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DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE

Peer Review

Mid-term Review of Hungary

The mid-term review of Hungary was conducted in 2025 following the 2023 peer review.

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Head of Division

Reforms and Partnerships for Development Impact
DEVELOPMENT CO-OPERATION DIRECTORATE

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To: DAC Delegates, Participants and Observers,

Hungary's Mid-term Review, 5 June 2025, Budapest

Dear Colleagues,

On 5 June 2025, I conducted the mid-term review of Hungary together with Britta Labuhn of the Development Co-operation Directorate. I wish to thank State Secretary H.E. Tristan Azbej and Director General Dr. Zsófia Elek of the Ministry of Foreign Affairs and Trade (MFAT) for their active engagement. My thanks also to Mr. Péter Kovács, Director General of the Hungary Helps Agency (HHA), and to the officials and colleagues from the MFAT and HHA, as well as representatives from civil society and academia, for their openness, valuable insights, and time. I also wish to acknowledge the close co-operation of the Hungarian delegation to the OECD and the Hungary Helps Program Coordination Department in MFAT in preparing the review.

We reviewed Hungary's efforts to follow up on the recommendations made by the Development Assistance Committee (DAC) in the context of the [2023 OECD-DAC Peer Review](#), as well as the broader evolution of its official development assistance (ODA) system. This mid-term review comes at a pivotal moment, following a significant legal and institutional reorganisation. The entry into force of the Hungary Helps Program Act (HHPA) on 1 January 2024 consolidated Hungary's humanitarian and development responsibilities under the MFAT, resulting in improved coherence and centralised oversight. In parallel, the Hungary Helps Agency (HHA) became a fully operational implementing agency. These developments are an encouraging step toward a more coherent institutional set-up that could enable Hungary to better capitalise on its comparative strengths. However, these gains may be constrained by the sharp decline in ODA volumes observed since 2022.

The post-2025 strategy offers an opportunity to consolidate Hungary's strategic focus and embed a more programmatic approach to development co-operation

Hungary places the Humanitarian-Development-Peace (HDP) nexus at the core of its development co-operation approach. The institutional reorganisation under the 2024 HHPA illustrate how Hungary has adapted its system and architecture to support the implementation of an HDP approach. Hungary articulates a clear vision to deliver locally-led solutions in fragile contexts, building on its traditional support to Christian non-profit organisations alongside other civil society actors. These partnerships enable Hungary to engage in complex contexts where few other providers operate. I encourage Hungary to share its experiences with other providers, including through OECD platforms such as the International Network on Conflict and Fragility (INCAF).

Hungary's development co-operation is evolving toward a more focused and purpose-driven approach, guided by reflection on its comparative strengths and mutual benefit. The increasing geographic concentration on the Sahel and Middle East (a shift away from Europe), reflected in the opening of HHA's first two field offices in Chad and Jordan, as well as plans to focus on fewer partner countries, is a welcome move to reduce the fragmentation of ODA allocations. In 2023, nearly 70% of projects were under USD 100 000, but HHA has now begun to implement its first larger, longer-term interventions to achieve more lasting impact. I also welcome ongoing reflections on how to strengthen synergies between Hungary's humanitarian and development portfolios. I encourage Hungary to embed this evolving programmatic approach in its upcoming post-2025 International Development Cooperation Strategy, expected in October 2025.

We also discussed the importance of applying a development lens across all programmes contributing to Hungary's ODA portfolio. This includes the scholarship programme, which continues to account for nearly half of Hungary's bilateral development budget (USD 106 million in 2023), as well as Hungary's large-scale tied aid loans. Ensuring these modalities are guided by clear development objectives and principles will be essential to enhancing overall impact and accountability.

The creation of offices in Chad and Jordan is encouraging. Going forward, Hungary will need to take a look at how best to staff them, addressing current legal and administrative bottlenecks that hinder the posting of staff abroad for extended periods.

Hungary needs to protect its ODA budget and enhance the predictability of funding

Hungary's ODA fell to USD 191 million in 2024, marking a nearly 60% decline in real terms since 2022, partially driven by a decline in scholarships and tied-aid projects, but also in project-type interventions implemented through civil society and academic partners. While I note Hungary's continued commitment to achieving the 0.33% ODA/GNI target by 2030, achieving this from the current level of 0.09% (in 2024) will be highly challenging. A clear, time-bound roadmap to scale up core bilateral programming – with planned, country programmable aid – will be essential. Hungary could also consider strategically increasing its use of multilateral channels to support a sustainable rise in ODA levels, in line with its bilateral priorities. Reviving the Inter-ministerial Committee on Development could provide a useful mechanism to support this effort. Greater investment in awareness raising and global citizenship education would help build public understanding and support for development co-operation.

I noted the launch of Hungary's first open call for proposals in January 2024 for ODA grants to civil society organisations (CSOs), based on transparent procedures. This marks an important step towards improved transparency and accessibility of ODA funding managed by HHA, which has traditionally relied on direct grant agreements with a limited group of partners. While modest in scale, this move toward open competition can help diversify partnerships, bring in additional expertise, and reduce dependency risks. HHA's initiation of its first multi-annual grants is also a welcome development, though currently limited to a small group of long-standing faith-based partners. I encourage HHA to expand the use of competitive funding mechanisms over time, including by increasing available volumes and financing multi-annual projects. A review of the 2024 call for proposals could offer valuable lessons to strengthen future calls. Moving towards more predictable, multi-year planning and budgeting would support more programmatic planning and enhance impact. Establishing systematic consultation with CSO partners would foster learning and can help inform programme design. At the time of my visit, parliamentary deliberations on new civil society legislation had been postponed. It would be important that any legislation in this area does not have the unintended consequence of hindering the development co-operation activities of CSOs.

Continued investments in quality assurance will be critical to ensure sustainable development impacts

Hungary has made meaningful progress in strengthening institutional capacity, as reflected in the more than doubling of staff at HHA over the past two years. The ongoing EU pillar assessment has provided a useful framework for strengthening internal financial control and grant management processes. Once completed, the pillar assessment will enable Hungary to access EU implementation funding, bringing opportunities to further expand its field presence, as well as for joint learning. Looking ahead, I encourage Hungary to continue expanding its risk management processes beyond financial aspects, and to continue investing its context analysis capacities – particularly given Hungary's engagement in fragile environments and support for minority populations. In such settings, project design and approval processes should be firmly grounded in robust needs assessments, supported by clear criteria and operational guidance, to ensure that interventions are context-sensitive and aligned with core development principles such as poverty reduction, equity, and inclusion. The integration of cross-cutting issues such as gender equality and climate remains very limited, compared to other DAC members. I encourage systematic integration of these priorities across all projects and programmes, building on Hungary's adoption of the 2024 DAC Recommendation on Gender Equality and the Empowerment of All Women and Girls in Development Co-operation and Humanitarian Assistance.

As Hungary enhances the quality of its development inputs, the next step is to build a more structured approach to results management and evaluation. At present, Hungary's approach remains largely focused on monitoring project outputs. Hungary does not at present have an evaluation function. We encourage Hungary to undertake independent evaluations of major programmes or projects, including of the Stipendium Hungaricum scholarship scheme. The internal evaluation of the International Development Cooperation Strategy 2020-25 offers a good

starting point. This momentum should be used to embed a culture of evaluation and learning across the development system. The next strategy could incorporate a simple results framework, with indicators linked to strategic priorities. Strengthening Hungary's ability to measure and track outcomes and development impact will require investment in tools, data systems and staff training. The OECD stands ready to support Hungary in advancing this agenda.

Conclusion

I was pleased to see that Hungary has made progress in implementing 8 of the 10 recommendations from the 2023 DAC Peer Review. The rich discussions in Budapest illustrated how Hungary is beginning to operationalise its new ODA architecture, particularly through its engagement in fragile contexts. The forthcoming post-2025 International Development Cooperation Strategy represents a timely opportunity to articulate a clear strategic vision, consolidate recent progress, and embed a more programmatic and results-focused ODA approach. The next peer review in 2028 will offer an opportunity to assess how Hungary has addressed the recent decline in ODA volumes and built a realistic path to scale up funding in line with its ambitions – a prerequisite for fully realising the potential of its institutional reforms.

Yours sincerely,



Robin Ogilvy
Head of Division
Reforms and Partnerships for Development Impact

CC: Ambassador Carsten Staur, DAC Chair
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Annex: Table on progress against the 2023 peer review's recommendations

Annex - Progress against the 2023 Peer Review's recommendations

Keywords	Recommendation	Progress
Policy, fragmentation, Multi-year planning and budgeting	1. As it continues to increase its official development assistance, reduce fragmentation and enable multi-annual planning and financing for larger, longer-term interventions with a limited number of strategic country partnerships.	<p><i>Limited progress.</i> Hungary has taken steps to reduce fragmentation, including through a shift towards a more focused thematic portfolio – concentrating on education and vocational training, healthcare, agriculture, and water – which is expected to be reflected in the forthcoming medium-term development strategy. However, ODA continues to be geographically dispersed: while the total number of recipient countries declined from 110 in 2020 to 90 in 2023, this reduction is largely due to a decrease in scholarships. Project-level fragmentation remains a concern. Although the average project size increased slightly, 69% of projects in 2023 were still below USD 100 000, which could undermine efficiency. However, MFEA and HHA announced to focus on fewer partner countries where it can make a lasting impact going forward.</p> <p>Hungary continues to plan ODA on an annual basis, given recent budget fluctuations and, in light of reflecting recent budget fluctuations and reductions, civil society partners have identified this unpredictability as a significant constraint on their ability to plan and operate effectively. The Hungary Helps Agency (HHA) has initiated a small number of larger and longer-term partnerships with established CSOs, which could serve as useful pilots for scaling up more strategic programming. The MFEA has also initiated promising reflections on how different modalities and projects could be linked to achieve greater impact. The development of a new medium-term strategy provides an important opportunity to consolidate this emerging shift towards a more programmatic approach to development co-operation, and to provide a foundation for a shift towards more multi-year budgeting and planning, in line with international good practice.</p>
Quality assurance	2. Ensure clear processes, guidance and staff capacity to quality-assure interventions, making sure that they systematically address poverty and inequality and consider cross-cutting issues such as climate, environment and gender equality, while being sensitive to context and humanitarian principles.	<p><i>Some progress.</i> The HHA become an accredited partner of the Directorate-General for Civil Protection and Humanitarian Aid Operations (DG ECHO) in 2021 and initiated the European Commission's pillar assessment process of the in April 2024. These steps have contributed to strengthening project management procedures. HHA has also expanded its operational capacity, notably through staff increases (from 26 in 2023 to 41 in June 2025) and the opening of field offices in Chad and Jordan, which enhances the capacity for context analysis and local needs' assessments. The forthcoming medium-term strategy presents an opportunity to set out how Hungary will further enhance the quality of its development co-operation, including by mainstreaming poverty reduction, gender equality, and environmental considerations. To date, there is no systematic assessment of project impacts on issues such as gender equality.</p>
Fragility and peace-building	3. Further integrate approaches for community-based peace-building and religious tolerance into its partnerships with local faith-based organisations to strengthen the potential for longer-term conflict reduction.	<p><i>Some progress.</i> Hungary continued to rely on faith-based organisations to implement development and humanitarian interventions in fragile contexts. In several cases, these partnerships have enabled Hungary to operate in countries where it does not maintain a direct presence. Projects are formally non-discriminatory and provide services accessible to broader local populations. Hungary has also taken initial steps to strengthen investments in infrastructure for peace – such as platforms for promoting inter-religious dialogue and tolerance – as suggested in the 2023 Peer Review. Such platforms could enhance the long-term conflict-sensitivity of Hungary's efforts and thereby enhance the impact of its programming.</p>
Institutional governance	4. Clarify institutional roles and co-ordination, notably within the Ministry of Foreign Affairs and Trade and vis-à-vis the Hungary Helps Agency as lead agency, to strengthen	<p><i>Good progress.</i> The entry into force of the Hungary Helps Program Act in January 2024 marked a significant step in clarifying institutional roles and strengthening coordination. The Act consolidates oversight of development co-operation and humanitarian assistance under the State Secretary for the Aid of Persecuted Christians within the Ministry of Foreign Affairs and Trade (MFAT), while repositioning the HHA as an operational implementing agency under the oversight of the MFAT. The MFAT retains responsibility for strategic direction, inter-ministerial coordination, and overall monitoring. The Act establishes an integrated legal framework covering humanitarian aid, peace-building, and development co-operation, offering</p>

	efficiency and synergies, including across the humanitarian-development-peace nexus.	an example of institutional adaptation to support a humanitarian-development-peace (HDP) nexus approach. Operationalisation of the new structure is still underway, and some procedures – such as those ensuring timely humanitarian response – as have yet to be fully streamlined.
Stakeholder engagement	<p>5. Strengthen engagement with the full range of stakeholders by:</p> <ul style="list-style-type: none"> • creating mechanisms for their systematic consultation • improving its transparency and reporting of funding • providing more core and longer-term funding to civil society organisations 	<p><i>Some progress.</i> The Hungary Helps Act includes provisions for the regular consultation with stakeholders, including civil society organisations (CSOs), and stakeholders report a generally constructive dialogue with both MFAT and HHA. However, consultations continue to be organised on an ad-hoc basis. Establishing a permanent multi-stakeholder platform could enhance structured engagement and enable a more consistent exchange of expertise on how Hungary’s development co-operation could be further strengthened.</p> <p>HHA adopted a “Proposal Management Policy” in 2023 in the context of the agency’s EU pillar assessment to standardise and enhance transparency in the grant application process. The policy outlines procedures for issuing calls for proposals, evaluating applications, concluding grant agreements, and establishing reporting requirements. An important milestone was reached with the launch of a first pilot call for proposals in January 2024, the first such call since 2015. The call allocated approximately Hungarian forint 200 million (USD 547 000) to 12 projects. While modest in volume, this marked a significant step toward broadening access to funding through competitive mechanisms, opening up space for new partnerships and diversifying expertise. CSO partners welcomed the new modality, while calling for future calls to build on early lessons (limited predictability of available funding, transparency on priorities and high administrative burden on applicants).</p> <p>HHA has initiated a shift towards larger, multi-annual partnerships with a few long-standing CSO partners, supported by the carry-over of unspent funds across budget years. This approach has enabled some longer-term projects – for example, in the agricultural sector in Chad – with aim to achieve financial sustainability within 3-4 years. However, such funding remains limited to a small group of trusted partners. The 2024 pilot grants, by contrast, were limited to one-year funding cycles. Unpredictability in Hungary’s annual ODA budget in recent years has limited the financial stability and planning capacity of CSO partners.</p>
Risk management	6. Use the new mechanisms to manage the full range of risks and raise awareness of the need to address corruption risks through an approach that goes beyond fiduciary risks, notably to implement the Recommendation of the Council for Development Co-operation Actors on Managing the Risk of Corruption and the DAC Recommendation on Ending Sexual Exploitation, Abuse, and Harassment in Development Co-operation and Humanitarian Assistance.	<p><i>Limited progress.</i> HHA has put in place basic measures to manage corruption risks, particularly during grant application processes, with an emphasis on preventing undue influence and unfair advantage. It is also taking steps to incorporate feedback from the EU pillar assessment, including efforts to strengthen mechanisms for preventing and responding to allegations of sexual exploitation, abuse, and harassment (SEAH). While these are positive developments, the approach to risk management remains primarily focused on fiduciary aspects. There is currently less emphasis on broader categories of risk — including reputational, operational, and security risks — which are also important in fragile and high-risk contexts. Hungary has acknowledged the need to expand awareness and training on corruption risks beyond financial misconduct, and to integrate such measures more systematically into day-to-day operations. Scaling up staff capacity and embedding risk management across the full programme cycle could support further alignment with relevant OECD recommendations.</p>
Results management and evaluations	7. Track the outcomes and impact of development co-operation through both results management and evaluations, especially for significant and strategic interventions such as scholarships and tied aid loans.	<p><i>No progress.</i> While Hungary undertakes routine monitoring of project activities and collects feedback from local partners and beneficiaries, there is no systematic approach to track outcomes or long-term impact. The opening of HHA field offices in Amman and N’Djamena has somewhat enhanced monitoring capacity, though challenges remain due to limited staffing and access constraints in fragile settings.</p> <p>Hungary’s results management remains largely focused on outputs rather than outcomes (e.g. improved livelihoods). Independent evaluations of development or humanitarian projects are not yet being conducted. The MFAT is currently</p>

		conducting an internal evaluation of Hungary's International Development Cooperation Strategy 2020-25, which could offer an entry point for strengthening learning and accountability. Given the size and significance of Hungary's scholarship programme – representing around 45% of bilateral ODA in 2021-23 – this instrument would particularly benefit from an evaluation of its developmental relevance and longer-term impact, as would the evaluation of the large-scale tied aid loans provided by Hungary. The development of an alumni network by HHA offers an opportunity to reconnect with former beneficiaries to track longer-term impacts.
Staff capacity	8. Invest in building and maintaining skills in development co-operation, including through relevant training, career opportunities for staff and support for a broader ecosystem of development experts in Hungary.	<i>Some progress.</i> Development co-operation is included as a dedicated module within the MFAT's Academy for Diplomatic Training. Scholarship recipients are routinely placed in development co-operation units as part of their professional training. Hungary is also strengthening institutional capacity through participation in international platforms, such as the Practitioners' Network, and views participation in future EU-funded consortia as a key opportunity for staff development. The opening of field offices in Chad and Jordan has created new career opportunities. However, restrictions in employment and social security regulations currently limit longer-term overseas postings, requiring short-term rotations. Resolving this constraint will be essential as Hungary expands its field presence and HHA's operational activities.
Private finance	9. Define an approach to private sector engagement that enables Hungary to progressively untie grants and loans in order to increase value for money for partner countries, and that encompasses responsible business conduct.	<i>No progress.</i> While Hungary reports a decline in the share of tied aid loans from 41% in 2022 to 12% in 2024, this appears to reflect a sharp drop (-85%) in total ODA channelled through the private sector, rather than a deliberate policy shift. Tied aid loans remain governed by the same conditions as during the 2023 Peer Review. Loans are provided to the partner government and require that at least 50% of loan proceeds benefit Hungarian companies. A clear approach to private sector engagement has not yet been articulated.
Policy coherence for sustainable development	10. Promote adjustments of policies that risk having negative effects on developing countries, including those affecting Hungary's ability to join international consensus on efforts for global sustainable development.	<i>Some progress.</i> Hungary's International Development Cooperation Strategy 2020-25 aligns with the Sustainable Development Goals (SDGs), and the government plans to retain this focus in the forthcoming 2025-30 strategy. During its 2024 EU Council Presidency, Hungary contributed to building EU-wide consensus on global development challenges, notably by facilitating adoption of Council Conclusions on food security and the EU Emergency Trust Fund for Africa. Despite conceptual concerns, Hungary abstained from voting on the 2022 <i>DAC Guidance on Gender Equality and the Empowerment of Women and Girls</i> , thereby enabling its adoption. Hungary later adopted the 2024 DAC Recommendation on Gender Equality and the Empowerment of All Women and Girls in Development Co-operation and Humanitarian Assistance. However, the discontinuation of the Inter-ministerial Committee on Development hinders whole-of-government policy coherence efforts. Reviving it could help address policies with potential negative externalities on developing countries.

DAC Declaration on Paris Agreement

Hungary's progress towards aligning its development co-operation with the Paris Agreement remains limited when compared to DAC peers. In 2022-23, merely 1% of total bilateral allocable ODA (USD 1.6 million) focused on climate change, according to the [DAC policy markers](#), down from 8.9% in 2020-21 and significantly below the DAC average of 34.8%. During its 2024 Presidency of the EU Council, Hungary played a role in advancing EU-wide commitments related to climate, including for the adoption of an EU positions on climate finance goals for COP29, and hosted an Informal Energy Ministers Meeting focused on decarbonisation, geothermal energy, National Energy and Climate Plans (NECPs), and energy system resilience. It also put a focus on climate-resilient, sustainable agriculture. However, these efforts are not yet visibly reflected in Hungary's bilateral development co-operation. Hungary has yet announced its contribution to the New Collective Quantified Goal on climate finance, adopted at COP29, which calls for tripling climate finance by 2035. To move toward better alignment with the DAC Declaration, Hungary would need to systematically mainstream climate objectives across its development co-operation; increase climate-related ODA; clarify its contributions to international climate finance goals; and continue to strengthen coherence between domestic and external climate policies.