



UNITED NATIONS
Office on Drugs and Crime

National Conference for Cleaner Public Life

Budapest, 20-21 March 2003



Organized jointly by the United Nations Office on Drugs and Crime (UNODC)
and the Secretariat Responsible for Public Assets of the Prime Minister's Office

Global Programme against Corruption

National Conference for Cleaner Public Life¹

Budapest, 20-21. March 2003

¹ Organized jointly by the United Nations Office on Drugs and Crime (UNODC) and the Secretariat Responsible for Public Assets of the Prime Minister's Office

TABLE OF CONTENTS

I	FOREWORD.....	5
II	EXECUTIVE SUMMARY	7
A	Introduction.....	7
B.	United Nation’s Support for the Hungarian Programme.....	8
	1. About the Global Program against Corruption	8
	2. Hungary: pilot country for the Global Program against Corruption.....	8
C.	National Integrity Meeting for Cleaner Public Life	9
	Broadbased Assessment Conducted by Gallup	9
D.	Action Plan	9
	1. Ethical Issues, lobbying, asset control, financing of political parties.....	9
	2. Public procurement, supplying, public procurement culture.....	10
	3. Education, human development, polling	10
	4. Crime prevention, fighting crime, public administration	10
	5. Subsidies, monitoring, inspection systems, contradictions in the tax system	10
E.	Next steps	11
F.	Conclusion	12
III	NATIONAL CONFERENCE FOR CLEANER PUBLIC LIFE.....	13
A.	Introduction.....	13
B.	Honest Public Life- Strong Public.....	16
C.	Global Dynamics of Corruption	18
D.	The Global Programme against Corruption	22
	1. The challenge	22
	2. The response;	22
	3. Country Projects	22
	4. Tools	23
E.	Building Integrity To Curb Corruption	24
	1. The Issues	24
	2. Impact of current anit corruption initiatives?	30
	3. Conclusion	34
	4. Bibliographical References.....	36
IV	BACKGROUND	38
A.	Hungarian participation in the Global Program against Corruption of the UN (1999-2002).....	38
B.	The Action Plan Against Corruption	43
C.	Defining Corruption	46
	1. “Grand” and “Petty” Corruption.....	46
	2. “Active” and “Passive” Corruption	46
	3. Bribery	47
	4. Embezzlement, Theft and Fraud.....	48
	6. Extortion	49
	7. Abuse of discretion	49
	8. Favouritism, Nepotism and Clientelism	49
	9. Conduct Creating or Exploiting Conflicting Interests	50
	10. Improper Political Contributions.....	50
D.	Gallup-Researches on Corruption	50

IV POSITIONS OF THE KEY POLITICAL PARTIES	62
A. The government of the national centre: a new approach in the fight against corruption	62
B. Management of public monies, state and municipality property	64
C. What did the MDF do against corruption under the Orbán government.....	67
V. MEASURES TO BUILD INTEGRITY TO CURB CORRUPTION.....	70
A. Legislation against Corruption (in harmony with the European Union	70
1. The legal package includes five main themes:	70
2. About trade secrets.....	71
3. The budget act.....	71
4. Criminal law.....	72
5. Conclusion	73
B. Crime prevention and crime punishment against corruption	73
C. The role of the Hungarian Customs and Finance Guard in the fight against corruption	80
This expostulation is eternal.	80
2. What were our measures? Here I will list only a few – the most important ones:81	
D. The importance of a Code of Ethics as a weapon in the fight against corruption	84
1. Justification of the Codes.....	84
2. Creation of the Code	85
3.The circle of subjects	86
4. Spheres of regulation that should be included actual in the objective regulation	86
5. Coming into force of the Codes’ contents; why would corruption be curbed?	87
6. Sanctions.....	87
E. Are there suitable tools to be used against corruption occurring during the tender procedures?	89
F. The problems of monitoring international transactions	95
G. Activities of the prosecutors’ organisation in the fight against corruption.....	100
VI ACTION PLANS DEVELOPED BY THE FIVE GROUPS	104
A. Group 1: Ethical matters, lobbying, property accounting, financing of political parties	104
1. The necessity and effect of ethical codes.....	104
2. Necessity and effects of modifying party financing	104
3. Need for a lobbying act and the possible directions of regulation	105
4. Property accounting	106
B. Group 2: Public procurement, supplying, procurement culture.....	108
1. Preparation of the workgroup session.....	108
2. Main ideas of the workgroup meeting	108
3. Starting points of the action plan: the summary submitted by the workgroup	109
C Group 3: Training, human resource development, public opinion research	110
1. Preparation of the workgroup session.....	110
2. Main ideas of the workgroup meeting	110
3. Starting points of the action plan: the summary submitted by the workgroup	111
D. Group 4: Crime prevention, crime fighting, law enforcement.....	112
1. Preparation of the workgroup session.....	112
2. Main ideas of the workgroup meeting	112
3. Points of the action plan:	113

E.	Group 5: Subsidies, monitoring, supervision systems, contradictions of the tax system.....	114
	1. Members of the workgroup.....	114
	2. The problem.....	114
	3. The most important recommendations of the workgroup session.....	114
	4. Principles of the action plan.....	114
VII	ATTACHMENTS	116
A.	Press release.....	116
B.	Agenda	122
C.	List of participants.....	124
D.	Section panelists	135
E.	Press registrations.....	140
F.	Survey Findings from Gallup	141
VIII	FOLLOW-UP: PRESENTATION OF HUNGARIAN ANTI CORRUPTION STRATEGY TO EU EXPERTS IN BRUSSELS, JUNE 11TH 2003.....	150
A.	Presentation of Hungarian Pilot Project and outcome of National Conference for Cleaner Public Life to Experts representing European	150
	1. Executive Summary.....	150
	2. Presentation of the GPAC Hungarian Pilot Project.....	150
B.	Supplementary remarks by State Secretary Keller.....	159
C.	Comments: question and answer session.....	160
D.	Conclusions of the Brussels workshop	161
E.	Press release.....	162
IX	ENDNOTES.....	164

I FOREWORD

Fighting and repressing corruption is essential for securing Hungary's future. Repressing corruption wherever it appears is one element but raising the corruption threshold by reinforcing integrity and by removing the opportunities for corruption is an even more important element of that policy. Removing opportunities, for example, by not tolerating an inadequate or failing organization culture in which corruption can become endemic. Although the corruptee is always the weakest link in the organizational chain, corruption, unless it is purely incidental, is a sign of weakness of the chain itself.

To get at the core of corruption we must therefore not focus exclusively on incidental scandals or individual perpetrators and their motives, but on the structural and organizational opportunities that make corrupt behaviour possible.

Eliminating the opportunities for corruption also requires the identification of vulnerable areas.

Another important factor in raising the corruption threshold is general awareness. A permanent focus on the reinforcement of integrity and the fighting of corruption can change the attitudes of those involved. Integrity is not the result of statutes and other measures; it is an attitude which has to be fostered and reinforced by constant public and private attention, discussion, independent monitoring and the example of those in positions of leadership. In concrete terms, this means identifying the high-risk areas of corruption such as the inviting of public tenders. And – of course – those in positions of leadership and politicians must also set good example.

In fighting corruption and raising the corruption threshold international cooperation is imperative. A first requirement is a joint regulatory framework. The UN Convention against Corruption, which is in its final stages of negotiations, will provide such a framework. Exchange of information and experience are of eminent importance in the process of international cooperation.

Repression is but one element of the fight against corruption. Effective anti-corruption policy needs to increase vigilance right across the board, requiring not only effective sanctions against corruption, but equally effective measures to prevent corruption and to reinforce administrative integrity by, for example, codes of conduct, anti-money laundering measures, transparency in selection procedures for public officials and administrators and ultimately more attention for the general attitude to life throughout society.

Two key notions are important to implement all these measures: transparency and good faith. Transparency means: letting people see what you do and where you stand: as a Government, as a politician, as a company, as citizen. Good faith of which a famous Dutchman – Grotius – said: “it is not only the principal hold by which all governments are bound together, but it is the key-stone which the larger society of nations is united. Destroy this, and you destroy the intercourse of mankind.”

So let us join hands and raise the corruption threshold right across the board. In this way, we will not only reinforce the law, but also the welfare and prosperity of all people.

II EXECUTIVE SUMMARY

A *Introduction*

The holding of *National Integrity Meeting for Cleaner Public Life* clearly demonstrated Hungary's commitment to making a difference in addressing corruption. The United Nations lauds Hungary's efforts in this regard.

A key step in fighting corruption, based on the United Nation's experience is acknowledgement that there is in fact corruption to fight and addressing the problem in an open and transparent way. The National Integrity meeting in Budapest fulfilled both criteria.

High level and systemic corruption has impoverished entire economies. Proceeds in the hundreds of millions, and in some cases, billions of dollars are moved by corrupt officials to foreign countries beyond the effects of the economic chaos they have created at home. When good government is restored, officials then spend decades attempting to retrieve funds that may be critical to repairing the social and economic damage.

Fighting corruption therefore must be a priority. It is a condition for good governance and rule of law, which in turn are the foundation stones of sustainable development.

Work done by United Nations Office on Drugs and Crime shows that the manifestation of corrupt practices in public life, and the lack of effective institutions to counter it, has long-term detrimental effects on sustainable development. The result is a reduced quality of life for citizens, including those groups, such as the poor, women and children, most vulnerable to economic decline.

There is little doubt, therefore, that corruption represents one of the most significant challenges to the international community today, and that the fight against corruption requires an international response. In fact, not only the acts of corruption often have a transnational dimension, but many countries are not able to deal with the problem without assistance.

'Integrity pacts' and similar arrangements among competing companies are helpful, but the real solution lies in the development of reliable international standards, at the global level.

Most cases of corruption involve interactions between the public and private sectors and, in the case of corporate corruption, the benefits are often felt by shareholders in developed countries, while the costs are suffered by ordinary people in the developing world.

More fundamentally, it is citizens in developing and transitional societies who must live under the inadequate governance and corrupt bureaucracies that are nourished by such corruption.

Given the seriousness of corruption as a problem, and the requirement now for a more globalised response, we find ourselves at a critical juncture in the struggle to control transnational criminal activity such as corruption.

This is a global problem requiring a global solution.

B. United Nation's Support for the Hungarian Programme

1. About the Global Program against Corruption

The *Global Program against Corruption* (GPAC) was developed in 1999 by the United Nation's Office on Drug Control and Crime Prevention as a response to the global trends and the Member States' requests for support in their anti-corruption efforts. The United Nations, through the GPAC advocates an approach that is based on facts, inclusive, multi-partisan, comprehensive, transparent and impact oriented.

The Program aims at helping Member States in preventing and controlling corruption through:

1. Advancing knowledge and expertise on anti-corruption measures and tools;
2. Providing technical assistance to build and strengthen capacities;
3. Enhancing coordination and cooperation among organizations active internationally in anti-corruption policy, advocacy and enforcement.

The *Global Program against Corruption* was designed in such a way that due to its modular structure the various elements include different activities that can be executed both individually and in packages at a national or international level. It takes into consideration the fact that corruption is a complex phenomenon the character of which is different in every country depending on the social, economical, cultural and particularly the legal background.

2. Hungary: pilot country for the Global Program against Corruption

The *Global Programme against Corruption* conducts pilot projects in selected countries to test new approaches and anti-corruption tools as well as run regular studies and surveys on country level corruption trends. The focus of the pilot projects is on three types of corruption: the "street-level" experience of citizens with public agencies, private sector corruption and high-level corruption in finance and politics.

Hungary has joined the *Global Program against Corruption* right after its establishment and according to the United Nations experts supervising the project the country has been one of the pilot countries participating in a so-called action-learning process since then. The *National Integrity Meeting for Cleaner Public Life* was the first independent, national level event of the Global Programme in Hungary.

C. National Integrity Meeting for Cleaner Public Life

The *National Integrity Meeting for Cleaner Public Life* was organized on a wide basis in an open and transparent manner. The aim was to catch the attention of both the public and the most knowledgeable and active experts in the field and to create a goal oriented and measurable action plan for the Hungarian society as a whole and in particular for the persons participating in setting legislation, practicing the law, also for civil society organizations and the private sector.

On the first day of the two-day event representatives of the United Nations Office on Drugs and Crime, associates of various Hungarian institutions dealing directly with the problem of corruption, and representatives of the Hungarian parliamentary party factions presented their views and proposals on corruption in Hungary. After delineating the status of corruption in Hungary, the second day of the meeting was devoted to group discussions where invited experts described their views and proposals on various corruption-related matters. It was based on the common views of those group discussions that the basis of a national action plan was expected to be formulated as the key outcome of the meeting.

Broadbased Assessment Conducted by Gallup

During the first day of the meeting, representatives of the Hungarian Gallup Institute presented the findings of their studies conducted in 1999-2000 and in 2003 in connection with the *United Nation's Global Program against Corruption*. The studies demonstrated that the population had a different perception about the various behaviors and activities that can be considered as corruption. Almost everyone considered it corruption when officials or politicians tolerated organized crime in exchange for a certain fee or when the public decision makers were bribed in order to win large government contracts. In contrast, the "gratitude money" given to physicians was considered as corruption by only one quarter of the population, while in the case of tips the ratio was one fifth. The surveys clearly indicated how difficult it was to determine where corruption begins in the opinion of the population. On the other hand, the results provided some clues about which were the crucial areas to start with in eliminating corruption.

D. Action Plan

The basis of the national action plan were formulated in the framework of five areas corresponding to the themes covered by the five working groups during the second day of the meeting. Following are the key points of agreement within the five working groups:

1. Ethical Issues, lobbying, asset control, financing of political parties

There is a need for Codes of Ethics relevant to the various professional areas and also a need for a Civilian Charter.

- There is a need for ethical committees, proper systems of evaluation, auditing and training.
- There is a need for the creation of personal and institutional spheres of accountability.

- The financing of the political parties needs to be completely revised.
- There is a need for special controlling and monitoring systems for the financing of election campaigns.
- No final agreement was reached on an Act on Lobbying, except that it must be extended to the local government level and that it should not apply to public procurement.

2. *Public procurement, supplying, public procurement culture*

There is a need to reconsider the regulations on public procurement in harmony with the amendment of the Act on Public Procurement.

There is a need for proper training of the persons involved in the public procurement process.

There is a need to create a list of experts, define the methods of selection from the list and ensure continuous monitoring.

There is a need to popularize and promote decision-supporting IT tools.

There is a need for editing of sample documents and standardization of their application

There is a need to create other tools for supporting procurement activities (call center, on-line availability, establishment of organizations specializing in purchasing).

- 1) There is a need to develop and propagate electronic purchasing systems (EPS).
- 2) There is a need to develop a regulatory model meeting the requirements of EU standards.
- 3) There is a need to reconsider and widen monitoring activities related to purchasing (look for new solutions!).

3. *Education, human development, polling*

As childhood has a very important effect on a person's relation to corruption, the responsibility of educators is very high

- There is a need to be conscious of the fact that the media has a high impact on a society's awareness.
- Tools need to be developed to strengthen the corruption-rejecting behavior of Hungarian society.
- There is a need to compile an Action Program for anti-corruption training.
- There is a need to establish a preparatory committee to develop a set of tools for human resources training against corruption.

4. *Crime prevention, fighting crime, public administration*

- There is a need to introduce a Code of Conduct for law enforcement entities.
- There is a need to raise risks and focus on deterrence.
- There is a need for witness protection programmes.
- There is a need to strengthen the control mechanisms (both overall and internal).

5. *Subsidies, monitoring, inspection systems, contradictions in the tax system*

- There is a need for comprehensive, clear, realistic regulation on public procurement.

- There is a need for a clear system of conditions as regards entry into the public administration apparatus and a need to stop favoritism.
- There is a need to simplify the bidding process and a need to clearly define bidding principles.
- There is a need for proper sanctioning linked to the primary responsibility of leaders and managers.
- There is a need for continuous contact with clients, for simplifying procedures, for transparent and appropriate forums and a move towards a single-desk administration.
- There is a need for the application of proper deterrent methods in public and private sector to achieve a higher level of law adherence.

E. Next steps

The *National Integrity Meeting on Cleaner Public Life* was held as participants were expecting Parliament to pass the law known as the “Glass Pocket Act.” This law was expected to close the period following the change of regime and legally guarantee a higher level of publicity and transparency of the use of public funds and public property, and ensure a wider control mechanism. The passing of the law was seen as a vital basis for the continuation of the legislative process -- with the help of the United Nations Global Programme against Corruption – that should include the following steps:

- Adoption of a EU-conform public procurement law.
- Use of special tools for supporting the preparation of decisions in inviting tenders and assessing bids.
- Re-regulate the financing system of the political parties to ensure stability and transparency and prevent illegal means of funding.
- Reform of the financial control system.
- Further review of the taxation system to identify funds of unclear origin.
- Prepare and pass a new insolvency law.
- Modernize – in cooperation with the Court of Auditors – local government control systems
- Create a new system of state subsidies dealing with development and investment for local governments.
- Remove contradictions in the system of subsidies and develop a monitoring system.
- Develop a Code of Behavior and introduce an Ethics Body
- Compile an anti-corruption action plan and develop a system of internal rules for the judiciary.
- End insecurity of legislation and develop an institutional system of impeccability.
- Organize in a much more effective way the education and training of persons active in areas where the risk of corruption is high.
- Develop the legal conditions for the use of private capital in the construction of public institutions.
- Strengthen debt collection regulation.

- Develop an Act on Lobbying to create the base for the various interest groups upon which they can represent their interest in a regulated and transparent way during public authority decisions and promote effective control by civil society over organizations exercising public authority
- Ensure the closing of judicial procedures within a reasonable period of time and prevent the possibility of pressures on the judiciary.
- Improve the efficiency of investigations, particularly in cases involving significant amounts.
- Make data bases of courts more transparent.
- Amend legislation to ensure that when the media publishes reports on the activities of public personalities the author of such reports cannot be held responsible.

F. Conclusion

Organizers and participants of the two-day meeting shared the view that international experience and actual government measures could not be really successful in themselves unless society's perception on corruption was changed. Society's corruption-rejecting and corruption-preventing position had to be based on and measured by the law-abiding and ethical behavior of the citizens. The real success of the fight against corruption was not the disclosure of the existing abuse but prevention which was even more important and required making citizens concerned and changing society's

III NATIONAL CONFERENCE FOR CLEANER PUBLIC LIFE

A. *Introduction*

By Dr. Kálmán Györgyi, Ministerial Commissioner, Ministry of Justice

I must begin my speech with an announcement: contrary to the program sent out to you the opening address will not be held by Prime Minister Dr. Péter Medgyessy. He has to attend to certain other non-cancellable official duties and so he cannot be present at our conference.

I am glad to greet Mr. Péter Kiss, the Minister of the Chancellery. It is my honour to greet here Mr. Antonio Maria Costa, undersecretary-general of the United Nations Organization. I would like to extend my greetings to all the state secretaries present. Greetings to the presenters of the day, the audience, the contributors to the work of the workgroups tomorrow. I would like to thank you all for coming.

The organizers have asked me to be the chairman of the meeting which I have accepted as a honour. I think that my job – as the chairman of the meeting – is not so much the giving of speeches than to let speak the invited and experienced presenters whom you came to listen to and thus to help the successful fulfilment of this rich and tight program. However, I would like to ask your patience first for a few minutes.

This conference has two organizers: for the Hungarian party it is the Secretariat Responsible for Public Assets of the Prime Minister's Office while for the UN it is the United Nations Office on Drugs and Crime (ODC) having its seat in Vienna and United Nations Crime and Justice Research Institute (UNICRI) having its seat in Milan. I think it does not have to be explained why the Secretariat Responsible for Public Assets organizes such a conference but the UN's contribution may require some explanation.

As for the preliminaries in the 1990-s it became especially clear how dangerous corruption is and how important it is to act against corruption internationally. International agreements have been concluded within the organizations of the European Council and the Organization for Economic Cooperation and Development. An international agreement has been signed on the fight against the corruption of the officials of the member states of the European Union and the officials of the European Communities. The international cooperation extended to the official and the private sphere and transcended the traditional national boundaries, the state borders. The Republic of Hungary has joined these agreements and amended its internal laws accordingly. Hungary has also joined several programs of the European Council and the European Communities. The special importance of defeating corruption is underlined by the fact that Article 29 of the Treaty establishing the European Union stipulates that the prevention of and the fight against corruption should have a determining role in establishing a region of freedom, security and rights.

The United Nations Organization has prepared its action plan titled "Global Program Against Corruption" in February 1999 and Hungary has joined it in the summer of 1999. On behalf of the Hungarian government the agreement was signed by Ms. Ibolya Dávid, Minister of Justice while the signatory for UN was Mr. Pino Arlacchi undersecretary-general, the general director of the United Nations Office for Drug

Control and Crime Prevention. The agreement states that the proper institutions of the Hungarian government and of the United Nations Organization shall cooperate under the auspices of the Global Program Against Corruption in developing and implementing a joint experimental program. This experimental program is still in operation and this national conference is an important part of it.

This is the time to express my due thanks to the high-ranking UN officials present, particularly to Mr. Antonio Maria Costa, undersecretary-general of the UN for the support they have provided to organising this national conference.

I must mention here the important role the Hungarian Gallup Institute has played by contributing to the first phase of the program and has prepared the booklet "Gallup researches on corruption" comparing their first results obtained in 2000 with the results of a new survey conducted in 2003 on a national population sample.

The organizers' aim is to make this conference a national conference so that even its name will express: this is not a government or party event but a national one; they hope that the fight against corruption and the ensuring of the integrity of the state, the authorities and the private sphere is equally important to every political side. It is true even when the political parties would give quite different ratings to each other for their efforts against corruption. The emphasising of this national character were the purpose behind the organizer's intention when it has asked prominent persons from the four parties present in the Hungarian Parliament to contribute to today's program.

The first and most important purpose of the national conference is stressing the importance of the fight against corruption. This stress is provided by the social and moral weight and authority of the personalities present. This is strengthened further by the presence and contribution of the United Nations Organization's high-ranking officials. The fight for a clean public life and a corruption-free society cannot be fought and won with a single event. This is a long term process in which the state-organization, the shaping of the public opinion, the moral education and guidance, the legislation and the jurisdiction each have an important role. And I must tell that we have good chances in this process.

In an international comparison Hungary has a medium ranking at the moment. However, we have a good chance to step forward in the following period in this regard and to get up into the "upper house" – with countries like Finland or Holland – in the field of integrity, clean public life and the curbing of corruption. We do not have to emphasise it further how important this would be in forming the country image. Just think about the results of the country-audits performed during the process of joining.

This international conference is two days long. The first day is for the plenary session here, in this room. I would like to announce that all speeches will be recorded electronically. The organizers intend to publish the conference's contents in a printed form, too. If anyone has a manuscript suitable for publication please submit it at the conference desk. Those who have no written text pay check the press-ready text in a transcript prepared from the recording. In this we ask for the speakers' kind contribution.

Today's agenda – as you can see it from the printed version – does not include discussions after the addresses, and I would not like to deviate from it. We can meet the program deadlines only if the speakers do not exceed the prescribed speech times. This is something I must warn you about with due respect. After the addresses the program invites to a plenary discussion at 16:15 hours. This gives you al an opportunity to ask questions or to add your own contributions or opinions. I would like to call your attention to the fact that in the desks you will find headphones through which you will be able to hear a Hungarian interpretation of the addresses in English.

When we finish with today's program Mr. Peter Langseth, associate of the UN will say a few words about tomorrow's program. As you can see five workgroups will be established. Us, the members of the five workgroups will meet tomorrow at 9:00 hours AM in this room. The program you have all received lists the themes and the chairmen of the five workgroups. The results of the work done in the workgroups will depend on the richness of the participants' ideas and thoughts. Mr. Petter Langseth will want to give some ideas for this. I ask you al to listen to him carefully. His presentation will mark the end of today's work.

This was what I had to tell as an introduction. Now I would like to greet respectfully Mr. Péter Kiss, the minister heading the Prime Minister's Office, our first presenter.

B. Honest Public Life- Strong Public

By Péter Kiss, Minister heading the Prime Minister's Office

I am glad that on behalf of the Hungarian government I can greet here the international and Hungarian experts of the fight against corruption. It is significant that there are some important figures of the Hungarian public life present but what is more significant and is a particularly happy sight for me is that we have many representatives of the young generation, many students here, at this conference.

This conference was organized at a perfect time as Hungary has just started some extremely important modernization steps. We often speak about the technical, market economy and other requirements and programs needed to implement this modernization. But we can speak about modern society, economy and public administration only if we are not making any compromises in the fields of law and order, honesty and integrity. This must be the starting point of any modernization program. It is a well known fact that our republic sustains itself on the basis of the principle of general and proportionate sharing in taxation thus all public monies and public properties must serve society's common interests and not the individual interests of those who can access the public properties. It is unallowable and intolerable if the persons working in public service and having access to public monies try to use these public monies for their own advantage.

The Medgyessy Cabinet has started to work with a clean sheet and wishes to maintain high level moral requirements. Thus it is clear that the government and public officials of a modern European Hungary have to serve as examples. In the case of the corruption the only acceptable solution is "zero tolerance." Thus, one of our tasks today is to get back and strengthen the citizens' trust in these matters. For this we must uncover the corruption-suspicious cases of the past period, we must punish those who are responsible and what is even more important, we must at the same time set rules and regulations that will prevent the occurrence of similar cases in the future.

The Parliament is just discussing the "glass pocket law package" establishing the legal conditions for the multi-level and efficient controlling of the use of public monies. The purpose is to ensure a much better transparency in this field. The importance of our conference being an international conference is that the challenge of corruption cannot be limited to a single country. In a globalising world the illegal activities and the corruption are international, too. To curb it we must have international cooperation. This is why we have joined in 1999 the UN's Global Program against Corruption that has been operating and growing for some years now and that is why international cooperation against corruption, organized crime and terrorism must keep on strengthening. Obviously, one of the purposes of this international cooperation is to provide a kind of international standard for our domestic activities and efforts.

We have heard – Mr. Chairman has mentioned it – that although the official corruption surveys and indexes place Hungary in the upper medium category the presence of corruption in Hungarian public life is extremely harmful and depressing. We can also see that so far legal tools did not prove to be suitable for curbing corruption significantly in Hungary. We will have to make significant efforts on the part of social requirement, too, so that the measures against corruption and the

establishment of a clean public life shall not remain a specialized task, a branch-problem or a job for the government and the participants of the political life only. In addition to raising the fight against corruption to a policy level it is also necessary to gain society's cooperation and the social requirement and this is where the people present at this conference shall have to take a significant and organising role.

One of the key questions in action against corruption is the showing of proper examples. This is why we have to use the strictest possible legal and moral requirements against primarily the participants of public life and ourselves, Obviously this is the example that will make authentic the government's and the public life's participants' such intentions authentic and credible for a wide sphere of the society. We can see that corruption – by destroying the trust between those in power, those in the government, those who are participating in public life on the one hand and the society on the other hand – can weaken democracy, too, and in this sense it can be an obstacle to realising the Hungarian national objectives. The program implemented by Hungary while standing on the doorstep of the European Union – the program of national closing up – cannot be left alone. It can be successful only if it is based not only on the efforts of the government and of the participants of political and public life but also on the participation and control of a wide sphere of the society. This participation, of course, can occur if there is a credible contact between the governments and public actors that be and the society.

Thus a key question of the program's realization – that Hungary should be able to close up to the most developed European regions – is the action against corruption because such action can create a bridge between the actors of the public sphere and the society as a whole. Of course we must not have any illusions about cleaning public life at once. This process will take much time and resolution and it cannot be realized in a few quick campaigns not with a few partial successes. It can succeed only when all parts have been successfully addressed by the society – and even then it will take a lot of time and hard work. However, I trust that this conference can contribute to our aim which is that we should not only speak – domestically and internationally – about fighting corruption, about ethics, and a corruption-free, clean public life but we should also live according to these ideals. I am convinced that the Republic of Hungary can be strong, successful and modern only with integrity. In this spirit I wish you all a good conference and good work for the next two days.

C. Global Dynamics of Corruption

By Antonio Maria Costa Director-General, United Nations Office at Vienna and Executive Director Office on Drugs and Crime

The holding of a meeting of this sort demonstrates only too clearly your commitment to making a difference in addressing corruption. I laud your efforts in this regard.

A key step in fighting corruption, in my experience, is both the acknowledgement that there is in fact corruption there to fight and addressing the problem in an open and transparent way. This Conference fulfills both criteria.

Identifying just how much corruption occurs in any society or around the globe is difficult to quantify. You are all familiar I am sure with Transparency International's corruption perception index, which, -while useful- tells us only about the perceptions of corruption, not an objective evaluation of its actual extent.

One way, however, to illustrate the potential extent of corruption is to examine the entries "Errors and Omissions" in the International Financial Statistics published monthly by the International Monetary Fund. This data provides a stark reminder of the all-too frequent instances when the unaccounted segment of a nation's external transactions represent an unacceptably high percentage of its balance of payments. There are cases when one half, even three-quarters of a country's balance of payments' position have gone unexplained.

It would of course be simplistic to explain high "Errors and Omissions" entries in a country's balance of payment statistics as the sole consequence of corruption. Yet, it has been shown that a significant inverse correlation exists between the accuracy and integrity of a country's national accounts on the one hand, and the presence of corruption on the other.

International statistics aside, we are only too familiar with the fact that the national wealth of a number of countries have been used only for the benefit of a few to the detriment of all citizens.

High level and systemic corruption has impoverished entire economies. Proceeds in the hundreds of millions, and in some cases, billions of dollars are moved by corrupt officials to foreign countries beyond the effects of the economic chaos they have created at home. When good government is restored, officials then spend decades attempting to retrieve funds that may be critical to repairing the social and economic damage.

Fighting corruption therefore must be a priority. It is a condition for good governance and rule of law, which in turn are the foundation stones of sustainable development.

Work done by UNODC shows that the manifestation of corrupt practices in public life, and the lack of effective institutions to counter it, has long-term detrimental effects on sustainable development. The result is a reduced quality of life for citizens, including those groups, such as the poor, women and children, most vulnerable to economic decline.

There is little doubt, therefore, that corruption represents one of the most significant challenges to the international community today, and that the fight against corruption requires an international response. In fact, not only the acts of corruption often have a transnational dimension, but many countries are not able to deal with the problem without assistance.

Companies that do business internationally can achieve unfair advantages by paying bribes or secret commissions in exchange for preferential treatment. Most have now come to recognize that this is not in their long-term interest: Economic efficiency is undercut and the cost of doing business increases, benefiting only corrupt officials.

The use of bribery is also always a slippery slope - once implicated in a corrupt practice it is difficult for either party to withdraw.

To persuade companies not to compete through the use of corrupt practices, however, requires reassurance that competitors will also stick to the rules. This fact underscores the requirement for a global response to such problems.

'Integrity pacts' and similar arrangements among competing companies are helpful, but the real solution lies in the development of reliable international standards, at the global level.

Most cases of corruption involve interactions between the public and private sectors and, in the case of corporate corruption, the benefits are often felt by shareholders in developed countries, while the costs are suffered by ordinary people in the developing world.

More fundamentally, it is citizens in developing and transitional societies who must live under the inadequate governance and corrupt bureaucracies that are nourished by such corruption.

Given the seriousness of corruption as a problem, and the requirement now for a more globalised response, we find ourselves at a critical juncture in the struggle to control transnational criminal activity such as corruption. This is a global problem requiring a global solution.

As a result of efforts on the part of the Council of Europe, OECD and OAS in recent years, the international community has embarked on the search for standards that are comprehensive in scope and global in application. These efforts will soon result into the UN Convention against Corruption, which is presently being negotiated in Vienna by an Ad Hoc Committee, supported by my Office.

The General Assembly, which established the Ad Hoc Committee, also gave clear and broad terms of reference, including the completion of this endeavour by the end of next year. While such a global instrument was unthinkable only a few years ago, the negotiations are now under way on the basis of a consolidated text compiled from proposals submitted by more than 25 countries, from all regions of the world. These proposals cover issues such as public and private corruption, preventive measures and asset recovery, as well as criminalization, international cooperation, technical assistance and monitoring of implementation.

The multitude and wealth of the proposals are evidence of the interest and commitment of all countries to be actively engaged in the negotiating process. Given

the universal nature of the new instrument, such support is a key component of its future effectiveness, acceptance and success.

The Office for Drug Control and Crime Prevention stands ready to play a key role as a focal point at which those involved can come together.

Countries come to us to negotiate both legally binding instruments and normative standards. We bring together regional organizations and organizations dedicated to specific social, economic and crime issues, as well as entities within the United Nations System dealing with development, human rights and other relevant matters.

UNODC also serves as a repository for research, compiling and analyzing global trends in crime and drugs, helping countries to understand how their own problems are shared with and connected to those of other countries. Most important of all, we offer our Member States the technical assistance they need to put in place the measures required to fight financial fraud and corruption.

The Global Programme against Corruption (GPAC) was established in 1999 in response to global developments and an increasing need on the part of States for support in their anti-corruption efforts.

The Programme aims at helping Member States in preventing and controlling corruption through:

- Advancing knowledge and expertise on anti-corruption measures and tools;
- Providing technical assistance to build and strengthen capacities;
- Enhancing coordination and cooperation among organizations active internationally in anti-corruption policy, advocacy and enforcement.
-

Since 2000 GPAC, in collaboration with Transparency International (TI) and the British Department for International Development (DFID) supports Chief Justices from Common and Civil Law Countries, the Judicial Group, in identifying and applying best practices in strengthening judicial integrity and capacity.

The outcome of this process has been (i) a list of key objectives for judicial reform; (ii) a set of measurable performance indicators, (iii) a comprehensive assessment methodology for judicial integrity and capacity; (iv) a draft Universal Declaration of Judicial Conduct and (v) a "safe" and productive learning environment for chief justices in which they can be exposed to best practices regarding judicial reform, management of change and the strengthening of the rule of law

The UN advocates an approach that is based on facts, inclusive, multi-partisan, comprehensive, transparent and impact oriented.

On the basis of these basic principles, there are four basic arenas in which action can be taken against corruption within a country:

First, the basic institution of good governance needs to be strengthened. At the head of this list is the judiciary, which is itself the guardian of laws and integrity. But if the judiciary is itself corrupt, the problem is compounded and the public at large without rule of law.

Second, the capacity and integrity of enforcement need to be enhanced. The best law has no value if it is not enforced. The best judges and magistrates are

wasted if cases are never brought to them. Good investigations are wasted effort if the judge or magistrate is corrupt.

***Third**, a government needs to put in place a solid set of preventive tools. Codes of Conduct and strong independent oversight bodies can help ensure that the acceptable standards of behaviour are respected in both the private and public sector. Political leaders in all branches of government, legislative and judiciary can be required to have transparency in their own financial dealings through asset disclosure for themselves and their family members.*

***Fourth**, the public needs to be educated on the advantages of good governance. It must also be clear that the public itself bears a large share of responsibility for insisting on honesty and integrity in government and business. The public needs to learn: (a) not to let anybody buy their vote; (b) not to pay bribes themselves; (c) to report incidents of corruption to the authorities; and (d) to teach their children the right values.*

Let me emphasize that Hungary is one of our "Pilot Countries" in what we call an Action Learning Process. As it is always nicer to learn from success than failure, I sincerely hope that Hungary will continue to be a "model" of best practice country in the region.

As we all need this "light at the end of the tunnel", showing that it is indeed possible to build integrity to curb corruption, I extend my best wishes to your National Conference. I am sure it is a critical step towards "Cleaner Public Life" in your country. You are to be congratulated for the commitment and openness which characterize the holding of a meeting such as this.

Although its impacts are perhaps more visible today in a globalising world, corruption is not a new problem, and if you ask us to solve it tomorrow, then perhaps we must be pessimistic.

We do not expect to solve it tomorrow. I do, however, expect the international community to rise to the challenge of dealing more effectively with this global challenge, and in this I am very much an optimist

D. The Global Programme against Corruption

Prof. Jan van Dijk, Chief, Crime Reduction and Analysis Branch, UN ODC

1. *The challenge*

The Global Programme against Corruption (GPAC) was established in 1999 in response to global developments and an increasing need on the part of States for support in their anti-corruption efforts.

The Programme aims at helping Member States in preventing and controlling corruption through:

- Advancing knowledge and expertise on anti-corruption measures and tools;
- Providing technical assistance to build and strengthen capacities;
- Enhancing coordination and cooperation among organizations active internationally in anti-corruption policy, advocacy and enforcement.

2. *The response;*

a. Promoting Judicial Integrity

Since 2000 GPAC, in collaboration with Transparency International (TI) and the British Department for International Development (DFID) supports Chief Justices from Common and Civil Law Countries, the Judicial Group, in identifying and applying best practices in strengthening judicial integrity and capacity.

The outcome of this process has been (i) a list of key objectives for judicial reform; (ii) a set of measurable performance indicators, (iii) a comprehensive assessment methodology for judicial integrity and capacity; (iv) a draft Universal Declaration of Judicial Conduct and (v) a “safe” and productive learning environment for chief justices in which they can be exposed to best practices regarding judicial reform, management of change and the strengthening of the rule of law .

b. Interagency coordination

In December 2001 the GPAC was requested to enhance coordination and cooperation across all organizations internationally active in anti-corruption policy, advocacy and operations, in order to avoid undue duplication and to ensure effective and efficient use of existing resources.

Subsequently, the GPAC has been requested to: (a) take the lead in establishing an Interagency Anti-Corruption Coordination Mechanism that will assure better coordination and cooperation across UN and other agencies active in the field of anti-corruption work and (b) to support OIOS in developing a Organizational Integrity Initiative aimed at mainstreaming ethics throughout the UN system.

3. *Country Projects*

By 2005 the GPAC plans to manage 15-20 technical assistance projects supporting Member States in preventing and controlling corruption. These projects mainly focus on strengthening judicial integrity, a unique strategic niche, with potentially high impact. Current projects include:

Hungary: GPAC in collaboration with UNICRI, carried out a comprehensive corruption assessment which was widely disseminated. A National Anti-Corruption Decree was adopted by the Hungarian Council of Ministers in 2001. A broad-based National Integrity Steering Committee has been established and a National Integrity Meeting is planned for March 2003 to develop a national anti-corruption strategy and action plan.

Nigeria: Strengthening Judicial Integrity focusing on pilot courts across three states

South Africa: The project assists the Government of South Africa in its efforts to prevent, detect and fight corruption and promote the rule of law within the country

Colombia: strengthen the rule of law at the sub-national level and national level by increasing the integrity of local governments and strengthening local prosecutorial capacities balancing preventive and enforcement measures.

Indonesia: strengthening judicial integrity and capacity

Romania: Assisted in developing new Anti Corruption Legislation and raise awareness and capacity across the Criminal Justice System.

Iran: strengthening the effectiveness, transparency, and accountability of Iran's judiciary

Lebanon: established the National Integrity Steering Committee and organised a broad-based Expert Meeting presenting the findings from the comprehensive corruption assessment, which received much attention by the media and the public.

4. *Tools*

The proposed UN Convention against Corruption will serve as the centre piece for corruption-related efforts and GPAC will provide assistance in promoting measures prescribed by the Convention. It will provide advisory services including training to help close the gap between that which exists and what will be called for or codified as standards in the new Convention. It considers its Manuals, which express UN anti-corruption policy, as both policy guides and a practical set of "tools" on which basis to promote a common understanding of UN policy and enhance Governments' capacity to build integrity to fight national and trans-national corruption.

The UN Anti-Corruption Tool-Kit is a set of continually refined tools and case studies to 'fix' corruption problems of all kinds.

The draft UN Manual on Anti-Corruption Policy intends guide policy makers and the draft UN supplement on legal instruments is a comprehensive guide to existing legal instruments.

The draft UN Handbook for Prosecutors and Investigators has been developed in close collaboration with the USA Dept. of Justice and the criminal justice system in South Africa. Other tool kits and manuals can be envisaged with the requisite collaboration dissemination and support.

5. *The Integrated Approach*

The UN approach, focusing on the *how* is facts based, no-partisan or multi partisan, comprehensive, transparent inclusive, and impact oriented

E. Building Integrity To Curb Corruption

**By Dr. Petter Langseth, Programme Manager, Global Programme
against Corruption, United Nations, Office for Drugs and Crime (UN
ODC)**

1. The Issues

a. What is Corruption²?

1. In examining corruption, it quickly becomes apparent that corruption is a general phenomenon – or perhaps collection of phenomena – which are related in various ways, but that there is no single, clinical definition which encapsulates corruption.

2. Attempts to define or classify corruption for various purposes have been based on many different perspectives and criteria, including: moral criteria; descriptions of the conduct or behavior involved; models involving conflicts of interest, breaches of trust or abuses of principal/agent/client relationships; economic, political and administrative models; distinctions based on whether the corruption involved public or private-sector actors or interests; and on factors such as whether the actors were engaged in organized crime or more *ad hoc* forms of corruption.³ Corruption may involve cash or economic benefits, power or influence, or even less-tangible interests, and occurs in both government and the private sectors, in free-market and closed economies and in democratic and non-democratic governments and societies.⁴

3. Within the scope of these general definitions, there is also no universal consensus about what specific sorts of conduct should be included or excluded, particularly in developing criminal laws or other politically sensitive concepts of corruption. For example, the proposition⁵ that corruption
...is an abuse of public power for private gain that hampers the public interest...
raises issues about whether definitions of corruption should be limited to abuses of “public” power or harm to “public” interests, and if not, what sorts of private elements should also be included.

4. Definitions applied to corruption vary from country to country in accordance with cultural, legal or other factors and the nature of the problem as it appears in each country. Concepts may also vary from one time period to another, particularly in recent decades, which have seen much thinking and theorizing about corruption. Definitions also vary depending on the background and perspective of the definer and the purpose for which a definition was constructed. Economic or commercial models may focus on trade issues or harm to economic stability. Legal models tend to focus

² See also United Nations Anti Corruption Tool Kit (Web Page: www.unodc.org or www.unodc.org/unodc/en/corruption.html and UN Anti Corruption Manual for Policy Makers, (forthcoming)

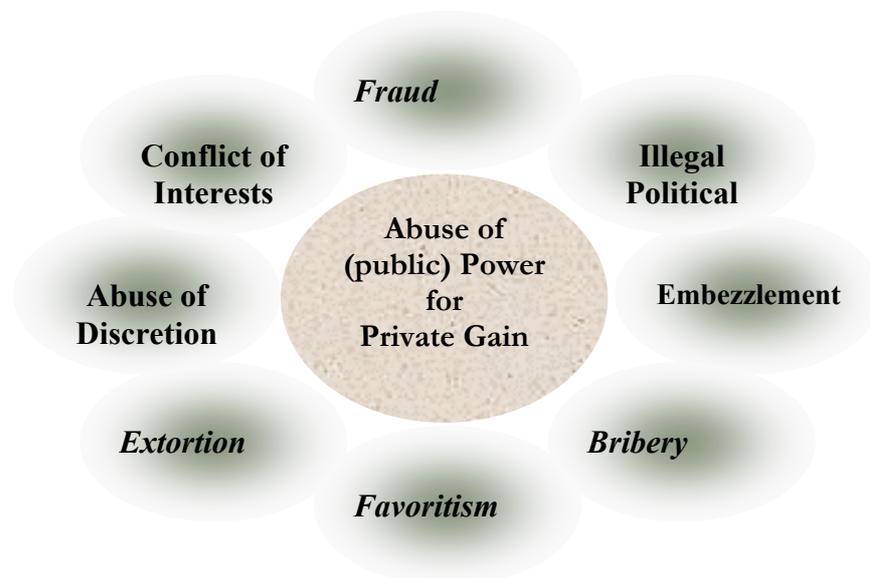
³ See generally Williams, R., ed., *Explaining Corruption*, vol. 1 of *The Politics of Corruption*, Elgar Reference Collection, UK, 2000.

⁴ Heymann, P., “Democracy and corruption”, [1997] 20 *Fordham L. Rev.* pp. 323-346 at 324-25.

⁵ UN’s Anti Corruption Tool Kit,(2001),

on criminal offences or areas such as breach of trust. Political models tend to focus on the allocation and abuses of power or influence.⁶ All of these are useful definitions, but each describes only a portion of the overall problem of corruption.

Forms of Corruption⁷



5. Legal definitions differ from those applied by sociologists, aid agencies and international organizations.⁸ This is particularly true for criminal law definitions, for which the highest standard of clarity and certainty is generally required. Most legislatures have chosen not to attempt to criminalise the general phenomenon, but to focus instead on specific types of conduct such as bribery, theft, fraud or unfair/insider trading which can be more clearly defined. This approach achieves the necessary degree of certainty for drafting offences and prosecuting offenders, but is too narrow and creates gaps, which can be problematic for non-legal purposes. There is also uncertainty about whether some activities, such as money-laundering, constitute “corruption” *per se* or merely activities which support it

6. If corruption is understood as a collection of phenomena, it then follows that understanding corruption requires an understanding not only of the individual phenomena, but also how they are related, and that such a general understanding is critical to developing effective control strategies. Corrupt actions such as the bribery of officials do not usually occur in isolation but as part of a pattern. At the simplest level, a bribe paid usually entails the illicit reception of the bribe, and the carrying out of some act or omission by the bribed official, for example, but the pervasive corruption which confronts many societies is far more extensive and complex than this. Elements of UN’s involvement are therefore intended to foster understanding

⁶ See, for example, Shihata, I.F.I., “Corruption, a general review with emphasis on the World Bank”, [1997] 15 *Dickinson J. of Int’l Law*, pp.451-485 at 451-57.

⁷ Petter Langseth, International Cooperation, Its Role in Preventing and Combating Corruption and in the Creation of Regional Strategies, Bucharest, March 30-31, 2000 in Regional Conference of Central and East European Countries on Fighting Corruption

⁸ See, for example the 1997 opinion survey conducted by the New South Wales Independent Commission Against Corruption, which found sharp disagreements even among public sector employees within that part of Australia in Jeremy Pope, (1997), TI Sourcebook, Berlin, 1997.

how various elements within the general ambit of corruption are related to one another and to the surrounding context of legitimate social, cultural, legal and economic structures.

7. The purpose of UN's anti corruption work, is among other things, to advise policy-makers, some of whom will be called upon to decide what conduct should be considered as "corruption" in their respective societies and whether such conduct should be discouraged, prevented, or made subject to criminal sanctions or other controls. Rather than attempt to specifically define corruption or seek out a legal or clinical definition which is valid for all of the discussion it contains and the social, legal, cultural and economic contexts in which it will be used, the approach taken is to avoid narrow legal definitions and seek out broader, more inclusive concepts which may assist in understanding the fundamental problem of corruption, bridge gaps in the way it is understood in different societies, and form the basis of national anti-corruption strategies which are effective in context, and at the same time share common elements with those of other countries in support of a general international strategy. Not everyone will agree that all types of questionable relationships and misconduct described constitute "corruption" in either the general or criminal senses. The point is to take into account as many voices and perspectives as possible. This approach will help nations to reassess what it is that they define as corrupt acts that should be prevented and sanctioned.

8. To provide a broad range of views, the approach taken in this paper is empirical, examining the various contributing factors, elements and consequences of corruption as they have been experienced in as many different countries and cultures as possible. It is also inclusive, canvassing activities that may be considered corruption by some experts or governments but not others, and conduct which may be seen as corrupt even if it is not necessarily illegal. The purpose is not necessarily to propose that specific elements be criminalised, although this may often be the conclusion of governments, but to identify acts which fall within the range of conduct described as "corrupt", and which are intrinsically harmful to individuals or societies to the extent that efforts to prevent, combat or control them using criminal justice policies or other measures may be called for.

b. Consequences of Corruption⁹

9. The idea that corruption can be defined without recourse to context or consequences (to the extent that it can be defined at all) does not mean that these are unimportant, however. Consideration of the context or circumstances in which various forms of corruption tend to occur is vital to the development of effective anti-corruption strategies. Indeed, a key lesson learned in recent years has been that simply criminalising corruption and punishing offenders does not work without some broader understanding of the social, cultural and economic factors which contribute to corruption and additional measures based on that understanding. This has led to measures such as efforts to improve the living-standards of public servants, which removes some of the incentives for them to solicit or accept bribes, while at the same time increasing deterrence by ensuring that they have more to lose if convicted of a corruption offence.

⁹ United Nations Anti Corruption Tool Kit (forthcoming)

10. An understanding of the full consequences of corruption is also critical to rebutting the all-too-common belief that it is a victimless crime and mobilising public support for anti-corruption measures. It is important that corruption be understood not just as an economic crime, affecting those directly involved in individual cases, but in terms of the other harm it causes. Corruption is subversive of stable economic structures, good governance, just and predictable legal systems and other critical social structures because it replaces the normal rules which determine the outcomes of dealings between individuals, between individuals and the state and various commercial entities with less formal, less predictable *ad hoc* rules which may well change from case to case. Legal disputes are no longer resolved in accordance with pre-established laws and open proceedings, but by bribes paid – or threats made – to judges or other officials. The allocation of State resources or services is determined not in accordance with the needs of applicants, but by their ability and willingness to bribe the officials involved, and the employment of the officials who render the services may be contingent on factors other than their competence to do so. Commercial dealings are no longer conducted in the best interests of the companies involved and their employees and shareholders, but in the individual interests of key decision-makers.¹⁰

11. The complex nature of corruption and the many ways in which it operates in practice make assessing the harm caused a complicated task. Some forms of corruption may be seen as more harmful than others, but this is unlikely to be an absolute determination. The forms seen as most serious are likely to vary depending on the strengths and weaknesses of the society involved. For example, the corrupt use of substandard building materials may do more harm in a developing country than in a developed one, because the latter can afford greater redundancy and internal safeguards in its inspection and decision-making processes. The harm caused to both individuals and society as a whole must be considered. An act of bribery will usually directly affect a few people, such as unsuccessful bidders for a contract, but also has an effect on the general integrity of the bidding system and hence on many future contracts, for example. It is at this stage that distinctions between public-sector and private-sector corruption often come into play: bribing public officials is almost always seen as more serious than private commercial misconduct. The seniority of those involved in corruption is also a factor, as is an assessment of whether corruption has become widespread and institutionalised or whether it occurs only in occasional cases.

12. As legitimate economic activities have globalised, the corruption imbedded in many such activities has done the same, making transnational corruption a serious problem. A key problem associated with transnational commerce and corruption is the speed with which corrupt values and practices can be spread, and the problem is so pervasive that it can be difficult – and also pointless – to determine who has corrupted whom. Companies seeking to do business in corrupt regions learn that undue influence is needed and how to exert it. Previously uncorrupt regions easily

¹⁰ United Nations, “Working paper on promoting the rule of law and strengthening the criminal justice system” Secretariat Working Paper for the Tenth United Nations Congress on the Prevention of Crime and Treatment of Offenders, Vienna, 10-17 April 2000, A/CONF.187/3, part VI. See also Buscaglia, E., and Ratliff, W., “Judicial Reform in Developing Countries: The Neglected Priority”, (1997) XX *Annals of the American Academy of Political and Social Sciences*, March 1997.

fall into corrupt practices when offered corrupt inducements by foreign companies. The pressure of competition operates on all of the actors: companies which do not offer bribes lose business to those which do, and officials who are not corrupt see those around them being enriched.

13. Some forms of otherwise-domestic corruption are also driven in part by transnational competition. Many countries have seen basic minimums in areas such as employment or labour standards, occupational safety, anti-pollution and other environmental standards compromised, either as a result of corruption on the part of legislators or administrators at home, or as a result of the need to compete with other jurisdictions where this has occurred. National budgets have also been eroded by the concession of excessive tax advantages and incentives to corporations or industries offered in competition with other regions.

14. The amounts of money involved in various forms of transnational corruption are so large that they affect not only the integrity of domestic economies but international financial systems as well. It was recently estimated that the amounts corruptly exported from Nigeria alone exceeded \$100 billion between the mid-1980s and 1999.¹¹ According to a United States Senate Investigation, more than \$1 Trillion in total illicit funds flows through the international financial system annually, about half of it through U.S. banks, although this includes proceeds from drug-trafficking and other crimes that might not be considered as corruption, depending on how it is defined.¹²

15. The enormous amounts involved also form a further incentive to adopt practices which are corrupt or which further corruption in order to attract deposits and investments. Money-laundering and related practices become very lucrative, and the economies involved quickly become dependent on the substantial revenues generated. This tends to produce an atmosphere which has been described as “competitive deregulation”, in which jurisdictions which closely monitor transactions and which have relatively low thresholds of bank secrecy and other anti-money laundering measures find themselves unable to compete with jurisdictions which have lower standards.

16. Corruption is both created by and attractive to organized crime, both at the domestic and international levels. Apart from the obvious incentives for organised criminal groups to launder and conceal their assets, various forms of corruption allow such groups to minimise the risks and maximise the benefits of their various criminal enterprises. In the case of organized crime, corruption is even more dangerous because of the organization involved. Officials can be bribed to overlook the smuggling of commodities ranging from narcotics to weapons to human beings, for example, and in cases where one element of a criminal justice system is not corrupt it can either be corrupted using more coercive means or another element can be corrupted in its place. Junior officials who will not accept bribes often find themselves threatened, and if a junior official takes action, such as seizing contraband or arresting smugglers, the attention of organized crime simply shifts to attempts to corrupt prosecutors, judges, jurors or others in a position to influence the case.

¹¹ Financial Times, July 161999,

¹² International Herald Tribune Feb 7. 2001,

17. The next chapter will critically assess the impact of national and international anti corruption and present some of the recent experience from international anti corruption efforts over the last decade including the lessons learned from United Nations Centre for International Crime Prevention (CICP) who's Global Programme against Corruption (GPAC) is currently working in 8 Pilot Countries.¹³

¹³ South Africa, Nigeria, Colombia, Romania, Indonesia, Hungary, Lebanon, Uganda and Sri Lanka

2 *Impact of current anti corruption initiatives?*

a. Lessons learned

18. Reducing corruption requires a broad range of integrated, long-term, national international and sustainable efforts and reforms. In partnership, the government, the private sector and the public need to define, maintain and promote performance standards that includes decency, transparency, accountability, and ethical practice in addition to the timeliness, cost, coverage and quality of general service delivery.

19. Education and awareness raising that foster law-abiding conduct and reduce public tolerance for corruption are central to reducing the breeding ground for corruption. The criminal justice system and its professionals must themselves be free of corruption and must play a major role in defining, criminalizing, deterring and punishing corruption.

20 In the course of the last decade a series of crucial lessons have emerged from the fight against corruption. Unfortunately, it must be said that far too often, these derive from failures rather than success. These include:

a. ***Economic growth is not enough to reduce poverty.*** Unless the levels of corruption in the developing world are reduced significantly, there is little hope for sustainable economical, political and social development. There is an increasing consensus that if left unchecked, corruption will increase poverty and hamper the access by the poor to public services such as education, health and justice. Corruption also tends to increase the gap between rich and poor, a factor in destabilising societies and contributing to political unrest, terrorism and other problems. Besides recognising the crucial role of good governance for development, the efforts undertaken so far to actually remedy the situation have been too limited in scope. Curbing systemic corruption will take stronger operational measures; more resources and a longer time horizon than most politicians will admit or can afford. The few success stories, such as Hong Kong, Botswana or Singapore, demonstrate that the development and maintaining of a functioning integrity system needs both human and financial resources exceeding by far what is currently being spent on anti-corruption efforts in most developing countries.

b. ***Need to balance awareness raising and enforcement.*** The past decade has been characterised by a substantial increase of awareness of the problem. Today the world is confronted with a situation where in most countries not a day passes without a political leader claiming to be eradicating corruption. However, it emerges that this increase in the awareness of the general public all too often is not accompanied by adequate and visible enforcement. In various countries this situation has led to growing cynicism and frustration among the general public. At the same time it has become clear that public trust in the government anti-corruption policies is key.

c. ***It takes integrity to curb corruption.*** Countless initiatives have failed in the past because of the main players not being sufficiently “clean to withstand the backlash that serious anti-corruption initiatives tend to cause. Successful anti-corruption efforts must be based on integrity, credibility and trusted by the general public. Where there is no integrity in the very system designed to detect and combat corruption, the risk of detection and punishment to a corrupt regime will not be meaningfully increased. Complainants may not

come forward if they perceive that reporting corrupt activity exposes them to personal risk. Corrupt activity flourishes in an environment where intimidating tactics are used to quell, or silence, the public. When the public perceives that its anti-corruption force can not be trusted, the most valuable and efficient detection tool will cease to function. Without the necessary (real and perceived) integrity, national and international “corruption fighters” will be seriously handicapped. One could argue that most international agencies have not demonstrated sufficient integrity or determination to curb corruption. These agencies have not accepted that integrity and credibility must be earned based upon “walk rather than talk”. The true judges of whether or not an agency has integrity and credibility are not the international agencies themselves but rather the public in the recipient country.

d. *Curbing Corruption is time-consuming and expensive.* Building integrity to curb corruption is a major undertaking, which cannot be accomplished quickly or cheaply. Hong Kong has been at it since 1974 allocating “serious money” from the regular budget mounting to US\$ 90 Million or US\$ 12 per capita per year in 1999.¹⁴

e *Importance of involving the public as the victims of corruption.* Most donor-supported anti-corruption initiatives primarily involve the people who are paid to curb corruption. Very few initiatives involve the people suffering from the effects of corruption. There is a need for more local initiatives involving victims, empower them, encourage them to play an active role in curbing corruption and to resist further attempts to victimise them. Victims also help to educate other social groups about the true cost of corruption.

f. *Managing Public Trust is Critical.* While Hong Kong has monitored the public’s confidence in national anti-corruption agencies annually since 1974, few development agencies or anti corruption agencies of Member States have access to similar data. The larger question is whether the development agencies, even with access to such data, would know how to improve the trust level with the public they are to serve. Another question is whether they would be willing to take the necessary and probably often painful actions necessary to improve the situation..

g. *Money laundering supports corruption and vice versa.* The media frequently links ‘money laundering’ to illicit drug sales, tax evasion, gambling and other criminal activity.¹⁵ While it is hard to know the percentage of illegally gained laundered money derived from corruption, it is certainly sizeable enough to deserve prominent mention. At the same time, it is clear that corruption itself affords opportunities for money laundering to move and hide the proceeds of every type of crime

h. *Identifying and recovering stolen assets is a major challenge.* According to the New York Times¹⁶ as much as \$1trillion in criminal proceeds is laundered through banks world wide each year with about half of that moved through American banks. In developing countries such as Nigeria, this can be translated into US\$ 100 Billion stolen by corrupt regimes over the last 15 years between 1983-1998.¹⁷ Even when corruption is brought to an end, new governments and officials face numerous hurdles recovering proceeds, not the least of which

¹⁴ This is very high and one of the more active countries in Africa, Uganda, the same per capita investment would probably be 50 cent

¹⁵ International Herald Tribune, 2001-02-08

¹⁶ New York Times Feb 7th 2001

¹⁷ Financial Times, London 24/7/99, *Nigeria’s stolen money*

is the establishing of their own legitimacy and credibility in the eyes of the international community.

i. *Need for international measures.* To curb national and international corruption there is a need to promote and strengthen measures to prevent and combat more effectively corruption and to promote, facilitate and support international cooperation to curb corruption. Quality in government demands that anti corruption measures be implemented world wide to identify and deter corruption and all that flows from it. This and similar issues are expected to be addressed by a new UN Convention against Corruption expected to be ready for ratification by 2003. It is crucial to recognise the dire need for an integrated international approach in preventing corruption, money laundering and to facilitate asset recovery. When one accept the idea that lack of opportunity and deterrence are major factors helping to reduce corruption, it follows that when ill-gotten gains are difficult to hide, the level of deterrence is raised and the risk of corruption is reduced.

j. *There is a need for a global and integrated* approach that is evidence based, inclusive, transparent, comprehensive, non-partisan and impact oriented approach, negotiated and accepted by the international community. It has emerged clearly that national institutions cannot operate successfully in isolation but there is a need to create new strategic partnerships across all sectors and levels of government and civil society in the effort to build integrity to curb corruption. Abuse of power for private gain can only be fought successfully with an international, dynamic, integrated and holistic approach introducing changes both in developed and developing countries alike.

b. How Successful are we in Curbing Corruption?

21. Hong Kong and Botswana, seen as the most successful countries fighting corruption, put in a serious effort both when it comes to the political commitment, resources allocated and the approach they selected. In both countries an integrated approach was selected and implemented by a strong and independent anti corruption agency. An integrated approach has to be evidence based non-partisan, transparent, inclusive, comprehensive and impact oriented. The good news is that, in these two countries, substantial progress has been made. The bad news is that such success stories are few and far between.

22 A broad assessment of ongoing donor supported anti corruption initiatives around the developing world against these six characteristics suggest the following:

a. *Regarding the need to assess the impact* of anti-corruption efforts with measurable facts, there seems to be a lack of hard *evidence* regarding the causes, types, levels and cost of corruption. Few donors have good data regarding leakage due to corruption on their own projects and when discussing money laundering or illicit transfer of illicit funds as global problem nobody seems to have solid facts about the amounts diverted due to corruption and/or other crimes

b. *Regarding the inclusion of a broad based group of stakeholders* in the process (*inclusiveness*), the general situation seems to be better. As a result of good awareness raising efforts done by NGOs such as Transparency International (TI), most donors advocate an approach that would involve the civil society in the effort to build integrity to curb corruption.

However, this does not guarantee the involvement of the victims of corruption who are often much more difficult to involve. Donors tend to prefer high tech, international consultants and lately internet/video conferencing when addressing corruption. Victims of corruption are often ignored. The empowerment of the victims of corruption is critical for the success of any anti corruption strategy and they are better reached through “low tech”, e.g. local languages, local institutions using face to face meetings or local radio.

c. Regarding non-partisanship of the process the picture seems to be less clear. Until 7 years ago corruption was a taboo word in the World Bank and if anything, its legal department would categorise anti corruption projects as political interference in the recipient country.¹⁸ Many donors would still avoid getting into politically sensitive issues and as a result reluctantly support non-partisan anti-corruption strategies such as: (i) involving the opposition in overseeing the effort to build integrity to curb corruption (National Integrity Steering Committee) and/or (ii) allow independent anti-corruption watchdog agencies investigate any corrupt officials even if they happen to be ministers in a sitting government.

d. Regarding comprehensiveness many donors seem to have, in principle, accepted the comprehensive country framework introduced by the World Bank in the late 90s. This, however, does not guarantee an integrated, multi-disciplinary approach when it comes to helping countries build integrity to curb corruption. One example is the role of international financial institutions when it comes to making it harder for corrupt leaders to transfer illicit funds. A truly integrated anti corruption strategy would have to deal with such things as the role of banks accepting the transfer of US\$ 300 million from corrupt leaders into their own accounts abroad and large multi-national companies bribing underpaid civil servants.

e. Regarding the transparency of the aid process, the situation is improving. However, there is still inadequate sharing of information among donor agencies and insufficient transparency when it comes to sharing of realistic assessments of leakage in the organisations’ own projects. Another key to increased accountability of the aid process, is to give the potential beneficiary of the aid process more timely access to project information and to involve them in the monitoring of the projects.

f. Regarding the impact orientation of the aid process, there is much more work to be done. To measure the impact of an anti corruption initiative there is a need to identify key impact indicators based on a combination of facts and perceptions such as; (i) public trust in the anti-corruption institutions; (ii) % leakage from donor projects (iii) levels of corruption within ministries, and (iv) levels of corruption in the criminal justice system. These impact indicators needs to be assessed in order to establish base line data, and then the impact of the anti corruption program needs to be measured against the same baseline. Very few Member

¹⁸ Heather Marquette, Politics & the World Bank’s Anti-Corruption Programme, *Paper prepared for the Workshop on Anti-Corruption and the Transfer of Standards in Central and Eastern Europe* Prague, 21-23 March 2002

States have so far identified these measurable impact indicators, established a baseline or have measured their performance against the same base line.

23. The next chapter presents the progress made so far to negotiate a new United Nations convention against corruption. The draft purpose of the new convention is to: (i) promote and strengthen measures to prevent and combat more effectively corruption or acts related specifically to corruption, (ii) promote, facilitate and support international cooperation in the fight against corruption, including the return of proceeds of corruption.

24. The dead line for completion of negotiations is end of 2003 and so far Ad Hoc Committee meetings were held in Jan/Feb and June and the third meeting is scheduled for 30 Sep-11 Oct 2002. Another three more sessions are planned for 2003 and a high level signing conference is planned for 2003 in Mexico.

3. *Conclusion*

25. The conclusion of this paper is that corruption is not going to be curbed neither nationally nor internationally unless a broad agreement is reached towards a more dynamic, integrated and global approach against corruption. For this global approach to be accepted and implemented globally, there is a need for a strong UN Convention against Corruption establishing efficient international anti corruption measures and implemented through strong international collaboration and coordination.

26. A number of factors can be identified not the least of which are the extreme difficulty of implementing a truly integrated approach and the lack of commitment of both donors and officials in recipient countries.

27. It often seems that *donors are pretending to help curb corruption while the recipient countries are pretending to follow their guidance*. The fact that most donors does not seem to be willing to “take the medicine they are prescribing for their clients”, does not help the situation.

28. There is the fear the situation may be worsening, but in truth the problem is so widespread and pervasive that one cannot really assess its full extent or whether it is expanding or not because of lack of evidence.

29. As a result the number of victims of corruption seems to be increasing and their situation seems to be worsening. At the same time the consequences for the responsible parties, the international and national civil servants seems, if anything, to be insignificant. The number of international civil servants who have been fired because of corruption on their development projects, is insignificant and certainly not matching the damage due to corruption.

30. What seems to be missing are:

a. *a global, integrated, dynamic and holistic approach*, A part from being evidence based, comprehensive, inclusive, non-partisan and impact oriented, this approach needs to address issues both in the North and the South. As an example the incentive structure and accountability of national and international civil servants needs to be addressed in a more realistic manner. Since there is still uncertainty on how to best build integrity to curb

corruption, it might be necessary to initiate a global action learning process that allows us to pilot test different approaches and find out what works and what does not work.

increased donor coordination and cooperation. United Nations and its counterparts in the anti-corruption field could be much more effective and efficient in helping member states build integrity to curb corruption if their advice was more coordinated, consistent, evidence based, transparent, non-partisan, comprehensive and impact oriented.

b. increased investment in the building of integrity to curb corruption, it might be necessary to introduce a “Governance Premium Mechanism” where a certain percentage (1 %) of all projects is set aside to be used by an independent anti corruption body to protect the project funds to be diverted.

c. increase real deterrence. Corruption needs to be criminalized to increase the risk, cost and uncertainty for both national and international civil servants and businesses.

d. increased accountability. National and international anti corruption policies and measures needs to be monitored using measurable impact indicators to help the public and other victims of corruption hold national and international civil servants accountable.

31. Building integrity to curb corruption at the national level is an extensive and on-going task. As an example Hong Kong has a regular budget that allocates US\$ 12 per capita per year to curb corruption.. In other words it is not an undertaking that can be accomplished quickly or inexpensively. It requires real, not merely expressed political will and the dedication of social and financial resources, which in turn only tend to materialise when the true nature and extent of the problem and the harm it causes to societies and populations are made apparent. Progress is difficult to achieve; if achieved, it is difficult to measure. The creation of popular expectations about standards of public service and the right to be free of corruption are important elements of an anti-corruption strategy. Yet the difficulties inherent in effecting progress involve careful management of and living up to public expectations. Winning public trust is key and it has to be earned.

32. When it comes building integrity to curb international corruption, the challenge might be even greater. A critical first step to curb global and tran-national corruption is to reach a broad international consensus regarding a UN conventiona against corruption that will establish better international anti corruption policies and measures and also strengthen coordination and collaboration.

33. As soon as the UN Convention against Corruption has been ratified it is critical that the necessary international and national political will and resources are being mobilised in a coordinated manner to secure a realistic implementation of a global evidence based, transparent, comprehensive, inclusive, non partisan and impact oriented approach.

4. *Bibliographical References*

- Anderson, Neil. 1996. Evidenced-based Planning: The Philosophy and Methods of Sentinel Community Surveillance. EDI.
- Buscaglia, Edgardo .2000. "Judicial Reform in Developing Countries: Its Causes and Economic Consequences" Essays in Public Policies. Palo Alto, CA: Stanford University Press.
- Buscaglia, Edgardo .2001. "A Governance-based Analysis of Judicial Corruption: Perceptual vs. Objective indicators" International Review of Law and Economics. Elsevier Science.
- Buscaglia, Edgardo and William Ratliff.2001. Law and Economics in Developing Countries. Palo Alto, CA: Stanford University Press
- Bryson, J. 1996. Creating and implementing your strategic plan: a Workbook for Public and Nonprofit Organisations. San Francisco: Jossey-Bass Publishers.
- Chong Alberto and César Calderón. 1998. "Institutional Efficiency and Income Inequality: Cross Country Empirical Evidence" Mimeograph, World Bank, Washington, D.C.
- CIETinternational. 1998. Uganda National Integrity Survey 1998: Final Report, Washington, D.C.: EDI, World Bank.
- CIETinternational. 1995. Performance and Perceptions of Health and Agricultural Services in Uganda.
- Fillip, B. (1997). 'The World Bank and Governance: A Process Approach to Policy Analysis'. Unpublished PhD thesis, University of Pittsburgh, p. 70.
- Fink, A. 1995. The Survey Kit (9 vols.) Thousand Oaks, Calif.: Sage Publications.
- Goerzen, Jean (Ed.). 1996. Service Delivery Surveys: Applying the Sentinel Community Surveillance Methodology, Country Overviews. EDI.
- Grey, C. 1998. Corruption and Development. Finance and Development. Volume 35.
- Grindle, Merilee S. 1996. Challenging the State: Crisis and Innovation in Latin America and Africa. Cambridge University Press.
- Heymann, P., "Democracy and corruption", [1997] 20 *Fordham L. Rev.* pp. 323-346 at 324-25.
- IRIS. 1996. Governance and the Economy in Africa: Tools for Analysis and Reform of Corruption. University of Maryland at College Park.
- Kaufmann, D. 1997. Corruption: The Facts. Foreign Policy. Summer.
- Klitgaard, R. 1988. Controlling Corruption. Berkeley, CA: University of California Press. Kpundeh, S. Langseth, P. (eds.) 1997. Good Governance for Sustainable Development: Proceedings of a Workshop for Parliamentarians in Kampala, Uganda. Washington, The World Bank.
- Lai A. 1999; Corruption Prevention: A Hong Kong Perspective, Proceedings from the 9th SPAC Conference in Milan, 19-20 November 1999.
- Lai, A. 2001; Building Public Confidence; The Hong Kong Approach; in Forum on Crime and Society (forthcoming 2002)
- Langseth. P. 2002. The United Nations' Approach to Helping Countries Help Themselves by Strengthening Judicial Integrity; Case Study from Nigeria" in: *Corruption, Integrity and Law Enforcement*, Edited by Cyrille Finjaut and Leo Huberts, Kluwer Law International, 2002
- Langseth, P. Stolpe, O. 2001. Strengthen the Judiciary against Corruption. International Yearbook for Judges, Australia.
- Langseth. P. 2000. Integrated vs Quantitative Methods, Lessons Learned, NORAD's Conference in Oslo, Oct. 2000.
- Langseth, P. 2000. Prevention: An Effective Tool to Reduce Corruption, ISPAC 1999 Conference on Responding to the Challenge of Corruption, Milan, 19-20 November.
- Langseth, P. et al. 1998. Building Integrity to Fight Corruption in Uganda; Fountain Publishing House, Kampala, Uganda.
- Marquette, H. 2002, *Politics & the World Bank's Anti-Corruption Programme*, Paper prepared for the Workshop on Anti-Corruption and the Transfer of Standards in Central and Eastern Europe Prague, 21-23 March 2002
- Mauro, P. 1995. Corruption and Growth. Quarterly Journal of Economics; 110:681-712. August.
- Mauro, P. 1997. Why Worry about Corruption? Washington, D.C.: International Monetary Fund.

- National Performance Review Office, 1994; Office of the Vice President of the United States. Putting Customers First: Standards for Serving the American People (Report of the National Performance Review). Washington, D.C.,
- Pope, J.. 2000. Transparency International, The TI Sourcebook, Berlin: Transparency International, October 2000.
- Pope, J., (Ed). 1996. The TI Source Book. Berlin: Transparency International.
- Pope, J. (Ed.). 1997. National Integrity Systems: The TI Source Book (second edition). EDI. Washington, D.C.: World Bank
- Presidential Commission of Inquiry Against Corruption. 1996. Report on the Commission on Corruption. Dar-es-Salaam.
- Presidential Commission of Inquiry Against Corruption. 1996. Service Delivery Survey: Corruption in the Police, Judiciary, Revenue, and Lands Services. Dar es Salaam.
- Rose-Ackerman, S. 1997. *Corruption and Development*. Paper prepared for the Annual World Bank Conference on Development Economics. Washington, D.C., April 30 and May 1.
- Selener, D. 1997. *Participatory Action Research and Social Change*. Ithaca, New York: Cornell Participatory Action Research Network, Cornell University.
- Shihata, I.F.I.,1997, "Corruption, a general review with emphasis on the World Bank", [1997] 15 *Dickinson J. of Int'l Law*, pp.451-485 at 451-57.
- Smith, S., D. Williams, and N. Johnson. 1997. Nurtured by Knowledge: Learning to Do Participatory Action-Research. New York: The Apex Press.
- Stevens, Robert .1993. *The Independence of the Judiciary: The View from the Lord Chancellor's Office*. Oxford: Oxford University Press.
- Stone, Andrew. 1992. *Listening to Firms: How to Use Firm Level Surveys to Assess Constraints on Private Sector Development*. World Bank Working Paper Series 923, World Bank.
- Urban Institute. 1998. Selected Urban Institute Staff Reports and Publications on *Performance Measurement and Program Evaluation*. Washington, D.C.: Urban Institute Press.
- United Nations, (2002), *Revised draft United Nations Convention against Corruption*, A/AC.261/3/Rev.
- CICP, *United Nations, Anti Corruption Tool Kit* (forthcoming in 2002)
- CICP, *United Nations, Anti Corruption Manual for Policy Makers*, (forthcoming in 2002)
- Wei, S. 1997. *How Taxing is International Corruption*. NBER Working Papers. No 6030. May.
- Williams, R., ed., *Explaining Corruption*, vol. 1 of *The Politics of Corruption*, Elgar Reference Collection, UK, 2000.
- World Bank. 1997. Helping Countries Combat Corruption: The Role of the World Bank. Poverty Reduction and Economic Management Network. Washington, D.C.: World Bank.

IV BACKGROUND

A. ***Hungarian participation in the Global Program against Corruption of the UN (1999-2002)***

By Dr. Zoltán Márki, Judge, Supreme Court

There is an old saying according to which “he who had started it is already half through with it.” Well, I think that this is not true. I would say instead that it has not even been started until it is half ready. But another saying – that a good start is a half success – is quite true.

Today I have the task to tell you in 20 minutes the story of three years, and the experiences gained during three years in my previous post. “*If you want to be boring, tell it all*” whispered Voltaire to a companion who took the floor just then. I am not going to tell you all of it, only the parts that must be mentioned.

I will speak about what happened from March 1999 to April 2002 between the UN representatives present and then representatives of Hungary. What decisions were made by the then government? Can we say that something has started? Can we say that the start was good? Can we say that something had been started that may be worth continuing?

In the past ten years upon their accession to office the new governments have always promised more and more concentrated anti-corruption measures. The Horn-cabinet revitalised the Coordination Committee for the Protection of Economy to curb black economy. The strategy developed and approved by the Orbán-cabinet targeted corruption itself, while the present government emphasises the control of public assets. Today it cannot be determined yet which method is the most suitable in expressing and implementing the governmental intentions. The Coordination Committee for the Protection of Economy had collected lots of experiences and had moved public administration thoroughly but its activities were too unclear and widespread – probably this is why its work remained relatively unknown. The strategy applied by the Orbán-cabinet has introduced unavoidable legal automatisms, and coercively repeating routines that are clear but the effects of which are not immediate.

One of the basic questions of the cooperation between us and the UN was that how much significance do these single “actions” have against corruption, and how much significance do the measures affecting longer periods have. I will go into the details of this later in my presentation. I would also like to speak about our opportunities for further cooperation. But first of all I would like to talk about the work I did in the course of the UN cooperation as an official of the previous cabinet.

The minister had ordered me in November 1998 to develop a package of anti-corruption measures. (*At that time I was a departmental head at the Ministry of Justice where later I became an undersecretary of state.*) The purpose was to develop well-coordinated government measures in accordance with a realistic and authentic assessment of the situation. These measures had to be developed with risk analysis, had to be supported by the public and had to have realistic purposes.

First we established the professional background for the strategy. Instead of forming useless committees we have brought together a loose circle consisting of distinct persons having great

experience on the subject. There were sociologists, criminologists, economic researchers, journalists, businessmen, university lecturers, educators, public opinion researchers, engineers, lawyers and civil organisation representatives in this group. We thought that we should address everyone who researched or wrote about this phenomenon in the past 20 years – and so we did.

The preparations were free of not only politics but of public administration, too, because I did not want any valuable idea to be lost. The preparations were built on a frame consisting of seven elements:

1. the situation and judgement of corruption in Hungary;
2. the present corruption risks;
3. corruption risks expected in the next 5-10 years;
4. objectives, tasks, programs and measures;
5. governmental and non-governmental participants of the strategy;
6. the monitoring of the strategy;
7. the communication of the strategy.

Workgroups have been formed for each of these elements and I was the coordinator of their work.

We have involved in the work some persons who were responsible for earlier governmental measures. We have obtained the anti-corruption strategies developed in other countries (Austria, Columbia, Thüringia, etc.). We have developed all international requirements to an up-to-date status. So in just three months we had the intention, we had the professional background, we had the theoretical backbone for the work and we learned about the events related to the subject in Hungary and abroad.

And then, in March 11, 1999 UN's International Crime Prevention Centre has introduced three new programs in Vienna – one of which was the Global Program against Corruption. It was not unexpected but I must confess that it came in handy. In Hungary we were just preparing to start our researches, and the UN program included a research unit offering methods that made it possible to get more authentic results than with any other survey or set of tools, and allowed the international comparison of these results.

On June 9th 1999 the then Undersecretary-General of the UN, Mr. Pino Arlacchi and the then Minister of Justice, Dr. Ibolya Dávid have signed an agreement of co-operation by which Hungary joined the Global Program against Corruption. The first joint experts' meeting was held at the same time with the signing. This is the date from when the cooperation of the two parties can be calculated.

On April 6th 2000 we have signed the project document in Budapest – this document provided the financial background for the future researches. Then we have started the race against time. Gallup has performed three different researches in 2000 on the basis of the UN's commission, with UN funding and UN methodology: surveys with questionnaires, focus group discussions and the preparation and assessment of studies based on empirical researches.

The purpose of the researches was to get a reliable picture on the following:

- what does Hungarian society consider as corruption and which professions are considered as corrupt;
- which are the authority activities most threatened by corruption;
- how could we improve the integrity of the persons working in the political sphere, the public service and the authorities' administration.

Four types of public opinion surveys were made with questionnaires:

- general victimisation survey including a corruption block (on a sample of 1500 adult persons from Budapest);
- survey on the corruption within the state institutions (on a random sample of 1800 persons from all parts of the country);
- survey on the corruption within the municipalities (among the employees of one municipality in Budapest and four in the county, on a sample of 430 persons);
- survey on the corruption within the small and medium enterprises (on a random sample of nearly 600 company owners and managers).

Four focus groups were formed: one for judges and public prosecutors; one for mayors; one for journalists and one for entrepreneurs and the heads of multinational companies. Analytical studies were prepared on various themes, including among others: corruption in international transactions; corruption in the management of public procurement procedures; the current situation of economical legal disputes and the exercising of rights; information on cases of corruption.

This work was finished by September 2000 when the UN “audited” the results. On the basis of the research results a governmental memorandum was prepared which included – in an unusual and unique way – the situation assessment of independent experts and their recommendations (based on the UN research). It is worth taking a look at it!

The 27-point anti-corruption government strategy was approved by the Cabinet on February 20th, 2001. For me this political decision and its professional preparation were the indications that work had been started and it had been started well!

We had kept the press continuously informed. In just two years more than 100 articles were published and nearly 50 events were organised. Even our foreign guests may remember the Kriminalexpo conferences of 1999, 2000 and 2001 held in Budapest. Abroad we have published a series of publication together with the UN, while Gallup had documented and published on its homepage the researches and all related events.

This was the history of the three years of our connection with UN in a nutshell. I can tell you that in the beginning it was not nearly as simple as this for any of us. This is something I have never before mentioned publicly. The UN had demanded from us quite intensely all experiences gained with the Global Program against Corruption that could be generalised and the fulfilment of the various elements of the Global Program against Corruption, while we would have preferred to adapt the program to the Hungarian conditions in an inventive way.

Both parties thought that this cannot be a kind of “seasonal work.” We both thought that we must not fall to the temptations like a defining zeal, the omnipotence of law or making announcements. And we must not consider the matter as a “private area” of criminal law.

Both parties had asked similar questions: How could we find the integrity dormant – that is, already present – in the citizens, in everyday life, in the workings of the authorities, in economic and political life, and how could we fan its flames with the means available to the state?

This is something much more than the ability to reject: the immunity against corruption. Our starting point was that people's thinking and actions are determined on the long term mostly by the incentives, the compulsions and by the habits.

Thus it is not enough to simply popularise what is good and honest, but it must be strengthened, too. If we do not do so the good will get weakened. Nor is it enough to simply reject what is bad and dishonest: it must be broken, because if we do not do this, the bad things will break us.

Mr. Elemér Hankiss has reminded us that the word “corruption” originates from the Roman “corrumpere” meaning the breaking of something: breaking the power of rules, breaking the power of moral standards, breaking people's personalities, breaking the bonds of trust within the communities.

Laws are the most suitable means to strengthen good things and break bad things. This is natural in countries with a rule of law. So we had to realise that first we have to have the proper laws. We had to realise that incompatibility regulations without property declarations, ethical expectations without proper wages, and criminal laws without real risks cannot promote the strengthening of good. We also had to realise that everything has to change at once because then the interactions will strengthen the community force of ethical standards.

All of these things were implemented in a very important circle – among those exercising public power. It is possible – or even necessary – to refine them, but they are present already.

In the autumn of 2001 the Parliament has passed five acts resulting in the integration of about 150 new articles in the legal system. This has created the legal and organisational foundations on which it will be easy to build. At the same time, while the participants of political life, the members of public administration and of the authorities were sent to regular “transilluminations” those elements of the strategy that were related to the integrity of the economy and jurisdiction were left to lag behind: these elements did not get enough emphasis.

It has three reasons. First, the professional preparation of the strategy has outgrown its limits. Second, the strategy did not put enough emphasis on public administration. And third, the above-mentioned race with time. Politics did not force our trade to be unilateral, nor to run amok. It was possible to wait until the researches were over – and the majority of the press also understood that it is worth waiting for. Of course there have always been impatient ones. They acted like the bad gardener who tears up the young plant daily in order to see how much the roots have grown. *(This is something one gets used to in public administration.)*

UN had expected us to form as soon as possible the Anti-corruption Body and to organise a National Integrity Meeting. They were right as since the autumn of 2001 we had a lot to report on. However, the trade did not want to assist to the increasingly loud election campaign – I think this is understandable. This was the only reason why we did not organise in December 2001 or March 2002 the National Integrity Meeting that was professionally and thematically prepared by then.

We had too much work in the whole thing to let the success of the meeting become doubtful because of the campaigners' interests. I hoped that the meeting will be held not too much after the elections. Now I would like to express my gratitude for being invited, for having a chance to meet Professor Jan van Dijk and Mr. Petter Langseth, and to have got the opportunity to speak here. Thank you very much.

There are two more things that I would like to mention yet. First I wish to answer the question of whether action or the expansion of social routines is the better solution.

Comparing the various anti-corruption strategies I can see that they always include ethical, legal, economical and educational elements. Comparing the economical development of the various countries I can see that the dominant methods are different: in the case of the lagging countries the dominant method is campaigning together with criminal law measures, based on foreign economical aids; in the case of the countries in the mid-range it is the measures aimed at improving the transparency of economy; while in the case highly developed countries those measures are the most frequent which are aimed at enforcing observance of the ethical expectations and at improving the wage system.

In my opinion there is practically only one way to inspire (campaign) against corruption – but we must act in lots of ways. And in the long term it is not enough to be inspired but one must act, too. Any given human behaviour can be changed in three ways: with threatening coercion, with providing the lead gradually, or by changing the rules of the game.

In the anti-corruption strategy of the Orbán-cabinet we can find all three of these, but that fact is that the main emphasis was placed on the changing of the game rules. I still think that it was a good idea. (*And it is untrue that the strategy's central element is the criminal law.*)

Until now the integrity of economy and jurisdiction had got relatively little attention in Hungary. I have already mentioned the causes, and of course there were surveys in this field, too. Within the sphere of managing the public property particular attention should be paid to the following (including the public procurement procedures): distribution of the budget subsidies, alienation of state or municipal property, concessions, party financing, the budgeting of foundations and the budgeting of municipalities.

In the field of economy it does matter if the ruling government policy is pro-privatisation or not. In the case of a pro-privatisation policy we must pay special attention to the level of regulation of the privatisation process and the condition of the supervising institutions. If the policy is not pro-privatisation then the emphasis is on the honest and pragmatic management of budget-financed investments. In this latter case those budgeting activities are the most dangerous which are divided among various budget chapter managers.

Finally let me say a few words on the integrity of jurisdiction. We cannot debate that jurisdiction has a key position. Here I think there are five particularly important factors: the quality and timeliness of the procedures; the ensuring of the law's availability; the efficiency of dealing with the complaints; the existence of ethical (behaviour) codes; and the fair wages.

In my address I have mentioned just fractions of a several years long work. I did not tell it all, of course. In the past four years I always concluded my presentations with the same words I

will tell now: the success of our actions against corruption does not depend on professional considerations only, as the citizens expect a confirmation of their trust in democracy.

Thus any program will be authentic only when not even the shadow of doubt, the slightest suspicion can fall on those who speak about it; it is not practical to prevaricate in order to keep others at bay; and finally there is no authority is high enough to abstain from initiating proceedings against it. The charges of corruption cannot be corrupted, the medicine must be taken. Those who speak about their ideas on the future usually make two mistakes. Firstly they think that the future can be predicted by the extrapolation of the past, and secondly they think that the future will be radically different than the past.

We must probably always expect that our expectations will not be fulfilled exactly, but what happens will never be completely different from what we expect.

B. The Action Plan Against Corruption

Mr. László Keller, Political Secretary of State, Secretariat Responsible for Public Assets

This is not the end. It is not even the beginning of the end. But it is perhaps, the end of the beginning” said Sir Winston Churchill after the victory at El Alamein.

Now, 13-14 years after the change of regime this is more or less how we feel about overseeing the spending of the taxpayers’ monies and the public assets, about the transparency and publicity of public assets.

Almost at the same time as the referendum on joining the European Union a bill will be passed – a bill that will close a period and will, from now on, guarantee by the law a greater publicity and transparency of and a wider range of control over the public assets and public properties. This is the first occasion since the change of the regime that the cleanliness of public life and the methods to achieve it are brought to the focus to such a great extent. This act – the so called “glass pocket act” – is an important contribution to effect the replacing of the system of “clientele and vassals” with a Hungarian political meritocracy and will mean a move in a direction where talent, diligence and knowledge will be more important than any network of contacts. It is my conviction that the business sphere is also highly interested in having a cleaner public life. The passing of the bill is a necessary – but not in itself sufficient – precondition to not only closing something but to starting something else, too.

When we are thinking about what to do now we must start with the essence of corruption: corruption is a damaging and abnormal consequence of poor procedures and poor accounting, that is, of an ineffectual public administration.

Of course certain measures have already been taken against corruption prior to this turning point, too. A government decree issued in 2001 drafts an action program and its implementation has also been started. Even the European Union has stated that many rules have been accepted and many measures have been taken – however, corruption is still a problem as the measures did not bring the expected results and many areas of public life are still judged as bad.

Of course, corruption is a problem but we must not exaggerate it. We must fight not only corruption itself but the deformed view of corruption, too. We can almost every year see that the media is loud for a few days from the “news” that Hungary has fallen back on the corruption list, suggesting that corruption has increased. At the same time we can also see that Hungary has nothing to be ashamed of as it is one of the least corrupt countries of the region. I am convinced that thanks to this conference in the foreseeable future we will be able to say the same in relation to a greater region, too.

The participants of this conference have lots of experience. I do not mean knowledge on who has got when how big a secret revenue but experience showing that there are cases when inexplicable, incomprehensible, illegal and immoral contracts are concluded or actions are taken which presume a system of invisible revenues.

What kind of experiences do we mean?

- when assessing the bids submitted to a public procurement tender a certain consideration gets special importance;
- it is the inviter itself who makes the winner to deviate from the conditions fixed in the invitation to tender;
- a company with a small capital gets credits amounting to thousands of millions (HUF);
- canalization projects are under-planned, and are implemented without own resources, with poor management, late inspection, using more tax monies than justified;
- artificial crises/catastrophe situations are used to ensure a determining role for the selected bidders;
- during implementation public assets are used through a complicated organizational structure, in a non-transparent way.

In order to make public life cleaner we have to act more than just implementing the “glass pocket act”: we must enumerate all conditions creating situations of corruption and the measures expected from those taking part in the fight.

We need an action plan and the action, too, even if it is hard to force others to act. Today the value of “contact-capital” is still high because an environment favouring this type of immaterial capital has been created.

Everybody has to act: the Government, those participating in the execution, the Parliament, the jurisdiction, the civilian sphere – that is, everybody has tasks in this field.

It seems to be useful that the United Nations try to cooperate with us in establishing – in connection with its Global Program against Corruption – a national consensus regarding the tasks to be tackled by us.

We have a lot to do. I hope this conference will help in collecting these tasks and to develop a system of tools for their implementation.

- A new public procurement act has to be developed and it is necessary to ensure its full and consequent observance. But in the meantime we must not try and refer to the defaults of the current act. The new act must be conformant to the EU regulations and should – as much as possible – include the experience gained up to now. It is vital to increase

supervision at the inviter's side and during the implementation. We need to create experts' lists.

- It is necessary to re-regulate the financing of political parties. The parties must not be allowed to collect resources illegally. We need a stable system of financing that will serve as a secure basis for the parties' operation.
- Reconstruction of the financial control system. The regulation's harmonization is in a very good stage but we need further advances. We cannot delay the increasing of the capacity and the guaranteeing of the supervisors' independence.
- Reviewing of the tax system; filtering out of the assets of unexplained origin is necessary.
- Creation of a new insolvency act. The reorganization of the enterprises having problems is a new objective. Instead of the current procedure – which is slow, inflexible and costly – we must ensure a way for the quick withdrawal of the insolvent enterprises from the market. We should establish obstacles to the creation of phantom companies and to their termination without paying public debts.
- It is our joint intention with the State Audit Office to take definite steps in order to reform the system of audits used with the municipalities.
- The events of the past few weeks have strengthened our intention of developing a Code of Ethics.
- We must find a way for establishing a new system for the state subsidising of municipal developments and investments.
- It is necessary to remove the contradictions from the subsidy system and implementing a subsidy monitoring system.
- In my experience we should organise in a much more efficient way the training and education of those working in corruption-prone areas.
- International experiences justify the introduction of sanctions having a restraining effect against legal entities.
- According to the “glass pocket act” the Government should prescribe that in case of its provision of a guarantee when and where the public procurement act should be applied. Taking this train of thought further we should also think it over how to use such guarantees for the purpose they are intended to.
- The practice of involving private capital in the building of structures having public functions is becoming more and more widespread. We must provide proper legal foundation to this.
- In the past few years many people have got rich by the collection of debts – often just because they were better informed or because they had better connections. We must not delay any longer paying much more attention to this area and to regulate the collection of debts more strictly.
- We have already talked a lot about the need for a lobbying act because we must establish the conditions for the various interest groups to represent their interests during the public authority measures in a regulated and transparent way and we must help the civil society to control the operation of the public authority organizations in a more efficient way.
- During the development of the jurisdiction establishment we must ensure the closing of the jurisdiction procedures within a realistic timeframe and the removal of any and all pressure from jurisdiction. In relation to this it is also important to improve the efficiency of investigations with particular regard to the cases where large amounts of money are involved.

I believe that by taking the above-mentioned measures we can ensure that everybody can be sure about the future who wants a cleaner public life, who thinks that the transparent, public

and controlled use of public assets is important and who thinks that the decisions of the public life persons are legal, moral and reasonable at the same time.

C. *Defining Corruption*

Dr. Petter Langseth, Global Programme against Corruption, UN ODC

There is no single, comprehensive, universally accepted definition of corruption. Attempts to develop such a definition invariably encounter legal, criminological and, in many countries, political problems.

When the negotiations of the United Nations Convention against Corruption began in early 2002, one option under consideration was not to define corruption at all but to list specific types or acts of corruption. Moreover, proposals to require countries to criminalize corruption mainly covered specific offences or groups of offences that depended on what type of conduct was involved, whether those implicated were public officials, whether cross-border conduct or foreign officials were involved, and if the cases related to unlawful or improper enrichment. (1)

Many specific forms of corruption are clearly defined and understood, and are the subject of numerous legal or academic definitions. Many are also criminal offences, although in some cases Governments consider that specific forms of corruption are better dealt with by regulatory or civil law controls. Some of the more commonly encountered forms of corruption are considered below.

1. *“Grand” and “Petty” Corruption*

Grand corruption is corruption that pervades the highest levels of a national Government, leading to a broad erosion of confidence in good governance, the rule of law and economic stability. (2) Petty corruption can involve the exchange of very small amounts of money, the granting of minor favours by those seeking preferential treatment or the employment of friends and relatives in minor positions.

The most critical difference between grand corruption and petty corruption is that the former involves the distortion or corruption of the central functions of Government, while the latter develops and exists within the context of established governance and social frameworks.

2. *“Active” and “Passive” Corruption*

In discussions of transactional offences such as bribery, "active bribery" usually refers to the offering or paying of the bribe, while "passive bribery" refers to the receiving of the bribe. (3) This, the commonest usage, will be used in the Toolkit.

In criminal law terminology, the terms may be used to distinguish between a particular corrupt action and an attempted or incomplete offence. For example, "active" corruption would include all cases where payment and/or acceptance of a bribe had taken place. It would not include cases where a bribe was offered but not accepted, or solicited but not paid. In the formulation of comprehensive national anti-corruption strategies that combine criminal justice with other elements, such distinctions are less critical. Nevertheless, care should be taken to avoid confusion between the two concepts.

3. *Bribery*

Bribery is the bestowing of a benefit in order to unduly influence an action or decision. It can be initiated by a person who seeks or solicits bribes or by a person who offers and then pays bribes. Bribery is probably the most common form of corruption known. Definitions or descriptions appear in several international instruments, in the domestic laws of most countries and in academic publications. (4)

The "benefit" in bribery can be virtually any inducement: money and valuables, company shares, inside information, sexual or other favours, entertainment, employment or, indeed, the mere promise of incentives. The benefit may be passed directly or indirectly to the person bribed, or to a third party, such as a friend, relative, associate, favourite charity, private business, political party or election campaign. The conduct for which the bribe is paid can be active: the exertion of administrative or political influence, or it can be passive: the overlooking of some offence or obligation. Bribes can be paid individually on a case-by-case basis or as part of a continuing relationship in which officials receive regular benefits in exchange for regular favours.

Once bribery has occurred, it can lead to other forms of corruption. By accepting a bribe, an official becomes much more susceptible to blackmail.

Most international and national legal definitions seek to criminalize bribery. Some definitions seek to limit criminalization to situations where the recipient is a public official or where the public interest is affected, leaving other cases of bribery to be resolved by non-criminal or non-judicial means.

In jurisdictions where criminal bribery necessarily involves a public official, the offence is often defined broadly to extend to private individuals offered bribes to influence their conduct in a public function, such as exercising electoral functions or carrying out jury duty. Public sector bribery can target any individual who has the power to make a decision or take an action affecting others and is willing to resort to bribery to influence the outcome. Politicians, regulators, law enforcement officials, judges, prosecutors and inspectors are all potential targets for public sector bribery. Specific types of bribery include:

- Influence-peddling in which public officials or political or Government insiders peddle privileges acquired exclusively through their public status that are usually unavailable to outsiders, for example access to or influence on Government decision-making. Influence-peddling is distinct from legitimate political advocacy or lobbying.
- Offering or receiving improper gifts, gratuities, favours or commissions. In some countries, public officials commonly accept tips or gratuities in exchange for their services. As links always develop between payments and results, such payments become difficult to distinguish from bribery or extortion.
- Bribery to avoid liability for taxes or other costs. Officials of revenue collecting agencies, such as tax authorities or customs, are susceptible to bribery. They may be asked to reduce or eliminate amounts of tax or other revenues due; to conceal or overlook evidence of wrongdoing, including tax infractions or other crimes. They may be called upon to ignore illegal imports or exports or to conceal, ignore or facilitate illicit transactions for purposes such as money-laundering.
- Bribery in support of fraud. Payroll officials may be bribed to participate in abuses such as listing and paying non-existent employees ("ghost workers").

- Bribery to avoid criminal liability. Law enforcement officers, prosecutors, judges or other officials may be bribed to ensure that criminal activities are not investigated or prosecuted or, if they are prosecuted, to ensure a favourable outcome.
- Bribery in support of unfair competition for benefits or resources. Public or private sector employees responsible for making contracts for goods or services may be bribed to ensure that contracts are made with the party that is paying the bribe and on favourable terms. In some cases, where the bribe is paid out of the contract proceeds themselves, this may also be described as a "kickback" or secret commission.
- Private sector bribery. Corrupt banking and finance officials are bribed to approve loans that do not meet basic security criteria and cannot later be collected, causing widespread economic damage to individuals, institutions and economies.
- Bribery to obtain confidential or "inside" information. Employees in the public and private sectors are often bribed to disclose valuable confidential information, undermining national security and disclosing industrial secrets. Inside information is used to trade unfairly in stocks or securities, in trade secrets and other commercially valuable information.

4. *Embezzlement, Theft and Fraud.*

In the context of corruption, embezzlement, theft and fraud all involve the taking or conversion of money, property or valuable items by an individual who is not entitled to them but, by virtue of his or her position or employment, has access to them. (5) In the case of embezzlement and theft, the property is taken by someone to whom it was entrusted. Fraud, however, consists of the use of false or misleading information to induce the owner of the property to relinquish it voluntarily. For example, an official who takes and sells part of a relief donation or a shipment of food or medical supplies would be committing theft or embezzlement; an official who induces an aid agency to oversupply aid by misrepresenting the number of people in need of it is committing fraud.

As with bribery and other forms of corruption, many domestic and international legal definitions are intended to form the basis of criminal offences. Thus, they include only those situations involving a public official or where the public interest is crucially affected. "Theft", per se, goes far beyond the scope of corruption, including the taking of any property by a person with no right to it. Using the same example of the relief donation, an ordinary bystander who steals aid packages from a truck is committing theft but not corruption. That is why the term "embezzlement", which is essentially the theft of property by someone to whom it was entrusted, is commonly used in corruption cases. In some legal definitions "theft" is limited to the taking of tangible items, such as property or cash, but non-legal definitions tend to include the taking of anything of value, including intangibles such as valuable information. In the Toolkit, the broader meaning of "theft" is intended.

Examples of corrupt theft, fraud and embezzlement abound. Virtually anyone responsible for storing or handling cash, valuables or other tangible property is in a position to steal it or to assist others in stealing it, particularly if auditing or monitoring safeguards are inadequate or non-existent. Employees or officials with access to company or Government operating accounts can make unauthorized withdrawals or pass to others the information required to do so. Elements of fraud are more complex. Officials may create artificial expenses; "ghost workers" may be added to payrolls or false bills submitted for goods, services, or travel expenses. The purchase or improvement of private real estate may be billed against public funds. Employment-related equipment, such as motor vehicles, may be used for private

purposes. In one case, World Bank-funded vehicles were used for taking the children of officials to school, consuming about 25 per cent of their total use.

6. *Extortion*

Whereas bribery involves the use of payments or other positive incentives, extortion relies on coercion, such as the use or threat of violence or the exposure of damaging information, to induce cooperation. As with other forms of corruption, the "victim" can be the public interest or individuals adversely affected by a corrupt act or decision. In extortion cases, however, a further "victim" is created, namely the person who is coerced into cooperation.

While extortion can be committed by Government officials or insiders, such officials can also be victims of it. For example, an official can extort corrupt payments in exchange for a favour or a person seeking a favour can extort it from the official by making threats.

In some cases, extortion may differ from bribery only in the degree of coercion involved. A doctor may solicit a bribe for seeing a patient quickly but if an appointment is a matter of medical necessity, the "bribe" is more properly characterised as "extortion". In extreme cases, poor patients can suffer illness or even death if medical services are allocated through extortionate methods rather than legitimate medical prioritizing.

Officials in a position to initiate or conduct criminal prosecution or punishment often use the threat of prosecution or punishment as a basis for extortion. In many countries, people involved in minor incidents, such as traffic accidents, may be threatened with more serious charges unless they "pay up". Alternatively, officials who have committed acts of corruption or other wrongdoings may be threatened with exposure unless they themselves pay up. Low-level extortion, such as the payment of "speed money" to ensure timely consideration and decision-making of minor matters by officials, is widespread in many countries.

7. *Abuse of discretion*

In some cases, corruption can involve the abuse of a discretion, vested in an individual, for personal gain. For example, an official responsible for Government contracting may exercise the discretion to purchase goods or services from a company in which he or she holds a personal interest or propose real estate developments that will increase the value of personal property. Such abuse is often associated with bureaucracies where there is broad individual discretion and few oversight or accountability structures, or where decision making rules are so complex that they neutralize the effectiveness of any accountability structures that do exist.

8. *Favouritism, Nepotism and Clientelism*

Generally, favouritism, nepotism and clientelism involve abuses of discretion. Such abuses, however, are governed not by the self-interest of an official but the interests of someone linked to him or her through membership of a family, political party, tribe, religious or other group. If an individual bribes an official to hire him or her, the official acts in self-interest. If a corrupt official hires a relative, he or she acts in exchange for the less tangible benefit of advancing the interests of family or the specific relative involved (nepotism). The favouring of, or discriminating against, individuals can be based on a wide range of group characteristics: race, religion, geographical factors, political or other affiliation, as well as

personal or organizational relationships, such as friendship or membership of clubs or associations.

9. *Conduct Creating or Exploiting Conflicting Interests*

As noted in the United Nations Manual on Anti-corruption Policy, most forms of corruption involve the creation or exploitation of some conflict between the professional responsibilities of a corrupt individual and his or her private interests. The acceptance of a bribe creates such a conflict of interest. Most cases of embezzlement, theft or fraud involve an individual yielding to temptation and taking undue advantage of a conflict of interest that already exists. In both the public and private sector, employees and officials are routinely confronted with circumstances in which their personal interests conflict with those of their responsibility to act in the best interests of the State or their employer.

10. *Improper Political Contributions*

One of the most difficult challenges in developing anti-corruption measures is to make the distinction between legitimate contributions to political organizations and payments made in an attempt to unduly influence present or future activities by a party or its members once they are in power. A donation made because the donor supports the party and wishes to increase its chances of being elected is not corrupt; it may be an important part of the political system and, in some countries, is a basic right of expression or political activity protected by the constitution. A donation made with the intention or expectation that the party will, once in office, favour the interests of the donor over the interests of the public is tantamount to the payment of a bribe.

Regulating political contributions has proved difficult in practice. Donations may take the form of direct cash payments, low-interest loans, the giving of goods or services or intangible contributions that favour the interests of the political party involved. One common approach to combating the problem is to introduce measures that seek to ensure transparency by requiring disclosure of contributions, thus ensuring that both the donor and recipient are politically accountable. Another is to limit the size of contributions to prevent any one donor from having too much influence.

D. *Gallup-Researches on Corruption*

**By Mr. István Wintermantel, Editor-in-chief, Gallup Online,
Hungarian Gallup Institute**

In my address I will speak about the studies conducted by the Hungarian Gallup Institute in 1999-2000 and in 2003 in connection with the United Nation' Global Program against Corruption and an 8 page summary of which – illustrated with tables and graphs – was issued to all participants of the conference. The same summary is available on the Internet in .pdf format under http://monitor.gallup.hu/kutatas/030318_summa.pdf. I will complement my words with further figures and tables projected here which are also available on the Internet under http://monitor.gallup.hu/kutatas/030320_nkkt.ppt.

The concept of corruption – as it was mentioned in the morning presentations – is interpreted by many people in many different ways. There is nothing strange about it as there are many other contented concepts – for example murder for which even the Ten Commandments have included a moral ban: “Don’t kill!” There are endless debates about the interpretation of this concept, whether this commandment applies to abortions, whether it applies to euthanasia... It is just natural that there will be a lot of debate about the interpretation of corruption, too. During its researches the Hungarian Gallup Institute has used the concept as follows: corruption is when we offer or have to offer money or gifts for a service we are legally entitled to or for getting help. The population has also many different interpretations on corruption. This is something we must be aware of to understand the reactions to corruption in certain cases. Here I will mention only a few extreme cases of the differences in the public opinion about the various forms of corruption. 94 and 93 percent of the population thinks that it is corruption when officials or politicians tolerate the operation of organised crime for a suitable fee or when in filling posts or getting state or municipal orders or contracts those win who bribe the decision-makers. So, almost the whole population thinks so. But the physician’s gratuities – described in the media as a very good example of corruption – is considered as corruption only by 28 percent while in the case of tipping the same proportion is only 20 percent. So you can see how wide extremes can be found in the population’s interpretation of corruption.

The phenomenon of corruption – and thus speaking about corruption – is very complicated. In the past few years many conferences and meetings have dealt with it. For example, the influential Collegium Budapest has a several years long research program – with the participation of many well-known researchers from a number of foreign countries, led by Susan Rose-Ackerman and János Kornai – on the corruption phenomena in the post-socialistic countries and the effect these phenomena have on the democratic transformation and the development of the democratic social order. The title of these researches is “Integrity and trust: theory and experience in the light of the post-socialistic transformation.” Another important study I would like to recommend to all of you was prepared in the course of the Open Society Institute’s EUMAP program and became available in the end of 2002. This study examines the situation of corruption in Hungary in the context of the country’s joining to the European Union (“Corruption and anti-corruption policy in Hungary in the course of the process of joining the EU”). To my best knowledge this study provides the most thorough overview available of the researches conducted on corruption in Hungary.

Corruption is a subject of criminological and political study discussions as well and both approaches use statistics and public opinion surveys. It is important, however, to differentiate the facts of corruption from the opinions on corruption. The facts of corruption are varied, too: a part of them is proven and documented while others are not proven but are the subjects of claims only. The opinions are also quite diverse, depending on whose opinions we are speaking about – of the participants of political or business life or of the simple everyday people – and on whether they are based on facts and experiences or are the results of general presumptions only.

The morning speakers have already mentioned country rankings based on corruption. These are again quite varied and if you want help in orienting yourself among them I recommend the study of Bálint Ódor titled “The place of Hungary in the rankings of the world: indices of our country’s development and competitiveness” which was available at the Foreign Ministry’s homepage. In their international comparisons both Freedom House and IMF have placed Hungary quite high on their lists and it is important to mention here that both assessments

study corruption from the point of view of democracy and democratic changes. The different rankings are prepared with quite different methods and accordingly their values and weights are also different. One type is prepared on the basis of experts' opinions and is based primarily on qualitative researches – such are the chapters dealing with corruption in Freedom House's "Nations in Transit" report. Other studies – like the one prepared by Transparency International – summarise the quantitative research reports prepared by various public opinion research institutes of the different countries, then the results are re-calculated with various factors and are finally compared to each other to get a ranking. A third type is the opacity index used by PricewaterhouseCoopers; to get this index various economical indexes are used and the ranking is prepared on the basis of related experts' opinions.

So, most of these rankings present the phenomenon of corruption largely on the basis of how the public opinion research institutes measure it. But what are these researches about? Facts, the perception of the facts or the opinions formed on the facts?

As regards warmth or cold the objective approach is to measure the temperature with a thermometer. From the point of view of the science of physics it is not an objective assessment if I say I am hot or I am cold. However, in spite of its subjective character this latter assessment does also have a lot of importance. Temperature is an objective thing while the perception of heat is subjective, but this latter is almost as important for our life: it will determine whether I feel well or not, whether I will get a cold or not, and how I will dress. As regards the phenomenon of corruption the instrument of the public opinion surveys measures only the perception of heat: it provides opinions on the prevalence of corruption, the severity of the corruption problem. If this is the case, however, we must indicate that this is what we are talking about, that we are talking about opinions and perceptions but not about facts.

Of course this does not mean that the public opinion research institutes should not deal with the problem of corruption or that their results are weightless. We must also know that the research method of questionnaires used by the public opinion research institutes is suitable not for opinion research only but for statistical surveys, too, that is, not only for the studying of opinions but also for studying facts, and in this field of sociology questionnaires are still used. The tool of questionnaires is used, for example, for the censuses and although we know well that in tense political situations the claims on religion or nationality are often false, the method is still indispensable. Researches on opinions related to the phenomenon of corruption has been a general practice abroad for many years, such researches are conducted with a number of different methods and directions. When Gallup has started its studies in 1999 it was not the first time corruption research was done with questionnaires in Hungary.

Almost every Hungarian public opinion research institutes deals with surveying corruption, that is, the opinions related to corruption. There are actual policy studies, regular measurements, occasional deep analyses prepared by Szonda Ipsos, Medián or Marketing Centrum. The last such survey was prepared in relation to the resignation of Mr. Elemér Kiss. Of these opinion surveys in the past few years I think the most solid was Tárki's analysis prepared in 2000 that was broken down demographically – but I must emphasise again, these are about opinions, not facts!

The reason why Gallup was invited to this conference may be that its method is a bit more complex. We conduct our surveys in this field as part of a UN research, in co-operation with ODCCP, CICP, UNICRI – the UN's organisations in Vienna and Torino. Gallup conducts its corruption research as part of its UN-specified victimisation studies related to general crimes but complements those with a Gallup-speciality: the studying of the quality of public services.

The questionnaire used in the research provides details for numerous crimes. This helps to compare the official criminal statistics with the ratio of actually experienced crimes, and to uncover the cases falling outside the view of criminal investigations. Gallup's corruption module registers actual corruption situations with the help of an experience-centred approach. The public institutions, the state-owned service providers as well as the private service providers can be assessed by their own clients, and it is important that the extent and occurrence of corruption is studied in this way. We are also studying how the population perceives the corruptibility of the public institutions' employees and what kind of actual events have happened. How do people see the situations when they get in contact with the public institutions; what do they think about the quality of the service; whether they feel that money or gifts are expected of them; and whether they do give such monies or gifts.

Thus, Gallup's corruption researches are not simple public opinion surveys. It is true that we do research people's opinions about the corruptibility of others; we try to find out how do they see themselves and how they would behave in certain situations, but we also study what kind of facts and situations they do perceive and what facts they do tell about their own corruption experiences.

This is why I was particularly glad to hear the last presentation of the morning session in which Mihály Arnold, the Director-General of the Hungarian Customs and Finance Guard has called a contradiction to our attention. He has read our report carefully and quoted two contradicting numeric data from it. He did not add, however, that the contradiction is not due to Gallup's method or to Gallup's survey – the contradiction is present in reality. One of the data – of which he said he would not like to accept it – was a presumption: the public opinion on the presumed corruptibility. The other data was a perception: a fact in which people were talking about the types of corruption situations they have experienced. There is a great difference between the two and a very important element of the method used by Gallup is that it differentiates between these phenomena; studies each one of them in order to show that there is a difference between the opinion, the perception and the facts. Public opinion is strongly influenced by the media, the mass communication and the political fights: the presumptions may reflect these and always result in much higher values than the ones experienced in reality.

From among the numbers related to corruption the highest are always the ones received from opinions (general public opinion polls), the values received with the Gallup researches on perceived situations are lower, even lower are the numbers of facts remembered during our research, and the lowest ones are the data of the criminal statistics relating to criminal cases that have been closed legally. The statistics used at the Hungarian Customs and Finance Guard – which were mentioned by Mr. Mihály Arnold – refers to the currently processed or investigated corruption cases and in the previous listing its values could be fitted into the next to last place: these values are higher than the ones in the criminal statistics but – because not all cases are reported – are lower than the number of facts mentioned to Gallup's experts.

After the preliminary surveys of 1999 the Hungarian Gallup Institute has finished its first large research series within the framework of UN's Global Program against Corruption in 2000. This meant three surveys: the first in Budapest, the second in the whole country, and the third was a survey conducted in five municipalities. I would like to call this latter one to the attention of the county general assembly chairmen and the Budapest district mayors present: they can find the relevant report on our homepage. The population has assessed the

employees of the municipalities and it has provided very interesting consequences. We have conducted a research among small and medium enterprises, too, and we had held and analysed a number of focus group discussions, too.

During the surveys among the population we have studied 11 kinds of typical urban crimes and fraudulences against the consumers. We have found that – according to their own admissions – 9 percent of the population had been in corruption situations. In the national population survey we have checked how the population judges the corruptibility of the workers in various branches of employment. We have asked if the workers have expected gratuities from them and whether they have paid gratuities. The population's experience in 2000 has shown that of the various public institutions it is the medical institutions where most people have directly experienced corruption. The phenomenon of gratuity is widespread here but only a smaller portion of the population considers it as corruption. The corruption of the police is experienced by the population most frequently in the streets and is, of course, experienced quite frequently by the people in their everyday lives. We have also concluded that the cleanliness of public service and public institutions became the least credible among the young people. The persons younger than 30 years trust the integrity of the public officials much less and are much more prone to presume dishonesty among the public officials than the members of the older age groups.

Of the studies conducted within the municipalities I will mention here only one finding: 78 percent of the municipalities' employees have said about the proportion of administration done according to the regulations within their own work that they act in 80 percent of the cases according to informal regulations. One of the main lessons learned from this study is that the municipalities' system of regulations must be controllable for the clients and for the employees.

Our study conducted among small and medium enterprises has shown a presumption that among the factors hindering the enterprises' operations corruption is only the seventh. We have investigated which areas of business are characterized by a significant level of corruption and that within the various company types what is the proportion of the companies whose managers did not undertake an investment because of the payment of bribes. Here we must mention that the entrepreneurs, when asked to list the dishonest areas of business, have mentioned most frequently the public procurement procedures and the state investments.

We had focus group discussions between December 1999 and August 2000 among judges, public prosecutors, mayors, journalists, entrepreneurs and the managers of multinational companies. The main findings of these discussions were that corruption must be studied in relation to the development and developing of democracy and its possibilities, and that the political elite has the highest responsibility.

Now, in 2003 we have continued these studies within the framework of the Global Program against Corruption. When we have studied how serious a problem corruption is in Hungary we have found that 90 percent of the population deems corruption a serious problem. Almost half of the population, 48 percent thinks that it is a relatively serious problem, 39 percent says that it is a very serious problem and only 1 percent claims that corruption is not a problem at all. In the case of this study it is worth checking the demographic breakdown of the results as we have found differences according to the type of the abiding-place and certain age groups. The people living in Budapest think it a serious problem in a larger proportion than the people living in other cities and towns, and townspeople think it a serious problem in a larger

proportion than the people living in villages. As for the breakdown according to age groups the people between the age of 50 and 59 years think corruption a more serious problem than any other age group.

We have conducted other opinion surveys and after its short description I will continue with the assessment and the fact-investigations. We have studied that compared to the period a decade earlier (that is, the period before 1993) is it easier or harder now to find the appropriate official who will deal with the client's problem – meaning the simplicity and transparency of administration –, is it easier or harder to get proper treatment, and is it easier or harder to get an official to do a favour. The people living in Budapest do not feel any change in the simplicity or cultured character of the administration – nor do they sense an increase or decrease in the level of corruptibility. Here I would like to speak only about the third question, that is, whether it is easier or harder to get an official to do a favour now than it was ten years ago. The proportion of those who think it harder today than easier is only slightly higher – the difference is within the margin of error –, while 21 percent thinks there is no change in this regard, that is we cannot declare that there was an improvement or deterioration in this field. It is, however, very interesting that the proportion of those who could not or did not want to answer the question was very high: 38 percent.

As compared to 2000 the study conducted in 2003 has indicated that the suspicion of extra payments and of requesting gratuities increased in five areas: medicine, the private business sector, the customs offices, the Members of Parliament and the ministry officials. The level of suspicion did not change against policemen, tax authority officials, excise officials and courts. The growth of mistrust against the various groups differs from the changes in the perception of corruption situations. As for the perceived corruption situation – as I have mentioned when I spoke about the year 1999 –, in 1999 9 percent while now 10 percent of the Budapest residents said that in the previous year someone – a public official or a public servant – had asked or expected gratuity from him/her or from one of his/her relatives for a service which he or she was legally entitled to. We do not know whether there was actual corruption in these cases or not because the questioned persons have assessed the corruption situation only. The 1 percentage point difference is within the statistical margin of error so we can say about the perceived corruption situation that it did not change in three years.

In our national survey we have studied 29 different public office or public service areas from the point of view of the corruption situations' perception. Our graph shows only those where the proportion of clients was 10 percent or higher. There was only one such area – the hospitals – where a bigger proportion of the clients have perceived in 2003 than in 2000 that gratuities were expected of them for services they were entitled to. The increase is within the statistical margin of error so we cannot declare that the demand for gratuities has increased. In our survey conducted at the same time on the clients' assessment of the public services of the public services quality – they were asked to assess on a scale from 1 to 5 the services received from the given institutions in the 29 groups – we have found that the population feels that the quality of service was lower in 2002 than in 1999. This does not mean an actual deterioration in the services' quality because it is an experience-based fact that in the various public service sectors there has been improvements and the service quality is higher and more client-friendly. The opinion measured here is a result of the opinions' and assessments' subjectivity. It reflects an increase in the clients' expectations. I would like to refer to the temperature vs. heat perception analogy again. What we see here is that if I pay more attention to a certain matter then my expectations will grow higher, I will assess more strictly and I will feel

something that is different from reality. However, politics should pay attention to this difference in perception, too.

And the facts – it is surprising how many cases are uncovered by a single public opinion poll! We have asked whether the clients had felt that gratuities were expected of them, and then we have asked whether they did give such gratuities. Well, our table shows that from among the 642 clients (or client relatives) of 10 public office or public service areas there was 25 (amounting to 4 percent of the concerned people) who said that they did give gratuities or gifts. This means 4 percent of the families that had any contact with the institutions. (Of course the percentage would be lower if we calculated it on the basis of the number of actual cases.) So, in the public sphere – not in the medical part, I must emphasise – of every 25 person who (or whose relatives) had at least one client contact with a public institution one had been involved directly in corruption. This is not opinion-based data but admitted fact. These cases, of course, were not proved legally but had happened nonetheless because the queried people have told about them. The statistical value of this is just as high as that of any other data obtained by the statistical offices from self-submitted questionnaires.

We have asked our subjects whether they would know who to report to if they experienced corruption. 57 percent – more than half of them – would not know it. We have also asked whether they would be ready to report if they experienced corruption. (This is not a fact-based piece of data but a self-opinion.) 22 percent of our subjects – one fifth of them – would not report it, 16 percent does not know, but 37 percent would be ready to report it and give their name to the report and a further 25 percent would be ready to report it anonymously. This means that more than half of the population would be ready to report corruption (with or without their names).

A larger percentage of the population claims being ready to report corruption than the percentage of those who would know where to turn to in such a case. We have re-analysed the results broken down by age and education: of course we have found that the higher the subject's education, the more likely he or she is to report corruption. The tendency to report increases with age: people over 60 years were most likely to report corruption and young people were the least likely to do so. Nor is it surprising that many of the “non-reporting” subjects were from the age group between 50 and 60 years.

Naturally the authorities know about a fraction of the actual cases. When we asked our subjects why they did not report the corruption at the police the most frequent explanation – amounting to 35 percent of all answers – was that it was not worth reporting; all other explanations were less frequent by a magnitude.

The detailed report on the Gallup-research of 2003 conducted within the framework of the Global Program against Corruption is available under the following Internet address: http://monitor.gallup.hu/kutatas/030318_korr.htm.

What are the measures suggested by these results? We should take steps in the public offices to prevent corruption, we must inform the public about the anti-corruption measures, we must modify the legal regulation – in this area numerous steps have been taken and many tasks were set during the previous government cycle and the current government cycle as well –, we must uncover and punish the criminal cases, and we must inform the population about the cases of corruption and about the related court sentences. This last point is almost never mentioned in the media: the press prefers to mention suspicions instead of the precise facts.

We need to build citizen's responsibility and an awareness of ownership because without these we cannot fight corruption. I have mentioned that the subject of corruption often – or I should say most often – appears in the press in the form of suspicions. However, facts would be much more important for the readers and investigative journalism has an important role in this. I think here I should mention the fact finding reports published in *Élet és Irodalom* and in *Népszabadság* – these are areas where press has an immense responsibility.

Looking around the worldwide web we can see extensive anti-corruption activities, many actions are declared in the world. Anti-corruption websites, thematic sites, periodicals and newsletters are operated by international institutions, governments and non-profit organisations. I must tell, however, that no matter if we read Transparency International's newsletter, the Daily Corruption News or the weekly anti-corruption newsletter of the Organisation of American States, the Respondanet, we will be shocked to see what an incredible numbers of corruption cases occur in the developed world and in other parts of the world. My critics about the media apply to these at least as much as to the Hungarian media: these publications also prefer to mention suspicions and the first investigative steps and put much less emphasis on the court decisions, or the description and explanation of the sentences.

In Hungary the Hungarian branch of Transparency International was the first to start an anti-corruption homepage. Then, when its updating was suspended and Gallup has joined the UN's anti-corruption program, that was when Gallup's answer to corruption was born: the Gallup Monitor available at the Internet under <http://monitor.gallup.hu>. The data bank of Gallup Monitor includes the most important corruption-related documents, provides links to the most important domestic and international institutions and organisations concerned with corruption, while its other links and its bibliography provide numerous further resources – like the thematic bibliography of investigative journalism.

What is the use of corruption-related surveys? The improvement of public interests and society, of course. But we can see it almost daily that such surveys are tried by many to be used for the promotion of their own interests. Árpád Kovács, Ákos Szilágyi and Ervin Csizmadia have indicated many times that in the fights between economic interest groups in the international “arena” the negative opinions about the various countries or the compromising data on certain individuals can be used quite effectively.

Just a few considerations: only well-interpreted data can help – and this is just as true in the case of corruption. The Internet is the cheapest and fastest medium for disseminating knowledge, but we do not employ it enough. Unfortunately the Hungarian situation assessment prepared for GRECO (Group of States against Corruption), the comprehensive summary of the Hungarian anti-corruption measures and many other important documents are not available through the Internet.

What the population senses more directly, what I was speaking about and what the Hungarian Gallup Institute has measured during its surveys is the phenomenon of street corruption and the related opinions. I did not mention – because our surveys did not include – business corruption that can be seen for example in the case of the public procurement procedures, or the political corruption, the “building of clientele,” the delayed, mutual favours or the even less obvious machinations of the influential persons. However, there are very serious cases of corruption in these areas, too, as shown by the researches of Gallup conducted in 2000, the surveys conducted among the small and medium enterprises, and the focus group discussions.

The fight against corruption is in the interest of everyone and does not depend on party preferences or ideology. Corruption threatens social equity, the equality of opportunities, the free market competition, the traditional and eternal moral rules and is contradictory to all three main ethos. It is contradictory to the socialistic, the liberal and the conservative ideologies, too. We can act against it successfully only by fighting a war that is not short term, not campaign-like, not a tool of party politics and not divided by government cycles.

Do we have any reason to be optimistic? The Ten Commandments I have mentioned at the beginning of my lecture have been carved into the stone tablets quite long ago but are still violated again and again. An article in today's Magyar Nemzet – referring to the title of this conference – stated that even if public life became a bit cleaner that would be quite a success, too.

Thus, we must act, we must take measures against corruption so that we shall not be a country of the baksheesh, or the country of nepotism and that we do not get caught in the web of complicated and secret interest pools thriving in a helpless mock democracy.

This is not the end. It is not even the beginning of the end. But it is perhaps, the end of the beginning” said Sir Winston Churchill after the victory at El Alamein.

Now, 13-14 years after the change of regime this is more or less how we feel about overseeing the spending of the taxpayers’ monies and the public assets, about the transparency and publicity of public assets.

Almost at the same time as the referendum on joining the European Union a bill will be passed – a bill that will close a period and will, from now on, guarantee by the law a greater publicity and transparency of and a wider range of control over the public assets and public properties. This is the first occasion since the change of the regime that the cleanliness of public life and the methods to achieve it are brought to the focus to such a great extent. This act – the so called “glass pocket act” – is an important contribution to effect the replacing of the system of “clientele and vassals” with a Hungarian political meritocracy and will mean a move in a direction where talent, diligence and knowledge will be more important than any network of contacts. It is my conviction that the business sphere is also highly interested in having a cleaner public life. The passing of the bill is a necessary – but not in itself sufficient – precondition to not only closing something but to starting something else, too.

When we are thinking about what to do now we must start with the essence of corruption: corruption is a damaging and abnormal consequence of poor procedures and poor accounting, that is, of an ineffectual public administration.

Of course certain measures have already been taken against corruption prior to this turning point, too. A government decree issued in 2001 drafts an action program and its implementation has also been started. Even the European Union has stated that many rules have been accepted and many measures have been taken – however, corruption is still a problem as the measures did not bring the expected results and many areas of public life are still judged as bad.

Of course, corruption is a problem but we must not exaggerate it. We must fight not only corruption itself but the deformed view of corruption, too. We can almost every year see that the media is loud for a few days from the “news” that Hungary has fallen back on the corruption list, suggesting that corruption has increased. At the same time we can also see that Hungary has nothing to be ashamed of as it is one of the least corrupt countries of the region. I am convinced that thanks to this conference in the foreseeable future we will be able to say the same in relation to a greater region, too.

The participants of this conference have lots of experience. I do not mean knowledge on who has got when how big a secret revenue but experience showing that there are cases when inexplicable, incomprehensible, illegal and immoral contracts are concluded or actions are taken which presume a system of invisible revenues.

What kind of experiences do we mean?

- when assessing the bids submitted to a public procurement tender a certain consideration gets special importance;
- it is the inviter itself who makes the winner to deviate from the conditions fixed in the invitation to tender;
- a company with a small capital gets credits amounting to thousands of millions (HUF);

- canalization projects are under-planned, and are implemented without own resources, with poor management, late inspection, using more tax monies than justified;
- artificial crises/catastrophe situations are used to ensure a determining role for the selected bidders;
- during implementation public assets are used through a complicated organizational structure, in a non-transparent way.

In order to make public life cleaner we have to act more than just implementing the “glass pocket act”: we must enumerate all conditions creating situations of corruption and the measures expected from those taking part in the fight.

We need an action plan and the action, too, even if it is hard to force others to act. Today the value of “contact-capital” is still high because an environment favouring this type of immaterial capital has been created.

Everybody has to act: the Government, those participating in the execution, the Parliament, the jurisdiction, the civilian sphere – that is, everybody has tasks in this field.

It seems to be useful that the United Nations try to cooperate with us in establishing – in connection with its Global Program against Corruption – a national consensus regarding the tasks to be tackled by us.

We have a lot to do. I hope this conference will help in collecting these tasks and to develop a system of tools for their implementation.

- A new public procurement act has to be developed and it is necessary to ensure its full and consequent observance. But in the meantime we must not try and refer to the defaults of the current act. The new act must be conformant to the EU regulations and should – as much as possible – include the experience gained up to now. It is vital to increase supervision at the inviter’s side and during the implementation. We need to create experts’ lists.
- It is necessary to re-regulate the financing of political parties. The parties must not be allowed to collect resources illegally. We need a stable system of financing that will serve as a secure basis for the parties’ operation.
- Reconstruction of the financial control system. The regulation’s harmonization is in a very good stage but we need further advances. We cannot delay the increasing of the capacity and the guaranteeing of the supervisors’ independence.
- Reviewing of the tax system; filtering out of the assets of unexplained origin is necessary.
- Creation of a new insolvency act. The reorganization of the enterprises having problems is a new objective. Instead of the current procedure – which is slow, inflexible and costly – we must ensure a way for the quick withdrawal of the insolvent enterprises from the market. We should establish obstacles to the creation of phantom companies and to their termination without paying public debts.
- It is our joint intention with the State Audit Office to take definite steps in order to reform the system of audits used with the municipalities.
- The events of the past few weeks have strengthened our intention of developing a Code of Ethics.
- We must find a way for establishing a new system for the state subsidising of municipal developments and investments.

- It is necessary to remove the contradictions from the subsidy system and implementing a subsidy monitoring system.
- In my experience we should organise in a much more efficient way the training and education of those working in corruption-prone areas.
- International experiences justify the introduction of sanctions having a restraining effect against legal entities.
- According to the “glass pocket act” the Government should prescribe that in case of its provision of a guarantee when and where the public procurement act should be applied. Taking this train of thought further we should also think it over how to use such guarantees for the purpose they are intended to.
- The practice of involving private capital in the building of structures having public functions is becoming more and more widespread. We must provide proper legal foundation to this.
- In the past few years many people have got rich by the collection of debts – often just because they were better informed or because they had better connections. We must not delay any longer paying much more attention to this area and to regulate the collection of debts more strictly.
- We have already talked a lot about the need for a lobbying act because we must establish the conditions for the various interest groups to represent their interests during the public authority measures in a regulated and transparent way and we must help the civil society to control the operation of the public authority organizations in a more efficient way.
- During the development of the jurisdiction establishment we must ensure the closing of the jurisdiction procedures within a realistic timeframe and the removal of any and all pressure from jurisdiction. In relation to this it is also important to improve the efficiency of investigations with particular regard to the cases where large amounts of money are involved.

I believe that by taking the above-mentioned measures we can ensure that everybody can be sure about the future who wants a cleaner public life, who thinks that the transparent, public and controlled use of public assets is important and who thinks that the decisions of the public life persons are legal, moral and reasonable at the same time.

IV POSITIONS OF THE KEY POLITICAL PARTIES

A. *The government of the national centre: a new approach in the fight against corruption*

By Mr. Dezső Avarkeszi, Member of Parliament, MSZP Fraction

First of all I would like to refer to the last words of the previous speaker: I think it was a reasonable decision on the part of the organisers that they choose the title “National Conference for a Cleaner Public Life.” Maybe this was their way to indicate: we all know that we must and we can act against corruption, but there does not seem to be much chance of terminating it once for all.

I would like to deal with two areas which concern the subject of this conference. One of these is the area of the government’s efforts and here I do not mean the efforts of the present government only but also the efforts of the preceding governments. The other thing I would like to talk about is the area of jurisdiction and I was glad that Mr. Undersecretary-General has mentioned it in his address as one of the most important areas in the fight against corruption.

As regards the government efforts I think I can say that each democratically elected parliament and each democratically elected government had as an objective the fight against corruption. Of course they wanted to employ different tools and different strategies.

In the previous parliamentary cycle, in 2001 a decree was passed for a government strategy which – among others – has dealt with such questions like the incompatibility regulations, the budgeting of the political parties, the property declarations, the legislation and the preparation of legislation, the trade secrets, the public procurement procedures, the excise procedures and – in a relatively detailed way, in accordance with the previous government’s philosophy – the criminal law: they wanted to solve many problems by means of the criminal law.

As regards the regulations for incompatibility and property declarations I would like to emphasise that this is a continuously – I would not say improving, instead I will say – changing area as between 1994 and 1998 the Parliament has accepted with a great majority the incompatibility rules for Members of Parliament and the obligation of making property declarations. In the previous parliamentary cycle we have accepted – also with a great majority – the regulations applicable to municipality representatives and on public officials. It has caused certain problems: for example the Parliamentary Commissioner for Data Protection and Freedom of Information has recently informed the Parliament about his apprehensions about for example the public officials’ property declarations. In this same period we have made partly accessible the property declarations of the Members of Parliament and from now on we – I mean the Members of Parliament – have to make relatively frequent property declarations: six times during the four years. Many say this is a bit too much – and this is my opinion, too.

The opposition parties of the previous parliamentary cycle have also tried to fight corruption with the means available to them, and they have used the tools of legislation and law proposal to indicate their ideas. The Alliance of Free Democrats has submitted a bill on the curbing of

government-level corruption, while the Hungarian Socialist Party has tried to find a solution to some problems with its proposed “democracy package.” One of the proposed measures was that we have even then recommended increasing the publicity of the use of public assets while another was that we wanted to regulate the setting up and operation of the parliamentary investigative committees. But we did not have much success: in the previous parliamentary cycle these proposals did not get to be discussed.

I think that in this cycle the government will approach the matter differently. We could speak about the proposed “glass pocket act” but I do not want to because Secretary of State Mr. Miklós Hankó-Faragó has already provided details on the Government’s intentions with submitting this bill and he has also informed us that the parliamentary fractions have successfully agreed on the matters that were still under discussion so if all goes well we can vote on the amendments and then on the whole act.

In my opinion it is a very important step that within the Prime Minister’s Office a Secretariat Responsible for Public Assets was established under the direction of Secretary of State Mr. László Keller. The task of this secretariat is not only to uncover the corruption cases of the previous years but also to try to achieve that now and in the future the number of corruption cases is reduced to as low as possible. I think that it is also an indication of the new approach that the current parliamentary majority sees the matter of setting up parliamentary investigative committees in a new way – and of course we also support the setting up of investigative committees proposed by the opposition. A further sign of the new approach is that even if the suspicion of corruption occurs in relation to a politician or government official then it may have personal consequences.

As I have mentioned the other important question I wish to speak about is the matter of jurisdiction. The significance of jurisdiction has increased after the change of regime and at the same time a significant increase was observed in the number of cases brought to the courts – although this latter may be a Hungarian characteristic. Coincidentally more and more unfavourable phenomena occurred in the first half of the nineties in the age composition, preparedness and workload of the judges, the situation of the courts’ administration, the procedural law, the financial status – under which I mean not only the judges’ income but also the buildings’ conditions and the IT infrastructure –, the court staff preparedness and wages. We also had a lot of problems related to the public prosecutors’ offices and the lawyers’ activities. I fully agree with Mr. Undersecretary-General in that judges affirmed in their independence and work conditions and effectively working courts are needed to help the fight against corruption. This is why – after a lengthy preparatory period – in 1997-98 a comprehensive reform has been started in all areas of jurisdiction. A National Jurisdiction Council was established, the Constitution prescribed the implementation of four court levels, changes were introduced in the requirements for becoming a judge, in the income situation, the procedural law, the act on public prosecutors and the legal status of court employees, and a new act on lawyers was passed.

Unfortunately this reform was halted four years ago: the four court levels were not implemented, and the new criminal procedure law was not introduced. Luckily the reforms have been speeded up last year, this summer three magistrates’ boards will be set up followed by a further two during this parliamentary cycle. I think it is an important step in making the judges financially more independent that for the next year’s budget the National Judiciary Council will submit the chapter on the courts and similarly the Prosecutor General will submit the chapter on the Prosecutor General’s Office.

Secretary of State Mr. László Keller has already mentioned the new bills the Government wants to submit to the Parliament, including, among others, the new public procurement act, the tax laws as well as the matter of the parties' financing and the changes in state audits.

I would like to mention here two other very important bills which are being prepared right now. One of these is the new act on public administration procedures the codification of which will start soon – next week a parliamentary sub-committee will be formed for this purpose. The other is the establishment of the so-called “people’s lawyer’s” institution with the aim of ensuring that nobody is left without legal representation and professional legal counsel just because he or she cannot pay for a lawyer. I think all of my colleagues in the Parliament who have calling hours know well that many complainers turn to them with legal problems – particularly to those of them who are known to have a legal education. In the majority of the cases we have to tell them that “my lady or my sir, you should have turned to a lawyer in a much earlier phase.” The most frequent answer is that they cannot pay a lawyer. For some years we have had regular free legal counselling where we try to help these people with well-prepared colleagues. A lot of people turn to us, many unfortunate people visit these counselling sessions.

A bit profane example came to my mind: at one of the so-called “socialistic picnics” we have been cooking. I was preparing “pörkölt” – a kind of stew with paprika – together with the then Minister of Justice, Mr. Pál Vastagh and we saw that the queue gets longer and longer. First we thought people are curious and they want to see how the members of the Horn government cook but later we saw that there are more and more people among them who surely did not eat anything warm that day – or maybe for a few days then.

We support the government in their efforts to have less and less people having no warm meals and to have less and less people who cannot turn to the courts because of being unable to pay a lawyer or who cannot exercise their rights because the officials expect them to pay for it first.

B. *Management of public monies, state and municipality property*
By Mr. Gábor Kuncze, Fraction Leader, SZDSZ Fraction

First of all let me extend my greetings. While looking up at the presenters from below I felt like being in some kind of puppet show – and now I am here to talk about transparency and publicity so I would like to assure you that I am not going to do any tricks during my speech behind the reading desk.

In the short time available for me I wish to speak about a certain segment of corruption. We have heard a few times already that corruption exists, obviously it has always existed and maybe it will exist forever. This is a statement not worth debating but we must not be satisfied with simply accepting it as the rate of corruption does matter a lot. Maybe the phenomenon cannot be exterminated but I am sure we can act in order to be able to push it back to a certain level.

We may ask here how much freedom is provided to corruption by the laws. I must stress that speaking about corruption I wish to stay at the fields of the management of public monies and the state and municipal properties. So, what are the limits we can set, what kind of regulation

is possible? The earlier speakers have already mentioned the responsibility politics have in this matter. It was also mentioned who wanted to do what against corruption during the various government cycles.

In the past 13 years I have always participated in politics and can conclude that when one is in a position of opposition that is when he or she has real intents to act against corruption – but when one gets to power and to govern his or her intentions become a bit more subdued. Maybe now is the first time that the government tries to execute really strong programs in order to curb corruption. It is true that clear and unambiguous rules are necessary to curb corruption because – sticking with my chosen subject area – we have to regulate very clearly the methods of spending the public monies.

We must also regulate clearly the methods to supervise the spending and using of public monies. So we need good laws. Arriving to this point we must conclude somewhat sadly that the legislative race of the past 13 years had often failed to meet these requirements. Thinking back to this period the legislation had often created – inadvertently – loopholes in such a way that by the time they were discovered, several billions of forints of public monies flew out through them.

Of course it had also happened that loopholes were made within the laws so that those who want to circumvent the law can do so more easily. Because the next step we need in addition to the good laws is the observance and enforcement of such laws. And we must never let the government to search for loopholes within the laws for itself. After all, it is the government's job to plug immediately all loopholes that it finds anywhere. From the point of view of the fight against corruption it is not a too efficient solution that when the government discovers a loophole than it blows an even bigger hole in its place and runs proudly through and through it – as it happened during the previous government cycle.

Then, in addition to the good laws and the observance and enforcement thereof we also need proper controls, of course. We can expect significant advances in this field in the near future as the bill being discussed by the Parliament now will extend the duties of the State Audit Office. For the sake of those who do not know let me tell that at present the State Audit Office can supervise the use of public monies only until such public monies are taken outside the state sphere. Once the monies have entered the market sphere the possibilities available to the State Audit Office are greatly reduced. I must note that this is why various companies were entrusted with the spending of state resources: the State Audit Office could not supervise any more how the monies were used. There were lots of problems with this system that have all prevented the public from having a clear view in these matters.

Because the next thing we need in addition to good laws, the observance and enforcement of the laws and the control thereof is the control exercised by publicity because I am convinced that in this field I am speaking about it is the public control that offers the most effective means of fighting – particularly in regard of prevention.

The bill that was mentioned by several other speakers before me brings a radical change in the regulation of this subject because it regulates the matters concerning the relation of publicity of information of public interest and trade secrets.

As a basic rule it states – and we can only agree with it because it was the Alliance of Free Democrats that has proposed it several times during the previous government cycle – that all

data related to the use of public monies should be made public for everyone who wants to learn about the use of such monies. This also means, by the way, that the protective shell of trade secret will be removed from all private organisations and activities using public monies. So from now on we will be able to answer not only the question of “how much” but also the question of “what was how much.” It is a very significant advance because I would like to remind you of the previous government cycle’s debates on the way of using the public monies and the final answer to which was always a referral to trade secrets. This new change in the regulations means that in the future it will not be possible to hide behind the walls of trade secrets and claim that no answer can be given when an organisation is asked about the spending of public monies.

Speaking about publicity let me mention the press here as one of the best guarantees and tools of publicity. Because there is an unsettled matter that will have to be dealt with by the legislation sooner or later. Now there is a debate between the Constitutional Court and the Supreme Court regarding the press reports on the activities of public persons. In these matters the Constitutional Court and the Supreme Court have different – or even contradictory – legal practices. We, free democrats feel that in this case the Constitutional Court has the right point of view. In our opinion public persons should submit themselves to a greater control by the publicity than others. And if there is a debate here it means that our laws are not unambiguous in this matter so this should be settled by an amendment of the Criminal Code of Law. Because, as I mentioned before, public control serves to prevent corruption. This means that not only the public monies’ movements have to be made transparent but we must ensure the transparency of the activities of public persons managing these public monies, too. I think it is extremely important that if the press publishes facts then it must not be afraid of any retaliation. Of course no one likes if the papers write about him or her but if the papers describe facts than he or she must be able to take it.

Looking around in this room I can see many young people. I think this is very important because we ourselves can do the most against corruption. We can act by not wanting to corrupt, by not letting ourselves be corrupted and by being dedicated to establishing cleanness in public life. Because if public life is clean, then there is competition and if there is competition then we can get the best services at the best prices. It depends on us what we can do against corruption and it is the task of the younger generation to take measures – stronger measures than we did – against this phenomenon which is not welcome in Hungary as well as in any other country.

One of the previous speakers has mentioned the Ten Commandments. The Seventh Commandment, to my best knowledge, says: “Thou shalt not steal!” I do not know if we are the only nation where the digit 7 is written and is then crossed out. I can only hope that this has nothing to do with the rejection of this commandment. Thank you for your attention.

C. *What did the MDF do against corruption under the Orbán government*

By Mr. András Pettkó, Member of Parliament, MDF Fraction

In 1998 the civic cabinet has started to work with a program that has stated its intentions clearly and wanted to make a clear difference between values and interests. From the point of view of the challenge offered by corruption the civic cabinet followed a program that was determined to act against the circumstances facilitating corruption and also against the abuses of the earlier periods and the causes thereof.

The civic cabinet has stated a dual objective for its fight against corruption: the first is to increase the citizen's sense of responsibility, to improve the society economically and morally to make the daily life cleaner, while the second is the protection of the system of democratic institutions from the web of corruption. Another important aspect of the fight against corruption is the role of mass communications for a clean public life and the use of the power of publicity.

The Ministry of Justice – led by Hungarian Democratic Forum – has tackled this immense task in this spirit and in accordance with the relevant international expectations. This task was not easy because it may be one of the largest challenges of our age, where the participants of the fight against corruption – the legislators and those applying the law – must take into consideration the international endeavours but must also observe the existing system of institutions of our society and the contamination of the country with corruption. So, it is not easy to find the proper – and most effective – solutions.

In April 1999 Hungary has signed the European Council's Criminal Law Treaty against Corruption and in September 2000 has ratified it. In parallel with this in June 1999 the then Minister of Justice, Dr. Ibolya Dávid and Mr. Pino Arlacchi Undersecretary-General of the UN have signed an agreement of co-operation on Hungary's joining the United Nations' Global Program against Corruption. The related project document was prepared by January 2000 after which we could start the research phase.

These preparations were done with wide publicity, with the inclusion of the widest possible expert base and the intention of learning about the current Hungarian situation to the fullest possible extent. The international support provided then to our country made it possible to explore the corruption situation in Hungary with a detail level and thoroughness that was unique even in an international comparison and to propose the necessary measures on the basis of these results.

As a result of this work we have developed an anti-corruption strategy that used analyses and public opinion researches to point out the most threatened areas of social and business life, indicating at the same time the directions which should be considered as strategic points in the fight for cleaning public life. The international organisations have all appreciated our accomplishments which they considered as a kind of model and had ensured us about their support to the implementation phase.

The result of the approximately one year long work was the National Anti-corruption strategy approved by the Government in February 2001 and promulgated as a Government Decree.

The objective of this national strategy was to indicate again and in a determined way the Government's intention and dedication in the fight against corruption, to make available – as a continuation of the measures taken until then – an efficient governmental action plan defining what is to be done in the short and long term and strengthening the processes that will define a common approach for the requirements of transparency, verifiability and accountability in the fields of public service, crime fighting and mass communications.

Accordingly, the national strategy stipulated tasks or aimed at significant improvements in the following areas:

- As regards the incompatibility regulations we have recommended a review thereof in the case of municipality representatives, mayors, the professional employees of the law enforcement organisations and the public officials.
- We have also recommended a review of the property declaration regulations and thought it necessary to widen the circle of those who have to make such declarations.
- As regards immunity we have proposed that if a member of the parliament commits a crime than the period of his or her immunity should be excluded from the limitation in time of culpability.
- In the case of public officials we have thought it important to sanction the failure to meet the reporting obligations related to corruption crimes.
- In the field of data management and data protection we wanted to reduce the sphere of data that can be managed as trade secrets.
- In addition to a comprehensive amendment of the legal background of public procurement we have also recommended a differentiation in the system of sanctions of the act on public procurement, the strengthening of the publicity of the contracts concluded during the public procurement procedures, the stipulation of a data provision obligation, and the definition of legal consequences in case of unjustified contract modifications.
- We felt it reasonable to regulate the so-called lobbying by regularising the legal status and the contacts of the concerned and interested organisations that would take part in the process by registration and by making the whole process transparent to the public.
- In relation to tightening the regulations for party financing we have recommended that the supporters should certify the legal origin of the offered amounts and we wanted to make stricter the reporting obligation of monies received from private persons.
- In the field of criminal law we have defined a number of important objectives, like: the increase of penalties in order to help locating passive bribers; providing allowances to the active briber if he or she helps the investigation and the jurisdiction with actual data; breaking the mutuality of interests between the active and passive actors in the bribing; establishing criminal sanctioning for legal entities; concentrating the investigations after crimes of corruption.
- In the field of publicity we have advocated a wider provision of information on crimes of corruption and the more intensive use of the possibilities offered by the Internet.
- We have recommended that the Anti-corruption Body made up of well-respected persons should review the execution of the program from a professional point of view.

The majority of the above-mentioned objectives and endeavours were taken further than the planning stage. The declared package of measures (27 points) has designated the most important tasks. Some of these are legislative tasks but others do not require new legislation. Accordingly, one of the central elements of the legislation program of 2001 was the legislation aimed at the fight against corruption.

In December 2001 we have finished and the Parliament has accepted the following:

- The amendment of the criminal law package, the Criminal Code of Law and the Act on Criminal Law Procedures.
- An independent act was made on the introduction of the legal entities' culpability.
- An act was passed on the widening of the further widening of property declaration obligations.
- Certain regulations concerning finance have also been amended in accordance with the stipulations of the Strategy.
- The bill that has become known as the "lobbying act" and which deals with the enforcement of interests during legislation was also developed in 2001 but unfortunately there was no time left to accept it.

At the same time numerous measures have been taken that had nothing to do with legislation but still helped to:

- review the legal environment and the legal background;
- create rule-level legislation;
- take other steps not requiring legislation.

It is easy to see then that the civic cabinet and the Ministry of Justice led by the Hungarian Democratic Forum did not watch the problem idly. On the contrary, they have done an internationally appreciated job by creating a program of which we speak very little and hear even less today. But it would be absolutely unnecessary to start again this work.

Based on this and using the results of the work already performed the present government could give faster and more efficient answers to the challenges of corruption.

V. MEASURES TO BUILD INTEGRITY TO CURB CORRUPTION

A. *Legislation against Corruption (in harmony with the European Union*

By ¹ Dr.Miklos Hango Fargp, Political Secretar of State, Ministry of Justice

The subject of my speech is corruption, or more accurately the state's action against corruption and its legislation tools. In addition to the importance of legislation I would also like to stress that the state's action against corruption has many areas which are not of a regulation character.

Corruption is a worldwide phenomenon so in order of a more efficient action the Hungarian government tries to co-operate closely with various international organisations for the possible curbing of this phenomenon. In the past few years we have concluded a number of contracts with the UN, OECD and European Council organizations so the current Hungarian regulation is in harmony with the relevant regulations and directives of the European Union including the stipulations contained in the agreement on fighting corruption in relation to the officials of the European Communities and in the directives on money laundering.

In the summer of 2002 the Government has instructed the Ministry of Justice to develop – in co-operation with the other concerned ministries – solutions improving the regularity of the use of public assets and the operation of public properties, strengthening control over financial management, the possibilities available for the state audit organisations and the transparency of the government's financial management.

The submitted amendment must provide help in the efficient control of the use of budget resources, in the transparency of the use and allocation of public assets and public properties, in the prevention of the occurrence of situations of corruption and must, at the same time, ensure proper publicity to the subsidies provided from budget resources and to the use of public property. The proposal implements these objectives by the creation of a new act; instead it aims at amending a total of 20 acts. The amendments are closely related to each other and to the regulatory objective so it is reasonable to submit them in a single regulation.

1. *The legal package includes five main themes:*

- publicity of data having a public interest and their relation to trade secrets;
- strengthening of the role and authority of the State Audit Office;
- help in making the operation and economic participation of budgetary organisations more transparent;
- reducing the possibilities of founding business organizations from state or municipal budgetary resources;
- ensuring the transparency of founding and operating non-profit organizations established from state or municipal resources.

After the amendment is passed the State Audit Office will be entitled to examine procurements financed from the budget subsystems and contracts concerning public property

both at the state or municipal organization acting as customer and at any business organization which is participating in the contract fulfilment and which has connections to the customer. However, all of this must be done in connection with the examinations conducted at organizations that can be checked on the basis of the valid regulations, that is, it does not mean that the SAO will be entitled to examine market organisations. Another limitation of the examination is that in case of examinations conducted at suppliers or subcontractors the SAO cannot exercise its seizure rights provided by the law. Thus, the private sphere is not violated.

The proposal clarifies the regulations on the checking of the use of subsidies provided from the state budget or of the properties received from there. According to the proposal the SAO would be entitled to conduct examinations at the municipalities, minority self-governments, public bodies, public trusts (and business organizations founded by public trusts), non-profit organisations and other beneficiaries (foundations, social organisations, business organisations). In addition to this the SAO may also check the observance of the regulations regarding the sale or encumbrance of any assets forming part of the budget.

2. *About trade secrets*

The Civil Code of Law provides a general definition of the concept of trade secret but in relation to this it will be necessary to amend the relevant regulations in the competition law, the act on credit institutions, the act on concessions and public procurement, and the Labour Code. The proposal regulates the principles on the basis of which it will be possible to refer to trade secrets and thus to withhold information in a unified way, and the same will apply to the freedom of accessing data of public interest. A general principle will be that the protection of trade secrets cannot limit the publication of data on the use of budget resources and the management of public properties. However, the obligation of publication does not apply to data that are important for conducting the business activities (e.g. technological procedures, technical solutions, know-how, etc.) So, the act will take into consideration the interests of the private sphere here, too.

3. *The budget act*

The purpose of the amendment is to make the use and operation of public assets and public properties more transparent. So, the amendment of the budget act will have an effect on the irregular use of subsidies provided from the budget, the irregular use of subsidies and aids of an international origin, will make it obligatory to publish data relevant to the state or municipal budget subsidies in an official journal, a homepage or some other way, and to publish the main data of all contract concerning public assets and public properties. After this it will be obligatory to apply the public procurement act if the government provides a guarantee. A register of the budget organisations will be established and maintained by the Budget Office. The Minister of Finance will have to approve the founding of budget organisations and the regulations relevant to the organisations operated by or with the participation of budget organisations will become stricter. Such organisations will be allowed to establish business organisations or to join existing business organisations with the Governments approval only and their share of ownership must be larger than 50 percent. They cannot establish new companies, cannot get shares in them and must always set up a supervisory board. If the budget organisation has more than 50 percent of the votes and if the registered capital of the company exceeds HUF 200 million then the chairman of the supervisory board shall be appointed according to a recommendation of the SAO, and

regulations shall be prepared on the main principles and systems of the remuneration of the chief executives, the members of the supervisory board and the employees in managerial posts. The considerations for this shall be stipulated by the government.

The act on municipalities will also be amended in order to make the regulations for establishing companies stricter and to allow the regulations on the operation of state-owned business organisations to be applied to enterprises operated by the municipalities. After the act becomes effective public trusts and – from assets related to the budgets' subsystems – non-profit companies can only be established if it meets all requirements of the act on non-profit organisations. In case of benefits exceeding HUF 1 million a competition shall be invited, too.

The application of certain existing regulations on the declaration of property obligations shall be extended to the chief executives and supervisory board members of all business organisations having a full or majority state ownership provided that the registered capital of the business organisation in question exceeds HUF 200 million.

The comprehensive amendment of the public procurement act – with the objective of legal harmonisation – is under way and is likely to be finished in a matter of weeks. This act will apply to those business organisations that were established by a state or municipal organisation, a public body, a public trust or the Hungarian Privatisation and State Holding Company.

4 *Criminal law*

The Parliament has finished a comprehensive amendment of the Criminal Code of Law – with the objective of legal harmonisation – in 2001. According to the amendment the law orders the seizure of all properties obtained during participation in a criminal organisation and makes punishable any person trying to bribe foreign officials and any foreign official asking for or accepting illegal benefits or the promise thereof. In case of active official bribing the amended law makes punishable the business organisation's chief and its members or employees entitled to control or supervision if active bribing for the benefit of the business organisation is conducted by a person controlled or supervised by them. The amendment has repealed the causes excluding a person from punishment – in case of domestic or international bribing – that has been objected to by OECD.

Act CIV of 2001 on the criminal law measures applicable against legal entities serves the legal harmonisation with the UN, European Union, European Council and OECD treaties' regulations. This act makes it possible to terminate, limit in activities or fine legal entities as a criminal law measure in case of an intentional criminal act.

It is now possible to suspend the limitation in time of culpability for the period of immunity: in this way we have eliminated another possibility for abuse.

As you surely know in the autumn of 2002 the Government has established the Anti-corruption Body. In order to strengthen public control over the fight against corruption this body does not operate as an inter-departmental committee but as a consulting organisation of the Government, consisting of experts independent of the various ministries; this body serves to co-ordinate the anti-corruption tasks.

After this general description of the action against corruption let me speak a little about a particular area: the changing of the Hungarian regulations preventing money laundering. Money laundering, as a fact of case, has been included in the Criminal Code of Law in 1994. The regulations have been amended in 1997, 1998 and 1999. Of the preparatory actions the new act will make punishable any agreement on money laundering, in accordance with the treaty of the European Council. The act against terrorism has eliminated anonymous bank accounts and ordered the transformation of anonymous accounts into named accounts. According to the act against money laundering lawyers and public notaries are obliged to report on numerous activities. As a result of the above-mentioned measures the Action Group Against Money Laundering has removed Hungary from its list of countries not co-operating against money laundering in 2002.

5. Conclusion

In summary we hope that the stricter regulation of the state or municipal business organisations' entering into the market promotes competition under equal terms, while the public and more transparent public procurement procedures, the publicity of certain financial management data of the state organisations and the property declaration obligation of the officials having public authority or managing public assets or public properties will discourage those who would want to illegally influence the above-mentioned organisations or officials. We hope that the strengthening of the entitlements and organisational system of state financial auditing, the co-operation of the authorities and the modernisation of the budget information system will help not only the control of regular and effective management but will serve the proper use of the Hungarian and European Union subsidies as well. I am glad to inform you that in the past few days we have conducted successful harmonisation negotiations with the opposition parties and thanks to the mutually constructive approach we have agreed on the regulations requiring a two-third parliamentary majority so the Parliament may vote on the act next Monday¹⁹.

B. Crime prevention and crime punishment against corruption **By Dr. András Hegedűs, Undersecretary of State responsible for crime prevention, Ministry of the Interior**

If you try to think back to the near future you may remember that the resignation of the Brussels committee of the European Union and the crisis of the International Olympic Committee were both closely related to corruption.

Societies condemn corruption but at the same time we must see that the phenomenon is still a part of our everyday lives. Simple people can be participants or victims of corruption – just as well as world-wide known and acknowledged personalities of the above-mentioned public bodies and organizations. Corruption is a social phenomenon causing immeasurable damages because – in addition to the loss of trust – it also endangers the democratic institutions and the market economy.

According to the definition in the Encyclopaedia of Social Sciences “corruption is abuse with the power entrusted on one by the state for the purpose of private advantages,” while the

¹⁹ On April 7th, 2003 the Parliament has passed the “glass pocket act.”

according to the Hungarian Explanatory Dictionary it is “venality in public life, moral depravity in public life” but all of this is not enough to define this social phenomenon having unparalleled complexity. Similarly no other definition can cover the whole phenomenon. Not even the international anti-corruption conference established in the beginning of the 1980’s and meeting biannually could develop an accurate definition for corruption and in 1995 at its seventh meeting in Peking it has given up the dream of creating a corruption definition valid for the whole world.

“We cannot suppose that corruption means always the same or that its effects or motivations are always the same.” But no matter what we call it and how difficult it is to define the concept the truth remains the same: corruption has been with us from the beginning, and it has been present in India when the people there were still using exchange and barter and it was also present in ancient Rome.

As time goes by traditions, historical and geographical conditions have significantly influenced the various societies’ sensitivity, the importance attributed to these kinds of behaviours and the attention paid to the problem. Accordingly their management appearing in the form of laws and regulations has also changed significantly.

The concept of corruption had been used in the past for public officials only, when the phenomenon occurred among members of the legislative, law enforcement or judicial bodies. But today insider trading, for example, is also a form of corruption. All of this allows us to conclude that each age and society had its own values on which judgement of corruption was based. As a consequence effective action against corruption is possible only if we make it clear to the members of the society which are those behaviour forms which are not accepted by the state and which belong to the concept of corruption.

Independent of the essence, definition and numerous forms of corruption there are phenomena considered by all concerned persons as corruption. These are the phenomena qualified everywhere as crimes against the cleanness of public life.

Using this approach, however, simplifies the subject and we refer management of the phenomenon into the sphere of government, more precisely of crime fighting and crime punishment. However, this would be an erroneous approach to expect only these bodies to take measures against a social phenomenon. There can be no doubt that corruption is a social phenomenon and thus it must be approached from the side of the whole society – or using a new expression, in a multidisciplinary way – and must be fought with the community’s cooperation.

If we have a look at who – in addition to nation states – have targeted corruption we will see that there are a lot of international organisations that wish to take steps against it. As the spreading of organised crime makes us more and more aware of the danger the worldwide spreading of corruption represents, more and more governmental and non-governmental organisations have decided to start a fight against corruption as a whole or against some of its most dangerous forms.

In the course of this many international contracts have been concluded by which these organisations try to cooperate with each other, introduce and disseminate new methods, and set their successful practices as examples to the others.

For example GRECO – the Group of States against Corruption established by the European Union – has recently finished its report on corruption in Hungary and has concluded that our country is one of the least corruption states in Central Europe. Detailed discussion of the report will be held next week.

Now we can see that corruption is a worldwide phenomenon against which both the countries and the international organisations try to fight because it can distort the economical and other interests of the various communities. It is particularly true when corruption is used by organised crime as a proven method the force decisions advantageous for their economic interests. Corruption became one of the favourite methods applied by criminals to enforce their interests.

The researches and studies of social sciences make it now perfectly clear for everyone that corruption cannot be considered as an unexpected natural disaster or as an endemic illness occurring without any indications. It is a harmful social phenomenon that is linked by numerous links to the actual social, economical or cultural situation – or even the historic past – of the given country or smaller region.

Starting from this point no criminalist can look at corruption as simply a legal fact defined in one or a few paragraphs of the criminal codes of law and sanctioned by the proper legal consequences or penalties. Corruption is a criminal factor extending over a much wider sector than this.

Corruption obviously has connections with the so-called “white-collar crimes” occurring in economic life and with organised crime that is the most important criminal subject at the present time.

The experiences gained during the criminal law proceedings against crimes committed by criminal organisations in Hungary confirm the criminologists’ conclusion that one of the characteristics of organised crime is that it uses corruption or violence and threats as the tools of gaining illegal profits.

Hungarian experiences show that – except for a few psychopathic perpetrators – most of the criminal organisations in Hungary prefer corruption as their tool. They thought that the easy-to-conspire corruption, bribing and establishment of corrupt contacts are much more effective in covering the illegal activities than violence that may lead to murder. Violence is mostly used in showdowns between the various criminal organisations and has often indicated the appearance of foreign criminal organisations in Hungary.

Corruption can be demonstrated in every stage of the criminal organisations’ extensive and varied activities which I cannot even attempt to list.

In order to let the criminal organisations conduct certain legal business activities – e.g. obtain positions in catering or permits to operate gambling halls or winning machines offering large

revenues – it was necessary to develop corrupt contacts; but the same applies to the circumventing of the state, financial or tax inspection of existing enterprises.

We can state that in the fight against organised crime the most important objective is to deliver a big blow to the other side's feeling of security, financial foundations and the to the belief that it can use the institutions of the democratic state for its own purposes.

Hungary is a participant in the international agreements against corruption, a member of the aforementioned international organisations as well as of the assessment mechanisms. Thus it is extremely important for us to learn how the international community judges Hungary's situation from this point of view. It is important because they can direct our attention to areas which we failed to manage with proper attention because of our cultural characteristics.

Corruption is not a phenomenon that can be fought effectively with ad-hoc measures. It reappears again and again in areas where it has never been expected. We must accept the fact that corruption has a thousand faces so it is a bit like a prism having lots of facets, each of which shows a different picture and requires an individual solution. But these individual facets and solutions can combine into a whole needed for effective action only when coordinated strategic thinking is also present. This means that our task is to analyse an individual corruption phenomenon in each area, to find the necessary answer, and to conduct this activity continuously. Of course we also need an independent and comprehensive strategy that will combine the various facets into a prism.

The government of the Republic of Hungary has a long-term strategy against corruption and this strategy has now been complemented by a more emphasised approach of corruption from the crime prevention side, the transparency of the public money's management and an increased need for social cooperation. On the basis of the strategy government decrees were made in certain sub-areas and the government reviews the execution and efficiency of these from time to time.

On the basis of the strategy and the government decrees many measures were introduced in almost all relevant areas of law, public administration and public life. The circle of crimes described in the Criminal Code of Law as crimes against the cleanness of public life had been widened significantly to include mainly the concerned foreign persons (because of our joining the international community), the corruption phenomena of the private sector and business life, and the special criminal activities characteristic to organised crime.

The management of the Ministry of Interior has just recently reviewed the execution of the tasks laid upon it by the government strategy. A basic conclusion of the review was that in the field of legislation the opportunities have mostly been used up. Thus, the main emphasis should be placed on prevention, providing information to a wide circle, the execution of the regulations, the development of the organisations participating in the execution, and the further education of the professionals concerned.

It is obvious that the right way is the prevention of corruption the methods and tools of which have already been developed by the various forums of the international community so we only have to adapt them to our national characteristics. Additionally we have to strengthen the detection and investigation of corruption cases both in society's external life and in the law enforcement organisations' internal life.

Prevention is one of the areas which had recently been given priority; here the most successful methods are the actions like the reduction or termination of the opportunities for corruption, the detection and assessment of corrupt practices.

We had to recognise that the frequent amendment of the regulations cannot achieve the expected results until the opportunities for corruption are reduced and society's intolerance against corrupt practices is increased to a higher level.

At the same time it is also clear that the phenomenon of corruption or more generally, the circle and morphology of corruption, corruption-like and corruption-related activities is continuously changing giving potentially newer and newer tasks to the legislation and to the authority entitled to enforce the regulations.

We have to emphasise the difficulties of detecting and proving corruption crimes – this is mostly due to the facts that the advantages are often separate in space and time and that the criminal law's classic “perpetrator” and “victim” often have the same intentions and interests as both parties are satisfied by the results of their dealings.

It was necessary to change the criminal law regulations and to help detection by changing the legal environment. This is served among others by the reporting obligation applying to official persons, the criminalisation of failing to observe this obligation, and the re-classification as official person of all employees serving at any public administration organisation whose work is integral to the proper working of the organisation. This objective is served by the inclusion of new reasons cancelling culpability because these can break the mutuality of intentions in case the active briber uncovers his or her action to the authorities, helps finding the passive delinquent or in case the passive delinquent uncovers his or her action to the authorities and hands over the received material advantage or its value to the authorities.

A basic precondition to efficient action is accurate knowledge of the situation, including the particular risks of corruption and the factors facilitating corruption.

According to the Unified Statistics of the Police and the Public Prosecutor's Office the following are the areas most threatened by corruption in Hungary:

- state and private investments;
- public procurement procedures;
- credit institutions' sector;
- investments' sector;
- budgeting of the municipalities;
- human resource management;
- public administration institutions;
- privatisation;
- standard and regulation creating procedures, enforcement of interests;
- budgeting of parties and social organisations;
- protection of the environment and the nature.

According to our experiences the main factors facilitating corruption are the following (not a full list):

- Ineffective of inoperable regulation system leading to the improper separation of the spheres of authority and of the responsibilities in such key areas like money management, purchasing, inventorying, payment systems and contracts;
- Ineffective determination of the spheres of authority and of the responsibilities, the lack of impropriety of the special internal regulations, the bureaucratic and intricate character of the administrative procedures, the powerlessness of the “client;”
- Manipulation of decisions, accounting and financial information, changing the information processes and systems;
- Lack of the legal, economical and technical consultants in cases where their presence could be required;
- Following the change of regime, in the course of the new social order’s development many new institutions were born that subsequently changed corruption’s system of conditions, resulting in competitive situations, the increase of the loss’ possibility, and the efforts to make money quickly;
- The increase in the number, sum and possibilities for winning of subsidies, the expansion of the enterprises and the services sphere.

I must mention here a special segment of corruption against which efficient actions may influence society’s general thinking negatively. This well-separable area is the circle of corrupt activities committed by members of the law-enforcement organizations, because here the illegal activities are committed by the very same official persons and employees whose job is the enforcement of the government’s intentions and the ensuring of the regulations’ observance.

The Ministry of the Interior and the law enforcement organisations directed by it (police, border guard, internal protection service of the law enforcement authorities) have already had particularly important roles in detecting and fighting corruption. With the increase in society’s demand the municipalities – also falling under the authority of this ministry – will have more and more responsibilities in this field.

The management of the ministry has requested all concerned parties to unearth and indicate the areas to which in their opinion no or not enough attention was paid until now. They should develop measures, take over, adapt and introduce methods and techniques with which the fight against corruption can be made even more successful.

In the case of the law enforcement organisations actions against corruption can be made in the following fields: legal, normative tools (including internal instructions, Codes of Ethics, initiation of regulation amendments); organisational measures (e.g. the establishment of the Central Investigative Agency of the Public Prosecutor’s Office, creation of an independent unit within the Directorate Against Organised Crime of the ORFK); technical measures (e.g. transparent, calculable procedures, procedures free of subjectivity); human resource measures (suitability and psychological tests before admission, increased personal monitoring, preparation for the dangers of corruption and the management of threats in the form of training and education) and the use of the tool of publicity.

I am sure that in the next presentation Mr. Mihály Arnold, the Director-General of the Hungarian Customs and Finance Guard will speak more about the possibilities I have mentioned here just shortly for all law enforcement organisations. I think he will show us what these measures mean in the case of a single law enforcement organisation.

I am sure that today's presentations and the section meetings tomorrow will establish the opportunity to review this field comprehensively, taking into account the part, so that our thinking will become more harmonised because then we can fight against corruption more effectively. This is something needed badly as the fight against corruption requires a unified action like the artistic presentation of an orchestra piece that presupposes a common music sheet that defines the role and tune of the individual musical instruments and the perfect, refined interplay of these instruments in accordance with their roles needed to play a beautiful piece of music harmoniously.

C. The role of the Hungarian Customs and Finance Guard in the fight against corruption

By Mr. Mihály Arnold, D.G Hungarian Customs and Finance Guard (HC&FG)

In the autumn of 1999 the Anti-Corruption Conference in Durban issued a portentous but unfortunately quite true declaration in order to call to the world's attention the dangers presented by the phenomenon of corruption.

“Now, in the eve of the third millennium we experience that although the fight against the threat of corruption was effective the world after 2000 will be a world where poverty keeps on deepening, the governments’ legitimacy will keep on being violated, the violation of human rights will become more frequent and the democratic achievements of the past 50 years will be destroyed.

There has been corruption in the ancient societies, too, and we can find some decrees in Hungarian history that prove the existence of this phenomenon – what is more, that there have been measures to eliminate it.

As an example let me quote a few words from the second decree of Stephen I:

“... and no person’s lies or false witnesses, nor his perfidy or premium shall bribe the true law in any way.”

This expostulation is eternal.

However, here and now I would like to report on the current status of corruption, the illegal acts that unfortunately keep on occurring within the customs and excise authority and particularly on the causes and on the measures taken in the past period in order to eliminate this phenomenon. I will also speak about the results of these measures – positive results as well as negative ones, I must add.

We all know that of the law enforcement organisations the customs and finance guard is one of the most endangered. This is due to the special character of its activities, that is, to the fact that during their work the customs authorities have to make decisions continuously – decisions that influence the economy, money, revenues and profits. In close relation to this is the fact that the customs authorities are in continuous contact with the economy and its participants. Thus, it is almost natural that corruption, as a means of enforcing interests and of reaching special and illegitimate advantages quickly, will find the “weak link” within the customs and finance guard which “weak link” is unfortunately susceptible to such advances. Then a person who has been corrupted once becomes liable to blackmail and can be forced to co-operate continuously.

This danger is multiplied by the great latency that is generally characteristic to the corruption phenomena. Criminal statistics can never reflect the actual situation as bribing is never done in front of the public eye.

Here are some characteristic forms of corruption occurring in customs administration (to speak about only the “hits” of last year).

- intentional failure to cancel vehicles’ freight licences;
- participation in smuggling and in illegitimate VAT refund claims;
- fictitious customs clearances;
- forging of official documents, etc.

A particularly sensitive area is border crossing, namely:

- allowing entries without registration;
- fictitious exit clearances used for VAT refund claims;
- participation in cigarette smuggling;
- preparation of customs documents with fictitious contents;
- allowing the entry of bonded goods and participation in the smuggling of men for financial advantages.

We must not forget excise management as unfortunately significant increase can be seen in the corruption criminality of the excise sector. Such infractions of the law are:

- illegitimate excise tax refund claims;
- not punishing the infractions of law discovered during excise inspections;
- demanding financial compensations from the inspected entities.

Today financial corruption is dominant phenomenon! This is why I consider the work of the customs bodies particularly threatened and this is why the authorities working close to the business sphere should take all possible measures and use all legitimate means to prevent and uncover any dishonest behaviour.

It was our declared aim when we have developed the Anti-corruption Customs Strategy of the Hungarian Customs and Finance Guard. Among the law enforcement bodies our Strategy was the first to enumerate the necessary legal, technical, organisational and human resource requirements, and we are proud to say that many parts of this Strategy were used for developing the Government’s anti-corruption strategy.

2. *What were our measures? Here I will list only a few – the most important ones:*

a. Legal, normative tools

- internal instructions (on the rules of accepting gifts, the use of private mobile phones, the keeping of means of payment as property);
- Code of Ethics on the expected/expectable behaviour standards of the Guard’s members;
- initiation of the amendment of several rules and the active supporting of these amendments (e.g. in case of a report the impunity of the active briber, the exclusive investigative authority of the public prosecutor’s office in case of investigations within the law enforcement bodies, the introduction of an obligatory national security check for filling certain special posts).

a. Technical measures

- transparency; e.g. itemized inspection of certain types of goods or checking with two customs officers, development of specialised customs clearance sites, development of area-monitoring systems.

b. Organisational measures

- Central Investigation and Contravention Department for the most important cases;
- Customs Commando – mobile inspection;
- Department of Special Affairs for internal security activities
- public procurement group to develop a more professional procurement practice for the Guard;
- mobile control service for checking the Guard's vehicles;
- development of effective forms of co-operation with the other law-enforcement bodies and the public prosecutor's office.

c. Human resource management measures

- checking security matters during the admission procedure, psychological suitability tests, probation period, preliminary vetting;
- in the course of training preparation to the dangers of corruption and to the handling of threats – because, believe me, the criminal groups act more and more frequently and with rougher and rougher means against those members of the Guard who are in positions of decision, while at other times they try to blacken the excise officers acting against them.

When developing the Guard's Strategy one of our primary aims was to make our decisions transparent, that is:

- we should develop a traceable procedural system for the everyday work technology;
- we should ensure transparency in the customs regulations (e.g. by reducing the benefit possibilities provided by the regulations or by reducing the number of subjective inspection possibilities).

Publicity is vital to all of this as – like the saying goes – “the press is the watchdog of society.”

3 Transparency

I am sure you remember that in the mid-nineties the Guard was the first body to uncover corruption phenomena to the wide public. It was not an easy step but was needed as a preventive measure and now it is an integral part of our Strategy.

The corruption statistics of the Guard have not increased significantly in the past ten years' period and are about 0.8 percent of our total staff. This means punitive procedures against an annual average of 60 excise officers. For your reference and to let you feel the proportions better I must add that the total staff of the Guard is almost 8000 persons strong

Is it a good or a bad proportion?

We could emphasise that the number of erring excise officers is much smaller than that of their honest colleagues. However, I am not completely satisfied, especially not when I think about what happened in the near past in Northern Hungary – I think you have read about this case.

The unusually large number of arrests will show up in this year's statistics but I must tell you that they are the results of a methodical and lengthy internal investigation conducted last year and of the co-operation between the law enforcement authorities.

This case has taught us a number of lessons. On the one hand it has proved the rightness of the tools selected by our anti-corruption strategy; these tools will necessarily bring forth the infractions of law, almost like the results of self-purification process.

On the other hand it is very illuminating that such a large number of excise officers were involved in a single case. There were no earlier examples for this – not because the procedure has overlooked a number of persons but because those cases did not involve more than one or two persons at a time. In this case, however, we can conclude that due to the recently introduced strict border technology and transparent control systems it is not enough to bribe a single or two or three excise officers but the briber must pay to whole shifts if he or she wants results.

Of course this conclusion will change the direction of our internal investigations and will require a higher proportion of the application of secret information gathering methods, and will require a much better co-ordination with the internal protection service of the law enforcement authorities and the Prosecutor General's Office. Of course it will also require much more effective internal disciplinary measures.

I would like to ask one last question in relation to the statistical results: Can we accept these proportions?

I think we cannot accept them, the most we can do is speak about the level of manageability. We cannot accept it because corruption occurring at the customs authorities means a significant threat to:

- the public trust invested into the customs authority, as a state authority and – indirectly – the trust invested in public administration;
- the collection of the state's revenues;
- the increase of legal trade;
- the security of national economy;
- in a wider sense the nation's security.

We cannot accept it because corruption is characteristically related to organized crime and its effects are not only economic but may influence the state decisions as well.

We cannot accept it as the volume of world trade doubles in every 10 years thus economic corruption or the threat of corruption can increase further which would be an enormous challenge to the customs authorities.

And we cannot accept it because today customs administrations have an immense responsibility for the security of world trade because of the actions against terrorism and its breeding-ground, money laundering.

This is so because the role of customs administration in the more and more global world trade and in the integration processes of the European Union has been transformed and in addition to its “collecting” role other functions have become also very important: the creation of market balance, and – to protect legal trade – the effective action against the violators of the law.

Effective action, however, requires providing the legal background for several very important questions. These are the following:

- the institution of impeccancy;
- the filtering out of a tendency to be corrupted;
- the institution of rotation (transfer of excise officers)
- the exclusion of the corrupt officials from employment by the Criminal Code of Law;
- the exclusion of former customs officers from working as customs administrators for two years;
- the strengthening of the rules on economic incompatibility;
- the strengthening of the status and prevention service's (RSZVSZ) legal status and budgetary independence.

In addition to the stricter regulations, however, the starting point for creating a more effective action must of course be our own organisation: this is where we must clean up first and where the cleanliness must be maintained. This was the expectation I announced to the staff of the Guard in this year's task-setting speech in order to make our work authentic and our authority procedures and customer relations ethical.

It is not my intention to make this thought an affective closing remark only, and this is clearly proven to me by the words of Mr. Péter Polt chief public prosecutor who said – in relation to our active contribution to the corruption case I have mentioned earlier – that during the investigation the members of the Guard have co-operated with the investigators of his office “in a responsible and orderly way.” So I would like to thank him from here for his words.

D. The importance of a Code of Ethics as a weapon in the fight against corruption

**By Dr. Tamás Dékány,
Head, Public Assets Supervision Department, Secretariat Res. for Public Assets**

1. Justification of the Codes

The necessity of Codes of Ethics and the preparation of serious work related to this theme can emerge into notice during the operation of a given state or society when that country or society has already reached a level of development where the legislation work forming the basis of such Codes provides a secure, stable and operative background.

I think that Hungary – particularly with the passing of the “glass pocket act” and the work plan introduced with the slogan “what is beyond the glass pocket” (a humorous phrase as it refers to the traditional beginning sentence of Hungarian folk tales: Far, far away, beyond the glass mountains, there was...) – now joins those countries where the Code of Ethics will be created not for formal reasons only but because the society actually demands it and because its observance can be monitored by the society.

To accept the Code of Ethics Hungary will have to reach a level of development not only in its legal system but also and just as importantly in the field of economy, politics and morals which can serve as a proper background for receiving the ethical standards. Corruption can flourish in those places where it is a government strategy to let the public property get into private hands – I mean the process of privatisation. After this process is practically over

corruption aimed at the obtaining of economic advantages will be present to any greater extent in the fields of public procurement and state subsidies.

Corruption aimed at influencing – purchasing – decisions will also become more frequent. Of course it is just as important – this is why it is necessary to strengthen our system of tools in these areas now. Fortunately, in the case of the economically more developed Central and Eastern European countries corruption does not threaten society to as great an extent as it does in those states where they are still working on stabilising the economy. In these more developed societies the public opinion becomes more and more sensitive to corruption so the anti-corruption processes remain just as important parts of the governments' strategies. Fortunately this process is self-generating to a certain extent.

However, in spite of the society's demand there is no widely known and accepted ethical system of standards in Hungary that could influence on an ethical basis the work of those working in the public sphere. Naturally it would be practical to include in the Codes not only the ethical system of standards for the actors of the public sphere but the private sphere's (banks, companies, service providers, teachers, students, etc.) self-regulation should be encouraged, too. The reason for this is that the Code of Ethics for the public services should be introduced just because the actors of the public sphere get into daily contact with the actors of the private sphere.

Taking it further, the corruption occurring exclusively between the actors of the private sphere, in their relations to each other is also important for the state because of its effects on the tax revenues. That is why it is necessary for the state to urge the creation of Codes of Ethics applying to the relations of the market actors only.

In harmony with the foregoing the Government has already committed itself to prepare Codes of Ethics applicable in the public sphere. The responsibility to develop the Code for the public officials lies primarily with the Ministry of the Interior, but the Ministry of Justice has also been requested to create further Codes. Our Secretariat is ready to support actively the preparation of these Codes. Additionally the development of a number of further Codes is also on the agenda of the Government, such as the specialised Codes of the ministries (for example, the Prime Minister's Office already has a full draft), Codes applicable to financial auditors working in state administration, and so on.

At an international level Article 6 of UN's Anti-corruption Convent dedicated six paragraphs to describe the necessity and importance of the Codes of Ethics in the fight against corruption. This Article emphasises integrity and reliability, too.

2. *Creation of the Code*

Because of the significant connections with the market the main purpose of the Code of Ethics applicable to the public servants should be the regularisation of the external relations and not the method of contact with the associates. This latter should be called instead as a Code of Behaviour or an attachment of the job description, etc.

During the creation of the Code (or Codes) of Ethics the following should be considered:

- the circle of subjects;
- the level of regulation, that is, how deeply we try to determine ethical standards;

- the regulated situations, about which it is clear that the regulation must not apply to the public servants' private life, only to the situations related to his or her public sphere activities;
- the necessity of defining sanctions, the type, enforceability, etc. of such sanctions;
- the matter of violation of the ethical rules and of publicity – it is particularly important in the case of the Members of Parliament and municipality representatives;
- whether the Code of Ethics should also establish an ethical body (consulting, interpreting, providing decision powers, etc.);
- how and where to report cases that could be or lead to violations of the Code of Ethics;
- whether the Code should define actual activities (e.g. reporting obligations different from, stricter than or just wider than the property declaration, for example on the public sphere actor's relations with actors of the private sphere) or should it only help passively those who apply it?

In the development of Codes of Ethics the initiatives coming “from below” should have a particularly important role. This means that the subjects of the regulations should not be enforced only to accept such Codes. A Code of Ethics can be effective only if it is observed voluntarily. A key element to this is that those to whom the Code will apply are involved actively in the drafting right from the beginning. I am sure there is nothing new in this statement as the same should apply to the process of legislation, too, with the exception that in this latter case the sphere of regulation is so large that it is impossible to involve personally all members of the society. The more homogenous the subjects of the regulation are the better the Code fits to them and the rarer its violation will be.

An important consideration can be that who will approve the Code. Who can initiate amendments? Who monitors the up to date character of the Code? Who gives advices on its interpretation? In the United States there are Codes of Ethics in which the individual regulations are followed by descriptions of so-called “typical cases” to which the given regulation explicitly applies. It is like when the legal rules are accompanied by court precedents.

3. The circle of subjects

Who can be regulated this way? In the case of the public sphere workers the following:

- Members of Parliament – In numerous commonwealth countries there is a Parliamentary Code of Ethics, an Ethical Commissioner supervising it, and an Ethical Commission managing the Code;
- municipality representatives
- public officials;
- If the public officials are differentiated
 - leaders – subordinates;
 - controllers – controlled ones;
 - persons doing specialised jobs – persons doing administrative jobs;
- i. public servants;

4. Spheres of regulation that should be included actual in the objective regulation

Codes of ethics can be effective in the following areas:

- Acceptance of gifts;
- Participation at social gatherings;
- Participation in trips abroad;
- Indication of revenue generating activities outside the employment (speeches, writing of studies, teaching);
- Regulation of performing other activities that can have an effect on the performance within the public sphere;\
- Private use of assets purchased from public monies;
- Abuse by emphasising the public officials' status, not only for the gaining of financial advantages;
- Demonstration of political affiliations, level of its banning;
- Performing expert's activities on the basis of the knowledge gained within the public sphere while in this status;
- Participation of relatives in organisations managing public assets;
- Connections of former places of employment with the current place of employment (I must note that in the above-mentioned cases prohibitions not necessarily the best solution: prior reporting may be justified and acceptable as well.)
- Handling of the employer's or superior's inadequate instructions (unjustified overtime, help in superior's private dealings during working hours, etc.);
- Gaining "insider's" advantages from unpublished data.

Often the more serious cases of the above listed activities may be considered as minor crimes.

5. *Coming into force of the Codes' contents; why would corruption be curbed?*

- The applier of the standard and those who can observe the violation of the standard are much closer to each other;
- Publicity is a much stronger deterrent than even a fine of several hundred thousand forints. It can be particularly effective in the case of Members of Parliament of municipality representatives, because of their chances of re-election.

6. *Sanctions*

When speaking about sanctions first of all we have to provide details on the character of Codes of Ethics.

Codes of Ethics are practically autonomously created behaviour standards in the case of the violation of which the state's enforcing powers cannot be used, so the only possible sanctions are the disapproval of the autonomous organisation and the members joining the system of standards, or in the case of a violation of the regulations pre-determined disadvantages may also be applied. On the other hand Codes of Ethic can only be established on basic moral values the rightness and necessity of which would not be questioned by the laws of any country existing under the rule of law.

Nonetheless, willingness is very important in this regard as ethical standards do not have the general effect legal rules have. One does not necessarily have to accept the latter in order to allow it to be applicable on him or her. But if one does not join a widely accepted Code of Ethics suspicions will arise about his or her possible unethical behaviour.

Now, as for the sanctions two questions arise:

- Do we need the sanctions at all? If sanctions are defined in it will the Code of Ethics remain a Code of Ethics or will it become something else (e.g. discipline, etc.)?
- If sanctions are needed what form should they take?

If the Codes include systems of sanctions, such systems of sanctions cannot forbid any activity allowed explicitly by the law to the subject, and the Codes cannot determine stricter sanctions than the ones stipulated in the criminal, infraction and other legal sources. The system of sanctions of the ethical standard must remain between these two limits.

The purpose of threatening with such autonomous sanctions is to close the loopholes which the laws cannot regulate suitably in the case of the given situation.

We must note, however, that the basic purpose of the Code of Ethics is the prevention and not the sanctioning. By observing these Codes there is an increased chance that the person applying the code commits an action that violates a standard stipulated by the law. Thus the sanctions of the Code of Ethics must not be of a repressive character but must be used instead as a warning. It is also possible that in a given situation the commission on ethics will only determine the fact of the ethical standard's violation and publishes this finding in a pre-determined circle. This method may be used best among the Members of Parliament.

7. Coming into force of the Codes

Another important consideration is that the persons to whom the Code of Ethics apply should get to know its contents. This can be helped by having the new public officials study and understand the Code's contents. It is also possible to stipulate such knowledge as a requirement for employment in public administration or for the professional examination. It is, however, hard to imagine, as in case the circle of subjects is wide, making it practical to set knowledge of the Code as an examination requirement then the increase of heterogeneity of the subject's circle would reduce the efficiency of the Code itself. But if the Code is adjusted to a homogenous group then the numerous different Codes cannot be integrated into the system of examinations.

I think that after the introduction of the Codes one of the most important tasks will be to encode them into the thinking of the subjects. This is a process where the superiors' example is vital for success.

E. Are there suitable tools to be used against corruption occurring during the tender procedures?

By Dr. Péter Gelléri, Director, BME GTK ITM Decision Tech. Research Group

Please allow me to use the introduction for identifying my professional background: I am viewing the problems of purchasing mainly as a decision analyst and this is the capacity in which I hope to provide some valuable insights to the conference.

We can sense it and the researches also show it: the press, the public and the bidders of public procurement procedures have a deep suspicion against everything that has anything to do with the public procurement procedures.

The question asked in the title of my lecture is quite strong and requires a definite answer. So, we can state definitely that there **are** such tools. What I would like to speak about now is another question: why these tools are not used more widely?

I would like to begin with a general problem: the problem of **regulating the assessment of bids**.

The current public procurement act and the application of the law tries everything it can – with the best intentions – to exclude or limit any possibility of abuse during the public procurement procedures. The result of this is that the professionals feel (with good reason, we must add) that the legal regulations **significantly limit the representation of the reasonable professional interests!** Paradoxically, due to the lack of proper **specialised control** over the various areas these legal limitations are unable to curb corruption effectively.

Here is the chance to improve the situation: the new public procurement act which is being developed now will harmonise the procedure with the EU regulations while it could define new bases for the role of **legal and professional authority** in the preparation, management and subsequent control of the procedures. The knowledge, the up-to-date experience and the intention required for this are obviously present.

A harder problem is **social acceptance**: how much do the inviters, the bidders and the wider publicity understand and support the modifications that will hopefully allow a greater freedom for the exercising of professional interests?

Let me show you, as an example, a single element: the dichotomy of the so-called “objective” and “subjective” assessment considerations. “Objective” considerations are the ones the assessment of which do not require the work of experts as the bids are classified “automatically” on the basis of the fixed invitation requirements. “Subjective” considerations are the ones where the assessment of the bids **requires expert judgement**. People are afraid to use this expression because the word “subjective” suggests a kind of partiality. Similarly the expression “objective” is linked to positive characteristics. So, in the case of these considerations it would be better to replace the “subjective considerations” category with the category of “considerations to be assessed by experts.” At the same time it would be recommended to get the professional public used to the phrase, make them understand its legitimacy, real content, the related responsibilities and the necessary control measures.

In the area of purchasing the statement that the interest of a **professionally well-founded, right decision** is closely connected to the endeavours trying to exclude the possibility of corruption is true in a wider sense. The more we are able to ensure – and support and control, if necessary – the achieving of a professionally correct point of view the less space corruption will have. Of course this is not true the other way round: a perfectly un-influenced decision can still be completely wrong professionally and may cause great losses in the area of the public assets' use.

It is not accidental that this professional control is a significant element in the practices of the World Bank, the EIB and EBRD.

In the area of establishing decisions related to projects and purchasing and checking the results of realisation there are lots of well-proven and effective tools available (software, know-how, etc.) which – when applied correctly – can guarantee the above-mentioned professional correctness.

And still, the general experience of a longer period is that these tools are **hardly ever used** and their regular application is definitely rare.

It is a big pity as these existing and well-referenced routines and techniques contain – and could disseminate – **the well-proven solutions** and best practices as well. These could be key tools in the transfer of knowledge and could ensure very efficiently the possibility for the subsequent checking of the process, thus guaranteeing its **normative character**.

This lecture cannot try to introduce these tools – not even as examples –, instead I would like to have a look at what limits their dissemination and how could we help it efficiently.

I have to mention here that answering this question is very important for the research, development and consultant sector as well: we would like to develop useful tools that can be used in as wide a circle as possible.

We have obtained direct experience with a number of tools and know-how at the Budapest University of Technology and Economics. To mention just one of these: the World Bank has approved the use of the first version of our tool for the **preparation and assessment of tenders** 15 years ago and this tool is used with more or less the same services ever since then – but only occasionally.

During our researches we have studied the dissemination of such tools in a general context, too. The first connection is obvious: how will an **inspectorial body having an authority to licence** accept our application? The World Bank had, for example, such an influence but this influence has disappeared since the purchases are not effected from World Bank sources any more.

Having no such “strong influences” the finer correlations become more visible:

- for example the motivation structure (or with another terminology: the neediness profile) of an organisation using a tendering tool (see Figure 1);
- the characteristics of their existing organisational and decision structure (see Table 1);

- and the quality indices of the implementation (that is, preparing for and supporting of taking into use) technology related to the development and consultant services (see Table 2).

I would like to give a practical and action-oriented summary to my address – this is justified by the spirit of this conference and by the “level of development” of the discussed area. It is true that there are tensions in the field of public procurement but **there are ready to use tools** to curb the procurement anomalies. So this is not the really important question – the tools can be found. But what can we do for their introduction and dissemination?

As a contribution to an action plan to be developed we can recommend the following for the purpose of disseminating the above-mentioned ready to use tools:

- **recommendations** of the professional organisations (e.g. Secretariat Responsible for Public Assets of the Prime Minister’s Office, Public Procurement Council) competent in the public procurement;
- **application protocols** of the government organisations (e.g. ministries) valid for their own areas only;
- creation and continuous control of public procurement, decision and specialty **experts’ lists**;
- high- and medium level **training** of public procurement professionals;
- **shaping the public opinion** in accordance with the above listed objectives, as part of the internationally proven social communication against corruption.

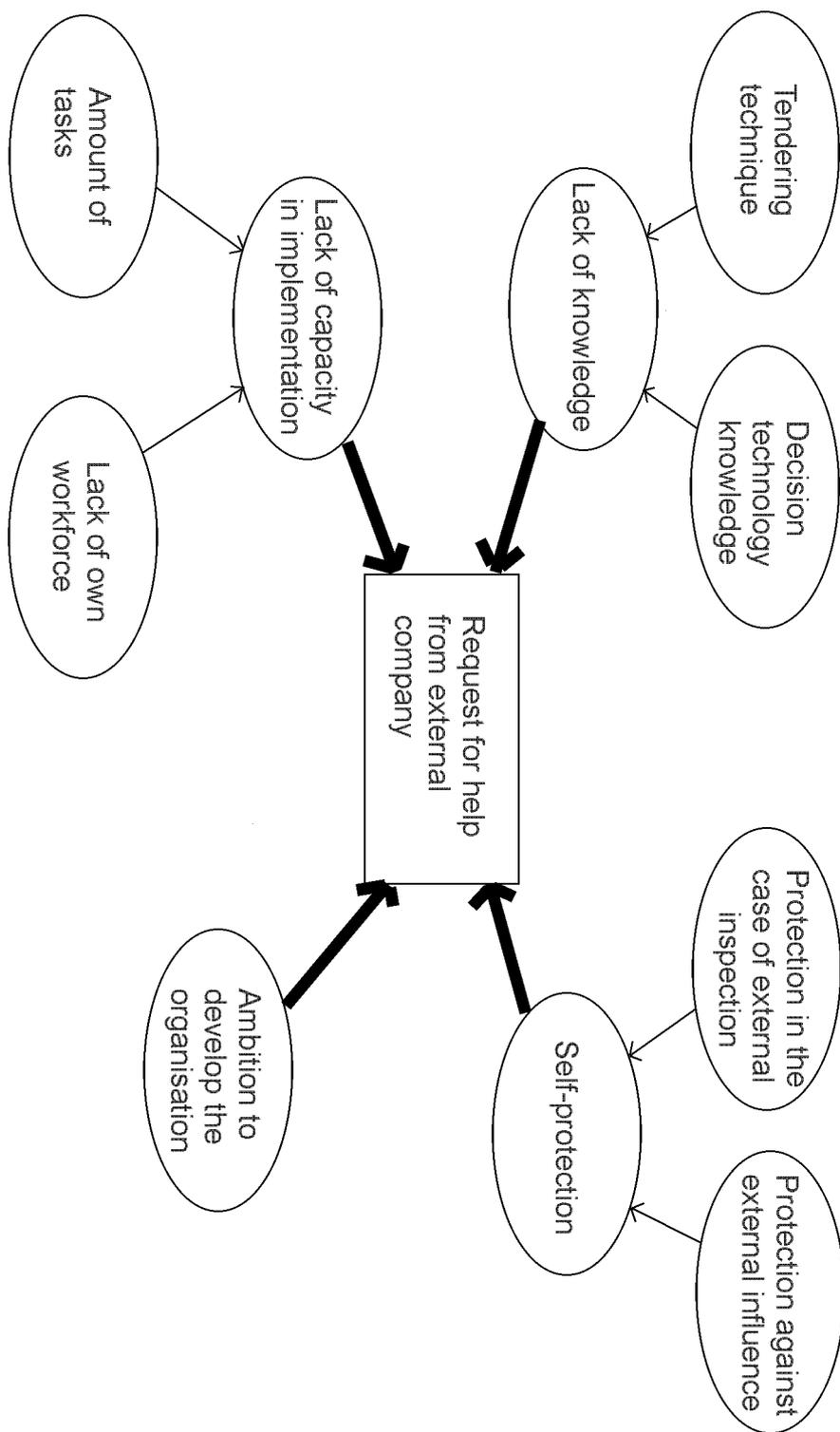


Figure 1: Neediness profile in a tendering system

Table 1: Dimensions of and a few questions related to the cultural capabilities of the organisation to be assessed

Cultural areas CULTURAL ELEMENTS	<i>Decision culture</i>	<i>Informatics culture</i>	<i>Organisational culture</i>
AS THEY THINK (scale of values)	<p>Their opinion:</p> <ol style="list-style-type: none"> 1) what does the goodness of a decision depend on; 2) when is a decision(making) not honest? 	<p>Their opinion:</p> <ol style="list-style-type: none"> 1) does (or can) information technology help them; 2) in what can it help? 	<p>Their opinion:</p> <ol style="list-style-type: none"> 1) how much do the external experts worth; 2) what does the success of a project depend on?
AS THEY BEHAVE... (the relevant practice)	the current method of the established decision-making procedures	software actually used; who uses them and how	<ol style="list-style-type: none"> 3) method of organisation of existing projects; 4) activity of teams at the organisation, organisational conditions.
	is there anyone within the organisation who has used in his or her own field a more sophisticated decision-making technique?	is the person capable of handling the new tool available at the organisation?	can they involve in this project a person having significant project-experience?
MATERIAL ENVIRONMENT	<ol style="list-style-type: none"> 3) the conference-room where the discussions preparing the decision are conducted; 4) boards and other tools used for decisions present in the room. 	<ol style="list-style-type: none"> 3) the available IT tools and software; 4) models and diagrams to illustrate the situation. 	the existing communication tools.

Table 2: Implementation problems in the IT support of the tendering process

Consideration	Prin- ciple	“Qualification”	Reflection for the assessment of (DSS/ES application) task	Recommen- dations to ourselves
The task type ? occurs more than once at the organisation?	if yes, better	yes; frequent at large organisations		
? is it significant at the organisation because of its importance?	if yes, better	yes, extremely	high prestige partner must be provided on the consultant’s side	CRITICAL CONDITION
In the task type ? is there any macro-level effect that can instigate the organisations?	if yes, better	requirement of the public procurement act and the crediting banks	the demand has started to increase just recently	
? did the organisations recognise the above-mentioned tendency?	if yes, better	mostly yes		
? is the organisation’s accommodation urgent for some reason?	if yes, better	yes	but it is still possible that they will wait or just want to take a few “formal” steps	
? is there a realistic chance that the organisation will be able to operate the system without the help of the external consultant?	if yes, better	yes but it depends on the conditions	very thorough descriptions would be needed	
Thy type of task ? is its basic decision model known at the organisation?	if yes, better	generally yes	we must make the user understand the basic differences in case of DSS (decision support system) applications	
? does it require significant knowledge?	if yes, better	yes	this knowledge is usually available at the organisation	
? Can we offer a solution to the organisation’s problem with the software?	if yes, better	yes, with additions	complemented with procedural rules, training and extra consultant’s availability	
? Is it possible to implement a comprehensive modernisation on the basis of the recommended solution (procedure)?	if yes, better	yes	(but it violates significant interests)	CRITICAL CONDITION
? Do we have to support top managers’ decisions?	if no, better	no		
? Can the manager get indirect tools to check the decision-making process?	if yes, better	yes	but it must be understood and developed	CRITICAL CONDITION
? Is the manager motivated strongly to introduce the new procedure (and if yes, what is that)?	if yes, better	generally no	big risk during the decision, and the strong external attention	
? Is it possible to achieve significant resource saving at any of the resources?	if yes, better	yes, mainly in time	this must be emphasised in the service and the marketing, too	
? Does it require group contribution?	if yes, better	yes	this needs – because of different users’ cultures – proper tools and organisation	

F. *The problems of monitoring international transactions*

By Dr. Gábor Papanek, Independent Expert, GKI Economic Research Co

First of all I would like to emphasise that what I will tell here is from the results of a research conducted in 2000 with the help of the UN. The subject of the research was the corruption during international transactions. Now I would like to speak shortly about four of our findings. I will describe the methods of the research, then the experiences gained with three case studies prepared during this work. I will indicate that the problem still exists, and will finally tell you some of our conclusions.

As a significant part of the research was of a methodical type I would like to mention here the methods. Important antecedents were the semi-annual company surveys that have shown perfectly clearly that in the past few years Hungarian companies had increasingly serious problems in the field of legal security. Such problems were caused by, for example, the unreliable land-registers, the abuses during public procurement procedures or other ways of obtaining markets, the irregular conducting of tax and customs procedures. At the end of the nineties more than one-third of the companies have stated that the lack of legal security is hindering their development significantly, and in the case of small companies this proportion reached 50 percent. The studies have also shown that among the factors hindering legal security the problems related to corruption have a very significant role. This is why we were glad to receive the international requests and participated in two large international studies in this subject – the second of which was the UN study. Here I would like to note: we have never received any money from a Hungarian company for similar studies. So much for the basic precedents of our work.

In the first phase of the UN research international comparisons were made and we have prepared correlation analyses, too. This analysis has confirmed the companies' statements that corruption is a significant obstacle to economic development. The graph I am showing contains the corruption index of Transparency International on its X-axis, and the GDP on the Y-axis. Studying the points showing data for more than ninety countries it becomes quite clear that there is a strong correlation between the two. Corruption is relatively rare in the rich countries and frequent in the poor countries. Further calculations have also shown that the correlation is 0.9 which is incredibly high in this field of study. Recently the State Audit Office has repeated the calculations with data collected a few years later and has got a similarly tight correlation.

In the course of our further researches we have prepared three more case studies. The first one was dealing with customs corruption – and here my job is easy because we have already heard General Arnold's excellent lecture on this subject so I do not have to deal with it. I only have two comments on the matter: firstly, Hungarian Customs and Finance Guard was the only Hungarian organisation plagued by bad corruption where our studies in this field were accepted gladly. They have co-operated with us very well, described their problems, explained their objectives and did not try to conceal anything. Secondly – and after the previous statement it is probably not accidental – to my best knowledge HC&FG is the only Hungarian organisation where in the past few years successful actions have been taken against corruption. The present value level of customs corruption is only a fraction of what it was earlier. A few years ago the damages caused by oil-related corruption and oil smuggling had been so high that I used to say that from these amounts we could have built a new

underground system every year. Today, abuses of similar level are just unthinkable. The latest pieces of news in the media were about toy smuggling, chocolate smuggling and the likes – which are of problems a totally different magnitude.

The subject of our second case study was corruption in the course of tax frauds. We have learnt the story from a Judge Székely – I just mention it because courts are a rich source of very instructive corruption cases and this database is almost totally untapped by researchers.

The case I wish to mention was based on the fact that a few years ago significant tax concessions could be got if a company had foreign capital in it. The large, purely Hungarian-owned company turned to its bank and asked whether they could provide them help in this very important matter. The bank sent the client to a world-wide known bank where a contract was concluded that the foreign bank will purchase one-third of the company's shares. On the basis of this the company had requested the tax concession. Subsequently, however, the tax authority had found two things. The first was that although the Hungarian bank had issued a certificate on receiving the compensation for the transaction, the money actually did not arrive to Hungary. The second finding was that the shares were not assigned and never have arrived anyone to Hungary to represent the 30 percent of shares. So the transaction was qualified as fictitious transaction and the company was severely fined. The magnitude of the abuse is characterised by the facts that the value of the "purchase" was USD 2.5 million, and the company had to pay several hundreds of millions of forints as tax fine. We must also note that no one has ever asked the court or us about the names of the two concerned banks. Both had received large commissions which they never paid back.

In the third case study corruption was helping money laundering. This case started ten years ago. The money to be laundered amounted to several billion forints generated in the course of a "pilot game" spiced with lots of abuses. At this time pilot games themselves were not forbidden in Hungary but the perpetrators were not too bright. They undertook to make international financial transactions with the purpose of money laundering. For this they asked help from a bank expert who gave them some advice. The billions were taken out of the bank in a not exactly regular way and taken out of the country in a completely irregular way – in suitcases.

Most of the money was taken to Nigeria where they wanted to purchase a diamond mine with it. There they are said to have bribed everyone needed for the success of the deal – but in the end they did not get the mine and the money was never found again. A smaller part of the money was deposited in a German bank. The German party has indicated that the money seems to be dirty. At first the Hungarians did not understand why it would not be clean. Later, however, when the case was before the court they turned again to the German bank system when it turned out that the money was blocked and is available, so it was brought back, seized and used to pay a small compensation to the victims. So this is about the gist of our three case studies.

Now I would like to show a few relatively new press articles in order to demonstrate that there are still similar problems. For example this is a few days old one from Magyar Hírlap, titled "Compromising data were collected about Health Insurance's chief counsellor." It cannot be coincidence that according to the public opinion surveys public health is considered as the most corrupt area by the Hungarian population. It is also obvious that they do not mind paying gratuity to physicians as the statistics of Gallup shown earlier clearly show that the majority of the population does not consider the sums paid to the doctors as corruption. One of the most generally condemned practices is the so-called "doctor visiting" aimed at getting

the billions paid by public health insurance. According to the official press communications there is no set system for determining how the pharmaceutical companies get money from the public health insurance, there are no public accounts on the beneficiaries, etc. On the other hand I do not think that when they started to introduce the receipt control system they paid a lot of money but still the system did not work for years. It is said that this has caused several billion, maybe ten billions forints' damages annually. At the same time this is an area which we do not have much opportunity to review and where – in my opinion – not much progress was made in the past few years.

To illustrate another problematic area I brought two e-mails recovered from trash-can of GKI Economic Research Co. The first one arrived from Nigeria and it offers to me – personally – to send them just a few ten thousand dollars in exchange for which they will send me several millions. There was a period when I have sent all such e-mails to the Banking Authority but now I do not bother with it any more. And if you think it is an exception here is another one which, if I see correctly, came from Swaziland. The GKI Economic Research Co. gets similar e-mails almost weekly. I do not imagine that we are the only ones to whom such e-mails are addressed. A few days or weeks ago there was a report in the television about a poor Hungarian fellow who sent a few thousand dollars to a similar letter but has got back nothing. To tell you the truth I will believe in the beginning of international banking life's becoming cleaner when I will get less of these e-mails.

A third – and a bit older – Népszava article was about public monies. It would be hard to doubt its actuality. It starts by describing losses amounting to billions. Then it tells that some agrarian producers just produce their goods and send them over the border because then it can get the export premium. From then on the producer often does not care what happens to the goods because the premium is more than enough for it. But a few years ago producers could even bring back the goods they had exported once and try to sell them. Because, says the article, at that time the information system did not check whether the exported goods were re-imported so the export premiums were never taken back. They say this latter problem has eased since then. Why I have brought this article is because I have recently consulted with some fellow researchers from the European Union and some of them have indicated that similar abuses occurred in their countries, too.

Finally let me tell you a few simple conclusions. The first one – which I would like to emphasise again – is that corruption causes immense damages. As the research was partly of a methodology character I must stress that this claim can be supported mathematically, too (by, for example, the Transparency-indices). I am particularly glad to tell this in this room: when a few years ago I showed these same research results, a number of well-known and still active Members of Parliament have doubted my claims. Today, however, such views are inconceivable.

My second statement is that although cases of international corruption are among the most difficult to study, they can be studied. Sometimes even we do study them. As a quite correct method of research we can go to the companies. They are particularly likely to provide information if they are victims of such corruption. I must emphasise again, however, that if we want to check the problem in general and not the actual cases than it is even better to get data from the courts.

My third conclusion is that – as the examples show – today neither the domestic, nor the international institutions are prepared to manage the problem of corruption according to its

weight. Maybe the earlier indications – on the poor interest on the part of the bank system, the problems with the support system, the troubles in public health – convinced you about the need to increase our efforts significantly.

I would like to finish my presentation with two recommendations. Firstly I wish to call your attention to the experiences of the customs authorities. They said that in their opinion it is important that the companies reliable from a customs point of view are recognised. They are checking which are these companies and they form friendly relations with those that are proven reliable. In addition to other advantages this behaviour has a significant restraining effect as a company that has gained the authority's trust will think twice before losing it for some – usually not too significant – trick. The idea for the second recommendation originates from Prague where I have heard it about a month ago at Transparency International's excellent conference on corruption. Characteristically there were only a few guests from Hungary and I think that none of the invited public officials were there. The idea came from an Argentinean expert. The people in Argentina have incredibly rich experiences in this field – much richer than us. According to this expert the Argentinean branch of Transparency International – from American funds – maintains a list on the most corrupt professionals, particularly politicians.

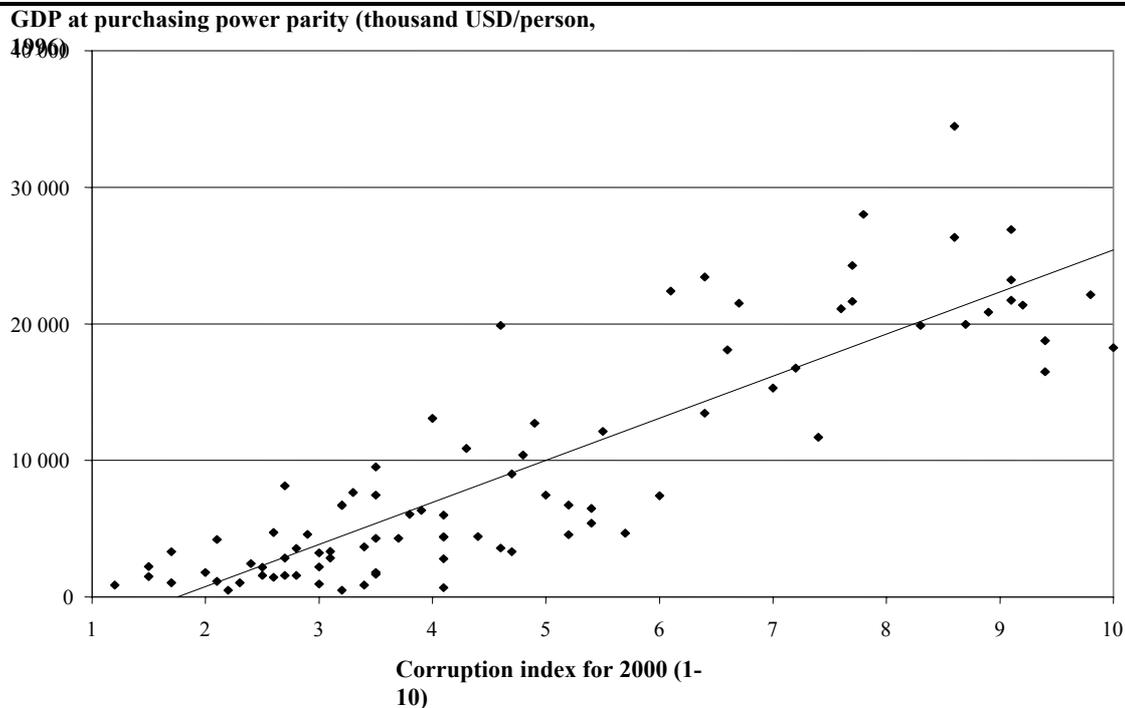
When they started to create this list the results were immediately uploaded to the Internet and it is updated each time a new corruption case is uncovered. Today they have a list going back 10-15 years and the population is supporting their efforts gladly. I think that this is a great example. Of course I am not sure that there would not be people in Hungary who would attack the idea claiming it “violates personality rights.” But think for a moment about it: the loudest protesters will be those who have a good reason to be afraid.

Correlation between GDP calculated at the purchasing power parity and the corruption index

(On the basis of data from 87 countries*)

Correlation between GDP calculated at the purchasing power parity and the corruption index

(On the basis of data from 87 countries*)



Source: *Transparency* [2000], *World Bank Atlas* [1999].

G. Activities of the prosecutors' organisation in the fight against corruption

By Dr. Pál Sinku, Public Prosecutor, Departmental Head, Department of Investigation Supervision, Public Prosecutor's Office

An important task today is the efficient fight against corruption which causes significant social discontent and fundamentally threatens the state's operation. It is a well-known fact that corruption-related crimes – because of their hidden character – are among the hardest to investigate and prove crimes. Among the legal status descriptions of corruption-related crimes we now have – thanks to the legal harmonisation efforts – crimes against the cleanness of international public life, and the traditional legal status descriptions have also been updated. In addition to the traditional system (official-economical, active-passive, corrupt practices) in force until then the Criminal Code of Law now orders to penalize – among others – corruption based on failure to comply with supervision/control obligations or failure to comply with the official person's reporting obligations. The Code ensures in the case of both the active and passive bribing impunity to the perpetrators of as yet uncovered bribing if the proper legal conditions are present. It is also acknowledged that criminal organizations (or others, in given cases) use two basic methods to enforce their interests: violence or bribing. This is particularly true in the case of the authorities' procedures. If the participants of the procedure are made with force or threats not to exercise their lawful rights, not to fulfil their obligations then it may be qualified as a crime of hindering official procedures. But if the perpetrator does the same by giving or accepting illegal advantages then it is bribing. Thus the public prosecutor, as the applier of the law, will deal with corruption exclusively as a criminal law phenomenon.

Due to the significant latency the number of corruption cases is not large but this is what makes them extremely dangerous. This is also shown in the changing of the number of uncovered cases. Following the end of the shortage economy the number of economic corruption cases has decreased significantly in ten years but the number of official corruption cases has increased by 30 percent. This is particularly alarming because the proportion of budgeting-related crimes committed against the cleanness of public life is much higher than average.

In the case of corruption or economic crimes that are complicated from the point of view of legal or factual judgement often organised crime is in the background. In such cases we can often suspect organisations extending over the national borders.

The fighting against outstandingly serious economical or corruption crimes and the prevention and liquidation of any form of organised crime, particularly of forming crime complexes extending over all areas of social and economic life and also public administration it is necessary to concentrate the organisation, methods and tools of crime fighting. The fight against crime and the prevention of crime's becoming uncontrollable can only be done with the co-operation and joint efforts of the state's crime fighting bodies, the authorities entitled to enforce the law and other organisations.

The public prosecutors' work must be assessed continuously in the field of corruption, too. The public prosecutor continuously monitors the areas most threatened by corruption and the causes of corruption. It can be stated that the areas most threatened by official corruption are

the law enforcement organisations (police, customs and finance guard, border guard) while in the case of economic corruption it is the sphere of credit institutions.

At the same time the changes of the past few years in the field of crime have made it necessary to establish and separate from each other certain organisational units adjusted to the traditional and new forms of crime. Paying particular attention to especially complicated cases that are hard to judge from the law's point of view and harmonising professional control is possible only when the organisational unit in question can concentrate exclusively on such matters.

This is why we had to establish the Central Investigative Agency of the Prosecutor's Office. The Central Investigative Agency is led by one of the deputies of the Chief Public Prosecutor of Budapest. Investigations are supervised from a legal point of view by the Department of Special Cases operating at the Investigation Supervision Department of the Prosecutor General's Office.

The Department of Special Cases has the following structure and spheres of authority:

1. Group of Organised Crime and Corruption Cases

- supervises the lawfulness of the criminal procedures conducted by the Central Investigative Agency;
- manages cases related to crimes against the cleanness of public life;
- manages crimes of participation in a criminal organisation;
- manages cases initiated because of crimes committed in criminal organisations.

2. The Group of Economic Crimes processes:

- cases related to economic crimes;
- cases initiated because of crimes against property which are related to budgeting;
- cases of breaching obligations stipulated in international law, damaging nature and the environment, illegal dumping of wastes dangerous to the environment.

From among the cases investigated by the Central Investigative Agency we must mention first of all the particularly dangerous ones which – because of the exclusivity – had always been investigated by the public prosecutor's offices but extend to several counties, require serious investigative work and/or are related to other crimes/perpetrators falling under the competence of other investigative authorities.

However, the public prosecutors' investigative action against the most dangerous – hardest to uncover and prove – economic and corruption crimes and crimes committed in a criminal organisation can only be successful if all legal, personal, material and infrastructural requirements are present.

The following fall under the exclusive competence of the Central Investigative Agency:

- any crime committed by Members of Parliament or officials of the institutions listed in the Constitution elected by the Parliament, and any crime committed against them in relation to their work;
- any crime committed by judges, prosecutors, court and prosecutor's secretaries and abstractors, and investigators of the public prosecutor's office;

- bribing (Art. 253. of the Criminal Code of Law) or corrupt practices (Paragraphs (1) and (2) of Art. 256. of the Criminal Code of Law) committed in relation to the judge or persons employed by the public prosecutor's office.

It is also the Agency's job to conduct investigation in cases taken into his or her own competence by the Prosecutor General, the Deputy Prosecutor General responsible for criminal law, or the head of the Department of Investigation Supervision of the Public Prosecutor's Office.

In order to effect the taking into competence the county (or Budapest) chief public prosecutor sends a report to the Department of Special Cases operating at the Investigation Supervision Department of the Prosecutor General's Office when at any prosecuting organisation or investigative authority in its area of competence a report was filed or an investigation was started which:

- is about abuse of authority (Art. 225. of the Criminal Code of Law, (CCL)), connivance committed during an official person's procedure (Clause b) of Paragraph (3) of Art. 244. of the CCL), creation of a criminal organisation (Art. 263/C. of the CCL), crime against the cleanness of public life (Title VII. of Chapter XV. of the CCL), economic crime (Chapter XVII. of the CCL), crime against property (Chapter XVIII. of the CCL), when the reported persons are
- of a legal status listed in Article 1. of Act LXXIX. on the legal status and responsibilities of the members of the government and secretaries of state or identical; or
- persons indicated in Paragraph a) of Article 97. of Act LXV. of 1990, as interpreted in paragraph (2) of Article 103.; or
- public notaries, deputy public notaries, independent bailiffs, independent deputy bailiffs or county (Budapest) bailiffs; or when
- the crime was committed within the spheres of action regulated in Act XVI. of 1991. on concessions, Act XXXIX. of 1995. on the sale of state owned entrepreneurial assets, Act XL. of 1995. on public purchases, or Act CXII. of 1996. on credit institutions, including any procedures circumventing the legal stipulations.

In this sphere it is particularly important that the public prosecutor or – upon the public prosecutor's order – the investigator of the public prosecutor's office is entitled to conduct secret information collection during the investigations of the public prosecutor's office in accordance with the regulations described in Chapter VII. of Act XXXIV. of 1994. on the police, in order to uncover or interrupt criminal activities, determine the perpetrators' identity or place of dwelling, arrest the perpetrator or to collect evidence.

Another important consideration is that although the tight system of super- and subordination within the prosecution system does not exclude the possibility of criminal organisations getting close to the decision-making forums of the apparatus but it makes it much harder than in the case of other state organisations. Due to the regular internal supervisions or citizens' complaints any case may get up to the Prosecutor General's level and if any sign of inefficiency or partiality results in an investigation, so knowing these facts increases resistance against corruption.

The basis for the uncovering the especially dangerous crimes is the analysis and assessment of data collected during the multi-directional data gathering process. In the course of these

procedures we must recognise signs indicating such cases and the connections between phenomena that seem to be distinct.

The requirement of efficiency is present in these cases in another dimension, too. We must demand high level criminal procedural law and criminal material law training, as well as criminology/criminalistics expertise, thorough knowledge of all areas of the private and public administration law and of the adjudication practices from the members of the investigating authority and particularly from its leaders in decision-making posts.

It is vital that the public prosecutor should have a thorough knowledge of the most up-to-date criminal technology and criminal tactic information and that he or she know and be able to apply those criminal procedure proceedings (e.g. covert investigators, witness protection, etc.) suitable to break the mutuality of interest existing between the active and passive briber.

Finally it is also important to investigate and seize the advantage given.

VI ACTION PLANS DEVELOPED BY THE FIVE GROUPS

A. Group 1: Ethical matters, lobbying, property accounting, financing of political parties

By Chairman: Dr. Tamás Dékány, Head, Public Asset Supervision Department, Secretariat Responsible for Public Assets

1. The necessity and effect of ethical codes

In relation to the adoption of ethical codes and the application of ethical standards the workgroup has developed the following action plan:

The action plan:

- 1) Parallel adoption of comprehensive, “constitutional” and sector-level ethical codes in accordance with the guidelines agreed on by the workgroup, preferably this year;
- 2) The codes must be described to the concerned persons in an institutionalised way, personally – written circulation is not enough;
- 3) It may also be good to provide information through the media;
- 4) It is necessary to develop a civilian charter providing guidance to the citizens on what they may expect from the persons working in the public sphere;
- 5) We should promote the adoption of ethical codes in the private sphere, too;
- 6) Ethical committees should be established by the ethical codes with the purpose of providing help in the codes’ interpretation, consultation and declarations of public interest;
- 7) It is important to establish qualification systems either by the suppliers’ party (feedback of the code’s coming into force) or by others within the codes of ethics. A so-called ethical auditing is also important;
- 8) It is important to have trainings on the ethical standards;
- 9) Ethical standards should not apply to natural persons only but may also be applied to institutions. An example for this is the provision of a ramp at the entrance of the institutions in order to help the entry of handicapped persons.

2. Necessity and effects of modifying party financing

The increased monitoring of party financing and budgeting is very important from the point of view of curbing corruption aimed at the influencing or “purchasing” decisions. At the present time Article 7 of Act XXXIII of 1989 deals with the parties’ budgeting and the monitoring thereof. The last time this Act was amended was in 1992. Parties can have revenues from the following resources: membership fees, state subsidy, free real estate provision, property contribution by market players, business operations of the party, and the after tax profits of single-person limited liability companies established by the party.

When approving the action plan the following questions occurred:

- Is it necessary to maintain all types? Would it not be better if the individual possibilities were regulated in a more detailed way? If yes, which ones and how?

- Could we not consider state subsidies simply as monies provided in order to ensure equality of opportunity, and determine its amount accordingly (at present the parties maintain their daily operations largely from public monies provided by the state budget; their other revenues are not up to this level.)?
- Should every party receive state subsidies? Should the governing parties be subsidised or only the opposition parties?
- Why is the state subsidy limited to parties reaching the 1 percent threshold?
- What are the conditions applicable to donating by private organisations or private persons?
- If a party accepts a larger property contribution it must pay it back to the state upon the State Audit Office's (SAO) request. However, parties receiving monies from the state budget are supervised by the SAO only bi-annually.
- Product sales by parties are free of VAT and after the profits no corporate income tax must be paid. However, taxation obligations and the related tax authority investigations may in themselves limit corruption occurring in the form of party financing. On the other hand if this was so the Tax and Financial Auditing Office – as an administrative organisation – could monitor the financial and tax aspects of party budgeting. We must add that the parties, as social organisations are now subjects to the corporate income tax and the dividend-withholding tax so in principle nothing prevents such monitoring.
- Is it necessary to limit the amount the parties are allowed to spend?
- Would it not be advisable to ensure tax allowances in the case of contributions given to parties as in this way the contributions could be monitored not only at the beneficiary's side but at the contributor's side, too?

The action plan:

Definition of the conditions of feasibility for the action program:

- We should initiate as soon as possible four-party conciliation on the subject because of the delicate political connections;
- Party financing would be more transparent and more clear if the amount accountable for by the parties was increased significantly;
- In the workgroup's opinion party budgeting reports should be adjusted so that they are much closer to the regulations stipulated in the Accounting Act. Maybe it is not necessary to make the regulations identical to those stipulated in the Act but they should be much closer to those than the regulations in the current Party Act;
- In the workgroup's opinion state subsidizing of the parties is not a mistake and it should be maintained in the future, too.
- In the workgroup's opinion parties – or at least party budgeting – should be audited.
- In relation to party financing the most urgent matter is the financing of the election campaigns that should be reviewed or re-regulated.

3. *Need for a lobbying act and the possible directions of regulation*

Paragraph 4 of Government Decree No. 1023/2001 (III.14.) on the government anti-corruption strategy envisages checking the need for creating a Lobbying Act. In the process it is necessary to take into consideration the settlement and regulation of the relations between the organisations and legislators responsible for preparing the rules and the organisations concerned by the regulations and taking part in its development on the basis of a registration stipulated in the decree. In 2001 there was a proposed draft version of a Lobbying Act. The main questions related to the regulation are the following:

- Should we have a separate act or should we make it as part of the Legislation Act;

- How we should organise registration and do we need it at all;
- What limits should be set for the activities of these organisations and how can they influence the preparation of decisions;
- What should be these organisations' legal status;
- How should we regulate the means of lobbying:
 - written opinion on the finished drafts;
 - possibility of personal audiences at high forums;
 - participation at conferences;
 - right to inspect the documents used for the preparation of decisions (the inspection of documents used for the preparation of decisions might cause problems because of the non-public qualification of these documents; see publicity of data with public interest, Paragraph (5) of Article 19. of Act LXIII of 1992.)

The action plan:

The truth is that the workgroup could not agree on whether a lobbying act is necessary or if it is necessary then how we should regulate it. Finally the workgroup has agreed – upon the information received from a representative of the Ministry of Justice – that it will ask the Ministry of Justice to review the possibilities for the regulation of lobbying in the course of the current codification of the Legislation Act. We have reached consensus in the regard that as for the regulation of lobbying and the Lobbying Act public procurement must not fall under the effect of this regulation. We have also agreed that such decision-influencing, decision preparing activities must not apply to the Parliament only but to the municipalities' legislation, too. Finally it seems better to differentiate and isolate lobbying aimed at influencing the professional content from lobbying based on professional preparation and aimed at influencing political decisions. This latter should be included in the ethical regulations applicable to high level political decision-makers.

4. *Property accounting*

Maybe this is the area that is most finished as compared to the other three. The number of regulations dealing with property settlement is so high that it would not be practical to list them all here. To mention only the acts' level there are separate regulations for the property declarations of the local municipality representatives and the Members of Parliament, the property declarations of the public officials, the judges, the persons working in jurisdiction etc. The law on the so-called “glass pocket program” includes further details (like the abolishing of the obligation of two property declarations, inclusion of the chief executives of the business organisations having a majority state ownership, inclusion of persons participating in the preparation of government and municipality decisions, etc.)

The “action plan”

The workgroup has agreed that the areas regulated currently in numerous acts and government decrees do not have to be unified because their separation is not incidental: they are regulated in separate acts and decrees because of the special characteristics of the relevant areas.

The workgroup thinks it has discovered numerous loopholes in the system of property settlements, for example the following:

- definition of “close relative”;
- what should happen when the mandate of a public official or a representative/Member of Parliament expires or when a public official does not work in this status any more;
- we have thought about the role of the tax authority; we have also thought that maybe we should check the property declarations of the representatives/Members of Parliament or public officials randomly; but we could not agree on how to implement this system.

So, we had examples, we had found loopholes, but the workgroup has thought that it is not necessary to develop an action plan; these loopholes should be “plugged” during the next actual revision of the regulations.

B. Group 2: Public procurement, supplying, procurement culture

By Chairman: Dr. Betty Deli, Decision-making Committee, Public Procurement Council

1. Preparation of the workgroup session

When assembling the workgroup we were looking for experts who had practical experiences in the various professional areas related to public procurement and who play decisive roles.

- 10) The members of the workgroup have analysed Hungarian public procurement practice jointly and the possible directions for the development of this area.

2. Main ideas of the workgroup meeting

The domestic practice of public procurement has been present in Hungary since the mid 1990's and it has been developing ever since then. Act XL. of 1995 (hereinafter referred to as the PPA) has introduced a set of regulations in Hungarian procurement practice – in accordance with the relevant EU directives – that, after the initial problems, has proved to be up to any international comparison. We can say that the PPA has stricter regulations than the EU directives for both the inviters and the bidders.

The regulation provides detailed descriptions for the various procedures. As regards the organisational system the law provides accurate and proper regulations and no further development is needed in this regard as it is an independent organisation reporting to the Parliament only – the Public Procurement Council – which defines the public procurement policies and which can recommend to the Ministry of Justice the amendment of certain parts of the law. The law has established the system of forums for legal remedies, too. Accordingly, the PPA is a perfect basis for the further development of the regulation.

Elimination of contradictions present in the law that can be discovered during the use of the regulations only has been performed several times but further refinements are needed still.

What the system lacks is the control. Traces of preliminary control are present – in the form of the legal reviewing activities of the Public Procurement Report –, but it has no legal background and consequently, no related responsibility level. There is absolutely no control built into the process. The possibility for legal remedying available to the bidders is a legal institution aimed at rectifying any procedural errors committed by the inviter by which the inviter can subsequently correct the errors present in the invitation, the documentation or certain procedural activities and can sanction any violation of the regulations.

However, the concluded contract is not reviewed. That is, no one checks whether the contract was concluded in accordance with the conditions stipulated in the invitation and the documentation, or whether the amendment effected during the fulfilment of the contract did not lead to significant deviations from the subject of the procurement.

It is important to refine the existing regulations but the process of procurement must be managed as a whole. The establishment and dissemination of a new procurement culture may result in making procurements not only regular but also good. In order to achieve this it is necessary to train the persons participating in the procurement, to disseminate new

procurement techniques, to create new experts' lists, to use IT tools, to provide wider access to the knowledge related to procurement (e.g. the use of sample documents, Internet access, remote training, etc.).

The procurement practice of the municipalities shows that this is the public administration area that needs the most the tightening of the regulations. There are almost no procurement regulations, and the collective decisions have the effect that the personal calling to account of the responsible persons can almost always be omitted. There is a contradiction here between the principle of self-government and the accountability of the decision and this contradiction should be resolved.

In this segment of public procurement it is even truer that the training and the dissemination of the procurement techniques are necessary measures.

3. *Starting points of the action plan: the summary submitted by the workgroup*

Principles to be followed:

- Publicity (further strengthening the publicity of the procurement);
- Transparency ("rules of the game" made well-known to everyone, control over the whole procurement procedure);
- Efficiency (thanks to the thorough preparatory work the procurement is good from a procurement-technology point of view as well as from a professional point of view);
- Flexibility (the application of new procurement techniques makes the procurements faster and more conforming to the above-listed expectations).

Control requirements:

- Planned character: of the procurement culture's establishment and the further development of the regulation;
- Central coordination;
- Suitable receiving organisation.

Points of the action plan:

- Re-consideration of the legal regulation of procurement (in harmony with the amendment of the PPA), further development of a regulation model meeting the EU standards;
- Training of the persons participating in the procurement activity (public officials) and of the inviters' experts;
- Creation of experts' lists, determination of the selection methods used, continuous monitoring;
- Popularisation of decision-supporting IT tools, dissemination of the use of such tools, continuous monitoring;
- Editing of sample documents, the standardisation of the use of such documents;
- Establishment of other tools supporting the procurement activities (call centre, WEB access, establishment of organisations specialising in procurement activities, where it is necessary, etc.);
- Development and popularisation of electronic procurement methods;
- Re-consideration and widening of the control activities related to the procurements, searching for new solutions.

Basic conditions for the start:

- PR: the whole program must have a laid-back but continuous PR support;
- The coordination of the activities of all participants of the task.

C Group 3: Training, human resource development, public opinion research

By Chairman: Dr. Péter Gelléri, Director, ITM Decision Technology Research Group, Faculty of Economy, Technical University of Budapest

1. Preparation of the workgroup session

When assembling the workgroup we were looking for experts who had significant research results in the various professional areas related to this aspect of corruption (public opinion research, sociology and social psychology) and/or who play decisive roles. The members of the workgroup have collected and systematised the Hungarian and international anti-corruption researches and have accepted as best practice the *Hong Kong anti-corruption program* that has been in use since 1973.

The members of the workgroup have made recommendations to the anti-corruption program on the basis of their research and professional background; thanks to this the meeting of March 21st, 2003 could start with a *unified theme plan*.

2. Main ideas of the workgroup meeting

The level of development of the various concerned areas is quite different in Hungary:

- **Public opinion research:** with the support of the UN there is a large ongoing research project (Gallup);
- **Social psychology research:** there are some very promising initiatives;
- **Public education:** at the moment there are no developed ideas, the level of preparedness is not good enough, the program starts from zero.

It is necessary to shape the population's awareness *in the course of traditional training*, too (from kindergarten to adult education):

- We should provide the educators with practical educational tools with which they can shape the thinking of their pupils and can curb social cynicism;
- It is important to provide good citizenship training and to develop a good citizen's sense of responsibility;
- To shape people's approach we must uncover the psychological mechanisms of corruption situations.

In addition to education the other most important areas of awareness-shaping are the **civil organisations** (e.g. in the form of forums, camps) and the **media**.

The media has an important role in reaching a minimum level of social attention but the media should be used *in a new way*, for example it is not necessarily good to over-emphasise the role of advertisements. As possible directions we could mention **reality shows** specialising in corruption or **soap operas** having an approach to corruption different from the current ones.

The public education program requires the introduction of a **new education philosophy**. Instead of a simple transfer of information it would be better to emphasise the modelling of actual situations and dilemmas and the *interactive* practising of these, in the form of decision-making games. We should develop a well-founded and didactic game and model base by

which we can transfer the necessary skills and ways of thinking, with the help of the possibilities offered by the Internet and other interactive media.

In planning social communication proper **segmentation** is very important: we should review individually which are the best approaches, the types of messages and the most effective techniques for the various social groups. We need a research that covers the whole society finding the most sensitive points of the various social groups and the points where changes are needed.

The professional action plan should take into consideration the **political environment** as well: corruption is one of the areas in Hungary around which a very hard political confrontation has formed. Thus, the action plan should pay special attention to the management of the “*media neurosis*” related to the question of corruption.

We should also define **measurable performance indicators** and “milestones” for the tasks. On the basis of the success criteria it would be possible evaluate whether the work that has been performed up to now had been successful and how far we came in the road leading from the start to our goal. We must also define the proper evaluation methods.

3. *Starting points of the action plan: the summary submitted by the workgroup*

Principles to be followed:

- *Parallelism*: The actions must be initiated at the same time;
- *Interactivity* (one of the cornerstones of the new education philosophy);
- *Case-centred character*: The interactive work must be connected to actual situations, dilemmas or decision problems.

Control requirements:

- *Planned character*: the strategies should not have virtual functions only;
- *Central coordination*;
- *Suitable receiving organisation* (to be defined by a preparatory committee).

Points of the action plan:

- *Basic researches in sociology, social psychology and media sciences*: we must continue the basic researches from a well-founded basis;
- *Public opinion researches*: must be continued.
- *Media researches and effect assessments*: must be planned and initiated.
- *Public education*: development of a strategy and methodology:
 - a. traditional education with non-traditional tools;
 - b. content development: it is very important to develop actual cases and situations;
 - c. simulation of decision situations;
 - d. media methods: new type of media use;
 - e. focus group researches.

Basic conditions for the start:

- PR: the whole program must have a laid-back but continuous PR support;
- Management of the media neurosis related to the question of corruption; a consensus should be reached among the political parties.

D. Group 4: Crime prevention, crime fighting, law enforcement

By Chairman: Dr. Hegedűs András, Deputy Secretary of State responsible for crime prevention, Ministry of the Interior

1. Preparation of the workgroup session

When assembling the workgroup we were looking for experts who had comprehensive expertise in the various professional areas related to this aspect of corruption (crime prevention, crime fighting, activities of the law enforcement organisations) and who were able to describe the characteristics of the various individual areas.

Selected members of the workgroup were asked to prepare in advance assessments on their professional areas, including a description of the problems there.

We have selected from the materials thus prepared those subjects that were set as the central problems to be discussed at the meeting of March 21st, 2003. The experts who were requested to do so had short presentations to initiate the comprehensive discussion.

2. Main ideas of the workgroup meeting

At the beginning of the discussion we have listed the subject groups provided by the organisers as ones found to be important for this workgroup for the development of the national program. The first among these was whether behaviour codes can have any role in prevention, how could we introduce and have observed these, and what kind of behaviour codes are needed. Is it necessary to introduce a witness protection program, how could we manage the risk and profit balance so that the risk of corrupt behaviour can have a deterrent force, and are there any supervising organisations that are part of the problem? How could we make these parts of the solution? Does the public know what to expect from where, and where to report corruption?

A general statement in the participants' contributions was that Hungary has performed the legal amendments in accordance with the international expectations so this part of the government strategy has largely been realised. There are not many legislative possibilities left. Thus, we must put the emphasis primarily on prevention, wide range enlightenment, execution of the regulations, development of the organisations concerned in execution, and the further education of the concerned professionals.

Several contributors have demonstrated that in their fields they have organisational strategies for action against corruption but these were not harmonised at a higher (sector) level. During the discussion it also became clear that the various organisations are at different levels of implementing their strategies: some have already performed internal surveys, prepared codes of ethics and developed an actual action plan the implementation of which is continuously being monitored. Other organisations have no codes of ethics yet nor were their action plans developed. All contributors agreed on the importance of the codes of ethics as criminal law cannot manage all forms of behaviour that can be considered as corruption, and anyway, they think it important to provide a standard that will make it clear what is acceptable and what is not.

This discussion allows one to conclude that there are control organisations in the individual areas but it is vital to strengthen these from professional, staff and technical points of view,

and we must ensure that these organisations act in a harmonised way. Particular emphasis was placed on the privileged treatment of the Protective Service of the Law Enforcement Organisations and the public prosecutor's investigations as well as on the importance of operative surveillance.

The contributions have confirmed that an important tool in curbing corruption within the law enforcement organisations would be if a report and complaint system was made available to the citizens that does not scare away the reporters and can, if needed, ensure anonymity. In this regard we have mentioned certain toll free numbers operated by the law enforcement organisations, and also the institution of "Phone witness" whereby anyone can report anonymously any behaviour that is contrary to the law. During the discussion we have debated over whether the multiple phone numbers have a negative effect on the proportion of reports as a single phone number would be easier to popularise.

Of course we have also agreed that it is very important to provide protection to the witnesses participating in the authorities' procedures as the problems with evidencing make the witnesses testimony all the more important.

During the discussion the need for a comprehensive human policy approach emerged as a separate subject group. Many participants have claimed that there was a correlation between the low wages of the law enforcement professionals and the high proportion of corruption among them, while others stressed the importance of proper admittance and training systems, but they have also accepted as a fact that a definitive element is the existence of a calculable career plan. A clear requirement was the importance of supervision by the leaders that – in the best cases – can be complemented by procedure organisational and technical solutions that can exclude or reduce the risk of corruption.

The contributors have also agreed on the special importance of social enlightenment, the involvement of the media in awareness-shaping and have stressed that civil organisations may have an important role in any advances to be made in this area.

With regard to the closing of the discussion it became clear that due to the width and depth of the subject a single forum cannot provide a comprehensive review so one of the ideas was that it would be recommended to organise such forums at the sectors' level.

3. *Points of the action plan:*

The workgroup has marked some areas that can have a profound effect on forming the sector-level anti-corruption strategy. These areas are the following:

- development of an anti-corruption strategy and development of strategies within the individual organisations;
- establishment of a system of organisations responsible for supervision and detection, and the strengthening of the existing organisations in the various areas;
- development of a report and complaint system and increasing the efficiency of the existing report and complaint systems;
- comprehensive human policy measures (admission, filtering, calculable career plan);
- creation of codes of ethics within the individual organisations or the modification of the existing codes of ethics so that those meet the requirements of the current social situation;
- social enlightenment and the involvement of civil organisations for prevention;
- witness protection in the field of anti-corruption measures.

E. Group 5: Subsidies, monitoring, supervision systems, contradictions of the tax system

By Chairman: Dr. János Nagy, Assigned Head, Department of Financial Supervision, Ministry of Finance

1. Members of the workgroup

When assembling the workgroup we have invited experts – professionals and independent consultants – to develop the workgroup’s opinion and the necessary anti-corruption measures who are working in specialised areas (finance, taxation, customs, State Audit Office, government, municipality, social security supervision) and whose long activities in the field of supervision could ensure the collection of useful experiences.

The members of the workgroup have discussed their own supervision experiences and research results to collect the priorities relevant to the work of the fifth section and to compile a list of tasks that can serve as a basis for detailed development in the future.

2. The problem

Can supervision itself be a problem?

How and with what tools can the supervisors themselves fight this problem?

What can they do and what tools should they use so that they themselves become part of the solution to eliminating corruption?

3. The most important recommendations of the workgroup session

Plain, comprehensive and concerted legal regulation;

Simple and simplified concerted supervision procedures;

Training and qualification of the users of the law;

A public administration apparatus operating at a high professional level;

E-government

Open and transparent contact with the clients;

Leaders’ responsibility in the operation of the proper institution policies and programs;

Moral and material recognition;

Unified municipal procedure system and – as a background – a unified regulation of the legal framework; a concerted and unified application system.

4. Principles of the action plan

Openness;

Transparency;

Simplicity;

Professional level;

Ethics and professional character;

Monitoring

The workgroup considers it particularly important that the regulations are clear, comprehensive, concerted and plain; at the same time we should endeavour to provide the minimum regulation needed – here we refer to deregulation – and to enforce the requirements of making the regulations available to everyone while the considerations of data protection are also observed.

This is complemented efficiently by the measures aimed at simplifying and concerting the procedures; to mention just one example there is customs administration where if a client has to wait for long periods or if the client has to “purchase” his or her time it can lead to corruption.

A key to the clean and corruption-free public administration work is the high level of education of the users of the law and their proper information about the applicable legal background; and in close connection with this there is the demand for establishing a high professional level and well-working public administration apparatus. So, we should mobilise competence and ethical and professional behaviour in order to establish and maintain the highest ethical standards.

This must include the measures that can prevent organised crime from infiltrating the public administration apparatus. It is also important that in certain positions – and particularly in high positions – it is not recommended to let a given person keep a given position for too long: this could be solved by limiting the allowed time in office in the case of the positions the holder of which has to decide on significant amounts.

Publicity and transparency are the keywords among the anti-corruption measures; these require openness in the contact with the clients, a simple, fast and accessible procedure for receiving and investigating the clients’ reports, and the implementation of “single-desk” administration. At the same time it is necessary to establish the systems of E-government and E-Hungary. Just a sentence about something else: the recommended wide publicity should not be used for providing information about negative corruption tendencies only but also for telling about the positive changes and the achievements.

The taking of responsibility by the leaders is another important area: every leader should manage with priority the question of this responsibility within his or her institution or organisation, in the operation of the proper institutional policies and programs. We must emphasise here the importance of the codes of ethics, the declaration of the exemplary behaviours within the various public administration areas and also the importance of observing and having observed thereof.

The effectiveness of the above-mentioned measures will depend, however, to a large extent on whether moral and material recognition will have proper emphasis or not.

Finally we must say a few words on the threat of corruption on the municipalities’ activities: it is necessary to create clear, concrete, transparent and unified procedures and operational framework rules that will ensure the verifiability, transparency and comparability of the regulation within the municipalities’ own sphere of authority, the operation and the decision-making and the application systems – by establishing application monitoring, for example. This must, of course, be complemented – just like in the public administration apparatus – by a certain healthy rotation system that reduces the threat of corruption on leaders having central or local, decentralised decision-making rights.

VII ATTACHMENTS

Attachment 1

A. *Press release*

**“Follow reason, that is, act in such a way that the principle of your will shall be suitable as a general law”
(Immanuel Kant)**

Dear Guests,

Please let me thank you on behalf of the UN Office on Drugs and Crime and the Secretariat Responsible for Public Assets of the Prime Minister’s Office for accepting our invitation to the press conference of our two-day event titled *National Conference for Cleaner Public Life*.

About the Global Program against Corruption

The *Global Program against Corruption* (GPAC) was developed in 1999 by the United Nation’s Office on Drug Control and Crime Prevention as a response to the global trends and the Member States’ requests for support in their anti-corruption efforts.

The Program aims at helping Member States in preventing and controlling corruption through:

1. Advancing knowledge and expertise on anti-corruption measures and tools;
2. Providing technical assistance to build and strengthen capacities;
3. Enhancing coordination and cooperation among organizations active internationally in anti-corruption policy, advocacy and enforcement.

The *Global Program against Corruption* was designed in such a way that due to its modular structure the various elements include different activities that can be executed both individually and in packages at a national or international level. It takes into consideration the fact that corruption is a complex phenomenon the character of which is different in every country depending on the social, economical, cultural and particularly the legal background.

Hungary has joined the *Global Program against Corruption* right after its establishment and according to the UN experts supervising the project the country has been one of the pilot countries participating in a so-called action-learning process ever since then. If we have a look at the measures proposed by the government we will see that the results achieved by Hungary are quite significant even when compared internationally. The current government has accepted the principle of “zero tolerance” so it is a dedicated partner in the anti-corruption efforts.

This conference is the first independent, national level event of the *Global Program against Corruption* in Hungary. Its aim is to catch the attention of the public and of the experts who are the most knowledgeable and most active about this subject, and to provide them with actual information and ideas to be developed. The international community now regards corruption as one of the greatest problems of our societies – a problem which can threaten the stability and security of societies, the social, economical and political development and undermines the moral and ethical values. The globalization of services, goods and job markets promotes – even though the vast majority of people do not want it – the internationalization of many kinds of illegal activities. As a result the curbing of corruption becomes even more important at both the national and the international level, requiring a more concentrated effort, exchange of experiences and the unification of the counter-measures at a higher level.

This process is unstoppable – it is clear from the fact that as a result of the past few years' efforts by the Europe Council, OECD and OAS, UN has started to search for standards with a comprehensive scope and a global application. As a result of these efforts it is likely that UN will soon (probably in December, 2003) shall formulate its Convention against Corruption, which is now being discussed by an ad hoc committee in Vienna.

It is quite difficult to determine the extent of the web of corruption within a society or globally. You are all familiar I am sure with Transparency International's corruption perception index prepared annually, on the country listing of which Hungary has been maintaining its position for ten years now (with small fluctuations of 2-3 positions). According to this index Hungary is one of the least corrupt countries in the region. Identifying just how much corruption occurs in any society or around the globe is difficult to quantify. However, this index – while useful – tells us only about the perceptions of corruption, not an objective evaluation of the actual extent of the phenomenon.

Gallup has prepared a study in this field and has demonstrated that the population has a different perception about the various behaviors and activities that can be considered as corruption. For example, almost everyone considers it corruption when officials or politicians tolerate organized crime ion exchange for a certain fee or when the public decision makers are bribed in order to win large government contracts. In contrast, the “gratitude money” given to physicians is considered as corruption by one quarter of the population, while in the case of tips the ratio is one fifth. These surveys clearly indicate how difficult it is to determine where corruption begins in the opinion of the population. On the other hand, the results provide some clue about which are the most dangerous areas and where we should start eliminating corruption.

A lack of tools can be assumed on the basis of a part of the survey according to which the proportion of the population (62%) that would be ready to report corruption is much larger than the proportion of those who know where to report such cases (43%). For a detailed report visit the following website: <http://monitor.gallup.hu/elemzes.html>

National Conference for Cleaner Public Life

On the first day of this two-day event representatives of the UN Office on Drugs and Crime, associates of various Hungarian institutions dealing directly with the problem of corruption, and the Hungarian party fractions will present their views and proposals on corruption in Hungary. We have invited 40 students studying law and public administration in order to have some professionals of the next generation learn about the problem and make them dedicated

to fighting corruption. We will pay special attention to involve the students in the next period of work, to.

After delineating the status of corruption in Hungary came the most important part of the work: on the second day small groups were formed in which invited experts have described their views and proposals on the corruption-related matters of the following areas:

1. Ethical Issues, lobbying, asset control, financing of political parties

- The need for Codes of Ethics relevant to the various areas of expertise and the need for a Civilian Charter
- The need for ethical committees, systems of qualification, auditioning and training
- Assignment of personal and institutional responsibilities
- The financing of the political parties needs to be completely revised
- Special controlling and monitoring systems for the financing of the election campaigns
- No final agreement was reached about the Act on lobbying, except that it must be extended to the local governments and that it cannot apply to public procurement
- As for the amendment of the Act on legislation the Ministry of Justice shall prepare its draft proposals
- The area of property declarations is relatively well developed

1. Public procurement, supplying, public procurement culture

- Re-consideration of the regulations on public procurement (in harmony with the amendment of the Act on public procurement)
- Training of the persons involved in the public procurement process (public servants, officials)
- Creation of experts' lists, defining the methods of selection for those, continuous monitoring
- Popularization of decision-supporting IT tools, propagation of these, continuous monitoring
- Editing of sample documents, standardization of their application
- Creation of other tools for supporting procurement activities (call center, on-line availability, establishment of organizations specializing in purchasing, where necessary, etc.)
- Development and propagation of electronic purchasing systems (EPS)
- Development of a regulatory model meeting the requirements of the EU standards
- Re-consideration and widening of monitoring activities related to purchasing, search for new solutions

3. Education, human development, polling

Childhood has a very important effect on a person's relation to corruption, thus the educators' responsibility is very high

The media have a high impact on a society's awareness

Tools strengthening the corruption-rejecting behavior of Hungarian society

- Compilation of an Action Program for the anti-corruption training

- Establishment of a preparatory committee developing the set of tools for human development against corruption

4. Crime prevention, fighting crime, public administration

Introduction of a Code of Behavior at the policing organizations and its role in crime prevention

Management of citizens' reports, causes of the lack of reports, forums for receiving reports

Witness protection program

Strengthening of the control systems

5. Subsidies, monitoring, inspection systems, contradictions in the tax system

Comprehensive, clear, realistic regulation (public procurement)

Implementation of the public administration apparatus, clear system of conditions, careful selection, stopping of favoritism

Simplification of the bidding system, concrete definition of the bidding principles

Proper sanctioning of the primary leaders' responsibility

Continuous contact with clients, open and appropriate system of forums, move towards the single-desk administration

Application of proper deterrent methods in the public and private sector, the aim is a higher level of adhering to the law

A summary report will be prepared on the work of the groups; this report will be sent to the leaders of the concerned Ministries, and an abstract of the report will be made available to the press.

Beyond the glass pocket...

We expect that in the next few weeks the Parliament will pass the law known as the "Glass Pocket Act." This will close the period following the change of regime and will legally guarantee a higher level of publicity and transparency of the use of public funds and public property, and also a wider control thereof. The passing of this law will be a vital base for the process to be executed by the legislators under UN coordination, with the sharing of international experiences.

- A new, EU-conform public procurement law is required that will include the experiences obtained up to now, and it is necessary to ensure full and consistent adherence to this law.
- It would be necessary to use special tools for supporting the preparation of decisions in inviting tenders and assessing the bids
- It is necessary to re-regulate the financing system of the political parties to ensure their stable and foreseeable working and to prevent illegal resource collection
- We are planning to reform the financial control system. The harmonization of regulations is going well but we have to take further steps in the field of expanding the capacities and guaranteeing the independence of the controllers

- Further steps are needed in the reviewing of the taxation system and identifying the funds of an unclear origin
- We need to prepare and pass a new insolvency law that will prevent the forming of “phantom companies” and ensures a new process – instead of the current slow, inflexible and costly procedure – for delisting the insolvent enterprises
- Taking strong steps – in cooperation with the Court of Auditors – to modernize the local governments’ control systems
- Find a solution to create a new system of state subsidies for the developments and investments of the local governments
- It is important to remove the contradictions of the system of subsidies and to develop a monitoring system for the subsidies
- The events of the past few years have proved the actuality of developing a Code of Behavior and the introduction of an Ethics Body
- It is recommended for the judicature to compile an anti-corruption action plan and to develop a related internal system of rules for itself
- It is unavoidable to end the insecurity of legislation and to develop the institutional system of impeccability
- It is necessary to organize in a much more effective way the education and training of the persons active in areas where the risk of corruption is high
- The frequency of involving private capital in the construction of public institutions is growing. It is necessary to develop the legal conditions for such involvement
- It is necessary to regulate more strictly the collection of debts
- It is actual to develop an Act on Lobbying to create the base for the various interest groups upon which they can represent their interest in a regulated and transparent way during public authority decisions and to promote effective control by the civil society over the organizations exercising public authority
- During the development of the judicial system of institutions it is necessary to ensure the closing of judicial procedures within a reasonable period of time and to end the pressing of the judicature. There is another important task related to this: it is necessary to improve the efficiency of the investigations, particularly in the cases concerning significant amounts
- It would be necessary to make the data bases of the courts more transparent
- An amendment of law would be necessary to ensure that when the media publishes reports on the activities of public personalities the author of such reports cannot be held responsible

Summary of the Conference

This conference, which was organized on a wide base and which is considered as successful by both the organizers and the participants, does not promise immediate achievement of our goals but is an important part of the existing mechanisms. These mechanisms must include contributions from all concerned organizations and must be transparent, dynamic, goal-oriented and accepted for long periods independent of the various cycles of government. The aim of this conference was to create a goal oriented and measurable action plan for the Hungarian society, for the persons participating in legislation, exercising the law or using the law, and also for the civil organizations and the private sphere.

However, these international experiences and actual government measures cannot be really successful unless we can change the society’s perception on corruption, too. Society’s

corruption-rejecting and corruption-preventing position must be based on and measured by the law-abiding and ethical behavior of the citizens. The real success of the fight against corruption is not the disclosure of the existing abuse: prevention is even more important and this requires making the citizens concerned and changing society's way of thinking. A determinative part of this reform process will be the everyday work done by you – the professionals informing society and thus influencing its value judgment.

Thank you for honoring the press conference with your participation!

Budapest, March 21, 2003.

Best regards:

László Keller
Secretary Responsible for Public Assets
Prime Minister's Office

Attachment 2

B. Agenda

20 March, 2003

Time	Speaker	Presentation
9.15	Registration	
10.00 (15 min)	Plenary Chairperson: Dr. Kálmán Györgyi, Ministerial Commissioner, Ministry of Justice	Introduction
10.15 (15 min)	Opening speech: Mr. Péter Kiss, Minister heading the Prime Minister' Office	Honest public life – Strong republic
10.30 (15 min)	Mr. Antonio Maria Costa, Under Secretary General of the UN and Executive Director of ODC	Global Dynamics of Corruption
10.45 (15 min)	Mr. László Keller, Political Secretary of State, Secretariat Responsible for Public Assets,	The Action Plan against Corruption
11.00 (15 min)	Prof. Jan van Dijk, Chief, Crime Reduction and Analysis Branch, UN Office on Drugs and Crime	The Global Program against Corruption of UN ODC's
11.15 (15 min)	Dr. Miklós Hankó Faragó, Political Secretary of State, Ministry of Justice	Legislation against corruption (in harmony with the European Union)
11.30 (15 min)	Dr. András Hegedűs, Undersecretary of State responsible for crime prevention, Ministry of Interior	Crime prevention and crime punishment against corruption
11.45 (15 min)	Mr. Mihály Arnold, Director-General, Hungarian Customs and Finance Guard (HC&FG)	The role of the Hungarian Customs and Finance Guard in the fight against corruption
12.00	Lunch	
	Plenary Chairperson: Dr. Kálmán Györgyi, Ministerial Commissioner, Ministry of Justice	
13.00 (30 min)	Mr. István Wintermantel, Editor-in-chief, Gallup Online, Hungarian Gallup Institute	Gallup-researches on corruption
13.30	Mr. Dezső Avarkeszi, Member of Parliament, MSZP Fraction	The government of the national centre: a new approach in the fight against corruption
13.40	FIDESZ Fraction	
13.50 (10 min)	Mr. Gábor Kuncze, Fraction Leader, SZDSZ Fraction	Management of public monies, state and municipality property
14.00 (10 min)	Mr. András Pettkó, Member of Parliament, MDF Fraction	What did the MDF do against corruption under the Orbán government?
14.10 (30 min)	Dr. Petter Langseth, Program Manager, UN Global Program against Corruption, UN Office on Drugs and Crime	The Role of the UN helping Member States Build Integrity to Fight Corruption
14.40 (15 min)	Dr. Tamás Dékány, Head, Public Assets Supervision Department, Secretariat Responsible for Public Assets	The importance of the Code of Ethics as a weapon in the fight against corruption
14.55	Coffee break	
15.10 (15 min)	Dr. Péter Gelléri, Director, BME GTK ITM, Decision Technology Research Group	Are there suitable tools to be used against corruption occurring during the tender procedures?
15.25 (15 min)	Dr. Gábor Papanek, Independent Expert, GKI Economic Research Co.	<i>The problems of monitoring international transactions</i>
15.40 (15 min)	Dr. Pál Sinku, Public Prosecutor, Departmental Head, Department of Investigation Supervision, Public Prosecutor's Office	Activities of the prosecutors' organisation in the fight against corruption
15.55 (20 min)	Dr. Zoltán Márki, Judge, Supreme Court	Hungarian participation in the Global Program against Corruption of the UN (1999-2002)
16.15	Plenary Discussions	

21 March, 2003

Time	Speaker	Purpose
	Plenary Chairperson: Dr. Kálmán Györgyi, Ministerial Commissioner, Ministry of Justice	
09.00	Faciliator: Dr. Petter Langseth	Forming small homogeneous discussion groups (8-10 participants) to identify the main problem areas. Each Group has a Chairman and a facilitator appointed by the Workshop management Group and a presenter elected by the Group
09.15	Small Groups	<p>Section 1: Ethical matters, lobbying, property accounting, financing of political parties Chairman: Dr. Tamás Dékány, Head, Public Asset Supervision Department, Secretariat Responsible for Public Assets</p> <p>Section 2: Public procurement, supplying, procurement culture Chairman: Dr. Betty Deli, Chairman, Decision-making Committee, Public Procurement Council</p> <p>Section 3: Training, human resource development, public opinion research Chairman: Dr. Péter Gelléri, Director, ITM Decision Technology Research Group, Faculty of Economy, Technical University of Budapest</p> <p>Section 4: Crime prevention, crime fighting, law enforcement Chairman: Dr. András Hegedús, Deputy Secretary of State responsible for Crime Prevention, Ministry of Interior</p> <p>Section 5: Subsidies, monitoring, supervision systems, contradictions of the tax system Chairman: Dr. János Nagy, Assigned Head, Department of Financial Supervision, Ministry of Finance</p>
11.00	Small Group Presentations	
11.25	Plenary Discussion	
12.00	Press Conference	
12.30	<i>Lunch</i>	

Attachment 3**C. List of participants**

	Name	Position	Address
1	Abó Kandil Szohér	Tax and Financial Auditing Office, head, Department of Procurement	Adó- és Pénzügyi Ellenőrzési Hivatal, 1054 Bp., Széchenyi u. 2.
2	Dr. László Álmos, Chief Captain, Commissioner	deputy departmental head	Országos Rendőr-Főkapitányság, Pénzügyi Nyomozó Osztály, 1078 Bp., István u. 23-25.
3	Dr. Ádám Angyal	university professor	1137 Bp., Újpesti rakpart 6.
4	Antonio Maria Costa	Undersecretary-general of the UN	Magyar Köztársaság Állandó ENSZ Missziója, A-1010 Bécs, Bankgasse 4-6.
5	Dr. Dénes Aparáczy	head, Legal Department	Közpénzügyi Államtitkárság
6	Gizella Aradi	Director of Economy	Educatio Kht., 1082 Budapest, Üllői út 82/E.
7	Lt. Gen. Mihály Arnold	Director-General, Hungarian Customs and Finance Guard	Vám- és Pénzügyőrség Országos Parancsnoksága, 1095 Bp., Mester u. 7.
8	Béla Avarkeszi	consultant	XV. Kerület, 1153 Bp., Bocskai u. 1-3.
9	Lt. Col. József Babják		Budapesti Rendőr-Főkapitányság, 1139 Bp., Teve u. 4-6.
10	Dr. Gusztáv Báger	Director-General, FEMI	Állami Számvevőszék, Budapest, Apáczai Csere J. u. 10, 1052
11	Ágnes Rita Bajory	student	Budapesti Közgazdaságtudományi és Államigazgatási Egyetem Államigazgatási Főiskolai Kar, Magyary Zoltán Szakkollégium
12	György Baki		Veszprém megye, Veszprém, Megyeház tér 1. 8201
13	Dr. Borbála Balázsné Molnár	Pharmacist-General	Országos Tisztiorvosi Hivatal, 1097 Bp., Gyáli út 2-6.
14	Dr. Tamás Bálint	Cabinet Director	Közpénzügyi Államtitkárság
15	Dr. Antal Papp (in lieu of Dr. János Balogh)	departmental head	Országos Katasztrófavédelmi Főigazgatóság (BM), 1149 Bp., Mogyoródi út 43.
16	András Bató	head, Independent Internal Revision Department	Kincstári Vagyoni Igazgatóság, 1054 Bp., Zoltán u. 16.
17	Dr. Márta Bátorligeti	head, Public Procurement Department	Országos Nyugdíjbiztosítási Főigazgatóság, 1132 Bp., Visegrádi u. 49.

	Name	Position	Address
18	Miklós Németh (in lieu of Dr. István Békési)	Director-General	Közlekedési Főfelügyelet, 1066 Bp., Teréz krt. 38.
19	Dr. Izabella Bencze	Deputy Director-General	Kincstári Vagyoni Igazgatóság, 1054 Bp., Zoltán u. 16.
20	Maj. Gen. Dr. József Bencze	Director General, Internal Security, Hungarian Customs and Finance Guard	Vám- és Pénzügyőrség Országos Parancsnoksága, 1095 Bp., Mester u. 7.
21	Dr. László Bene	Service Director	Rendvédelmi Szervek Védelmi Szolgálat
22	Lajos Berényi	Chairman of the Public Procurement Council	Közbeszerzések Tanácsa, 1024 Bp., Margit krt. 85.
23	Dr. István Berka	anti-corruption coordinator	Határőrség Országos Parancsnoksága, 1021 Bp., Labanc u. 57.
24	Dr. Zolna Berki	President	Transparency International Magyarországi Tagozata Egyesület Kht. 1054 Bp., Akadémia u. 1.
25	Dr. Attila Berta		Állami Privatizációs és Vagyonkezelő Rt. 1133, Bp., Pozsonyi út 56.
26	Lt. Col. Bezsenyi Mihály	departmental head	Országos Rendőr-Főkapitányság, Bűnügyi Főigazgatóság, Szervezett Bűnözés Elleni Igazgatóság, Gazdaságvédelmi Főosztály, Korruptió Ügyek Elleni Osztály, 1903 Bp., Pf. 314/15.
27	Zsigmond Bihary	Director-General	Állami Számvevőszék, 1051 Bp., Apáczai Csere J. u. 10.
28	Péter Bíró		GKI Gazdaságkutató Rt., 1052 Bp., Semmelweis u. 9.
29	Béla Blaha		
30	Police Maj. Gen. Dr. Zoltán Bolcsik	Director	Országos Rendőr-Főkapitányság, Bűnügyi Főigazgatóság, Szervezett Bűnözés Elleni Igazgatóság Budapest, Aradi u. 21-23. 1062
31	Anita Boros	student	
32	Dr. Zsuzsanna Bujdos		Borsod-Abaúj-Zemplén megye, Miskolc, Városház tér 1. 3541
33	Zsolt Bunford		Külügyminisztérium
34	Dr. László Büdi	Chief Public Prosecutor	Budapesti Főügyészség, II.-III. kerületi ügyészség
35	Charlie Petrik		KPMG, 1139 Bp., Váci út 99.
36	Csaba Zágon	technician	Vám- és Pénzügyőrség Országos Parancsnoksága

	Name	Position	Address
37	Zoltán Csaba	Deputy Criminal Commander	Vám- és Pénzügyőrség Országos Parancsnoksága, Budapest, Auróra u. 29-31. 1084
38	Dr. Pál Csapodi	Chief Secretary	Állami Számvevőszék, 1051 Bp., Apáczai Csere J. u. 10.
39	Béla Jónás (in lieu of Béla Csécesei)	in lieu of mayor	VIII. kerület, 1082 Bp., Baross u. 65-67.
40	Dr. Zoltán Csentes	head, Control and Supervision Department	Határőrség Országos Parancsnoksága, 1021 Bp., Labanc u. 57.
41	Dr. Tibor Cserepes	Deputy Chief Executive Officer (responsible for usage)	Kincstári Vagyoni Igazgatóság, 1054 Bp., Zoltán u. 16.
42	Krisztina Csernyák	personal secretary	Közpénzügyi Államtitkárság
43	Dr. Dániel Károly		Budapest Főváros Közigazgatási Hivatala, Budapest, Váci utca 62-64. 1057
44	Dr. Tamás Dékány	head, Public Asset Supervision Department	Közpénzügyi Államtitkárság
45	Dr. Betty Deli	chairwoman, Decision-making Committee	Közbeszerzések Tanácsa, 1024 Bp., Margit krt. 85.
46	Zsolt Demeter		Deloitte & Touche Rt. FAS Osztály, 1051 Bp., Nádor u. 21.
47	Ilona Sajtosné Nágel (in lieu of Gábor Demszky (Alliance of Free Democrats))	notary, in lieu of Chief Mayor	Budapest Főváros Főpolgármesteri Hivatala, 1052 Bp., Városház u. 9-11.
48	Dr. Petronella Deres	student	
49	Dr. László Tóth		
50	Col. Dr. László Tóth	Deputy Director-General (economy)	Határőrség Országos Parancsnoksága, 1021 Bp., Labanc u. 57.
51	Sándor Dusik	chief consultant	Belügyminisztérium, EU Integrációs Hivatal
52	Andrea Erdélyiné Kincses	consultant	XV. Kerület, 1153 Bp., Bocskai u. 1-3.
53	Firefighter Col. Dr. Antal Erdős	Deputy Commander (general)	Fővárosi Tűzoltóparancsnokság, 1081 Bp., Dologház u. 1.
54	Gergely Fahidi		HVG Rt., 1037 Bp., Montevideo u. 14.
55	Dr. Ákos Farkas	head of university department, Chairman of the Association of Hungarian Lawyers for European Criminal Laws	Miskolci Egyetem Állam- és Jogtudományi Kar Büntetőeljárás és Büntetés-végrehajtási Jogi Tanszék, 3515 Miskolc-Egyetemváros

	Name	Position	Address
56	Anikó Fazekas	departmental head	Pénzügyminisztérium, OLAF Koordinációs Iroda, Budapest, József nádor tér 2-4., 1051
57	Dr. Géza Finszter	departmental head	Országos Kriminológiai Intézet (OKRI), 1122 Budapest, Maros u. 6/a.
58	György Fischer	Director of Research	Magyar Gallup Intézet, 1033 Bp., Fő tér 1.
59	Dr. Iván Futó	Vice-President	Adó és Pénzügyi Ellenőrző Hivatal, 1054 Bp., Széchenyi u. 2.
60	Dr. Márta Fülöp	expert	Magyar Tudományos Akadémia, Pszichológiai Intézet
61	Katalin Füredi	student	
62	Róbert Gaál	student	
63	Dr. László Gábor	Chief Secretary	Magyar Ügyvédi Kamara
64	Márton Garabits	student	
65	Mátyás Gáti		
66	Sándor Birta (Hungarian Socialist Party)	Chairman of the General Assembly	Szabolcs-Szatmár-Bereg megye, Nyíregyháza, Hősök tere 5. 4400
67	Zsolt Gelencsér	head of agency	Rendvédelmi Szervek Védelmi Szolgálat
68	Dr. Péter Gelléri	assistant professor, Director	Budapesti Műszaki és Gazdaságtudományi Egyetem, Gazdaság-és Társadalomtudományi Kar, ITM Döntéstechnológiai Kutatócsoport, 1111 Bp., Műegyetem rkp. 9. R ép. II. em. 207.
69	Ágnes Gurmik	deputy head	Pénzügyminisztérium, Önkormányzati és Területfejlesztési Főosztály, Budapest, József nádor tér 2-4., 1051
70	Krisztina Gyalog	expert	
71	Dr. András Gyekiczky	Vice-President of the Governmental Supervision Agency	Kormányzati Ellenőrzési Hivatal, 1126 Bp., Tartsay Vilmos u. 11/A.
72	Dr. Kálmán Györgyi	Ministerial Commissioner responsible for codifying the new Criminal Code of Law	Igazságügyi Minisztérium, 1055 Bp., Kossuth L. tér 4.
73	András Hajdú	student	
74	Dr. Miklós Hankó Faragó	Political Secretary of State	Igazságügyi Minisztérium, 1055 Bp., Kossuth tér 4.
75	Lt. Col. Dr. Zoltán Fintha	Deputy Commander-in-Chief, head of the Hungarian Army's Anti-corruption Committee	Honvédelmi Minisztérium, 1055 Bp., Balaton u. 7/11.
76	Béla Hazai	consultant	XV. Kerület, 1153 Bp., Bocskai u. 1-3.

	Name	Position	Address
77	Dr. András Hegedűs	Deputy Secretary of State responsible for crime prevention	Belügyminisztérium, 1051 Bp., József A. u. 2/4.
78	Dr. Erika Hegedűsné Dani	Vice-President of the Governmental Supervision Agency	Kormányzati Ellenőrzési Hivatal, 1126 Bp., Tartsay Vilmos u. 11/A.
79	Ágota Henczi	student	Batthyány Lajos Gimnázium
80	Márta Homonnai		KOPINT Datorg 1081 Budapest, Csokonai u. 3.
81	Csaba Horváth	mayor	II. kerület, 1024 Bp., Mechwart tér 1.
82	Dr. Csaba Horváth	assistant professor, leader of the Pécs-Baranya Intellectuals' Association, co-editor of the book "Corruption in Hungary"	Pécsi Tudományegyetem Állam- és Jogtudományi Kar, Home address: 7624 Pécs, Ifjúság út 7/a.
83	Dr. István Horváth	Ambassador	Permanent Mission of Hungary to the OSCE, the United Nations Office and other International Organizations in Vienna, Teinfaltstr. 4/Mezz. 1010, Vienna, Bécs
84	Dr. János Horváth	student	
85	Livia Hoschek	expert	
86	László L. Hozdik		Miniszterelnöki Hivatal, Közpénzügyi Államtitkárság
87	Levente Hozdik		Közpénzügyi Államtitkárság
88	Ian Huyser		Deloitte & Touche Rt. FAS Osztály, 1051 Bp., Nádor u. 21.
89	Istvánné Illés	head, Department of Investments	Fővárosi Önkormányzat, Budapest, Városház u. 9-11. 1052
90	Gyöngyi Jakabfy	student	
91	Dr. Jan J.M. van Dijk	official-in-charge	Magyar Köztársaság Állandó ENSZ Missziója A-1010 Bécs, Bankgasse 4-6.
92	Janos Tisovszky	associate	ENSZ - Tájékoztatási Osztály
93	Dr. Frigyes Janza	Director-General	Belügyminisztérium Oktatási Főigazgatóság
94	Dr. Péter Janza	Vice-President of the Governmental Supervision Agency	Kormányzati Ellenőrzési Hivatal, 1126 Bp., Tartsay Vilmos u. 11/A.
95	Dr. Béla Jónás		VIII. kerület, 1082 Bp., Baross u. 65-67.
96	Lukács Kádár	consultant	X. kerület, 1102 Bp., Szent László tér 29.
97	Finance Guard Col. Dr. Tünde Kanta	Commander responsible for criminal cases	Vám- és Pénzügyőrség Országos Parancsnoksága, Budapest, Auróra u. 29-31. 1084

	Name	Position	Address
98	Dr. Géza Katona	titulary professor, c. egyetemi tanár, chairman of the "Security for Hungary" Public Trust	2120 Dunakeszi, Hunyadi János u. 99.
99	László Keller	Political Secretary of State	MeH, Közpénzügyi Államtitkárság 1055 Bp., Kossuth tér 4.
100	Anita Keresztes	student	Magyary Zoltán Szakkollégium
101	Dr. László György Király	President of the Tax and Financial Auditing Office	Adó- és Pénzügyi Ellenőrzési Hivatal, 1054 Bp., Széchenyi u. 2.
102	Péter Kiss	Minister	Miniszterelnöki Hivatal, Miniszteri Titkárság, Parlament főlem. 85.
103	György Kocsis	member of the "Association for Tatabánya"	2800 Tatabánya, Óvoda köz 6.
104	József Kocsmár	student	
105	Kozima Kopcsik	general assistant	Közpénzügyi Államtitkárság
106	Dr. Andrea Korbuly	auditing councillor	Állami Számvevőszék, Budapest, Apáczai Csere J. u. 10, 1052
107	Dr. László Korinek	professor	Belügyi Szemle, 1903 Bp., Pf. 314.
108	Attila Kovács	expert	Pécsi Tudományegyetem Szociálpszichológiai Tanszék
109	Dr. Attila Kovács	expert	Magyar Tudományos Akadémia Pszichológiai Intézet
110	Jusztina Kovács	student	
111	Zoltán Kovács		Veszprém megye, Veszprém, Megyeház tér 1. 8201
112	Albert Kreszán	Vice-President	Közbeszerzések Tanácsa, 1024 Bp., Margit krt. 85.
113	Dr. Erzsébet Krill	government consultant	Közpénzügyi Államtitkárság
114	Károly Krószel	head, Supervision Department	Országos Rendőr-Főkapitányság, 1139 Bp., teve u. 4-6.
115	Gábor Kuncze	President of the Alliance of Free Democrats	Szabad Demokraták Szövetsége, 1143 Bp., Gizella út 36.
116	Erika Lakatos	student	
117	Andrtás Láng Miticzki		Vám- és Pénzügyőrség Országos Parancsnoksága
118	Dr. Zoltán Lékó		Igazságügyi Minisztérium
119	János Lengyel (Hungarian Socialist Party)		Borsod-Abaúj-Zemplén megye, Miskolc, Városház tér 1. 3541
120	László Lengyel	Director responsible for procurement	Belügyminisztérium, 1051 Bp. József A. u. 2/4.
121	Dr. Barnabás Lenkovics	Parliamentary Commissioner of the Citizens' Rights	1051 Bp., Nádor u. 22.

	Name	Position	Address
122	Tibor Leposa	student	Pacsai Fibisz Alapszervezetek
123	Dr. Károly Liszka	Deputy Director	Országos Rendőr-Főkapitányság Bűnügyi Főigazgatóság, Szervezett Bűnözés Elleni Igazgatóság Budapest, Aradi u. 21-23. 1062
124	Péter Lóczi	Chief High Commissioner	Belügyminisztérium Közigazgatás-szervezési és Közszolgálati Hivatal
125	Zsuzsa Lutián		
126	Col. Dr. Gyula Lux	departmental head	Vám- és Pénzügyőrség Országos Parancsnoksága
127	Erzsébet Majkó	student	
128	Dr. Zoltán Márki	judge	Legfelsőbb Bíróság, 1055 Bp., Markó u. 16.
129	Miklós Maschl	press agent	Közpénzügyi Államtitkárság
130	Dr. Zsuzsanna Matejka	Director-General of the National Health Insurance	Országos Egészségbiztosítási Pénztár, 1139 Bp., Váci út 73/a.
131	Tamás Medve	student	
132	Patricia Méhes	student	Zuglói Kölcsey Gimnázium
133	Tamás Méhes		
134	Dr. Dezső Meksz		1092 Bp., Berzenczey u. 14. II/9.
135	Dr. Sándor Méri	departmental head	Pénzügyminisztérium, Ellenőrzési Főosztály, Budapest, József nádor tér 2-4., 1051
136	Zoltán Mészáros	student	Budapesti Közgazdaságtudományi és Államigazgatási Egyetem Államigazgatási Főiskolai Kar, Magyary Zoltán Szakkollégium
137	Dr. IMr.éné Mezei	chief consultant	Állami Számvevőszék, 1051 Bp., Apáczai Csere J. u. 10.
138	Dr. Barna Miskolczi	public prosecutor	Központi Ügyészégi Nyomozó Hivatal
139	Mizukami Taihai		ENSZ
140	Gizella Molnár		Országos Nyugdíjbiztosítási Főigazgatóság
141	Dr. Ferenc Monori	attorney	Ügyvédi Kamara, Pécs
142	Lajosné Monostori	President of the Governmental Supervision Agency	Kormányzati Ellenőrzési Hivatal, 1126 Bp., Tartsay Vilmos u. 11/A.
143	Dr. Katalin Morvayné Vígh		Gazdasági Versenyhivatal
144	Katalin Morvayné Vígh		Gazdasági Versenyhivatal, 1054 Bp., Alkotmány u. 5.
145	Gábor Nagy	Political Chief Consultant	Közpénzügyi Államtitkárság
146	Dr. János Nagy	assigned departmental head	Pénzügyminisztérium, Pénzügyi Ellenőrzések Főosztálya, 1051 Budapest, József nádor tér 2/4

	Name	Position	Address
147	Dr. Miklós Németh		Közlekedési Főfelügyelet, 1066 Bp., Teréz krt. 38.
148	Péterné Németh	group manager	Állami Számvevőszék, 1051 Bp., Apáczai Csere J. u. 10.
149	Gábor Nyáry	media expert	
150	Csaba Nyíri	Cabinet Chief	III. kerület, 1033 Bp., Fő tér 3.
151	Dr. József Ódor	consultant	XV. Kerület, 1153 Bp., Boescai u. 1-3.
152	István Orgovány	Vice-President	Fejér megye, Székesfehérvár, Szent István tér 9. 8000
153	György Pál Palásthy	student	
154	Dávid Pap	student	Budapesti Közgazdaságtudományi és Államigazgatási Egyetem Államigazgatási Főiskolai Kar, Magyary Zoltán Szakkollégium
155	Erzsébet Pápai		Székesfehérvár Megyei Jogú Város Önkormányzata
156	Dr. Gábor Papanek	independent expert	GKI Gazdaságkutató Rt., 1052 Bp., Semmelweis u. 9.
157	András Papp		Belügyi Szemle, 1903 Bp., Pf. 314.
158	János Papp	head, Supervision Department	
159	Patrick Charles		
160	Dr. Mária Patyi		Kincstári Vagyoni Igazgatóság, 1054 Bp., Zoltán u. 16.
161	József Varga (in lieu of László Petrik)	President of the "Association for Tatabánya"	2800 Tatabánya, Óvoda köz 6.
162	Dr. Petter Langseth	program manager, UN Global Program against Corruption	Magyar Köztársaság Állandó ENSZ Missziója, A-1010 Bécs, Bankgasse 4-6.
163	András Pettkó	Member of Parliament	Magyar Demokrata Fórum frakció
164	Kristóf Pichovszky		GKI Gazdaságkutató Rt., 1052 Bp., Semmelweis u. 9.
165	Zoltán Pitti		Budapesti Közgazdaságtudományi és Államigazgatási Egyetem 1093 Budapest, Fővám tér 8.
166	Miklós Polgár	Director of Economy	Pénzügykutató Rt., 1023 Bp., Felhévizi út 24
167	Péter Polgár		Adó- és Pénzügyi Ellenőrzési Hivatal, 1054 Bp., Széchenyi u. 2.
168	József Pozsgay	interpreter	

	Name	Position	Address
169	István Pölöskei	chief high councillor	Belügyminisztérium Közigazgatás-szervezési és Közszolgálati Hivatal
170	Capt. Dr. Norbert Puskás	departmental head	Vám- és Pénzügyőrség Országos Parancsnoksága
171	Dr. Ede Rabóczki	Vice-President	Legfelsőbb Bíróság, 1055 Bp., Markó u. 16.
172	Ildikó Rajna	student	Zuglói Kölcsey Gimnázium
173	Rita Regős	Chief Researcher	Magyar Gallup Intézet, 1033 Bp., Fő tér 1.
174	Róbert Répási		
175	Dr. József Roóz	college rector	Budapesti Gazdasági Főiskola, 1149 Bp., Buzogány u. 11-13.
176	István Sajgó		Országos Nyugdíjbiztosítási Főigazgatóság, 1132 Bp., Visegrádi u. 49.
177	Ilona Sajtosné Nágel	deputy notary	Budapest Főváros Főpolgármesteri Hivatala, 1052 Bp., Városház u. 9-11.
178	László Sándor	Chief Executive Officer	Fővárosi Vízművek Rt., Budapest, Pf. 512., 1566
179	Katalin Schreider	student	
180	Dr. István Síklaki	expert	Eötvös Loránd Tudományegyetem Szociálpszichológiai Tanszék
181	Viktor Singer	expert	
182	Dr. Pál Sinku	public prosecutor	Legfőbb Ügyészség
183	Marietta Srágli	student	Zuglói Kölcsey Gimnázium
184	Dr. Péter Sterk	Chief Executive Officer	Szonda Ipsos Média-, Vélemény- és Piackutató Intézet, 1096 Bp., Thaly Kálmán u. 39. II. em.
185	Dr. Attila Székely (in lieu of Dr. Lajos Szabó)	secretary (in lieu of mayor)	XVI. Kerület, 1163 Bp., Havashalom u. 43.
186	Mihály Szabó		Budapesti Rendőr-Főkapitányság Vizsgálati Főosztály
187	István Szalai	head, Technical Department	Belügyminisztérium, 1051 Bp. József A. u. 2/4.
188	Dezső Szatmári	deputy head, Supervision Department	Gazdasági és Közlekedési Minisztérium, Kis- és középvállalkozások fejlesztése, 1055 Bp., Honvéd u. 13-15.
189	Dr. Attila Székely	secretary	XVI. Kerület, 1163 Bp., Havashalom u. 43.
190	Péter Szőke	Political Chief Consultant	Közpénzügyi Államtitkárság

	Name	Position	Address
191	Attila Szuhenyák		
192	Anita Takács	student	Budapesti Közgazdaságtudományi és Államigazgatási Egyetem Államigazgatási Főiskolai Kar, Magyary Zoltán Szakkollégium
193	Gabriella Táky	student	Budapesti Közgazdaságtudományi és Államigazgatási Egyetem Államigazgatási Főiskolai Kar, Magyary Zoltán Szakkollégium
194	Police Lt. Col. Dr. Gábor Tamics	deputy departmental head	Országos Rendőr-Főkapitányság Bűnügyi Főigazgatóság, Szervezett Bűnözés Elleni Igazgatóság, Vizsgálati Főosztály, Bűnügyi Osztály, 1903 Bp., Pf. 314/15.
195	József Tar	Director (procurement)	Belügyminisztérium, 1051 Bp. József A. u. 2/4.
196	Dr. Mariann Teleki	councillor	Europol Adatvédelmi Felügyelő Hivatal
197	Ádám Terták	Chief Executive Officer	Ernst & Young, 1139 Bp. 62., Pf. 632.
198	Dávid Tóth	student	BKÁE-ÁFK Magyary Zoltán Szakkoll.
199	Mihály Tóth	mayor	XXI. Kerület, 1211 Bp., Szent Imr.e tér 10.
200	Pál Tóth	Auditing Councillor	Állami Számvevőszék, Budapest, Apáczai Csere J. u. 10, 1052
201	Dr. András Turi	public prosecutor	Központi Ügyészégi Nyomozó Hivatal
202	Edina Újfalusi	student	Budapesti Közgazdaságtudományi és Államigazgatási Egyetem Államigazgatási Főiskolai Kar, Magyary Zoltán Szakkollégium
203	Edina Ujfalusy	student	
204	Dr. György Várday	public procurement expert	Budapesti Műszaki Egyetem és Magyar Közbeszerzési Társ.
205	Dr. Árpád Varga	Vice-President	Adó- és Pénzügyi Ellenőrzési Hivatal, 1054 Bp., Széchenyi u. 2.
206	Dr. Balázs Varga	student	
207	Dr. István Varga		Educatio Kht., 1082 Budapest, Üllői út 82/E.
208	Dr. István Varga.		AURA Kulturális és reklám Produkciós Iroda, Budapest, Klapka u. 6., 1134
209	József Varga	Vice-President of the "Association for Tatabánya"	2800 Tatabánya, Óvoda köz 6.
210	Police Capt. Dr. László Varga	Anti-corruption Department	Országos Rendőr-főkapitányság
211	Dr. Márk Varga	student	

	Name	Position	Address
212	Ildikó Várkonyi	interpreter	
213	Dr. Krisztián Varró	prosecutors' investigator	Fővárosi Ügyészségi Nyomozó Hivatal
214	Dr. Petronella Veres	student	
215	Tamás Veszélka		Budapesti Műszaki Egyetem Gazdaságtudományi Kar ITM Döntéstechnológiai Kutatócsoport
216	Larissa Vingender	expert	
217	István Wintermantel		Magyar Gallup Intézet, 1033 Bp., Fő tér 1.
218	Dr. Erzsébet Wolf	Director, Parliamentary Commissioners' Office	Országgyűlési Biztosok Hivatala, 1051 Bp., Nádor u. 22.
219	Miklósné Zsankó		Országos Nyugdíjbiztosítási Főigazgatóság, 1132 Bp., Visegrádi u. 49.
220	Attila Zsigmond	permanent representative	
221	Dr. László Zsilka		Fővárosi Ügyészségi Nyomozó Hivatal

Attachment 4**D. Section panelists****Section 1.****Ethical matters, lobbying, property accounting, financing of political parties**

Chairman: Dr. Tamás Dékány, Head, Public Asset Supervision Department, Secretariat Responsible for Public Assets

No.	Name	Position	Organisation
1.	Gizella Molnár	deputy head, Pensions Department	National Pension Insurance
2.	Dr. Zoltán Lékó	head of secretariat	Ministry of Justice
3.	Dr. István Varga		AURA Production Agency
4.	Dr. Pál Csapodi	Chief Secretary	State Audit Office
5.	Ádám Angyal	professor	Budapest University of Economics and Public Administration
6.	Dr. Ferenc Monori	attorney	Chamber of Lawyers
7.	György Kocsis	member	Association for Tatabánya
8.	Gábor Nagy	political chief consultant	Secretariat Responsible for Public Assets
9.	Kozima Kopcsik	general assistant	Secretariat Responsible for Public Assets
10.	Anita Takács	student	Magyary Zoltán Specialised College
11.	Anita Keresztes	student	Magyary Zoltán Specialised College
12.	Ágnes Rita Bajory	student	Magyary Zoltán Specialised College
13.	Gabriella Táky	student	Magyary Zoltán Specialised College
14.	Edina Ujfalusi	student	Magyary Zoltán Specialised College
15.	Dávid Pap	student	Magyary Zoltán Specialised College
16.	György Fischer	Director of Research	Gallup Institute
17.	Dr. Tamás Dékány	head, Public Asset Supervision Department	Secretariat Responsible for Public Assets

Section 2.**Public procurement, supplying, procurement culture**

Chairman: Dr. Betty Deli, Chairman, Decision-making Committee, Public Procurement Council

Nc	Name	Position	Organisation
1.	Márta Homonnai	research manager	Kopint-Datorg Co.
2.	Zsolt Demeter	senior manager	Deloitte and Touche Co.
3.	Miklósné Zsankó	budget control auditor	National Pension Insurance
4.	Dr. Márta Bátorligeti	head, Public Procurement Department	National Pension Insurance
5.	Dr. Katalin Morvayné Vígh	chief investigating high councillor	Hungarian Competition Authority
6.	Dr. Erzsébet Krill	government consultant	Secretariat Responsible for Public Assets
7.	László Lengyel	Director responsible for procurement	Procurement and Trading Co. of the Ministry of the Interior
8.	Dr. Borbála Balázsne Molnár	Pharmacist-General	Office of the Hungarian Surgeon General
9.	Dr. Miklós Németh	head, Coordination Department	Communication Supervision
10.	Dr. János Lengyel		Department of Economy, Municipality of Borsod-Abaúj-Zemplén County
11.	Dr. György Várday	public procurement expert	Technical University of Budapest and Hungarian Public Procurement Society
12.	Erzsébet Pápai	manager, human resource management agency	Municipality of Székesfehérvár
13.	Dr. Iván Futó	Vice-President	Tax and Financial Auditing Office
14.	Aba Kandil Sohir	head, Department of Procurement	Tax and Financial Auditing Office
15.	Dr. Attila Székely	Secretary	Municipality of District XVI.

Section 3.**Training, human resource development, public opinion research**

Chairman: Dr. Péter Gelléri, Director, ITM Decision Technology Research Group, Faculty of Economy, Technical University of Budapest

No.	Name	Position	Organisation
1.	Dr. Gábor Nyáry	media expert	
2.	Gizella Aradi	Director of Economy	Educatio Kht.
3.	Dr. Csaba Horváth	assistant professor	Faculty of Law and State Administration School, University of Sciences of Pécs
4.	Attila Kovács	expert	Department of Social Psychology, University of Sciences of Pécs
5.	Dr. Márta Fülöp	expert	Institute of Psychology of the Hungarian Academy of Sciences
6.	Dr. István Siklaki	expert	Department of Social Psychology, Eötvös Loránd University of Sciences
7.	Tamás Veszélka	research fellow	Faculty of Economy, Technical University of Budapest
8.	Péter Gelléri	assistant professor, director	ITM, Faculty of Economy, Technical University of Budapest
9.	László L.Hozdik		Secretariat Responsible for Public Assets of the Prime Minister's Office
10.	József Varga		Association for Tatabánya
11.	Péter Sterk	General Director	Szonda Ipsos

Section 4.**Crime prevention, crime fighting, law enforcement**

Chairman: Dr. Hegedűs András, Deputy Secretary of State responsible for crime prevention, Ministry of Interior

No	Name	Position	Organisation
1.	Dr. Zoltán Márki	judge	Supreme Court
2.	Dr. László Bene	Service Director	Protection Service of the Law Enforcement Organisations of the Ministry of the Interior
3.	Károly Krüszel	head	Supervision Department of the National Police HQ
4.	Dr. Dénes Aparác	head, Legal Department	Secretariat Responsible for Public Assets of the Prime Minister's Off
5.	Dr. László Zsilka	prosecutorial investigator	Investigating Agency of the Chief Prosecutor's Office of Budapest
6.	Dr. Krisztián Varró	prosecutorial investigator	Investigating Agency of the Chief Prosecutor's Office of Budapest
7.	Dr. András Turi	public prosecutor, dep head	Investigating Agency of the Central Chief Prosecutor's Office
8.	Dr. Barna Miskolczi	public prosecutor	Investigating Agency of the Central Chief Prosecutor's Office
9.	Dr. József Ódor	consultant	Municipality of District XV.
10.	Dr. Béla Jónás	Vice-Mayor	Municipality of Józsefváros
11.	Sándor Birta	county councillor	General Assembly Szabolcs-Szatmár-Bereg County
12.	Dr. Antal Erdős	Deputy Commander	Firefighters Headquarters, Budapest
13.	Dr. László Büdi	Chief Public Prosecutor	Chief Prosecutor's Office of Budapest
14.	Dr. Géza Katona	professor, Chairman	Security for Hungary Public Trust
15.	Dr. László Korinek	professor	Ministry of the Interior
16.	Mihály Szabó	head	Department of Investigations, Police Headquarters of Budapest
17.	Dr. István Berka	anti-corruption coordinator	National Border Guard Headquarters
18.	Dr. Frigyes Janza	Director-General	Training Directorate of the Ministry of the Interior
19.	József Babják	Lt. Colonel	Department of Discipline of the Police Headquarters of Budapest
20.	Dr. Gyula Lux	Colonel, departmental head	Hungarian Customs and Finance Guard (HC&FG)
21.	Dr. Norbert Puskás	Captain, departmental head	Hungarian Customs and Finance Guard (HC&FG)
22.	Béla Blaha	Chief High Councillor	Komárom-Esztergom County Office of OFE, Tatabánya
23.	Patrícia Méhes	student	Zuglói Kölcsey High School
24.	Marietta Srágli	student	Zuglói Kölcsey High School
25.	Ildikó Rajna	student	Zuglói Kölcsey High School
26.	Ágota Henczi	student	Batthyány Lajos High School
27.	Dr. Gábor Tamics	deputy departmental head	Criminal Directorate of the National Police Headquarters
28.	Mihály Bezsenyi	departmental head	Criminal Directorate of the National Police Headquarters
29.	Dr. Károly Liszka	deputy director	Criminal Directorate of the National Police Headquarters
30.	István Orgovány	Vice-President	Municipality of Fejér County
31.	Zoltán Mészáros	student	Magyary Zoltán Specialised College of the Faculty of Public Administration of the Budapest University of Economics and Public Administration
32.	Dávid Tóth	student	Magyary Zoltán Specialised College of the Faculty of Public Administration of the Budapest University
33.	Dr. Jan van Dyk	official-in-charge	Permanent Mission of Hungary to the United Nations Office
34.	Zsolt Gelencsér	head of agency	Protection Service of the Law Enforcement Organisations
35.	Dr. Kálmán Györgyi	Ministerial Commiss. Criminal Code of Law	Ministry of Justice
36.	Anita Boros	student	

37	Dr. Petronella Deres	student	
----	----------------------	---------	--

Section 5.

Subsidies, monitoring, supervision systems, contradictions of the tax system

Chairman: Dr. János Nagy, Assigned Head, Department of Financial Supervision, Ministry of Finance

No.	Name	Position	Organisation
1.	Dr. Károly Dániel	Secretariat Manager, legal adviser	Public Administration Office of Budapest
2.	Zoltán Csaba	Deputy Criminal Commander	Hungarian Customs and Finance Guard (HC&FG)
3.	Dr. Tünde Kanta	Criminal Commander	Hungarian Customs and Finance Guard (HC&FG)
4.	István Sajgó	head, Department of Internal Revision	National Pension Insurance
5.	Dezső Szatmári	deputy head	Ministry of Economy and Transport, Department for the Development of Small and Medium Enterprises
6.	Dr. Gábor Papanek	independent expert	GKI Economic Research Co.
7.	Dr. Zolna Berki	President	Hungarian Branch of Transparency International Association (Non-profit organisation)
8.	Péter Szőke	Chief Political Councillor	Secretariat Responsible for Public Assets of the Prime Minister's Office
9.	János Tisovszky	information officer	UN
10.	Dr. János Nagy	assigned departmental head	Ministry of Finance
11.	Anikó Fazekas	departmental head	OLAF Coordination Office of the Ministry of Finance
12.	Péter Polgár	President's Commissioner	Tax and Financial Auditing Office
13.	Dr. Erika Hegedűsné Dani	Vice-President	Governmental Supervision Agency
14.	Dr. Péter Janza	Vice-President	Governmental Supervision Agency
15.	Dr. Sándor Méri	head	Revision Department of the Ministry of Finance
16.	Ágnes Gurmik	deputy head	Department of Municipalities and Regional Development of the Ministry of Finance
17.	Dr. Andrea Korbuly	auditing councillor	State Audit Office
18.	Dr. IMr.éné Mezei	chief consultant	State Audit Office
19.	Larissza Vingender	expert	Fraction of the Hungarian Socialist Party

Attachment 5

E. Press registrations

Media	Name
Duna TV	Attila Vincze Viktor
RTL Klub	János Cseresnyés
TV2 Tények	Gergő Bányász
MTV	Tibor Kéri J.
Hír TV	Krisztina Gay, Péter Csorba, László Szalai
ATV	Ilona Rozsnyai

Magyar Rádió	József Barát
Info Rádió	Levente Sükösd
Kossuth Krónika	Vera Klemanovits
Klub Rádió	Anita Földes

MTI	Árpád Hudra, Andrea Sinkovics
MTI	Ildikó Sámán
Axel-Springer	Benedek F.Tóth
Axel-Springer	Elemér Csák

Népszabadság	Csaba Kunstár
Magyar Hírlap	Krisztina Ferenczy, Csaba Bodnár
Népszava	Zoltán Simon, Péter Szalmás, Ferenc Ina press photographer
Magyar Nemzet	Pál Schwendt
Budapesti Nap	Csaba Vultur

Világ gazdaság	Gergely Dudás
168 óra	Ákos Mester
HVG	Gergely Fahidi
Figyelő	Attila Mong
Magyar Narancs	Gábor Gavra
Napi Gazdaság	László Domokos
Budapest Sun	
Index	Zoltán Bogád
Origo	Gergely Komáromi

Esma Sajtóügynökség	László Bresztyenszky
Esma Sajtóügynökség	
MTV Rt. – Híradó	Katalin Noll
MTV Rt. – Híradó	Dr. Zoltán Rudi
MTV TV – Hét	György Baló
Nap TV	Tamás Gyárfás
Nap TV	Károly Lakat T.
Piac és Profit	Mária Demcsák
Piac és Profit	Lajos Demcsák
Westel Press	Tamás Ambrus
MTV	Gábor Komlósi

Attachment 6**F. Survey Findings from Gallup**

THE GALLUP ORGANIZATION
 PRINCETON, NEW JERSEY
 MAGYAR GALLUP INTÉZET
 BUDAPEST, FŐ TÉR 1., ZICHY-KASTÉLY

Gallup Researches on Corruption**In relation to UN's Global Programme Against Corruption
(2000, 2003)**

A short summary of the surveys performed on population samples in Budapest and in the whole country

Description of the research

The Hungarian Gallup Institution – within the framework of the Global Programme Against Corruption organized by the United Nations' Office of Drug Control and Crime Prevention (UN ODCCP) and its Interregional Crime and Justice Research Institute (UNICRI) – has performed, following the preliminary surveys in 1999 a corruption assessment survey in 2000. The survey was performed among the population of Budapest, the national population, the population and the employee sphere of five municipalities and among the companies of the small and medium enterprise sector, with questionnaires and with focus group discussions in several areas of employment.

In 2003, as a follow-up to this research Gallup has performed a survey among the population of Budapest and among the national population. For its researches Gallup has used the questions of the standardized questionnaire used in many capitals of the world for UN's victimization surveys and some other questions, too. The survey of 2003 in Budapest and the national survey of 2003 have repeated certain questions of the previous Budapest and national surveys so in these cases we could make comparisons.

Main findings of the research

During its surveys Gallup considers as corruption those cases where a citizen offers or is requested to offer money or payments during the procedure so that he or she can use a service that he or she is legally entitled to use or so that he or she can get help.

1. Our survey conducted in 2000 has shown that the various behavior forms falling within this concept sphere are considered as corruption by the population to a varying extent. For example, almost everyone considers as corruption when officials or politicians – for a proper fee – tolerate the activities of organized crime or when during the filling of posts, the awarding of orders or the conclusion of contracts those win who bribe the decision-makers. On the other hand, the gratuities given to physicians are considered as corruption only by a little more than one-fourth of the population while in the case of tips this proportion is one-fifth only.

2. As compared to the situation ten years ago the population does not feel that there were comprehensive changes in the transparency or cultured character of administration within the public sphere – or that the officials' tendency to accept bribes has increased or decreased. The proportion of those who feel that today it is harder to get proper treatment is higher than that of those who feel the opposite but the difference is within the margin of error. As for the question whether it is easier or harder today to get an official to do a favor, the proportion of those who did not know or did not want to answer was very high (38%); the proportion of those who think it harder was higher (21%) than of those who think it easier (19%), but the difference is again within the margin of error, while 21 percent thinks nothing has changed in this regard.
3. If one wants to get the matters he or she is entitled to legally handled properly he or she has to bribe – of the twelve employment groups there were five for which a larger proportion of the population has felt that this statement is true in 2003 than in 2000. Suspicions of requesting bribes or extra payments have grown in the following five areas: medicine, private business sector, customs offices, members of the Parliament, and ministry officials. No increase was perceived among the police officers, the tax authority and excise office officials and the court judges. The proportion of people feeling that special offerings are required has increased within the margin of error for municipality representatives and officials and has decreased within the margin of error for supervisors and teachers. The growth of mistrust against the various groups differs from the change of the perceived corruption situation.
4. It cannot be stated that the rate of corruption has changed between 1999 and 2002. In 2000 9 percent while in 2003 10 percent of the questioned persons said that in the previous year a public official or public servant had asked or expected bribes from him or her for services he or she was entitled to. We do not know whether corruption had actually occurred in these cases or not. The one percentage point difference falls within the statistical margin of error.
5. There were two areas of employment where a relatively large proportion of the population has experienced or felt a corrupt situation both in 2003 and in 2000: in the case of police officials and in medicine. Due to the low number of cases we cannot determine whether there was any change in the tendencies.
6. Of the 29 public office and public service areas there was only one – the hospitals – where a larger proportion of the clients have felt in 2003 that extra payments were expected of them for services which they were legally entitled to. This growth was within the statistical margin of error so we cannot declare that the expectation of extra payments has increased.
7. Not counting medical gratuities, of the 640 clients (or client relatives) of 10 public office and public service areas 25 – 4 percent – has said that he or she did give bribes or extra payments; this is 4 percent of all families having any contact with the institutions (but not of all client contacts!) This means that in the non-medical part of the public sphere every 25th person who (or whose relatives) had been a client of a public institution at least once last year had actually taken part in

corruption (but the proportion of corruption cases must be much lower when compared to the total number of client contacts.)

8. Less than half of the population (43%) would know where to turn to and report if they experienced corruption. The remaining 57 percent of the population does not know where to turn.
9. If they experienced corruption nearly two third of the population (62%) would be ready to report it. 37 percent of the population would also provide their name while 25 percent would report anonymously. A little more than every fifth person (22%) would not report corruption and 16 percent does not know what they would do. The proportion of the population claiming to be ready to report corruption is larger than the proportion knowing where they should turn to in such a case.
10. The population reports only an insignificant part of all corruption cases. Of the 1016 persons asked 101 claimed to have perceived a situation of corruption but only four of them have reported it: three at the police and one at the chief public prosecutor's office. The number of reports is extremely lower than the number of cases and also from the number one can expect on the basis of the population's proportion claiming to be ready to report corruption or even on the basis of the proportion knowing where to turn to.
11. Most of the persons not reporting the corruption they have experienced claim that "it did not worth making a report." The other most frequent explanations were – in descending order –: because the bribed party was the police; because they are afraid of the bribed party's retaliation; and because they could solve their problem this way.

Summary

- The proportion of persons presuming corruption in certain areas has increased in the past three years but no increase can be demonstrated in the number of perceived situations of corruption.
- The population does not perceive more situations of corruption than they did three years ago. 9-10 percent of the population has perceived a situation of corruption in the last year.
- The population did not perceive a comprehensive increase in the expectation for extra payments by the public officials and public servants. (The proportion of those saying that now it is harder to get an official to do a favor is 3 percentage points higher.)
- There are two areas where a relatively large proportion of the population has experienced or perceived situation of corruption both in 2003 and in 2000: in the police and in the medicine.
- In spite of the foregoing there are five areas where a somewhat higher proportion of the population presumes a tendency for corruption than they did three years

ago. Mistrust has increased against people working in medicine, in the private business sector and in the customs offices and against the representatives of the Parliament and the officials of the ministries.

- More than two percent of the population admitted that he or she or a relative of him or her has actually given extra payment lays year in the public sphere for taking measures, starting procedures or the provision of services (excluding medicine).
- Only a very small fragment of all cases of corruption are reported by the population. A lower percentage of the population knows where they could report cases of corruption than the percentage claiming to be ready to report. However, incomparably smaller is the proportion of those who actually report corruption than of those who know where to report it.

Methodology

Between February 6th and 9th, 2003 the Hungarian Gallup Institute has asked through the phone 1016 Budapest residents of at least 16 years of age about certain corruption-related matters, and between February 6th and 13th, 2003 the Institute has asked 1009 adult (at least 18 years of age) persons living in 67 different Hungarian settlements about certain other corruption-related matters. The statistical sampling error for such sample sizes is less than +/- 3.2 percent of the whole of the sample.

In March 2000 we have conducted a phone survey on 1513 Budapest residents of at least 16 years of age and in April 2000 we have conducted a survey on a nationwide representative sample of 1839 adult (at least 18 years of age) persons. The statistical sampling error for such sample sizes is less than +/- 2.3 percent of the whole of the sample.

The composition of the samples was in accordance with the national gender, age-group and type of settlement distribution. The smaller deviations from the properties of the total population due to the sampling process were corrected by using a multi-aspect weighting.

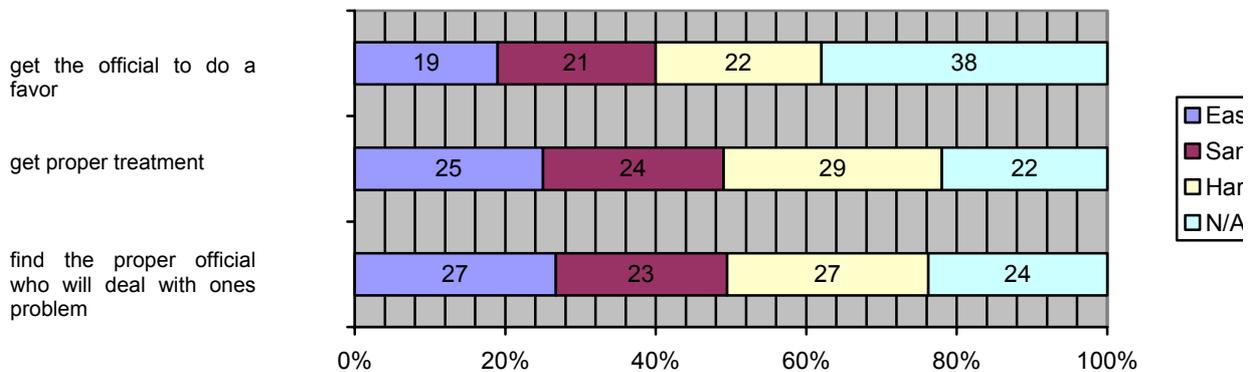
Cases considered as corruption

Percentage of population considering the given situation as obvious corruption

- If public officials or politicians tolerate the operation of organized crime for a fee: 94%
- If during the filling of posts, the awarding of state or municipality orders or contracts those win who bribe the decision-makers: 93%
- If an official deals with one's case for a gratuity or bribe only: 92%
- If instead of paying a fine one hands over a sum to the traffic policeman without asking for a receipt: 82%
- If during the filling of posts, the awarding of state or municipality orders or contracts nepotistic considerations prevail: 81%
- If people need acquaintances or "godfathers" when they want to have their cases dealt with: 75%
- If a public official or public servant violates some smaller rules for the benefit of his or her relatives: 63%
- If a public official or public servant accepts smaller gifts from his or her clients: 45%
- Physician's gratuity: 28%
- Tipping: 20%

Nationwide research, 2000; N=1839

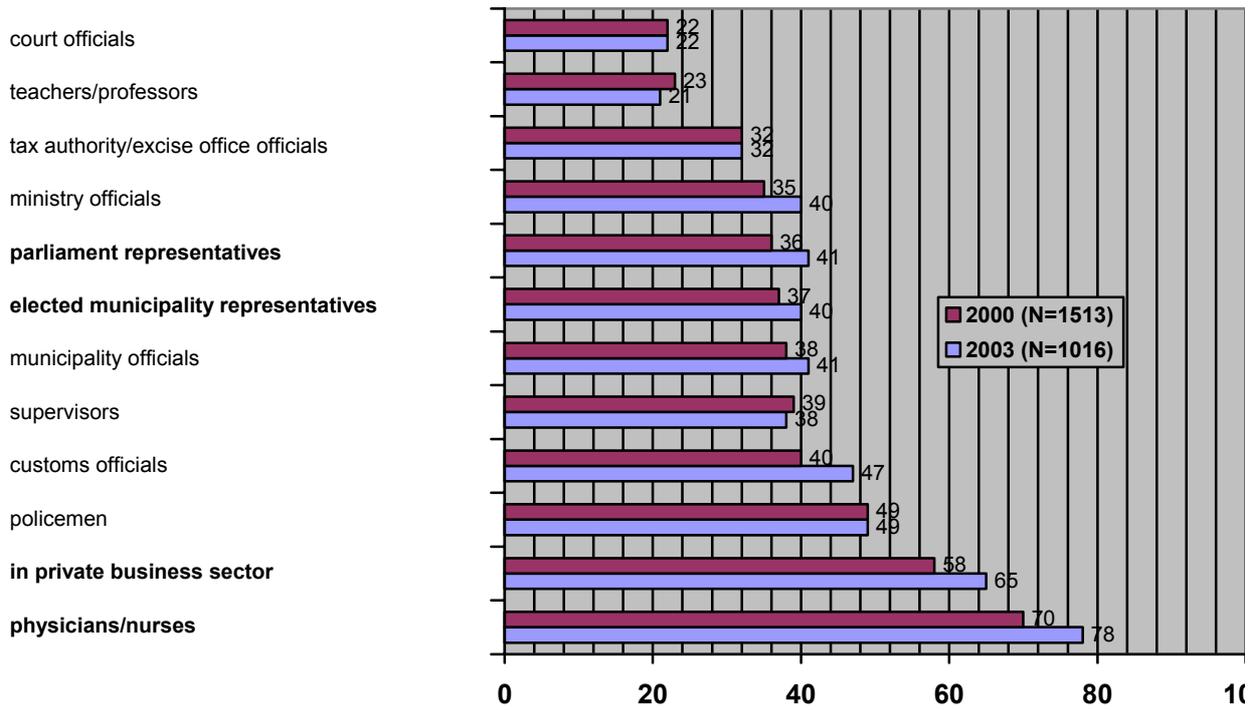
As compared to the period ten years ago is it now easier or harder to:



Budapest research 2003... N=1016

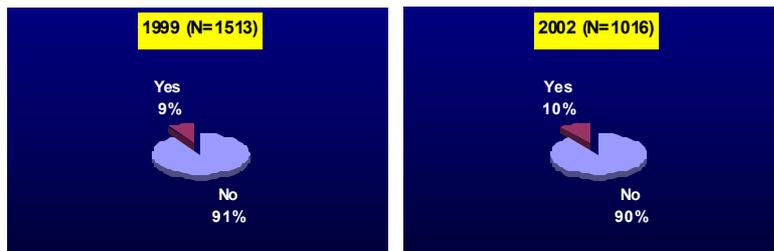
Presumption of corruption

It is likely that one will have to offer gifts or favors to...



Budapest research, 2000-2003

“Perceived” situation of corruption

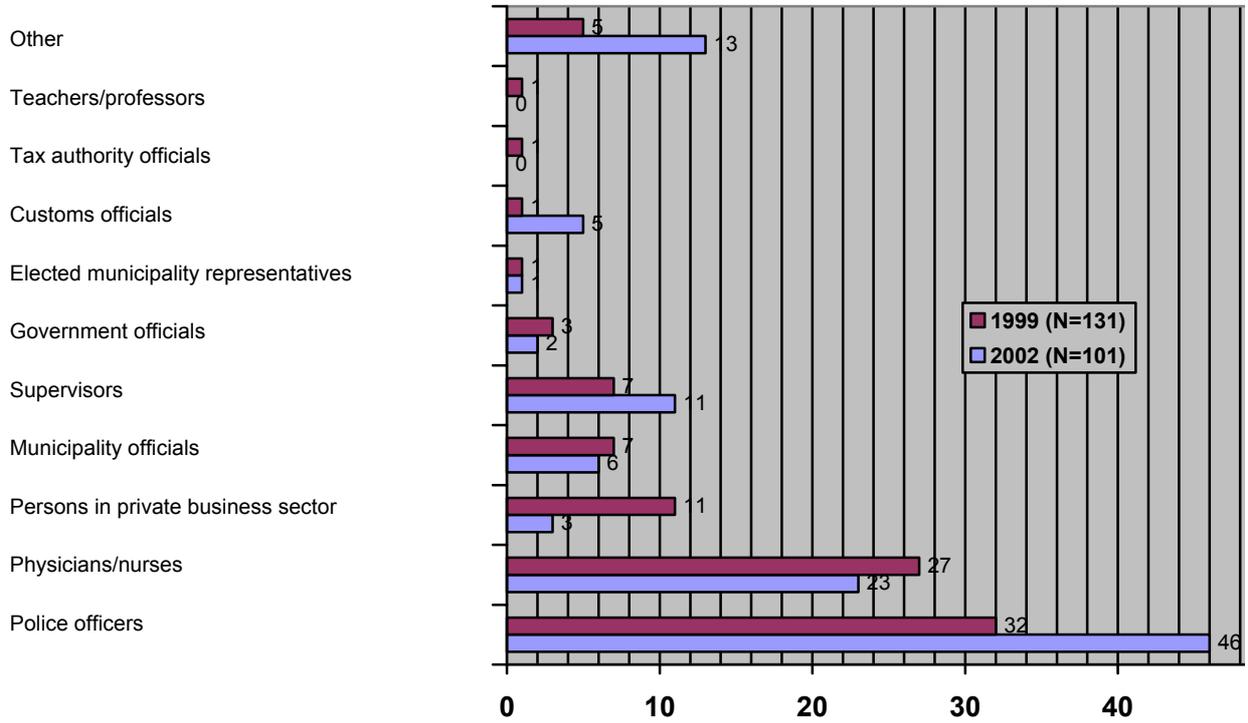


We do not know whether there WAS ACTUAL corruption or not

Budapest research, 2000-2003

Officials expecting extra payments

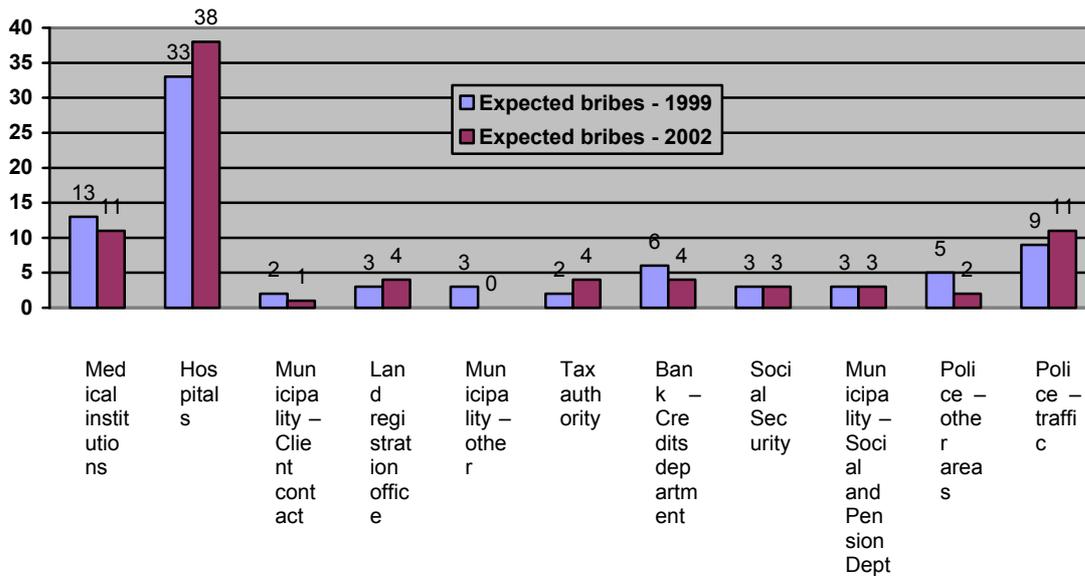
As a percentage of those who have perceived the situation of corruption



Budapest research, 2000-2003

Perception of situations of corruption

as percentage of the clients



National research, 2000-2003

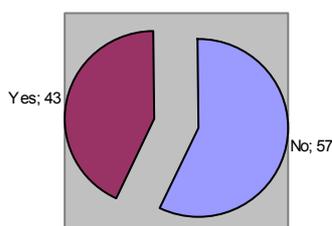
Cases that were uncovered in the course of the survey only

	<i>Number of clients in sample</i>	<i>Number of those who felt that bribes were expected</i>	<i>Number of those who said they gave bribes</i>
Police – traffic	99	11	5
Tax authority	152	6	4
Traffic Inspectorate/Chief Inspectorate	36	2	4
Municipality – Technical Department	42	5	2
Social Security	132	4	2
Public Areas Inspectorate	27	4	2
National Public Health Office	42	2	2
Police – other areas	73	1	1
Municipality – Assets Department	36	0	1
Market Inspectorate	3	1	1

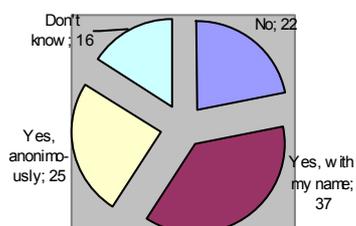
National research 2003; N=1010

If you were faced with corruption...

would you know where to report it?



would you know where to report it?



Budapest research 2003; N=1016

Why you DID NOT report the corruption to the police?

As percentage of the unreported cases

It was not worth it	35%
The police was the bribed party	16%
I did not dare because I was afraid of retaliation by the bribed official	14%
Because I could solve my problem	12%
The police would not have done anything/would not have been interested	7%
I could not make thing work any other way	5%
I did not want the public to learn about the matter	5%
I could not prove it	4%
I did not know where to go	2%
In my opinion it makes no sense	2%
I was afraid/I did not want to get the police involved	2%
I had no time/I did not want to take the trouble	1%

Budapest research 2003; N=1016

Gallup Monitor – <http://monitor.gallup.hu>

After the four decades of the single-party regime it became gradually clearer and clearer that a multi-party system in itself does not ensure democracy. A key question is the quality of the public sphere, the public offices and the public services: do these serve the interests of the public, of each and every man or just that of certain people or groups of people. How do the public persons, the participants of public life, the public officials and the public servants use the power entrusted on them, how do they use their entitlements and decision-making rights? Are their actions governed by the public interest – even by pushing into the background their own interests – or do they subordinate the public interest – violating moral and/or legal rules – to their own interests?

From this consideration the Hungarian Gallup Institute has started an online periodical publication in the fall of 2000 as a part of its public service quality control activities. With its informing activities the Gallup Monitor should serve the cleanliness and transparency of public life and public services, the accountability of the decision-makers and the observance of law. At the current status of the development of the public services its chief theme is anti-corruption work and in this it keeps contact with UN's Global Programme Against Corruption.

News

Analyses: Gallup's corruption researches

Notes

Links:

Current situations

Institutions

Documents

Rules of Conduct

Sources (Anti-corruption websites and online periodicals)

Bibliographies:

Ildikó Ritter: Thematic bibliography of corruption (January 1995 – September 2000)

István Wintermantel: Thematic Bibliography of Fact-finding journalism (– 2001)

\ For a more detailed report on the research please visit the anti-corruption website of the Hungarian Gallup Institute, the Gallup Monitor at <http://monitor/gallup.hu/elemzesek>

VIII FOLLOW-UP: PRESENTATION OF HUNGARIAN ANTI CORRUPTION STRATEGY TO EU EXPERTS IN BRUSSELS, JUNE 11TH 2003

A. **Presentation of Hungarian Pilot Project and outcome of National Conference for Cleaner Public Life to Experts representing European**

1. **Executive Summary**

The outcome of the National Conference for Cleaner Public Life was presented to a group of experts from the European Union at a one-day workshop organized jointly by the European Commission and by the Global Programme against Corruption of UNODC. The meeting was entitled "Workshop on Preventing Corruption through Integrity and Transparency Standards in Public Administration" and was held within the framework of the EU Forum on Prevention of Organized Crime.

The Hungarian delegation was headed by Laszlo Keller, State Secretary, heading the State Secretariat Responsible for Public Assets which works within the Hungarian Prime Minister's Office. Hungary's presentation was made by Tamás Dékány, the Head of Public Assets Control Department of the State Secretariat Responsible for Public Assets. The presentation, supplemented by a brief comment from State Secretary Keller, was followed by a question and answer session.

2. **Presentation of the GPAC Hungarian Pilot Project**

The (State) Secretariat (Responsible for Public Assets) was specially set up as an efficient government body for curbing corruption. My role here today is to present You the results that Hungary achieved during the fight against corruption and to inform You about our future plans, the so-called "Action plan", which Hungary collaborated with the experts of the United Nations Office on Drugs and Crime.

This Action plan is partly based on Hungarian Decrees, Acts and partly on the conclusions of a joint conference we held in Budapest with the help, support and assistance of the UN ODC named the "national integrity meeting for cleaner public life". It helped us a lot as You will see. Therefore, this presentation could be regarded as a summary of the conference and the Legislation.

If we look at the present situation in Hungary, we can say with clear conscience that Hungary is committed to curb corruption. However, in a globalising world the illegal activities and the corruption have international aspects, too. To curb it we must have international cooperation. This is why we have joined the UN's Global Program against Corruption in 1999 that has been operating and growing for some years now and that is why international cooperation against corruption, organized crime and terrorism must keep on strengthening. Obviously, one of the purposes of this international cooperation is to provide a kind of international standard for our domestic activities and efforts.

The UN ODC clearly stress every occasion it has that the fight can only be successful if it is non-partisan. We can say that Hungary's commitment is non-partisan, as the current government executes and improves an Anti-corruption strategy that was issued by its

predecessor in 2001 which strategy (embodied in a Decree) was surely inspired by the international relationship with the UN. Furthermore, the Hungarian Parliament recently passed the very significant “Glass Pocket Act” which firmly supports the fight. We can also proudly announce that a National Anti-Corruption Body was set up, which body is chaired by the State Secretary Responsible for Public Assets, Mr. László Keller.

After this short introduction, in the speech firstly I intend to summarise to the audience the history of Hungary’s fight, the goals and major regulations of anti-corruption legislation and the new Glass Pocket Act. Afterwards, I summarise the most important declarations that the speakers made during the conference and of course, the Action Plan. As I was also asked to briefly summarise the latest GRECO report on Hungary, I would close the speech with this report.

1. The History / Decree and the Act

One of the speakers at the mentioned conference referred to an old saying said: “he who had started it is already half through with it.” If we apply this saying to our goals, this may become not true. We should say instead that it has not even been started until it is half-ready. However, another saying – that a good start is a half success – is true.

In the past ten years upon their accession to office, the new governments have always promised more and more concentrated anti-corruption measures. The cabinet between 1994 and 1998 revitalised the Coordination Committee for the Protection of Economy to curb black economy. The strategy developed and approved by the previous cabinet targeted corruption itself, while the present government emphasises the control of public assets. Today it cannot be determined yet which method is the most suitable in expressing and implementing the governmental intentions. The Coordination Committee for the Protection of Economy had collected many experiences and had moved public administration thoroughly. The strategy applied by the previous cabinet has introduced unavoidable legal automatisms, and coercively repeating routines that are clear but the effects of which are not immediate.

In 1998 preparations began for creating legislation that concerns corruption itself. Not only politics but of public administration and independent experts were also involved in the project. The preparations were built on a frame consisting of seven elements:

- the situation and judgement of corruption in Hungary;
- the present corruption risks;
- corruption risks expected in the next 5-10 years;
- objectives, tasks, programs and measures;
- governmental and non-governmental participants of the strategy;
- the monitoring of the strategy;
- the communication of the strategy.

Fortunately, on March 11, 1999 UN’s International Crime Prevention Centre has introduced three new programs in Vienna – one of which was the Global Program against Corruption, the so-called GPAC. It came in handy. On June 9th 1999 Hungary signed and joined the Global Program against Corruption as a pilot country and our learning process began. Our role was also to test anti-corruption tools that the UN ODC developed.

The first joint experts' meeting was held at the same time with the signing. Since then several press articles have been released and several surveys were made jointly. These articles and research helped Hungary a lot in determining its tasks and GPAC handed over significant tools and knowledge to use. The Cabinet approved the 27-point anti-corruption government strategy in February 2001. The main points are the following:

- Conflict of interest rules should be improved;
- Financing of political parties needs to be restructured;
- Wealth declarations of policy makers should be improved;
- A lobbying law may need to be passed;
- The public procurement law should be further specified (a new act is now being developed);
- Excise regulations need to be re-considered, stricter rules may need;
- Anti-corruption fight needs to be a significant topic in education as well;
- A civilian forum should be set up, where announcements and notices can be made without negative effect (a new state secretariat is set up within the Prime Minister's Office);
- An anti-corruption body should be set up within the Government. This point is also fulfilled, as the Government set up the Board Against Corruption led by the State Secretariat Responsible for Public Assets. The Chairman of the Board is the state secretary. Members from both the private and the public sector are invited. The main task of the Board is to disclose the main motivation of corrupt behaviour in the society, analyse the circumstances of corrupt situations, provide alternatives to the Government in fighting against corruption, develop and supervise the fulfilment of Hungary's anti-corruption action plan and also continuously refresh it.
- Ethical measures should be defined (draft codes already exist).

Some of the above tasks are under process, and of course, some still need to be launched.

Regarding criminal legislation, Hungary is not lagging behind. Hungary accepted and also embodied the stipulations of major international Agreements and Conventions. They are continuously observed. I can also proudly announce that Mr. András Hegedűs, a special understate secretary has been appointed within the Ministry of Interior for crime prevention purposes.

As mentioned in the introduction part of the speech, the Parliament has already passed the "glass pocket law package" in April establishing the legal conditions for the multi-level and efficient controlling of the use of public monies. The purpose is to ensure a much better transparency in this field.

In the summer of 2002, the Government has instructed the Ministry of Justice to develop – in co-operation with the other concerned ministries – solutions improving the regularity of the use of public assets and the operation of public properties, strengthening control over financial management, the possibilities available for the state audit organisations and the transparency of the government's financial management.

The act concerns five major themes. Their aims are:

- making data public that have public interest to a certain extent even if they have relation to trade secrets;
- strengthening of the role and authority of the State Audit Office;
- helping in making the operation and economic participation of budgetary organisations more transparent;
- reducing the possibilities of founding business organizations from state or municipal budgetary resources;
- ensuring the transparency of founding and operating non-profit organizations established from state or municipal resources.

The act does not amend the public procurement law and the criminal law, as the Government would amend them separately. Their codification is under process. If anybody here is interested in the above regulations in more detail, please do not hesitate to contact me.

2. About the National Conference for Cleaner Public Life

The Conference was held in Budapest in March this year under the co-organisation with the Hungarian Prime Minister's Office and the UN ODC.

We were very happy that the major players in fighting against corruption accepted our invitation to the conference. The workshops we held on the second day of the conference were a perfect forum for a brainstorming of the mostly appreciated experts in Hungary. However, the Conference was not only drawn for a Hungarian brainstorming but also for taking the opportunity for the UN ODC to hand over us the latest developments and experience, tools and assistance in order to help us advancing our skills and knowledge in the fight against corruption.

The aim of the conference was to catch the attention of both the public and the most knowledgeable and active experts in the field and to create a goal oriented and measurable action plan for the Hungarian society as a whole and in particular for the persons participating in setting legislation, practicing the law, also for civil society organizations and the private sector.

On the first day of the two-day event representatives of the United Nations Office on Drugs and Crime, associates of various Hungarian institutions dealing directly with the problem of corruption, and representatives of the Hungarian parliamentary party factions presented their views and proposals on corruption in Hungary. After delineating the status of corruption in Hungary, the second day of the meeting as mentioned was devoted to group discussions where invited experts described their views and proposals on various corruption-related matters.

It was clear for us, however, that the fight for a clean public life and a corruption-free society could not be fought and won with a single event. This is a long-term process in which the state-organization, the shaping of the public opinion, the moral education and guidance, the legislation and the jurisdiction each has an important role and ongoing commitment. Therefore, we created an updated anti-corruption strategy plan that is based on the common views of the members of the workshop groups.

3. The action plan

When governments prepare action plans for anti-corruption fight, they first have to assess the current situation and the goals that can be achieved on the given basis. Comparing the various anti-corruption strategies in the world, they always include ethical, legal, economical and educational elements. Comparing the economical development of the various countries, the dominant methods are different. In the case of the lagging countries, the dominant method is campaigning together with criminal law measures, based on foreign economical aids. In the case of the countries in the mid-range, it is the measures aimed at improving the transparency of economy, while highly developed countries strengthen the measures that are aimed at enforcing observance of the ethical expectations and at improving the wage system. Furthermore, developed countries emphasise prevention when they creates their strategy plans. Less developed nations may not have enough capacity to change their focus from running after corruption to prevent corrupt situations.

Hungary's action plan seems to be an action plan of a country between the mid-range and the high-class level as You will see. And of course, I truly believe that the assessment of the legal and economical background was well based. Otherwise, the seeds we sow will not grow to be flowers.

The basis of the national action plan was formulated in the framework of five areas corresponding to the themes covered by the five working groups. Following are the key points of agreement within the five working groups:

a. Ethical Issues, lobbying, asset control, financing of political parties

- There is a need for Codes of Ethics relevant to the various professional areas and also a need for a Civilian Charter
- There is a need for ethical committees, proper systems of evaluation, auditing and training.
- There is a need for the creation of personal and institutional spheres of accountability.
- The financing of the political parties needs to be completely revised.
- There is a need for special controlling and monitoring systems for the financing of election campaigns.
- The workshop did not reach a final agreement on whether a separate Act on Lobbying is needed. The workshop was, however, confident that lobbying rules are necessary and that they must be extended to the local government level and it should not apply to public procurement procedures. Currently, the Ministry of Justice considers that instead of a new act, lobbying rules should be inserted into the already existing Act on Codification.

b. Public procurement, supplying, public procurement culture

- There is a need to reconsider the regulations on public procurement in harmony with the amendment of the Act on Public Procurement.
- There is a need for proper training of the persons involved in the public procurement process.
- There is a need to create a list of experts, define the methods of selection from the list and ensure continuous monitoring.
- There is a need to popularize and promote decision-supporting IT tools. There is a need for editing of sample documents and standardization of their application
- There is a need to create other tools for supporting procurement activities (call-centre, on-line availability, establishment of organizations specializing in purchasing).
- There is a need to develop and propagate electronic purchasing systems (EPS).
- There is a need to develop a regulatory model meeting the requirements of EU standards.
- There is a need to reconsider and widen monitoring activities related to purchasing (look for new solutions!).

c. Education, human development, polling

- As childhood has a very important effect on a person's relation to corruption, the responsibility of educators is very high

- There is a need to be conscious of the fact that the media has a high impact on a society's awareness.
- Tools need to be developed to strengthen the corruption-rejecting behaviour of Hungarian society.
- There is a need to compile an Action Program for anti-corruption training.
- There is a need to establish a preparatory committee to develop a set of tools for human resources training against corruption.

d. Crime prevention, fighting crime, public administration

- There is a need to introduce a Code of Conduct for law enforcement entities.
- There is a need to raise risks and focus on deterrence.
- There is a need for witness protection programmes.
- There is a need to strengthen the control mechanisms (both overall and internal).

e. Subsidies, monitoring, inspection systems, contradictions in the tax system

- There is a need for comprehensive, clear, realistic regulation on public procurement
- There is a need for a clear system of conditions as regards entry into the public administration apparatus and a need to stop favouritism.
- There is a need to simplify the bidding process and a need to clearly define bidding principles.
- There is a need for proper sanctioning linked to the primary responsibility of leaders and managers.
- There is a need for continuous contact with clients, for simplifying procedures, for transparent and appropriate forums and a move towards a single-desk administration.
- There is a need for the application of proper deterrent methods in public and private sector to achieve a higher level of law adherence.

The UN ODC was very happy to see our new Glass Pocket Act. The passing of this law was seen as a vital basis for the continuation of the legislative process -- with the help of the United Nations Global Programme against Corruption – that should include further steps. Namely:

1. Adopt an EU-conform public procurement law;
2. Use of special tools for supporting the preparation of decisions in inviting tenders and assessing bids (since the conference both the tender writers and the bid makers began to use special pieces software developed for public procurement procedures);
3. Re-regulate the financing system of the political parties to ensure stability and transparency and prevent illegal means of funding;
4. Reform of the financial control system. Hungary makes significant efforts to improve its financial control system in order to harmonise it with EU regulations. The Ministry of Finance works all night and day in order to comply with the relevant needs of the EU. As a new concept in the EU as well, we also have difficulties to set up the so called inspection units within the line ministries and separate the functions from the audit activities that rather have an advisory kind of nature;
5. Further review of the taxation system to identify funds of unclear origin;
6. Prepare and pass a new insolvency law;

7. Modernize – in cooperation with the Court of Auditors – local government control systems;
8. Create a new system of state subsidies dealing with development and investment for local governments;
9. Remove contradictions in the system of subsidies and develop a monitoring system.
10. Develop a Code of Behaviour and introduce an Ethics Body;
11. Compile an anti-corruption action plan and develop a system of internal rules for the judiciary;
12. End insecurity of legislation and develop an institutional system of impeccability;
13. Organize in a much more effective way the education and training of persons active in areas where the risk of corruption is high;
14. Develop the legal conditions for the use of private capital in the construction of public institutions;
15. Strengthen debt collection regulation;
16. Develop an Act on Lobbying to create the base for the various interest groups upon which they can represent their interest in a regulated and transparent way during public authority decisions and promote effective control by civil society over organizations exercising public authority;
17. Ensure the closing of judicial procedures within a reasonable period of time and prevent the possibility of pressures on the judiciary;
18. Improve the efficiency of investigations, particularly in cases involving significant amounts;
19. Make data bases of courts more transparent;
20. Mend legislation to ensure that when the media publishes reports on the activities of public personalities the author of such reports cannot be held responsible.

According to the joint press release about the conference, organizers and participants of the two-day meeting shared the view that international experience and actual government measures could not be really successful in themselves unless society's perception on corruption was changed. Society's corruption-rejecting and corruption-preventing position had to be based on and measured by the law-abiding and ethical behaviour of the citizens. The real success of the fight against corruption was not the disclosure of the existing abuse but *prevention* which was even more important and required making citizens concerned and changing society's perception. We, therefore, also need to fight against the *image* of corruption, as a single corrupt case can make people very cynic about our efforts and success.

f. The Greco evaluation report

GRECO made its survey regarding the penetration of corruption in Hungary and the country's achievements in 2001. Due to administrative reasons, Hungary commented the report this spring and made many footnotes demonstrating that in the meantime Hungary did a lot in the field of fighting against corruption. Representatives of the Ministry of Justice also presented their comments personally at the Council of Europe in Strasbourg.

In the report, GRECO concerned:

- the phenomenon and the perception of corruption in general in the minds of people,
- the legislative background,
- anti-corruption policies,
- statistics,
- institutional basis for fighting against corruption (e.g. investigative bodies, prosecutors' offices, judiciary system, customs, internal revenue office, etc.),
- immunity possibilities (e.g. member of parliaments, etc.).

~~82~~In the conclusion of the report, GRECO established that Hungary is one of the post-communist countries least affected by corruption. However, corruption remains an important problem which affects a number of public services, including healthcare, traffic policing, public procurement and political party funding. In recent years, the Hungarian Government has made considerable efforts to prevent and combat corruption. In terms of international commitments, Hungary has signed, and even ratified, most relevant international conventions against corruption.

Despite the intention of the Hungarian Government to eliminate corruption, the lack of information to the public on the measures adopted and the results achieved in the fight against corruption, seems to hinder the trust in governmental institutions. More favourable conditions provided for the media, in this connection, could promote the appreciation of the public. Continued governmental support is needed not only for implementing the improvements of Hungary's anti-corruption strategy but also for eliminating the rampant practice of gratuities existing in certain public services. The law enforcement system appears to be well structured for the fight against corruption.

GRECO also recommended steps to be taken in eleven points in order to combat against corruption with more success. As the points generally cover the ones Hungary inserted in its anti-corruption action plan, with your kind approval I avoid to list them now.

g. Closure

As a closure word, I trust that with the help of the mentioned international organizations and the efforts of the Hungarian people at the end of the pilot project we participate in the international community would regard Hungary as a teacher instead of a learner on how to curb corruption effectively.

B. Supplementary remarks by State Secretary Keller

Following the presentation State Secretary Keller stressed three key points as important additions to the presentation:

1/ On the issue of political will and political support, he stressed that while the common experience was that political entities in opposition tended to be vocal and supportive in fighting corruption once those entities were in power their will to pursue the corruption agenda tended to diminish. He stressed that what was unique in Hungary -- even model like -- was that the current governing coalition was not only keen on fighting corruption when it was in opposition but since it won the election it was just as keen to pursue the issue with the same vigour by advocating zero tolerance. As a result a number of high ranking government officials already had to resign.

2/ The State Secretary also stressed that the present Government strategy to fight corruption was based on accepting the principle of 'no need to re-invent the wheel' meaning that the current Government took over a number of initiatives and programmes from the previous Government and continued the efforts which the previous Government began.

3/ The State Secretary also stressed that information on corruption, the need to support complaint mechanisms was important. The basic idea behind the setting up of his own separate State Secretariat was to establish a forum where individuals and civil organizations can come forward and share their concern, view and information, including the revealing of alleged or possible corrupt practices. He stressed the importance of continued and open involvement of civil society in this process.

As a final comment he also pointed out that participation in the GPAC pilot project meant that Hungary received much appreciated help and expertise from the UN for which he was very grateful.

C. Comments: question and answer session

The comments, questions from the EU experts triggered by the presentation focused on three key areas: independence of the Hungarian anti-corruption body in light of the fact that the State Secretariat worked as part of the Government; dealing with lobbying; and the linkages of private and public sector corruption through private sector involvement in public investment projects.

1/independence of anti-corruption mechanism

State Secretary Keller was ready to acknowledge that his office works within the Government therefore it is difficult to claim independence in this regard. He stressed that it was difficult to ensure independence because an anti-corruption programme needs implementation and that is done through state administration. He pointed out that the anti-corruption mechanism in Hungary also includes two additional bodies, an Advisory Council to the Prime Minister which includes representatives of relevant, stake-holder ministries as well as key experts and also an Ethical Committee which is totally independent from Government.

2/ lobbying

The State Secretary stressed that the reason why Hungary had not passed a special law on lobbying was that the initial stress was put on passing the “Glass Pocket Act” and this legislation in fact allows transparency by making transactions/contracts above a certain value public. He also stressed the need to continue to strive for transparency. As regarded lobbying, he pointed out that there was a need for integrating other national experiences.

3/ linkages between private and public sector corruption

State Secretary Keller in this regard said that having had extensive discussion with private sector representatives in Hungary, he felt that while some individuals continued to favour the present non- regulated situation which allows for corruption, more and more representatives of the private sector would like to see a change. He also mentioned that the past two-three years saw a reduction in investment willingness in Hungary and one reason for this could be the tainted rules and conditions of competition. However, as he said, for the time being Hungary had to focus on the public sector to curb corruption. This was also important because private sector corruption was rooted in public sector corruption: it was from public money that bribes might be paid to the private sector.

D. Conclusions of the Brussels workshop

The topic of building integrity and transparency with a view to preventing corruption has been put firmly on the European agenda. The European Commission offers a facilitator role by promoting a policy dialogue between relevant stakeholders, including supranational and international organizations (UN, OECD, CoE, EU), the national administration, the private sector, and civil society as a whole along the following lines:

- 1 A consensus has to be formed around key principles and their importance in the prevention of corruption: these are transparency, integrity, impartiality, accountability, the need for effective systems of checks and balances and for an holistic approach.
- 2 A principal task is to introduce “horizontal accountability” across a country’s national integrity system, to ensure that officials and others are fully accountable to other relevant agencies and to their professional bodies. A second core task is to prevent conflicts of interest situations from occurring at all levels. This process can be assisted by disrupting corrupt “networks” by appointing highly-respected and non-political citizens from outside government to official watchdog bodies.
- 3 A particularly important sector is the judiciary, both as a core enforcement mechanism and because it can set an example for such other public sectors as prosecutors, police, tax collection and customs. The Bangalore principles of judicial conduct represent a best practice in this respect.
- 4 The belief was expressed that the Hungarian example of a national anti-corruption strategy could usefully be replicated by some other European countries through the agency of the UN Global Program against Corruption (GPAC).
- 5 It was recognised that genuine European integrity standards have not yet been developed, and need to be developed bottom up, with strong political support from leaders and senior officials both in words and in their own actions.
- 6 Once these standards have been developed, they need to be disseminated widely, implemented and made subject of awareness raising, educational and training measures.
- 7 Both the private sector and the public sector (i.e. the supply and demand sides of corrupt transactions) can benefit from each other in jointly developing risk assessment and integrity standards with a view to promoting corporate responsibility and sustainable economic development.

E. Press release**UNITED NATIONS AND EUROPEAN COMMISSION
JOIN FORCES TO CURB CORRUPTION**Hungary presents UN anti-corruption pilot project to EU experts

VIENNA, 12 June (UN Information Service) – In a workshop on preventing corruption, organised by the European Commission and the United Nations Office on Drugs and Crime – which runs the United Nations Global Programme against Corruption (GPAC) – both institutions called for European Union strategies to build integrity and transparency and to curb corruption among current and future EU member states.

A national action plan to curb corruption in Hungary was presented yesterday to participants of the one-day workshop in Brussels within the framework of the European Forum on the prevention of organised crime. The Hungarian anti-corruption strategy – worked out as a GPAC pilot project – is intended to serve as a model for other European Union countries including newcomers from the Central and East European region. The anti-corruption measures aim at integrating national level specifics with the EU regional requirements and the United Nations global approach.

Using the case study of Hungary and presenting other approaches of the EU, the Council of Europe, the OECD, private sector and civil society representatives, the participants of the workshop looked at the utility of anti-corruption measures and policies that could be replicated by other EU countries. The participants stressed the need for those measures to be facts based, transparent, multi-partisan, comprehensive, impact oriented and to include active participation by civil society and the private sector.

In a Communication to the EU Council of Ministers and the European Parliament adopted earlier this month, the European Commission is advocating a comprehensive EU policy against corruption including measures within both the public and the private sector aimed at enhancing integrity and transparency and avoiding conflicts of interests situations that are seen as being mostly the source of acts of corruption.

Hungary became one of the first pilot project countries of the GPAC. The presentation of the Hungarian Government's anti-corruption action plan in Brussels was a high point of the action-learning process set by the project. The presentation came just over two months after Hungary organised a National Conference on Cleaner Public Life in late March. That two-day meeting was the first independent, national level event of the GPAC in Hungary. It was at this National Conference that a broad-based agreement was reached on key elements of a national integrity strategy and an anti-corruption action plan that was presented to the EU workshop yesterday.

The GPAC was launched by the UNODC in 1999 in collaboration with the United Nations Interregional Crime and Justice Research Institute (UNICRI) to assist Member States in their efforts to build integrity to curb and prevent corruption by increasing the risks and costs of abusing power for private gain. "The manifestation of corrupt practices in public life, and the lack of effective institutions to counter it, has long-term detrimental effects on sustainable

development” as was stressed by UNODC Executive Director Antonio Maria Costa when he addressed the National Conference on Cleaner Public Life in Hungary.

The GPAC aims at helping Member States in preventing and controlling corruption through: advancing knowledge and expertise on anti-corruption measures and tools; providing technical assistance to build and strengthen capacities; and enhancing co-ordination and co-operation among organisations active internationally in anti-corruption policy, advocacy and enforcement. The GPAC is composed of three main components: action learning, technical co-operation, and evaluation. It provides technical co-operation at the international, national and sub-national or municipal level. It conducts pilot projects in selected countries to test new approaches and anti-corruption tools as well as run regular studies and surveys on country level corruption trends. The focus of the pilot projects is on three types of corruption: the “street-level” experience of citizens with public agencies, private sector corruption and high-level corruption in finance and politics.

The efforts of the United Nations Office on Drugs and Crime to work out anti-corruption standards that are comprehensive in scope and global in application are expected to reach a high point by the end of this year as Member States are to conclude a UN convention against corruption. The new global instrument is expected to cover issues such as public and private corruption, preventive measures and asset recovery as well as criminalization, international co-operation, technical assistance and monitoring of implementation.

IX ENDNOTES
