for the assignment of cases shall specify the composition and number of the councils of the court, the cases to be assigned to the judges, the councils, including the judges on secondment, and the assistant judges acting under the authority of a first instance judge in the case specified by law, who shall act in their place if they are prevented from doing so, the head of the court authorized to assign cases and the manner in which cases are assigned.

When establishing and reviewing the allocation of cases, particular account shall be taken of the importance of the cases, the workload, the statistics on the number of cases, the implementation of a proportionate workload, the requirement of timeliness of the judgments, the particular expertise of each judge, and the specialization of the subject matter of the case.

Further guiding principles according to the Order 6/2015 (XI.30.) of the National Office for the Judiciary on the Rules of Court Administration are that the case allocation order must cover all judges, assistant judges, court administrators, including those who work partly or entirely in non-litigation proceedings (principle of completeness); the allocation of cases must be established in a general way, so that it can be determined which judge (judicial chamber), assistant judge or court administrator has to deal with the case (principle of abstraction); the allocation of cases can only be changed on the basis of a predetermined set of procedures (principle of permanence); the allocation of cases must specify the periods at which the impact of the allocation on the workload of judges, assistant judges and court administrators must be examined (principle of workload equalization), also the conditions for amending the case allocation order; the reallocation of a previously allocated case must also be carried out in accordance with the principles of the case allocation order (principle of identity of applicable rules); the method of allocation of cases must be determined in a predictable and transparent way, according to predefined principles, without any subjective decisions (the principle of variability of case allocation techniques).

Text of issue for follow-up 11(j):

j. How in practice senior prosecutors apply Article 398 CCP when determining whether to: i) annul the decision of a subordinate prosecutor to investigate or prosecute a case of the bribery of foreign public officials; and ii) transfer a foreign bribery case from one prosecutor to another;

With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:

No changes in this regard.

We can only reiterate that according to the provisions of the CCP in relation to the investigating authorities the supervising prosecutor acts as a legal remedy forum (except for cases where remedy can be sought at the court e.g. against decisions concerning property rights) concerning the decisions brought during the investigation, while the senior prosecutor acts as a legal remedy forum concerning the decisions of the subordinated prosecutor.

The decision to investigate an offence is not subject to legal remedy, the criminal proceeding is based on the legality principle and ex officio obligation to act, meaning if there is a simple suspicion of a crime, the authorities are obliged to start an investigation. As such, the senior prosecutor cannot annul this decision, in case the decision was unlawful or is lacking factual basis, in his supervisory rights (based on the Act CLXIII 2011 Art. 13. on the Prosecution Service) can order the subordinated prosecutor to bring a lawful decision.

Section 398 of CCP is about the discontinuation of an investigation, which is subject to legal remedy.

To clarify the role of the senior prosecutor:

Pursuant to Article 29 of the Fundamental Law of Hungary the prosecution service is an independent organ of the administration of justice and is headed by the Prosecutor General. The Prosecutor General leads and directs the Prosecution Service, and he appoints the prosecutors.

As the prosecution service is an independent body, its head, the Prosecutor General is elected by the Parliament. The Prosecutor General is accountable and reports only to the Parliament. Due to the constitutional status of the prosecution service and the Prosecutor General the prosecution service has a hierarchical structure, where all rights and tasks derive from the general accountability of the Prosecutor General, and the Prosecutor General is entitled to exercise all the rights in relation to lower-ranking prosecutors. The Prosecutor General, of course, may and does delegate the power of exercising those rights to lower-ranking head prosecutors.

Act CLXIII of 2011 on the prosecution service of Hungary stipulates that the Office of the Prosecutor General shall exercise control over all prosecution offices, and the Prosecutor General is the highest-ranking superior prosecutor at the Office of the Prosecutor General. Consequently, he may issue specific instructions to lower-ranking prosecutors even in individual cases and may take over any case from them or may appoint another subordinate prosecutor to act in a given case.

The right to issue instructions does not have any organizational constraints, but it has legality constraints. Prosecutors shall refuse to execute the instructions if, by virtue of the execution thereof, they were to commit a crime or contravention. Prosecutors may refuse to execute the instructions if the execution thereof were to directly and grossly endanger their life, health or physical state; and if prosecutors find the instructions incompatible with provisions of law or their legal conviction, they may request exemption from the administration of the given matter in writing explaining their legal position. Compliance with such a request may not be refused, and another prosecutor shall be entrusted with the administration of such a matter or the superior prosecutor may take the given matter into his/her competence. If the execution of an instruction may cause unlawful damages or the infringement of personality rights, and the prosecutor may foresee this, the prosecutor shall draw the attention of the person giving the instruction thereto. Upon the prosecutor's request the instruction shall be committed to writing.

Relevant provisions of ASPGPC include the following:

Section 53

- (1) Prosecutors shall execute the instructions of the Prosecutor General and the superior prosecutors.
- (2) At the prosecutor's request, an instruction shall be committed to writing. The prosecutor shall not be obliged to execute the instruction until the commission thereof to writing, except as set forth in Paragraph (7).
- (3) The prosecutor shall refuse to execute an instruction if, by virtue of the execution thereof, he/she were to commit a crime or contravention.
- (4) The prosecutor may refuse to execute an instruction if the execution thereof were to directly and grossly endanger his/her life, health or physical state.

(5) If the prosecutor finds the instruction incompatible with provisions of law or his/her legal conviction, he/she may request exemption from the administration of the given matter in writing with a view to his/her legal position. Any such request may not be refused; in this case, another prosecutor shall be entrusted with the administration of the given matter or the superior prosecutor may take over the given matter into his/her own competence.

(6) If the execution of an instruction may cause unlawful damage and the prosecutor may foresee this, the prosecutor shall draw the attention of the person giving the instruction thereto.

(7) The prosecutor shall implement an urgent measure, except as set forth in Paragraphs (3) and (4), even if he/she sought exemption from the execution of the instruction.

The superior prosecutor may give his instruction verbally or in writing, and the document recording that fact shall be made part of the case files. There are no statistical or case management data about how many instructions of that type are given.

Text of issue for follow-up 11(k):

k. Whether in practice Act CIV 2001 effectively covers the case where a bribe is offered, promised or given by one legal entity on behalf of another;

With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:

We would like to reiterate that the Perpetrators as per the CC can only be natural persons (mens rea requirement) acting on behalf of a legal entity, ergo the commission of the offence (offering, promising, giving a bribe) can be attributed to them (even if their identity is unknown).

If there is such a perpetrator, the liability of the legal person can be established, therefore Act CIV of 2001 cover the described situation.

Text of issue for follow-up 11(l):

l. Whether companies convicted of foreign bribery are suspended in practice from ODA procurement contracting.

With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:

Hungary continued its prior practice of addressing foreign bribery risks in development cooperation. The Ministry of Foreign Affairs and Trade of Hungary (hereinafter: MFAT) profoundly scrutinises and vets the partners prior to engaging in ODA-funded operations. The public records of an applicant civil society organisation or firm are examined carefully in order to minimise the risk of corruption and to enhance the transparency of the elimination process. (For obtaining information about partners' background, two channels are utilised (MoJ channel and private register), which contain a complete and detailed history of the Hungarian companies, including foreign subsidiaries. Further information on the private register can be found here: <https://www.opten.hu/rolunk>.)

The implementation of development projects are fully monitored by the Hungarian embassies and the assigned staff of the MFAT. The monitoring likewise involves scrutinising activities with a view to uncovering potential acts of bribery that would warrant the suspension or voiding of a contract. The active monitoring activities include the donor's right to conduct field visits, thus providing the grantor an opportunity to inspect the implementation with even greater thoroughness and consult with all the stakeholders involved aiming to detect any potential illegal intention. The grant agreement contains a provision that reserves the right of the donor to suspend or terminate the agreement in judicially proven cases of fraud, corruption and bribery of officials. In this case, the beneficiary of the grant is obliged to repay the total amount of the grant to the donor. The monitoring and the evaluation are systematic and based on criteria pre-determined by MFAT. The evaluation phase of the projects creates the opportunity, inter alia, to overview the legality of the implementation and in case of fraud, corruption or bribery of officials, initiate the pursuant legal actions. Furthermore, MFAT routinely checks the World Bank's cross-debarment list for foreign cooperation partners.

Since the Phase 4 Evaluation, Hungary has not detected any foreign bribery case related to international development projects.