

Open Budget Survey 2021

Questionnaire

Hungary

May 2022

Country Questionnaire: Hungary

PBS-1. What is the fiscal year of the PBS evaluated in this Open Budget Survey questionnaire?

Please enter the fiscal year in the following format: "FY YYYY" or "FY YYYY-YY."

Answer:

FY 2021

Source:

n/a

Comment:

We evaluated FY 2021 because at the time of cut-off date the government still had time to publish documents before the submission of the budget proposal for FY 2022.

The government published several budget documents but none of them satisfied the requirements of the Pre-Budget Statement.

The government published a fiscal and macroeconomic outlook for 2019-2023 in December 2019. Its title is „Makrogazdasági és költségvetési előrejelzés 2019-2023” (Macroeconomic and fiscal outlook 2019-2023). This was published about half a year before the submission of the budget proposal for FY 2021. The document describes the macroeconomic and budgetary trends, but do not present the planned new policies for the upcoming budget. On pp. 19-24 it provides an outlook for 2020-2023 but the chapter only discusses the already adopted policies. On page 20 the document stated that the outlook had been based on a „no policy change” basis. The budget priorities are broad like decreasing the budget deficit and the state debt relative to the GDP while strengthening the competitiveness and productivity of the economy, improving the demographic situation and maintaining a GDP-growth above the EU average. The document is part of the medium-term EU budgetary framework that requires the government to make biannual macroeconomic and fiscal forecasts.

[https://2015-](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse)

[2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse)

The second document is a resolution from the government that determines the main revenue and expenditure numbers for each ministry for the upcoming years. It serves rather as a plan for the ministries and budgetary institutions to ease the tabling of the budget and less to inform the public about budgetary policies and initiate a discussion about them. The document only presented a table about the numbers but no explanation was given about the yearly changes of the items, so it is also unknown if new policies or other decisions cause the changes. The document is for FY 2021 and was published on 23 December 2019 as government resolution 1761/2019 (XII. 23.) on pp. 10266-10268 in the cited Official Journal.

<http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK19215.pdf>

The Ministry of Finance also published a technical document for the budgetary institutions for the planning of the budget for FY 2021. In the document the government informs the institutions about the assumptions that must be used to plan each institutions own budget and the deadlines for submitting the individual budgetary plans to the Ministry of Finance. No new policies were presented in the document.

https://ngmszakmaiterulek.kormany.hu/download/c/66/92000/2021_TT.pdf

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

PBS-2. When is the PBS made available to the public?

Publicly available budget documents are defined as those documents that are published on the website of the public authority issuing the document within the time frame specified in the OBS methodology and that all citizens are able to obtain free of charge. (See the Open Budget Survey Guidelines on Public Availability of Budget Documents.) This is a change from previous rounds of the Open Budget Survey: now at minimum documents must be made available on the Internet and free of charge to be considered publicly available.

The OBS methodology requires that for a PBS to be considered publicly available, it must be made available to the public one month before the Executive's Budget Proposal is submitted to the legislature for consideration. If the PBS is not released to the public at least one month before the Executive's Budget Proposal is submitted to the legislature for consideration, option "d" applies. Option "d" should also be chosen for documents that are produced for internal purposes only (that is, produced but never released to the public) or are not produced at all. Some governments may publish budget documents further in advance than the latest possible dates outlined above. In these instances, researchers should choose options "a" or "b," depending on the date of publication identified for the PBS.

Answer:

d. The PBS is not released to the public, or is released less than one month before the Executive's Budget Proposal is introduced to the legislature

Source:

Comment:

We did not find a budget document that fulfilled the requirements of a PBS.

The government published several budget documents but none of them satisfied the requirements of the Pre-Budget Statement.

The government published a fiscal and macroeconomic outlook for 2019-2023 in December 2019. Its title is „Makrogazdasági és költségvetési előrejelzés 2019-2023” (Macroeconomic and fiscal outlook 2019-2023). This was published about half a year before the submission of the budget proposal for FY 2021. The document describes the macroeconomic and budgetary trends, but do not present the planned new policies for the upcoming budget. On pp. 19-24 it provides an outlook for 2020-2023 but the chapter only discusses the already adopted policies. On page 20 the document stated that the outlook had been based on a „no policy change” basis. The budget priorities are broad like decreasing the budget deficit and the state debt relative to the GDP while strengthening the competitiveness and productivity of the economy, improving the demographic situation and maintaining a GDP-growth above the EU average. The document is part of the medium-term EU budgetary framework that requires the government to make biannual macroeconomic and fiscal forecasts.

[https://2015-](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse)

[2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse)

The second document is a resolution from the government that determines the main revenue and expenditure numbers for each ministry for the upcoming years. It serves rather as a plan for the ministries and budgetary institutions to ease the tabling of the budget and less to inform the public about budgetary policies and initiate a discussion about them. The document only presented a table about the numbers but no explanation was given about the yearly changes of the items, so it is also unknown if new policies or other decisions cause the changes. The document is for FY 2021 and was published on 23 December 2019 as government resolution 1761/2019 (XII. 23.) on pp. 10266-10268 in the cited Official Journal.

<http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK19215.pdf>

The Ministry of Finance also published a technical document for the budgetary institutions for the planning of the budget for FY 2021. In the document the government informs the institutions about the assumptions that must be used to plan each institutions own budget and the deadlines for submitting the individual budgetary plans to the Ministry of Finance. No new policies were presented in the document.

https://ngmszakmaiteruletek.kormany.hu/download/c/66/92000/2021_TT.pdf

Peer Reviewer

Opinion: Agree

Comments: We could not find a document published by the Government which would encourage debate on the budget in advance of the presentation of the more detailed Executive's Budget Proposal (which was published on 26th May 2020).

Government Reviewer

Opinion:

PBS-3a. If the PBS is published, what is the date of publication of the PBS?

Note that the date of publication is not necessarily the same date that is printed on the document.

Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late.

Please enter the date in the following format: "DD/MM/YYYY." For example, 5 September 2020 should be entered as 05/09/2020. If the document is not published or not produced, leave this question blank.

Answer:

Source:

n/a

Comment:

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

PBS-3b. In the box below, please explain how you determined the date of publication of the PBS.

If the document is not published at all, researchers should mark this question "n/a."

Answer:

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

PBS-4. If the PBS is published, what is the URL or weblink of the PBS?

Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. If the document is not published at all, researchers should leave this question blank.

Answer:

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

PBS-5. If the PBS is published, are the numerical data contained in the PBS available in a machine readable format?

Material (data or content) is machine readable if it is in a format that can be easily processed by a computer, such as .csv, .xls/.xlsx, and .json. Numerical data found in PDFs, Word (.doc/.docx) or HTML files do not qualify as machine readable. See more at: <http://opendatahandbook.org/glossary/en/terms/machine-readable/>

Option "d" applies if the PBS is not publicly available, therefore its machine readability cannot be assessed.

Answer:

d. Not applicable

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

PBS-6a. If the PBS is not publicly available, is it still produced?

If the PBS is not considered publicly available under the OBS methodology (and thus the answer to Question PBS-2 was "d"), a government may nonetheless produce the document.

Option "a" applies if the document is produced and made available to the public online but not within the time frame specified in the OBS methodology (see Question PBS-2)

Option "b" applies if the document is produced and made available to the public within the time frame specified by the OBS methodology but only in hard copy (and is not available online). Option "b" also applies if the document is made available to the public within the time frame specified by the OBS methodology in soft electronic copy but is not available online.

Option "c" applies if the document is produced for internal purposes only and so is not made available to the public.

Option "d" applies if the document is not produced at all.

Option "e" applies if the document is publicly available.

If a document is not released to the public, researchers may need to write to or visit the relevant government office in order to determine whether answer "c" or "d" applies.

Answer:

d. Not produced at all

Source:

In Hungarian: Makrogazdasági és költségvetési előrejelzés 2019-2023

In English: Macroeconomic and fiscal outlook 2019-2023

URL: [https://2015-](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse)

[2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse)

In Hungarian: A Kormány 1761/2019 (XII. 23.) határozata a központi költségvetés költségvetési bevételeinek és költségvetési kiadásainak, valamint költségvetési egyenlegének és az államadósságnak a 2020-2022. évekre tervezett összegéről

In English: Government's resolution on the central budget's planned revenue and expenditures numbers, budget deficit and state debt for 2020-2022

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK19215.pdf>

Comment:

We based our answer on the published documents (economic and fiscal outlook, government's resolution on the main budgetary numbers). The outlook on page 20 stated that it had considered only the adopted policies. (This is in the sentence „A költségvetési kitekintés az eddig meghozott kormányzati intézkedések figyelembevételével készült”.) The resolution contains the same balance for the central government, hence it uses the same assumptions as the outlook. Because the outlook clearly stated that no new policies had been considered in it, the same applies for the numbers in the resolution. Furthermore the EBP contains a section in each chapter where the minister responsible for the chapter required to explain the differences between the numbers in the resolution and the EBP. These changes are mainly rearranging tasks between ministries, but they can also be effects of new policies. Because the ministers need to start tabling the budget based on the resolution it is very likely that there are no other documents that would contain the main budget numbers for planning purposes. (This also means that the ministers need to modify their ongoing budget plans when a government decision affects their area.) Since the outlook and the resolution are not pre-budget statements, the document is not produced at all.

On example for the explanation between the resolution and the EBP is on page 670-671 of the EBP in the section „III.6. A középtávú tervezés keretében meghatározott 2021. évi tervszámoktól való eltérés indokolása”:

https://www.parlament.hu/irom41/10710/T_10710_L_fejezeti.pdf

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

PBS-6b. If you selected option "c" or "d" in question PBS-6a, please specify how you determined whether the PBS was produced for internal use only, versus not produced at all.

If option "a," "b," or "e" was selected in question PBS-6a, researchers should mark this question "n/a."

Answer:

We based our answer on the published documents (economic and fiscal outlook, government's resolution on the main budgetary numbers). The outlook on page 20 stated that it had considered only the adopted policies. (This is in the sentence „A költségvetési kitekintés az eddig meghozott kormányzati intézkedések figyelembevételével készült”.) The resolution contains the same balance for the central government, hence it uses the same assumptions as the outlook. Because the outlook clearly stated that no new policies had been considered in it, the same applies for the numbers in the resolution. Furthermore the EBP contains a section in each chapter where the minister responsible for the chapter required to explain the differences between the numbers in the resolution and the EBP. These changes are mainly rearranging tasks between ministries, but they can also be effects of new policies. Because the ministers need to start tabling the budget based on the resolution it is very likely that there are no other documents that would contain the main budget numbers for planning purposes. (This also means that the ministers need to modify their ongoing budget plans when a government decision affects their area.) Since the outlook and the resolution are not pre-budget statements, the document is not produced at all.

On example for the explanation between the resolution and the EBP is on page 670-671 of the EBP in the section „III.6. A középtávú tervezés keretében meghatározott 2021. évi tervszámoktól való eltérés indokolása”:

https://www.parlament.hu/irom41/10710/T_10710_Lfejezeti.pdf

Source:

In Hungarian: Makrogazdasági és költségvetési előrejelzés 2019-2023

In English: Macroeconomic and fiscal outlook 2019-2023

URL: [https://2015-](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse)

[2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse)

In Hungarian: A Kormány 1761/2019 (XII. 23.) határozata a központi költségvetés költségvetési bevételeinek és költségvetési kiadásainak, valamint költségvetési egyenlegének és az államadósságnak a 2020-2022. évekre tervezett összegéről

In English: Government's resolution on the central budget's planned revenue and expenditures numbers, budget deficit and state debt for 2020-2022

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK19215.pdf>

Comment:

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

PBS-7. If the PBS is produced, please write the full title of the PBS.

For example, a title for the Pre-Budget Statement could be "Proposed 2021 State Budget" or "Guidelines for the Preparation of Annual Plan and Budget for 2020/21."

If the document is not produced at all, researchers should mark this question "n/a."

Answer:

Source:

n/a

Comment:

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

PBS-8. Is there a "citizens version" of the PBS?

While the Citizens Budget was initially conceived as a simplified version of the Executive's Budget Proposal or the Enacted Budget, good practice is now evolving and suggests that a "citizens" version of key budget documents should be produced during each of the four phases of the budget cycle. This would serve to inform citizens of the state of public financial management throughout the entire budget cycle. While it is recognized that it may be unreasonable to expect that a citizens version is produced for each and every one of those key documents, it seems acceptable to expect that according to good practice, the executive releases a citizens version of key budget documents for each of the four stages of the budget process to allow citizens to be aware of what is happening, in terms of public financial management, throughout the entire budget cycle. For more information on Citizens Budget see: <https://www.internationalbudget.org/publications/citizens-budgets/>.

Answer:

b. No

Source:

n/a

Comment:

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

EBP-1a. What is the fiscal year of the EBP evaluated in this Open Budget Survey questionnaire?

Please enter the fiscal year in the following format: "FY YYYY" or "FY YYYY-YY."

Answer:

FY 2021

Source:

Comment:

The latest EBP until 31 December 2020 was for FY 2021.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

EBP-1b. When is the EBP submitted to the legislature for consideration?

Please enter the date in the following format: "DD/MM/YYYY." For example, 5 September 2020 should be entered as 05/09/2020. If the document is not published or not produced, leave this question blank.

Answer:

26/5/2020

Source:

The EBP on the webpage of the Parliament:

[https://www.parlament.hu/web/guest/iromanyok-egyszerusitett-lekerdezese?](https://www.parlament.hu/web/guest/iromanyok-egyszerusitett-lekerdezese?p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=dKtqX63p&hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsqli%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_i zon%3D10710)

[p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=dKtqX63p&hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsqli%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_i zon%3D10710](https://www.parlament.hu/web/guest/iromanyok-egyszerusitett-lekerdezese?p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=dKtqX63p&hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsqli%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_i zon%3D10710)

Comment:

The date of submission is shown in the line „Benyújtva”. - need to search for all the approved bills in 2020, and the right time frame, and the Budget bill 2021 comes up with the May 26 date. The page shows the entire process, from budget proposal submission to approval and publication on the official gazette.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

EBP-2. When is the EBP made available to the public?

Publicly available budget documents are defined as those documents that are published on the website of the public authority issuing the document within the time frame specified in the OBS methodology and that all citizens are able to obtain free of charge. (See the Open Budget Survey Guidelines on Public Availability of Budget Documents.) This is a change from previous rounds of the Open Budget Survey: now at minimum documents must be made available on the Internet and free of charge to be considered publicly available.

The OBS methodology requires that for an EBP to be considered publicly available, it must be made available to the public while the legislature is still considering it and before the legislature approves (enacts) it. If the EBP is not released to the public before the legislature approves it, option “d” applies. Option “d” should also be chosen for documents that are produced for internal purposes only (that is, produced but never released to the public) or are not produced at all. Some governments may publish budget documents further in advance than the latest possible dates outlined above. In these instances, researchers should choose options “a” or “b,” depending on the date of publication identified for the EBP.

The OBS definition of an Executive’s Budget Proposal is a document(s) that (i) the executive submits to the legislature as a formal part of the budget approval process and (ii) the legislature either approves or on which it approves proposed amendments.

The OBS will treat the Executive’s Budget Proposal as “Not Produced,” in the following cases:

- *The executive does not submit the draft budget to the legislature; or*
- *The legislature receives the draft budget but does not approve it or does not approve recommendations on the draft budget;*
- *The legislature rejects the draft budget submitted by the executive, but the executive implements it without legislative approval; or*
- *There is no legislature, or the legislature has been dissolved.*

Answer:

a. At least three months in advance of the budget year, and in advance of the budget being approved by the legislature

Source:

The EBP on the webpage of the Parliament:

[https://www.parlament.hu/web/guest/iromanyok-egyszerusitett-lekerdezese?](https://www.parlament.hu/web/guest/iromanyok-egyszerusitett-lekerdezese?p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=dKtqX63p&hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsqli%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_i zon%3D10710)

[p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=dKtqX63p&hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsqli%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_i zon%3D10710](https://www.parlament.hu/web/guest/iromanyok-egyszerusitett-lekerdezese?p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=dKtqX63p&hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsqli%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_i zon%3D10710)

Comment:

The date of publication is not stated explicitly on the webpage, but the Parliament has a legal obligation to publish all submitted documents on the webpage immediately. The first version of the EBP was submitted on 26 May, while the supplements were added on 5 June, but these information are not presented on the webpage.

The date of submission is in the row „Benyújtva”.

Peer Reviewer

Opinion: Agree

Comments: The Executive Budget Proposal has been submitted to the Parliament as of 26th May 2020. The Enacted Budget was approved 3rd July 2020 (38 days after being submitted to the Parliament), and published in the Hungarian Gazette on 15th July 2020, nevertheless five month before the budget year. Magyar Kozlony (Hungarian Gazette), Nr. 170:

<https://magyarkozlony.hu/dokumentumok/28355a71df35c81364501fc3590b0330343713f3/megtekintes>

Government Reviewer
Opinion:

EBP-3a. If the EBP is published, what is the date of publication of the EBP?

Note that the date of publication is not necessarily the same date that is printed on the document.

Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late.

Please enter the date in the following format: "DD/MM/YYYY." For example, 5 September 2020 should be entered as 05/09/2020. If the document is not published or not produced, leave this question blank.

In the comment boxes below, researchers should also list any supporting documents to the EBP and their date of publication.

Answer:
26/5/2020

Source:
The EBP on the webpage of the Parliament:
https://www.parlament.hu/web/guest/iromanyok-egyszerusített-lekerdezes?p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=dKtqX63p&hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsqli%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_i zon%3D10710

Comment:
The date of publication is in the row „Benyújtva”. This is date of the submission of the first version the EBP, the supplements were added on 5 June.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

EBP-3b. In the box below, please explain how you determined the date of publication of the EBP.

If the document is not published at all, researchers should mark this question "n/a."

Answer:
We checked the Parliament's webpage on the day of submission and the date is also stated in the line „Benyújtva”.
Other news articles also confirmed that the supplements were added later.
The cited article says „Ahogyan azt már megszokhattuk, nem éppen a sokak által követett időpontban, péntek este felkerült a parlament honlapjára a 2021-es költségvetés újabb rendkívül fontos dokumentuma, a kormány 2024-ig szóló költségvetési kitékintése.” that translates to „As we got accustomed to it an important document of the budget proposal for FY 2021, the outlook until 2024 was published in a most unusual time, at Friday evening on the webpage of the Parliament.” The article was published on 6 June (Saturday), so the supplements were added on 5 June.

Source:
News article mentioning the date of the addition of supplements
<https://www.portfolio.hu/gazdasag/20200606/kiderult-orokre-velunk-marad-az-iden-bevezetett-uj-kulonado-es-az-onkormanyzatok-sarcolasa-is-tartos-lesz-435770>

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer

Opinion:

EBP-4. If the EBP is published, what is the URL or weblink of the EBP?

Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. If the document is not published at all, researchers should leave this question blank.

In the comment boxes below, researchers should also list any supporting documents to the EBP and their URL or weblink.

Answer:

<https://www.parlament.hu/irom41/10710/10710.htm>

Source:

The EBP on the webpage of the Parliament

<https://www.parlament.hu/irom41/10710/10710.htm>

Comment:

The documents are available in two editions: the first part leads to the EBP and its supplements individually while the second group of links lead to the same documents edited into three volumes. Their contents are the same.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

EBP-5. If the EBP is published, are the numerical data contained in the EBP or its supporting documents available in a machine readable format?

Material (data or content) is machine readable if it is in a format that can be easily processed by a computer, such as .csv, .xls/.xlsx, and .json. Numerical data found in PDFs, Word (.doc/.docx) and HTML files do not qualify as machine readable. See more at: <http://opendatahandbook.org/glossary/en/terms/machine-readable/>.

Option "d" applies if the EBP is not publicly available, therefore its machine readability cannot be assessed.

Answer:

c. No

Source:

n/a

Comment:

All the documents are in pdf format.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

EBP-6a. If the EBP is not publicly available, is it still produced?

If the EBP is not considered publicly available under the OBS methodology (and thus the answer to Question EBP-2 was "d"), a government may nonetheless produce the document.

Option "a" applies if the document is produced and made available to the public online but not within the time frame specified in the OBS methodology (see Question EBP-2).

Option "b" applies if the document is produced and made available to the public within the time frame specified by the OBS methodology but only in hard copy (and is not available online). Option "b" also applies if the document is made available to the public within the time frame specified by the OBS methodology in soft electronic copy but is not available online.

Option "c" applies if the document is produced for internal purposes only and so is not made available to the public.

Option "d" applies if the document is not produced at all.

Option "e" applies if the document is publicly available.

If a document is not released to the public, researchers may need to write to or visit the relevant government office in order to determine whether answer "c" or "d" applies.

Answer:

e. Not applicable (the document is publicly available)

Source:

n/a

Comment:

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

EBP-6b. If you selected option "c" or "d" in question EBP-6a, please specify how you determined whether the EBP was produced for internal use only, versus not produced at all.

If option "a," "b," or "e" was selected in question EBP-6a, researchers should mark this question "n/a."

Answer:

Source:

Comment:

Peer Reviewer

Opinion:

Government Reviewer

Opinion:

EBP-7. If the EBP is produced, please write the full title of the EBP.

For example, a title for the Executive's Budget Proposal could be "Draft Estimates of Revenue and Expenditure for BY 2020-21, produced by the Ministry of Finance, Planning and Economic Development."

If there are any supporting documents to the EBP, please enter their full titles in the comment box below.

If the document is not produced at all, researchers should mark this question "n/a."

Answer:

T/10710. számú törvényjavaslat Magyarország 2021. évi központi költségvetéséről

Source:

Comment:

T/10710. számú törvényjavaslat Magyarország 2021. évi központi költségvetéséről (Bill on the Central Budget of Hungary for FY 2021)

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

EBP-8. Is there a "citizens version" of the EBP?

While the Citizens Budget was initially conceived as a simplified version of the Executive's Budget Proposal or the Enacted Budget, good practice is now evolving and suggests that a "citizens" version of key budget documents should be produced during each of the four phases of the budget cycle. This would serve to inform citizens of the state of public financial management throughout the entire budget cycle. While it is recognized that it may be unreasonable to expect that a citizens version is produced for each and every one of those key documents, it seems acceptable to expect that according to good practice, the executive releases a citizens version of key budget documents for each of the four stages of the budget process to allow citizens to be aware of what is happening, in terms of public financial management, throughout the entire budget cycle. For more information on Citizens Budget see: <https://www.internationalbudget.org/publications/citizens-budgets/>.

Answer:

a. Yes

Source:

The simplified version of the EBP is published as „Polgárok Költségvetése” (Citizens' Budget) at the end of the supplements:
<https://www.parlament.hu/irom41/10710/adatok/fejezetek/00szemleltetes.pdf>

Comment:

The Ministry included a simplified version called „Polgárok Költségvetése” (Citizens' budget) at the end of the supplements of the EBP. The document describes the distribution of the revenues and expenditures and highlights some of the expenditures in other charts. It does not contain narrative discussion about the new policies or the government's goals related to the budget. The document was not disseminated actively and it is rather difficult to find without prior knowledge because it was at the bottom of many supplements or at the end of a 500-page-long document. While it was not actively disseminated and its contents are not comprehensive, we evaluated it as Citizens' Budget to ensure compatibility with international practices and the previous survey.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

EB-1a. What is the fiscal year of the EB evaluated in this Open Budget Survey questionnaire?

Please enter the fiscal year in the following format: "FY YYYY" or "FY YYYY-YY."

Answer:

FY 2021

Source:
n/a

Comment:
The latest Enacted Budget until 31 December 2020 was for FY 2021.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

EB-1b. When was the EB approved (enacted) by the legislature?

Please enter the date in the following format: "DD/MM/YYYY." For example, 5 September 2020 should be entered as 05/09/2020. If the document is not published or not produced, leave this question blank.

Answer:
03/07/2020

Source:
The EBP on the webpage of the Parliament:
https://www.parlament.hu/web/guest/iromanyok-egyszerusített-lekerdezese?p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=dKtqX63p&hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcpsql%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_i zon%3D10710

Comment:
The date of approval of the EBP is in the section „Szavazások az irományról” (Votes on the bill) in the row „önálló indítvány elfogadva” (individual bill approved). It is 3 July 2020.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

EB-2. When is the EB made available to the public?

Publicly available budget documents are defined as those documents that are published on the website of the public authority issuing the document within the time frame specified in the OBS methodology and that all citizens are able to obtain free of charge. (See the Open Budget Survey Guidelines on Public Availability of Budget Documents.) This is a change from previous rounds of the Open Budget Survey: now at minimum documents must be made available on the Internet and free of charge to be considered publicly available.

The OBS methodology requires that for an EB to be considered publicly available, it must be made available to the public three months after the budget is approved by the legislature. If the EB is not released to the public at least three months after the budget is approved by the legislature, option "d" applies. Option "d" should also be chosen for documents that are produced for internal purposes only (that is, produced but never released to the public) or are not produced at all. Some governments may publish budget documents further in advance than the latest possible dates outlined above. In these instances, researchers should choose options "a" or "b," depending on the date of publication identified for the EB.

Answer:
a. Two weeks or less after the budget has been enacted

Source:
The Enacted Budget was published in the Hungarian Journal under the title „2020. évi XC. törvény Magyarország 2021. évi központi költségvetéséről” (Act XC of 2020 on the Central Budget of Hungary for FY 2021).

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20170.pdf>
pp. 4940-5128

Comment:

The Enacted Budget was published on 15 July, less than two weeks after the approval on 3 July.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

EB-3a. If the EB is published, what is the date of publication of the EB?

Note that the date of publication is not necessarily the same date that is printed on the document.

Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late.

Please enter the date in the following format: "DD/MM/YYYY." For example, 5 September 2020 should be entered as 05/09/2020. If the document is not published or not produced, leave this question blank.

Answer:

16/07/2020

Source:

The Enacted Budget was published in the Hungarian Journal under the title „2020. évi XC. törvény Magyarország 2021. évi központi költségvetéséről” (Act XC of 2020 on the Central Budget of Hungary for FY 2021).

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20170.pdf>

pp. 4940-5128

Comment:

The date was determined by the actual upload date of the document using the last modification timestamp of the cited webpage.

The date on the first page of the document under the subtitle "Magyarország hivatalos lapja" (Official Journal of Hungary) is the date of the print publication, but in the Survey the online date was used.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

EB-3b. In the box below, please explain how you determined the date of publication of the EB.

If the document is not published at all, researchers should mark this question "n/a."

Answer:

The date was determined by the actual upload date of the pdf document using the last modification timestamp of the cited webpage.

Source:

The Enacted Budget was published in the Hungarian Journal under the title „2020. évi XC. törvény Magyarország 2021. évi központi költségvetéséről” (Act XC of 2020 on the Central Budget of Hungary for FY 2021).

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20170.pdf>

pp. 4940-5128

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

EB-4. If the EB is published, what is the URL or weblink of the EB?

Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. If the document is not published at all, researchers should leave this question blank.

Answer:

<http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20170.pdf>

Source:

The Enacted Budget was published in the Hungarian Journal under the title „2020. évi XC. törvény Magyarország 2021. évi központi költségvetéséről” (Act XC of 2020 on the Central Budget of Hungary for FY 2021).

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20170.pdf>

pp. 4940-5128

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

EB-5. If the EB is published, are the numerical data contained in the EB available in a machine readable format?

Material (data or content) is machine readable if it is in a format that can be easily processed by a computer, such as .csv, .xls/.xlsx, and .json. Numerical data found in PDFs, Word (.doc/.docx) and HTML files do not qualify as machine readable. See more at: <http://opendatahandbook.org/glossary/en/terms/machine-readable/>

Option “d” applies if the EB is not publicly available, therefore its machine readability cannot be assessed.

Answer:

c. No

Source:

The Enacted Budget was published in the Hungarian Journal under the title „2020. évi XC. törvény Magyarország 2021. évi központi költségvetéséről” (Act XC of 2020 on the Central Budget of Hungary for FY 2021).

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20170.pdf>

pp. 4940-5128

Comment:

The Enacted Budget is available only in pdf format and no additional information was published alongside it.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

EB-6a. If the EB is not publicly available, is it still produced?

If the EB is not considered publicly available under the OBS methodology (and thus the answer to Question EB-2 was "d"), a government may nonetheless produce the document.

Option "a" applies if the document is produced and made available to the public online but not within the time frame specified in the OBS methodology (see Question EB-2)

Option "b" applies if the document is produced and made available to the public within the time frame specified by the OBS methodology but only in hard copy (and is not available online). Option "b" also applies if the document is made available to the public within the time frame specified by the OBS methodology in soft electronic copy but is not available online.

Option "c" applies if the document is produced for internal purposes only and so is not made available to the public.

Option "d" applies if the document is not produced at all.

Option "e" applies if the document is publicly available.

If a document is not released to the public, researchers may need to write to or visit the relevant government office in order to determine whether answer "c" or "d" applies.

Answer:

e. Not applicable (the document is publicly available)

Source:

n/a

Comment:

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

EB-6b. If you selected option "c" or "d" in question EB-6a, please specify how you determined whether the EB was produced for internal use only, versus not produced at all.

If option "a," "b," or "e" was selected in question EB-6a, researchers should mark this question "n/a."

Answer:

Source:

Comment:

Peer Reviewer

Opinion:

Government Reviewer

Opinion:

EB-7. If the EB is produced, please write the full title of the EB.

For example, a title for the Enacted Budget could be "Appropriation Act n. 10 of 2018."

If the document is not produced at all, researchers should mark this question "n/a."

Answer:

2020. évi XC. törvény Magyarország 2021. évi központi költségvetéséről

Source:

The Enacted Budget was published in the Hungarian Journal under the title „2020. évi XC. törvény Magyarország 2021. évi központi költségvetéséről” (Act XC of 2020 on the Central Budget of Hungary for FY 2021).

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20170.pdf>

pp. 4940-5128

Comment:

„2020. évi XC. törvény Magyarország 2021. évi központi költségvetéséről” (Act XC of 2020 on the Central Budget of Hungary for FY 2021)

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

EB-8. Is there a “citizens version” of the EB?

While the Citizens Budget was initially conceived as a simplified version of the Executive’s Budget Proposal or the Enacted Budget, good practice is now evolving and suggests that a “citizens” version of key budget documents should be produced during each of the four phases of the budget cycle. This would serve to inform citizens of the state of public financial management throughout the entire budget cycle. While it is recognized that it may be unreasonable to expect that a citizens version is produced for each and every one of those key documents, it seems acceptable to expect that according to good practice, the executive releases a citizens version of key budget documents for each of the four stages of the budget process to allow citizens to be aware of what is happening, in terms of public financial management, throughout the entire budget cycle. For more information on Citizens Budget see: <https://www.internationalbudget.org/publications/citizens-budgets/>.

Answer:

b. No

Source:

n/a

Comment:

There was no other version of the Enacted Budget.

Peer Reviewer

Opinion: Disagree

Suggested Answer: a. Yes

Comments: The Executive Budget Proposal contains a summary with the title „Polgárok Költségvetése” (Citizens’ Budget) as it is also mentioned in the question 34 / 240 for this reason we would propose the answer a. Yes. „Polgárok Költségvetése” (Citizens’ Budget) among the supplements of the EBP: URL: <https://www.parlament.hu/irom41/10710/adatok/fejezetek/00szemleltetes.pdf>

Government Reviewer

Opinion:

Researcher Response

We evaluated the „Polgárok Költségvetése” (Citizens’ Budget) as citizens version of the Executive’s Budget Proposal at question EBP-8. The mentioned document is not published alongside the Enacted Budget and it is not assured that its content is still valid for the Enacted Budget.

CB-1. What is the fiscal year of the CB evaluated in this Open Budget Survey questionnaire?

Please enter the fiscal year in the following format: “FY YYYY” or “FY YYYY-YY.”

If more than one Citizens Budget is produced, for each CB please indicate the document the CB simplifies/refers to, and the fiscal year.

Answer:
FY 2021

Source:
n/a

Comment:
The latest Citizens' Budget until 31 December 2020 was for FY 2021.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

CB-2a. For the fiscal year indicated in CB-1, what is the public availability status of the CB?

If more than one Citizens Budget is produced, please complete this question for one of them, specifying in the comment box below which document (Executive's Budget Proposal or Enacted Budget) you are referring to, and – in the same comment box – which other Citizens Budget is produced and its public availability status.

Remember that publicly available budget documents are defined as those documents that are published on the website of the public authority issuing the document within the time frame specified by the OBS methodology and that all citizens are able to obtain free of charge. This is a change from previous rounds of the Open Budget Survey: now at minimum documents must be made available on the Internet and free of charge to be considered publicly available.

*Option "a" applies if the document is produced and made available to the public online but not within the time frame specified in the OBS methodology
Option "b" applies if the document is produced and made available to the public within the time frame specified by the OBS methodology but only in hard copy (and is not available online). Option "b" also applies if the document is made available to the public within the time frame specified by the OBS methodology in soft electronic copy but is not available online.*

Option "c" applies if the document is produced for internal purposes only and so is not made available to the public.

Option "d" applies if the document is not produced at all.

Option "e" applies if the document is publicly available.

Answer:

e. Not applicable (the document is publicly available)

Source:

„Polgárok Költségvetése” (Citizens' Budget) among the supplements of the EBP:
URL: <https://www.parlament.hu/irom41/10710/adatok/fejezetek/00szemleltetes.pdf>

Comment:

The EBP contained a document named „Polgárok Költségvetése” (Citizens' Budget) that visualized the revenues and expenditures of the budget on pie charts and summarized some of the policies. However the document was not actively disseminated and important information were missing about the EBP like the macroeconomic context or the budget goals.

The document is only available among the supplements of the EBP or at the end of a 500-page-long document. Apart from this no announcement was published about the document, the document was not mentioned in any of the interviews with the Finance Minister or disseminated any other way to the public.

This is the list with the „Polgárok Költségvetés” nearly at the bottom of the page:

<https://www.parlament.hu/irom41/10710/adatok/fejezetek/fejezetek.html>

This is the version of the EBP where the supplements are in one document. The „Polgárok Költségvetése” is on pp. 1273-1277.

https://www.parlament.hu/irom41/10710/T_10710-II_fejezeti.pdf

The document presents two charts about the distribution of the revenues and expenditures of the budget as percentages of the total amount. On the first page the two new funds („Gazdaságvédelmi Alap” and „Járvány Elleni Védekezési Alap” in English: „Economic Protection Fund” and „Anti-Epidemic Protection Fund”) are presented with their total expenditure estimates but their goal are only broadly defined, like protecting and creating jobs, financing companies, etc. On page 4 the expenditures categorized as family supports are presented. Some of them are questionable: like the „nők korhatár alatti nyugellátása” (meaning „pensions for women below age limit”) is not strictly related to childcare supports. The last page shows some details about economic protection expenditures which means mainly the larger projects (infrastructure investments, nuclear power plant, investment subsidies for companies). It is not presented how these are linked to the „Economic Protection Fund” on the first page because the total amount of the fund is 2555 billion HUF, while these projects have a total amount of 2051,5 billion HUF. The distribution of the revenues and expenditures can be useful, but the other charts may be selective. The size of the funds cannot be evaluated based on their totals alone because they are not compared to other expenditures or the total numbers. The charts about the policies are not separated into new ones and already existing ones, so it is unknown what the government did to achieve its goals. It is also not presented if the policies are obligatory (like pensions or certain

childcare supports) where the government does not have choice how much to spend on it. The missing information are the macroeconomic numbers, the discussion of new policies and the goals of the government and maybe other interesting topics like the state of the government debt or the revenues from EU funds could have been included.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

CB-2b. If you selected option "c" or "d" in question CB-2a, please specify how you determined whether the CB was produced for internal use only, versus not produced at all.

If option "a," "b," or "e" was selected in question CB-2a, researchers should mark this question "n/a."

Answer:

Source:

Comment:

Peer Reviewer
Opinion:

Government Reviewer
Opinion:

CB-3a. If the CB is published, what is the date of publication of the CB?

Note that the date of publication is not necessarily the same date that is printed on the document.

Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late.

Please enter the date in the following format: "DD/MM/YYYY." For example, 5 September 2020 should be entered as 05/09/2020. If the document is not published or not produced, leave this question blank.

If more than one Citizens Budget is published, please complete this question for one of them, specifying in the comment box below which document you are referring to, and – in the same comment box – which other Citizens Budget is produced and its dates of publication.

Answer:
05/06/2020

Source:
News article mentioning the date of the addition of supplements
URL: <https://www.portfolio.hu/gazdasag/20200606/kiderult-orokre-velunk-marad-az-iden-bevezetett-uj-kulonado-es-az-onkormanyzatok-sarcolasa-is-tartos-lesz-435770>

Comment:
The Citizens' Budget was published among the supplements of the EBP on the webpage of the Parliament. The upload date of the document was verified by the last modification timestamp of the document and news articles about the publication of the supplements.

„Ahogy azt már megszokhattuk, nem éppen a sokak által követett időpontban, péntek este felkerült a parlament honlapjára a 2021-es költségvetés újabb rendkívül fontos dokumentuma, a kormány 2024-ig szóló költségvetési kitekintése.” means „As we got accustomed to it an important document of the budget proposal for FY 2021, the outlook until 2024 was published in a most unusual time, at Friday evening on the webpage of the Parliament.” The article was published on 6 June (Saturday), so the supplements were added on 5 June.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

CB-3b. In the box below, please explain how you determined the date of publication of the CB.

If the document is not published at all, researchers should mark this question "n/a."

Answer:

We used the last modification timestamp of the uploaded pdf document and verified it by a news article about the publication of the supplements that included the Citizens' Budget.

Source:

"Polgárok Költségvetése" (Citizens' Budget):

URL: <https://www.parlament.hu/irom41/10710/adatok/fejezetek/00szemleltetes.pdf>

News article mentioning the date of the addition of supplements

<https://www.portfolio.hu/gazdasag/20200606/kiderult-orokre-velunk-marad-az-iden-bevezetett-uj-kulonado-es-az-onkormanyzatok-sarcolasa-is-tartos-lesz-435770>

Comment:

„Ahogyan azt már megszokhattuk, nem éppen a sokak által követett időpontban, péntek este felkerült a parlament honlapjára a 2021-es költségvetés újabb rendkívül fontos dokumentuma, a kormány 2024-ig szóló költségvetési kitekintése.” means „As we got accustomed to it an important document of the budget proposal for FY 2021, the outlook until 2024 was published in a most unusual time, at Friday evening on the webpage of the Parliament.” The article was published on 6 June (Saturday), so the supplements were added on 5 June.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

CB-4. If the CB is published, what is the URL or weblink of the CB?

Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. If the document is not published at all, researchers should leave this question blank.

If more than one Citizens Budget is published, please complete this question for one of them, specifying in the comment box below which document you are referring to, and – in the same comment box – which other Citizens Budget is produced and its URL or weblink.

Answer:

<https://www.parlament.hu/irom41/10710/adatok/fejezetek/00szemleltetes.pdf>

Source:

„Polgárok Költségvetése” (Citizens' Budget) on the webpage of the Parliament

URL: <https://www.parlament.hu/irom41/10710/adatok/fejezetek/00szemleltetes.pdf>

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer

Opinion:

CB-5. If the CB is produced, please write the full title of the CB.

For example, a title for the Citizens Budget could be "Budget 2020 People's Guide" or "2021 Proposed Budget in Brief: A People's Budget Publication."

If the document is not produced at all, researchers should mark this question "n/a."

If more than one Citizens Budget is produced, for the other CB, indicate the document the CB refers to and, next to it, its full title.

Answer:

Polgárok Költségvetése

Source:

„Polgárok Költségvetése” (Citizens' Budget) on the webpage of the Parliament

URL: <https://www.parlament.hu/irom41/10710/adatok/fejezetek/00szemleltetes.pdf>

Comment:

„Polgárok Költségvetése” (Citizens' Budget)

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

CB-6. If the CB is produced, please indicate which budget document it corresponds to.

If more than one Citizens Budget is produced, please complete this question for one of them, specifying in the comment box below which document you are referring to, and – in the same comment box – which other Citizens Budget is produced and which budget document it simplifies.

Answer:

Executive's Budget Proposal for FY 2021

Source:

„Polgárok Költségvetése” (Citizens' Budget) on the webpage of the Parliament

URL: <https://www.parlament.hu/irom41/10710/adatok/fejezetek/00szemleltetes.pdf>

Comment:

The document was published as a supplement for the EBP for FY 2021 and was referring to that document.

The document can also be found through the supplements of the EBP by clicking on "Fejezeti indokolások" and then on "Polgárok Költségvetése" at the bottom of the page:

<https://www.parlament.hu/irom41/10710/10710.htm>

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

IYRs-1. What is the fiscal year of the IYRs evaluated in this Open Budget Survey questionnaire?

Please enter the fiscal year in the following format: "FY YYYY" or "FY YYYY-YY."

Answer:
FY 2020

Source:
n/a

Comment:
The latest IYRs until 31 December 2020 referred to FY 2020.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

IYRs-2. When are the IYRs made available to the public?

Publicly available budget documents are defined as those documents that are published on the website of the public authority issuing the document within the time frame specified in the OBS methodology and that all citizens are able to obtain free of charge. (See the Open Budget Survey Guidelines on Public Availability of Budget Documents.) This is a change from previous rounds of the Open Budget Survey: now at minimum documents must be made available on the Internet and free of charge to be considered publicly available.

The OBS methodology requires that for IYRs to be considered publicly available, IYRs must be made available to the public no later than three months after the reporting period ends. If at least seven of the last 12 monthly IYRs, or at least three of the last four quarterly IYRs are not released to the public at least three months after the reporting period ends, option "d" applies. Option "d" should also be chosen for documents that are produced for internal purposes only (that is, produced but never released to the public) or are not produced at all. Some governments may publish budget documents further in advance than the latest possible dates outlined above. In these instances, researchers should choose options "a" or "b," depending on the date of publication identified for the IYRs.

Answer:
a. At least every month, and within one month of the period covered

Source:
n/a

Comment:
The In-Year Reports are published monthly and about 20 days after the end of the covered period.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

IYRs-3a. If the IYRs are published, what are the dates of publication of the IYRs?

Specifically: if quarterly In-Year Reports are published, indicate the dates of publication of at least three of the last four IYRs that were publicly available. If monthly IYRs are published, indicate the dates of publication of at least seven of the last 12 IYRs that were publicly available.

Note that the date of publication is not necessarily the same date that is printed on the document. Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late.

Please enter the date in the following format: "DD Month YYYY." For example, 5 September 2020 should be entered as 05 September 2020. If the document is not published or not produced, please mark this question "n/a."

Answer:

The IYR for November 2020: 18 December 2020
The IYR for October 2020: 20 November 2020
The IYR for September 2020: 22 October 2020
The IYR for August 2020: 23 September 2020
The IYR for July 2020: 19 August 2020
The IYR for June 2020: 22 July 2020
The IYR for May 2020: 22 June 2020
The IYR for April 2020: 21 May 2020
The IYR for March 2020: 24 April 2020

Source:

IYR for August 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-augusztus-havi-helyzeterol>
IYR for July 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-julius-havi-helyzeterol>
IYR for June 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-junius-havi-helyzeterol>
IYR for May 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-majus-havi-helyzeterol>
IYR for April 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-aprilis-havi-helyzeterol>
IYR for March 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-marcius-havi-helyzeterol>

Comment:

The dates of the publications are indicated in the announcements of the In-Year Reports on the archived webpage of the Ministry of Finance. For IYRs before October we used the last modification timestamp of the uploaded pdf file.
In October 2020 the webpage of the Government was changed and the publication dates cannot be determined. The monthly announcements of the IYRs stopped, so those cannot be used to verify the publication dates. As an improvement the IYRs are available from one place through a drop-down menu on the following link, but the publication dates are not indicated there.
<https://kormany.hu/penzugyminiszterium/aht-jelentesek>

A publication calendar is available on the following link for FY 2021 but that shows the planned dates, not the actual ones.
<https://kormany.hu/penzugyminiszterium/aht-naptar>

The publication dates can be verified for older IYRs. There was no change in the publication practice, but the new webpage does not present the publication dates.

Peer Reviewer

Opinion: Agree

Comments: The current In Year Reports are available on the website of the Government under the site dedicated for the Ministry of Finance. <https://kormany.hu/penzugyminiszterium/aht-jelentesek> The date of the publication indeed is not visible in the report itself but in the narrative explanation it is indicated the year and the month which is usually the upcoming month. The exact date is not indicated in the Narrative explanation. During the time of the review (July 2021) the last seven reports which are available are the following: IYR May 2021: Report: <https://cdn.kormany.hu/uploads/sheets//f/ff/ff0c0d161c8fd6c1f7fc2a869b159e0.pdf> Narrative explanation: <https://cdn.kormany.hu/uploads/sheets//d/d4/d48/d480cca8526041efb1e8b5d29ab9d49.docx> Year and month indicated in the Narrative explanation: June 2021 IYR April 2021: Report: <https://cdn.kormany.hu/uploads/sheets//d/da/dad/dad4ab85a122572a923ae9321b3c95f.pdf> Narrative explanation: <https://cdn.kormany.hu/uploads/sheets//f/f2/f2c/f2c2149be80d19ed377c16eee8c0d06.docx> Year and month indicated in the Narrative explanation: May 2021 IYR March 2021: Report: <https://cdn.kormany.hu/uploads/sheets//f/fa/fa9/fa9c174f54c150947f28e79f0bae2db.pdf> Narrative explanation: <https://cdn.kormany.hu/uploads/sheets//b/b8/b8d/b8d67e78ce85a51357f33cd3b26e3ea.docx> Year and month indicated in the Narrative explanation: April 2021 IYR February 2021: Report: <https://cdn.kormany.hu/uploads/sheets//9/98/98a/98a10b97e071e274dbd14afa49271e3.pdf> Narrative explanation: <https://cdn.kormany.hu/uploads/sheets//5/5d/5d5/5d5aa25e249c483cfcfcb26da991df.docx> Year and month indicated in the Narrative explanation: March 2021 IYR January 2021: Report: <https://cdn.kormany.hu/uploads/sheets//d/dd/dd3/dd3e6154246af4305b63d6cf2bb432a.pdf> Narrative explanation: <https://cdn.kormany.hu/uploads/sheets//a/ac/acb/acb8bc88d717e54d5cc4e72fd0376c8.docx> Year and month indicated in the Narrative explanation: February 2021 IYR December 2020: Report: <https://cdn.kormany.hu/uploads/sheets//5/52/520/52099654adbf30aa0696123ce50ef15.pdf> Narrative explanation: <https://cdn.kormany.hu/uploads/sheets//8/8b/8ba/8ba538ca1ddc526def9a0df25a58a72.docx> Year and month indicated in the Narrative explanation: January 2021

Government Reviewer

Opinion:

IBP Comment

While the information provided by the Peer Reviewer is not relevant for the purpose of this Open Budget Survey (OBS), given its cutoff date of December 31, 2020, we nonetheless welcome it, as it shows how the publication of the In-Year Reports continues even after the time period assessed in this round of the OBS.

IYRs-3b. In the box below, please explain how you determined the date of publication of the IYRs.

If the document is not published at all, researchers should mark this question "n/a."

Answer:

We used the dates of announcement of the In-Year Reports on the webpage of the Ministry for IYRs until October. After October we used the last modification timestamp of the uploaded pdf document. (The timestamp can be checked in the "Last Modified" row in the browser's inspect function.) The government preserved the publication date in the new webpage structure and after the cut-off date of the reasearch. Since October each in-year report was published around 20th day of the next month and it verifies that the practice remained solid.

Source:

n/a

Comment:

Peer Reviewer

Opinion: Agree

Comments: The month and the year of the In Year Report after October 2020 is indicated in the Narrative Explanation (Month and Year)

Government Reviewer

Opinion:

IYRs-4. If the IYRs are published, what is the URL or weblink of the IYRs?

Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late.

Researchers should provide the weblink to the most recent In-Year Report in the space below, and – in the comment box underneath – the weblinks to older IYRs.

If the document is not published at all, researchers should leave this question blank.

Answer:

<https://kormany.hu/penzugyminiszterium/aht-jelentesek>

Source:

IYR for August 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-augusztus-havi-helyzeterol>

IYR for July 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-julius-havi-helyzeterol>

IYR for June 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-junius-havi-helyzeterol>

IYR for May 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-majus-havi-helyzeterol>

IYR for April 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-aprilis-havi-helyzeterol>

IYR for March 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-marcius-havi-helyzeterol>

Comment:

The webpage of the Government was changed in October 2020. As a result the most recent IYRs are available in one place through a drop-down menu in the provided URL. The narrative discussion can be reached with the link after the „a mellékelt tájékoztató pedig”, while the monthly balance sheet after the „részletes ÁHT mérleget” phrase. The former is in docx, while the latter is in pdf format.

The older IYRs are available in the archived version of the webpage through individual URLs. The narrative discussions and the monthly balance sheets can be reached through the box in the right under „Tájékoztató” and „ÁHT Mérleg” respectively.

Peer Reviewer

Opinion: Agree

Government Reviewer
Opinion:

IYRs-5. If the IYRs are published, are the numerical data contained in the IYRs available in a machine readable format?

Material (data or content) is machine readable if it is in a format that can be easily processed by a computer, such as .csv, .xls/.xlsx, and .json. Numerical data found in PDFs, Word (.doc/.docx) and HTML files do not qualify as machine readable. See more at: <http://opendatahandbook.org/glossary/en/terms/machine-readable/>

Option "d" applies if the IYRs are not publicly available, therefore their machine readability cannot be assessed.

Answer:

b. Yes, some of the numerical data are available in a machine readable format

Source:

Data on the webpage of the Treasury

http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/

Data on the webpage of Debt Management Agency

In Hungarian: <https://www.akk.hu/content/path=havi-monitoring>

In English: <https://www.akk.hu/content/path=monthly-report-debt-transactions-analysis>

Comment:

The monthly balance sheets are published in pdf, but the same data is available on the webpage of the Treasury in Excel format. The webpage of the Treasury is referenced generally in the footnotes of the first page of the narrative discussion.

The date related to monthly government debt is available on the webpage of the Debt Management Agency in Excel format. This is not linked in the narrative discussion of the IYR.

The additional data presented in the narrative discussion of the IYR are not available separately in Excel format, but they can be copied from the docx. Example for these are the table of „Egyéb központosított bevételek”, the detailed table of VAT „Általános forgalmi adó bevétel alakulása” on page 4 or the detailed table for interest expenditures and revenues „A kamategyenleg összetétele” on page 21. The data for these table are not published elsewhere.

The cited example can be found in the IYR for November 2020:

<https://cdn.kormany.hu/uploads/sheets//1/11/117/11753b344231175ce87a269c4a0b2ef.docx>

Most of the data are published in machine readable format but not all of them.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

IYRs-6a. If the IYRs are not publicly available, are they still produced?

If the IYRs are not considered publicly available under the OBS methodology (and thus the answer to Question IYRs-2 was "d"), a government may nonetheless produce the document.

Option "a" applies if the document is produced and made available to the public online but not within the time frame specified in the OBS methodology (see Question IYRs-2).

Option "b" applies if the document is produced and made available to the public within the time frame specified by the OBS methodology but only in hard copy (and is not available online). Option "b" also applies if the document is made available to the public within the time frame specified by the OBS methodology in soft electronic copy but is not available online.

Option "c" applies if the document is produced for internal purposes only and so is not made available to the public.

Option "d" applies if the document is not produced at all.

Option "e" applies if the document is publicly available.

If a document is not released to the public, researchers may need to write to or visit the relevant government office in order to determine whether answer "c" or "d" applies.

Answer:
e. Not applicable (the document is publicly available)

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

IYRs-6b. If you selected option "c" or "d" in question IYRs-6a, please specify how you determined whether the IYRs were produced for internal use only, versus not produced at all.

If option "a," "b," or "e" was selected in question IYRs-6a, researchers should mark this question "n/a."

Answer:

Source:

Comment:

Peer Reviewer
Opinion:

Government Reviewer
Opinion:

IYRs-7. If the IYRs are produced, please write the full title of the IYRs.

For example, a title for the In-Year Report could be "Budget Monitoring Report, Quarter 1" or "Budget Execution Report January-March 2020."

If In-Year Reports are not produced at all, researchers should mark this question "n/a."

Researchers should provide the full title of the most recent In-Year Report in the space below, and – in the comment box underneath – the full titles of older IYRs.

Answer:
Részletes tájékoztató az államháztartás központi alrendszerének 2020. november végi helyzetéről

Source:
IYRs after August 2020: <https://kormany.hu/penzugyminiszterium/aht-jelentesek>

IYR for August 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-augusztus-havi-helyzeterol>

IYR for July 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-julius-havi-helyzeterol>

IYR for June 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-junius-havi-helyzeterol>

IYR for May 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-majus-havi-helyzeterol>

IYR for April 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-aprilis-havi-helyzeterol>
IYR for March 2020: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-marcius-havi-helyzeterol>

Comment:

The title follows the format „Report on State of the Central Budget at the end of [month] 2020”

IYR for November 2020: „Részletes tájékoztató az államháztartás központi alrendszerének 2020. november végi helyzetéről”

IYR for October 2020: „Részletes tájékoztató az államháztartás központi alrendszerének 2020. október végi helyzetéről”

IYR for September 2020: „Részletes tájékoztató az államháztartás központi alrendszerének 2020. szeptember végi helyzetéről”

IYR for August 2020: „Részletes tájékoztató az államháztartás központi alrendszerének 2020. augusztus végi helyzetéről”

IYR for July 2020: „Részletes tájékoztató az államháztartás központi alrendszerének 2020. július végi helyzetéről”

IYR for June 2020: „Részletes tájékoztató az államháztartás központi alrendszerének 2020. június végi helyzetéről”

IYR for May 2020: „Részletes tájékoztató az államháztartás központi alrendszerének 2020. május végi helyzetéről”

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

IYRs-8. Is there a “citizens version” of the IYRs?

While the Citizens Budget was initially conceived as a simplified version of the Executive’s Budget Proposal or the Enacted Budget, good practice is now evolving and suggests that a “citizens” version of key budget documents should be produced during each of the four phases of the budget cycle. This would serve to inform citizens of the state of public financial management throughout the entire budget cycle. While it is recognized that it may be unreasonable to expect that a citizens version is produced for each and every one of those key documents, it seems acceptable to expect that according to good practice, the executive releases a citizens version of key budget documents for each of the four stages of the budget process to allow citizens to be aware of what is happening, in terms of public financial management, throughout the entire budget cycle. For more information on Citizens Budget see: <https://www.internationalbudget.org/publications/citizens-budgets/>.

Answer:

b. No

Source:

Flash Report for IYR for October 2020

<https://kormany.hu/hirek/a-koltsegvetes-a-jarvany-masodik-hullamaban-is-maradektalanul-biztositja-a-vedekezeshez-szukseges-forrasokat>

Flash Report for IYR for November 2020

<https://kormany.hu/hirek/a-koltsegvetes-tovabbra-is-biztositja-a-jarvany-elleni-vedekezes-es-a-gazdasagvedelmi-intezkedesek-forrasait>

Comment:

The Ministry of Finance publishes flash reports as announcements about the monthly reports. These are summaries of the IYRs main numbers, well before the actual publication of the IYRs. These are published about 7-8 days after the end of the covered period, while the IYRs published about 20 days after it. It describes the deficit numbers for each government sector and mentions some of the revenue and expenditures items. However it does not provide a context for these items like what was expected, how the numbers compare to the originally planned numbers or what are the budgetary trends. The headline numbers are useful for media news, but do not provide an easily comprehensible document for the readers.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

MYR-1. What is the fiscal year of the MYR evaluated in this Open Budget Survey questionnaire?

Please enter the fiscal year in the following format: “FY YYYY” or “FY YYYY-YY.”

Answer:
FY 2020

Source:
n/a

Comment:
The latest MYR until 31 December 2020 should have been for FY 2020.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

MYR-2. When is the MYR made available to the public?

Publicly available budget documents are defined as those documents that are published on the website of the public authority issuing the document within the time frame specified in the OBS methodology and that all citizens are able to obtain free of charge. (See the Open Budget Survey Guidelines on Public Availability of Budget Documents.) This is a change from previous rounds of the Open Budget Survey: now at minimum documents must be made available on the Internet and free of charge to be considered publicly available.

The OBS methodology requires that for an MYR to be considered publicly available, it must be made available to the public no later than three months after the reporting period ends (i.e., three months after the midpoint of the fiscal year). If the MYR is not released to the public at least three months after the reporting period ends, option "d" applies. Option "d" should also be chosen for documents that are produced for internal purposes only (that is, produced but never released to the public) or are not produced at all. Some governments may publish budget documents further in advance than the latest possible dates outlined above. In these instances, researchers should choose options "a" or "b," depending on the date of publication identified for the MYR.

Answer:

d. The MYR is not released to the public, or is released more than three months after the midpoint

Source:
n/a

Comment:

We did not find any document that satisfied the requirements for Mid-Year Review.

The IYR for June is not different from any other IYR, it did not include additional data or review about the macroeconomic and/or budgetary trends. The State Audit Office and the National Bank of Hungary published similar documents but they are independent from the government, so these documents were not treated as Mid-Year Review. These documents were prepared for the Fiscal Council and included the review of macroeconomic assumptions, the detailed presentation of the actual outcomes for certain expenditure and revenue items as well as the updated estimates for the year-end.

"Elemzés a Költségvetési Tanács részére a 2020. első félévi költségvetési folyamatokról" (Analysis for the Fiscal Council on the budgetary trends in the first half of 2020)

URL: https://www.asz.hu/storage/files/files/elemzesek/2020/20200922_elemzes_kt.pdf?download=true

"Költségvetési jelentés" (Public Finance Report)

In Hungarian: <https://www.mnb.hu/letoltes/koltsegvetesi-jelentes-2020-10-honlapra.pdf>

In English: <https://www.mnb.hu/letoltes/koltsegvetesi-jelentes-2020-ii-eng-1228.pdf>

IYR for June 2020

URL: <https://2015-2019.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2020-junius-havi-helyzeterol>

Peer Reviewer
Opinion: Agree

Comments: We could not find a comprehensive document which would correspond to the criteria of the Mid-Year Review prepared by the Government or any of its administrative units. For this reason, we requested by email the Government and the Ministry of Finance to provide information if the document has been prepared (as of 19/08/2021). The Mid-Year Review based on the information received from the Ministry of Finance has been prepared based on the available half-yearly data. The document was ready by November 2020 (regarding the Mid Year Review of the 2020FY) although the date is not mentioned in the document what we received. The Government informs the competent committees of the Parliament and the Budget Council when the document is ready and these may decide in their own discretion whether they wish to publish the document. The Ministry of Finance also attached the document which was submitted to the Budget Council and Budget Committee but the document

does not include the requirements of the Mid-Year Report. The title of the document is: Tájékoztató az adósságszabály teljesüléséről (in English: Information on compliance with the debt rule) and includes the following titles: - A felülvizsgálat eredményeinek összefoglalása (Summary of the results of the review) - A költségvetési törvényben szereplő adósságcél felülvizsgálata az egyes alrendszerekre vonatkozóan (Revision of the debt target in the Budget Act for each subsystem) - Az adósságmutató számítása (Calculation of the debt ratio) - Az államháztartás központi alrendszerének adóssága (Debt of the central government subsystem) - Az önkormányzati alrendszer adóssága (Debt of the municipal subsystem) - A kormányzati szektorba sorolt egyéb szervezetek adósságának alakulása (Debt developments of other general government) - Konszolidáció (Consolidation) - Melléklet: Az adósságmutató alakulása, GDP % (Annex: Debt ratio development,% of GDP)

Government Reviewer
Opinion:

Researcher Response

Thank you for adding this to the comment. We totally agree with the Peer Reviewer's comment that there is another document prepared by the Ministry of Finance but that does not meet the requirements of the Mid-Year Review because it only assesses the debt target and government debt.

MYR-3a. If the MYR is published, what is the date of publication of the MYR?

Note that the date of publication is not necessarily the same date that is printed on the document.

Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late.

Please enter the date in the following format: "DD/MM/YYYY." For example, 5 September 2020 should be entered as 05/09/2020. If the document is not published or not produced, leave this question blank.

Answer:

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

MYR-3b. In the box below, please explain how you determined the date of publication of the MYR.

If the document is not published at all, researchers should mark this question "n/a."

Answer:
n/a

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

MYR-4. If the MYR is published, what is the URL or weblink of the MYR?

Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. If the document is not published at all, researchers should leave this question blank.

Answer:

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

MYR-5. If the MYR is published, are the numerical data contained in the MYR available in a machine readable format?

Material (data or content) is machine readable if it is in a format that can be easily processed by a computer, such as .csv, .xls/.xlsx, and .json. Numerical data found in PDFs, Word (.doc/.docx) and HTML files do not qualify as machine readable. See more at: <http://opendatahandbook.org/glossary/en/terms/machine-readable/>.

Option "d" applies if the MYR is not publicly available, therefore its machine readability cannot be assessed.

Answer:

d. Not applicable

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

MYR-6a. If the MYR is not publicly available, is it still produced?

If the MYR is not considered publicly available under the OBS methodology (and thus the answer to Question MYR-2 was "d"), a government may nonetheless produce the document.

Option "a" applies if the document is produced and made available to the public online but not within the time frame specified in the OBS methodology (see Question MYR-2).

Option "b" applies if the document is produced and made available to the public within the time frame specified by the OBS methodology but only in hard copy (and is not available online). Option "b" also applies if the document is made available to the public within the time frame specified by the OBS methodology in soft electronic copy but is not available online.

Option "c" applies if the document is produced for internal purposes only and so is not made available to the public.

Option "d" applies if the document is not produced at all.

Option "e" applies if the document is publicly available.

If a document is not released to the public, researchers may need to write to or visit the relevant government office in order to determine whether answer "c" or "d" applies.

Answer:

c. Produced for internal purposes/use only

Source:

In Hungarian: 2011. évi CXCV törvény Magyarország gazdasági stabilitásáról

In English: Act CXCV of 2011 on the economic stability of Hungary

URL: <https://net.jogtar.hu/jogszabaly?docid=a1100194.tv>

5. § (1)

Comment:

The government has a legal obligation to review the state of government debt based on the half-year data and inform the Fiscal Council and the Budgetary Committee of the Parliament about the results. If necessary the government has to submit a proposal to modify the central budget. To fulfill this obligation the government must create a review of the macroeconomic and budgetary trends, but the report is not published.

The legal obligation is in the Act CXCV of 2011 on the economic stability of Hungary in 5. § (1).

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

MYR-6b. If you selected option "c" or "d" in question MYR-6a, please specify how you determined whether the MYR was produced for internal use only, versus not produced at all.

If option "a," "b," or "e" was selected in question MYR-6a, researchers should mark this question "n/a."

Answer:

The government has a legal obligation to review the state of government debt based on the half-year data and inform the Fiscal Council and the Budgetary Committee of the Parliament about the results. If necessary the government has to submit a proposal to modify the central budget. To fulfill this obligation the government must create a review of the macroeconomic and budgetary trends, but the report is not published.
The legal obligation is in the Act CXCV of 2011 on the economic stability of Hungary in 5. § (1).

Source:

In Hungarian: 2011. évi CXCV törvény Magyarország gazdasági stabilitásáról

In English: Act CXCV of 2011 on the economic stability of Hungary

URL: <https://net.jogtar.hu/jogszabaly?docid=a1100194.tv>

5. § (1)

Comment:

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

MYR-7. If the MYR is produced, please write the full title of the MYR.

For example, a title for the Mid-Year Review could be "Semi-annual Budget Performance Report, FY 2019/20" or "Mid-Year Report on the 2020 National Budget."

If the document is not produced at all, researchers should mark this question "n/a."

Answer:
n/a

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

MYR-8. Is there a "citizens version" of the MYR?

While the Citizens Budget was initially conceived as a simplified version of the Executive's Budget Proposal or the Enacted Budget, good practice is now evolving and suggests that a "citizens" version of key budget documents should be produced during each of the four phases of the budget cycle. This would serve to inform citizens of the state of public financial management throughout the entire budget cycle. While it is recognized that it may be unreasonable to expect that a citizens version is produced for each and every one of those key documents, it seems acceptable to expect that according to good practice, the executive releases a citizens version of key budget documents for each of the four stages of the budget process to allow citizens to be aware of what is happening, in terms of public financial management, throughout the entire budget cycle. For more information on Citizens Budget see: <https://www.internationalbudget.org/publications/citizens-budgets/>.

Answer:
b. No

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

YER-1. What is the fiscal year of the YER evaluated in this Open Budget Survey questionnaire?

Please enter the fiscal year in the following format: "FY YYYY" or "FY YYYY-YY."

Answer:
FY 2019

Source:
n/a

Comment:
The latest Year-End Report until 31 December 2020 was for FY 2019.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

YER-2. When is the YER made available to the public?

Publicly available budget documents are defined as those documents that are published on the website of the public authority issuing the document within the time frame specified in the OBS methodology and that all citizens are able to obtain free of charge. (See the Open Budget Survey Guidelines on Public Availability of Budget Documents.) This is a change from previous rounds of the Open Budget Survey: now at minimum documents must be made available on the Internet and free of charge to be considered publicly available.

The OBS methodology requires that for an YER to be considered publicly available, it must be made available to the public no later than one year after the fiscal year to which it corresponds. If the YER is not released to the public within one year after the end of the fiscal year to which it corresponds, option "d" applies. Option "d" should also be chosen for documents that are produced for internal purposes only (that is, produced but never released to the public) or are not produced at all. Some governments may publish budget documents further in advance than the latest possible dates outlined above. In these instances, researchers should choose options "a" or "b," depending on the date of publication identified for the YER.

Answer:

b. Nine months or less, but more than six months, after the end of the budget year

Source:

In Hungarian: 2011. évi CXCV törvény az államháztartásról

In English: Act CXCV on the State Budget

URL: <https://net.jogtar.hu/jogszabaly?docid=A1100195.TV>

The submitted YER on the webpage of the Parliament: https://www.parlament.hu/web/guest/iromanyok-egyszerusitett-lekerdezese?p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=EZASonHu&_hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_izon%3D13098

Comment:

The legal rules (in 90. § of the cited act) oblige the Government to submit the YER to the Parliament until 30 September in the year after the fiscal year.

On the webpage of the Parliament the row „Benyújtva” shows that the YER was submitted to the Parliament on 30 September 2020.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

YER-3a. If the YER is published, what is the date of publication of the YER?

Note that the date of publication is not necessarily the same date that is printed on the document. Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late.

Please enter the date in the following format: "DD/MM/YYYY." For example, 5 September 2020 should be entered as 05/09/2020. If the document is not published or not produced, leave this question blank.

Answer:
30/9/2020

Source:

The submitted YER on the webpage of the Parliament: https://www.parlament.hu/web/guest/iromanyok-egyszerusitett-lekerdezese?p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=EZASonHu&_hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_izon%3D13098

Comment:

The date of publication is shown in the row „Benyújtva” on the webpage of the Parliament. It was verified by the last modification timestamp of the uploaded html document.
The Parliament has a legal obligation to publish all documents immediately after they are submitted, so the date of submission and publication are the same.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

YER-3b. In the box below, please explain how you determined the date of publication of the YER.

If the document is not published at all, researchers should mark this question “n/a.”

Answer:
We used the date on the webpage of the Parliament, because there was no announcement from the government or any other news articles about the submission. It was also verified by the last modification timestamp of the uploaded html document in the row "Irományszöveg".

Source:
The submitted YER on the webpage of the Parliament: https://www.parlament.hu/web/guest/iromanyok-egyszerusített-lekerdezese?p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=EZASonHu&_hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_izon%3D13098

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

YER-4. If the YER is published, what is the URL or weblink of the YER?

Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. If the document is not published at all, researchers should leave this question blank.

Answer:
<https://www.parlament.hu/irom41/13098/13098.html>

Source:
The YER on the webpage of the Parliament:
<https://www.parlament.hu/irom41/13098/13098.html>

Comment:
The link presents the YER in two versions: the first group of links leads to each document individually while the second group leads to the document edited into 10 volumes. Their content is the same.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

YER-5. If the YER is published, are the numerical data contained in the YER available in a machine readable format?

Material (data or content) is machine readable if it is in a format that can be easily processed by a computer, such as .csv, .xls/.xlsx, and .json. Numerical data found in PDFs, Word (.doc/.docx) and HTML files do not qualify as machine readable. See more at: <http://opendatahandbook.org/glossary/en/terms/machine-readable/>

Option "d" applies if the YER is not publicly available, therefore its machine readability cannot be assessed.

Answer:

c. No

Source:

The YER on the webpage of the Parliament:

<https://www.parlament.hu/irom41/13098/13098.html>

Comment:

All the documents are in pdf format.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

YER-6a. If the YER is not publicly available, is it still produced?

If the YER is not considered publicly available under the OBS methodology (and thus the answer to Question YER-2 was "d"), a government may nonetheless produce the document.

Option "a" applies if the document is produced and made available to the public online but not within the time frame specified in the OBS methodology (see Question YER-2)

Option "b" applies if the document is produced and made available to the public within the time frame specified by the OBS methodology but only in hard copy (and is not available online). Option "b" also applies if the document is made available to the public within the time frame specified by the OBS methodology in soft electronic copy but is not available online.

Option "c" applies if the document is produced for internal purposes only and so is not made available to the public.

Option "d" applies if the document is not produced at all.

Option "e" applies if the document is publicly available.

If a document is not released to the public, researchers may need to write to or visit the relevant government office in order to determine whether answer "c" or "d" applies.

Answer:

e. Not applicable (the document is publicly available)

Source:

n/a

Comment:

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

YER-6b. If you selected option "c" or "d" in question YER-6a, please specify how you determined whether the YER was produced for internal use only, versus not produced at all.

If option "a," "b," or "e" was selected in question YER-6a, researchers should mark this question "n/a."

Answer:

Source:

Comment:

Peer Reviewer

Opinion:

Government Reviewer

Opinion:

YER-7. If the YER is produced, please write the full title of the YER.

For example, a title for the Year-End Report could be "Consolidated Financial Statement for the Year Ended 31 March 2020" or "Annual Report 2019 Published by the Ministry of Finance and Planning." If the document is not produced at all, researchers should mark this question "n/a."

Answer:

T/13098. számú törvényjavaslat a Magyarország 2019. évi központi költségvetéséről szóló 2018. évi L. törvény végrehajtásáról

Source:

The YER on the webpage of the Parliament:

<https://www.parlament.hu/irom41/13098/13098.html>

Comment:

T/13098. számú törvényjavaslat a Magyarország 2019. évi központi költségvetéséről szóló 2018. évi L. törvény végrehajtásáról (Bill No. T/13098 on the Execution of Act L of 2019 on the Central Budget of Hungary for FY 2019)

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

YER-8. Is there a "citizens version" of the YER?

While the Citizens Budget was initially conceived as a simplified version of the Executive's Budget Proposal or the Enacted Budget, good practice is now evolving and suggests that a "citizens" version of key budget documents should be produced during each of the four phases of the budget cycle. This would serve to inform citizens of the state of public financial management throughout the entire budget cycle. While it is recognized that it may be unreasonable to expect that a citizens version is produced for each and every one of those key documents, it seems acceptable to expect that according to good practice, the executive releases a citizens version of key budget documents for each of the four stages of the budget process to allow citizens to be aware of what is happening, in terms of public financial management, throughout the entire budget cycle. For more information on Citizens Budget see: <https://www.internationalbudget.org/publications/citizens-budgets/>.

Answer:

b. No

Source:
n/a

Comment:
No other version of the YER was published.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

AR-1. What is the fiscal year of the AR evaluated in this Open Budget Survey questionnaire?

Please enter the fiscal year in the following format: "FY YYYY" or "FY YYYY-YY."

Answer:
FY 2019

Source:
n/a

Comment:
The latest Audit Report until 31 December 2020 was for FY 2019.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

AR-2. When is the AR made available to the public?

Publicly available budget documents are defined as those documents that are published on the website of the public authority issuing the document within the time frame specified in the OBS methodology and that all citizens are able to obtain free of charge. (See the Open Budget Survey Guidelines on Public Availability of Budget Documents.) This is a change from previous rounds of the Open Budget Survey: now at minimum documents must be made available on the Internet and free of charge to be considered publicly available.

The OBS methodology requires that for an AR to be considered publicly available, it must be made available to the public no later than 18 months after the end of the fiscal year to which it corresponds. If the AR is not released to the public at least 18 months after the end of the fiscal year to which it corresponds, option "d" applies. Option "d" should also be chosen for documents that are produced for internal purposes only (that is, produced but never released to the public) or are not produced at all. Some governments may publish budget documents further in advance than the latest possible dates outlined above. In these instances, researchers should choose options "a" or "b," depending on the date of publication identified for the AR.

Answer:
b. 12 months or less, but more than six months, after the end of the budget year

Source:
In Hungarian: 2011. évi CXCV törvény az államháztartásról
In English: Act CXCIV on the State Budget
URL: <https://net.jogtar.hu/jogszabaly?docid=A1100195.TV>

Comment:
According to the legal rules (in 90. § of the cited act) the Audit Report has to be submitted alongside the Year-End Report to the Parliament. The YER

shall be submitted until 30 September in the year after the period covered.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

AR-3a. If the AR is published, what is the date of publication of the AR?

Note that the date of publication is not necessarily the same date that is printed on the document.

Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late.

Please enter the date in the following format: "DD/MM/YYYY." For example, 5 September 2020 should be entered as 05/09/2020. If the document is not published or not produced, leave this question blank.

Answer:
5/10/2020

Source:

The Audit Report on the webpage of the Parliament: https://www.parlament.hu/web/guest/iromanyok-egyszerusitett-lekerdezese?p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=HW1MWcSJ&hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcpsql%2Fogy_irom.irom_madat%3Fp_ckl%3D41%26p_izon%3D13098%26p_alsz%3D1

The Audit Report on the webpage of the State Audit Office: <https://www.asz.hu/hu/legfrissebb-jelentesek/lezarult-a-2019-evi-zarszamadas-ellenorzese>

Comment:

On the webpage of the Parliament the row „Benyújtva” shows the date of submission. The Parliament uploads to its webpage and publishes all submitted documents immediately.

On the webpage of the State Audit Office the date is shown below the title.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

AR-3b. In the box below, please explain how you determined the date of publication of the AR.

If the document is not published at all, researchers should mark this question "n/a."

Answer:

We checked the date on the webpage of the Parliament and the State Audit Office. Both webpage showed the same date. The date was also verified by the last modification timestamp of the uploaded pdf document.

Source:

The Audit Report on the webpage of the Parliament: https://www.parlament.hu/web/guest/iromanyok-egyszerusitett-lekerdezese?p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=HW1MWcSJ&hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcpsql%2Fogy_irom.irom_madat%3Fp_ckl%3D41%26p_izon%3D13098%26p_alsz%3D1

The Audit Report on the webpage of the State Audit Office: <https://www.asz.hu/hu/legfrissebb-jelentesek/lezarult-a-2019-evi-zarszamadas-ellenorzese>

Comment:

On the webpage of the Parliament the row „Benyújtva” shows the date of submission. The Parliament uploads to its webpage and publishes all submitted documents immediately.

On the webpage of the State Audit Office the date is shown below the title.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

AR-4. If the AR is published, what is the URL or weblink of the AR?

Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. If the document is not published at all, researchers should leave this question blank.

Answer:

<https://www.parlament.hu/irom41/13098/13098-0001.pdf>

Source:

The document on the webpage of the Parliament: <https://www.parlament.hu/irom41/13098/13098-0001.pdf>

The document on the webpage of the State Audit Office: <https://www.asz.hu/storage/files/files/jelentes/2020/20204.pdf?download=true>

Comment:

The version on the webpage of the Parliament is longer because it also contains the analysis of macroeconomic trends as a supplement.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

AR-5. If the AR is published, are the numerical data contained in the AR available in a machine readable format?

Material (data or content) is machine readable if it is in a format that can be easily processed by a computer, such as .csv, .xls/.xlsx, and .json. Numerical data found in PDFs, Word (.doc/.docx) and HTML files do not qualify as machine readable. See more at: <http://opendatahandbook.org/glossary/en/terms/machine-readable/>

Option “d” applies if the AR is not publicly available, therefore its machine readability cannot be assessed.

Answer:

c. No

Source:

n/a

Comment:

The document is only available in pdf format and no further file was published alongside it.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

AR-6a. If the AR is not publicly available, is it still produced?

If the AR is not considered publicly available under the OBS methodology (and thus the answer to Question AR-2 was "d"), a government may nonetheless produce the document.

Option "a" applies if the document is produced and made available to the public online but not within the time frame specified in the OBS methodology (see Question AR-2).

Option "b" applies if the document is produced and made available to the public within the time frame specified by the OBS methodology but only in hard copy (and is not available online). Option "b" also applies if the document is made available to the public within the time frame specified by the OBS methodology in soft electronic copy but is not available online.

Option "c" applies if the document is produced for internal purposes only and so is not made available to the public.

Option "d" applies if the document is not produced at all.

Option "e" applies if the document is publicly available.

If a document is not released to the public, researchers may need to write to or visit the relevant government office in order to determine whether answer "c" or "d" applies.

Answer:

e. Not applicable (the document is publicly available)

Source:

n/a

Comment:

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

AR-6b. If you selected option "c" or "d" in question AR-6a, please specify how you determined whether the AR was produced for internal use only, versus not produced at all.

If option "a," "b," or "e" was selected in question AR-6a, researchers should mark this question "n/a."

Answer:

Source:

Comment:

Peer Reviewer

Opinion:

Government Reviewer

Opinion:

AR-7. If the AR is produced, please write the full title of the AR.

For example, a title for the Audit Report could be "Annual General Reports of the Controller and Auditor General." If the document is not produced at all, researchers should mark this question "n/a."

Answer:

Jelentés Magyarország 2019. évi központi költségvetési végrehajtásának ellenőrzéséről

Source:

Comment:

„Jelentés Magyarország 2019. évi központi költségvetése végrehajtásának ellenőrzéséről” (Report on the Audit of the Execution of the Central Budget for FY 2019)

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

AR-8. Is there a "citizens version" of the AR?

While the Citizens Budget was initially conceived as a simplified version of the Executive's Budget Proposal or the Enacted Budget, good practice is now evolving and suggests that a "citizens" version of key budget documents should be produced during each of the four phases of the budget cycle. This would serve to inform citizens of the state of public financial management throughout the entire budget cycle. While it is recognized that it may be unreasonable to expect that a citizens version is produced for each and every one of those key documents, it seems acceptable to expect that according to good practice, the executive releases a citizens version of key budget documents for each of the four stages of the budget process to allow citizens to be aware of what is happening, in terms of public financial management, throughout the entire budget cycle. For more information on Citizens Budget see: <https://www.internationalbudget.org/publications/citizens-budgets/>.

Answer:

b. No

Source:

News article on the webpage of the State Audit Office:
<https://www.aszhirportal.hu/hirek/a-2019-es-koltsegvetes-megalapozta-a-valsag-menedzseleset>

Comment:

The State Audit Office did not publish any other version of the document. There was an announcement of the news portal of the SAO but that a summary of the main findings for the media, not a simplified version of the document.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

GQ-1a. Are there one or more websites or web portals for disseminating government fiscal information? If yes, please provide the necessary links in the comment/citation.

GQ-1a asks the researcher to list any government websites or portals where fiscal information can be found. For example, in New Zealand the Treasury website (<http://www.treasury.govt.nz/>) hosts important budget-related information, including the Pre-Budget Statement, the Executive's Budget Proposal, the Citizens Budget, In-Year Reports, the Mid-Year Review, and the Year-End Report. In addition, New Zealand's Parliamentary Counsel Office (<http://www.legislation.govt.nz/>) posts the Enacted Budget while the Controller and Auditor-General website (<http://www.oag.govt.nz/>) publishes the annual Audit Report. The New Zealand researcher would provide the links to each of these sites. Other countries have developed portals that include fiscal information, though not in the "documents" format. For example, these portals have been created by Mexico (<https://www.transparenciapresupuestaria.gob.mx/>) and Brazil (<http://www.portaltransparencia.gov.br/>). Some countries have both a website and a portal. The Brazilian government, for example, apart from the Transparency Portal, has a dedicated website for the federal budget, where all key documents and other

information can be found (www.orkamentofederal.gov.br). Researchers should include details about all of the relevant websites and/or portals that can be used to access budget information.

Answer:

a. Yes

Source:

The fiscal information on the webpage of the Treasury:

Balance sheet of the central budget as bilingual excel files: http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/

Balance sheet of the social security funds as bilingual excel files:

http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_4/225/

Balance sheet of state funds as bilingual excel files:

http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_5/226/

Balance sheet information in functional classification:

http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/funkcionalis_merlegek/2630/

Monthly reports of the expenditures and revenues in the structure of the 1st appendix of the budget:

<http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/a-2020-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/4049/>

Information related to government debt on the webpage of Debt Management Agency:

Monthly reports on the government debt:

In Hungarian: <https://www.akk.hu/content/path=havi-monitoring>

In English: <https://www.akk.hu/content/path=monthly-report-debt-transactions-analysis>

Statistics on the government debt:

In Hungarian: <https://www.akk.hu/statisztika/allamadossag-finanszirozas>

In English: <https://www.akk.hu/statistics/public-debt-finance>

The budget documents are available on the webpage of the Parliament, Ministry of Finance and State Audit Office:

Search on the webpage of the Parliament for the budget documents in the current election cycle:

[https://www.parlament.hu/web/guest/iromanyak-egyszerusitett-lekerdezese?](https://www.parlament.hu/web/guest/iromanyak-egyszerusitett-lekerdezese?p_p_id=hu_parlament cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&_hu_parlament cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcpls%2Ffogy_iromany.irom_lekerd_egysz%3FP_CKL%3D41%26P_PARM%3DI%26P_CIM%3Dk%3C%B6lts%3C%A9gvet%3C%A9s%26P_FOTIP%3Dnull%26P_FOTIP%3DT%26P_TIP%3DNULL&p_auth=RIUou2Ni)

[p_p_id=hu_parlament cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&_hu_parlament cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcpls%2Ffogy_iromany.irom_lekerd_egysz%3FP_CKL%3D41%26P_PARM%3DI%26P_CIM%3Dk%3C%B6lts%3C%A9gvet%3C%A9s%26P_FOTIP%3Dnull%26P_FOTIP%3DT%26P_TIP%3DNULL&p_auth=RIUou2Ni](https://www.parlament.hu/web/guest/iromanyak-egyszerusitett-lekerdezese?p_p_id=hu_parlament cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&_hu_parlament cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcpls%2Ffogy_iromany.irom_lekerd_egysz%3FP_CKL%3D41%26P_PARM%3DI%26P_CIM%3Dk%3C%B6lts%3C%A9gvet%3C%A9s%26P_FOTIP%3Dnull%26P_FOTIP%3DT%26P_TIP%3DNULL&p_auth=RIUou2Ni)

Reports of the State Audit Office on the EBP and YER:

<https://asz.hu/jelentesek/velemenymagyarorszag-koltsegveteserol>

<https://asz.hu/jelentesek/jelentes-magyarorszag-koltsegvetese-vegrehajtasanak-ellenorzeserol>

Analyses about the budgetary trends can be found among the 'Analyses':

<https://www.asz.hu/hu/publikaciok/elemzes-2020-ev>

The monthly reports are published on the webpage of Ministry of Finance since September 2020 in one place:

<https://kormany.hu/penzugyminiszterium/aht-jelentesek>

Other budget documents on the webpage of Ministry of Finance:

<https://ngmszakmaiterulek.kormany.hu/koltsegvetes>

Additional information are available on the webpage of the Fiscal Council and Central Statistical Office:

Webpage of the Fiscal Council:

<http://www.parlament.hu/web/koltsegvetesi-tanacs>

Statistics on the webpage of Central Statistical Office:

Revenues

http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qse006j.html

Expenditures

http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qse007j.html

Comment:

There is no structured, central portal for disseminating government fiscal information. The government publishes the information dispersed among many sites.

Peer Reviewer

Opinion: Agree

Comments: The Central Statistic Office from 6 April 2021 - based on the information from their website - is not publishing budgetary details about the revenues and expenditures of the central budget, and they are redirecting on the website of the Treasury about the Balance sheet of the central budget: http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/

Government Reviewer

Opinion:

GQ-1b. On these websites/portals, can revenue and/or expenditure data for the current fiscal year be downloaded as a consolidated, machine readable file (or set of files)? If yes, please provide the necessary links in the comment/citation. For more information on machine readability, see: <http://opendatahandbook.org/glossary/en/terms/machine-readable/>.

GQ-1b, GQ-1c, and GQ-1d ask about whether governments publish specific types of content on their websites/portals: (a) consolidated files that contain disaggregated revenue and/or expenditure information for the current fiscal year; (b) consolidated files that contain disaggregated revenue and/or expenditure information for multiple years in consistent formats; and (c) infographics/visualizations or other similar tools used to simplify data access and analysis. Researchers should provide the links to relevant webpages and some explanations of what they contain.

Answer:

a. Yes, both revenue and expenditure data can be downloaded as a consolidated file

Source:

Monthly reports of the expenditures and revenues in the structure of the 1st appendix of the budget:
<http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/a-2020-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/4049/>

Balance sheet of the central budget as bilingual excel files: http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/

Comment:

The Treasury publishes monthly the state of the expenditures and revenues in two classifications. The first cited example follows the structure of Appendix 1 of the enacted budget and lists all the expenditure and revenue items individually. As a result this is the most comprehensive source for following the monthly budgetary data. The files are available in both xls and pdf formats, so they also satisfy the requirements of the question.

The monthly balance sheets are available in bilingual xls files, but the classification is simplified compared to the previous example. The revenues can be followed easier because most of the tax and non-tax items are presented separately, but the aggregation of the expenditures are strange. Some minor items are presented separately, while the majority of the expenditures (like the expenditures of ministries and other budgetary institutions) are aggregated into one line. For this latter this is not a totally satisfying source for expenditure data.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

GQ-1c. On these websites/portals, can disaggregated revenue and/or expenditure data in consolidated, machine readable files be downloaded for multiple years in consistent formats? If yes, please provide the necessary links and details in the comment/citation. For more information on machine readability, see: <http://opendatahandbook.org/glossary/en/terms/machine-readable/>.

Answer:

c. Yes, but only revenue data can be downloaded for multiple years in consistent formats

Source:

Budgetary data in functional classification on the webpage of the Treasury
http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/funkcionalis_merleg/2630/

Balance sheet of the central budget as bilingual excel files: http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/

Comment:

On the webpage of the Treasury the consolidated budgetary data are available for multiple years in functional classification. It is not wholly consistent because the functional classification of the items may change between the years. The consolidation takes into consideration the whole state: central and local budget. The file does not contain the latest available data at the time of cut-off date: the latest original estimate is for FY 2020 and the latest actual outcome is for FY 2018. The budget for FY 2021 was adopted in 15 July 2020, and the actual outcomes also available since 30 September 2020.

The other data source that is available for multiple years is the monthly balance sheet of the central budget. However this is not always consistent between the years because rows are added and deleted at the start of the year. Also the included data present the gross amounts, not the consolidated. The files always contain the actual and previous year, so longer periods have to be copied from several files.

The functional classification file is very useful, but the data is not available in a timely manner due to the ad hoc updates. For the question we accepted the revenue classification of the monthly balance sheets, because they are fairly consistent through the years. The expenditures were not considered because they are not consolidated and the majority of the expenditures are aggregated into one line „Expenditures of central budgetary

institutions".

Peer Reviewer

Opinion: Disagree

Suggested Answer: a. Yes, both revenue and expenditure data can be downloaded for multiple years in consistent formats

Comments: Beside the sources mentioned the revenue and expenditure data can be downloaded in consolidated, machine readable files for multiple years in consistent format on the website of Central Statistic Office (which from 6th April 2021 is not going to publish this information anymore as the budgetary details are presented on the website of the Treasury). The Central Statistic Office both in case of revenues and expenditures provides the download option in Excel. Expenditures of the Central Budget: http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qse007j.html Revenues of the Central Budget: http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qse006c.html

Government Reviewer

Opinion:

Researcher Response

Thank you for highlighting the data! We checked the recommended data on the website of the Central Statistic Office and they are the same that is available in bilingual files on the website of the State Treasury (as noted by the Peer Reviewer and confirmed by the website of the Central Statistic Office): http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/ The classification of the expenditure side is not transparent because half of the expenditures are aggregated in one line as expenditures of government institutions and chapter-administered appropriations ("Költségvetési szervek és fejezeti kezelésű előirányzatok"), while minor expenditures presented individually like exceptional government expenditures ("Kormányzati rendkívüli kiadások"). Since the categories are too broad, the expenditures cannot be compared even at ministry-level. The revenue side was accepted from this same data presentation as it uses a more transparent classification.

IBP Comment

In light of the conversation between peer reviewer and researcher, and to maintain consistency of responses across countries, the response remains unchanged, "c".

GQ-1d. On these websites/portals, are infographics/visualizations or other similar tools used to simplify data access and analysis? If yes, please provide the necessary links and details in the comment/citation.

Answer:

b. No

Source:

n/a

Comment:

There is no interactive tool or infographics on the government webpages that allows the reader to discover and analyse budgetary data or the trends in it. The monthly reports (In-Year Reports) contain charts to visualize the statements in the narrative discussion but those were not considered as tools to simplify data access. We were looking for tools similar to a previous example: <https://www.amipenzunk.hu/#/~/~koltsegvetesi-kiadasok>

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

GQ-2. Are there laws in place guiding public financial management and/or auditing? If yes, please provide the necessary details and links in the comment/citation, and specify whether and where the law(s) contains specific provisions for budget transparency and/or participation.

GQ-2 asks about the existence of any national laws governing public financial management and auditing. These may include a public finance act, a section of the constitution, or an organic budget law. In some countries, fiscal responsibility legislation may also be relevant. For example, the Kenya researcher may include the link to its Public Finance Management Act, 2012 (<http://kenyalaw.org:8181/exist/kenyalex/actview.xql?actid=No.%2018%20of%202012>), and the Macedonian researcher may include a link to its State Audit Law (<https://www.finance.gov.mk/files/u11/Audit%20law.pdf>). Researchers should provide links to websites where such laws are published, if possible, or an electronic copy of the law itself. They should also indicate if and where (e.g. which article) these laws include specific provisions for budget transparency and citizen participation in budget processes.

Answer:

a. Yes

Source:

In Hungarian: 2011. évi CXCV. törvény az államháztartásról

In English: Act No. CXCV of 2011 on the public finance

URL: <https://net.jogtar.hu/jogszabaly?docid=A1100195.TV>

In Hungarian: Magyarország Alaptörvény

In English: Fundamental Law of Hungary

URL for Hungarian version: <https://net.jogtar.hu/jogszabaly?docid=A1100425.ATV>

URL for English version: https://hunconcourt.hu/uploads/sites/3/2021/01/thefundamentallawofhungary_20201223_fin.pdf

In Hungarian: 2011. évi LXVI. törvény az Állami Számvevőszékről

In English: Act No. LXVI of 2011 on the State Audit Office

URL: <https://net.jogtar.hu/jogszabaly?docid=A1100066.TV>

Comment:

The cited laws contain the main rules for public finance and auditing.

The first one (Act on public finance) does not include explicit rules for budget transparency and citizen participation except in two cases. In 13. § (1) it is stated that the timetable for the proposed budget should be published on the Ministry's webpage until 30 June, while in 33. § (6) that the Treasury should publish the factual data monthly on its webpage in the same format as it was in the Enacted Budget.

The articles of the Fundamental Law provide more general guidelines for fiscal transparency, like "the budget shall be presented in identical, transparent and reasonably detailed format" in Article 37 (1).

The Fundamental Law also declares the main rules for State Audit Office in Article 43. The detailed rules of the audit were adopted in a separate law. This regulates the mandate of the SAO and the principles of the audit, rights and obligations related to the audit.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

GQ-3. Is there at least one additional law regulating: (1) access to information; (2) government transparency; or (3) citizens participation? If yes, please provide the necessary details and links in the comment/citation, and specify whether and where these laws contain specific provisions for budget transparency and/or participation.

The third and last question asks researchers to list any additional laws regulating access to information, transparency, or citizens' participation that are relevant for the promotion of budget transparency and citizen participation in budget processes. These might include legislation related to access to information, to planning processes, or to public administration more generally. India's Right to Information Act of 2005 (<https://www.ncess.gov.in/facilities/central-public-information-officer/rti-act-details.html>) is an example of this type of law. More information on access to information legislation (constitutional provisions, laws, and regulations), including examples of model laws, can be found here: <http://www.right2info.org/laws/constitutional-provisions-laws-and-regulations#section-1>.

Answer:

a. Yes

Source:

In Hungarian: 2011. évi CXII. törvény az információs önrendelkezési jogról és információs szabadságról

In English: Act CXII of 2011 on information self-determination and freedom of information

URL: <https://net.jogtar.hu/jogszabaly?docid=A1100112.TV>

In Hungarian: Magyarország Alaptörvénye

In English: Fundamental Law of Hungary

URL for Hungarian version: <https://net.jogtar.hu/jogszabaly?docid=A1100425.ATV>

URL for English version: https://hunconcourt.hu/uploads/sites/3/2021/01/thefundamentallawofhungary_20201223_fin.pdf

In Hungarian: A Kormány 179/2020 (V. 4.) kormányrendelete a vészhelyzet idején az egyes adatvédelmi és adatigénylési rendelkezésektől való eltérésekről

In English: Government resolution 179/2020 (V.4.) on the deviation from certain data protection and data request rulings during the state of emergency

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20098.pdf>

pp. 2388-2389

In Hungarian: A Kormány 521/2020 (XI. 25.) kormányrendelete a veszélyhelyzet idején az egyes adatigénylési rendelkezésektől való eltérésekről

In English: Government resolution 521/2020 (XI. 25.) on the deviation from certain data request rulings during the state of emergency
URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20260.pdf>
on page 8295

Comment:

The cited act governs access to information, but there is no specific law about budgetary/government transparency.

In Article 37 (1) the Fundamental Law states that the implementation of the central budget shall be „in a lawful and expedient manner with efficient management of public funds and by ensuring transparency”.

However during the state of emergency two specific decision modified the access to information rules. First the deadline to fulfill public data request were increased from 15 days (+ 15 days optional extension) to 45 days (with 45 days optional extension). These were adopted in a government resolution during the spring and later at the end of November. Secondly the Ninth Amendment of the Fundamental Law changed the definition of public funds. In Article 39 (3) of the Fundamental Law „public funds shall be the revenues, expenditures and claims of the State”. This alteration may restrict the data about public funds strictly to budgetary institutions, so the use of public funds cannot be tracked at the non-governmental beneficiaries like state-owned enterprises, foundations or beneficiaries of exempted taxes. At the moment there is no exact definition for the scope of the public funds from the Constitutional Court.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

1. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the budget year that are classified by administrative unit (that is, by ministry, department, or agency)?

GUIDELINES:

Question 1 addresses the presentation of expenditure by administrative unit. This information indicates which government entity (ministry, department, or agency, or MDAs) will be responsible for spending the funds and, ultimately, held accountable for their use.

To answer "a," the Executive's Budget Proposal or its supporting documentation must present expenditures for all administrative units, accounting for all expenditures, in the budget year. To answer "b," the administrative units shown individually, in the Executive's Budget Proposal or its supporting documentation, must account for at least two-thirds of all expenditures in the budget year. In other words, the sum of the expenditures assigned to the individual MDAs (education, health, infrastructure, interior, defense, etc.) must account for at least two-thirds of the total expenditure budgeted for that particular year. A "c" answer applies if the Executive's Budget Proposal or its supporting documentation presents administrative units that account for less than two-thirds of expenditures. Answer "d" applies if expenditures are not presented by administrative unit.

Answer:

a. Yes, administrative units accounting for all expenditures are presented.

Source:

In Hungarian: A költségvetési törvényjavaslat 1. melléklete

In English: Appendix 1 of the EBP

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 39-90

In Hungarian: Magyarország Alaptörvénye

URL: <https://net.jogtar.hu/jogszabaly?docid=A1100425.ATV>

36. cikk (2)

In English: Fundamental Law of Hungary

URL: https://hunconcourt.hu/uploads/sites/3/2021/01/thefundamentallawofhungary_20201223_fin.pdf

Article 36 (2)

Comment:

Appendix 1 of the EBP lists all the expenditures and revenues by institutions and chapter-administered appropriations. The budget of each institutions are separated to "Működési költségvetés" (Operational budget) and "Felhalmozási költségvetés" (Capital expenditures), but presented in a strange way: the operational budget is detailed to „Személyi juttatások" (Personal costs) and „Egyéb működési kiadások" (Other operation costs) are presented in separate lines, while capital expenditures are presented in the column „Felhalmozási kiadások" and not as a clearly understandable, separate line under the institution. The chapter-administered appropriations are collected under "Fejezeti kezelésű előirányzatok" in each chapter. Leaving out the detailed capital expenditures is a change since the last survey, because earlier both the operational and capital expenditures were included as more detailed lines.

The appendix contains the expenditures for all the institutions. However not each budgetary institution is shown in a separate line and the level of details is not consistent throughout the appendix. For example the universities and colleges are grouped as "Egyetemek, főiskolák" on page 57. The institutions spend around 473 billion HUF (0.9% of GDP), while institutions with similar or smaller budget are shown separately like "Országos Atomenergia Hivatal" or „Szellemi Tulajdon Nemzeti Hivatala" on the same page that spend 4-5 billion HUF. The Fundamental Law of Hungary (in Article 36 (2)) requires that the budget shall present the expenditures in reasonable detail and in this case it is not satisfied.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

2. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the budget year by functional classification?

GUIDELINES:

Question 2 addresses the presentation of expenditure by functional classification. This classification indicates the programmatic purpose, sector, or objective for which the funds will be used, such as health, education, or defense. Administrative units are not necessarily aligned with functional classifications. For instance, in one country all functions connected with water supply (which fall into the "Housing" function) may be undertaken by a single government agency, while in another country they may be distributed across the Ministries of Environment, Housing, and Industrial Development. In the latter case, three ministries have programs addressing water supply, so three ministries contribute to one function. Similarly, some administrative units may conduct activities that cut across more than one function. For instance, in the example above, some programs of the Ministry of Environment would also be classified in the "environmental protection" function.

To answer "a," the Executive's Budget Proposal or its supporting documentation must present expenditures for the budget year organized by functional classification.

Answer:

a. Yes, expenditures are presented by functional classification.

Source:

In Hungarian: Az államháztartás funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The functional expenditures of the general government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 259

In Hungarian: Az államháztartás konszolidált funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The consolidated functional expenditures of the general government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 260

In Hungarian: A központi alrendszer funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The functional expenditures of the central government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 275

In Hungarian: A központi alrendszer konszolidált funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The consolidated functional expenditures of the central government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 276

In Hungarian: A kormányzati funkciók osztályozásának kategóriái (COFOG)

In English: COFOG – Classification of the Functions of the Government (selecting COFOG in the left side menu)

URL: <https://unstats.un.org/unsd/classifications/Econ/Structure>

Comment:

The EBP presents the expenditures in functional classification for both the general government and the central government. The tables present both the gross and consolidated numbers. The gross numbers are on pages 259 and 275, the consolidated numbers on pages 260 and 276.

The functional categories are similar but not strictly comparable with the COFOG categories. Some of the used functions are the same, others are classified to a lower level in the COFOG and another categories are not present in the COFOG categories. For example in the Hungarian version F04 is the education, that is number 9 in the COFOG classification. In the Hungarian version F09 is the fuel and energy, F10 is agriculture, forestry, fishing and hunting, F11 is mining, F12 is transport, but in the COFOG classification they are subcategories in 4 economic affairs. Even with these differences the Hungarian functional classification more or less can be rearranged to provide an estimate for the COFOG categories.

Another drawback of the classification is that the Hungarian methodology classified the institutions, not their expenditures. As a consequence institutions with expenditures in multiple functions are shown in their main function. For example the universities with medical courses spend on education and healthcare, but in this classification all of their expenditures are categorized as educational expenditure. The classification of the individual expenditures according to the COFOG is created by the Central Statistical Office, but only for the outcomes of the expenditures based on the financial reports of the budgetary institutions. For the appropriations no other functional classification is available.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

3. If the Executive's Budget Proposal or any supporting budget documentation presents expenditures for the budget year by functional classification, is the functional classification compatible with international standards?

GUIDELINES:

Question 3 asks whether a country's functional classification meets international standards. To answer "a," a country's functional classification must be aligned with the OECD and the UN's Classification of the Functions of Government (COFOG), or provide a cross-walk between the national functional presentation and COFOG.

The OECD Best Practices for Budget Transparency can be viewed at <http://www.oecd.org/gov/budgeting/Best%20Practices%20Budget%20Transparency%20-%20complete%20with%20cover%20page.pdf>

COFOG can be viewed at https://unstats.un.org/unsd/publication/SeriesM/SeriesM_84E.pdf or at <http://www.imf.org/external/pubs/ft/gfs/manual/pdf/ch6ann.pdf>.

Answer:

a. Yes, the functional classification is compatible with international standards.

Source:

In Hungarian: Az államháztartás funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The functional expenditures of the general government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 259

In Hungarian: Az államháztartás konszolidált funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The consolidated functional expenditures of the general government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 260

In Hungarian: A központi alrendszer funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The functional expenditures of the central government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 275

In Hungarian: A központi alrendszer konszolidált funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The consolidated functional expenditures of the central government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

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In Hungarian: A kormányzati funkciók osztályozásának kategóriái (COFOG)

In English: COFOG – Classification of the Functions of the Government (selecting COFOG classification in the left side menu)

URL: <https://unstats.un.org/unsd/classifications/Econ/Structure>

In Hungarian: Funkcionális megfeleltetés

In English: Bridge between the Hungarian classification and the COFOG

URL: <http://www.allamkincstar.gov.hu/files/funkcion%C3%A1lis%20m%C3%A9rleg/Funkcion%C3%A1lis%20megfeleltet%C3%A9s.xls>

Comment:

The functional classification presented in the EBP is mostly compatible with the COFOG, but achieving it requires serious effort. There was no change in the presentation since the last survey.

First the numbering differs. For example in the EBP the F04 is the Education ("Oktatási tevékenységek és szolgáltatások"), while in the international standard it is F09.

Another problem is that the Economic affairs category is classified diversely in the EBP: the Agriculture; Fuel and energy; Mining, manufacturing and construction functions are shown at the top level with numbers F10 ("Mező-, erdő-, hal- és vadgazdálkodás"); F09 ("Tüzelő- és üzemanyag, valamint energiaellátási feladatok"); F11 ("Bányászat és ipar") respectively, while the others are in the F12 ("Közlekedési és távközlési tevékenységek és szolgáltatások") and F13 ("Egyéb gazdasági tevékenységek és szolgáltatások"). F12 shows the functions of transport and communication, while F13 the functions of other economic affairs. As an extra category the cost of debt management is included in F15 "Államadósság-kezelés, államháztartás" and an other category as F16 "Funkcióba nem sorolható tételek" is also present.

The top level data can be generated from the presented tables, but the second level only with significant restrictions. The State Treasury published a bridge between the Hungarian classification and the COFOG and that also reinforces the above mentioned issues.

It is important to note that the calculated data will not be comparable with the statistical data due to the different classification methods. The government classifies the institutions into functions, while the Central Statistical Office classifies the expenditures of the institutions and this latter provides more precise functional data.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

4. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the budget year by economic classification?

GUIDELINES:

Question 4 asks whether the Executive's Budget Proposal or its supporting documentation presents expenditures for the budget year organized by economic classification. Economic classification provides information on the nature of the expenditure, such as whether funds are being used to pay for wages and salaries, capital projects, or social assistance benefits. Please note that a presentation of expenditures by current and capital expenditures without additional disaggregation or detail will not qualify as an economic classification.

To answer "a," the Executive's Budget Proposal or its supporting documentation must present expenditures for the budget year organized by economic classification.

Answer:

a. Yes, expenditures are presented by economic classification.

Source:

In Hungarian: Az államháztartás mérlege (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Balance sheet of the general government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 256

In Hungarian: Az államháztartás konszolidált kiadásai (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Consolidated expenditures of the general government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 257

In Hungarian: A központi alrendszer mérlege (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Balance sheet of the central government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 272

In Hungarian: A központi alrendszer konszolidált kiadásai (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Consolidated expenditures of the central government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

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Comment:

The EBP presents the expenditures by economic classification for both the general and central government and both the gross and consolidated numbers.

The expenditures are presented in section "1 Kiadások" of the tables. It divides the expenditures to operational ("Működési költségvetés") and capital ("Felhalmozási költségvetés") expenditures. Below the operational expenditures the wages, the social contributions, use of goods and services, social transfers and other operational expenditures are listed. Under the capital expenditures the investments, refurbishments and other capital expenditures are shown.

The included lines in the economic classification:

Expenditures („Kiadások")

- Wages („Személyi juttatások")

- Social contributions and social tax related to wages („Munkaadókat terhelő járulékok és szociális hozzájárulási adó")

- Use of goods and services („Dologi kiadások")

- Monetary transfers (this consists of monetary social benefits, subsidies and grants to households) („Ellátottak pénzbeli juttatásai")

- Other current expenditures (this includes any other transfers to corporations, international organizations or other budgetary institutions) („Egyéb működési célú kiadások")

- Investments („Beruházások")

- Refurbishments („Felújítások")

- Other capital expenditures (this includes all kinds of transfers for capital expenditures for all sectors) („Egyéb felhalmozási célú kiadások")

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

5. If the Executive's Budget Proposal or any supporting budget documentation presents expenditures for the budget year by economic classification, is the

economic classification compatible with international standards?

GUIDELINES:

Question 5 asks whether a country's economic classification meets international standards. To answer "a," a country's economic classification must be consistent with the International Monetary Fund's (IMF) 2001 Government Finance Statistics (GFS). The GFS economic classification is presented here: <http://www.imf.org/external/pubs/ft/gfs/manual/pdf/app4.pdf>. To learn more about Government Finance Statistics also refer to the entire IMF 2001 GFS manual (<http://www.imf.org/external/pubs/ft/gfs/manual/pdf/all.pdf>).

Answer:

b. No, the economic classification is not compatible with international standards, or expenditures are not presented by economic classification.

Source:

In Hungarian: Az államháztartás mérlege (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Balance sheet of the general government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 256

In Hungarian: Az államháztartás konszolidált kiadásai (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Consolidated expenditures of the general government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 257

In Hungarian: A központi alrendszer mérlege (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Balance sheet of the central government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 272

In Hungarian: A központi alrendszer konszolidált kiadásai (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Consolidated expenditures of the central government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

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Comment:

There was no change in the presentation since the previous survey.

The economic classification of the expenditures are cash-flow based, hence the non-monetary transactions for example the consumption of fixed capital cannot be included. The Hungarian version shows separately the investments, refurbishments and other capital expenditures, so the purchases of nonfinancial assets are included this way. Similarly the sales of nonfinancial assets are included in the line capital revenues.

The presented version is more aggregated than the IMF GFSM structure. As noted above the investments, refurbishments and other capital expenditures include all the expenditures related to capital formation both financial and nonfinancial assets. The interest expenditures, subsidies and grants (as payments to enterprises or other general government units, international organizations) are not separated, but aggregated into the other current expenditures line.

Technically there are traps in the accounting as the transfers provided to other budgetary institutions will be wages, goods and services or capital expenditure in the end, while in this classification they are treated as transfers. Unfortunately the current accounting process cannot handle this, so the categories are not so clear as the IMF GFSM's.

The presentation is similar to the IMF GFSM structure, but neither the method nor the actual output are compatible with it.

The included lines in the economic classification:

Expenditures („Kiadások”)

- Wages („Személyi juttatások”)

- Social contributions and social tax related to wages („Munkaadókat terhelő járulékok és szociális hozzájárulási adó”)

- Use of goods and services („Dologi kiadások”)

- Monetary transfers (this consists of monetary social benefits, subsidies and grants to households) („Ellátottak pénzbeli juttatásai”)

- Other current expenditures (this includes any other transfers to corporations, international organizations or other budgetary institutions) („Egyéb működési célú kiadások”)

- Investments („Beruházások”)

- Refurbishments („Felújítások”)

- Other capital expenditures (this includes all kinds of transfers for capital expenditures for all sectors) („Egyéb felhalmozási célú kiadások”)

Revenues

- Current transfers from other budgetary institutions („Működési célú támogatások államháztartáson belülről”)

- Capital transfers from other budgetary institutions („Felhalmozási célú támogatások államháztartáson belülről”)

- Current transfers from outside the government („Működési célú átvett pénzeszközök”)

- Capital transfers from outside the government („Felhalmozási célú átvett pénzeszközök”)

- Income taxes („Jövedelemadók”)

- Social contributions and social tax related to wages („Szociális hozzájárulási adó és járulékok”)

- Taxes related to wages and employment („Bérhez és foglalkoztatáshoz kapcsolódó adók”)

- Taxes on capital structures („Vagyoni típusú adók”)

- Taxes on products and services („Termékek és szolgáltatások adói”)

- Other taxes („Egyéb közhatalmi bevételek”)

- Current revenues (this includes fees for governmental services) („Működési bevételek”)

- Capital revenues („Felhalmozási bevételek”)

Peer Reviewer

Opinion: Agree

Comments: The EBP presents expenditures for the budget year in economic classification but the expenditures are not comparable with the IMF

standards.

Government Reviewer
Opinion:

6. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for individual programs for the budget year?

GUIDELINES:

Question 6 asks whether expenditures are presented by program. There is no standard definition for the term "program," and the meaning can vary from country to country. However, for the purposes of answering the questionnaire, researchers should treat the term "program" as meaning any level of detail below an administrative unit – that is, any programmatic grouping that is below the ministry, department, or agency level. For example, the Ministry of Health's budget could be broken down into several subgroups, such as "primary health care," "hospitals," or "administration." These subgroups should be considered programs even if they could be, but are not, broken down into smaller, more detailed units.

A note for francophone countries: "Program" level detail is sometimes referred to as le plan comptable or le plan comptable detaillé. (These data are typically coded in the financial management database, following the chart of budgetary accounts, so that they can be organized by administrative and functional classification.)

To answer "a," the Executive's Budget Proposal or its supporting documentation must present expenditures for all individual programs, accounting for all expenditures, in the budget year. To answer "b," the programs shown individually in the Executive's Budget Proposal or its supporting documentation must account for at least two-thirds of all expenditures in the budget year. A "c" answer applies if the Executive's Budget Proposal or its supporting documentation presents programs that account for less than two-thirds of expenditures. Answer "d" applies if expenditures are not presented by program.

Budget decisions for the upcoming year can also affect the parameters of future budgets. It is therefore useful to estimate revenues and expenditures for multi-year periods, understanding that these estimates might be revised as circumstances change. Sometimes referred to as a Medium Term Expenditure Framework (MTEF), a three-year period – that is, the budget year plus two more years – is generally considered an appropriate horizon for budgeting and planning.

Answer:

a. Yes, programs accounting for all expenditures are presented.

Source:

In Hungarian: A költségvetési törvényjavaslat 1. melléklete

In English: Appendix 1 of the EBP

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
pp. 39-90

In Hungarian: 2011. évi CXCV törvény az államháztartásról

In English: Act CXCV on the State Budget

URL: <https://net.jogtar.hu/jogszabaly?docid=A1100195.TV>
6/A. § (3)

Comment:

The Hungarian budget is primarily institution-based, but has elements similar to program-based approach. At the top level the budget is divided to chapters (which in most cases are the equivalent of Ministries). The chapter is indicated in the header with Roman numbers before „Fejezet”. Below that the institutions administered by that Ministry and Chapter-administered appropriations are listed. The budgets of the institutions are further broken into personal costs („Személyi juttatások”) and other operational expenditures („Egyéb működési kiadások”). The Chapter-administered appropriations and their narrative discussions generally do not clarify the aim of the line item, its performance targets and other requirements that would qualify this line item as a program. According to the act on the state budget (in article 6/A § (3)) the aim of Chapter-administered appropriations is to ensure a separate account for special expenditures and revenues related to the professional area of the Ministry or one its institutions.

To preserve consistency across the surveys we interpreted the definition of "program" as details below ministries. Consequently we treated all the detailed institutions and chapter-administered appropriations as "programs" because the aim of these items are more or less can be defined. In this interpretation all the expenditures are presented at program-level in Appendix 1 of the EBP.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

7. Does the Executive's Budget Proposal or any supporting budget documentation present expenditure estimates for a multi-year period (at least two-years beyond the budget year) by any of the three expenditure classifications (by administrative, economic, or functional classification)?

GUIDELINES:

Question 7 asks if multi-year expenditure estimates are presented by any one of the three expenditure classifications – by administrative, economic, and functional classifications – which were addressed in Questions 1-5 above. Each of the classifications answers a different question: administrative unit indicates who spends the money; functional classification shows for what purpose is the money spent; and economic classification displays what the money is spent on.

To answer "a," the Executive's Budget Proposal or its supporting documentation must present expenditure estimates by all three of the expenditure classifications for at least two years beyond the budget year. To answer "b," multi-year expenditure estimates must be presented by two of these three classifications. A "c" answer applies if multi-year expenditure estimates are presented by one of the three classifications. Answer "d" applies if multi-year expenditure estimates are not presented by any of the three classifications.

Answer:

d. No, multi-year expenditure estimates are not presented by any expenditure classification.

Source:

In Hungarian: Az államháztartás mérlege (2020-2024)
In English: Balance sheet of the general government (2020-2024)
URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf
page 1265

Comment:

Only one table presents the expenditures for multiple years in a coherent and complete manner, but that cannot be treated as any of the classifications. The right hand side of the table under the title "Kiadások" shows the expenditures in a special classification. A handful of appropriations are shown individually like „Közszolgálati műsorszolgáltatás támogatása” (Support for public media) or „Családi támogatások” (Family supports), but most of the institutions (for example all the Ministries) are aggregated to one row called "Költségvetési szervek kiadásai". The table is not detailed enough to classify as administrative, because the Ministries or other larger groups who spend the funds cannot be identified.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

7b. Based on the response to Question 7, check the box(es) to identify which expenditure classifications have estimates for a multi-year period in the Executive's Budget Proposal?

Answer:

None of the above

Source:

In Hungarian: Az államháztartás mérlege (2020-2024)
In English: Balance sheet of the general government (2020-2024)
URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf
page 1265

Comment:

Only one table presents the expenditures for multiple years in a coherent and complete manner, but that cannot be treated as any of the classifications. The right hand side of the table under the title "Kiadások" shows the expenditures in a special classification. A handful of appropriations are shown individually like „Közszolgálati műsorszolgáltatás támogatása” (Support for public media) or „Családi támogatások” (Family supports), but most of the institutions (for example all the Ministries) are aggregated to one row called "Költségvetési szervek kiadásai". The table is not detailed enough to classify as administrative, because the Ministries or other larger groups who spend the funds cannot be identified.

Peer Reviewer

Opinion: Agree

Government Reviewer
Opinion:

8. Does the Executive's Budget Proposal or any supporting budget documentation present expenditure estimates for a multi-year period (at least two-years beyond the budget year) by program?

GUIDELINES:

Question 8 asks if multi-year expenditure estimates are presented by program. There is no standard definition for the term "program," and the meaning can vary from country to country. However, for the purposes of answering the questionnaire, researchers should understand the term "program" to mean any level of detail below an administrative unit, such as a ministry or department. For example, the Ministry of Health's budget could be broken down into several subgroups, such as "primary health care," "hospitals," or "administration." These subgroups should be considered programs even if they could be, but are not, broken down into smaller, more detailed units.

A note for francophone countries: "Program" level detail is sometimes referred to as le plan comptable or le plan comptable detaillé. (These data are typically coded in the financial management database, following the chart of budgetary accounts, so that they can be organized by administrative and functional classification.)

To answer "a," the Executive's Budget Proposal or its supporting documentation must present expenditures for all individual programs, accounting for all expenditures, for at least two years beyond the budget year. To answer "b," the programs shown individually in the Executive's Budget Proposal or its supporting documentation must account for at least two-thirds of all expenditures over the multi-year period. A "c" answer applies if the Executive's Budget Proposal or its supporting documentation presents multi-year estimates for programs that account for less than two-thirds of expenditures. Answer "d" applies if multi-year estimates are not presented by program.

Revenues generally are separated into two major categories: "tax" and "non-tax" revenues. Taxes are compulsory transfers that result from government exercising its sovereign power. The largest sources of tax revenue in some countries are taxes on personal and business income and taxes on goods and services, such as sales or value-added taxes. The category of non-tax revenues is more diverse, ranging from grants from international institutions and foreign governments to funds raised through the sale of government-provided goods and services. Note that some forms of revenue, such as contributions to social security funds, can be considered either a tax or non-tax revenue depending on the nature of the approach to these contributions. Particularly because different revenues have different characteristics, including who bears the burden of paying the tax and how collections are affected by economic conditions, it is helpful when estimates for revenues are disaggregated and displayed based on their sources.

For more information, please refer to the 2001 GFS manual, in particular Appendix 4 (<http://www.imf.org/external/pubs/ft/gfs/manual/pdf/app4.pdf>).

Answer:

c. Yes, multi-year estimates for programs accounting for less than two-thirds of expenditures are presented.

Source:

In Hungarian: Az államháztartás mérlege (2020-2024)
In English: Balance sheet of the general government (2020-2024)
URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf
page 1265

Comment:

We considered as program all the detailed budgetary institutions and appropriations that are below the ministries. In this sense some of the items presented in the cited table can be treated as programs, for example Subsidy for public media ("Közszolgálati műsorszolgáltatás támogatása"), Subsidy for transport fares ("Szociálpolitikai menetdíj támogatás"), Subsidy for public transport („Helyközi személyszállítás támogatása”) or Housing subsidies ("Lakásépítési támogatások"). However all the budgetary institutions and many of the other appropriations are aggregated to a handful of lines. The line "Költségvetési szervek kiadásai" contains all the budgetary institutions, while the lines "Szakmai fejezeti kezelésű előirányzatok kiadásai" and "Unió programból támogatott kiadások" aggregate the expenditures of the chapter-administered appropriations. The individually presented line items are clearly less than two-thirds of the total expenditures.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

9. Does the Executive's Budget Proposal or any supporting budget documentation present the individual sources of tax revenue (such as income tax or VAT) for the budget year?

GUIDELINES:

Question 9 assesses the degree to which the individual sources of "tax" revenue are disaggregated in the budget. The largest sources of tax revenue in some countries are taxes on personal and business income and taxes on goods and services, such as sales or value-added taxes.

To answer "a," the Executive's Budget Proposal or its supporting documentation must present all individual sources of tax revenue for the budget year, and "other" or "miscellaneous" revenue must account for three percent or less of all tax revenue. To answer "b," the Executive's Budget Proposal or its supporting documentation must present individual sources of tax revenue that when combined account for at least two-thirds of all tax revenue, but not all revenue. A "c" answer applies if the Executive's Budget Proposal or its supporting documentation presents individual sources of tax revenue that account for less than two-thirds of tax revenues. Answer "d" applies if individual sources of tax revenue are not presented.

Answer:

a. Yes, individual sources of tax revenue accounting for all tax revenue are presented.

Source:

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

In Hungarian: A költségvetési törvényjavaslat 1. melléklete

In English: Appendix 1 of the EBP

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 39-90

Comment:

The individual tax revenues are presented in two main tables. In the balance sheet the revenues are shown by types, like revenues from corporations ("Gazdálkodó szervezetek befizetései"), taxes on consumption ("Fogyasztáshoz kapcsolt adók"), revenues from households ("Lakosság befizetései"). In some cases non-tax revenues are also included in these groups, for example fees for certain services („Illeték befizetések"). Some taxes are shown at other parts of the table, like social contribution tax ("Szociális hozzájárulási adó") is included in the Pension Insurance Fund ("Nyugdíjbiztosítási Alap") or the fat tax ("Népegészségügyi termékadó") in the Health Insurance Fund ("Egészségbiztosítási Alap"). Although the list is not complete because minor taxes like part of the gambling tax is tied to the National Cultural Fund („Nemzeti Kulturális Alap") and these revenues are not listed separately.

The same logic applies to appendix 1 of the EBP. The bulk of the tax revenues are included in chapter XLII Direct revenues and expenditures of the budget ("XLII. A költségvetés közvetlen bevételei és kiadásai") on page 74, but the other mentioned taxes (the taxes directed to Pension Insurance Fund and Health Insurance Fund) are on pages 88 and 89. The tax revenues of the National Cultural Fund („Játékadó NKA-t megillető része") is shown on page 87. In the first cited table each relevant tax revenue is listed individually, but in minor cases the individual source is hidden and can only be discovered by looking through appendix 1.

There is a difference in the classification between the balance sheet and appendix 1. The tax on retails sector („Kiskereskedelmi adó") and tax on vehicles („Gépjárműadó") are categorised in the Health Insurance Fund („Egészségbiztosítási Alap") on page 90 but in the balance sheet they are listed as part of revenues from corporations and revenues from households, while other taxes of the Health Insurance Fund are presented separately under the Fund (for example fat tax („Népegészségügyi termékadó") is under the Fund in both tables). This is a minor issue, but makes the categories inconsistent.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

10. Does the Executive's Budget Proposal or any supporting budget documentation present the individual sources of non-tax revenue (such as grants, property income, and sales of government-produced goods and services) for the budget year?

GUIDELINES:

Question 10 assesses the degree to which the individual sources of "non-tax" revenue are disaggregated in the budget. The category of non-tax revenues is diverse, and can include revenue ranging from grants from international institutions and foreign governments to funds raised through the sale of government-provided goods and services.

To answer "a," the Executive's Budget Proposal or its supporting documentation must present all individual sources of non-tax revenue for the budget year, and "other" or "miscellaneous" revenue must account for three percent or less of all non-tax revenue. To answer "b," the Executive's Budget Proposal or its supporting documentation must present individual sources of non-tax revenue that when combined account for at least two-thirds of all non-tax revenue, but not all revenue. A "c" answer applies if the Executive's Budget Proposal or its supporting documentation presents individual sources of non-tax revenue that account for less than two-thirds of non-tax revenues. Answer "d" applies if individual sources of non-tax revenue are not presented.

Answer:

b. Yes, individual sources of non-tax revenue accounting for at least two-thirds of, but not all, non-tax revenues are presented.

Source:

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

In Hungarian: A költségvetési törvényjavaslat 1. melléklete

In English: Appendix 1 of the EBP

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 39-90

In Hungarian: XLIII. Az állami vagyonnal kapcsolatos bevételek és kiadások – 1. cím: Az állami vagyonnal kapcsolatos bevételek

In English: Chapter XLIII Revenues and expenditures related to public assets – Title 1 Revenues related to public assets

URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf

pp. 1108-1110

In Hungarian: XLII. A költségvetés közvetlen bevételi és kiadási – 6. cím: Uniós programok bevételei

In English: Chapter XLII Direct revenues and expenditures of the budget – Article 6 Revenues of EU programmes

URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf

pages 1081-1083

Comment:

The balance sheet of the central budget categorises the revenues by their sources and mainly concentrates on tax revenues, hence the type of the revenues are more difficult to identify.

The main non-tax revenues in the table are revenues of the budgetary institutions ("Költségvetési szervek és fejezeti kezelésű előirányzatok bevételei"), revenues related to public assets ("Állami vagyonnal kapcsolatos bevételek"), interests received ("Kamatbevételek"), transfers from the European Union ("Uniós programok bevételei"). The table shows the gross revenues, for example the revenue of „Bethlen Gábor Alap” is 33,6 billion HUF, but on page 85 the same amount is support from the budget („Eseti támogatás”) meaning it is not a revenue from outside the government.

Appendix 1 contains all the revenue lines individually, but in some cases the revenue lines are still aggregated. For example the institutions can have revenue from several sources, but they are still presented as the total revenue of the institution irrespectively to its sources. Using Appendix 1 also means the reader has to classify all the revenue sources individually and that is not a transparent presentation.

The listed categories can be too broad in some cases. For example the revenues related to public assets can be dividends, rents or sale of assets. These details can only be known from the narrative discussion of the appropriate chapter in varying quality. The narrative discussion of the revenues related to public assets mainly describes the revenues from each source on pages 1108-1110: paragraph „1/1/1. jogcímcsoport: Ingatlanokkal és ingóságokkal kapcsolatos bevételek” describes that 9 billion HUF is expected from selling real estates, 2,1 billion HUF is planned from rents, and other 2,5 billion HUF from fees for handling assets, paragraph „1/1/2. jogcímcsoport: Társaságokkal kapcsolatos bevételek” lists the dividends from companies, while „1/1/3. jogcímcsoport: Egyéb bevételek” shows the other revenues like EU funds for certain projects or the inherited assets. The revenues of EU’s transfers are presented in the narrative discussion but only in broad categories, like „Kohéziós Operatív Programok” (Operative Programmes from Cohesion Funds), „Vidékfejlesztési Program” (Agriculture Development Programme), „Magyar Halgazdálkodási OP” (Hungarian Fishery Development Operative Programme). Previously the EU funds were presented at subprogramme level, not so aggregated.

The revenues of the budgetary institutions are varying and not detailed by types. Some of the institutions handle the collected fines and fees, while other institutions receive rather market-based fees like the tuition fees of the universities. These categories cannot be distinguished based on the published summary tables and in most cases neither based on the narrative discussion.

Since many of the non-tax revenues, but not all are presented by well-defined categories, the answer stayed on “b”.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

11. Does the Executive’s Budget Proposal or any supporting budget documentation present revenue estimates by category (such as tax and non-tax) for a multi-year period (at least two-years beyond the budget year)?

GUIDELINES:

Question 11 evaluates whether revenue estimates are presented for a multi-year period (at least two years beyond the budget year) by “category,” that is, whether tax and non-tax sources of revenue are shown separately.

To answer “a,” the Executive’s Budget Proposal or its supporting documentation must present multi-year estimates of revenues classified by category for at least two years following the budget year in question.

Answer:

a. Yes, multi-year estimates of revenue are presented by category.

Source:

In Hungarian: Az államháztartás mérlege (2020-2024)

In English: Balance sheet of the general government (2020-2024)

URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf

Comment:

In the cited table the column "Bevételek" lists the revenues. The table uses special categories like the revenues from corporations ("Gazdálkodó szervezetek befizetései"), taxes on consumption ("Fogyasztáshoz kapcsolt adók"), revenues from households ("Lakosság befizetései"), and lists other revenue sources individually like interests received ("Kamatbevételek") or social contribution tax and social contributions ("Szociális hozzájárulási adó és járulékok"). The non-tax revenues are not listed separately and can be only estimated as a total, because many of them presented in an aggregated line. For example the revenues related to state assets ("Állami vagyonnal kapcsolatos bevételek") can include dividends, rents and sale of assets as well. Other notable categories are the grants from EU ("Szakmai fejezeti kezelésű előirányzatok EU támogatása") and the revenues of the budgetary institutions ("Költségvetési szervek bevételei"). The revenues are presented in broad categories, but not classified strictly by tax and non-tax types. However the tax and non-tax categories can be calculated by the rearrangement of the used categories.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

12. Does the Executive's Budget Proposal or any supporting budget documentation present estimates for individual sources of revenue presented for a multi-year period (at least two-years beyond the budget year)?

GUIDELINES:

Question 12 evaluates whether revenue estimates for individual sources of revenue are presented for a multi-year period (at least two years beyond the budget year). The question applies to both tax and non-tax revenue.

To answer "a," the Executive's Budget Proposal or its supporting documentation must present multi-year estimates of all sources of revenue individually, accounting for all revenue, and "other" or "miscellaneous" revenue must account for three percent or less of all revenue. To answer "b," the Executive's Budget Proposal or its supporting documentation must present multi-year estimates of individual sources of revenue that when combined account for at least two-thirds of all revenue, but not all revenue. A "c" answer applies if the Executive's Budget Proposal or its supporting documentation presents multi-year estimates of individual revenue sources that account for less than two-thirds of revenue. Answer "d" applies if individual sources of revenue are not presented for a multi-year period.

Answer:

b. Yes, multi-year estimates for individual sources of revenue accounting for at least two-thirds of, but not all, revenue are presented.

Source:

In Hungarian: Az államháztartás mérlege (2020-2024)

In English: Balance sheet of the general government (2020-2024)

URL: https://www.parlament.hu/irom41/10710/T_10710_II_fejezeti.pdf

page 1265

In Hungarian: A költségvetési törvényjavaslat 1. melléklete

In English: Appendix 1 of the EBP

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pages 74

Comment:

The cited table lists individually most of the tax revenues, like VAT ("Általános forgalmi adó"), corporate tax ("Társasági adó") or personal income tax ("Személyi jövedelemadó"). In the first three blocks of the table the most important taxes are presented individually and in the lower part of the table social contribution tax and social contributions ("Szociális hozzájárulási adó és járulékok") is also shown separately.

The main deficiency is that individually significant sources are aggregated in some cases. For example the road tolls attribute for 300 billion HUF are added into the line „Egyéb központosított bevételek” (Other centralised revenues). The individual lines for FY2021 on page 74 „Megtett úttal arányos útdíj” and „ldőalapú útdíj”. On the same page the environment protection fees („Környezetvédelmi termékdíjak”) has a revenue estimate of 86 billion HUF, more than other individually presented sources in the balance sheet table (for example "Környezetterhelési díj" with 5.2 billion HUF or "Adóbefizetések" with 7.9 billion HUF).

The revenues of the budgetary institutions ("Költségvetési szervek bevételei") consists of various types like fines, administrative fees or market-based services (for example tuition fees of the universities). In this latter case the list of individual sources would be too long, but at least the types could be detailed below the aggregated line.

The individually presented revenues account for more than two-third of the total revenues. The presentation could be improved by presenting aggregated data for minor revenue sources like revenues from fees, fines or income from services in separate categories.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

13. Does the Executive's Budget Proposal or any supporting budget documentation present three estimates related to government borrowing and debt: the amount of net new borrowing required during the budget year; the total debt outstanding at the end of the budget year; and interest payments on the debt for the budget year?

GUIDELINES:

Question 13 asks about three key estimates related to borrowing and debt that the budget should include:

- the amount of net new borrowing required during the budget year;
- the central government's total debt burden at the end of the budget year; and
- the interest payments on the outstanding debt for the budget year.

Debt is the accumulated amount of money that the government borrows. The government can borrow from its citizens and banks and businesses within the country (domestic debt) or from creditors outside the country (external debt). External debt is typically owed to private commercial banks, other governments, or international financial institutions such as the World Bank and the IMF.

Net new borrowing is the additional amount of new borrowing that is required for the budget year to finance expenditures in the budget that exceed available revenues. Net new borrowing adds to the accumulated debt. It is distinct from gross borrowing, which also includes borrowing needed to repay existing debt that matured during the budget year; debt that is replaced (or rolled over) does not add to the total of accumulated debt. For the purposes of this question, the deficit may be accepted as a proxy for net new borrowing.

Interest payments on the debt (or debt service costs) are typically made at regular intervals, and these payments must be made on a timely basis in order to avoid defaulting on the debt obligation. Interest payments are separate from the repayment of principal, which occurs only when the loan has matured and must be paid back in full.

To answer "a," the Executive's Budget Proposal or its supporting documentation must present all three estimates of borrowing and debt. For a "b" answer, the Executive's Budget Proposal or its supporting documentation must present two of those three estimates. For a "c" answer, the Executive's Budget Proposal or its supporting documentation must present one of the three estimates. Answer "d" applies no information on borrowing and debt is presented for the budget year.

Answer:

b. Yes, two of the three estimates related to government borrowing and debt are presented.

Source:

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

In Hungarian: A központi költségvetés bruttó adósságának alakulása 2019-2021 között

In English: The evolution of the gross debt of the central government between 2019 and 2021

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 291

Comment:

The table about the evolution of the gross debt shows the composition of the debt by currency denomination (under „1. Devizában fennálló adósság” for foreign denomination and „2. Forintban fennálló adósság” for domestic denomination) and type of debt (like loans („Hitelek”), T-bill („Kincstárjegyek”), bonds („Kötvények”). The gross debt is shown in the line called “A központi költségvetés bruttó adóssága mindösszesen”. The debt is published for the end of year 2019, 2020 and 2021.

The sum of interests payment is shown in several place. We used the balance sheet of the central budget: the interests paid is in the line “Kamatkiadások”, while the interests received in the row “Kamatbevételek”.

The net new borrowing requirement is generally published in the Debt Management Agency's Yearly Outlook. It provides a guidance that the net new borrowing requirement is based on the cash-flow based deficit of the central budget plus other items like the balance of EU transfers. (This is in paragraph „1. Net financing requirements in 2021” on page 3 of the Yearly Outlook linked below.) Previously we used the deficit of the central budget as a proxy for the net new borrowing requirement. For FY 2021 this is not valid, because the EBP contains a deficit of -1,491 billion HUF (2,9% of GDP), while the Debt Management Agency's Outlook contains -3,332 billion HUF (6,5% of GDP). The difference is too much to use the budget deficit in the EBP as proxy for the net new borrowing requirement. The difference can be explained by the different publication dates (the EBP was published in June, the Outlook in December) and the government had more information at the end of the year about FY 2021's budget deficit, but the government had all the opportunities to update the budget with the new information. This changed the answer from 'a' to 'b'

The Yearly Outlook of the Debt Management Agency for 2021:

In Hungarian:

<https://www.akk.hu/download?path=7485c50d-cc85-4026-9f7e-2d511ddbb018.pdf>

In English:

<https://www.akk.hu/download?path=3d9e0f1c-5187-4e44-a9c2-7463e0e6acef.pdf>

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

13b. Based on the response to Question 13, check the box(es) below to identify which estimates of government borrowing and debt are presented in the Executive's Budget Proposal:

Answer:

The central government's total debt burden at the end of the budget year
The interest payments on outstanding debt for the budget year

Source:

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

In Hungarian: A központi költségvetés bruttó adósságának alakulása 2019-2021 között

In English: The evolution of the gross debt of the central government between 2019 and 2021

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 291

Comment:

The table about the evolution of gross debt shows the central government's total debt burden at the end of the budget year in the line "A központi költségvetés bruttó adóssága mindösszesen".

The sum of interests paid are shown in the balance sheet of the central budget in the line "Kamatkiadások", while the interests received in the row "Kamatbevételek".

The amount of net new borrowing required is not shown explicitly. Previously we used the cash-flow based balance of the central budget as a proxy for it, but for FY 2021 the budget deficit differs too much from the new new borrowing requirement published by the Debt Management Agency's Yearly Outlook that it is not a good proxy for it.

The Yearly Outlook of the Debt Management Agency for 2021:

In Hungarian:

<https://www.akk.hu/download?path=7485c50d-cc85-4026-9f7e-2d511ddb018.pdf>

In English:

<https://www.akk.hu/download?path=3d9e0f1c-5187-4e44-a9c2-7463e0e6acef.pdf>

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

14. "Does the Executive's Budget Proposal or any supporting budget documentation present information related to the composition of the total debt outstanding at the end of the budget year?"

(The core information must include interest rates on the debt instruments; maturity profile of the debt; and whether it is domestic or external debt.)"

GUIDELINES:

Question 14 focuses on the composition of government debt at the end of the budget year, asking whether "core" information related to its composition is presented. These core components include:

- *interest rates on the debt;*
- *maturity profile of the debt; and*
- *whether the debt is domestic or external.*

The interest rates affect the amount of interest that must be paid to creditors. The maturity profile indicates the final payment date of the loan, at which point the principal (and all remaining interest) is due to be paid; government borrowing typically includes a mix of short-term and long-term debt. As discussed in

Question 13, domestic debt is held by a country's citizens, banks, and businesses, while external debt is held by foreigners. These factors related to the composition of the debt give an indication of the potential vulnerability of the country's debt position, and ultimately whether the cost of servicing the accumulated debt is affordable.

Beyond these core elements, a government may also provide additional information related to the composition of its debt, including for instance: whether interest rates are fixed or variable; whether debt is callable; the currency of the debt; a profile of the creditors (bilateral institutions, multilateral institutions, commercial banks, Central Bank, etc.); an analysis of the risk associated with the debt; and where appropriate, what the debt is being used to finance.

To answer "a," the Executive's Budget Proposal or supporting documentation must present all of the core information related to the composition of government debt at the end of the budget year as well as some additional information beyond the core elements. To answer "b," the Executive's Budget Proposal or supporting documentation must present all of the core components noted above. Answer "b" is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A "c" answer applies if some information related to the composition of government debt is presented, but some of the core pieces of information are not included. Answer "d" applies if no information is presented on the composition of the debt outstanding at the end of the budget year.

Answer:

c. Yes, information is presented, but it excludes some core elements.

Source:

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

In Hungarian: A központi költségvetés bruttó adósságának alakulása 2019-2021 között

In English: The evolution of the gross debt of the central government between 2019 and 2021

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 291

Comment:

The balance sheet of the central budget presents the interest payments in the row "Kamatkiadások", although for the total cost of debt the revenue from interests ("Kamatbevételek") ought to be subtracted. This absolute amount and the total amount of debt can be used to calculate an approximate interest rate for the total debt. The interest rates for each debt element/type or for the total debt are not published explicitly in the EBP.

The table about the evolution of the gross debt divides the debt by currency denomination (under „1. Devizában fennálló adósság” for foreign denomination and „2. Forintban fennálló adósság” for domestic denomination) and type of debt (like loans („Hitelek”), T-bill („Kincstárjegyek”), bonds („Kötvények”). This serves only as an estimate for domestic and external debt because foreign investors can hold bonds in domestic currency that would alter this data.

The maturity profile is not presented completely in the EBP, only the amount of T-bills can provide some information about it. The data for maturity profile is readily available on the webpage of the Debt Management Agency, so they could have been included in the document.

We accepted only the composition of the debt (domestic or external), while the core elements can only determined by using proxy data or calculation for it. These may provide a broad picture about the debt, but clearly insufficient for detailed analysis.

The Debt Management Agency published many information about the total debt, but these information are omitted from the EBP.

The maturity profile of the debt is available here:

In Hungarian:

<https://www.akk.hu/content/path=kozponti-koltsegvetes-adossaganak-lejarati-szerkezete>

In English:

<https://www.akk.hu/content/path=maturity-profile-debt-annual-quarterly>

The ownership of securitized debt by the different sectors:

In Hungarian:

<https://www.akk.hu/statisztika/hozamok-indexek-forgalmi-adatok/befektetoi-szektorok-masodpiaci-allampapir-pozicioja>

In English:

<https://www.akk.hu/statistics/yields-indices-market-turnover/mainvestor-groups-net-buying-position-secondary-market>

The ownership of loans

In Hungarian:

<https://www.akk.hu/statisztika/allamadossag-finanszirozasa/kozponti-koltsegvetes-adossaga>

In English:

<https://www.akk.hu/statistics/public-debt-finance/central-government-gross-debt>

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

14b. Based on the response to Question 14, check the box(es) to identify which elements of the composition of the total debt outstanding are presented in the Executive's Budget Proposal:

Answer:

Whether the debt is domestic or external

Source:

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

In Hungarian: A központi költségvetés bruttó adósságának alakulása 2019-2021 között

In English: The evolution of the gross debt of the central government between 2019 and 2021

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 291

Comment:

The balance sheet of the central budget presents the interest payments in the row "Kamatkiadások", although for the total cost of debt the revenue from interests ("Kamatbevételek") ought to be subtracted. This absolute amount and the total amount of debt can be used to calculate an approximate interest rate for the total debt. The interest rates for each debt element/type or for the total debt are not published explicitly in the EBP.

The table about the evolution of the gross debt divides the debt by currency denomination (under „1. Devizában fennálló adósság” for foreign denomination and „2. Forintban fennálló adósság” for domestic denomination) and type of debt (like loans („Hitelek”), T-bill („Kincstárjegyek”), bonds („Kötvények”). This serves only as an estimate for domestic and external debt because foreign investors can hold bonds in domestic currency that would alter this data.

The maturity profile is not presented completely in the EBP, only the amount of T-bills can provide some information about it. However using only the T-bill may seriously underestimate the expiring amount, resulting in a misleading estimate.

We accepted only the composition of the debt (domestic or external) because it is sufficient to evaluate certain risks of the debt (for example foreign exchange risk or exposure to foreign loans), while the interest rates and maturity profile can only be broadly estimated and that may be misleading.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

15. "Does the Executive's Budget Proposal or any supporting budget documentation present information on the macroeconomic forecast upon which the budget projections are based?"

(The core information must include a discussion of the economic outlook with estimates of nominal GDP level, inflation rate, real GDP growth, and interest rates.)"

GUIDELINES:

Question 15 focuses on the macroeconomic forecast that underlies the budget's revenue and expenditure estimates, asking whether "core" information related to the economic assumptions is presented. These core components include a discussion of the economic outlook as well as estimates of the following:

- *nominal GDP level;*
- *inflation rate;*
- *real GDP growth; and*
- *interest rates.*

While the core macroeconomic information should be a standard feature of the Executive's Budget Proposal, the importance of some types of macroeconomic assumptions may vary from country to country. For example, the budget estimates of some countries are particularly affected by changes in the price of oil and other commodities.

Beyond these core elements, some governments also provide additional information related to the economic outlook, including for instance: short and long-term interest rates; rate of employment and unemployment; GDP deflator; price of oil and other commodities; current account; exchange rate; and composition of GDP growth.

To answer "a," the Executive's Budget Proposal or supporting documentation must present all of the core information related to the macroeconomic forecast

as well as some additional information beyond the core elements. To answer "b," the Executive's Budget Proposal or supporting documentation must present all of the core components noted above. Answer "b" is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A "c" answer applies if some information related to the macroeconomic forecast is presented, but some of the core pieces of information are not included. Answer "d" applies if no information on the macroeconomic forecast is presented.

Answer:

a. Yes, information beyond the core elements is presented for the macroeconomic forecast.

Source:

In Hungarian: A gazdasági fejlődés főbb jellemzői

In English: The main characteristics of the economic development

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
page 251

In Hungarian: Az általános indokolás – A kormányzat gazdaságpolitikájának fő vonásai, az államháztartás alakulása a 2021. évben – I. A kormányzat gazdaságpolitikája

In English: The General Justification – The Main Features of the Economic Policy of the Government in 2021 – 1. The economic policy of the government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
pp. 211-212

Comment:

The cited table presents all the main macroeconomic assumptions for the budget.

The core elements are shown in the following lines:

Nominal GDP level – "GDP értéke folyó áron"

Inflation rate – "Fogyasztói árindex változása"

Real GDP growth – "GDP növekedése"

Interest rates are shown only as the base rate of the central bank in the line "Jegybanki alapkamat".

Additionally many other assumptions are presented like investment rate as percent of GDP, consumption, export, import, balance of current account, exchange rate of EURHUF and EURUSD, change in employment and wages. The document includes a narrative discussion on page 211-212. The discussion provides a broad outlook of the latest year's economic performance and some of the trends. For FY2021 the narrative discussion presents a short explanation about the real GDP growth, export, household consumption and inflation. This is starting with the paragraph "A kormányzati intézkedéseknek és a koronavírus-járvány utáni gazdasági visszarendeződésnek köszönhetően" at the bottom of page 211.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

15b. Based on the response to Question 15, check the box(es) to identify which elements of the macroeconomic forecast are included in the Executive's Budget Proposal:

Answer:

Nominal GDP level

Inflation rate

Real GDP growth

Interest rates

Information beyond the core elements (please specify)

Source:

In Hungarian: A gazdasági fejlődés főbb jellemzői

In English: The main characteristics of the economic development

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
page 251

Comment:

The cited table presents all the main macroeconomic assumptions for the budget.

Real GDP growth – "GDP növekedése"

Nominal GDP level – "GDP értéke folyó áron"

GDP deflator – „GDP deflátor"

Inflation rate – "Fogyasztói árindex változása"

Increase of labour productivity – „Munkatermelékenység növekedési üteme"

Increase of gross total wages – „Bruttó bér- és keresettőmeg"

Investment rate as percent of GDP - "Beruházási hányad (a GDP %-ában)"
Consumption of households - "Háztartások fogyasztása"
Consumption of government – „Közösségi fogyasztás”
Gross capital formation – „Bruttó állóeszköz-felhalmozás”
Domestic consumption - „Belföldi felhasználás”
Export of products and services - "Termékek és szolgáltatások exportja"
Import of products and services - "Termékek és szolgáltatások importja"
Balance of current account (billion EUR and as percent of GDP) - "Folyó fizetési mérleg egyenlege (milliárd euró és a GDP%-ában)"
Change in employment (in %) - "Foglalkoztatottak számának növekedése, %"
Change in gross average wage (in %) - "Bruttó átlagkereset növekedése, %"
Change in net average wage (in %) - "Nettó átlagkereset növekedése, %"
Exchange rate of EURHUF and EURUSD - "HUF/EUR árfolyam" and "HUF/USD árfolyam"
Brent oil price (USD/barrel, yearly average) – „Brent olajár (USD/hordó, éves átlag)”
Interest rates are shown only as the base rate of the central bank in the line "Jegybanki alapkamat".

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

16. "Does the Executive's Budget Proposal or any supporting budget documentation show the impact of different macroeconomic assumptions (i.e., sensitivity analysis) on the budget?"

(The core information must include estimates of the impact on expenditures, revenue, and debt of different assumptions for the inflation rate, real GDP growth, and interest rates.)"

GUIDELINES:

Question 16 focuses on the issue of whether the Executive's Budget Proposal shows how different macroeconomic assumptions affect the budget estimates (known as a "sensitivity analysis"). It asks whether "core" information related to a sensitivity analysis is presented, estimating the impact on expenditures, revenue, and debt of different assumptions for:

- *inflation rate;*
- *real GDP growth; and*
- *interest rates.*

A sensitivity analysis shows the effect on the budget of possible changes in some macroeconomic assumptions, and is important for understanding the impact of the economy on the budget; for instance, what would happen to revenue collections if GDP growth were slower than what is assumed in the budget proposal? Or what would happen to expenditure if inflation were higher than estimated? Or how will revenue be affected by a decrease in the price of oil?

As noted for Question 15, changes in certain macroeconomic assumptions, such as the price of oil and other commodities, can have a significant impact on the budget estimates. As a result, some sensitivity analyses may also examine the impact on the budget estimates of changes in assumptions such as the price of oil that are beyond the core elements of the inflation rate, real GDP growth, and interest rates.

To answer "a," the Executive's Budget Proposal or supporting documentation must present all of the core information related to a "sensitivity analysis" as well as some additional information beyond the core elements. To answer "b," the Executive's Budget Proposal or supporting documentation must present all of the core components noted above. Answer "b" is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A "c" answer applies if some information related to a "sensitivity analysis" is presented, but some of the core pieces of information are not included. Answer "d" applies if no information on "sensitivity analysis" is presented.

Answer:
d. No, information related to different macroeconomic assumptions is not presented.

Source:
N/A

Comment:
The EBP did not contain any sensitivity analysis, contrary to the previous years when an analysis for different macroeconomic scenarios was included for the major economic indicators. However the analysis did not present the effect of different scenarios on budgetary indicators, so the answer remained 'd'.
An analysis was published in the Convergence Programme submitted to the European Commission:
https://ec.europa.eu/info/sites/info/files/2020-european-semester-convergence-programme-hungary_en.pdf
On page 51 in table 6.1 the effects of the different scenarios were presented for some of the main budgetary items, like major taxes, expenditures

and general government balance. The Convergence Programme is not part of the budgetary documents, since it was published on 30 April, well before the submission of the EBP.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

17. Does the Executive's Budget Proposal or any supporting budget documentation present information for at least the budget year that shows how new policy proposals, as distinct from existing policies, affect expenditures?

GUIDELINES:

Questions 17 and 18 ask about new policy proposals in the budget. In any given year, most of the expenditures and revenues in the budget reflect the continuation of existing policies. However, much of the attention during the budget debate is focused on new proposals – whether they call for eliminating an existing program, introducing a new one, or changing an existing program at the margins. Typically, these new proposals are accompanied by an increase, a decrease, or a shift in expenditures or revenues. Because these changes may have different impacts on people's lives, the budget proposal should present sufficient detail about new policies and their budgetary impact.

Question 17 asks about new expenditure policies, and Question 18 asks about new revenue policies. To answer "a," the Executive's Budget Proposal or supporting documentation must present both estimates of how all new policy proposals affect expenditures (for Question 17) or revenues (for Question 18) and a narrative discussion of the impact of these new policies. To answer "b" for either question, the Executive's Budget Proposal or supporting documentation must present estimates that show the impact of all new policy proposals, but no narrative discussion is included. A "c" response applies if the presentation includes only a narrative discussion, or if it includes estimates that show the impact of only some, but not all, policy proposals (regardless of whether it also includes a narrative discussion). Answer "d" applies if no information is presented on the impact of new policy proposals.

Answer:

c. Yes, information that shows how some but not all new policy proposals affect expenditure is presented.

Source:

In Hungarian: Az általános indokolás

In English: The General Justification

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
pp. 209-220

Comment:

The documents presents the main policies in the General Justification of the EBP, but the ongoing and new policies are mixed together, making difficult their separation.

The presentation of the new policies varied in the last surveys: no effect was included in the EBP during the 2019 Survey, but minimal information was discussed in the EBP during the 2017 Survey. In the actual EBP the effect on the expenditure is presented for one new policy: the gradual introduction of 13th month pension will cost 77 billion HUF as one quarter of the 13th month pension will be paid in 2021 and one more quarter more will be paid in each of following years. This is described in the paragraph at the top of page 210 „A család- és nyugdíjvédelmi program részeként 2021-től négy lépésben visszaépül a 13. havi nyugdíj. (...) Erre 2021-ben 77 milliárd forintot fordít a költségvetés.”

The other presented policies are mainly the continuation of existing policies like maintaining the 15% personal income tax rate alongside tax exemptions for families or the family support programs. This is described on page 214 in the point „A kormány 2021-ben is fenntartja a munka és a gyermekevelés megbecsülésére épülő családi adórendszer, ami Európa egyik legalacsonyabb személyijövedelemadó-kulcsát (15%) alkalmazza, valamint jelentős családi adó-, illetve járulékedvezményt biztosít” and in the paragraph starting with „Változatlan lendülettel folytatódik az Otthonvédelmi és Otthonteremtési Program, mely az elmúlt évek során több alkalommal is új elemekkel gazdagodott”. There are policies adopted as a response to the economic consequences of the pandemic, so their effect on the budget is new in the EBP, but it is not presented. For example on page 216 the new policies include a 95% subsidy for the training fees or interest-free student loans, but their costs are not presented. On page 219 the document states that additional funds are provided to the healthcare sector for improving efficiency and the sustainability, but the exact amount is unknown. This is in paragraph „2021-ben többletforrás áll rendelkezésre az egészségügyi ellátórendszer hatékonyságának növelésére és a finanszírozási rendszer fenntarthatóságának javítására”.

Furthermore the policies are not summarized or separated to the new (proposed in the EBP) policies and the already existing ones.

The last inspected EBP contained no information about the effects of new policies, while the current EBP provided information about one new policy, so the answer is changed to „c”, but the presentation still ad hoc year-by-year.

Peer Reviewer
Opinion: Agree

Comments: The EBP under General Justification (pp. 209-220) presents information for the budget year about the provisions made in connection to the COVID19 pandemic, and also there is a description of the current and future policies which are reflecting the Government communication. There is a general description how they are affecting the expenditures although they are difficult to connected directly to the chapters of the EBP. The effect of the policies are not trackable and verifiable in this way.

18. Does the Executive's Budget Proposal or any supporting budget documentation present information for at least the budget year that shows how new policy proposals, as distinct from existing policies, affect revenues?

GUIDELINES:

Questions 17 and 18 ask about new policy proposals in the budget. In any given year, most of the expenditures and revenues in the budget reflect the continuation of existing policies. However, much of the attention during the budget debate is focused on new proposals – whether they call for eliminating an existing program, introducing a new one, or changing an existing program at the margins. Typically, these new proposals are accompanied by an increase, a decrease, or a shift in expenditures or revenues. Because these changes may have different impacts on people's lives, the budget proposal should present sufficient detail about new policies and their budgetary impact.

Question 17 asks about new expenditure policies, and Question 18 asks about new revenue policies. To answer "a," the Executive's Budget Proposal or supporting documentation must present both estimates of how all new policy proposals affect expenditures (for Question 17) or revenues (for Question 18) and a narrative discussion of the impact of these new policies. To answer "b" for either question, the Executive's Budget Proposal or supporting documentation must present estimates that show the impact of all new policy proposals, but no narrative discussion is included. A "c" response applies if the presentation includes only a narrative discussion, or if it includes estimates that show the impact of only some, but not all, policy proposals (regardless of whether it also includes a narrative discussion). Answer "d" applies if no information is presented on the impact of new policy proposals.

Prior-year information constitutes an important benchmark for assessing the proposals for the upcoming budget year. Estimates of prior years should be presented in the same formats (in terms of classification) as the budget year to ensure that year-to-year comparisons are meaningful. For example, if the budget proposes shifting responsibility for a particular program from one administrative unit to another – such as shifting responsibility for the training of nurses from the health department to the education department – the prior-year figures must be adjusted before year-to-year comparisons of administrative budgets can be made.

Typically, when the budget proposal is submitted, the year prior to the budget year (BY-1), also known as the current year, has not ended, so the executive will provide estimates of the anticipated outcome for BY-1. The soundness of these estimates is directly related to the degree to which they have been updated to reflect actual expenditures to date, legislative changes that have occurred, and anticipated changes in macroeconomic, caseload, and other relevant factors for the remainder of the year.

The first year that can reflect actual outcomes, therefore, is generally two years before the budget year (BY-2). Thus the OECD recommends that data covering at least two years before the budget year (along with two years of projections beyond the budget year) are provided in order to assess fully the trends in the budget.

Answer:

d. No, information that shows how new policy proposals affect revenues is not presented.

Source:

In Hungarian: Az általános indokolás

In English: The General Justification

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 209-220

In Hungarian: XLII. A költségvetés közvetlen bevételei és kiadásai

In English: Chapter XLII Direct revenues and expenditures of the budget

URL: https://www.parlament.hu/irom41/10710/T_10710_II_fejezeti.pdf

pp. 1075-1080

Comment:

The document describes the new revenues policies but they are difficult to differentiate from the ongoing already adopted policies and the effects on revenues are not shown.

For example on page 209 it is described that the tax rate of small companies would be decreased to 11% from 2021, but the foregone revenue was not mentioned. This is in the discussion „A kisvállalati adó (kiva) kulcsa 2021. január 1-jétől 11%-ra csökken, ami közel 40 ezer vállalkozás számára jelent könnyebbséget.” Further change in the tax rates since the EBP for FY2020 is the decrease of social contribution tax from 17,5% to 15,5% from 1 July 2020, but affects 2021 too. However the exact effect is not presented. The policy is mentioned on page 216 in the paragraph „A 2021. évet is érinti, hogy az adócsökkentő lépések folytatásaként a szociális hozzájárulási adó 2020. július 1-jétől 17,5%-ról 2 százalékponttal 15,5%-ra csökken.” Some of the described policies expired before the budget year, but still listed in the narrative discussion. On page 217 the document states that „A SZÉP-kártya szociális hozzájárulási adója eltörlésre került 2020. december 31-ig,” meaning the social contribution tax on the so called SZÉP-kártya (a cafeteria element for recreation expenses) were abolished until 31 December 2020. Probably it has no effect on the budget for FY2021, but still mentioned in the discussion.

The effect of the tax changes are neither presented in the narrative discussion of the relevant chapter. Chapter XLII Direct revenues and expenditures of the budget („XLII. A költségvetés közvetlen bevételei és kiadásai”) contains the tax of small companies, but on page 1077 not even the tax rate change is mentioned. The text says that the 2021 planned revenue is based on the trends of 2020: the companies selecting the tax are expected to be higher and the macroeconomic trends warrant the increase of the personal costs (that is the tax base).

Some of the new policies affect the revenues of the budget, but the exact effect is not presented in the EBP.

Peer Reviewer

Opinion: Agree

Comments: We could not find any comparison or impact assessment that how new policy proposals affects revenues.

Government Reviewer

Opinion:

19. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the year preceding the budget year (BY-1) by any of the three expenditure classifications (by administrative, economic, or functional classification)?

GUIDELINES:

Question 19 asks if expenditure estimates for the year prior to the budget year (BY-1) are presented by one of the three expenditure classifications – by administrative, economic, and functional classifications. Each of the classifications answers a different question: administrative unit indicates who spends the money; functional classification shows for what purpose is the money spent; and economic classification displays what the money is spent on. (See Questions 1-5 above.)

To answer "a," the Executive's Budget Proposal or its supporting documentation must present expenditure estimates for BY-1 by all three of the expenditure classifications. To answer "b," expenditure estimates for BY-1 must be presented by two of these three classifications. A "c" answer applies if expenditure estimates for BY-1 are presented by one of the three classifications. Answer "d" applies if expenditure estimates for BY-1 are not presented by any of the three classifications.

Answer:

b. Yes, expenditure estimates for BY-1 are presented by two of the three expenditure classifications.

Source:

Administrative classification

In Hungarian: A költségvetési törvényjavaslat 1. melléklete

In English: Appendix 1 of the EBP

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 39-90

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

Functional classification

In Hungarian: A központi alrendszer funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The functional expenditures of the central government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 275

In Hungarian: A központi alrendszer konszolidált funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The consolidated functional expenditures of the central government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 276

Economic classification

In Hungarian: A központi alrendszer mérlege (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Balance sheet of the central government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 272

In Hungarian: A központi alrendszer konszolidált kiadásai (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Consolidated expenditures of the central government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 273

Comment:

The EBP presents the expenditures for the previous year (FY2020) in functional and economic classification for both the gross and consolidated expenditures. They are always in the column „2020. évi előirányzat” in the cited tables.

The data presented in administrative classification does not present the expenditures for the previous year because the four columns are all for the budget year detailing the current and capital expenditures and revenues (the header says „2021. évi előirányzat” and under it „Működési kiadás”, „Működési bevétel”, „Felhalmozási kiadás”, „Felhalmozási bevétel”). The balance sheet of the budget presents the data for FY2020, but the classification used for the table is not administrative because some of the programs are presented individually while all the budgetary institutions and majority of chapter-administered appropriations are aggregated.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

20. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for individual programs for the year preceding the budget year (BY-1)?

GUIDELINES:

Question 20 asks if expenditure estimates for the year before the budget year (BY-1) are presented by program. There is no standard definition for the term "program," and the meaning can vary from country to country. However, for the purposes of answering the questionnaire, researchers should understand the term "program" to mean any level of detail below an administrative unit, such as a ministry or department. For example, the Ministry of Health's budget could be broken down into several subgroups, such as "primary health care," "hospitals," or "administration." These subgroups should be considered programs even if they could be, but are not, broken down into smaller, more detailed units.

A note for francophone countries: "Program" level detail is sometimes referred to as *le plan comptable* or *le plan comptable detaillé*. (These data are typically coded in the financial management database, following the chart of budgetary accounts, so that they can be organized by administrative and functional classification.)

To answer "a," the Executive's Budget Proposal or its supporting documentation must present expenditures for all individual programs, accounting for all expenditures, for BY-1. To answer "b," the programs shown individually in the Executive's Budget Proposal or its supporting documentation must account for at least two-thirds of all expenditures for BY-1. A "c" answer applies if the Executive's Budget Proposal or its supporting documentation presents programs that account for only less than two-thirds of expenditures. Answer "d" applies if expenditures are not presented by program.

Answer:

c. Yes, programs accounting for less than two-thirds of expenditures are presented for BY-1.

Source:

In Hungarian: A költségvetési törvényjavaslat 1. melléklete

In English: Appendix 1 of the EBP

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 39-90

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

Comment:

Appendix 1 of the EBP does not contain any information about the previous year. This is in the header „2021. évi előirányzat”.

Data for BY-1 is presented in the balance sheet of the central government in the column „2020. évi előirányzat” on page 269. Some of the expenditures that can be treated as programs are the subsidy for public media (“Közszolgálati műsorszolgáltatás támogatása”), consumer price subsidy (“Szociálpolitikai menedíj támogatás”), housing subsidies (“Lakásépítési támogatások”). All the budgetary institutions (ministries and institutions under them) and the chapter-administered appropriations are aggregated to the lines „Költségvetési szervek kiadásai” and „Szakmai fejezeti kezelésű előirányzatok kiadásai”. The total amount of the individually listed items is less than two-third of the total expenditures.

Peer Reviewer

Opinion: Agree

Comments: The EBP under Balance sheet of the central government (pp 268-269) presents expenditures for some individual programs for the year preceding the budget year but some details are presented on an aggregated level.

Government Reviewer

Opinion:

21. In the Executive's Budget Proposal or any supporting budget documentation, have expenditure estimates of the year prior to the budget year (BY-1) been updated from the original enacted levels to reflect actual expenditures?

GUIDELINES:

Question 21 asks whether the expenditure estimates for the year before the budget year (BY-1) have been updated from the original enacted levels. Updates can reflect actual experience to date; revised estimates due to shifting of funds by the executive, as permitted under the law; enactment of supplemental budgets; and revised assumptions regarding macroeconomic conditions, caseload, and other relevant factors for the remainder of the year.

Answer "a" applies if the estimates have been updated; answer "b" applies if the original estimates are still being used.

Answer:

b. No, expenditure estimates for BY-1 have not been updated from the original enacted levels.

Source:

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

In Hungarian: A központi alrendszer funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The functional expenditures of the central government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 275

In Hungarian: A központi alrendszer mérlege (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Balance sheet of the central government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 272

Comment:

The data for FY 2020 were not updated.

The main numbers are nearly the same as in the Enacted Budget for FY 2020. The slight changes are the modifications between the EBP and Enacted Budget for FY2020.

There was a supplemental budget in 2020 but the budget was rearranged by the government that received special rights in the state of danger in order to handle the consequences of the pandemic, and the supplemental budget did not modify the total expenditure and revenue numbers. Due to this modification the data could have been updated.

The balance sheet for the enacted budget for FY 2020 is published in the monthly reports of the Hungarian State Treasury (thi file is linked below).

On the worksheet „HAVI” column C presents the numbers of the enacted budget for FY2020 (the header incorrectly shows 2019), while on worksheet „MERLEG” column F contains the data. The two columns are slightly different in row 136 „Guarantee and contribution to social security funds’ expenditures”, but otherwise the same. The bilingual files are available here:

http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/

Since all the data contains the originally enacted numbers, the tables in the EBP for FY2021 were not updated.

Data for FY2020 is presented in the tables of the EBP for FY2020 in the columns „2020. évi előirányzat”

URL: https://www.parlament.hu/irom41/06322/T_6322_fokotet.pdf

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

pp. 276-277

In Hungarian: A központi alrendszer funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The functional expenditures of the central government (cash-flow based)

page 283

In Hungarian: A központi alrendszer mérlege (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Balance sheet of the central government (cash-flow based) (by economic classification)

page 280

Supplemental budget

In Hungarian: T/10735 A Magyarország 2020. évi központi költségvetéséről szóló 2019. évi LXXI. törvény módosításáról

In English: Bill T/10735 on the modification of the act LXXI of 2019 on the central budget of Hungary for FY2020

URL: <https://www.parlament.hu/irom41/10735/10735.pdf>

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

22. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of expenditure for more than one year prior to the budget year (that is, BY-2 and prior years) by any of the three expenditure classifications (by administrative, economic, or functional classification)?

GUIDELINES:

Question 22 asks if expenditure estimates for more than one year prior to the budget year (BY-2 and prior years) are presented by any of the three expenditure classifications – by administrative, economic, and functional classifications. Each of the classifications answers a different question: administrative unit indicates who spends the money; functional classification shows for what purpose is the money spent; and economic classification displays what the money is spent on. (See Questions 1-5 above.)

To answer “a,” the Executive’s Budget Proposal or its supporting documentation must present expenditure estimates for BY-2 and prior years by all three of the expenditure classifications. To answer “b,” expenditure estimates for BY-2 and prior years must be presented by two of these three classifications. A “c” answer applies if expenditure estimates for BY-2 and prior years are presented by one of the three classifications. Answer “d” applies if expenditure estimates for BY-2 and prior years are not presented by any of the three classifications

Answer:

d. No, expenditure estimates for BY-2 and prior years are not presented by any expenditure classification.

Source:

In Hungarian: A költségvetési törvényjavaslat 1. melléklete

In English: Appendix 1 of the EBP

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 39-90

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

In Hungarian: A központi alrendszer funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The functional expenditures of the central government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 275

In Hungarian: A központi alrendszer mérlege (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Balance sheet of the central government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 272

Comment:

The administrative classification only contains the data for the budget year, while the functional and economic classification starts at BY-1. Earlier years are not included in any of the tables.

The budget year is in the columns „2021. évi előirányzat”, the previous year in the column „2020. évi előirányzat”.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

22b. Based on the response to Question 22, check the box(es) to identify which expenditure classifications have estimates for more than one year prior to the budget year in the Executive Budget Proposal:

Answer:

None of the above

Source:

N/A

Comment:

No data is presented for BY-2 or earlier years.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

23. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for individual programs for more than one year preceding the budget year (that is, BY-2 and prior years)?

GUIDELINES:

Question 23 asks if expenditure estimates for more than one year before the budget year (BY-2 and prior years) are presented by program. There is no

standard definition for the term "program," and the meaning can vary from country to country. However, for the purposes of answering the questionnaire, researchers should understand the term "program" to mean any level of detail below an administrative unit, such as a ministry or department. For example, the Ministry of Health's budget could be broken down into several subgroups, such as "primary health care," "hospitals," or "administration." These subgroups should be considered programs even if they could be, but are not, broken down into smaller, more detailed units.

A note for francophone countries: "Program" level detail is sometimes referred to as *le plan comptable* or *le plan comptable detaillé*. (These data are typically coded in the financial management database, following the chart of budgetary accounts, so that they can be organized by administrative and functional classification.)

To answer "a," the Executive's Budget Proposal or its supporting documentation must present expenditures for all individual programs, accounting for all expenditures, for BY-2 and prior years. To answer "b," the programs shown individually in the Executive's Budget Proposal or its supporting documentation must account for at least two-thirds of all expenditures for BY-2 and prior years. A "c" answer applies if the Executive's Budget Proposal or its supporting documentation presents programs that account for only less than two-thirds of expenditures. Answer "d" applies if expenditures are not presented by program.

Answer:

d. No, expenditures are not presented by program for BY-2 and prior years.

Source:

In Hungarian: A költségvetési törvényjavaslat 1. melléklete

In English: Appendix 1 of the EBP

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 39-90

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

Comment:

Appendix 1 of the EBP only presents data for the budget year. The balance sheet of the central budget contains data for the budget year and the year before it. The budget year is in the columns „2021. évi előirányzat”, the previous year in the column „2020. évi előirányzat”.

No data is presented for BY-2 at program level.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

24. In the Executive's Budget Proposal or any supporting budget documentation, what is the most recent year presented for which all expenditures reflect actual outcomes?

GUIDELINES:

Question 24 asks for which year the actual outcomes for expenditures are shown. In most cases, the most recent year for which budget data on actual outcomes are available will be BY-2, as BY-1 is generally not yet finished when the budget proposal is drafted. So a government that has updated all its expenditure data for BY-2 to reflect what actually occurred, as opposed to estimating the outcome for that year, shows good public financial management practice.

For an "a" answer, a country must meet the good practice of having the figures for BY-2 reflect actual outcomes.

Answer:

d. No actual data for all expenditures are presented in the budget or supporting budget documentation.

Source:

In Hungarian: A költségvetési törvényjavaslat 1. melléklete

In English: Appendix 1 of the EBP

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 39-90

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

In Hungarian: A központi alrendszer funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The functional expenditures of the central government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 275

In Hungarian: A központi alrendszer mérlege (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Balance sheet of the central government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 272

Comment:

None of the tables in the EBP contains data for BY-2 (FY 2019) that could reflect actual outcomes for the latest closed year.

At the time of publication of the EBP the actual outcomes for FY 2021 were available in other publications, but were not included in the document.

For example on the webpage of the State Treasury:

<http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/a-2019-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/3975/>

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

25. Does the Executive's Budget Proposal or any supporting budget documentation present revenue by category (such as tax and non-tax) for the year preceding the budget year (BY-1)?

GUIDELINES:

Questions 25 through 30 cover the same topics about prior-year information as the previous six questions, only they ask about information provided for revenues rather than expenditures.

Answer:

a. Yes, revenue estimates for BY-1 are presented by category.

Source:

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

In Hungarian: A központi alrendszer funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The functional expenditures of the central government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 275

Comment:

There are two tables that present the revenues by broad categories.

The table by economic classification presents the main tax types by categories like income taxes ("Jövedelemadók"), taxes on wages and other taxes related to employment ("Bérhez és foglalkoztatáshoz kapcsolódó adók"), taxes on assets ("Vagyon típusú adók"), but the non-tax revenues are aggregated into the lines other revenues based on power of state ("Egyéb közhatalmi bevételek"), operational revenues ("Működési bevételek") and capital revenues ("Felhalmozási bevételek"). These are broad categories, but contain all the revenues.

The balance sheet of the central budget presents the revenues in more specialised categories on page 268. It classifies the revenues by revenues from corporations ("Gazdálkodó szervezetek befizetései"), taxes on consumption ("Fogyasztáshoz kapcsolt adók"), revenues from households ("Lakosság befizetései") and lists other revenues sources individually like social contribution tax and social contributions ("Szociális hozzájárulási adó és járulékok"). These categories include mostly tax revenues. The non-tax revenues are not listed separately and can be only estimated as a total, because many of them are presented in an aggregated line. For example revenues related to state assets ("Állami vagyonnal kapcsolatos bevételek") can include dividends, rents and sale of assets. Other notable categories are the interests received ("Kamatbevételek"), the revenues from the EU ("Szakmai fejezeti kezelésű előirányzatok EU támogatása") and the revenues of the budgetary institutions ("Költségvetési szervek bevételei"). While the categories are not readily classified as tax and non-tax revenue sources, most of the used categories include only one type, hence the estimate for tax and non-tax revenues can be calculated.

The estimates of the individual sources are not disclosed in Appendix 1, thus they have to be looked up in the enacted budget for the previous year.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

26. Does the Executive's Budget Proposal or any supporting budget documentation present individual sources of revenue for the year preceding the budget year (BY-1)?

GUIDELINES:

Questions 25 through 30 cover the same topics about prior-year information as the previous six questions, only they ask about information provided for revenues rather than expenditures.

Answer:

b. Yes, individual sources of revenue accounting for at least two-thirds of, but not all, revenue for BY-1 are presented.

Source:

In Hungarian: A költségvetési törvényjavaslat 1. melléklete

In English: Appendix 1 of the EBP

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 39-90

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

Comment:

Appendix 1 of the EBP presents all the individual revenues sources, but only for the budget year.

The balance sheet of the central budget contains the main revenue sources for the previous year individually. The data for BY-1 is in column "2020. évi előirányzat".

Many of the taxes are presented in separate lines like VAT ("Általános forgalmi adó"), corporate tax ("Társasági adó"), personal income tax ("Személyi jövedelemadó"), social contribution tax and other contributions („Szociális hozzájárulási adó és járulékok”), excise duties („Jövedéki adó”) or even minor taxes like tax for small enterprises ("Kisvállalati adó”).

The non-tax revenues are similar but presented with less details. The estimate for EU grants is shown separately in the row "Fejezeti kezelésű előirányzatok EU támogatása". Other non-revenue sources (like fees, rents or income from property) cannot be identified individually. The fees are aggregated with other incomes in the line "Költségvetési szervek bevételei" that presents all the revenues of the budgetary institutions. The income from public assets is presented in the line "Állami vagyonnal kapcsolatos befizetések" that includes dividends from corporations, income from selling assets and rents.

The individually presented revenue sources account for more than two-third of the total revenue.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

27. In the Executive's Budget Proposal or any supporting budget documentation, have the original estimates of revenue for the year prior to the budget year (BY-1) been updated to reflect actual revenue collections?

GUIDELINES:

Questions 25 through 30 cover the same topics about prior-year information as the previous six questions, only they ask about information provided for revenues rather than expenditures.

Answer:

b. No, revenue estimates for BY-1 have not been updated from the original enacted levels.

Source:

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

Comment:

The data presented in the EBP is the same that was approved by the legislature as enacted budget, thus they show the original estimates.

The main numbers are the same as in the Enacted Budget for FY 2020. The EB did not include this table, but the balance sheet for the enacted budget for FY 2020 is published in the monthly reports of the Hungarian State Treasury.

The bilingual files are available on the webpage of the State Treasury:

http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/

The numbers in the column "2020. évi előirányzat" (column C in the excel file) are the same during the year. The revenues are shown in the block "Bevételek" and the total for central government ("Központi költségvetés") is the same as on page 270 of the EBP (14 522 856,9 million HUF). This confirms that the data in the EBP shows the original estimates, because even the January 2020 monthly report shows this estimate.

Peer Reviewer

Opinion: Agree

Comments: Estimates are presented only for the current year.

Government Reviewer

Opinion:

28. Does the Executive's Budget Proposal or any supporting budget documentation present revenue estimates by category (such as tax and non-tax) for more than one year prior to the budget year (that is, BY-2 and prior years)?

GUIDELINES:

Questions 25 through 30 cover the same topics about prior-year information as the previous six questions, only they ask about information provided for revenues rather than expenditures.

Answer:

b. No, revenue estimates for BY-2 and prior years are not presented by category.

Source:

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

In Hungarian: A központi alrendszer funkcionális kiadásai (pénzforgalmi szemléletben)

In English: The functional expenditures of the central government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 275

Comment:

The summary tables only present the numbers for BY-1 (in column „2020. évi előirányzat”). No data is presented for BY-2 in the EBP. The audited numbers were not available at the publication date of the EBP, but the preliminary outcomes were available and could have been included as reference.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

29. Does the Executive's Budget Proposal or any supporting budget documentation present individual sources of revenue for more than one year prior to the budget year (that is, BY-2 and prior years)?

GUIDELINES:

Questions 25 through 30 cover the same topics about prior-year information as the previous six questions, only they ask about information provided for revenues rather than expenditures.

Answer:

d. No, individual sources of revenue are not presented for BY-2 and prior years.

Source:

In Hungarian: A költségvetési törvényjavaslat 1. melléklete

In English: Appendix 1 of the EBP

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 39-90
In Hungarian: A központi alrendszer mérlege
In English: Balance sheet of the central government
URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
pp. 268-269

Comment:
The tables in the EBP only contains the data for BY (in column „2021. évi előirányzat”) or BY-1 (in column „2020. évi előirányzat”). For previous years neither the actual outcome nor the original/updated estimates were presented.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

30. In the Executive’s Budget Proposal or any supporting budget documentation, what is the most recent year presented for which all revenues reflect actual outcomes?

GUIDELINES:

Questions 25 through 30 cover the same topics about prior-year information as the previous six questions, only they ask about information provided for revenues rather than expenditures.

Answer:
d. No actual data for all revenues are presented in the budget or supporting budget documentation.

Source:
In Hungarian: A költségvetési törvényjavaslat 1. melléklete
In English: Appendix 1 of the EBP
URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
pp. 39-90
In Hungarian: A központi alrendszer mérlege
In English: Balance sheet of the central government
URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
pp. 268-269
In Hungarian: A központi alrendszer mérlege (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)
In English: Balance sheet of the central government (cash-flow based) (by economic classification)
URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
page 272

Comment:
No table in the EBP presented the actual outcomes for any previous year. The tables in the EBP only present estimate for FY2020 as the earliest data.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

31. "Does the Executive’s Budget Proposal or any supporting budget documentation present information on government borrowing and debt, including its composition, for the year preceding the budget year (BY-1)?"

(The core information must include the total debt outstanding at the end of BY-1; the amount of net new borrowing required during BY-1; interest payments on the debt; interest rates on the debt instruments; maturity profile of the debt; and whether it is domestic or external debt.)"

GUIDELINES:

Question 31 focuses on prior-year debt information, rather than on prior-year expenditures or revenues, asking whether “core” information is provided on

government borrowing and debt, including its composition, for the year preceding the budget year (BY-1).

The "core" information includes:

- total debt outstanding at the end of BY-1;
- amount of net new borrowing required during BY-1;
- interest payments on the debt;
- interest rates on the debt instruments;
- maturity profile of the debt; and
- whether it is domestic or external debt.

This core information for BY-1 is consistent with the budget year information for borrowing and debt, which is examined in Questions 13 and 14. Please note that for the purposes of this question, the deficit may be accepted as a proxy for net new borrowing.

In addition, some governments provide information beyond the core elements, such as gross new borrowing required during BY-1; currency of the debt; whether the debt carries a fixed or variable interest rate; whether it is callable; a profile of the creditors (bilateral institutions, multilateral institutions, commercial banks, Central Bank, etc.); where appropriate, what the debt is being used to finance.

To answer "a," the Executive's Budget Proposal or supporting documentation must present all of the core information related to government borrowing and debt, including its composition, for BY-1 as well as some additional information beyond the core elements. To answer "b," the Executive's Budget Proposal or supporting documentation must present all of the core components noted above. Answer "b" is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A "c" answer applies if some information related to government borrowing and debt, including its composition, but some of the core pieces of information are not included. Answer "d" applies if no information is presented on government borrowing and debt for BY-1.

Answer:

c. Yes, information is presented, but it excludes some core elements.

Source:

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 268-269

In Hungarian: A központi költségvetés bruttó adósságának alakulása 2019-2021 között

In English: The evolution of the gross debt of the central government between 2019 and 2021

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 291

In Hungarian: XLI. Adósság szolgálattal kapcsolatos bevételek és kiadások

In English: Chapter XLI Revenues and expenditures related to debt services

URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf

pp. 1063-1071

Comment:

The interest payments on the debt is presented in the balance sheet of the central government in the line „Kamatkiadások” on page 269 in the column „2020. évi előirányzat”. The interests received is in the line „Kamatbevételek” on page 268 in the column „2020. évi előirányzat”. The net interest payments also mentioned in the narrative discussion on page 1065: in the paragraph „Az adósságkezelés nettó kamatköltsége 2021-ben így 936 931,6 millió forintot tesz ki, ami a 2020. évi előirányzathoz képest 118 157,5 millió forint csökkenést jelent” means that the net interest cost of debt management will be 936 931,6 million HUF in 2021 that is 118 157,5 million HUF lower than the 2020 estimate. The decrease is explained by the lower HUF and foreign currency yields and the price gains on trade auctions.

The composition of the debt is presented in the evolution of the gross debt table on page 291. The total debt is in the line „A központi költségvetés bruttó adóssága mindösszesen”, and the data for BY-1 is in the column „2020.12.31 állomány”. The currency denomination is divided by domestic and foreign currency: the block „Devizában fennálló adósság” contains the data for debt instruments in foreign currency, while the block „Forintban fennálló adósság” contains the debt in domestic currency (HUF). The maturity profile of the debt is only broadly presented by the different instrument types in the table. The loans are shown in the lines „Devizahitelek” and „Forinthitelek”, the bonds in the lines „Devizakötvények” and „Államkötvények”, the T-bills in the line „Kincstárjegyek”. The duration of the different estimates can be guessed, but the exact structure (for example if the bonds will expire in the next year or in 5-10 years) is not presented.

Other core elements (net new borrowing, interest rates) are not presented in the EBP but available in other documents. The net new borrowing requirement for the previous year is in the Yearl Outlook of the Debt Management Agency for 2020 on page 3, while a more detailed maturity profile of the debt or whether the debt is external or domestic are available on the webpage of Debt Management Agency. These are referenced below.

The Yearly Outlook of the Debt Management Agency for 2020:

In Hungarian:

<https://www.akk.hu/download?path=c6ddf034-f0d2-4107-b709-3607f97bff8c.pdf>

In English:

<https://www.akk.hu/download?path=gw3DbRnq.pdf>

The maturity profile of the debt is available here:

In Hungarian:

<https://www.akk.hu/content/path=kozponti-koltsegvetes-adossaganak-lejarati-szerkezete>

In English:

<https://www.akk.hu/content/path=maturity-profile-debt-annual-quarterly>

The ownership of securitized debt by the different sectors:

In Hungarian:

<https://www.akk.hu/statisztika/hozamok-indexek-forgalmi-adatok/befektetoi-szektorok-masodpiaci-allampapir-pozicioja>

In English:
<https://www.akk.hu/statistics/yields-indices-market-turnover/mainvestor-groups-net-buying-position-secondary-market>
The ownership of loans
In Hungarian:
<https://www.akk.hu/statisztika/allamadossag-finanszirozasa/kozponti-koltsegvetes-adossaga>
In English:
<https://www.akk.hu/statistics/public-debt-finance/central-government-gross-debt>

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

32. In the Executive's Budget Proposal or any supporting budget documentation, what is the most recent year presented for which the debt figures reflect actual outcomes?

GUIDELINES:

Question 32 asks for which year the actual outcome for total debt outstanding is shown. In most cases, the most recent year for which budget data on actual outcomes are available will be BY-2, as BY-1 is generally not yet finished when the budget proposal is drafted. So a government that has updated its debt data for BY-2 to reflect what actually occurred, as opposed to estimating the outcome for that year, shows good public financial management practice.

For an "a" answer, a country must meet the good practice of having the figures for BY-2 reflect actual outcomes.

It is essential that all government activities that may have an impact on the budget – in the current budget year or in future budget years – be fully disclosed to the legislature and the public in budget documents. In some countries, for instance, entities outside central government (such as public corporations) undertake fiscal activities that could affect current and future budgets. Similarly, activities that can have a significant impact on the budget, such as payment arrears and contingent liabilities, sometimes are not properly captured by the regular presentations of expenditure, revenue, and debt.

Answer:

a. Two years prior to the budget year (BY-2).

Source:

In Hungarian: A központi költségvetés nettó adósságának alakulása 2019-2021 között
In English: The evolution of the gross debt of the central government between 2019 and 2021
URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
page 291

Comment:

The most recent year is 2019 (BY-2) for which the actual outcome is shown. The data is presented in the column „2019.12.31 állomány” on page 291.

The data is the same as published on the webpage of the Debt Management Agency.

In Hungarian:

<https://www.akk.hu/statisztika/allamadossag-finanszirozasa/kozponti-koltsegvetes-adossaga>

In English:

<https://www.akk.hu/statistics/public-debt-finance/central-government-gross-debt>

The data is also published on the webpage of National Bank of Hungary that is responsible for monetary statistics. The Excel file the worksheet ÁKK MNB bridge („ÁKK MNB átvezetés”) in the row „Total gross debt of the central government maintained by the ÁKK”.

In Hungarian:

<https://www.mnb.hu/letoltes/adossag-hu-1.xlsx>

In English:

<https://www.mnb.hu/letoltes/adossag-en-1.xlsx>

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

33. "Does the Executive's Budget Proposal or any supporting budget documentation present information on extra-budgetary funds for at least the budget year?"

(The core information must include a statement of purpose or policy rationale for the extra-budgetary fund; and complete income, expenditure, and financing data on a gross basis.)"

GUIDELINES:

Question 33 focuses on extra-budgetary funds, asking whether "core" information related to these funds, which exist outside the budget, are presented. These core components include:

- a statement of purpose or policy rationale for the extra-budgetary fund (i.e., why was a particular fund set up? what is it used for?); and
- estimates of its income, expenditure, and financing. (These estimates should be presented on a gross basis so that it is possible to tell how much money flows through each extra-budgetary fund.)

In most countries, governments engage in certain budgetary activities that are not included in the central government's budget. Known as extra-budgetary funds, they can range in size and scope. For example, countries frequently set up pension and social security programs as extra-budgetary funds, where the revenues collected and the benefits paid are recorded in a separate fund outside the budget. Another example of an extra-budgetary fund can be found in countries dependent on hydrocarbon/mineral resources, where revenues from producing and selling those resources are channeled through systems outside the annual budget.

In some cases, the separation engendered by an extra-budgetary fund serves a legitimate political purpose, and the finances and activities of these funds are well documented. In other cases, however, this structure is used for obfuscation, and little or nothing is known about a fund's finances and activities.

The availability of information related to extra-budgetary funds is essential for a comprehensive understanding of the government's true fiscal position. In addition to the core information, other information about extra-budgetary funds is also desirable. Such information includes a discussion of the risks associated with the extra-budgetary fund; expenditures classified by economic, functional, or administrative unit; and the rules and procedures that govern the operations and management of the extra-budgetary fund.

For more information about extra-budgetary funds, see the Guide to Transparency in Public Finances: Looking Beyond the Core Budget (<http://internationalbudget.org/wp-content/uploads/Looking-Beyond-the-Budget.pdf>) and Principle 2.1.1 of the IMF's Fiscal Transparency Handbook (2018) (<https://www.elibrary.imf.org/view/IMF069/24788-9781484331859/24788-9781484331859/24788-9781484331859.xml>).

To answer "a," the Executive's Budget Proposal or supporting documentation must present all of the core information related to extra-budgetary funds as well as some additional information beyond the core elements. A "b" answer applies if the Executive's Budget Proposal or supporting documentation presents all of the core information. Answer "b" is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A "c" answer applies if some information related to extra-budgetary funds is presented, but some of the core pieces of information are not included. Answer "d" applies if no information is presented on extra-budgetary funds.

Please provide in the comments a list of all known extra-budgetary funds.

Answer:

d. No, information related to extra-budgetary funds is not presented.

Source:

In Hungarian: I. Országgyűlés – Társadalmi szervezetek és media támogatása - 11. cím: Közzolgálati médiaszolgáltatás támogatása

In English: Chapter I. National Assembly – Support of social organizations and media – Article 11 Support of public media

URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf
page 341

In Hungarian: LXVI. Központi Nukleáris Pénzügyi Alap

In English: Chapter LXVI Central Nuclear Financial Fund

URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf
pp. 1201-1209

Comment:

In the Hungarian classification the word "alap" is used for funds, but in practice the funds in the EBP are not separate entities with their own rules. For example the Pension Insurance Fund (called "Nyugdíjbiztosítási Alap") or the Health Insurance Fund (called "Egészségbiztosítási Alap") are only separated to their own chapters, but their funds can be reallocated to other ministries or they can receive additional funds if it is needed. Additionally even their revenue sources can change year-by-year, because the social contribution tax have been allocated among the funds in different distributions in the recent years. This means there are no stable rules that define the exact revenues of the funds between years.

Furthermore they are not "extra-budgetary", they are part of the central budget and the same rules apply to them, even if their name contains "elkülönített" ("separated").

Not all the important details are included in the EBP about the separated intra-budgetary funds. The Central Nuclear Financial Fund was created to handle nuclear waste management and collect the fund for the decommission of Paks Nuclear Power Plant. Because this latter task will only be used at the end of the life of the power plant, it is important to present the current amount for this purpose. The narrative discussion on pp. 1201-1209 does not include this information and it is only published in a table on the webpage of State Treasury. In the cited preliminary balance on sheet „KNPA-mérleg” in row 34 (titled „Closing balance” in column A) the closing balance of the fund shows the amount collected for this purpose.

The bilingual file is available on the webpage of the Hungarian State Treasury:

In Hungarian: A Központi Nukleáris Alap költségvetésének előzetes teljesítése

In English: Preliminary balance of central nuclear fund's budget

URL: http://www.allamkincstar.gov.hu/files/M%C3%A9rlekek/2014/EAPA%20m%C3%A9rlekek/EAPA_202012_o.xls

One extra-budgetary fund is the Media Services and Support Trust („Médiaszolgáltatás-támogatás és Vagyonkezelő Alap”). The trust receives a yearly support from the EBP, but the details of the support or the aim of the trust is not presented in the EBP. The budget of the trust and the National Media and Infocommunication Authority that supervises the trust is also discussed and approved by the legislature, but later in the year. Last year the budget of the trust was submitted to the Parliament on 19 October 2020 and approved by it on 1 December 2020. Even without exact details about the use of the funds the aim and role of the trust and its yearly activities could have been included in the EBP to provide a comprehensive picture.

The budget of the Media Fund is in the following bill:

In Hungarian: T/13331 A Nemzeti Média- és Hírközlési Hatóság 2021. évi egységes költségvetéséről

In English: Bill No. T/13331 on the budget for FY 2021 of the National Media and Infocommunications Authority

URL: <https://www.parlament.hu/irom41/13331/13331.pdf>

Similar to these are the newly created asset management foundations (in Hungarian „vagyonkezelő alapítvány”). The government funded these insitutions to outsource the universities from budgetary institutions with the aim of improving their performance. Though the universities will still receive budgetary funds to finance their activities. The funds received significant amount of shares as initial assets. The EBP did not provide any information about the foundations because the government handle the insitutions as independent entities and not part of the budgetary institutions. However as their type shows in the act these are foundations serving public interest („közfeladatot ellátó közérdekű vagyonkezelő alapítványok”). The foundations are listed in appendix 1 act XIII of 2019 on the asset management foundations:

<https://net.jogtar.hu/jogszabaly?docid=A1900013.TV&searchUrl=/gyorskereso>

Another tricky solution are the organisations with mandatory membership and fees. One of them is the Hungarian Hydrocarbon Stockholding Alliance („Magyar Szénhidrogén Készletező Szövetség”). All company that imports hydrocarbon is obliged to be member of the organisation and pay the mandatory fees that are calculated based on the amount of the imported goods. For this reason the Statistical Office treats these fees as tax in its list (in line D214L_08 Hydrocarbons stockholding fee). Logically this could be an extra-budgetary fund because the revenues and membership is assured in an act to provide a public task, namely the safe stockholding of contingency reserves. Though from other perspective this could also be viewed as a sectoral organisation, independent from the government and not using any budgetary funds, so it can be omitted from the EBP.

List of taxes on the webpage of Central Statistics Office:

https://www.ksh.hu/stadat_files/gdp/en/gdp0025.html

The mandatory membership is stated in 10.§ (1) of act XLIX of 1993 on the safety stockhoding of imported oil and hydrocarbons and the fees are required in 37. § (1).

URL: <https://mkogy.jogtar.hu/jogszabaly?docid=99300049.TV>

Peer Reviewer

Opinion: Disagree

Suggested Answer:

c. Yes, information is presented, but it excludes some core elements or some extra-budgetary funds.

Comments: The EBP mentions funds not included in the central budget received from the European Union (pp: 221) and a statement which presents incomes and expenditures of EU extra - budgetary grants (pp: 281) but there are not further details related to the purpose or policy rationale for the extra-budgetary fund or estimates be presented on a gdp basis.

Government Reviewer

Opinion:

Researcher Response

We evaluated the EU grants as donor assistance/grants in question 44. In this question we treated extra-budgetary funds as organization or institution that have their own revenue sources, serve public goals with its expenditures but not included in the budget. The response remains unchanged, "d."

34. Does the Executive's Budget Proposal or any supporting budget documentation present central government finances (both budgetary and extra-budgetary) on a consolidated basis for at least the budget year?

GUIDELINES:

Question 34 asks whether the Executive's Budget Proposal or supporting documents present the finances of the central government on a consolidated basis, showing both its budgetary and extra-budgetary activities. Virtually all of the questions in the OBS questionnaire focus on budgetary central government – the activities of the ministries, departments, or agencies of central government. In addition, Question 33 asks about extra-budgetary funds, such as social security funds that are not included in the budget.

Coverage is an important aspect of fiscal reporting. Budget documents should cover the full scope of government's financial activity. In many countries, extra-budgetary activities are substantial, and can represent a sizable share of the central government's activities. To get a full picture of the central government's finances, therefore, it is necessary to examine both activities that are included in the budget and those that are extra-budgetary. This question asks whether such a consolidated presentation of central government finances is provided.

The central government is only one component of the overall public sector. The public sector also includes other levels of government, such as state and local government, and public corporations. (See Box 2.1 under Principle 1.1.1 of the IMF's Fiscal Transparency Handbook (2018): <https://www.elibrary.imf.org/view/IMF069/24788-9781484331859/24788-9781484331859/24788-9781484331859.xml>) For the purpose of answering this question, please consider only the central government level.

In order to answer "a," the Executive's Budget Proposal or supporting documentation must present central government finances (both budgetary and extra-budgetary) on a consolidated basis for at least the budget year.

Answer:

b. No, central government finances are not presented on a consolidated basis.

Source:

In Hungarian: A központi alrendszer konszolidált kiadásai (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Consolidated expenditures of the central government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 273

In Hungarian: A központi alrendszer konszolidált funkcionális kiadásai (pénzforgalmi szemléletben)

In English: Consolidated functional expenditures of the central government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 276

In Hungarian: Az államháztartás konszolidált kiadásai (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Consolidated expenditures of the general government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 257

In Hungarian: Az államháztartás konszolidált funkcionális kiadásai (pénzforgalmi szemléletben)

In English: Consolidated functional expenditures of the general government (cash-flow based)

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 260

Comment:

The consolidated tables present the figures for the central government and the general government (the central government and the local governments). The extra-budgetary funds or any additional activities (including the public corporations) are not included in the consolidation. The consolidation filters out the transactions inside the central government and between the central and local governments as well. This means the consolidated numbers of the central governments do not include the subsidies of local governments.

Because the question asks about the consolidation of extra-budgetary funds and in question 33 these were not included, we selected answer 'b'.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

35. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of intergovernmental transfers for at least the budget year?

GUIDELINES:

Question 35 asks about intergovernmental transfers. In many cases, the central government supports the provision of a good or service by a lower level of government through an intergovernmental transfer of funds. This is necessary because, independent from the level of administrative decentralization that exists in a given country, the capacity for revenue collection of a local government is unlikely to be sufficient to pay for all its expenses. However, because the activity is not being undertaken by an administrative unit of the central government, it is unlikely to receive the same level of review in the budget. Thus it is important to include in the budget proposal a statement that explicitly indicates the amount and purposes of these transfers.

To answer "a," the Executive's Budget Proposal or supporting documentation must present for at least the budget year both estimates covering all intergovernmental transfers and a narrative discussing these transfers. If a narrative discussion is not included, but estimates for all intergovernmental transfers are presented, then a "b" answer is appropriate. A "c" response applies if the presentation includes estimates covering only some, but not all, intergovernmental transfers (regardless of whether it also includes a narrative discussion). Answer "d" applies if no estimates of intergovernmental transfers are presented.

Answer:

a. Yes, estimates of all intergovernmental transfers are presented, along with a narrative discussion.

Source:

In Hungarian: 1. melléklet – IX. fejezet Helyi önkormányzatok támogatásai

In English: Appendix 1 - Chapter IX Supports of local governments

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

page 47

In Hungarian: 2. melléklet A települési önkormányzatok általános működésének és ágazati feladatainak támogatása
In English: Appendix 2 The supports for the general operation and sectoral tasks of local governments
URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
pp. 91-138

In Hungarian: 3. melléklet A helyi önkormányzatok kiegészítő támogatásai
In English: Appendix 3 Supplemental supports for the local governments
URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
pp. 139-154

In Hungarian: 9. melléklet Egyes személyes gondoskodást nyújtó szociális, gyermekvédelmi közfeladatot ellátó intézmény fenntartóját megillető támogatások
In English: Appendix 9 Subsidies for maintainers of institutions providing personal care for social, child protection purposes as public tasks
URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
pp. 180-195

In Hungarian: IX. Helyi önkormányzatok támogatásai
In English: Chapter IX Supports of the local governments
URL: https://www.parlament.hu/irom41/10710/T_10710_l_fejezeti.pdf
pp. 425-434

In Hungarian: Önkormányzati alrendszer mérlege (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)
In English: Balance sheet of the local governments (cash-flow based) (in economic classification)
URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
page 295

Comment:

The appropriations for local governments are presented mainly in Chapter IX Support of the local governments in appendix 1 on page 47. The details of the supports are discussed in further appendices. For example appendix 2 contained the detailed rules how the support is distributed for the different tasks, like support for operating the municipalities' offices, maintaining public lights, parks, kindergartens, nurseries and other social services. Some of them are based on the wages, per employee, number of citizens or usage of the service. The other cited appendices presented similar rules, but for special supports (like appendix 3 about the vis maior supports or funds for county-level local governments or appendix 9 about wage premium in social sector and subsidised meals in nurseries). The mentioned ones are dedicated appropriations for the general operation and certain tasks of the local governments, but the local governments may receive other funds from the central budget. For example the expenses of healthcare services provided by the local governments are paid by the Health Insurance Fund that is presented in other part of the EBP (in chapter LXXII on pages 1233-1236), but the amount paid to the local governments are not shown separately. The same is true for supports by Ministries that are distributed through standards or occasional reliefs.

The recurring transfers can be easily identified, but many occasional and hidden supports are mixed into other expenditures of the central budget. Additional information can be derived from the expenditures in economic classification on page 295. The rows "21 Működési célú támogatások államháztartáson belülről" and "22 Felhalmozási célú támogatások államháztartáson belülről" shows the revenues of the local governments received as support from the central government or other local governments. Their total is about 1420 billion HUF, higher than the 857 billion HUF in chapter IX on page 47. This is not consolidated revenue. Because it also includes the cash movements between local governments this can only be treated as an estimation of the intergovernmental transfers.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

36. Does the Executive's Budget Proposal or any supporting budget documentation present alternative displays of expenditures (such as by gender, by age, by income, or by region) to illustrate the financial impact of policies on different groups of citizens, for at least the budget year?

GUIDELINES:

Question 36 asks about "alternative displays" of expenditures that highlight the financial impact of policies on different groups of citizens. As discussed above, expenditures are typically presented by at least one of three classifications – administrative, functional, and economic classifications (see Questions 1-5) – and by individual program (Question 6). In addition, governments can provide alternative displays to emphasize different aspects of expenditure policies and to show who benefits from these expenditures.

For the purpose of answering this question, the alternative presentation must differ from the presentations (such as administrative, functional, or economic classifications or presentation by program) used to answer other questions. The alternative display can cover all expenditures or only a portion of expenditures. For instance, it can show how all expenditures are distributed according to geographic region or it can show how selected expenditures (such as the health budget or the agriculture budget) are distributed to different regions. But such a geographic display must be something different than the presentation of intergovernmental transfers used to answer question 35. One exception is when a country includes a special presentation of all policies intended to benefit the most impoverished populations (and is used to answer Question 52) then that can be considered an alternative display for purposes of answering this question as well. Finally, brief fact sheets showing how proposals in the budget benefit particular groups would be insufficient; only more detailed presentations would be considered.

The IBP Budget Brief, "How Transparent are Governments When it Comes to Their Budget's Impact on Poverty and Inequality?" (<https://www.internationalbudget.org/wp-content/uploads/government-transparency-of-budgets-impact-on-poverty-inequality-ibp-2019.pdf>) includes a discussion of the importance of alternative displays of budget information and provides a number of examples. For instance,

- Bangladesh in its 2017-18 Budget included a detailed supplementary Gender Budgeting Report, which presents the spending dedicated to advancing women across various departments. (<https://mof.portal.gov.bd/site/page/3bb14732-b5b1-44df-9921-efedf1496295>).
- The UK's 2017 budget included a supplementary analysis that provided a distributional analysis of the budget by households in different income groups (see https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/661465/distributional_analysis_autumn_budget_2017.pdf)
- South Africa's 2017 Budget Review goes beyond the standard presentation of intergovernmental transfers, discussing the redistribution that results from national revenue flowing to the provinces and municipalities and presenting the allocations on a per capita basis (see chapter 6, <http://www.treasury.gov.za/documents/national%20budget/2017/review/FullBR.pdf>).

To answer "a," the Executive's Budget Proposal or supporting documentation must include at least three different presentations that illustrate the financial impact of policies on different groups of citizens for at least the budget year. To answer "b," the Executive's Budget Proposal or supporting documentation must include at least two different alternative displays of expenditures. A "c" applies if only one type of alternative display of expenditure is presented. Answer "d" applies if no alternative display of expenditure is presented.

Answer:

d. No, alternative displays of expenditures are not presented to illustrate the financial impact of policies on different groups of citizens.

Source:

In Hungarian: Családpolitikai célú kiadások, kedvezmények a 2021. évi központi költségvetésben

In English: Expenditures and allowances related to family supports in the central budget for FY 2021

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 301-305

In Hungarian: A szakpolitikai célú nemzetpolitikai/határon túli feladatok

In English: National policies/supports for Hungarians abroad

URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf

pp. 1267-1270

Comment:

The government included two tables that collected the appropriations related to certain policies. The first cited table listed all the expenditures and tax reliefs on family-related policies. The aim of the table was to present how much the government spend on families and ease its communication. Some of the lines are not strictly related to family policies (like „Nők korhatár alatti ellátása” on page 305 that is the pension of women who have 40 service years and retired before they reached the retirement age).

The second table was the expenditures related to national policies, aimed mostly to Hungarian minorities in the neighbouring countries.

The tables were only a collection of certain expenditures, that can be created about most of the topics, but did not provide any additional detail about the expenditures. For example the national policies were not grouped by countries to compare it with the minority population or by function to explain what projects would be supported. Similarly the family policies are not divided by gender or income that would explain who receive the funds. In this format it is not an alternative display that provides additional information.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

36b. Based on the response to Question 36, select the box(es) below to identify which types of alternative displays are included in the Executive's Budget Proposal:

Answer:

None of the above

Source:

Comment:

The government did not include any alternative display in the EBP.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

37. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of transfers to public corporations for at least the budget year?

GUIDELINES:

Question 37 asks about transfers to public corporations. It is often the case that governments have a stake in enterprises that manage resources that are particularly relevant for the public good (such as electricity, water, and oil). While these public corporations can operate independently, in some cases the government will provide direct support by making transfers to these corporations, including to subsidize capital investment and operating expenses.

To answer "a," the Executive's Budget Proposal or supporting documentation must present for at least the budget year both estimates covering all transfers to public corporations and a narrative discussing the purposes of these transfers. If a narrative discussion is not included, but estimates for all transfers to public corporations are presented, then a "b" answer is appropriate. A "c" response applies if the presentation includes estimates covering only some, but not all, transfers to public corporations (regardless of whether it also includes a narrative discussion). Answer "c" also applies if estimates of transfers to public corporations are presented as a single line item. Answer "d" applies if no estimates of transfers to public corporations are presented.

Please provide in the comments a list of all known public corporations.

Answer:

c. Yes, estimates of some but not all transfers to public corporations are presented.

Source:

In Hungarian: 1. melléklet – XLIII. fejezet Az állami vagyonnal kapcsolatos bevételek és kiadások

In English: Appendix 1 – Chapter XLIII Revenues and expenditures related to public assets

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 77-78

In Hungarian: XLIII. fejezet Az állami vagyonnal kapcsolatos bevételek és kiadások – 1. cím Az MNV Zrt. rábízott vagyonával kapcsolatos bevételek és kiadások - 1/2/2. jogcímcsoport: Társaságokkal kapcsolatos kiadások

In English: Chapter XLIII Revenues and expenditures related to public assets – Article 1 Expenditures and revenues related to assets entrusted to MNV Zrt. – 1/2/2 Expenditures related to companies

URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf

pp. 1112-1113

In Hungarian: XLIII. fejezet Az állami vagyonnal kapcsolatos bevételek és kiadások – 2. cím Az NVTNM tulajdonosi joggyakorlásával kapcsolatos bevételek és kiadások - 2/2. alcím: Az NVTNM tulajdonosi joggyakorlásával kapcsolatos kiadások

In English: Chapter XLIII Revenues and expenditures related to public assets – Article 2 Expenditures and revenues related to companies where the ownership is exercised by NVTNM - 2/2 Expenditures related to companies where the ownership is exercised by NVTNM

URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf

pp. 1117-1118

Comment:

The EBP presents all the transfers to public corporations as legally required, but these transfers are not easily identifiable or presented in a transparent way, like in a summary table.

Direct transfers to public corporations owned directly by the state are presented primarily in Chapter XLIII Revenues and expenditures related to public assets ("XLIII. fejezet Az állami vagyonnal kapcsolatos bevételek és kiadások"). The contents of these transfers are explained on pp. 1112-1113 and 1117-1118, like which public corporations receive capital transfers. For example on page 1117 it is stated that „Nemzeti Hulladékgazdálkodási és Vagyonkezelő Zrt.” receives 50 billion HUF for waste management tasks not financed by its revenues. Similar support is earmarked for regional water companies on page 1118 in the section „A regionális víziközmű társaságok támogatása”.

However there are still numerous other transfers dispersed through other chapters. For example the transfer to Paks II Nuclear Power Plant Constructing company ("Paks II Atomerőmű Fejlesztő Zrt. tőkemelése") is under Economy Protection Fund on page 80. The Paks II nuclear power plant is a governmental investment, but executed through a public corporation and the funds are provided through capital transfers. The support for the Eximbank for interest rate subsidy ("Eximbank Zrt. kamatkiegynlítése") is presented on the same page, while the Government Office of the Prime Minister provides current transfer to Hungarian Infrastructure Development corporation ("Nemzeti Infrastruktúra Fejlesztő Zrt. működési támogatása" on page 66).

Another case is the subsidy to the public railway company that receives funds from two appropriations that are in two separate chapters: once as a revenue for the discounted railway tickets for certain social groups ("Szociálpolitikai menetdíj kedvezmények") on page 75 and as a support for its operational costs ("Vasúti személyszállítási közszolgáltatások költségértéke") on page 58.

The contents of each transfer are briefly described in the narrative discussion.

While all the transfers to public corporations are presented in the EBP as legally required, these have to be collected one-by-one and in many cases even the title of the appropriation can be misleading, hence the narrative discussion also has to be inspected for identifying the transfers. Because of these omissions we selected answer 'c' as some of the transfers can be found easily, but the total amount is not presented in a transparent way.

Peer Reviewer

Opinion: Disagree

Suggested Answer:

c. Yes, estimates of some but not all transfers to public corporations are presented.

Comments: The EBP presents the transfers to public corporations for at least the budget year but they are not included under one summary table and is not possible to assess if they are including all the transfers. The content of the transfers is briefly described in the narrative (pp. 1112-1113; 1117-1118)

Government Reviewer

Opinion:

Researcher Response

Thank you for the comment. We agree that due to the scattered information it cannot be verified if all the transfers are presented. Based on it we revised the answer from "d" to "c."

38. Does the Executive's Budget Proposal or any supporting budget documentation present information on quasi-fiscal activities for at least the budget year?

(The core information must include a statement of purpose or policy rationale for the quasi-fiscal activity and the intended beneficiaries.)

GUIDELINES:

Question 38 focuses on quasi-fiscal activities, asking whether "core" information related to such activities is presented. These core components include:

- *A statement of purpose or policy rationale for the quasi-fiscal activity (i.e., what is the reason for engaging in this activity?);*
- *The identification of intended beneficiaries of the quasi-fiscal activity.*

The term "quasi-fiscal activities" refers to a broad range of activities that are fiscal in character and could be carried out through the regular budget process but are not. For example, a quasi-fiscal activity could take place if, instead of providing a direct subsidy through the budget for a particular activity, a public financial institution provides an indirect subsidy by offering loans at below-market rates for that activity. Similarly, it is a quasi-fiscal activity when an enterprise provides goods or services at prices below commercial rates to certain individuals or groups to support the government's policy goals.

The above examples are policy choices that may be approved by the government and legislature. However, quasi-fiscal activities can also involve activities that violate or circumvent a country's budget process laws or are not subject to the regular legislative approval process for expenditures. For example, the executive may issue an informal order to a government entity, such as a public commercial enterprise, to provide the executive with goods and services that normally would have to be purchased with funding authorized by the legislature. All quasi-fiscal activities should be disclosed to the public and subject to public scrutiny.

Beyond the core information, some governments may also provide other information about quasi-fiscal activities, including for example: the anticipated duration of the quasi-fiscal activity; a quantification of the activity and the assumptions that support these estimates; and a discussion of the fiscal significance and potential risks associated with the activity, including the impact on the entity carrying out the activity. Principle 3.3.2 of the IMF's Fiscal Transparency Handbook (2018) (<https://www.elibrary.imf.org/view/IMF069/24788-9781484331859/24788-9781484331859/24788-9781484331859.xml>) provides examples of quasi-fiscal activities that can be consulted as needed. And more details on quasi-fiscal activities can be found in the Guide to Transparency in Public Finances: Looking Beyond the Core Budget (<http://internationalbudget.org/wp-content/uploads/Looking-Beyond-the-Budget.pdf>).

To answer "a," the Executive's Budget Proposal or supporting documentation must present all of the core information related to all quasi-fiscal activities for at least the budget year as well as some additional information beyond the core elements. To answer "b," the Executive's Budget Proposal or supporting documentation must present all of the core components noted above. Answer "b" is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A "c" answer applies if some information related to quasi-fiscal activities is presented, but some of the core pieces of information are not included. Answer "d" applies if no information is presented on quasi-fiscal activities.

If quasi-fiscal activities do not represent a significant problem in your country, please mark "e." However, please exercise caution in answering this question.

Answer:

c. Yes, information is presented, but it excludes some core elements or some quasi-fiscal activities.

Source:

In Hungarian: Az általános indokolás – A kormány gazdaságpolitikájának fő vonásai, az államháztartás alakulása a 2021. évben – II. Az államháztartás célja és keretei – 2. A kormány által prioritásként kezelt területek – 2.2. A munkahelyek védelme, új munkahelyek teremtése, a gazdaság újraindítása

In English: The General Justification – Main characteristics of the economic policy of the government, the state of the budget in 2021 – II. Goals and settings of the state finances – 2. Areas prioritised by the government – 2.2. Protection of jobs, creation of new jobs, restarting the economy
URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

Comment:

The government occasionally engages in quasi-fiscal activities, but these are not always presented in the EBP.

In the EBP for FY 2021 one special quasi-fiscal activity is mentioned on page 218 in the paragraph "2020-ban a családok biztonságérzetének megerősítése érdekében a háztartások (és a vállalkozások) számára az év végéig hiteltörlesztési moratórium kihirdetésére került sor". The government suspended the loan repayments of households and corporations and capped the total cost of loans until the end of 2020 (but it was later prolonged until July 2021). The government did not provide any additional funds to the financial institutions, hence the costs of suspension is taken by the financial institutions. In this case the government did not use public corporations. The narrative discussion only mentions that the policy is for strengthening the security of the families, but the beneficiaries are not described. It is to be noted that beside families anyone (even corporations) could utilize the suspension of loan repayment.

A similar policy was the free internet service for students during the digital education. The government instructed the service providers to credit the monthly fees for the beneficiaries. So far there is no information whether and how the government will compensate the service providers.

Government decree 501/2020 (XI. 14) on the policies for the families affected by the digital education during the state of danger

<https://net.jogtar.hu/jogszabaly?docid=A2000501.KOR>

Regularly public corporations are used to provide financial donations outside the legislature to certain activities. For example in 2018 the government decided about an energy subsidy for all households and used the state-owned energy company to credit 12 thousand HUF for each consumer as „téli rezsicsökkentés” (winter energy tariff reduction). The resolution of the government clearly stated that the source of this policy would be the accumulated reserves at the company. The resolution is available here on page 1328. The exact source is in 3. § where the universal service provider are obliged to provide the funds from its reserves:

<http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK18033.pdf>

Further information about the policy in the media in Hungarian:

<https://zoom.hu/hir/2018/06/07/igy-trukkozott-a-kormany-a-teli-rezsicsokkentessel-a-duplajara-is-futotta-volna/>

In the yearly report of the company the cost of this policy is clearly stated. On page 49 it is stated that in 2018 the paid donations were attributed to the above cited resolution. The yearly report is available from the following webpage:

https://e-beszamolo.im.gov.hu/oldal/kereses_megjelenites?

[b=L42Dzfou1mbWvdSdCXaPjQ%3d%3d&so=1&o=w%2bzVsR81c2Gi069InUL6mw%3d%3d](https://e-beszamolo.im.gov.hu/oldal/kereses_megjelenites?b=L42Dzfou1mbWvdSdCXaPjQ%3d%3d&so=1&o=w%2bzVsR81c2Gi069InUL6mw%3d%3d)

At a smaller scale but similar donations can be found at Szerencsejáték Zrt (the national gambling and lottery company). On page 48 of its yearly report it presents that about 1-1,4 billion HUF was provided the Hungarian National Movie Fund and sport organisations. From transparency perspective the company would have paid this amount to the central budget (as tax or dividend), hence this direct donation only served to decide about the use of funds without the legislature. The movie fund (now as Magyar Nemzeti Filmintézet) receives funds from the central budget, hence the extra funds could have been handled in the central budget.

The first example (loan suspension) did not provide information about all the beneficiaries, the other examples were not presented in the EBP at all, hence minimal information provided about quasi-fiscal activities.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

39. Does the Executive's Budget Proposal or any supporting budget documentation present information on financial assets held by the government for at least the budget year?

(The core information must include a listing of the assets, and an estimate of their value.)

GUIDELINES:

Question 39 focuses on financial assets held by the government, asking whether "core" information related to these assets is presented. These core components include:

- A listing of the financial assets; and
- An estimate of their value.

Governments own financial assets such as cash, bonds, or equities. Unlike private sector businesses, however, few governments maintain balance sheets that show the value of their assets and liabilities.

Beyond the core information, some governments may also provide other information about financial assets, including for example: a discussion of their purpose; historical information on defaults; differences between reported values and market values; and a summary of financial assets as part of the government's balance sheet.

To answer "a," the Executive's Budget Proposal or supporting documentation must present for at least the budget year all of the core information related to all financial assets held by the government as well as some additional information beyond the core elements. To answer "b," the Executive's Budget Proposal or supporting documentation must present all of the core components noted above. Answer "b" is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A "c" answer applies if some information related to financial assets is presented, but some of the core pieces of information are not included. Answer "d" applies if no information is presented on financial assets held by the government.

Answer:

d. No, information related to financial assets is not presented.

Source:

N/A

Comment:

The amount, composition or any other information about the financial assets held by the government is not included in the EBP in a comprehensive way. Sporadic information is available on past transactions. In 2020 the government transferred share packages to foundations for free. The transaction was only mentioned because it explained the sharp decrease in dividends from corporations on page 1109. This is described in the paragraph starting with „A Mathias Corvinus Collegium tehetséggondozási programjának...”. We did not evaluate it as presentation of financial assets because these were mentioned in other context.

For statistical purposes the National Bank of Hungary published the total value of different financial assets held by the government. The publication is available here: <https://www.mnb.hu/letoltes/ahtszla-en-1.xlsx>

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

40. Does the Executive's Budget Proposal or any supporting budget documentation present information on nonfinancial assets held by the government for at least the budget year?

(The core information must include a listing of the assets by category.)

GUIDELINES:

Question 40 focuses on nonfinancial assets held by the government, asking whether "core" information related to these assets is presented. The core information is a listing of nonfinancial assets, grouped by the type (or category) of asset.

Nonfinancial assets are things of value that the government owns or controls (excluding financial assets) such as land, buildings, and machinery. The valuation of public nonfinancial assets can be problematic, particularly in cases where the asset is not typically available on the open market (such as a government monument). In these cases, it is considered acceptable to provide summary information in budget documents from a country's register of assets. But, in some cases, governments are able to value their nonfinancial assets; some present a summary of nonfinancial assets as part of their balance sheets. For an example of how nonfinancial assets are presented in one of the many supporting documents to the New Zealand Executive's Budget Proposal, see the Forecast Financial Statement 2011, Notes to the Financial Statements (Continued), Note 14, accessible here: <https://treasury.govt.nz/sites/default/files/2011-05/befu11-pt6of8.pdf>.

To answer "a," the Executive's Budget Proposal or supporting documentation must present for at least the budget year a listing by category of all nonfinancial assets held by the government as well as some additional information beyond the core elements. To answer "b," the Executive's Budget Proposal or supporting documentation must present all of the core components noted above. Answer "b" is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A "c" answer applies if some information related to nonfinancial assets is presented, but some nonfinancial assets are not included. Answer "d" applies if no information is presented on nonfinancial assets held by the government.

Answer:

d. No, information related to nonfinancial assets is not presented.

Source:

In Hungarian: XLIII. fejezet Az állami vagyonnal kapcsolatos bevételek és kiadások – 1. cím Az MNV Zrt. rábízott vagyonával kapcsolatos bevételek és kiadások - 1/1/1. jogcímcsoport: Ingatlanokkal és ingóságokkal kapcsolatos bevételek

In English: Chapter XLIII Revenues and expenditures related to public assets – Article 1 Expenditures and revenues related to assets entrusted to MNV Zrt. – 1/1/1 Revenues related to real estates and goods

URL: https://www.parlament.hu/irom41/10710/T_10710_II_fejezeti.pdf
pp. 1108-1109

In Hungarian: XLIV. A Nemzeti Földalappal kapcsolatos bevételek és kiadások – 1. cím: A Nemzeti Földalappal kapcsolatos bevételek – 1. alcím: Ingatlan értékesítéséből származó bevételek

In English: Chapter XLIV. Revenues and expenditures related to National Land Fund – Article 1 Revenues related to National Land Fund – Subarticle 1 Revenues from selling real estates

URL: https://www.parlament.hu/irom41/10710/T_10710_II_fejezeti.pdf
page 1123

Comment:

The EBP contains only information about the changes in the nonfinancial assets held by the government. On page 1108 in the narrative discussion of chapter XLIII Revenues and expenditures related to public assets the government describes the revenues related to selling of real estates and other goods, when states that 6 billion HUF is expected from selling real estates from the MNV Zrt.'s portfolio (in the sentence "Így az MNV Zrt.

portfóliójába tartozó ingatlanok eladásából tervezett 6000,0 millió forint bevétel a nagy értékű ingatlanok csomagban történő értékesítési folyamatának idei megkezdésével számol.") and 3 billion HUF is expected from selling real estates from the Nemzeti Eszközkezelő (in the sentence "A Nemzeti Eszközkezelő Program keretében megszerzett ingatlanok értékesítéséből a tervezett bevétel 2021. évben 3000,0 millió forint."). Besides the amounts no physical information is provided.

On page 1123 in the chapter of National Land Fund similar information is presented about the selling of agricultural land. For example 858 million HUF is planned for selling 660 hectares in a simplified process where each under 3 hectares. Another 6,630 billion HUF is planned from selling 5100 hectares that are above 10 hectares.

The stock of nonfinancial assets is not included in the EBP and only available in other sources. One is the appendix of act CXCVI on National Assets, the other is the National Inventory. The latter only contains the data up to 2018.

Since the listing of the assets is a core information and that is not included (only transactions are presented in a minimal form), we maintained answer 'd' from the previous survey.

In Hungarian: 2011. évi CXCVI törvény a nemzeti vagyonról

In English: Act CXCVI of 2011 on National Assets

URL: <https://net.jogtar.hu/jogszabaly?docid=A1100196.TV>

In Hungarian: Országileltár

In English: National Inventory

URL: http://www.orszagleltar.gov.hu/faces/UI-fooldal?_adf.ctrl-state=n02i1aggm_3

Peer Reviewer

Opinion: Agree

Comments: The EBP does not contain information about the national assets, although under chapter XLIII Revenues and expenditures related to public assets (in Hungarian: XLIII. fejezet Az állami vagyonnal kapcsolatos bevételek és kiadások) pp. 1105-1120, refers to the tasks of the Hungarian National Assets Management Inc. (MNV Zrt.) On the website of the MNV Zrt. the current information of the State inventory is missing, the last period includes 2018 (http://www.orszagleltar.gov.hu/faces/UI-ingtln1?_adf.ctrl-state=1b7y3lw5rj_3)

Government Reviewer

Opinion:

41. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of expenditure arrears for at least the budget year?

GUIDELINES:

Question 41 asks about estimates of expenditure arrears, which arise when government has entered into a commitment to spend funds but has not made the payment when it is due. (For more information see sections 3.49-3.50 of the IMF's GFS Manual 2001, <http://www.imf.org/external/pubs/ft/gfs/manual/pdf/all.pdf> (page 29)). Though equivalent to borrowing, this liability is often not recorded in the budget, making it difficult to assess fully a government's financial position. Moreover, the obligation to repay this debt affects the government's ability to pay for other activities.

To answer "a," the Executive's Budget Proposal or supporting documentation must present for at least the budget year both estimates covering all expenditure arrears and a narrative discussing the arrears. If a narrative discussion is not included, but estimates for all expenditure arrears are presented, then a "b" answer is appropriate. A "c" response applies if the presentation includes estimates covering only some, but not all, expenditure arrears (regardless of whether it also includes a narrative discussion). Answer "d" applies if no estimates of expenditure arrears are presented. Answer "d" also applies if information is only available for the changes in arrears, and not the stock or balance of arrears.

If expenditure arrears do not represent a significant problem in your country, please mark "e." However, please exercise caution in answering this question. Public expenditure management laws and regulations often will allow for reasonable delays, perhaps 30 or 60 days, in the routine payment of invoices due. Expenditure arrears impacting a small percentage of expenditure that are due to contractual disputes should not be considered a significant problem for the purpose of answering this question.

Answer:

d. No, estimates of expenditure arrears are not presented.

Source:

N/A

Comment:

The EBP did not disclose any information about arrears.

The Hungarian State Treasury publishes a monthly report about arrears by institutions and composition on its website:

Arrears by type:

http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/koltsegvetesi_szervek_tartozasai/tartozas_uj_mind_ossz202102.PDF

Arrears by institution:

http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/koltsegvetesi_szervek_tartozasai/Tartozas%3A1s%C3%A1llom%C3%A1ny_2021_janu%C3%A1r_febru%C3%A1r.xls

The liabilities of budgetary institutions to actors outside the general government is shown in the rightmost column of the line "Egyéb tart. állomány összesen" in the pdf file. The excel presents the liabilities by institutions.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

42. Does the Executive's Budget Proposal or any supporting budget documentation present information on contingent liabilities, such as government loan guarantees or insurance programs, for at least the budget year?

(The core information must include a statement of purpose or policy rationale for each contingent liability; the new guarantees or insurance commitments proposed for the budget year; and the total amount of outstanding guarantees or insurance commitments (the gross exposure) at the end of the budget year.)

GUIDELINES:

Question 42 focuses on contingent liabilities, asking whether "core" information related to these liabilities is presented. These core components include:

- a statement of purpose or policy rationale for each contingent liability;
- the new contingent liabilities for the budget year, such as new guarantees or insurance commitments proposed for the budget year; and
- the total amount of outstanding guarantees or insurance commitments at the end of the budget year. This reflects the gross exposure of the government in the case that all guarantees or commitments come due (even though that may be unlikely to occur).

Contingent liabilities are recognized under a cash accounting method only when the contingent event occurs and the payment is made. An example of such liabilities is the case of loans guaranteed by the central government, which can include loans to state-owned banks and other state-owned commercial enterprises, subnational governments, or private enterprises. Under such guarantees, government will only make a payment if the borrower defaults. Thus a key issue for making quantitative estimates of these liabilities is assessing the likelihood of the contingency occurring.

In the budget, according to the OECD, "[w]here feasible, the total amount of contingent liabilities should be disclosed and classified by major category reflecting their nature; historical information on defaults for each category should be disclosed where available. In cases where contingent liabilities cannot be quantified, they should be listed and described."

Beyond the core information, some governments may also provide other information about contingent liabilities, including for example: historical default rates for each program, and likely default rates in the future; the maximum guarantee that is authorized by law; any special financing associated with the guarantee (e.g., whether fees are charged, whether a reserve fund exists for the purpose of paying off guarantees, etc.); the duration of each guarantee; and an estimate of the fiscal significance and potential risks associated with the guarantees.

For more details on contingent liabilities, see Guide to Transparency in Public Finances: Looking Beyond the Core Budget (<http://internationalbudget.org/wp-content/uploads/Looking-Beyond-the-Budget.pdf>) and page 59 (Box 11) and Principle 3.2.3 of the IMF's Fiscal Transparency Handbook (2018) (<https://www.elibrary.imf.org/view/IMF069/24788-9781484331859/24788-9781484331859/24788-9781484331859.xml>).

To answer "a," the Executive's Budget Proposal or supporting documentation must present for at least the budget year all of the core information related to contingent liabilities as well as some additional information beyond the core elements. To answer "b," the Executive's Budget Proposal or supporting documentation must present all of the core components noted above. Answer "b" is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A "c" answer applies if some information related to contingent liabilities is presented, but some of the core pieces of information are not included. Answer "d" applies if no information is presented on contingent liabilities.

Answer:

c. Yes, information is presented, but it excludes some core elements or some contingent liabilities.

Source:

In Hungarian: XLII. fejezet A költségvetés közvetlen bevételei és kiadásai – 33. cím Állam által vállalt kezesség és viszontgarancia érvényesítése
In English: Chapter XLII Direct revenues and expenditures of the budget – Title 33 Warrants and guarantees taken by the state
URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf
pp. 1086-1089

Comment:

In the cited section of the EBP the government discusses the standard guarantee programs and the estimated expenditures for each of them. The aim of the guarantees are described or can be guessed from the name of the program. For example in the section „33/3. alcím: Eximbank Zrt. által vállalt garanciaügyletekből eredő fizetési kötelezettség” it is described that the guarantee is for export loans or other export related transactions (in the sentence „...amely tartalmazza mind az export-hitel, mind az egyéb exportcélú garanciaügyletekhez kötődő kifizetéseket”). Similarly the section „33/5. alcím: Garantiqa Hitelgarancia Zrt. garanciaügyleteiből eredő fizetési kötelezettség” presents that the guarantee is mainly for bank loans of small- and medium enterprises (in the sentence „alapfeladatként a bankok finanszírozási ügyleteihez vállalt készfizető kezesség vállalásával segíti elő a kis- és középvállalati szektor hitelhez jutását”). Other information are not presented in the narrative discussion. The expenditure estimates are the payment obligations after the transactions, but the total liabilities are not discussed, therefore the default rate

cannot even be calculated. It is mentioned several times that the guarantee portfolio may deteriorate because of the economic effect of the pandemic. The total amount is mentioned only for one program on page 1088: „a GH Zrt. jelenlegi kezességvállalásaihoz kapcsolódó 2020. évi állományi keretösszeg 870 milliárd forintról 1000 milliárd forintra emelése” means Garantiqa increased the total amount to 1000 billion HUF in 2020, but that is minimal information. The new amounts also mentioned sporadically, for example on page 1087 the „Garantiqa Krízis Garanciaprogram” was started with 500 billion HUF total amount, but not similar information is available for the other programs.

On the previous webpage of the Ministry of Finance the Ministry published a list with the loans from international institutions backed by state guarantee. On the sheet “Állami garanciával kötött hitel” the file lists the loans taken by state-owned corporations backed by state guarantee. The new webpage of the government does not provide this information.

The file is available here:

<http://2015-2019.kormany.hu/download/7/73/01000/%C3%9Cvegzebt%C3%A1bla%20-%202017%2003%2031.xlsx#!DocumentBrowse>

Since the guarantees for loans of state-owned corporations are not presented in the EBP and the presentation does not include all the core information for all the guarantee programs we chose answer ‘c’.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

43. Does the Executive's Budget Proposal or any supporting budget documentation present projections that assess the government's future liabilities and the sustainability of its finances over the longer term?

(The core information must cover a period of at least 10 years and include the macroeconomic and demographic assumptions used and a discussion of the fiscal implications and risks highlighted by the projections.)

GUIDELINES:

Question 43 focuses on government's future liabilities and the sustainability of its finances over the longer-term, asking whether “core” information related to these issues is presented. These core components must include:

- Projections that cover a period of at least 10 years.
- The macroeconomic and demographic assumptions used in making the projections.
- A discussion of the fiscal implications and risks highlighted by the projections. Good public financial management calls for budgets to include fiscal sustainability analyses.

The IMF's Fiscal Transparency Handbook (2018) (<https://www.elibrary.imf.org/view/IMF069/24788-9781484331859/24788-9781484331859/24788-9781484331859.xml>) recommends that governments regularly publish the projected evolution of the public finances over the longer term (see Principle 3.1.3.). Future liabilities are a particularly important element when assessing the sustainability of public finances over the long term. Future liabilities are the result of government commitments that, unlike contingent liabilities, are virtually certain to occur at some future point and result in an expenditure. A typical example consists of government obligations to pay pension benefits or cover health care costs of future retirees. Under a cash accounting system, only current payments associated with such obligations are recognized in the budget. To capture the future impact on the budget of these liabilities, a separate statement is required.

Beyond the core information, some governments may also provide other information about the sustainability of their finances, including for example: projections that cover 20 or 30 years; multiple scenarios with different sets of assumptions; assumptions about other factors (such as the depletion of natural resources) that go beyond just the core macroeconomic and demographic data; and a detailed presentation of particular programs that have long time horizons, such as civil service pensions.

For more details on future liabilities, see Guide to Transparency in Public Finances: Looking Beyond the Core Budget (<http://internationalbudget.org/wp-content/uploads/Looking-Beyond-the-Budget.pdf>).

To answer “a,” the Executive's Budget Proposal or supporting documentation must present all of the core information related to future liabilities and the sustainability of government finances over the longer term as well as some additional information beyond the core elements. To answer “b,” the Executive's Budget Proposal or supporting documentation must present all of the core components noted above. Answer “b” is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A “c” answer applies if some information related to future liabilities is presented, but some of the core pieces of information are not included. Answer “d” applies if no information is presented on future liabilities and the sustainability of government's finances

Answer:

c. Yes, information is presented, but it excludes some core elements.

Source:

In Hungarian: A költségvetés hosszú távú fenntarthatósága

In English: Long-term sustainability of the budget

URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf
pp. 1281-1282

In Hungarian: LXXI. fejezet Nyugdíjbiztosítási Alap – 1. számú táblázat 50 éves demográfiai előrejelzés
In English: Chapter LXXI Pension Insurance Fund – Table 2 50-year demographic projection
URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf
pp. 1226-1227

Comment:

The government included a long-term projection about the sustainability of the budget for the 2020-2070 period on pages 1281-1282. This is a baseline projection based on certain assumptions that are not discussed in the narrative section. The table presents the results for the pension expenditures („Állami nyugdíjkiadások”) and selected expenditures: health expenditures („Egészségügyi kiadások”), social care for elder people („Hosszú távú ápolási kiadások”) and education („Oktatási kiadások”) as percent of GDP. The exact assumptions are not detailed behind the projections, only certain elements. For example the government calculated with a fertility ratio of 2,1, and a dynamic GDP and wage growth during the period. Another assumption was that the expenditures are based on the relevant population and the per capita expenditures will increase by the GDP growth rate, along with the already adopted policies like increasing the retirement age to 65 years and introducing the 13th month pension. Finally the results are described as the changes in the expenditures as percent of GDP. The EBP certainly included a long-term projection that covers more than 10 years, but the demographic and macroeconomic assumptions are vague because it is unknown what the "dynamic GDP growth" means. Also the narrative discussion does not highlight the fiscal implications and risks of the projection, so it misses core elements (discussion of fiscal implications and risks, macroeconomic assumptions).

Another long-term projection in the EBP is the 50-year demographic projection used by the Pension Insurance Fund on pages 1226-1227. The projection is based on the projection of the Central Statistical Office and it uses a lower fertility rate in the above projection about the long-term sustainability as discussed in the below publication.

The longest macroeconomic projection is on page 1263 of the EBP, but that only presents the data until FY 2024 (BY+3).

In English:

Csilla Obádovics: The structure and future of Hungary's population
<http://www.demografia.hu/en/publicationsonline/index.php/demographicportrait/article/view/961/733>
Table 1 on page 278

In Hungarian:

Obádovics Csilla: A népesség szerkezete és jövője
<http://www.demografia.hu/kiadvanyokonline/index.php/demografiaiporte/article/view/2740/2653>
Table 1 on page 276

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

44. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of the sources of donor assistance, both financial and in-kind, for at least the budget year?

GUIDELINES:

Question 44 asks about estimates of donor assistance, both financial and in-kind assistance. Such assistance is considered non-tax revenue, and the sources of this assistance should be explicitly identified. In terms of in-kind assistance, the concern is primarily with the provision of goods (particularly those for which there is a market that would allow goods received as in-kind aid to be sold, thereby converting them into cash) rather than with in-kind aid like advisors from a donor country providing technical assistance.

To answer "a," the Executive's Budget Proposal or supporting documentation must present for at least the budget year both estimates covering all donor assistance and a narrative discussing the assistance. If a narrative discussion is not included, but estimates for all donor assistance are presented, then a "b" answer is appropriate. A "c" response applies if the presentation includes estimates covering only some, but not all, donor assistance (regardless of whether it also includes a narrative discussion). Answer "c" also applies if the sources of donor assistance are not presented, but the total amount of donor assistance is presented as a single line item. Answer "d" applies if no estimates of donor assistance are presented. Select answer "e" if your country does not receive donor assistance.

Answer:

a. Yes, estimates of all sources of donor assistance are presented, along with a narrative discussion.

Source:

In Hungarian: Európai uniós költségvetési kapcsolatok
In English: Budgetary relations with the European Union
URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
pp. 279-287

In Hungarian: XIX. Uniós fejlesztések

In English: Chapter XIX Developments financed from EU funds
URL: https://www.parlament.hu/irom41/10710/T_10710_I_fejezeti.pdf
pp. 745-791

In Hungarian: XLII. A költségvetés közvetlen bevételei és kiadásai – 6. cím: Unió programok bevételei
In English: Chapter XLII Direct revenues and expenditures of the budget – Article 6 Revenues of EU programmes
URL: https://www.parlament.hu/irom41/10710/T_10710_II_fejezeti.pdf
pages 1081-1083

Comment:

The donor assistance mainly consists of the development funds received from the European Union. These are summarised in the table on page 281 where both the funds going through the budget (in table „Költségvetésben megjelenő EU támogatások”) and outside the budget (in the table „Költségvetésen kívüli EU támogatások”). In the tables the column „Kiadások” shows the expenditures financed by the funds, the column „Nem uniós bevétel” shows the part provided by domestic funds and the column „Unió bevétel” shows the donor funds received from the EU. The row „EU források mindösszesen” shows the total of donor funds including funds in the budget and outside of it. The remaining tables on pages 282-287 list the exact appropriations where the donor funds appear in the budget.

The revenues are described on pages 1081-1084 that state what programs will be financed from the received funds. For example „Kohéziós Operatív Programok” (Operation Programmes financed by Cohesion Funds) finances most of the operative programmes like „Gazdaságfejlesztési és Innovációs Operatív Program” (Economic Development and Innovation Programmes), „Emberi Erőforrás Fejlesztési Operatív Program” (Human Resource Development), „Versenyképes Közép-Magyarország Operatív Program” (Competitiveness of Central Hungary), while „Vidékfejlesztési Program” finances agricultural development. The expenditures related to operative programmes are described in a more detailed way on pages 745-791 in Chapter XIX Developments financed from EU funds. This chapter explains the goals of the programmes but no performance indicator is attached for these goals.

There is no other significant donor assistance beside the EU funds.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

45. Does the Executive's Budget Proposal or any supporting budget documentation present information on tax expenditures for at least the budget year?

(The core information must include a statement of purpose or policy rationale for each tax expenditure, the intended beneficiaries, and an estimate of the revenue foregone.)

GUIDELINES:

Question 45 focuses on tax expenditures, asking whether “core” information related to these tax preferences is presented. These core components must include for both new and existing tax expenditures:

- a statement of purpose or policy rationale;
- a listing of the intended beneficiaries; and
- an estimate of the revenue foregone.

Tax expenditures arise as a result of exceptions or other preferences in the tax code provided for specified entities, individuals, or activities. Tax expenditures often have the same impact on public policy and budgets as providing direct subsidies, benefits, or goods and services. For example, encouraging a company to engage in more research through a special tax break can have the same effect as subsidizing it directly through the expenditure side of the budget, as it still constitutes a cost in terms of foregone revenues. However, expenditure items that require annual authorization are likely to receive more scrutiny than tax breaks that are a permanent feature of the tax code.

Beyond the core information, some governments may also provide other information about tax expenditures, including for example: the intended beneficiaries by sector and income class (distributional impact); a statement of the estimating assumptions, including the definition of the benchmark against which the foregone revenue is measured; and a discussion of tax expenditures as part of a general discussion of expenditures for those program areas that receive both types of government support (in order to better inform policy choices). For more details on tax expenditures, see Guide to Transparency in Public Finances: Looking Beyond the Core Budget (<http://internationalbudget.org/wp-content/uploads/Looking-Beyond-the-Budget.pdf>) and Principle 1.1.4 of the IMF's Fiscal Transparency Handbook (2018) (<https://www.elibrary.imf.org/view/IMF069/24788-9781484331859/24788-9781484331859/24788-9781484331859.xml>).

To answer “a,” the Executive's Budget Proposal or supporting documentation must present, for at least the budget year, all of the core information related to tax expenditures as well as some additional information beyond the core elements. To answer “b,” the Executive's Budget Proposal or supporting documentation must present all of the core components noted above. Answer “b” is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A “c” answer applies if some information related to tax expenditures is presented, but some of the core pieces of information are not included. Answer “d” applies if no information is presented on tax expenditures.

Answer:

c. Yes, information is presented, but it excludes some core elements or some tax expenditures.

Source:

In Hungarian: Főbb adó- és járulékkedvezmények
In English: Main tax and contribution exemptions
URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
page 292

In Hungarian: XLII. fejezet A költségvetés közvetlen bevételei és kiadásai
In English: Chapter XLII Direct revenues and expenditures of the budget
URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf
pages 1075, 1079

Comment:

The EBP presents the foregone revenues for many tax exemptions in the cited summary table on page 292. The first column presents the lower estimate ("alsó becslés"), the second the upper bound ("felső becslés") of the estimate. Apart from the summary table no further information is included about tax exemptions.

The narrative discussion only declares that the government took into account the changes in the tax exemption when the estimate for the revenue was made. On page 1075 it is stated that the plan for corporate income tax calculated with the maximalisation of the tax exemption because the total amount of tax exemptions was capped in 2020. On page 1079 at discussing the tax expenditures of personal income tax it was mentioned that the tax relief for women with four children, families with children and relief for first marriage decreased the total tax base. This is in the sentence „...a négy gyermekes nők, a gyermeket nevelő családok és az első házások kedvezményeivel csökkentett összevont adóalap 2021. évre tervezett összege 15 522 033,3 millió forint”. Additional information about the goal of the tax expenditures or the number of beneficiaries were not included. This additional information is mainly defined in other documents like the appropriate law or governmental press releases.

Peer Reviewer

Opinion: Agree

Comments: In the EBP beside the summary table about the tax expenditures (page 292) does not include further information about the purpose or policy rationale, except under The opinion of the Budget Council about the Executive Budget Proposal, where is mentioned that the calculations are based on the actual data of the tax reports and macroeconomic parameters, and the changes in each law (page: 319)

Government Reviewer

Opinion:

46. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of earmarked revenues for at least the budget year?

GUIDELINES:

Question 46 asks about estimates of earmarked revenues, which are revenues that may only be used for a specific purpose (for example, revenues from a tax on fuel that can only be used for building roads). This information is important in determining which revenues are available to fund the government's general expenses, and which revenues are reserved for particular purposes.

To answer "a," the Executive's Budget Proposal or supporting documentation must present for at least the budget year both estimates covering all earmarked revenues and a narrative discussing the earmarks. If a narrative discussion is not included, but estimates for all earmarked revenues are presented, then a "b" answer is appropriate. A "c" response applies if the presentation includes estimates covering only some, but not all, earmarked revenues (regardless of whether it also includes a narrative discussion). Answer "d" applies if no estimates of earmarked revenues are presented. An "e" response applies if revenue is not earmarked or the practice is disallowed by law or regulation.

Answer:

c. Yes, estimates of some but not all earmarked revenues are presented.

Source:

In Hungarian: 1. melléklet
In English: Appendix 1
URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
page 88-90

In Hungarian: XLVII. Gazdaságvédelmi Alap - 2/6/3 Energia- és klímapolitikai modernizációs rendszer
In English: Chapter XLVII Economy Protection Fund – 2/6/3 Energy and climate policy modernisation
URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf
pp. 1157-1158

Comment:

Generally the budget is globally financed, that means any revenue can be used to finance any expenditure. There are revenue sources that were levied for financing other related activities while reducing unwanted or detrimental effects.

In practice the authority responsible for planning makes an estimate for the revenue and similar expenditure items, but in case the revenue falls short it is not sure the expenditure will not be financed by some other source or in case the revenue surpasses the estimate it may be spent on a different expenditure. For example the social contribution tax has the purpose of financing pensions, but in the recent years the extra revenues were taken by the central government to finance other expenditures.

The rules of earmarked revenues are not very strong. Some of the chapters can be treated as earmarked revenues and their related expenditures. For example the Pension Insurance Fund and the social contribution tax as its revenue source on page 88, the Health Insurance Fund and social contributions as its revenue on pp. 89-90. These revenues finance broadly the linked purposes like pensions and healthcare services. For example the fat tax („népegészségügyi termékadó”) was levied to facilitate healthy diet and make the unhealthy foods costly and to finance public health programs. However in the budget this link is not clear the revenue is added with other sources and does not linked to specific expenditures. The justification for fat tax is in the first paragraph of act CIII of 2011 on the fat tax:
<https://net.jogtar.hu/jogszabaly?docid=a1100103.tv>

Other example is the revenue from selling CO2 quotas that has to be spent on „green goals”. On pp. 1157-1158 of the EBP the first table presents how much should be allocated to „green goals” and the below list presents the allocated projects. The list is not very detailed, more like general guides, for example „közúti közlekedés energiahatékony zöldítése” means green and energy-efficient public transport, „közszolgáltatások energetikai projektjeinek támogatás” means support for energy projects of public services, while „épület-nyilvántartás és szükséges adatbázisok összekapcsolása” means connecting real estate and other relevant databases. The table at the top of page 1158 shows the expenditure appropriations for these projects and the amount is exactly the sum calculated in the previous table. The presentation of this connection cannot be determined from Appendix 1: the expenditure item „Energia- és klímapolitikai modernizációs rendszer” is on page 80 while the revenue item „Kibocsátási egységek értékesítéséből származó bevételek” is on page 58. Because the connection is not clear from Appendix 1 as main table, only presented in the narrative discussion it is not a fine example for presenting earmarked revenues.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

Researcher Response

Thank you for adding the extra information! We checked the recommended sections of the EBP. Each chapter is presented in the described structure. The goals defined in the section I. The definitions are broad or legal references in most of the cases and provide minimal information about the goals of the Ministries. Similarly section III describes the activities of the institutions under the Ministries but in most of the cases the description only references goals and activities defined in laws or decrees. As mentioned by the Peer Reviewer in some cases the policy goals and the related activities can be found, so based on this we revised the answer to 'c'.

47. Does the Executive's Budget Proposal or any supporting budget documentation present information on how the proposed budget (both new proposals and existing policies) is linked to government's policy goals for the budget year?

GUIDELINES:

Questions 47 and 48 ask about information that shows how the budget (both new proposals and existing policies) is linked to the government's policy goals. The budget is the executive's main policy document, the culmination of the executive's planning and budgeting processes. Therefore, it should include a clear description of the link between policy goals and the budget – that is, an explicit explanation of how the government's policy goals are reflected in its budget choices. For an example of a discussion of a government's policy goals in the budget, see pages 13-18 of New Zealand's 2011 Statement of Intent (<http://www.treasury.govt.nz/publications/abouttreasury/soi/2011-16>), one of the many documents supporting its budget.

In some countries the government prepares strategic/development plans. These plans include all the policies the government is planning to implement for the budget year and very often cover a multi-year perspective. In some cases, these plans do not match the budget documentation, and it is possible that they are completely disconnected from the Executive's Budget Proposal. So the question is examining whether government policy plans are “translated” into revenue and expenditure figures in the actual budget documents.

Question 47 asks about the information covering the budget year, and Question 48 asks about the period at least two years beyond the budget year. To answer “a,” the Executive's Budget Proposal or supporting documentation must present both estimates of how the budget is linked to government's policy goals for the budget year (for Question 47) or for a multi-year period beyond the budget year (for Question 48) and a narrative discussion of how these policy goals are reflected in the budget. To answer “b” for either question, the Executive's Budget Proposal or supporting documentation must present estimates that show how the budget is linked to government's policy goals, but no narrative discussion is included. A “c” response applies if the presentation includes only a narrative discussion, or if it includes estimates that show how the budget is linked to some, but not all, of the government's policy goals (regardless of whether it also includes a narrative discussion). Answer “d” applies if no information is presented on how the budget is linked to government's policy goals.

Answer:

c. Yes, information that shows how the proposed budget is linked to some but not all of the government's policy goals for the budget year is presented.

Source:

In Hungarian: Az általános indokolás – A kormány gazdaságpolitikájának fő vonásai, az államháztartás alakulása a 2021. évben – II. Az államháztartás célja és keretei – 1. Költségvetéspolitikai keretek

In English: The General Justification – Main characteristics of the economic policy of the government, the state of the budget in 2021 – II. Goals and settings of the state finances – 1. Settings of the budgetary policy

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf

pp. 212-213

Comment:

The narrative discussion mentions goals only for FY 2021.

The goals presented on page 212 are rather general ones: the first goal is about protecting the people in the pandemic with financing the costs related to the pandemic, protecting jobs, creating jobs, restarting the economy after the economic recession, the second goal states that the government intends to preserve the existing family, housing and work-based policies, the third one declares that the above goals while keeping the fiscal deficit under the EU reference value and decrease the state debt.

According to the EBP, the goals are supported in the budget by two newly created funds: the Health Insurance and Anti-Epidemic Fund („Egészségbiztosítási és Járvány Elleni Védekezési Alap”) and Economy Protection Fund („Gazdaságvédelmi Alap”). The former collects the expenditures related to healthcare and anti-epidemic tasks, the latter shows the expenditures related to economic protection and employment and mainly investments included in it. The presentation suggests that the Anti-Epidemic Fund is linked to the health-related goals, the Economy Protection Fund to the economy-related goals.

Technically these may seem as goals, but in essence they do not become goals only by declaring them as „goals”. These are rather general statements and relevant to all governments, as all the government would support economic growth, job creation and tackling the consequences of the pandemic. No concrete information is provided what the government would like to achieve. The statements only list policies that are rather tools than goals.

Another problem is that the expenditures in the Economy Protection Fund and the Anti-Epidemic Fund are mainly already adopted policies (like building Paks II Nuclear Power Plant, Modern Cities and Hungarian Village Programs, infrastructure developments). These do not equal to new policies, only re-labeled as „funds for re-starting the economy”.

As another example on page 215 the government list the policies for job protection and restarting the economy. This may be good presentation for linking the goals and policies, but the goal is not explained. The sentence „Az eddig elért eredmények megőrzését, a munkahelyek védelmét, új munkahelyek teremtését és a gazdaság újraindítását szolgálja a kormány gazdaságvédelmi akciótérve. A program célja, hogy a magyar gazdaság sikeresen birkózzon meg a kihívásokkal és rövid idő alatt visszatérhessen a dinamikus növekedési pályájára” means that the economy protection plan serves the preservation of the achieved results, protecting the jobs, creation of new jobs and its aim is to prepare the economy to tackle the challenges and return to the dynamic growth path.

Because no goals could be identified in the EBP, we selected answer 'd'.

Peer Reviewer

Opinion: Disagree

Suggested Answer:

c. Yes, information that shows how the proposed budget is linked to some but not all of the government's policy goals for the budget year is presented.

Comments: In the EBP the justification of each chapter presents the followings: I. Defining, listing and quantifying goals and expected results II. Resources available to meet the goals in 2021 (financial and human resources) III. How to achieve the goals In this sense it is presented in the EBP the goals of each institution but the connection with the government policy (presented on pp 211-224) it is not always clear which might be due that there is not a clear method in the EBP how to connect them (for example with individual codes, or at least clear reference to the priorities presented in the government policy. The descriptions of the goals of each budgetary chapter is defined in most of the cases based on the function of individual institutions but in some cases the description goes beyond that, and are included some elements of the government's policy, or the connection can be identified. For this reason we would suggest "c"

Government Reviewer

Opinion:

Researcher Response

Thank you for adding the extra information! We checked the recommended sections of the EBP. Each chapter is presented in the described structure. The goals defined in the section I. The definitions are broad or legal references in most of the cases and provide minimal information about the goals of the Ministries. Similarly section III describes the activities of the institutions under the Ministries but in most of the cases the description only references goals and activities defined in laws or decrees. As mentioned by the Peer Reviewer in some cases the policy goals and the related activities can be found, so based on this we revised the answer from "d" to "c."

48. Does the Executive's Budget Proposal or any supporting budget documentation present information on how the proposed budget (both new proposals and existing policies) is linked to government's policy goals for a multi-year period (for at least two years beyond the budget year)?

GUIDELINES:

Questions 47 and 48 ask about information that shows how the budget (both new proposals and existing policies) is linked to the government's policy goals. The budget is the executive's main policy document, the culmination of the executive's planning and budgeting processes. Therefore, it should include a clear description of the link between policy goals and the budget – that is, an explicit explanation of how the government's policy goals are reflected in its budget choices. For an example of a discussion of a government's policy goals in the budget, see pages 13-18 of New Zealand's 2011 Statement of Intent (<http://www.treasury.govt.nz/publications/abouttreasury/soi/2011-16>), one of the many documents supporting its budget.

In some countries the government prepares strategic/development plans. These plans include all the policies the government is planning to implement for the budget year and very often cover a multi-year perspective. In some cases, these plans do not match the budget documentation, and it is possible that they are completely disconnected from the Executive's Budget Proposal. So the question is examining whether government policy plans are "translated" into revenue and expenditure figures in the actual budget documents.

Question 47 asks about the information covering the budget year, and Question 48 asks about the period at least two years beyond the budget year. To answer "a," the Executive's Budget Proposal or supporting documentation must present both estimates of how the budget is linked to government's policy goals for

the budget year (for Question 47) or for a multi-year period beyond the budget year (for Question 48) and a narrative discussion of how these policy goals are reflected in the budget. To answer "b" for either question, the Executive's Budget Proposal or supporting documentation must present estimates that show how the budget is linked to government's policy goals, but no narrative discussion is included. A "c" response applies if the presentation includes only a narrative discussion, or if it includes estimates that show how the budget is linked to some, but not all, of the government's policy goals (regardless of whether it also includes a narrative discussion). Answer "d" applies if no information is presented on how the budget is linked to government's policy goals.

Answer:

d. No, information on the link between the budget and the government's stated policy goals for a multi-year period is not presented.

Source:

In Hungarian: Az általános indokolás – A kormány gazdaságpolitikájának fő vonásai, az államháztartás alakulása a 2021. évben – II. Az államháztartás célja és keretei – 1. Költségvetéspolitikai keretek

In English: The General Justification – Main characteristics of the economic policy of the government, the state of the budget in 2021 – II. Goals and settings of the state finances – 1. Settings of the budgetary policy

URL: https://www.parlament.hu/irom41/10710/T_10710_fokotet.pdf
pp. 212-213

Comment:

The narrative discussion mentions goals only for FY 2021.

The goals presented on page 212 are rather general ones: the first goal is about protecting the people in the pandemic with financing the costs related to the pandemic, protecting jobs, creating jobs, restarting the economy after the economic recession, the second goal states that the government intends to preserve the existing family, housing and work-based policies, the third one declares that the above goals while keeping the fiscal deficit under the EU reference and decrease the state debt.

Practically the third one is not a goal, but a legal requirement as the government is obliged to prepare budgets that decrease the debt-to-GDP ratio.

The second one hardly can be treated as goal because the policies are „tools” for achieving certain goals and these goals are not presented. The first one is a consequence of external factors because due to the pandemic the government must spend more on healthcare, work-related expenditures and investment subsidies to tackle the economic effects.

Technically, based on solely the instructions the above mentioned statements can be treated as goals, even for multi-year period, but only because the government declares these „goals”. However from logical perspective these are not true goals because they are too general to justify the new policy proposals and why these were selected instead of other ones. Also these goals are hard to measure, hence it cannot be identified how the government progressed in the implementation of the goals. Moreso many of the statements apply to all the governments in the world (decreasing state debt, maintaining fiscal discipline, supporting economic growth) and relevant for multi-year period.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

49. Does the Executive's Budget Proposal or any supporting budget documentation present nonfinancial data on inputs to be acquired for at least the budget year?

GUIDELINES:

Question 49 asks about the availability of nonfinancial data on inputs for the budget year. (Nonfinancial data on outputs and outcomes are addressed in Question 50.)

The budget should disclose not only the amount of money that is being allocated on a program but also any information needed to analyze that expenditure. Nonfinancial data and performance targets associated with budget proposals are used to assess the success of a given policy. For example, even when allocated funds are spent according to plan, there remains the question of whether the policy delivered the results that it aimed to achieve.

Nonfinancial data can include information on:

Inputs - These are the resources assigned to achieve results. For example, in regards to education, nonfinancial data on inputs could include the number of books to be provided to each school or the materials to be used to build or refurbish a school.

Outputs - These are products and services delivered as a result of inputs. For example, the number of pupils taught every year; the number of children that received vaccines; or the number of beneficiaries of a social security program.

Outcomes - These are the intended impact or policy goals achieved. For example, an increase in literacy rates among children under 10, or a reduction in rates of maternal mortality.

In addition, governments that set performance targets must use nonfinancial data for outputs and outcomes to determine if these targets have been met.

To answer "a," the Executive's Budget Proposal or supporting documentation must present, for at least the budget year, nonfinancial data on inputs for each individual program within all administrative units (ministries, departments, and agencies). It is also acceptable if nonfinancial data on inputs for each individual program is organized by functions. To answer "b," the Executive's Budget Proposal or supporting documentation must present nonfinancial data on inputs for all administrative units or all functions, but not for each individual program (or even for any programs) within those administrative units or functions. A "c" response applies if nonfinancial data on inputs are presented only for some programs and/or some administrative units or some functions. Answer "d"

applies if no nonfinancial data on inputs is presented.

Answer:

b. Yes, nonfinancial data on inputs are presented for all administrative units (or functions) but not for all (or any) programs.

Source:

In Hungarian: XVII. Innovációs és Technológiai Minisztérium – 8. cím Szakképzési Centrumok

In English: Chapter XVII Ministry for Innovation and Technology – Title 8 Centers of technical vocational training

URL: https://www.parlament.hu/irom41/10710/T_10710_I_fejezeti.pdf

pp. 687-688

In Hungarian: XVII. Innovációs és Technológiai Minisztérium – 20/67/7 jogcímcsoport Nemzetközi, európai uniós és határon túli felsőoktatási feladatok, programok támogatása

In English: Chapter XVII Ministry for Innovation and Technology – Appropriation 20/67/7 Support for international, EU and cross-border tertiary educational tasks and programs

URL: https://www.parlament.hu/irom41/10710/T_10710_I_fejezeti.pdf

page 717

In Hungarian: XX. Emberi Erőforrások Minisztériuma – 20/19/13 Gyermekvédelmi Lakás Alap

In English: Chapter XX Ministry of Human Capacities – 20/19/13 Child protection housing fund

URL: https://www.parlament.hu/irom41/10710/T_10710_II_fejezeti.pdf

page 896

In Hungarian: XXXIV. Magyar Művészeti Akadémia – Életjáradék

In English: Chapter XXXIV Hungarian Academy of Arts – Annuities

URL: https://www.parlament.hu/irom41/10710/T_10710_II_fejezeti.pdf

page 1028

Comment:

The chapter-level narrative discussions generally present the allowed number of employees for each institution. For example in the case of the centers of technical vocational training the allowed number of employees is 28.876 persons as shown in the column "Átlagos statisztikai állományi létszám (fő)" on page 688. This mainly explains the expenditure of compensation of employees and social contributions.

For other cases there are sporadic information about nonfinancial data on inputs. We found only the below examples in the whole document. The title of centres of technical vocational training mentions that about 200 thousand students attend the secondary vocational schools in the 2019/2020 semester and this number is expected to increase for 2020/2021. This is in the sentence „A 2019/2020. tanév tanulólétszáma meghaladta a 200 ezer főt. A 2021. költségvetési évet érintő tanévekben a szakképzési rendszer változásainak hatására a szakképzésben részt vevők számának növekedése várható”. More specific data is described for the international tertiary educational programs on page 717 and the child protection housing fund on page 896. For the educational program it is explained that the allocated funds finance the mobility of at least 300 students, enable at least 25 Hungarian teacher to join international courses, provide scholarship for 100 Hungarian teacher outside Hungary and support at least 20 student organisation. This is stated in the paragraph starting with „A feladat felhasználásának célja”. The child protection housing fund provides housing support for 1.100 young adult leaving childcare services and the same number of beneficiaries are expected for 2021. This is in „Az előirányzatból az elmúlt években évente közel 1.100 szakellátásból kikerült fiatal felnőtt lakhatási támogatása valósult meg, a támogatásra jogosultak száma 2021-ben várhatóan hasonlóan alakul”.

The Hungarian Academy of Arts included a calculation table for the increase of annuities of the members. In the table on page 1028 the number of members are shown in the first column (250 for ordinary members and 50 for corresponding members) and the following columns show the annuity per month per person for 2020, for 2021, the change from previous year and the total amount of expenditures. The annuity per person does not include the social contribution tax, hence the 15,5% tax has to be added to it to get the total amount.

The number of employees is the only input that presented systematically for all the institutions, while for other cases minimal information is provided.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

50. Does the Executive's Budget Proposal or any supporting budget documentation present nonfinancial data on results (in terms of outputs or outcomes) for at least the budget year?

GUIDELINES:

Question 50 asks about the availability of nonfinancial data on results for the budget year. Nonfinancial data on results can include data on both outputs and outcomes, but not on inputs (which are addressed in Question 49).

To answer "a," the Executive's Budget Proposal or supporting documentation must present, for at least the budget year, nonfinancial data on results for each individual program within all administrative units (ministries, departments, and agencies). It is also acceptable if nonfinancial data on results for each individual program is organized by functional classification. To answer "b," the Executive's Budget Proposal or supporting documentation must present

nonfinancial data on results for all administrative units or all functional classifications, but not for each individual program (or even for any programs) within those administrative units or functions. A "c" response applies if nonfinancial data on results are presented only for some programs and/or some administrative units or some functions. Answer "d" applies if no nonfinancial data on results is presented.

Answer:

d. No, nonfinancial data on results are not presented.

Source:

In Hungarian: XLVII. Gazdaságvédelmi Alap - 1/4. Az állami vagyongazdálkodás gazdaságvédelmi központi kezelésű előirányzatai
In English: Chapter XLVII Economy Protection Fund – 1/4. Centrally managed appropriations of state asset management related to economy protection
URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf
page 1132

In Hungarian: XLVII. Gazdaságvédelmi Alap - 2/9/2. Aktív kikapcsolódást szolgáló feladatok, programok, beruházások
In English: Chapter XLVII Economy Protection Fund – 2/9/2. Tasks, programs and investments serving active recreation
URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf
page 1169

In Hungarian: XLVII. Gazdaságvédelmi Alap - 3/2. Programszerű magaspítési beruházások
In English: Chapter XLVII Economy Protection Fund – 3/2. Building construction programs
URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf
page 1172

Comment:

The narrative discussion describes the aim of the appropriations mostly in legal terms, sometimes in practical terms, but does not attach to it numerical expected results systematically. As cited there are sporadic examples for nonfinancial results but these only describe the constructed asset.

In the first example the government explains that the intended 2 billion HUF is for building halls with 35 thousand squaremeters floorspace in industry parks. This is in the paragraph „Az ipari parkok kialakítása, fejlesztése céljából 2021. évi tervezett összeg 2000,0 millió forint, amely 35 000 m2 csarnok megvalósítására ad lehetőséget a NIPÜF Nemzeti Ipari Park Üzemeltető és Fejlesztő Zrt. számára.”

The second example mentions that the appropriation of 3,5 billion HUF should cover the refurbishment of 15 tourist house. This is in the sentence „A rendelkezésre álló forrásból 2021. évben előreláthatóan 15 turistaház fejlesztésére és energetikai korszerűsítésére kerül sor”.

The third example lists several building constructions. In the block „Tornaterem fejlesztések megvalósítása a következő településeken” the gymnasiums and their allocated appropriations are presented, while the next one („Tanuszoda fejlesztések megvalósítása a következő településeken”) shows the swimming pool constructions.

The EBP only shows numerical non-financial data related to certain investments, but without the context and performance in previous years it cannot be evaluated if the allocated funds are used effectively. Because the non-financial data is sporadic and does not provide any base for evaluating the performance we maintained answer „d”.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

51. Are performance targets assigned to nonfinancial data on results in the Executive's Budget Proposal or any supporting budget documentation?

GUIDELINES:

Question 51 asks about performance targets assigned to nonfinancial data on results for the budget year. The question applies to those nonfinancial results shown in the budget, and that were identified for purposes of Question 50.

To answer "a," the Executive's Budget Proposal or supporting documentation must assign performance targets to all nonfinancial data on results shown in the budget for at least the budget year. To answer "b," the Executive's Budget Proposal or supporting documentation must assign performance targets to a majority (but not all) of the nonfinancial data on results shown in the budget. A "c" response applies performance targets are assigned only to less than half of the nonfinancial data on results. Answer "d" applies if no performance targets are assigned to nonfinancial data on results shown in the budget, or the budget does not present nonfinancial results.

Answer:

d. No, performance targets are not assigned to nonfinancial data on results, or the budget does not present nonfinancial data on results.

Source:

In Hungarian:XX. Emberi Erőforrások Minisztériuma - III.5. Az uniós források felhasználásának szerepe a felügyelt ágazatban - Egészségügyi ágazat
In English: Chapter XX Ministry of Human Capacities – III.5. Use of funds from the EU in the managed sectors - Healthcare

URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf
page 932

In Hungarian: XLVII. Gazdaságvédelmi Alap - 2/6/3 Energia- és klímapolitikai modernizációs rendszer
In English: Chapter XLVII Economy Protection Fund – 2/6/3 Energy and climate policy modernisation
URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf
page 1156

Comment:

There are no systemic performance targets since there are no regular performance indicators in the EBP either at chapter or functional level. In some cases there are quantified goals, but those are sporadic in the document. The below mentioned examples are either outdated or not used to measure the effective use of funds, so we did not evaluate them as performance goals.

On page 932 some targets are mentioned related to the healthcare sector. The goals were stated in the „Egészséges Magyarország 2014-2020” (Healthy Hungary 2014-2020) strategy, but the goals were determined for 2020 and are not valid for FY 2021. The goals are general health indicators like increasing the expected years in health by 2 years, increasing the life expectancy at birth, decreasing the standardised mortality rate by 10%, increasing the personal and social value of physical and mental health, promoting the healthy behaviour, decreasing the regional differences in the health indicators.

On page 1156 similar strategy goals were mentioned related to „Nemzeti Energiastratégia” (National Energy Strategy). The described goals are increasing the share of renewable energy to 21%, increasing the photovoltaic capacity to 6000 MW by 2030, decreasing the emission of greenhouse effect gases by 40% by 2030, increasing the share of energy production with zero-carbon emission to 90% by 2030, installing 1 million smart consumption measuring tools. The goals are mentioned at the „Energia- és klímapolitikai modernizációs rendszer” appropriation, but it is not assured that the goals are only financed by this appropriation. For example other energy investments are in other appropriations, like Paks II Nuclear Energy Plant will contribute to lower carbon emission, but the expenditure is on page 1131. Based on the above it is not clearly described that the use of these funds will be measured by the strategic goals.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

52. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of policies (both new proposals and existing policies) that are intended to benefit directly the country's most impoverished populations in at least the budget year?

GUIDELINES:

Question 52 asks whether the budget highlight policies, both new and existing, that benefit the poorest segments of society. This question is intended to assess only those programs that directly address the immediate needs of the poor, such as through cash assistance programs or the provision of housing, rather than indirectly, such as through a stronger national defense. This information is of particular interest to those seeking to bolster government's commitment to anti-poverty efforts. For purposes of answering this question, a departmental budget (such as the Department of Social Welfare) would not be considered acceptable. In general, this question is asking whether the EBP includes a special presentation that pulls together estimates of all the relevant policies in one place. However, if the country uses "program budgeting," where programs are presented as expenditure categories with specific and identified objectives, and it identifies anti-poverty programs within each administrative unit, then that is also acceptable for this question.

The IBP Budget Brief, "How Transparent are Governments When it Comes to Their Budget's Impact on Poverty and Inequality?"

(<https://www.internationalbudget.org/wp-content/uploads/government-transparency-of-budgets-impact-on-poverty-inequality-ibp-2019.pdf>) includes a discussion of countries that have provided information on how its policies affect the poor.

For instance, Pakistan provides a detailed breakdown of pro-poor expenditure as part of its 2017-18 budget proposal. In one document, the government sets out policy priorities, expected outputs, and estimates of past and future spending for several programs aimed at poverty alleviation. Another supporting document provides a comprehensive overview of ongoing policies, including a chapter on social safety nets, covering both financial and performance information of poverty alleviation schemes over a period of eight years. (http://www.finance.gov.pk/budget/mtbf_2018_21.pdf and http://www.finance.gov.pk/survey_1718.html).

To answer "a," the Executive's Budget Proposal or supporting documentation must for at least the budget year both present estimates covering all policies that are intended to benefit the most impoverished populations and include a narrative discussion that specifically addresses these policies. (For countries using program budgeting that breaks out individual anti-poverty programs, there should be a separate narrative associated with each such program.) Answer "b" if a narrative discussion is not included, but estimates for all policies that are intended to benefit the most impoverished populations are presented. Answer "c" if the presentation includes estimates covering only some, but not all, policies that are intended to benefit the most impoverished populations (regardless of whether it also includes a narrative discussion). Answer "d" if no estimates of policies that are intended to benefit the most impoverished populations are presented.

Answer:

c. Yes, estimates of some but not all policies that are intended to benefit directly the country's most impoverished populations are presented.

Source:

In Hungarian: XIV. Belügyminisztérium – 20/5 Társadalmi felzárkózást segítő programok

In English: Chapter XIV Ministry of Interior – 20/5 Programs for social integration
URL: https://www.parlament.hu/irom41/10710/T_10710_I_fejezeti.pdf
pp. 622-629

In Hungarian: XIX. Uniós fejlesztések - 03/01 Kohéziós politikai operatív programok 2014-2020 alcím - 03/01/08 Rászoruló Személyeket Támogató OP (RSZTOP) jogcímcsoport
In English: Chapter XIX Union developments – 03/01 Cohesion politics operational programmes 2014-2020 – 03/01/08 Operational programmes for supporting the most impoverished
URL: https://www.parlament.hu/irom41/10710/T_10710_I_fejezeti.pdf
pp. 776-778

In Hungarian: XLVII. Gazdaságvédelmi Alap – 2/8/5/4 Megváltozott munkaképességű munkavállalók foglalkoztatásának támogatása
In English: Chapter XLVII Economy Protection Fund – 2/8/5/4 Employment programs for disabled persons
URL: https://www.parlament.hu/irom41/10710/T_10710_II_fejezeti.pdf
pp. 1166-1167

Comment:

The policies or expenditures intended for the most impoverished population are included fully in the EBP, but the exact amount allocated for this group cannot be determined.

Previously the bulk of these programs were collected under the Ministry of Human Capacities, but in the EBP for FY 2021 these were dispersed among several chapters. The cited examples are presented separately but there are other expenditures in the EBP that are not shown separately. The programs for social integration include expenditures for social integration, scholarships and educational programs for the most impoverished. The operational programme for the most impoverished provides food and basic goods for the most deprived, like poor families, homeless persons, disabled persons and elder persons with low income. The third cited example is the wage support and related expenditures for the employment of disabled persons.

The most impoverished can also receive support from the subsidies of local governments and the general social benefits. The local governments can apply for subsidy for providing social services to homeless persons, disabled persons or social catering. This subsidy is presented in the EBP aggregated with other subsidies of the local governments as subsidies of social services that also includes funds for maintaining nurseries and kindergartens (on page 432 in the appropriation „A települési önkormányzatok egyes szociális és gyermekjóléti feladatainak támogatása”). The same applies to the general social subsidies because the distribution of the subsidies among different social groups is not presented, hence it is unknown how much of it the most impoverished persons receive. The social subsidies are grouped by legal terms instead (on pp. 923-925).

While all the policies and expenditures are included in the EBP, most of them are aggregated with other expenditures, hence “buried” in the numbers, so not all the policies and expenditures can be assessed exactly.

Peer Reviewer

Opinion: Agree

Comments: The policies related to the support of the most impoverished population of the country, or the support of the institutional care system is an integral part of the electoral campaigns, and it is included also in the policy of the government. In this way in the narrative justification these priorities are often highlighted nevertheless the budgetary allocation is spread among different institutions and chapters, and the social care system falls under the remit of the municipalities and local governments.

Government Reviewer

Opinion:

53. Does the executive release to the public its timetable for formulating the Executive’s Budget Proposal (that is, a document setting deadlines for submissions from other government entities, such as line ministries or subnational government, to the Ministry of Finance or whatever central government agency is in charge of coordinating the budget’s formulation)?

GUIDELINES:

Question 53 asks about the budget timetable. An internal timetable is particularly important for the executive’s management of the budget preparation process, in order to ensure that the executive accounts for the views of the different departments and agencies in the proposed budget. The timetable would, for instance, set deadlines for submissions from other government entities, such as line ministries or subnational government, to the Ministry of Finance or whatever central government agency is in charge of coordinating the budget’s formulation. So that civil society is aware of the various steps in the budget formulation process, and when opportunities may exist to engage the executive, it is essential that this timetable be made available to the public.

To answer “a,” the executive must prepare a detailed budget timetable and release it to the public. A “b” answer applies if the timetable is made public, but some details are not included. A “c” response applies if the timetable is made public, but many important details are excluded, reducing its value for those outside government. Answer “d” applies if no timetable is made available to the public. As long as a timetable for formulating the Executive’s Budget Proposal is released, answer “a,” “b,” or “c” may be selected, even if the Executive’s Budget Proposal is not made publicly available.

Answer:

a. Yes, a detailed timetable is released to the public.

Source:

In Hungarian: Tájékoztató a 2019. évi költségvetési törvényjavaslat összeállításához szükséges feltételekről és az érvényesítendő követelményekről – I. A tervezés ütemezése, paraméterei

In English: Informant on the assumptions and requirements for the tabling Executive's Budget Proposal for FY 2019 – I. Timetable and parameters for formulating the budget
https://ngmszakmaiteruletek.kormany.hu/download/c/66/92000/2021_TT.pdf
page 2

Comment:

The timetable contains information primarily to the budgetary institutions.

According to the published timetable the ministries were required to prepare their summarised budget plan based on the parameters provided by the Ministry of Finance and upload the plan until 4 May. Then the Ministry of Finance prepared the main volume of the budget proposal. The government discussed the proposal and forwarded it to the Fiscal Council for review. After the review the government made the recommended modifications (if needed) and submitted the proposal to the National Assembly until 19 May. The ministries had to send the narrative discussions of their chapters to the Ministry of Finance until 25 May, and the Finance Minister submitted it to the National Assembly in 10 days after the submission of the main volume.

The main dates were published in the timetable. Only the submission dates are important for the public, the other dates are technical deadlines for the institutions.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

54. Does the Pre-Budget Statement present information on the macroeconomic forecast upon which the budget projections are based?

(The core information must include a discussion of the economic outlook with estimates of nominal GDP level, inflation rate, real GDP growth, and interest rates.)

GUIDELINES:

Question 54 focuses on the macroeconomic forecast that underlies the Pre-Budget Statement, asking whether "core" information related to the economic assumptions is presented. These core components include a discussion of the economic outlook as well as estimates of the following:

- nominal GDP level;
- inflation rate;
- real GDP growth; and
- interest rates.

Beyond these core elements, some governments also provide additional information related to the economic outlook, including for instance: short- and long-term interest rates; the rate of employment and unemployment; GDP deflator; price of oil and other commodities; current account; exchange rate; and composition of GDP growth.

To answer "a," the Pre-Budget Statement must present all of the core information related to the macroeconomic forecast as well as some additional information beyond the core elements. To answer "b," the Pre-Budget Statement must present all of the core components noted above. Answer "b" is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A "c" answer applies if some information related to the macroeconomic forecast is presented, but some of the core pieces of information are not included. Answer "d" applies if no information on the macroeconomic forecast is presented.

Answer:

d. No, information related to the macroeconomic forecast is not presented.

Source:

N/A

Comment:

The government did not publish a Pre-Budget Statement.

The government published a Macroeconomic and Budget Outlook in December 2019 that included a macroeconomic forecast, about 4-5 months before the submission of the EBP. Because of the pandemic the forecast was different from the one included in the EBP. It is more important that the document was prepared assuming unchanged policies as stated on page 20 in „A költségvetési kitekintés az eddig meghozott kormányzati intézkedések figyelembevételével készült” and rather part of the medium-term fiscal package required by the European Commission than a Pre-Budget Statement to present the proposed policies and the related macroeconomic and budgetary assumptions before the submission. The new, proposed policies were not mentioned in the document, hence we did not consider it as a Pre-Budget Statement.

URL to the Macroeconomic and Budget Outlook:

[https://2015-](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse)

[2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse)

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

55. Does the Pre-Budget Statement present information on the government's expenditure policies and priorities that will guide the development of detailed estimates for the upcoming budget?

(The core information must include a discussion of expenditure policies and priorities and an estimate of total expenditures.)

GUIDELINES:

Question 55 focuses on the government's expenditure policies and priorities in the Pre-Budget Statement, asking whether "core" information related to these policies is presented. These core components include:

- a discussion of expenditure policies and priorities; and
- an estimate of total expenditures.

Although a Pre-Budget Statement is unlikely to include detailed programmatic proposals (such detailed information is typically only presented in the budget itself), it should include a discussion of broad policy priorities and a projection of at least total expenditures associated with these policies for the budget year. The Pre-Budget Statement can include some detail, for instance, estimates provided by any of the three expenditure classifications – by administrative, economic, and functional classifications.

To answer "a," the Pre-Budget Statement must present for the upcoming budget year all of the core information related to the government's expenditure policies and priorities as well as some additional information beyond the core elements. To answer "b," the Pre-Budget Statement must present all of the core components noted above for the upcoming budget year. Answer "b" is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A "c" answer applies if some information related to the government's expenditure policies and priorities is presented, but some of the core pieces of information are not included. Answer "d" applies if no information on the government's expenditure policies and priorities is presented.

Answer:

d. No, information related to the government's expenditure policies and priorities is not presented.

Source:

N/A

Comment:

The government did not publish a Pre-Budget Statement.

The government published a Macroeconomic and Budget Outlook in December 2019, but that document did not include any guidance about the new expenditure policies or priorities for the upcoming budget. First on page 20 it is stated that the document assumed unchanged policies and already took into consideration the already adopted policies when said „A költségvetési kitekintés az eddig meghozott kormányzati intézkedések figyelembevételével készült”. The budgetary policies were described on pages 20-24, but all the policies had been already adopted or started in 2020. No proposed policy were mentioned that would be included in the EBP for FY 2021. The document included a table about the expenditures on page 27, but based on the no-change policy and the fact that most of the expenditures were aggregated to the line „Költségvetési szervek és szakmai fejezeti kezelésű előirányzatok” (Budgetary institutions and chapter-administered appropriations) it did not present the new policy proposals or the changes in the expenditures.

The government also published a resolution about the mid-term budgetary plans at chapter-level (by ministries). This document presented the total expenditures for ministries to use when preparing their budget plans, but deviations may occur during formulating the plans. The expenditure numbers were included in the column „2021. évi irányszám - Kiadás”. The resolution did not provide any explanation for the yearly changes, so the changes can either be attributed to new policies or shift from other ministries. Without the narrative discussion this could not be identified, so we did not evaluate the resolution as Pre-Budget Statement.

URL to the Macroeconomic and Budget Outlook:

[https://2015-](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202019-2023%29.pdf#!DocumentBrowse)

[2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202019-2023%29.pdf#!DocumentBrowse](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202019-2023%29.pdf#!DocumentBrowse)

URL to the government resolution on mid-term budgetary plans:

<http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK19215.pdf>
pp. 10267-10268

Peer Reviewer
Opinion: Agree

Government Reviewer

Opinion:

56. Does the Pre-Budget Statement present information on the government's revenue policies and priorities that will guide the development of detailed estimates for the upcoming budget?

(The core information must include a discussion of revenue policies and priorities and an estimate of total revenues.)

GUIDELINES:

Question 56 focuses on the government's revenue policies and priorities in the Pre-Budget Statement, asking whether "core" information related to these policies is presented. These core components include:

- a discussion of revenue policies and priorities; and
- an estimate of total revenue.

Although a Pre-Budget Statement is unlikely to include detailed revenue proposals, it should include a discussion of broad policy priorities and a projection of at least the total revenue associated with these policies for the budget year. The Pre-Budget Statement can also include more detail, for instance, with estimates provided by revenue category – tax and non-tax – or some of the major individual sources of revenue, such as the Value Added Tax or the income tax.

To answer "a," the Pre-Budget Statement must present for the upcoming budget year all of the core information related to the government's revenue policies and priorities as well as some additional information beyond the core elements. To answer "b," the Pre-Budget Statement must present all of the core components noted above for the upcoming budget year. Answer "b" is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A "c" answer applies if some information related to the government's revenue policies and priorities is presented, but some of the core pieces of information are not included. Answer "d" applies if no information on the government's revenue policies and priorities is presented.

Answer:

d. No, information related to the government's revenue policies and priorities is not presented.

Source:

N/A

Comment:

The government did not publish a Pre-Budget Statement.

The government published a Macroeconomic and Budget Outlook in December 2019, but that document did not include any guidance about the new revenue policies or priorities for the upcoming budget. First on page 20 it is stated that the document assumed unchanged policies and already took into consideration the already adopted policies when said „A költségvetési kitékintés az eddig meghozott kormányzati intézkedések figyelembevételével készült”. The revenue policies were mentioned as general policies like the government's goal was the reduction of deficit and decreasing the debt-to-GDP ratio or the already adopted policies were listed like decreasing the tax of small enterprises from 13 to 12% from 2020. Concrete policy proposals for the planned budget for FY 2021 were not discussed in the document, so we did not evaluate it as Pre-Budget Statement.

The government also published a resolution about the mid-term budgetary plans at chapter-level (by ministries). The revenue numbers were included in the column „2021. évi irányszám - Bevétel”. The yearly changes were not explained, so they can either be attributed to new revenue policies or the macroeconomic assumptions. Without the narrative discussion and the omission of planned policies, we did not consider it as Pre-Budget Statement.

URL to the Macroeconomic and Budget Outlook:

[https://2015-](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse)

[2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse)

URL to the government resolution on mid-term budgetary plans:

<http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK19215.pdf>

pp. 10267-10268

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

57. Does Pre-Budget Statement present three estimates related to government borrowing and debt: the amount of net new borrowing required during the

budget year; the total debt outstanding at the end of the budget year; and interest payments on the debt for the budget year?

GUIDELINES:

Question 57 asks whether the Pre-Budget Statement includes three key estimates related to borrowing and debt:

- *the amount of net new borrowing needed in the upcoming budget year;*
- *the central government's total debt burden at the end of the upcoming budget year; and*
- *the interest payments on the outstanding debt for the upcoming budget year.*

Debt is the accumulated amount of money that the government borrows. The government can borrow from its citizens, banks, and businesses within the country (domestic debt) or from creditors outside the country (external debt). External debt is typically owed to private commercial banks, other governments, or international financial institutions such as the World Bank and the International Monetary Fund.

Net new borrowing is the additional amount of new borrowing that is required for the budget year to finance expenditures in the budget that exceed available revenues. Net new borrowing adds to the accumulated debt. It is distinct from gross borrowing, which also includes borrowing needed to repay existing debt that matured during the budget year; debt that is replaced (or rolled over) does not add to the total of accumulated debt. For the purposes of this question, the deficit may be accepted as a proxy for net new borrowing.

Interest payments on the debt (or debt service costs) are typically made at regular intervals, and these payments must be made on a timely basis in order to avoid defaulting on the debt obligation. Interest payments are separate from the repayment of principal, which occurs only when the loan has matured and must be paid back in full.

To answer "a," the Pre-Budget Statement must present all three estimates of borrowing and debt for at least the upcoming budget year. For a "b" answer, the Pre-Budget Statement must present two of those three estimates. For a "c" answer, the PBS must present one of the three estimates. Answer "d" applies if no information on borrowing and debt is presented in the PBS.

Answer:

d. No, none of the three estimates related to government borrowing and debt are not presented.

Source:

N/A

Comment:

The government did not publish a Pre-Budget Statement.

The government published an expected debt for the next three years in a resolution about mid-term budgetary numbers. These are in the lines „Államadósság” (Total government debt) and „Államadósság a GDP százalékában” (Total government debt as percent of GDP). However the document itself is not a Pre-Budget Statement because it does not contain a description of the planned policies, sectoral strategies or an assessment of the current situation. The goal of the document was easing the planning of the budgetary institutions for the upcoming year.

URL to the government resolution on mid-term budgetary plans:

<http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK19215.pdf>
pp. 10267-10268

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

58. Does the Pre-Budget Statement present estimates of total expenditures for a multi-year period (at least two-years beyond the budget year)?

GUIDELINES:

Question 58 asks about multi-year expenditure estimates in the Pre-Budget Statement.

To answer "a," expenditure estimates for at least two years beyond the upcoming budget year must be presented. The estimates must be for at least total expenditures, but could include more detail than just the aggregate total.

Answer:

b. No, multi-year expenditure estimates are not presented.

Source:

N/A

Comment:

The government did not publish a Pre-Budget Statement.

The government published two documents before the EBP. The macroeconomic and budgetary outlook in December 2019 and a resolution about mid-term budgetary numbers in the same month.

Only the budgetary outlook included total expenditures two years beyond the budget year (on page 27), but because the lack of explanation of planned policies we did not evaluate this document as Pre-Budget Statement. On page 20 the document stated that „A költségvetési kitekintés az eddig meghozott kormányzati intézkedések figyelembevételével készült” meaning the outlook was based on the already adopted policies. Also the listed policies on pages 20-24 were all for FY 2020 or earlier and no new policy were mentioned. Based on the above we did not consider the document as Pre-Budget Statement.

URL to the Macroeconomic and Budget Outlook:

[https://2015-](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1g%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse)

[2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1g%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse](https://2015-2019.kormany.hu/download/c/7e/b1000/Makrogazdas%C3%A1g%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%20%282019-2023%29.pdf#!DocumentBrowse)

URL to the government resolution on mid-term budgetary plans:

<http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK19215.pdf>
pp. 10267-10268

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

59. Does the Enacted Budget present expenditure estimates by any of the three expenditure classifications (by administrative, economic, or functional classification)?

GUIDELINES:

Question 59 asks if expenditure estimates in the Enacted Budget are presented by any one of the three expenditure classifications – by administrative, economic, and functional classifications – which were addressed in Questions 1-5 above. Each of the classifications answers a different question: administrative unit indicates who spends the money; functional classification shows for what purpose is the money spent; and economic classification displays what the money is spent on. Unlike classification by administrative unit, which tends to be unique to each country, functional and economic classifications for government budgeting have been developed and standardized by international institutions. Cross-country comparisons are facilitated by adherence to these international classification standards.

To answer “a,” the Enacted Budget must present expenditure estimates by all three of the expenditure classifications. To answer “b,” expenditure estimates must be presented by two of the three classifications. A “c” answer applies if expenditure estimates are presented by one of the three classifications. Answer “d” applies if expenditure estimates are not presented by any of the three classifications.

Answer:

c. Yes, the Enacted Budget presents expenditure estimates by only one of the three expenditure classifications.

Source:

In Hungarian: 1. melléklet a 2020. évi XC. Törvényhez

In English: Appendix 1 of the Act XC of 2020

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20170.pdf>

pp. 4963-5014

Comment:

The enacted budget only presents the expenditures by administrative classification. Appendix 1 shows nearly all the institutions separately and the broad categories, like Ministries, can be distinguished.

Appendix 1 presents some of the expenditures in economic classification, but only for the institutions. The current expenditures are shown in two lines as personal costs („Személyi juttatások”) and other current expenditures („Egyéb működési kiadások”), while the capital expenditures in the column „Felhalmozási kiadások”. The chapter-level appropriations (“Fejlesztési kiadások”) are not detailed even at this level, so the presentation is not comprehensive.

Economic or functional classification is not made for the enacted budget.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

59b. Based on the response to Question 59, check the box(es) to identify which expenditure classifications are included in the Enacted Budget:

Answer:

Administrative classification

Source:

In Hungarian: 1. melléklet a 2020. évi XC. Törvényhez

In English: Appendix 1 of the Act XC of 2020

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20170.pdf>
pp. 4963-5014

Comment:

The enacted budget only contains administrative classification.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

60. Does the Enacted Budget present expenditure estimates for individual programs?

GUIDELINES:

Question 60 asks if expenditure estimates in the Enacted Budget are presented by program. There is no standard definition for the term "program," and the meaning can vary from country to country. However, for the purposes of answering the questionnaire, researchers should understand the term "program" to mean any level of detail below an administrative unit, such as a ministry or department.

A note for francophone countries: "Program" level detail is sometimes referred to as le plan comptable or le plan comptable detaillé. (These data are typically coded in the financial management database, following the chart of budgetary accounts, so that they can be organized by administrative and functional classification.)

To answer "a," the Enacted Budget must present all programs, which account for all expenditures, in the budget year. To answer "b," the Enacted Budget must present expenditures for individual programs that when combined account for at least two-thirds of expenditures, but not all expenditures. A "c" answer applies if the Enacted Budget presents programs that account for less than two-thirds of expenditures. Answer "d" applies if expenditures are not presented by program in the Enacted Budget.

Answer:

a. Yes, the Enacted Budget presents estimates for programs accounting for all expenditures.

Source:

In Hungarian: 1. melléklet a 2020. évi XC. Törvényhez

In English: Appendix 1 of the Act XC of 2020

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20170.pdf>
pp. 4963-5014

Comment:

Appendix 1 of the enacted budget presents all the expenditures.

For assessing the question we treated all the details below ministry-level (budgetary institutions and appropriations alike) as "programs". In this sense all the expenditures are classified to a program and its goal can derived from the name in nearly all cases.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

61. Does the Enacted Budget present revenue estimates by category (such as tax and non-tax)?

GUIDELINES:

Question 61 asks whether revenue estimates in the Enacted Budget are presented by "category" – that is, whether tax and non-tax sources of revenue are shown separately.

To answer "a," the Enacted Budget must present revenue estimates classified by category.

Answer:

b. No, the Enacted Budget does not present revenue estimates by category.

Source:

In Hungarian: 1. melléklet a 2020. évi XC. Törvényhez

In English: Appendix 1 of the Act XC of 2020

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20170.pdf>

pp. 4963-5014

Comment:

The total numbers for the two categories are not presented explicitly in the enacted budget.

The tax and non-tax revenues are presented individually in the Appendix 1, most of them in chapter XLII Direct revenues and expenditures of the budget ("XLII. A költségvetés közvetlen bevételei és kiadásai") on page 4998. In this chapter the similar tax revenues are grouped together: revenues from corporations ("Vállalkozások költségvetési befizetései") contain corporate income tax („Társasági adó”), tax on financial institutions („Pénzügyi szervezetek különadója”) and tax of small enterprises („Kisadózók tételes adója” and „Kisvállalati adó”) among others, while taxes on consumption ("Fogyasztáshoz kapcsolt adók”) list VAT („Általános forgalmi adó”) or excise tax („Jövedéki adó”). Other notable tax revenues appear in the Pension Insurance Fund ("LXXI. Nyugdíjbiztosítási Alap”) and Health Insurance Fund ("LXXII. Egészségbiztosítási Alap”) in the line "Szociális hozzájárulási adó” on pages 5012 and 5013.

Other tax revenues and the non-tax revenues are dispersed throughout the appendix. For example on page 5014 the taxes on vehicles and on the retail sector („Gépjárműadó” and „Kiskereskedelmi adó”) are included in the Anti-Epidemic Protection Fund in the chapter of Health Insurance Fund. Similarly some of the non-tax revenues are presented in the chapter about assets of the state („XLIII. Az állami vagyonnal kapcsolatos bevételek és kiadások”) as dividends („Osztalékbevételek”) or revenues from selling assets („Ingatlan értékesítéséből származó bevételek”) on page 5001. At the same time another portion of the non-tax revenues are not presented individually, and the revenues of certain institutions (for example universities) can derive from several sources (tuition fees, research grants).

The different revenue categories can only be identified, if someone assesses individually all the revenue sources for the totals of each categories, because many sources cannot be categorised based solely on the data in appendix 1.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

62. Does the Enacted Budget present individual sources of revenue?

GUIDELINES:

Question 62 asks whether revenue estimates for individual sources of revenue are presented in the Enacted Budget. The question applies to both tax and non-tax revenue.

To answer "a," the Enacted Budget must present all individual sources of revenue, and "other" or "miscellaneous" revenue must account for three percent or less of all revenue. To answer "b," the Enacted Budget must present individual sources of revenue that when combined account for at least two-thirds of all revenue, but not all revenue. A "c" answer applies if the Enacted Budget presents individual sources of revenue that account for less than two-thirds of revenues. Answer "d" applies if individual sources of revenue are not presented.

Answer:

a. Yes, the Enacted Budget presents individual sources of revenue accounting for all revenue.

Source:

In Hungarian: 1. melléklet a 2020. évi XC. Törvényhez

In English: Appendix 1 of the Act XC of 2020

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20170.pdf>

pp. 4963-5014

Comment:

Appendix 1 includes all the revenue sources and its structure is the same as in the EBP.

Because of the institution-based structure the institutions' own revenues are not detailed and sometimes this revenue may include several different sources. For example the revenues of the universities, high schools ("Egyetemek, főiskolák") on page 4981 include tuition fees and research grants as well, but these are not detailed. This means not all the revenue sources can be identified exactly, but all the revenues are included in some form.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

63. Does the Enacted Budget present three estimates related to government borrowing and debt: the amount of net new borrowing required during the budget year; the total debt outstanding at the end of the budget year; and interest payments on the debt for the budget year?

GUIDELINES:

Question 63 asks about three key estimates related to borrowing and debt:

- the amount of net new borrowing required during the budget year;*
- the total debt outstanding at the end of the budget year;*
- the interest payments on the outstanding debt for the budget year.*

Debt is the accumulated amount of money that the government borrows. The government can borrow from its citizens, banks, and businesses within the country (domestic debt) or from creditors outside the country (external debt). External debt is typically owed to private commercial banks, other governments, or international financial institutions such as the World Bank and the International Monetary Fund.

Net new borrowing is the additional amount of new borrowing that is required for the budget year to finance expenditures in the budget that exceed available revenues. Net new borrowing adds to the accumulated debt. It is distinct from gross borrowing, which also includes borrowing needed to repay existing debt that matured during the budget year; debt that is replaced (or rolled over) does not add to the total of accumulated debt. For the purposes of this question, the deficit may be accepted as a proxy for net new borrowing.

Interest payments on the debt (or debt service costs) are typically made at regular intervals, and these payments must be made on a timely basis in order to avoid defaulting on the debt obligation. Interest payments are separate from the repayment of principal, which occurs only when the loan has matured and must be paid back in full.

To answer "a," the Enacted Budget must present all three estimates of borrowing and debt. For a "b" answer, the Enacted Budget must present two of those three estimates. For a "c" answer, the Enacted Budget must present one of the three estimates. Answer "d" applies if no information on borrowing and debt is presented in the Enacted Budget.

Answer:

c. Yes, one of the three estimates related to government borrowing and debt are presented.

Source:

In Hungarian: 1. melléklet a 2020. évi XC. Törvényhez

In English: Appendix 1 of the Act XC of 2020

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20170.pdf>

pp. 4963-5014

In Hungarian: I. Fejezet A központi alrendszer kiadásainak és bevételeinek főösszege, a hiány és az államadósság értéke – 2. Az államadósság értéke

In English: Chapter I Main sums of the revenues and expenditures of the central government, the deficit and total debt – 2. The value of total debt

URL: <http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK20170.pdf>

page 4940

Comment:

The estimated total debt is stated only as debt-to-GDP ration in part 2 The value of total debt ("2. Az államadósság értéke") in 3. § of the enacted budget. In the previous survey it was presented in absolute amount.

The interest payments are listed in Appendix 1 of the enacted budget in chapter XLI Revenues and expenditures related to debt services ("XLI. Adósságszolgálattal kapcsolatos bevételek és kiadások") on page 4997. The interests received is in the column „Működési bevétel”, while the interests paid is in the column „Működési kiadás” (except the block „Adósság és követeléskezelés egyéb kiadásai” that contains the expenditures

related to other debt management costs).

The amount of net new borrowing requirement is not stated explicitly. Previously we used the deficit as an estimate for it. However based on the Outlook of the Debt Management Agency the net new borrowing requirement for FY 2021 is 3332 billion HUF (on page 3 of the document linked below), while the deficit in the Enacted Budget is only 1491 billion HUF (as in 1. § (1) c) point on page 4940). Because of this we did not accept the deficit as a good proxy for the required parameter.

The presentation is not easily available because it is dispersed throughout the document. For the survey we only accepted the interest payments and the total government debt, despite the fact that the latter is only available as debt-to-GDP ratio.

The Yearly Outlook of the Debt Management Agency for 2021:

In Hungarian:

<https://www.akk.hu/download?path=7485c50d-cc85-4026-9f7e-2d511ddb018.pdf>

In English:

<https://www.akk.hu/download?path=3d9e0f1c-5187-4e44-a9c2-7463e0e6acef.pdf>

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

64. What information is provided in the Citizens Budget?

(The core information must include expenditure and revenue totals, the main policy initiatives in the budget, the macroeconomic forecast upon which the budget is based, and contact information for follow-up by citizens.)

GUIDELINES:

Question 64 focuses on the content of the Citizens Budget, asking whether "core" information is presented. These core components include:

- *expenditure and revenue totals;*
- *the main policy initiatives in the budget;*
- *the macroeconomic forecast upon which the budget is based; and*
- *contact information for follow-up by citizens.*

To answer "a," the Citizens Budget or supporting documentation must present all of the above core information as well as some additional information beyond the core elements. To answer "b," the Citizens Budget must present all of the core components noted above. Answer "b" is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A "c" answer applies if the Citizens Budget includes some of the core components above, but other core pieces of information are not included. Answer "d" applies if a Citizens Budget is not published.

Answer:

c. The Citizens Budget provides information, but it excludes some core elements.

Source:

In Hungarian: Polgárok költségvetése

In English: Citizens' Budget

URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf

pp. 1271-1277

Comment:

The Citizens' Budget was published as a supplement of the EBP, but also available through its own link:

<https://www.parlament.hu/irom41/10710/adatok/fejezetek/00szemleltetes.pdf>

The document includes two pie charts about the distribution of expenditures and revenues in the budget on pages 1274 and 1275 respectively. The expenditures are presented by functions, while the revenues are by individual sources. On page 1276 the family-related policies are presented also on a pie chart. This contains new and already adopted policies alike, but some of them are not strictly related to family policies like the pension for women retired before the retirement age ("nők korhatár alatti nyugellátása"). The bar chart on page 1273 presents the Economy Protection Fund („Gazdaságvédelmi Alap”) and the Health Insurance and Anti-Epidemic Fund („Egészségbiztosítási és Járvány Elleni Védekezési Alap”). Finally on page 1277 the main programs of the Economy Protection Fund is listed, but their total is only 2051,5 billion HUF on the top of the page, while on page 1273 the total is 2555 billion HUF. Not all the items are new investments or programs, many of them are already in progress. Also the subprograms („Munkahelyvédelem” – job protection, „Munkahelyteremtés” – job creation, „Gazdaság újraindítása” – restarting the economy, „Vállalatok finanszírozás” – financing enterprises, „Nyugdíjasvédelem” – protecting) mentioned on page 1273 cannot be identified on the detailed list.

From the core elements only the expenditure and revenue totals in the header of pages 1274 and 1275, but the macroeconomic forecast and the contact information is not included. The main policy initiatives are not included, only some selected policies are included.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

65. How is the Citizens Budget disseminated to the public?

GUIDELINES:

Question 65 asks how the Citizens Budget is disseminated to the public. Citizens Budgets should be made available to a variety of audiences. Therefore paper versions and an Internet posting of a document might not be sufficient.

To answer "a," the executive must use three or more different types of creative media tools to reach the largest possible share of the population, including those who otherwise would not normally have access to budget documents or information. Dissemination would also be pursued at the very local level, so that the coverage is targeted both by geographic area and population group (e.g., women, elderly, low income, urban, rural, etc.). Option "b" applies if significant dissemination efforts are made through a combination of two means of communications, for instance, both posting the Citizens Budget on the executive's official website and distributing printed copies of it. Option "c" applies if the Citizens Budget is disseminated through only posting on the executive's official website. Option "d" applies when the executive does not publish a Citizens Budget.

Answer:

c. A Citizens Budget is disseminated only by using one means of dissemination.

Source:

In Hungarian: Polgárok költségvetése

In English: Citizens' Budget

URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf

pp. 1271-1277

Comment:

The Citizens' Budget was published as a supplement of the EBP, but also available through its own link:

<https://www.parlament.hu/irom41/10710/adatok/fejezetek/00szemleltetes.pdf>

We did not find any reference on the webpage of the government for the document or other dissemination methods. The document was only published on the webpage of the Parliament, where it is difficult to find.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

66. Has the executive established mechanisms to identify the public's requirements for budget information prior to publishing the Citizens Budget?

GUIDELINES:

Question 66 asks whether the executive has established mechanisms to identify the public's requirements for budget information before publishing a Citizens Budget. What the public wants to know about the budget might differ from the information the executive includes in technical documents that comprise the Executive's Budget Proposal or the Enacted Budget; similarly, different perspectives might exist on how the budget should be presented, and this may vary depending on the context. For this reason the executive should consult with the public on the content and presentation of the Citizens Budget.

To answer "a," the executive must have established mechanisms to consult with the public, and these mechanisms for consultation are both accessible and widely used by the public. Such mechanisms can include focus groups, social networks, surveys, hotlines, and meetings/events in universities or other locations where people gather to discuss public issues. In countries where Citizens Budgets are consistently produced and released, it may be sufficient for the government to provide the public with contact information and feedback opportunities, and subsequently use the feedback to improve its management of public resources.

Option "b" applies if the executive has established mechanisms for consultation that are accessible to the public, but that the public nonetheless does not use frequently. That is, the public does not typically engage with the executive on the content of the Citizens Budget, even though the executive has created opportunities for such consultation. Option "c" applies if the executive has established mechanism for consultation with the public, but they are poorly designed and thus not accessible to the public. Option "d" applies if the executive has not created any mechanisms to seek feedback from the public on the content of the Citizens Budget.

Answer:

d. No, the executive has not established any mechanisms to identify the public's requirements for budget information in the Citizen's Budget.

Source:

In Hungarian: Polgárok költségvetése

In English: Citizens' Budget

URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf

pp. 1271-1277

Comment:

There is no established mechanism to identify public requirements for the budget information of the Citizens' Budget. There is neither a contact information in the Citizens' Budget to provide any feedback about the document.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

67. Are "citizens" versions of budget documents published throughout the budget process?

GUIDELINES:

Question 67 asks if "citizens" versions of budget documents are published throughout the budget process. While the Citizens Budget was initially conceived as a simplified version of the Executive's Budget Proposal or the Enacted Budget, good practice is now evolving and suggests that a "citizens" version of key budget documents should be produced during each of the four phases of the budget cycle. This would serve to inform citizens of the state of public financial management throughout the entire budget cycle.

To answer "a," a citizens version of at least one budget document is published for each of the four stages of the budget process (budget formulation, enactment, execution, and audit) – for a total of at least four citizens budget documents throughout the process. Option "b" applies if a citizens version of a budget document is published for at least two of the four stages of the budget process. Option "c" applies if a citizens version of a budget document is published for at least one of the four stages of the budget process. Select option "d" if no "citizens" version of budget documents is published.

Answer:

c. A citizens version of budget documents is published for at least one stage of the budget process.

Source:

In Hungarian: Polgárok költségvetése

In English: Citizens' Budget

URL: https://www.parlament.hu/irom41/10710/T_10710_IL_fejezeti.pdf

pp. 1271-1277

Comment:

The only Citizens' Budget were published for the EBP, that is one stage of the budget cycle.

We did not evaluate as citizens version the media announcements of the In-Year Reports, because they are not separate documents about the In-Year Reports, only summaries or leads of the reports.

Example for media announcement of the In-Year Report of November 2020:

<https://kormany.hu/hirek/a-koltsegvetes-tovabbra-is-biztositja-a-jarvany-elleni-vedekezes-es-a-gazdasagvedelmi-intezkedesek-forrasait>

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

68. Do the In-Year Reports present actual expenditures by any of the three expenditure classifications (by administrative, economic, or functional classification)?

GUIDELINES:

Question 68 asks if expenditure estimates in In-Year Reports are presented by any one of the three expenditure classifications – by administrative, economic, and functional classifications – which were addressed in Questions 1-5 above.

Each of the classifications answers a different question: administrative unit indicates who spends the money; functional classification shows for what purpose is the money spent; and economic classification displays what the money is spent on. Unlike classification by administrative unit, which tends to be unique to each country, functional and economic classifications for government budgeting have been developed and standardized by international institutions. Cross-country comparisons are facilitated by adherence to these international classification standards.

To answer “a,” In-Year Reports must present actual expenditures by all three of the expenditure classifications. To answer “b,” actual expenditures must be presented by two of these three classifications. A “c” answer applies if actual expenditures are presented by one of the three classifications. Answer “d” applies if actual expenditures are not presented by any of the three classifications in In-Year Reports.

Answer:

c. Yes, the In-Year Reports present actual expenditures by only one of the three expenditure classifications.

Source:

In Hungarian: 1.melléklet a részletes tájékoztatóhoz – A központi kormányzat előzetes mérlege

In English: Appendix 1 for the In-Year Report for November 2020 – Preliminary balance sheet of the central budget

URL: <https://cdn.kormany.hu/uploads/sheets/8/80/802/802caae92b083edced2960c9a0e29ec.pdf>

In-Year Report for November 2020

In Hungarian: Tájékoztató az államháztartás központi alrendszerének 2020. november végi helyzetéről

In English: Report on the state of central budget at the end of November 2020

<https://cdn.kormany.hu/uploads/sheets/1/11/117/11753b344231175ce87a269c4a0b2ef.docx>

Cover page

Comment:

The In-Year Report’s supplement (the cited Appendix 1) uses a special classification to present the expenditures: it highlights some chapter-administered appropriations, while aggregates all the others and presents the expenditures of the institutions aggregated to one line item. The sum of the expenditures of the institutions is called “Költségvetési szervek kiadásai”.

This balance sheet is also available on the webpage of the Treasury in excel format in Hungarian and in English here:

http://www.allamkincstar.gov.hu/files/M%C3%A9rlegek/2014/k%C3%B6zponti%20ktgvet%C3%A9si%20m%C3%A9rlegek/kpiktv_merleg_2011.xls

The excel format is published on the webpage of the Treasury, that is referenced in the asterisk footnote on the first page of the In-Year Report.

Additional monthly reports are available on the webpage of the Treasury and we list them below for the comprehensive answer.

A monthly updated version of appendix 1 of the enacted budget (that presents the expenditures and revenues in detailed administrative classification) is available on the link below both in pdf and excel formats. This is much more detailed than the balance sheet included in the In-Year Reports, and it can be treated as administrative classification. The report also contains economic classification for the budgetary institutions in the blocks „Működési költségvetés” (current expenditures) and „Felhalmozási költségvetés” (capital expenditures). The chapter-administered appropriations are not detailed in this way, so the presentation is not comprehensive, and the user has to add all the lines to create the report, so we did not consider it as economic classification.

Link:

<http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/a-2020-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/4049/>

The monthly updated appendix 1 of the EBP for November 2020 in pdf format:

[http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gv%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gv%C3%A9si%20v%C3%A9ghaj%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gv%C3%A9si%20v%C3%A9ghaj%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20\(2020.12.29\).pdf](http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gv%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gv%C3%A9si%20v%C3%A9ghaj%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gv%C3%A9si%20v%C3%A9ghaj%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20(2020.12.29).pdf)

The monthly updated appendix 1 of the EBP for November 2020 in excel format:

[http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gv%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gv%C3%A9si%20v%C3%A9ghaj%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gv%C3%A9si%20v%C3%A9ghaj%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20\(2020.12.29\).xls](http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gv%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gv%C3%A9si%20v%C3%A9ghaj%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gv%C3%A9si%20v%C3%A9ghaj%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20(2020.12.29).xls)

Additionally a monthly report presents total of the revenues and expenditures of the chapters on the webpage of the Treasury. This is also an administrative classification, but contains only the expenditures of the Ministries.

http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_3/224/

http://www.allamkincstar.gov.hu/files/M%C3%A9rlegek/2014/K%C3%B6lts%C3%A9gv%C3%A9si%20szervek,%20fejleszt%C3%A9si%20szervek,%20ktgvszervek_fejlesztetek_2011.xls

For the survey we assessed the document published of the webpage of the Ministry (cited in the sources) and the additional reports on the webpage of the State Treasury. The monthly updated appendix 1 of the EBP presents an complete administrative classification.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

68b. Based on the response to Question 68, check the box(es) to identify which expenditure classifications are included in the In-Year Reports:

Answer:

Administrative classification

Source:

In-Year Report for November 2020

In Hungarian: Tájékoztató az államháztartás központi alrendszerének 2020. november végi helyzetéről

In English: Report on the state of central budget at the end of November 2020

<https://cdn.kormany.hu/uploads/sheets/1/11/117/11753b344231175ce87a269c4a0b2ef.docx>

Cover page

Comment:

The In-Year Reports do not include any complete presentation directly, but the supplemental documents on the webpage of the Treasury contain the expenditures in administrative classification in the structure of appendix 1 of the enacted budget.

A link on the first page of the In-Year Reports' shows that additional data can be found on the webpage of the Treasury, hence we considered these documents as part of the In-Year Reports.

Links to the monthly updated appendix 1 of the enacted budget

In Hungarian: A 2020. évi központi költségvetés végrehajtásának adatai 2020. 11. hó (2020.12.29)

In English: Data of implementation of the central budget for FY 2020 – P11

URL for pdf version:

[http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20%C3%B6zponti%20%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20%C3%B6zponti%20%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20\(2020.12.29\).pdf](http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20%C3%B6zponti%20%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20%C3%B6zponti%20%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20(2020.12.29).pdf)

URL for excel version:

[http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20%C3%B6zponti%20%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20%C3%B6zponti%20%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20\(2020.12.29\).xls](http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20%C3%B6zponti%20%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20%C3%B6zponti%20%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20(2020.12.29).xls)

Link to the webpage with all the monthly reports:

<http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/a-2020-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/4049/>

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

69. Do the In-Year Reports present actual expenditures for individual programs?

GUIDELINES:

Question 69 asks if expenditure estimates in In-Year Reports are presented by program. There is no standard definition for the term "program," and the meaning can vary from country to country. However, for the purposes of answering the questionnaire, researchers should understand the term "program" to mean any level of detail below an administrative unit, such as a ministry or department.

A note for francophone countries: "Program" level detail is sometimes referred to as le plan comptable or le plan comptable detaillé. (These data are typically coded in the financial management database, following the chart of budgetary accounts, so that they can be organized by administrative and functional classification.)

To answer "a," In-Year Reports must present actual expenditures for all individual programs, accounting for all expenditures. To answer "b," In-Year Reports must present actual expenditures for individual programs that when combined account for at least two-thirds of expenditures, but not all expenditures. A "c" answer applies if In-Year Reports present actual expenditures for programs that account for less than two-thirds of expenditures. Answer "d" applies if actual expenditures are not presented by program in In-Year Reports.

Answer:

a. Yes, the In-Year Reports present actual expenditures for programs accounting for all expenditures.

Source:

In-Year Report for November 2020

In Hungarian: Tájékoztató az államháztartás központi alrendszerének 2020. november végi helyzetéről

In English: Report on the state of central budget at the end of November 2020

https://cdn.kormany.hu/uploads/sheets/1/11/117/11753b344231175ce87a269c4a0b2ef.docx

Cover page

Comment:

A supplemental document for the In-Year Reports presents the expenditures in the structure of appendix 1 of the enacted budget. The table shows the institutions and appropriations below the ministry level in a detailed format. As we evaluated every details below ministry level as „program” all the expenditures are presented for programs.

A link on the first page of the In-Year Reports’ shows that additional data can be found on the webpage of the Treasury, hence we considered the supplemental documents as part of the In-Year Reports.

Links to the monthly updated appendix 1 of the enacted budget

In Hungarian: A 2020. évi központi költségvetés végrehajtásának adatai 2020. 11. hó (2020.12.29)

In English: Data of implementation of the central budget for FY 2020 – P11

URL for pdf version:

http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20(2020.12.29).pdf

URL for excel version:

http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20(2020.12.29).xls

Link to the webpage with all the monthly reports:

http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/a-2020-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/4049/

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

70. Do the In-Year Reports compare actual year-to-date expenditures with either the original estimate for that period (based on the enacted budget) or the same period in the previous year?

GUIDELINES:

Question 70 asks whether In-Year Reports compare actual expenditures to-date with either the enacted levels or actual expenditures for the same period in the previous year.

The OECD recommends that the reports contain the total year-to-date expenditures in a format that allows for a comparison with the budget’s forecast expenditures (based on enacted levels) for the same period.

To answer “a,” comparisons must be made for expenditures presented in the In-Year Reports

Answer:

a. Yes, comparisons are made for expenditures presented in the In-Year Reports.

Source:

In Hungarian: 1.melléklet a részletes tájékoztatóhoz – A központi kormányzat előzetes mérlege

In English: Appendix 1 for the In-Year Report for November 2020 – Preliminary balance sheet of the central budget

URL: https://cdn.kormany.hu/uploads/sheets/8/80/802/802caae92b083edced2960c9a0e29ec.pdf

In-Year Report for November 2020

In Hungarian: Tájékoztató az államháztartás központi alrendszerének 2020. november végi helyzetéről

In English: Report on the state of central budget at the end of November 2020

https://cdn.kormany.hu/uploads/sheets/1/11/117/11753b344231175ce87a269c4a0b2ef.docx

Cover page

Comment:

The preliminary balance sheet of the In-Year Reports compare the actual expenditures (in column „2020. évi I-XI. hó”) to the same period of the previous year („2019. évi I-XI. hó”) and the enacted appropriation (in the column „2020. évi előirányzat”). The expenditures are on page 2.

In supplemental document of the In-Year Reports, the monthly updated appendix 1 of the enacted budget the data is compared only to the original and actual appropriations. The actual expenditures is in column „2020. évi teljesítés”, the original estimate is in column „2020. évi eredeti előirányzat”, while the modified / updated appropriation is in „2020. évi módosított előirányzat”.
The expenditures are in the columns „Működési kiadás” (current expenditures) and „Felhalmozási kiadás” (capital expenditures).
We also evaluated the supplemental document because a link in the footnote of the cover page of the In-Year Report refers the webpage of the State Treasury and states that additional details can be found there.

Links to the monthly updated appendix 1 of the enacted budget

In Hungarian: A 2020. évi központi költségvetés végrehajtásának adatai 2020. 11.hó (2020.12.29)

In English: Data of implementation of the central budget for FY 2020 – P11

URL for pdf version:

[http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20\(2020.12.29\).pdf](http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20(2020.12.29).pdf)

URL for excel version:

[http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20\(2020.12.29\).xls](http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20(2020.12.29).xls)

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

71. Do In-Year Reports present actual revenue by category (such as tax and non-tax)?

GUIDELINES:

Questions 71 asks whether In-Year Reports present actual revenues by “category” – that is, whether tax and non-tax sources of revenue are shown separately.

To answer “a,” In-Year Reports must present revenue estimates classified by category.

Answer:

a. Yes, In-Year Reports present actual revenue by category.

Source:

In Hungarian: 1.melléklet a részletes tájékoztatóhoz – A központi kormányzat előzetes mérlege

In English: Appendix 1 for the In-Year Report for November 2020 – Preliminary balance sheet of the central budget

URL: <https://cdn.kormany.hu/uploads/sheets/8/80/802caae92b083edced2960c9a0e29ec.pdf>

Comment:

The classification of the revenues are not structured by tax and non-tax revenues, but the two categories can be broadly separated.

The revenues are grouped by other categories like revenues from corporations („Gazdálkodó szervezetek befizetései”), tax on consumption („Fogyasztáshoz kapcsolt adók”) or revenues from households („Lakosság befizetései”). These groups mainly include tax revenues, or in some minor cases fees, like „Illetékbecfizetések” that contains for example the fees payable at house or car buying. Other tax revenues are not categorized, like social contribution tax („Szociális hozzájárulási adó”) as it is tied to the Pension Insurance Fund and presented at the bottom of the table.

The non-tax revenues are generally aggregated to one line by types. For example interests received („Kamatbevételek”), revenues related to state property („Állami vagyonnal kapcsolatos befizetések”) or donor funds („Uniók programok bevételei” and „Egyéb uniók bevételek”).

The line „Költségvetési szervek és fejezeti kezelésű előirányzatok bevételei” presents the own revenues of the institutions that can be fines, penalties (for example at police department) or revenue from services (for example tuition fees at universities). This latest revenue item is not categorized but includes mostly non-tax revenues.

Many of the individual revenue sources are also shown in the table: the major tax and non-tax revenues can be identified individually, but minor revenue sources are aggregated into one line. For example VAT („Általános forgalmi adó”), personal income tax („Személyi jövedelemadó”), corporate tax („Társasági adó és osztalékadó”) is presented in its own line, while other centralized revenues („Egyéb központosított bevételek”) aggregate several revenue sources.

The table contains enough data to obtain a general view about revenues, but in details it needs extra efforts to clarify some line items.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

72. Do In-Year Reports present the individual sources of revenue for actual revenues collected?

GUIDELINES:

Question 72 asks whether In-Year Reports present actual collections of individual sources of revenue (such as income taxes, VAT, etc.). The question applies to both tax and non-tax revenue.

To answer "a," In-Year Reports must present actual collections for all individual sources of revenue, and "other" or "miscellaneous" revenue must account for three percent or less of all revenue. To answer "b," In-Year Reports must present actual collections for individual sources of revenue that when combined account for at least two-thirds of all revenue collected, but not all revenue. A "c" answer applies if In-Year Reports present individual sources of actual revenue that account for less than two-thirds of all revenue collected. Answer "d" applies if individual sources of actual revenue are not presented.

Answer:

a. Yes, In-Year Reports present individual sources of actual revenue accounting for all revenue.

Source:

In-Year Report for November 2020

In Hungarian: Tájékoztató az államháztartás központi alrendszerének 2020. november végi helyzetéről

In English: Report on the state of central budget at the end of November 2020

<https://cdn.kormany.hu/uploads/sheets/1/11/117/11753b344231175ce87a269c4a0b2ef.docx>

Cover page

In Hungarian: 1.melléklet a részletes tájékoztatóhoz – A központi kormányzat előzetes mérlege

In English: Appendix 1 for the In-Year Report for November 2020 – Preliminary balance sheet of the central budget

URL: <https://cdn.kormany.hu/uploads/sheets/8/80/802/802caae92b083edced2960c9a0e29ec.pdf>

Comment:

A supplemental table to the In-Year Report presents all the revenue sources individually and its structure is the same as Appendix 1 of the enacted budget. The revenues are in the columns "Működési bevétel" (current revenues) and "Felhalmozási bevétel" (capital revenues). The actual data is in the column "2020. évi teljesítés", while the previous columns show the original estimate ("2020. évi eredeti előirányzat") and modified estimate ("2020. évi módosított előirányzat").

A link in the footnote of the first page of the In-Year Reports' shows that additional data can be found on the webpage of the Treasury, hence we considered the supplemental documents as part of the In-Year Reports. The URL for the documents are at the end of the comment.

The direct attachment of the In-Year Reports, the preliminary balance sheet presents fewer revenue items individually. The major tax and non-tax revenues are presented in their own line. For example VAT („Általános forgalmi adó”), personal income tax („Személyi jövedelemadó”), corporate tax („Társasági adó és osztalékadó”) is presented in its own line, while other centralized revenues („Egyéb központosított bevételek”) aggregate several revenue sources. Also the line "Költségvetési szervek bevételei" aggregates all the revenues of budgetary institutions, while "Állami vagyonnal kapcsolatos befizetések" collects the revenues related to assets (like selling assets, dividends, rents, concession fees).

Links to the monthly updated appendix 1 of the enacted budget

In Hungarian: A 2020. évi központi költségvetés végrehajtásának adatai 2020. 11.hó (2020.12.29)

In English: Data of implementation of the central budget for FY 2020 – P11

URL for pdf version:

[http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20\(2020.12.29\).pdf](http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20(2020.12.29).pdf)

URL for excel version:

[http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20\(2020.12.29\).xls](http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20(2020.12.29).xls)

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

73. Do the In-Year Reports compare actual year-to-date revenues with either the original estimate for that period (based on the enacted budget) or the same period in the previous year?

GUIDELINES:

Question 73 asks whether In-Year Reports compare actual revenues to-date with either the enacted levels or actual revenues for the same period in the previous year.

The OECD recommends that the reports contain the total year-to-date revenues in a format that allows for a comparison with the budget's forecast revenues (based on enacted levels) for the same period.

To answer "a," comparisons must be made for revenues presented in the In-Year Reports.

Answer:

a. Yes, comparisons are made for revenues presented in the In-Year Reports.

Source:

In Hungarian: 1.melléklet a részletes tájékoztatóhoz – A központi kormányzat előzetes mérlege

In English: Appendix 1 for the In-Year Report for November 2020 – Preliminary balance sheet of the central budget

URL: <https://cdn.kormany.hu/uploads/sheets//8/80/802/802caae92b083edced2960c9a0e29ec.pdf>

In-Year Report for November 2020

In Hungarian: Tájékoztató az államháztartás központi alrendszerének 2020. november végi helyzetéről

In English: Report on the state of central budget at the end of November 2020

<https://cdn.kormany.hu/uploads/sheets//1/11/117/11753b344231175ce87a269c4a0b2ef.docx>

Cover page

Comment:

The preliminary balance sheet of the In-Year Reports compare the actual revenues (in column „2020. évi I-XI. hó”) to the same period of the previous year („2019. évi I-XI. hó”) and the actual appropriation (in the column „2020. évi előirányzat”). The revenues are on page 1.

In a supplemental document of the In-Year Reports, the monthly updated appendix 1 of the enacted budget the data is compared only to the original and actual appropriations. The fact is in column „2020. évi teljesítés”, the original estimate is in column „2020. évi eredeti előirányzat”, while the actual appropriation is in „2020. évi módosított előirányzat”. The revenues are in the columns „Működési bevétel” (current revenues) and „Felhalmozási bevétel” (capital revenues).

A link in the footnote of the first page of the In-Year Reports' shows that additional data can be found on the webpage of the Treasury, hence we considered the supplemental documents as part of the In-Year Reports.

Links to the monthly updated appendix 1 of the enacted budget:

In Hungarian: A 2020. évi központi költségvetés végrehajtásának adatai 2020. 11.hó (2020.12.29)

In English: Data of implementation of the central budget for FY 2020 – P11

URL for pdf version:

[http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20\(2020.12.29\).pdf](http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20(2020.12.29).pdf)

URL for excel version:

[http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20\(2020.12.29\).xls](http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai/2020.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202020.11.%20h%C3%B3%20(2020.12.29).xls)

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

74. Do In-Year Reports present three estimates related to actual government borrowing and debt: the amount of net new borrowing; the total debt outstanding; and interest payments?

GUIDELINES:

Question 74 asks about three key estimates related to borrowing and debt:

- the amount of net new borrowing so far during the year;
- the central government's total debt burden at that point in the year; and
- the interest payments to-date on the outstanding debt.

Debt is the accumulated amount of money that the government borrows. The government can borrow from its citizens and banks and businesses within the country (domestic debt) or from creditors outside the country (external debt). External debt is typically owed to private commercial banks, other governments, or international financial institutions such as the World Bank and the International Monetary Fund.

Net new borrowing is the additional amount of new borrowing that is required for the budget year to finance expenditures in the budget that exceed available revenues. Net new borrowing adds to the accumulated debt. It is distinct from gross borrowing, which also includes borrowing needed to repay existing debt that matured during the budget year; debt that is replaced (or rolled over) does not add to the total of accumulated debt. For the purposes of this question, the deficit may be accepted as a proxy for net new borrowing.

Interest payments on the debt (or debt service costs) are typically made at regular intervals, and these payments must be made on a timely basis in order to avoid defaulting on the debt obligation. Interest payments are separate from the repayment of principal, which occurs only when the loan has matured and must be paid back in full.

To answer "a," In-Year Reports must present all three estimates of borrowing and debt. For a "b" answer, In-Year Reports must present two of those three estimates. For a "c" answer, IYRs must present one of the three estimates. Answer "d" applies if no information on borrowing and debt is presented in In-Year Reports.

Answer:

a. Yes, all three estimates related to government borrowing and debt are presented.

Source:

In Hungarian: Tájékoztató az államháztartás központi alrendszerének 2020. november végi helyzetéről – II. Az államháztartás központi alrendszerének finanszírozása

In English: Report on the state of the Central Budget in November 2020 – Section II Financing the Central Budget

URL: <https://cdn.kormany.hu/uploads/sheets/1/11/117/11753b344231175ce87a269c4a0b2ef.docx>
page 23

In Hungarian: 1.melléklet a részletes tájékoztatóhoz – A központi kormányzat előzetes mérlege

In English: Appendix 1 for the In-Year Report for November 2020 – Preliminary balance sheet of the central budget

URL: <https://cdn.kormany.hu/uploads/sheets/8/80/802/802caae92b083edced2960c9a0e29ec.pdf>
pp. 1-2

Comment:

The interest payments are presented in the line „Kamatkiadások” on page 2 of the preliminary balance sheet, while the interests received in line „Kamatbevételek” on page 1. The numbers do not contain the additional expenditures related to debt service, like fees and communication expenses. The net interest payments are also summarised in the table „A kamategyenleg összetétele” on page 21 of the In-Year Report. In the block „Bevételek” the interests received, in the block „Kiadások” the interests paid are detailed by instrument types.

The total government debt at the end of the month is presented on page 23 of the In-Year Report. The total amount is presented in the row „Mindösszesen” in the column „2020. november 30. előzetes állomány”.

The amount of net new borrowing is not presented but can be calculated as the difference between gross borrowing and gross repayment. The former is in column „kibocsátás (növekedés)”, the latter in column „törlesztés (csökkenés)”. As another solution the deficit may also be used for estimating the net new borrowing requirement. The deficit is presented in the In-Year Report in the table on page 2 in the line „Egyenleg összesen” (in the column “2020. I-XI. hó tény”) and in the preliminary balance sheet on page 2 in the line „Központi alrendszer összesen” (in the column “2020. évi I-XI. hó”).

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

75. Do In-Year Reports present information related to the composition of the total actual debt outstanding?

(The core information must include interest rates on the debt instruments; maturity profile of the debt; and whether it is domestic or external debt.)

GUIDELINES:

Question 75 focuses on the composition of government debt, asking whether “core” information related to its composition is presented. These core components include:

- *interest rates on the debt;*
- *maturity profile of the debt; and*
- *whether the debt is domestic or external.*

The interest rates affect the amount of interest that must be paid to creditors. The maturity profile indicates the final payment date of the loan, at which point

the principal (and all remaining interest) is due to be paid; government borrowing typically includes a mix of short-term and long-term debt. As discussed in Question 74, domestic debt is held by a country's citizens and banks and businesses, while external debt is held by foreigners. These factors related to the composition of the debt give an indication of the potential vulnerability of the country's debt position, and ultimately whether the cost of servicing the accumulated debt is affordable.

Beyond these core elements, a government may also provide additional information related to the composition of its debt, including for instance: whether interest rates are fixed or variable; whether debt is callable; the currency of the debt; a profile of the creditors (bilateral institutions, multilateral institutions, commercial banks, Central Bank, etc.); an analysis of the risk associated with the debt; and where appropriate, what the debt is being used to finance.

To answer "a," In-Year Reports must present all of the core information related to the composition of government debt to-date as well as some additional information beyond the core elements. To answer "b," In-Year Reports must present all of the core components noted above. Answer "b" is also accepted if one of the core elements is not presented but additional information beyond the core elements is presented. A "c" answer applies if some information related to the composition of government debt is presented, but some of the core pieces of information are not included. Answer "d" applies if no information is presented on the composition of the debt outstanding in In-Year Reports.

Answer:

c. Yes, information is presented, but it excludes some core elements.

Source:

In Hungarian: Tájékoztató az államháztartás központi alrendszerének 2020. november végi helyzetéről – II. Az államháztartás központi alrendszerének finanszírozása

In English: Report on the state of the Central Budget in November 2020 – Section II Financing the Central Budget

URL: <https://cdn.kormany.hu/uploads/sheets/1/11/117/11753b344231175ce87a269c4a0b2ef.docx>

page 23

Comment:

The cited table on page 23 of the In-Year Report includes the total debt by currency denomination („Forint” means domestic currency, „Deviza” means foreign denomination), by type („Hitel” means loans, „Állampapír” means bonds and T-bills) and the loans are further differentiated by external („Külföldi”) or domestic („Belföldi”) origin. The bonds are further detailed into bonds („Kötvény”), T-bills („Diszkony kincstárjegy”) and securities intended to individuals („Lakossági állampapír”).

The securitized debt owned by external actors is discussed in the narrative part: on page 24 the paragraph starting with „A külföldi befektetők állampapír állománya” presents the data for the amount held by them. Supplemented with the data for loans in the table („Külföldi devizahitel”) the ownership of the debt can be calculated.

The maturity profile of the debt is not included and the interest rates are only mentioned on page 25 (in section „2. Kamatok, hozamok alakulása”) in the description of the actual situation of the yields, though they are not relevant for the already issued debt.

From the core elements only the ownership of the debt can be determined from the In-Year Reports.

As an additional note the maturity profile of the central government debt is available on the webpage of the Debt Management Agency for each quarter.

In Hungarian:

<https://www.akk.hu/content/path=kozponti-koltsegvetes-adossaganak-lejarati-szerkezete>

In English:

<https://www.akk.hu/content/path=maturity-profile-debt-annual-quarterly>

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

76. Does the Mid-Year Review of the budget include an updated macroeconomic forecast for the budget year underway?

GUIDELINES:

Question 76 asks whether the Mid-Year Review includes an updated macroeconomic forecast for the budget year underway, and provides an explanation of the update.

Refer to Question 15 for the components of the macroeconomic forecast presented in the Executive's Budget Proposal.

To answer "a," the Mid-Year Review must include an updated macroeconomic forecast and explain all of the differences between the initial forecast presented in the Executive's Budget Proposal and the updated forecast. The explanation must include at least estimates of all differences; a narrative discussion is desirable but not required if estimates of all the differences are provided. To answer "b," the macroeconomic forecast must be updated, but only some of the differences between the initial and updated forecasts are explained. The explanation would be more limited, such as only a narrative discussion of the differences or estimates covering only some of the differences. A "c" response applies if the Mid-Year Review includes an updated macroeconomic forecast, but does not provide an explanation for the revisions. A "d" response applies if the macroeconomic forecast has not been updated.

Answer:

d. No, the estimates for macroeconomic forecast have not been updated.

Source:

N/A

Comment:

The Government did not publish a Mid-Year Review.

Other institutions prepared mid-year reviews about the budgetary trends based on the first half of budget year 2020. The State Audit Office and the National Bank of Hungary published its documents as members of the Fiscal Council.

Examples of Mid-Year Reviews from other institutions:

State Audit Office

In Hungarian:

https://www.asz.hu/storage/files/files/elemezsek/2020/20200922_elemzes_kt.pdf?ctid=1296

National Bank of Hungary

In Hungarian:

<https://www.mnb.hu/letoltes/koltsegvetesi-jelentes-2020-ii-eng-1228.pdf>

Peer Reviewer

Opinion: Agree

Comments: The Mid-Year Review based on the information received from the Ministry of Finances has been prepared. We have submitted a request for the receipt of the document and we received an answer as of 19/08/2021 that the Government prepares the review based on the available half-yearly data. The document is prepared by November and the Government informs the competent committees of the Parliament and the Budget Council. These organizations may decide in their own discretion whether they wish to make the document public. The Ministry of Finance also attached the document which was submitted to the Budget Council and Budget Committee but the document does not include the requirements of the Mid-Year Report. The title of the document is: Tájékoztató az adósságszabály teljesüléséről (In English: Information on compliance with the debt rule) and includes the following titles: - A felülvizsgálat eredményeinek összefoglalása (Summary of the results of the review) - A költségvetési törvényben szereplő adósság-cél felülvizsgálata az egyes alrendszerekre vonatkozóan (Revision of the debt target in the Budget Act for each subsystem) - Az adósságműtató számítása (Calculation of the debt ratio) - Az államháztartás központi alrendszerének adóssága (Debt of the central government subsystem) - Az önkormányzati alrendszer adóssága (Debt of the municipal subsystem) - A kormányzati szektorba sorolt egyéb szervezetek adósságának alakulása (Debt developments of other general government) - Konzolidáció (Consolidation) - Melléklet: Az adósságműtató alakulása, GDP % (Annex: Debt ratio development,% of GDP)

Government Reviewer

Opinion:

Researcher Response

Thank you for adding this information! We agree that the mentioned document was prepared but as stated at question MYR-2 this document does not meet the requirement of a Mid-Year Review, so we did not evaluate it.

77. Does the Mid-Year Review of the budget include updated expenditure estimates for the budget year underway?

GUIDELINES:

Question 77 asks whether the Mid-Year Review includes updated estimates of expenditure for the budget year underway, and provides an explanation of the update. Please note that year-to-date expenditures as assessed in Question 70 do not qualify as updated estimates of expenditure for the purposes of this indicator.

To answer "a," the Mid-Year Review must include updated expenditure estimates and explain all of the differences between the initial levels presented in the Executive's Budget Proposal (or the Enacted Budget) and the updated estimates. The explanation must include at least estimates of all differences; a narrative discussion is desirable but not required if estimates of all the differences are provided. The expenditure estimates must be updated, but only some of the differences between the initial and updated estimates are explained. The explanation would be more limited, such as only a narrative discussion of the differences or estimates covering only some of the differences. A "c" response applies if the Mid-Year Review includes updated expenditure estimates, but does not provide an explanation for the revisions. A "d" response applies if the expenditure estimates have not been updated.

Answer:

d. No, expenditure estimates have not been updated.

Source:

Comment:

The Government did not publish a Mid-Year Review.

Peer Reviewer

Opinion: Agree

Comments: Based on our request the Ministry of Finances made available by email the Mid-Year Review, although the document does not correspond to the requirements of the MYR and also the title is: Tájékoztató az adósságszabály teljesüléséről (in English: Information on compliance with the debt rule). Expenditure estimates are not presented in the document.

Government Reviewer

Opinion:

78. Does the Mid-Year Review of the budget present updated expenditure estimates for the budget year underway by any of the three expenditure classifications (by administrative, economic, or functional classification)?

GUIDELINES:

Question 78 asks if expenditure estimates for the budget year underway in the Mid-Year Review are presented by any one of the three expenditure classifications – by administrative, economic, and functional classifications – which were addressed in Questions 1-5 above. Please note that year-to-date expenditures as assessed in Question 70 do not qualify as updated estimates of expenditure for the purposes of this indicator.

Each of the classifications answers a different question: administrative unit indicates who spends the money; functional classification shows for what purpose is the money spent; and economic classification displays what the money is spent on. Unlike classification by administrative unit, which tends to be unique to each country, functional and economic classifications for government budgeting have been developed and standardized by international institutions. Cross-country comparisons are facilitated by adherence to these international classification standards.

To answer "a," the Mid-Year Review must present expenditure estimates by all three of the expenditure classifications. To answer "b," expenditure estimates must be presented by two of these three classifications. A "c" answer applies if expenditure estimates are presented by one of the three classifications. Answer "d" applies if expenditure estimates are not presented by any of the three classifications in the Mid-Year Review.

Answer:

d. No, the Mid-Year Review does not present expenditure estimates by any expenditure classification.

Source:

Comment:

The Government did not publish a Mid-Year Review.

Peer Reviewer

Opinion: Agree

Comments: Based on our request the Ministry of Finances made available by email the Mid-Year Review, although the document does not correspond to the requirements of the MYR and also the title is: Tájékoztató az adósságszabály teljesüléséről (in English: Information on compliance with the debt rule). Expenditure estimates are not presented in the document.

Government Reviewer

Opinion:

78b. Based on the response to Question 78, check the box(es) to identify which expenditure classifications are included in the Mid-Year Review:

Answer:

None of the above

Source:

Comment:

The Government did not publish a Mid-Year Review.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

79. Does the Mid-Year Review of the budget present updated expenditure estimates for the budget year underway for individual programs?

GUIDELINES:

Question 79 asks if expenditure estimates in the Mid-Year Review are presented by program for the budget year underway. Please note that year-to-date expenditures as assessed in Question 70 do not qualify as updated estimates of expenditure for the purposes of this indicator.

A note for francophone countries: "Program" level detail is sometimes referred to as le plan comptable or le plan comptable detaillé. (These data are typically coded in the financial management database, following the chart of budgetary accounts, so that they can be organized by administrative and functional classification.)

To answer "a," the Mid-Year Review must present expenditures for all individual programs, accounting for all expenditures. To answer "b," the Mid-Year Review must present expenditures for individual programs that when combined account for at least two-thirds of expenditures, but not all expenditures. A "c" answer applies if the Mid-Year Review presents programs that account for less than two-thirds of expenditures. Answer "d" applies if expenditures are not presented by program in the Mid-Year Review.

Answer:

d. No, the Mid-Year Review does not present expenditure estimates by program.

Source:

Comment:

The Government did not publish a Mid-Year Review.

Peer Reviewer

Opinion: Agree

Comments: Based on our request the Ministry of Finances made available by email the Mid-Year Review, although the document does not correspond to the requirements of the MYR and also the title is: Tájékoztató az adósságszabály teljesüléséről (in English: Information on compliance with the debt rule). Programme expenditures are not presented in the document.

Government Reviewer

Opinion:

80. Does the Mid-Year Review of the budget include updated revenue estimates for the budget year underway?

GUIDELINES:

Question 80 asks whether the Mid-Year Review includes updated estimates of revenue for the budget year underway, and provides an explanation of the update. Please note that year-to-date revenues as assessed in Question 73 do not qualify as updated estimates of revenue for the purposes of this indicator.

To answer "a," the Mid-Year Review must include updated revenue estimates and explain all of the differences between the initial levels presented in the Executive's Budget Proposal (or the Enacted Budget) and the updated estimates. The explanation must include at least estimates of all differences; a narrative discussion is desirable but not required if estimates of all the differences are provided. To answer "b," the revenue estimates must be updated, but only some of the differences between the initial and updated estimates are explained. The explanation would be more limited, such as only a narrative discussion of the differences or estimates covering only some of the differences. A "c" response applies if the Mid-Year Review includes updated revenue estimates, but no explanation for the revisions is provided. A "d" response applies if the revenue estimates have not been updated.

Answer:

d. No, revenue estimates have not been updated.

Source:

Comment:
The Government did not publish a Mid-Year Review.

Peer Reviewer

Opinion: Agree

Comments: Based on our request the Ministry of Finances made available by email the Mid-Year Review, although the document does not correspond to the requirements of the MYR and also the title is: Tájékoztató az adósságszabály teljesüléséről (in English: Information on compliance with the debt rule). The document does not contain assessable information about the revenues.

Government Reviewer

Opinion:

81. Does the Mid-Year Review of the budget present updated revenue estimates for the budget year underway by category (such as tax and non-tax)?

GUIDELINES:

Question 81 asks whether revenue estimates for the budget year underway in the Mid-Year Review are presented by "category"— that is, whether tax and non-tax sources of revenue are shown separately. Please note that year-to-date revenues as assessed in Question 73 do not qualify as updated estimates of revenue for the purposes of this indicator.

To answer "a," the Mid-Year Review must present revenue estimates classified by category.

Answer:
b. No, the Mid-Year Review does not present revenue estimates by category.

Source:

Comment:
The Government did not publish a Mid-Year Review.

Peer Reviewer

Opinion:

Comments: Based on our request the Ministry of Finances made available by email the Mid-Year Review, although the document does not correspond to the requirements of the MYR and also the title is: Tájékoztató az adósságszabály teljesüléséről (in English: Information on compliance with the debt rule). The revenues are not presented in the document.

Government Reviewer

Opinion:

82. Does the Mid-Year Review of the budget present updated individual sources of revenue for the budget year underway?

GUIDELINES:

Question 82 asks whether revenue estimates for individual sources of revenue for the budget year underway are presented in the Mid-Year Review. Please note that year-to-date revenues as assessed in Question 73 do not qualify as updated estimates of revenue for the purposes of this indicator.

To answer "a," the Mid-Year Review must present all sources of revenue individually, accounting for all revenues, and "other" or "miscellaneous" revenue must account for three percent or less of all revenue. To answer "b," the Mid-Year Review must present individual sources of revenue that when combined account for at least two-thirds of all revenue, but not all revenue. A "c" answer applies if the Mid-Year Review presents estimates of individual revenue sources that account for less than two-thirds of revenue. Answer "d" applies if individual sources of revenue are not presented in the Mid-Year Review.

Answer:
d. No, the Mid-Year Review does not present individual sources of revenue.

Source:

Comment:

The Government did not publish a Mid-Year Review.

Peer Reviewer

Opinion:

Comments: Based on our request the Ministry of Finances made available by email the Mid-Year Review, although the document does not correspond to the requirements of the MYR and also the title is: Tájékoztató az adósságszabály teljesüléséről (in English: Information on compliance with the debt rule). Individual sources of revenue are not presented in the received document.

Government Reviewer

Opinion:

83. Does the Mid-Year Review of the budget include updated estimates of government borrowing and debt, including its composition, for the budget year underway?

GUIDELINES:

Question 83 asks whether the Mid-Year Review includes updated estimates of borrowing and debt, including its composition, for the budget year underway, and provides an explanation of the update.

Refer to Question 13 for details on estimates in the Executive's Budget Proposal of borrowing and debt. Key estimates related to borrowing and debt include:

- *The amount of net new borrowing required during the budget year;*
- *The central government's total debt burden at the end of the budget year; and*
- *The interest payments on the outstanding debt for the budget year.*

Refer to Question 14 for details on estimates in the Executive's Budget Proposal related to the composition of the debt. Core information related to the composition of government debt include:

- *interest rates on the debt;*
- *maturity profile of the debt; and*
- *whether the debt is domestic or external.*

To answer "a," the Mid-Year Review must include an updated estimates of borrowing and debt, including its composition, and explain all of the differences between the initial estimates presented in the Executive's Budget Proposal (or Enacted Budget) and the updated estimates. The explanation must include at least estimates of all differences; a narrative discussion is desirable but not required if estimates of all the differences are provided. To answer "b," the estimates of borrowing and debt must be updated, but only some of the differences between the initial and updated estimates are explained. The explanation would be more limited, such as only a narrative discussion of the differences or estimates covering only some of the differences. A "c" response applies if the Mid-Year Review includes updated estimates, but no explanation for the revisions is provided. A "d" response applies if the estimates of borrowing and debt have not been updated.

Answer:

d. No, estimates of government borrowing and debt have not been updated.

Source:

Comment:

The Government did not publish a Mid-Year Review.

Peer Reviewer

Opinion: Disagree

Suggested Answer:

c. Yes, estimates of government borrowing and debt have been updated, but information on the differences between the original and updated estimates is not presented.

Comments: Based on our request the Ministry of Finances made available by email the Mid-Year Review, although the document does not correspond to the requirements of the MYR and also the title is: Tájékoztató az adósságszabály teljesüléséről (in English: Information on compliance with the debt rule) The document is more a narrative presentation of the evolution of the debt of the Central Government. The Annex of the document presents in a table format the debt of central government central subsystem in comparison to the GDP. The modified State debt forecast is presented in the document but other core elements are not mentioned.

Government Reviewer
Opinion:

Researcher Response

Thank you for adding this extra information! We agree that there is a document prepared by the Ministry of Finance that evaluates the debt target and government debt situation at mid-year. However this document does not meet the requirements of the Mid-Year Review (as noted at MYR-2) and additionally the document is not available publicly, so we could not evaluate it.

84. Does the Year-End Report present the differences between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for expenditures?

GUIDELINES:

Question 84 asks whether the Year-End Report includes estimates of the differences between the enacted levels and actual expenditures for the year, and whether these estimates are accompanied by a narrative discussion.

To answer "a," the Year-End Report must present estimates of the differences between the enacted levels and the actual outcome for all expenditures, along with a narrative discussion. Answer "b" if estimates of the differences for all expenditures are presented, but a narrative discussion is not included. Answer "c" if estimates of the differences are presented for some, but not all expenditures, regardless of whether a narrative discussion is included. Answer "d" if no estimates of the differences are presented in the Year-End Report

Answer:

a. Yes, estimates of the differences between the enacted levels and the actual outcome for all expenditures are presented, along with a narrative discussion.

Source:

In Hungarian: 1. melléklet a zárszámadáshoz

In English: Appendix 1 of the Year-End Report

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
pp. 11-97

In Hungarian: A központi alrendszer részletes mérlege

In English: Detailed balance sheet of the central government

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
pp. 231-337

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
pp. 229-230

In Hungarian: XII. Agrárminisztérium – 2019. évi zárszámadás (Összesítő)

In English: Chapter XII Ministry of Agriculture – Year-End Report for 2019 (Summary)

URL: https://www.parlament.hu/irom41/13098/T_13098_03.pdf
pp. 1781-1835

In Hungarian: XII. Agrárminisztérium – 2. cím: Nemzeti Élelmiszer-biztonsági Hivatal

In English: Chapter XII Ministry of Agriculture – 2. National Food Chain Safety Office

URL: https://www.parlament.hu/irom41/13098/T_13098_03.pdf
pp. 1590-1593

Comment:

Appendix 1 of the YER includes all the revenue and expenditure items, but the columns present only the actual outcomes (in column „2019. évi teljesítés”).

The detailed balance sheet (on pp. 231-337) presents the same lines but it includes the modified level (in column "2019. évi törvényi módosított előirányzat") beside the actual outcome (in column "2019. évi teljesítés") for each line item, hence more useful for this purpose.

The in year-changes presented in the balance sheet of the central government (on pp. 229-230), but in this table many of the expenditure and revenue items are aggregated to a certain level. The actual outcome of the previous year is shown in column „2018. évi teljesítés”, followed by the original enacted level „2019. évi előirányzat”, then the modification by the legislature in column „Törvényi hatáskör” and the appropriation with the legal modification in column „2019. évi törvényi módosított előirányzat”. The next column „Kormány hatáskör” shows the modification by the government, then „Felügyeleti szervek hatáskör” is the modification by the chapter’s owner and „Intézményi hatáskör” is the modification by the budgetary institution. The final two columns show the updated appropriation in column „2019. évi módosított előirányzat” and the actual outcome for the year in column „2019. évi teljesítés”. At the expenditures all the budgetary institutions and chapter-administered appropriations were aggregated into one line (“Költségvetési szervek kiadásai” and “Szakmai fejezeti kezelésű előirányzatok kiadásai”).

The supplemental documents contain the narrative discussion for each chapter and institution. At the end of each chapter the expenditure and revenue lines are detailed in the same format as the detailed balance sheet of the government. The narrative discussions present the causes of modifications (for example the exact legal change or the aim of modification), the financial numbers and in some cases the performed tasks. For example in the case of National Food Safety Office the document describes the related legal rules and modifications, how the institution performed these (like the numbers of investigations) and the details of the financial numbers (wages, investments, current expenditures, remittances).

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

85. Does the Year-End Report present expenditure estimates by any of the three expenditure classifications (by administrative, economic, or functional classification)?

GUIDELINES:

Question 85 asks if expenditure estimates in the Year-End Report are presented by any one of the three expenditure classifications – by administrative, economic, and functional classifications – which were addressed in Questions 1-5 above. Each of the classifications answers a different question: administrative unit indicates who spends the money; functional classification shows for what purpose is the money spent; and economic classification displays what the money is spent on. Unlike classification by administrative unit, which tends to be unique to each country, functional and economic classifications for government budgeting have been developed and standardized by international institutions. Cross-country comparisons are facilitated by adherence to these international classification standards.

To answer "a," the Year-End Report must present expenditure estimates by all three of the expenditure classifications. Answer "b" if expenditure estimates are presented by two of these three classifications. Answer "c" if expenditure estimates are presented by one of the three classifications. Answer "d" if expenditure estimates are not presented by any of the three classifications in the Year-End Report.

Answer:

a. Yes, the Year-End Report presents expenditure estimates by all three expenditure classifications (by administrative, economic, and functional classification).

Source:

In Hungarian: 1. melléklet a zárszámadáshoz

In English: Appendix 1 of the Year-End Report

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
pp. 11-97

In Hungarian: A központi alrendszer részletes mérlege

In English: Detailed balance sheet of the central government

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
pp. 231-337

In Hungarian: A központi alrendszer mérlege (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Balance sheet of the central government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
page 338

In Hungarian: A központi alrendszer funkcionális mérlege (pénzforgalmi szemléletben)

In English: Functional balance sheet of the central government (cash-flow based)

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
page 342

Comment:

The Year-End Report contains all of the three classifications.

The administrative classification is presented in Appendix 1 (pp. 11-97) and in the detailed balance sheet (pp. 231-337) and all the revenue and expenditure items are presented individually.

The economic (on page 338) and functional (on page 342) classifications follow the structure of other budgetary documents and only broadly compatible with international standards.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

85b. Based on the response to Question 85, check the box(es) to identify which expenditure classifications are included in the Year-End Report:

Answer:

Administrative classification

Economic classification

Functional classification

Source:

In Hungarian: 1. melléklet a zárszámadáshoz

In English: Appendix 1 of the Year-End Report

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf

pp. 11-97

In Hungarian: A központi alrendszer részletes mérlege

In English: Detailed balance sheet of the central government

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf

pp. 231-337

In Hungarian: A központi alrendszer mérlege (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Balance sheet of the central government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf

page 338

In Hungarian: A központi alrendszer funkcionális mérlege (pénzforgalmi szemléletben)

In English: Functional balance sheet of the central government (cash-flow based)

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf

page 342

Comment:

The Year-End Report contains all of the three classifications.

The administrative classification is presented in Appendix 1 (pp. 11-97) and in the detailed balance sheet (pp. 231-337) and all the revenue and expenditure items are presented individually.

The economic (on page 338) and functional (on page 342) classifications follow the structure of other budgetary documents and only broadly compatible with international standards.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

86. Does the Year-End Report present expenditure estimates for individual programs?

GUIDELINES:

Question 86 asks if expenditure estimates in the Year-End Report are presented by program. There is no standard definition for the term "program," and the meaning can vary from country to country. However, for the purposes of answering the questionnaire, researchers should understand the term "program" to mean any level of detail below an administrative unit, such as a ministry or department.

A note for francophone countries: "Program" level detail is sometimes referred to as le plan comptable or le plan comptable detaillé. (These data are typically coded in the financial management database, following the chart of budgetary accounts, so that they can be organized by administrative and functional classification.)

To answer "a," the Year-End Report must present expenditure estimates for all individual programs, accounting for all expenditures. Answer "b" if the Year-End Report presents expenditures for individual programs that when combined account for at least two-thirds of expenditures, but not all expenditures. Answer "c" if the Year-End Report presents programs that account for only less than two-thirds of expenditures. Answer "d" if expenditures are not presented by program in the Year-End Report.

Answer:

a. Yes, the Year-End Report presents estimates for programs accounting for all expenditures.

Source:

In Hungarian: A központi alrendszer részletes mérlege

In English: Detailed balance sheet of the central government

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
pp. 231-337

Comment:

The detailed balance sheet of the central government presents all the budgetary institutions and chapter-administered appropriations below the ministries. In the column „2019. évi törvényi módosított előirányzat” the modified estimate, in the column „2019. évi teljesítés” the actual outcome are presented.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

87. Does the Year-End Report present the differences between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for revenues?

GUIDELINES:

Question 87 asks whether the Year-End Report includes estimates of the differences between the enacted levels and actual revenues for the year, and whether these estimates are accompanied by a narrative discussion.

To answer “a,” the Year-End Report must present estimates of the differences between the enacted levels and the actual outcome for all revenues, along with a narrative discussion. Answer “b” if estimates of the differences for all revenues are presented, but a narrative discussion is not included. Answer “c” if estimates of the differences are presented for some, but not all revenues, regardless of whether a narrative discussion is included. Answer “d” if no estimates of the differences are presented in the Year-End Report.

Answer:

a. Yes, estimates of the differences between the enacted levels and the actual outcome for all revenues are presented, along with a narrative discussion.

Source:

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
pp. 229-230

In Hungarian: XLII. A költségvetés közvetlen bevételei és kiadásai

In English: Chapter XLII Direct revenues and expenditures of the budget

URL: http://www.parlament.hu/irom41/01671/2017_zsz_9_OGY.pdf
pp. 4691-4754

Comment:

The balance sheet of the central government presents the outcome for the previous year (in column „2018. évi teljesítés”), the original enacted level (in column „2019. évi előirányzat”), the modified level (in column „2019. évi módosított előirányzat”) and the actual outcome (in column „2019. évi teljesítés”) for the budget year on page 229. Most of the significant tax revenues are presented individually in this table.

A similar, but more detailed table is also included at the end of each chapter. Most of the revenues are included in chapter XLII, and in that table even the minor taxes are presented. The table is on pp. 4730-4750. For other revenue sources the appropriate chapter includes this information, for example chapter LXXI and LXXII for the social contributions (“szociális hozzájárulási adó”) (on pp. 5158-5162 and 5270-5282).

The narrative discussion of the revenues mentions briefly the main causes of the difference between the original enacted level and the actual outcome. For example on page 4693 the lower than expected corporate tax was explained as the better macroeconomic data, the expiration of the tax expenditure for cultural support and the collection of tax arrears could not compensate the effect of abolition of tax prepayment and introduction of group taxation. The individual causes are not presented numerically or by macroeconomic effects, only described.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

88. Does the Year-End Report present revenue estimates by category (such as tax and non-tax)?

GUIDELINES:

Question 88 asks whether revenue estimates in the Year-End Report are presented by "category"—that is, whether tax and non-tax sources of revenue are shown separately.

To answer "a," the Year-End Report must present revenue estimates classified by category.

Answer:

a. Yes, the Year-End Report presents revenue estimates by category.

Source:

In Hungarian: A központi alrendszer mérlege

In English: Balance sheet of the central government

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf

pp. 229-230

In Hungarian: A központi alrendszer mérlege (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)

In English: Balance sheet of the central government (cash-flow based) (by economic classification)

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf

page 338

Comment:

In the table by economic classification the tax revenues are grouped by types like income taxes („Jövedelemadók”), social contribution tax and social contributions („Szociális hozzájárulási adó és járulékok”) or taxes on products and services („Termékek és szolgáltatások adói”). The non-tax revenues are grouped into „Other revenues” („Egyéb közhatalmi bevételek”), current revenues („Működési bevételek”) and capital revenues („Felhalmozási bevételek”). The table also presents the revenues received from other budgetary institutions and outside the budget (in rows „Működési célú támogatások államháztartáson belülről”, „Felhalmozási célú bevételek államháztartáson belülről”, „Működési célú átvett pénzeszközök”, „Felhalmozási célú átvett pénzeszközök”).

The classification of the balance sheet focuses more on grouping the tax revenues. It uses categories like revenues from corporations („Gazdálkodó szervezetek befizetései”), taxes on consumption („Fogyasztáshoz kapcsolt adók”), revenues from households („Lakosság befizetései”) or social contribution tax and social contributions („Szociális hozzájárulási adó és járulékok”). The non-tax revenues are aggregated at various levels. The interests received are shown individually in the line „Kamatbevételek”, while all the revenues related to state property are aggregated in one line („Állami vagyonnal kapcsolatos befizetések”). Other notable categories are the revenues from the EU („Szakmai fejezeti kezelésű előirányzatok EU támogatása”) and the revenues of the budgetary institutions („Költségvetési szervek bevételei”). The structure of the revenues, the ratio of tax and non-tax revenues can be estimated from these groups in spite of the fact that the groups do not strictly follow the tax-non-tax classification.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

89. Does the Year-End Report present individual sources of revenue?

GUIDELINES:

Question 89 asks whether revenue estimates for individual sources of revenue are presented in the Year-End Report. The question applies to both tax and non-tax revenue.

To answer "a," the Year-End Report must present all sources of revenue individually, accounting for all revenue, and "other" or "miscellaneous" revenue must account for three percent or less of all revenue. Answer "b" if the Year-End Report presents individual sources of revenue that when combined account for at least two-thirds of all revenue, but not all revenue. Answer "c" if the Year-End Report presents estimates of individual revenue sources that account for less than two-thirds of revenue. Answer "d" if individual sources of revenue are not presented in the Year-End Report.

Answer:

b. Yes, the Year-End Report presents individual sources of revenue accounting for at least two-thirds of, but not all, revenue.

Source:

In Hungarian: 1. melléklet a zárszámadáshoz

In English: Appendix 1 of the Year-End Report

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
pp. 11-97

In Hungarian: A központi alrendszer mérlege
In English: Balance sheet of the central government
URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
pp. 229-230

Comment:

The Year-End Report includes all revenue sources individually in appendix 1. The only exception is if a budgetary institution handles different revenues (like the governmental offices that may collect service fees and fines as well), because all of the institutions own revenue are aggregated to one line. However this is only a minor issue related to the total of the revenues. The drawback of this is that the reader has to go through all the items in the appendix. The revenues are in columns „Működési bevételek” (current revenues) and „Felhamozási bevételek” (capital revenues).

On page 229 the balance sheet of the central government highlights some of the major revenue sources, but still many important revenue sources are presented in an aggregated way. For example in the line „Állami vagyonnal kapcsolatos bevételek” all kind of revenues are presented related to state property from dividend from corporations to selling of assets and utilization of assets, or the line „Költségvetési szervek bevételei” can include all kinds of revenues of the institutions from fees to revenues from market-based services. Similarly the line „Háztartási alkalmazott utáni regisztrációs díj” (Registration fee of household workers) is only 0,024 billion HUF or the „Turizmusfejlesztési hozzájárulás” (Tourism development contribution) is 19 billion HUF, while more significant revenue sources are aggregated into the line „Egyéb központosított bevételek”. For example the road toll that account for 287 billion HUF on page 82 as „Megtett úttal arányos útdíj” and „Ídőalapú útdíj”. In our opinion the important revenue sources should be grouped in a reasonable way and only the minor revenue sources should be aggregated.

Because appendix 1 would require a lot of effort from the reader and the balance sheet does not clearly present all kind of revenue sources, we chose answer 'b'.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

90. Does the Year-End Report present the differences between the original estimates of government borrowing and debt, including its composition, for the fiscal year and the actual outcome for that year?

GUIDELINES:

Question 90 asks whether the Year-End Report includes estimates of the differences between the original estimates and the actual outcome for the fiscal year for borrowing and debt, including its composition, and whether these estimates are accompanied by a narrative discussion.

Refer to Question 13 for details on estimates in the Executive's Budget Proposal of borrowing and debt. Key estimates related to borrowing and debt include:

- the amount of net new borrowing required during the budget year;
- the central government's total debt burden at the end of the budget year; and
- the interest payments on the outstanding debt for the budget year.

Refer to Question 14 for details on estimates in the Executive's Budget Proposal related to the composition of the debt. Core information related to the composition of government debt include:

- interest rates on the debt;
- maturity profile of the debt; and
- whether the debt is domestic or external.

To answer "a," the Year-End Report must include estimates of the differences between all of the original estimates of borrowing and debt, including its composition, for the fiscal year and the actual outcome for that year, including a narrative discussion. Answer "b" if the Year-End Report presents estimates of the differences between all of the original estimates of borrowing and debt for the fiscal year and the actual outcome for that year, but does not include a narrative discussion. Answer "c" if estimates of the differences between some but not all of the original estimates of borrowing and debt for the fiscal year and the actual outcome for that year are presented, regardless of whether a narrative discussion is included. A "d" response applies if estimates of the differences are not presented.

Answer:

c. Yes, estimates of the differences between some but not all of the original estimates of government borrowing and debt for the fiscal year and the actual outcome for that year are presented.

Source:

In Hungarian: A központi költségvetés bruttó adósságának alakulása 2016-2019 között (millió forint)
In English: The evolution of the gross debt of the central government between 2016-2019 (million HUF)

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
page 617

In Hungarian: A központi költségvetés finanszírozási és adósságműveletei 2019-ben, előzetes adatok alapján
In English: The financing and debt operations of the central budget in 2019 (preliminary data)
URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
page 619

In Hungarian: XLI. Adósságszolgálattal kapcsolatos bevételek és kiadások
In English: Chapter XLI Revenues and expenditures related to debt services
URL: https://www.parlament.hu/irom41/13098/T_13098_08.pdf
pp. 4677-4684

In Hungarian: Az általános indokolás – II. A központi kormányzat 2019. évi előirányzatai – B. Az államháztartási központi alrendszerének hiánya, finanszírozása, az államadósság kezelése
In English: The General Justification – II. Appropriations of the central budget in 2019 – B. Deficit and financing of the central government, management of the debt
URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
pp. 153-159

Comment:

For the total debt of the central government only the actual outcomes are presented, the original estimates are not included. The total debt is shown in the line „A központi költségvetés bruttó adóssága mindösszesen” in the table about the evolution of the debt on page 617. The columns present the data for the end of the years from 2016 to 2019. The composition of the debt is shown by denomination and type (loans, bonds). The instruments in foreign currency is in the block „1. Devizában fennálló adósság”, while the instruments in domestic currency in the block „2. Forintban fennálló adósság”. The type is in the below lines: „hitel” means loans, „kötvény” means bonds, „kincstárjegyek” are the T-bills.

The net borrowing requirement is presented in the second cited table on page 619 in the line „Nettó finanszírozási igény”. This is only the outcome for the budget year, the estimated values are not included.

The narrative discussion of chapter XLI explains the difference of interests paid and received between the modified enacted level and the actual outcome. However in many cases the enacted levels are not presented numerically, but can be calculated. On page 4679 the interests paid on foreign-denominated debt was 185.887,2 million HUF that was 547,3 million HUF more than the enacted level. („A devizában fennálló adósság kamatkidásai 547,3 millió forinttal lettek magasabbak az előirányzatnál, és 185 997,2 millió forintot tettek ki.”). The next paragraphs describe the causes of the difference, like which instruments caused it, the foreign exchange changes. Fortunately the detailed table on pp. 4686-4689 includes the original estimates for these items. Column „2018. évi teljesítés” shows the actual outcome for the previous year, „2019. évi előirányzat” is the original enacted level, „2019. évi módosított előirányzat” is the modified level and „2019. évi teljesítés” is the actual outcome for the budget year.

The general justification includes additional information about the debt. For example on page 155 the table called „Nettó kibocsátás 2019-ben” compares the amount of the issued debt instruments to the planned amount. The outcome is in column „2019. tény”, the planned amount is in „Előirányzat tervezésekor (2018.05.22)”. The planned amount cannot be verified because the EBP for FY 2019 did not include this data. On pp. 158-159 the narrative discussion mentions that the outcome of the debt was lower than planned, but does not describe the exact amount of the planned amount.

The YER contains information about the debt but the difference between the original estimates and actual outcomes only presented for the interest payments and net new borrowing requirements.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

90b. Based on the response to Question 90, check the box(es) to identify which estimates of government borrowing and debt, including its composition, have the differences between the original forecast and the actual outcome for the year presented in the Year-End Report:

Answer:

The amount of net new borrowing required during the budget year
The interest payments on outstanding debt for the budget year

Source:

In Hungarian: XLI. Adósságszolgálattal kapcsolatos bevételek és kiadások
In English: Chapter XLI Revenues and expenditures related to debt services
URL: https://www.parlament.hu/irom41/13098/T_13098_08.pdf
pp. 4677-4684

In Hungarian: Az általános indokolás – II. A központi kormányzat 2019. évi előirányzatai – B. Az államháztartási központi alrendszerének hiánya, finanszírozása, az államadósság kezelése
In English: The General Justification – II. Appropriations of the central budget in 2019 – B. Deficit and financing of the central government, management of the debt
URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
pp. 153-159

Comment:

The narrative discussion presents the interests paid and received for the actual outcome and the difference from the enacted level. The enacted level is only detailed in the table on pp. 4686-4689. Column „2018. évi teljesítés” shows the actual outcome for the previous year, „2019. évi előirányzat” is the original enacted level, „2019. évi módosított előirányzat” is the modified level and „2019. évi teljesítés” is the actual outcome for the budget year.

The general justification includes additional information about the debt. For example on page 155 the table called „Nettó kibocsátás 2019-ben” compares the amount of the issued debt instruments to the planned amount. The outcome is in column „2019. tény”, the planned amount is in „Előirányzat tervezésekor (2018.05.22)”. The planned amount cannot be verified because the EBP for FY 2019 did not include this data. The interest payments and the net new borrowing are presented but the latter cannot be verified from the original EBP for FY 2019.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

91. Does the Year-End Report present the differences between the original macroeconomic forecast for the fiscal year and the actual outcome for that year?

GUIDELINES:

Question 91 asks whether the Year-End Report includes estimates of the differences between the original macroeconomic forecast for the fiscal year and the actual outcome for that year, and whether these estimates are accompanied by a narrative discussion.

Refer to Question 15 for the components of the macroeconomic forecast in the Executive’s Budget Proposal. Core components include estimates of the nominal GDP level, inflation rate, real GDP growth, and interest rates, although the importance of other macroeconomic assumptions, such as the price of oil, can vary from country to country.

To answer “a,” the Year-End Report must include estimates of the differences between all of the original macroeconomic assumptions for the fiscal year and the actual outcome for that year, including a narrative discussion. Answer “b” if the Year-End Report presents estimates of the differences between all of the original macroeconomic assumptions for the fiscal year and the actual outcome for that year, but does not include a narrative discussion. Answer “c” if estimates of the differences between some but not all of the original macroeconomic assumptions for the fiscal year and the actual outcome for that year are presented, regardless of whether a narrative discussion is included. A “d” response applies if estimates of the differences are not presented.

Answer:

a. Yes, estimates of the differences between all of the original macroeconomic assumptions for the fiscal year and the actual outcome for that year are presented, along with a narrative discussion.

Source:

In Hungarian: Az indokolás mellékletei – A gazdasági fejlődés főbb jellemzői

In English: Appendices of the justification – The main characteristics of the economic development

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
page 215

In Hungarian: Az általános indokolás – I. A kormányzat gazdaságpolitikájának fő vonásai, az államháztartás a 2019. évben – 1. A kormányzat gazdaságpolitikája

In English: The General Justification – Chapter I. The main characteristics of the economic policy of the government and the evolution of the budget in 2019 – Section 1. The economic policy of the government

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
pp. 107-109

Comment:

The cited table on page 215 presents the actual outcome for macroeconomic assumptions (in the column „2019 előzetes tény”) beside the submitted („2019 benyújtott”), the enacted („2019 elfogadott”) and the previous year’s outcome („2018 tény”).

The narrative discussion compares the differences between the originally enacted and the actual outcomes and describes the main causes of the differences for some of the indicators: real GDP-growth, investment rate, inflation rate. The investment rate is explained on page 107 in the paragraph „2019-ben a növekedés másik fő hajtóerejét a nemzetgazdasági beruházások képezték”, the inflation rate on page 108 in the paragraph „Az árak átlagosan 3,4%-kal növekedtek 2019-ben,” the real GDP growth on page 109 in the paragraph „A gazdasági növekedés üteme (4,6%) ugyanakkor meghaladta a prognosztizált értéket (4,1%)”.

On page 108 the discussion assesses the original macroeconomic forecast, but its content is mostly a summary of the previous paragraphs. The presented table identical to the macroeconomic assumptions in the EBP for FY 2019, hence the differences are presented for all the

macroeconomic data.
The submitted table in EBP for 2019 is available on page 259:
https://www.parlament.hu/irom41/00503/T_503_fokotet.pdf

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

91b. Based on the response to Question 91, check the box(es) to identify which elements of the macroeconomic forecast have the differences between the original forecast and the outcome for the year presented in the Year-End Report:

Answer:
Nominal GDP level
Inflation rate
Real GDP growth
Interest rates
Information beyond the core elements

Source:
In Hungarian: Az indokolás mellékletei – A gazdasági fejlődés főbb jellemzői
In English: Appendices of the justification – The main characteristics of the economic development
URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
page 215

In Hungarian: Az általános indokolás – I. A kormányzat gazdaságpolitikájának fő vonásai, az államháztartás a 2019. évben – 1. A kormányzat gazdaságpolitikája
In English: The General Justification – Chapter I. The main characteristics of the economic policy of the government and the evolution of the budget in 2019 – Section 1. The economic policy of the government
URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
pp. 107-109

Comment:
The cited table compares the following indicators:
Real GDP growth rate – GDP növekedése
Nominal GDP level in billion HUF – GDP értéke folyó áron (milliárd forint)
GDP deflator – GDP deflátor
Inflation rate – Fogyasztói árindex változása (éves átlag)
Growth rate of labour productivity – Munkatermelékenység növekedési üteme
Gross total wages – Bruttó bér- és keresettömeg
Investment rate as percent of GDP – Beruházási hányad (a GDP %-ában)
Consumption of households – Háztartások fogyasztása
Consumption of the government – Közösségi fogyasztás
Investments – Bruttó állóeszköz-felhalmozás
Export – Termékek és szolgáltatások exportja
Import – Termékek és szolgáltatások importja
Current account balance (in billion EUR and % of GDP) – Folyó fizetési mérleg egyenlege (milliárd euró és a GDP százalékában)
Change of number of employees as percentage – Foglalkoztatottak számának növekedése, %
Change in average gross wage as percent – Bruttó átlagkereset növekedése, %
Change in average net wage as percent – Nettó átlagkereset növekedése, %
EURHUF exchange rate – HUF/EUR árfolyam, éves átlag
USDHUF exchange rate – HUF/USD árfolyam éves átlag
Brent oil price – Brent olajár (USD/hordó, éves átlag)
Base interest rate of the central bank – Jegybanki alapkamat (Reuters)

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

92. Does the Year-End Report present the differences between the original estimates of nonfinancial data on inputs and the actual outcome?

GUIDELINES:

Question 92 asks whether the Year-End Report includes estimates of the differences between the original estimates of nonfinancial data on inputs and the actual outcome for the year, and whether these estimates are accompanied by a narrative discussion.

Refer to Question 49 for the nonfinancial data on inputs included in the Executive's Budget Proposal.

To answer "a," the Year-End Report must include estimates of the differences between all of the original estimates of nonfinancial data on inputs and the actual outcome, including a narrative discussion. Answer "b" if the Year-End Report presents estimates of the differences between all of the original estimates of nonfinancial data on inputs and the actual outcome, but does not include a narrative discussion. Answer "c" if estimates of the differences between some but not all of the original estimates of nonfinancial data on inputs and the actual outcome are presented, regardless of whether a narrative discussion is included. A "d" response applies if estimates of the differences are not presented.

Answer:

c. Yes, estimate of the differences between some but not all of the original estimates of nonfinancial data on inputs and the actual outcome are presented.

Source:

In Hungarian: XX. Emberi Erőforrások Minisztériuma – Egészségügyért felelős szakmai ágazat – „Helybe visszük a vizsgálatokat” program

In English: Chapter XX Ministry for Human Capacities – Professional department for healthcare – „Bringing the medical examinations to patients” program

URL: https://www.parlament.hu/irom41/13098/T_13098_06.pdf

pp. 3307-3308

In Hungarian: XX. Emberi Erőforrások Minisztériuma – Egészségügyért felelős szakmai ágazat – 10.2. alcím Gyógyító-megelőző ellátás intézetei

In English: Chapter XX Ministry for Human Capacities – Professional department for healthcare – Subtitle 10.2 Institutions of medicinal, prevention

URL: https://www.parlament.hu/irom41/13098/T_13098_06.pdf

page 3348

In Hungarian: XX. Emberi Erőforrások Minisztériuma – 14. cím Országos Mentőszolgálat

In English: Chapter XX Ministry for Human Capacities – Title 14 National Ambulance Service

URL: https://www.parlament.hu/irom41/13098/T_13098_06.pdf

page 3370 and 3372

Comment:

The only systematic nonfinancial input in the EBP for 2019 was the number of employees. This data also included in the year-end report for each institution in a summary table. On page 3372 the row „Átlagos statisztikai állományi létszám (fő)” shows the average number of employees of the institution during the year. The column „2018. évi tény” shows the outcome of the previous year, the column „2019. évi eredeti előirányzat” the originally enacted number, the column „2019. évi törvényi módosított előirányzat” the updated number and „2019. évi tény” the actual outcome for the budget year. The narrative discussion is on page 3374 in the paragraph with the boldfaced „átlagos statisztikai létszáma” expression. The comparison is between the enacted level and actual outcome. The difference is explained as what jobs were not filled, but the causes were not described.

Related to the specific institutions other nonfinancial inputs may be mentioned throughout the document.

For example on page 3370 the number of ambulance stations and ambulance vehicles are mentioned, but only the outcomes are detailed, the planned numbers are not described. This is in the paragraph „Az OMSZ operatív mentő feladatait 2019. évben 255 mentőállomáson végezte”.

Similar nonfinancial data is mentioned on page 3348 where the number of beds in the healthcare is described as 67 526 total beds of which 41 488

active and 26 038 chronic beds. This is in the sentence „A rendelkezésre álló fekvőbeteg ágyak száma 2019 decemberében 67 526 volt, amelyből 41

488 aktív és 26 038 krónikus ágy volt”. Another example is number of mobile buses used for medical examinations. On page 3308 the government

described that 10 buses were used for a medical examination program to provide healthcare services in certain areas.

The EBP did not include these data and the originally intended values were not described, hence we only evaluated the number of employees as

nonfinancial data for inputs where the comparison is made.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

93. Does the Year-End Report present the differences between the original estimates of nonfinancial data on results and the actual outcome?

GUIDELINES:

Question 93 asks whether the Year-End Report includes estimates of the differences between the original estimates of nonfinancial data on results and the actual outcome for the year, and whether these estimates are accompanied by a narrative discussion. Nonfinancial data on results can include data on both outputs and outcomes, but not on inputs (which are addressed in Question 92).

Refer to Question 50 for the nonfinancial data on results included in the Executive's Budget Proposal.

To answer "a," the Year-End Report must include estimates of the differences between all of the original estimates of nonfinancial data on results and the actual outcome, including a narrative discussion. Answer "b" if the Year-End Report presents estimates of the differences between all of the original estimates of nonfinancial data on results and the actual outcome, but does not include a narrative discussion. Answer "c" if estimates of the differences between some but not all of the original estimates of nonfinancial data on results and the actual outcome are presented, regardless of whether a narrative discussion is included. A "d" response applies if estimates of the differences are not presented.

Answer:

d. No, estimates of the differences between the original estimates of nonfinancial data on results and the actual outcome are not presented.

Source:

In Hungarian: XX. Emberi Erőforrások Minisztériuma – 14. cím Országos Mentőszolgálat

In English: Chapter XX Ministry for Human Capacities – Title 14 National Ambulance Service

URL: https://www.parlament.hu/irom41/13098/T_13098_06.pdf

pp. 3370-3371

In Hungarian: XX. Emberi Erőforrások Minisztériuma – 2.3. alcím Szociális és gyermekvédelmi, gyermekjóléti feladatellátás és irányítás intézményei

In English: Chapter XX Ministry for Human Capacities – Subtitle 2.3 Institutions of social and child-protection, child-welfare

URL: https://www.parlament.hu/irom41/13098/T_13098_07.pdf

page 3921

In Hungarian: XI. Miniszterelnökség - 30/1/39. Dokumentációs Központ működtetése, fenntartása és fejlesztése

In English: Chapter XI Prime Minister's Office – 30/1/39. Operation, maintenance and development of Documentation Center

URL: https://www.parlament.hu/irom41/13098/T_13098_02.pdf

page 1361

Comment:

Performance indicators are presented ad hoc in the Year-End Report. The nonfinancial indicators are mostly mentioned in the narrative discussion to explain the activities of the budgetary institutions, not to evaluate their performances.

For example on page 1361 the documentation center continued to digitally process the photograph stock: from the 300.000 pieces 2.334 were processed in 2019 and what other tasks were fulfilled. This is in the paragraph starting with „Folytatódott a mintegy 300 000 darabos fotóállomány nyilvántartásba vétele, rendszerezése: az év folyamán 2334 db fotó digitalizálására került sor”.

Another example is the activities of National Ambulance Services. On page 3370 it is stated that 1.148.011 cases were attended in 2019 that is 6.655 more than in the previous year. Further details are provided like the distribution of cases or the total length of route taken. This is in the paragraph starting with „Az OMSZ 2019. évben 1 148 011 esetben nyújtott segítséget,“. The number and distribution of the social and child-welfare institutions are presented on page 3921. The columns show the allowed capacity („Engedélyezett férőhelyszám”) and used capacity („Ellátotti létszám összesen”) for social services („Szociális szakellátás”), child-welfare services („Gyermekvédelmi szakellátás”). The different services are listed in the rows.

The performance indicators are presented sporadically and even the presented ones are not compared to the originally expected levels, hence the performance of the institutions cannot be evaluated without this context. As a consequence there are no explanations of the differences.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

94. Does the Year-End Report present the differences between the enacted level of funds for policies (both new proposals and existing policies) that are intended to benefit directly the country's most impoverished populations and the actual outcome?

GUIDELINES:

Question 94 asks whether the Year-End Report includes estimates of the differences between the enacted level of funds for policies that are intended to benefit directly the country's most impoverished populations and the actual outcome for the year, and whether these estimates are accompanied by a narrative discussion.

Refer to Question 52 for assistance to the most impoverished populations in the Executive's Budget Proposal.

To answer "a," the Year-End Report must present estimates of the differences between the enacted level for all policies that are intended to benefit the country's most impoverished populations and the actual outcome, including a narrative discussion. Answer "b" if the Year-End Report presents estimates of the differences between the enacted level for all policies that are intended to benefit the country's most impoverished populations and the actual outcome, but

does not include a narrative discussion. Answer "c" if estimates of the differences between the enacted level for some but not all of the policies that are intended to benefit the country's most impoverished populations and the actual outcome are presented, regardless of whether a narrative discussion is included. A "d" response applies if estimates of the differences are not presented.

Answer:

c. Yes, estimates of the differences between the enacted level for some but not all of the policies that are intended to benefit directly the country's most impoverished populations and the actual outcome are presented.

Source:

In Hungarian: XX. Emberi Erőforrások Minisztériuma – 19. cím Emberi Erőforrás Támogatáskezelő – Útravaló Ösztöndíjprogram

In English: Chapter XX Ministry for Human Capacities – Title 19 Human Capacities Support Management – Viaticum Scholarship Program

URL: https://www.parlament.hu/irom41/13098/T_13098_06.pdf
page 3284

In Hungarian: XX. Emberi Erőforrások Minisztériuma – 2.3. alcím Szociális és gyermekvédelmi, gyermekjóléti feladatellátás és irányítás intézményei

In English: Chapter XX Ministry for Human Capacities – Subtitle 2.3 Institutions of social and child-protection, child-welfare

URL: https://www.parlament.hu/irom41/13098/T_13098_07.pdf
page 3933

In Hungarian: XX. Emberi Erőforrások Minisztériuma – 20/17/1 Gyermekvédelmi Lakás Alap

In English: Chapter XX Ministry of Human Capacities – 20/17/1 Child protection housing fund

URL: https://www.parlament.hu/irom41/13098/T_13098_07.pdf
pp. 3945-3947

In Hungarian: XX. Emberi Erőforrások Minisztériuma – 20/20/12 Hajléktalanokhoz kapcsolódó közfeladatok ellátása

In English: Chapter XX Ministry of Human Capacities – 20/20/12 Public tasks related to homeless persons

URL: https://www.parlament.hu/irom41/13098/T_13098_07.pdf
pp. 3971-3973

In Hungarian: XX. Emberi Erőforrások Minisztériuma – XX/21/1 Nemzeti Család- és Szociálpolitikai Alap

In English: Chapter XX Ministry of Human Capacities – XX/21/1 National Family and Social Fund

URL: https://www.parlament.hu/irom41/13098/T_13098_07.pdf
pp. 4007-4009

Comment:

The funds intended for the most impoverished populations are not summarized. They can only be found by looking through the explanations. The cited examples are only the appropriations that can be easily identified, there are other expenditures with similar goals.

The social benefits are not detailed in this way, sometimes even the individual benefits are not separated. For example many of the social benefits are discussed on pages 4007-4009, but the benefits took over from local governments called „Járási szociális feladatok ellátása” (in the table on page 4009) are not disaggregated, however it contains diverse benefits and some of them is targeted for the most impoverished, while others are general subsidies. Similarly the family support („Családi pótlék”) may be a significant income for the most impoverished families but the beneficiaries are not detailed.

The other cited social benefits are targeted ones but they do not mean the total funds for the most impoverished persons. The support for services for homeless persons, child-welfare services or providing housing for persons leaving the social services due to their age (in the program „Családvédelmi Lakás Alap”), scholarships are mainly well-defined ones and even donor fund from the European Union are used for this purpose: on page 3933 the programs RSZTOP-4.1.1-16-2017-00001 and RSZTOP-1.1.1-16-2016 are about providing foods for incapacitated or most impoverished persons, families.

The Year-End Review includes all the subsidies provided to the citizens, but the benefits intended to the most impoverished can only be partially identified. For the cited examples the actual outcomes, the original and modified expenditure levels and the outcome of the previous year are included with the exception of the example on page 3933 where only the actual outcomes are presented.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

95. Does the Year-End Report present the differences between the original estimates of extra-budgetary funds and the actual outcome?

GUIDELINES:

Question 95 asks whether the Year-End Report presents estimates of the differences between the original estimates of extra-budgetary funds and the actual outcome for the year, and whether these estimates are accompanied by a narrative discussion.

Refer to Question 33 for estimates of extra-budgetary funds in the Executive's Budget Proposal.

To answer "a," the Year-End Report must include estimates of the differences between all of the original estimates of extra-budgetary funds and the actual

outcome, including a narrative discussion. Answer "b" if the Year-End Report presents estimates of the differences between all of the original estimates of extra-budgetary funds and the actual outcome, but does not include a narrative discussion. Answer "c" if estimates of the differences between some but not all of the original estimates of extra-budgetary funds and the actual outcome are presented, regardless of whether a narrative discussion is included. A "d" response applies if estimates of the differences are not presented

Answer:

d. No, estimates of the differences between the original estimates of extra-budgetary funds and the actual outcome is not presented.

Source:

In Hungarian: I. Országgyűlés – 8-11. címek – 11. cím Közszolgálati médiaszolgáltatás támogatása

In English: Chapter I. National Assembly – Titles 8-11 – Title 11 Support of public media

URL: https://www.parlament.hu/irom41/13098/T_13098_01.pdf

pp. 731-732

In Hungarian: LXVI. Központi Nukleáris Pénzügyi Alap – II.1. Eszköz oldal

In English: Chapter LXVI Central Nuclear Financial Fund – II.1. Assets

URL: https://www.parlament.hu/irom41/13098/T_13098_09.pdf

page 4906

Comment:

In the Hungarian terminology „fund” may refer to some of the chapters in the central budget, like Pension Insurance Fund („Nyugdíjbiztosítási Alap”) or Health Insurance Fund („Egészségbiztosítási Alap”). In practice these work like other ministries in the budget: the government can provide extra funds or take the surplus and in this sense they are not separate from the central budget. As they operate similarly to other budgetary institutions we do not consider them extra-budgetary funds.

The only extra-budgetary funds are the Media Service and Support Trust Fund and the foundations of the National Bank of Hungary.

The budget of the media fund is approved in a separate law from the central budget, but it is almost exclusively funded by the central budget, only has minor fees as its own revenues. The details of this fund are omitted from the Year-End Report, only the subsidy provided to it was described on page 731.

The foundations of the National Bank of Hungary are not controlled by the government, but as they spend public funds and serve public goals, for a comprehensive report their activities could be included as extra information.

The Central Nuclear Financial Fund (as an intra-budgetary fund) is cited because the main goal of the fund is to collect the deposit for the decommission of Paks Nuclear Power Plant. Previously the deposit was no included in the Year-End Review, but for FY 2019 it is presented on page 4906.

The subsidy for the media fund is only partial revenue information for the fund, because it has other revenue source. While both the original estimate and actual outcome were included in the YER, the information must be provided for the total gross data. The change from the last survey is caused by clearing the interpretation of the question and making it consistent with question 33.

Peer Reviewer

Opinion: Disagree

Suggested Answer: b. Yes, estimates of the differences between all of the original estimates of extra-budgetary funds and the actual outcome are presented, but a narrative discussion is not included.

Comments: The Year-End Report presents the actual of the budget year in the Annex 1 in similar structure as in the Executive's Budget Proposal. The table A központi alrendszer mérlege (Balance of the central subsystem) on page 229 presents the the original estimates of extra-budgetary funds under column "2019. évi módosított előirányzat" (appropriation FY2019) the modified appropriation under column "2019 évi módosított előirányzat", and the actual outcome under "2019. évi teljesítés".

Government Reviewer

Opinion:

Researcher Response

Thank you for noting that! The cited tables compare the separated government funds ("Elkülönített állami pénzalapok") and the Social insurance financial funds ("Társadalombiztosítás pénzügyi alapjai"). These funds are not truly extra-budgetary funds because the same rules apply for them as for any other chapter/Ministry except some special cases, they have their own revenue but that can be reallocated or increased. These are only separated activities for certain goals and in this sense they are similar to expenditures related to national assets. We looked for funds that have their revenues and expenditures managed outside the central budget and operate by special rules. A previous example is the Pension Reform and Debt Reduction Fund whose assets were not presented in the budget but financed certain expenditures.

96. Is a financial statement included as part of the Year-End Report or released as a separate report?

GUIDELINES:

Question 96 asks whether a financial statement is included as part of the Year-End Report, or whether it is released as a separate report. The financial statement can include some or all of the following elements: a cash flow statement, an operating statement, a balance sheet, and notes on accounting. For purposes of responding to this question, the financial statement in question does not need to be audited. For an example of a financial statement, see the

document "Financial Statements of the Government of New Zealand 2013" (<https://treasury.govt.nz/sites/default/files/2013-10/fsgnz-year-jun13.pdf>)

To answer "a," a financial statement must either be included in the Year-End Report or must be released as a separate report. Answer "a" applies if a financial statement is released as a separate report, even if the Year-End Report is not publicly available. Answer "b" applies if no financial statement is released either as part of the Year-End Report or as a separate report.

Answer:

a. Yes, a financial statement is part of the Year-End Report or is released as a separate report.

Source:

In Hungarian: Vagyon adatok – Központi költségvetési szervek és fejezeti kezelésű előirányzatok könyvviteli mérlege

In English: Data on assets – Balance sheet of national accounts

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf

pp. 641-643

In Hungarian: Az államháztartás főbb jellemzői (pénzforgalmi szemléletben)

In English: Main characteristics of the budget of the general government (cash-flow based)

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf

page 216

In Hungarian: A központi költségvetés finanszírozási és adósságműveletei 2019-ben, előzetes adatok alapján

In English: The financing and debt transactions of the the central budget in 2019 (preliminary data)

URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf

page 619

Comment:

Some elements of the financial statement can be found in separate tables of the YER.

The first cited table on pp. 641-643 is the balance sheet of the central government, presenting the assets (until the row „Eszközök összesen”) and liabilities (until the row „Források összesen”) for the previous (in column „Előző év”) and the budget year (in column „Tárgyév”).

The second cited table on page 216 is an operating statement presenting revenues and expenditures of the government. The „cash-flow based” type only refers to the method of accounting that all the items are booked when they were received or paid, but because of the treasury system used by the government there is no cash movement for intra-governmental transfers. The presented numbers are not consolidated. This is proved by the table on page 220 that shows the consolidated expenditures and in the row „Kiadások” the amount is different than the „Kiadások” in the block „Államháztartás összesen” (General government total). In the table the rows „bevételek” shows the revenues, the „kiadások” shows the expenditures. The items are detailed by subsectors (like central government – „központi költségvetés”, local governments – „önkormányzatok”, pension insurance fund – „Nyugdíjbiztosítási Alap”, health insurance fund – „Egészségbiztosítási Alap”, separated financial funds – „elkülönített állami pénzalapok”) and types (like primary revenues and expenditures – „elsődleges”, interest related – „kamat”). The actual outcomes are in the columns „2018. évi teljesítés” and „2019. évi teljesítés”, the columns in between show the original and modified estimates.

The closest to the cash flow statement is the summary table of financing and debt transactions on page 619. However the table only presents the cash-flow movements related to debt transactions and omits the received funds from taxes, social contributions and the amount paid for wages, operational costs, investments. It presents only part of the cash flow movements of the cash account of the government. The cash account of the government is called „KESZ”, so the rows „KESZ-t érintő devizaadósság felvétel és átvállalás” shows the foreign currency denominated debts affecting the cash account, the row „KESZ likviditásának csökkenése” shows the liquidity decrease of the account, but other movements are not detailed.

The revenues, expenditures and the balance sheet of the government are presented in the document, but these are not linked together to show how the former influenced the changes in assets or debt.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

97. What type of audits (compliance, financial, or performance) has the Supreme Audit Institution (SAI) conducted and made available to the public?

GUIDELINES:

Question 97 asks about the types of audits conducted by the Supreme Audit Institution (SAI). There are three basic types of audits:

- Financial audits are intended to determine if an entity's financial information is accurate (free from errors or fraud) and presented in accordance with the applicable financial reporting and regulatory framework. See ISSAI 200 (<http://www.issai.org/issai-framework/3-fundamental-auditing-principles.htm>) for more detail.

- Compliance audits look at the extent to which the relevant regulations and procedures have been followed. See ISSAI 400 (<https://www.issai.org/pronouncements/issai-400-compliance-audit-principles/>) for more details.
- Performance audits assess whether activities are adhering to the principles of economy, efficiency, and effectiveness. See ISSAI 300 (<https://www.issai.org/pronouncements/issai-300-performance-audit-principles/>) for more details.

Financial and compliance audits are more common than performance audits, which usually occur only once a performance framework has been agreed upon. In some countries, the SAI's mandate limits the type of audit it can conduct.

To answer "a," the SAI must have conducted all three types of audit – financial, compliance, and performance – and made all of them available to the public. A "b" response applies if the SAI has conducted two of the three audit types, and a "c" applies if it has conducted only one type of audit. Answers "b" and "c" may be selected even if the Audit Report is not publicly available, as long as the SAI has conducted compliance or performance audits and made them available to the public. A "d" response applies if the SAI has not conducted any of the three types of audits, or has not made them available to the public.

Answer:

a. The SAI has conducted all three types of audits (compliance, financial, or performance) and made them available to the public.

Source:

Compliance audit

In Hungarian: Jelentés - A központi költségvetési szervek (kórházak) kockázatértékelésen alapuló ellenőrzése

In English: Report of the Audit of central budgetary institutions (hospitals) based on risk assessment

URL: <https://www.asz.hu/storage/files/files/jelentes/2020/20195.pdf?ctid=1294>

Financial audit

In Hungarian: Jelentés Magyarország 2019. évi központi költségvetése végrehajtásának ellenőrzéséről

In English: Report of the Audit on the Execution of Central Budget of Hungary for the Year 2019

URL: <https://www.asz.hu/storage/files/files/jelentes/2020/20204.pdf?ctid=1294>

Performance audit

In Hungarian: Jelentés- A szegénységi küszöb alatt élők felemelésére tett intézkedések ellenőrzése

In English: Report of the Audit of policies intended for the population below the poverty line

URL: <https://www.asz.hu/storage/files/files/jelentes/2020/20060.pdf?ctid=1294>

In Hungarian: Jelentés – Az államadósság-kezelési tevékenység Magyarország bruttó külső eladósodottságának mérsékléséhez való hozzájárulásának ellenőrzése

In English: Report of the Audit of the contribution of the debt management to reduce the external gross indebtedness of Hungary

URL: <https://www.asz.hu/storage/files/files/jelentes/2020/20080.pdf?ctid=1294>

Comment:

The most common type of audits is compliance audit, very high percentage of the reports fall into this category. In the cited example the type of audit is noted on page 11 in the line "Ellenőrzés típusa". These audits check if the institution carried out its tasks according to the relevant legal rules and its own regulation.

The recurring financial audit is the Audit Report on the execution of the budget, whose main goal is to ensure all the numbers in the Year-End Report are reliable and reflect the actual state.

The cited performance audits inspect the policies intended for the population below poverty line and the debt management. The audits assessed the indicators determined in strategies and compared them to the actual outputs whether the indicators were fulfilled or not.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

98. What percentage of expenditures within the mandate of the Supreme Audit Institution (SAI) has been audited?

GUIDELINES:

Question 98 focuses on the coverage of audits by the Supreme Audit Institution (SAI), asking what percentage of expenditures within the SAI's mandate has been audited.

The SAI's mandate is typically defined in statute. Only expenditures related to budgetary central government (ministries, departments, and agencies) that are within the SAI's mandate should be considered for this question. (Question 99 addresses audits of extra-budgetary funds.) Further, the question does not apply to "secret programs" (for example, security-related expenditures that are confidential). Further, if the mandate gives the SAI the authority to outsource some audits, then those audits count for purposes of this question.

Only the Audit Report identified in Section 1 should be used to answer this question. Financial audits and compliance audits, or a hybrid of the two, can be taken into account to answer this question. Performance audits should not be considered for this question.

To answer "a," all expenditures within the SAI's mandate must be audited. A "b" response applies if at least two-thirds, but not all, expenditures within the SAI's mandate have been audited. A "c" response is appropriate when less than two-thirds of expenditures within the SAI's mandate have been audited. A "d" response applies when no expenditures have been audited.

Answer:

a. All expenditures within the SAI's mandate have been audited.

Source:

In Hungarian: Jelentés - Magyarország 2019. évi központi költségvetése végrehajtásának ellenőrzéséről

In English: Report of the Audit on the Execution of Central Budget of Hungary for the Year 2019

URL: <https://www.parlament.hu/irom41/13098/13098-0001.pdf>

page 12 and Appendix IV on pp. 32-34

Comment:

The percent of audited expenditures are not stated explicitly in the document, but according to a former announcement the renewed methodology of the State Audit Office ensures that it audits 100% of the expenditures and revenues.

On page 12 the block „ellenőrzött szervezetek” shows the audited institutions. It includes the Ministry of Finance, tax authority, State Treasury, centralised appropriations, the Pension Insurance Funds, Health Insurance Funds among the notable institutions. It is also stated that other institutions were selected through sampling and the list of institutions are on pp. 32-34. While the list contains institutions in some cases only certain expenditures were audited. For example on page 32 in the block „Fejezeti kezeléő előirányzatok” all the ministries are listed, but not the ministries were audited, only certain expenditures like programs.

According to the explanation on pp. 13-14 the samples were taken based on the risk category of the institution and samples were taken by amounts to give higher probability to large expenditures.

There is no sign to question the methodology of the SAO, thus we accepted the statement that the methodology ensured the audit of all the expenditures.

The renewal of the methodology is available in the news articles below.

In Hungarian: Zárószámadás 2014: megújult módszertan

URL: <https://www.aszshirportal.hu/hu/hirek/zarszamadas-2014-megujult-modszertan>

In English: Final Accounts 2014: Focus on the central budget

URL: <https://www.aszshirportal.hu/en/highlighted-news/final-accounts-2014-focus-on-the-central-budget>

Peer Reviewer

Opinion: Disagree

Suggested Answer:

b. Expenditures representing at least two-thirds of, but not all, expenditures within the SAI's mandate have been audited.

Comments: In the 2019 Audit report it is not mentioned the percentage of the audited expenditures, but it is described on pg 13 the method how the State Audit Office determined the minimum percentage of the audited sample which is also connected to the internal control system of the involved institution. In this way it is determined the minimum percentage of the sample. Nevertheless, the method of the audit is sample taking which makes questionable that all the expenditures of the involved institutions were audited.

Government Reviewer

Opinion:

Researcher Response

We disagree with the Peer Reviewer's assessment. Response "a" is maintained. The cited part discussed how the sampling size had been determined. Unfortunately the document did not state explicitly if the sample had been taken from all the expenditures, so we had to rely on earlier methodology documents. In our opinion sampling were always part of the audit process and auditors decide whether additional control needed. It is not stated in the document but probably the SAO applies process audits and IT audits as well to confirm whether the presented data is correct or can be manipulated. Validating each expenditure item of the central government would be impossible, so sampling is an acceptable method for the audit. For an earlier example on page 76 of the Audit report for 2013 the SAO stated that it had checked 1617 items for compliance audit (of which 232 failed). Most likely there were more transactions than this and this were a sample too. Additionally on page 20 the summary table presented that the sample were not taken from the total expenditures, only a slightly smaller pool. In the recent years all the expenditure items are part of the sample pool. URL of Audit report for 2013 <https://www.asz.hu/storage/files/files/%C3%96sszes%20jelent%C3%A9s/2014/14207j000.pdf?ctid=268>

99. What percentage of extra-budgetary funds within the mandate of the Supreme Audit Institution (SAI) has been audited?

GUIDELINES:

Question 99 focuses on audits of extra-budgetary funds, asking what percentage of extra-budgetary funds within the mandate of the Supreme Audit Institution (SAI) has been audited. These funds, although technically outside the budget, are governmental in nature and thus should be subject to the same audit requirement as other government programs.

The SAI's mandate is typically defined in statute. Only expenditures related to extra-budgetary funds within the SAI's mandate should be considered for this question. (Question 98 addresses audits of budgetary central government.) Further, if the mandate gives the SAI the authority to outsource some audits, then those audits count for purposes of this question.

To answer "a," all extra-budgetary funds within the SAI's mandate must be audited. A "b" response applies if extra-budgetary funds accounting for at least two-thirds of, but not all, expenditures associated with extra-budgetary funds within the SAI's mandate have been audited. A "c" response applies if extra-budgetary funds accounting for less than two-thirds of expenditures associated with extra-budgetary funds within the SAI's mandate have been audited. A "d" response applies if extra-budgetary funds have not been audited.

Answer:

b. Extra-budgetary funds accounting for at least two-thirds of, but not all, expenditures associated with extra-budgetary funds within the SAI's mandate have been audited.

Source:

In Hungarian: Jelentés - Magyarország 2019. évi központi költségvetése végrehajtásának ellenőrzéséről

In English: Report of the Audit on the Execution of Central Budget of Hungary for the Year 2019

URL: <https://www.parlament.hu/irom41/13098/13098-0001.pdf>

Appendix IV on pp. 32-34

Comment:

In the Hungarian context extra-budgetary funds can be the Media Service and Support Trust Fund and the foundations of the National Bank of Hungary. The separated funds in the central budget (Pension Insurance Fund, Health Insurance Fund, Central Nuclear Financial Fund and similar funds) were audited along the year-end report, but these funds are not extra-budgetary as they are part of the central budget and operate by the same rules.

According to our research the latest published report on the Media Fund was in 2019. The fund is not in the scope of the yearly financial audit of the central budget as the appendix of the audit report does not show the fund as audited institution.

The last published audit report of the media fund:

<https://www.asz.hu/storage/files/files/jelentes/2019/19074.pdf>

The foundations of the National Bank of Hungary are also audited separately from the financial audit of the central budget. Their last audited year is 2016. The reports were published 21 June 2018 as stated on the below announcement of the SAO and on page 2 of the reports.

The list of audit report for each foundation can be found on the below link:

<https://asz.hu/hu/legfrissebb-jelentesek/lezarult-a-jegybanki-alapitvanyok-2016-evi-ellenorzese>

The extra-budgetary funds were only partially audited and the foundations of the National Bank of Hungary had an aggregated revenue of about 7 billion HUF, opposed to the 30-35 billion HUF of the Media Fund. As the Media Fund were two years within the cut-off date, we accepted it as audit for the extra-budgetary fund and this improved the previous 'c' to 'b'. In the previous survey the audit of Media Fund was for 2013 and we treated it outdated. This time the audit is more timely.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

100. Does the annual Audit Report(s) prepared by the Supreme Audit Institution (SAI) include an executive summary?

GUIDELINES:

Question 100 asks whether the annual Audit Report includes an executive summary. Only the Audit Report identified in Section 1 should be used to answer this question. The Audit Report can be a fairly technical document, and an executive summary of the report's findings can help make it more accessible to the media and the public.

To answer "a," the Audit Report must include at least one executive summary summarizing the report's content. Answer "b" applies if the Audit Report does not include an executive summary, or the Audit Report is not made publicly available.

Answer:

a. Yes, the annual Audit Report(s) includes one or more executive summaries summarizing the report's content.

Source:

Source:

In Hungarian: Összegzés

In English: Summary

URL: <https://www.parlament.hu/irom41/13098/13098-0001.pdf>

pp. 5-6

Comment:

The cited pages are the executive summary with the most important findings of the audit.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

101. Does the executive make available to the public a report on what steps it has taken to address audit recommendations or findings that indicate a need for remedial action?

GUIDELINES:

Question 101 asks whether the executive reports to the public on the steps it has taken to address audit recommendations made by the Supreme Audit Institution (SAI). The ultimate purpose of audits is to verify that the budget was executed in a manner consistent with existing law, and to hold the government accountable for this execution and its future improvement. The extent to which audits achieve the latter depends on whether there is adequate and timely follow-up on the recommendations provided in the SAI's audit reports.

To answer "a," the executive must report publicly on the steps it has taken to address all audit findings. A "b" response applies if the executive reports publicly on the steps it has taken to address most, but not all, audit findings. A "c" response applies if the executive reports publicly on the steps it has taken to address only some audit findings. As long as the executive reports publicly on the steps it has taken to address audit finding, answer "a," "b," or "c" may be selected, even if the Audit Report is not made publicly available. A "d" response applies if the executive does not report at all on its steps to address audit findings.

Answer:

d. No, the executive does not report on steps it has taken to address audit findings.

Source:

N/A

Comment:

The government did not publish any document about the findings of the Audit Report and what measures it took to correct them.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

102. Does either the Supreme Audit Institution (SAI) or legislature release to the public a report that tracks actions taken by the executive to address audit recommendations?

GUIDELINES:

Question 102 asks whether the Supreme Audit Institution (SAI) or the legislature track actions by the executive to address audit recommendations. After audit results and recommendations are discussed and validated by the legislature, the executive is normally asked to take certain actions to address the audit findings. For accountability purposes, the public needs to be informed about the status of those actions, and steps the executive has taken to address audit recommendations. In addition to the executive reporting on its actions (see Question 101), the SAI and legislature – as the key oversight institutions – have a responsibility to keep the public informed by tracking the executive's progress in addressing audit recommendations.

To answer "a," the SAI or legislature must report publicly on what steps the executive has taken to address all audit findings. A "b" response applies if the SAI or legislature reports publicly on what steps the executive has taken to address most, but not all, audit findings. A "c" response applies if the SAI or legislature reports publicly on what steps the executive has taken to address only some audit findings. As long as the SAI or legislature reports publicly on the steps the executive has taken, answer "a," "b," or "c" may be selected, even if the Audit Report is not made publicly available. A "d" response applies if neither the SAI nor the legislature reports on the executive's steps to address audit findings.

Answer:

d. No, neither the SAI nor legislature reports on steps the executive has taken to address audit recommendations.

Source:
N/A

Comment:

According to the news article linked at the end the State Audit Office prepared a post-audit report about how its findings were corrected at the budgetary institutions. The article discusses that the report was submitted to the board of the State Audit Office. However the report was not published on the webpage of the State Audit Office by 31 December 2020. Based on this information the report exists but not publicly available. The SAO continuously publishes the post-audit reports but it cannot be identified which ones are related to the financial audit of the Year-End Report and which are based on separate audits.

The legislature did not publish any similar report.

In Hungarian: ÁSZ Hírórtál: Elkészült a jelentéstervezet a zárszámadás utóellenőrzésében

In English: SAO News Portal: Draft of the post-audit report of the year-end report has been prepared

URL: <https://www.aszshirportal.hu/hu/hirek/elkeszult-a-jelentestervezet-a-zarszamadass-utoellenorzeseben>

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

103. Is there an Independent Fiscal Institution (IFI) that conducts budget analyses for the budget formulation and/or approval process?

GUIDELINES:

Question 103 examines whether an Independent Fiscal Institution (IFI) exists that contributes budget analyses to the budget formulation and/or approval process. According to the Principles for Independent Fiscal Institutions, adopted by the OECD Council in 2014, "independent fiscal institutions are publicly funded, independent bodies under the statutory authority of the executive or the legislature which provide non-partisan oversight and analysis of, and in some cases advice on, fiscal policy and performance", and with "a forward-looking ex ante diagnostic task". In practice, they come in two main forms:

- *Parliamentary budget offices (also known as PBOs) such as the Congressional Budget Office in the United States (<https://www.cbo.gov/>), the Parliamentary Budget Office in South Africa (<https://www.parliament.gov.za/parliamentary-budget-office>), and the Center for Public Finance Studies in Mexico (Centro de Estudios de las Finanzas Públicas, <http://www.cefp.gob.mx/>); or*
- *Fiscal councils such as the Office for Budget Responsibility in the United Kingdom (<https://obr.uk/>) and the High Council for Public Finances in France (Haut Conseil des finances publiques, <https://www.hcfp.fr/>).*

For more information, see von Trapp et al. 'Principles for Independent Fiscal Institutions and Case Studies', OECD Journal on Budgeting 15:2 (special issue, 2016), <https://doi.org/10.1787/budget-15-5jm2795tv625>.

To answer "a," there must be an IFI, and its independence must be set in law. In addition, it must have sufficient staffing and resources, including funding, to carry out its tasks. Answer "b" applies if an IFI exists, but either its independence is not set in law or its staffing and resources are insufficient to carry out its tasks. Answer "c" applies if an IFI exists, but its independence is not set in law and it lacks sufficient staffing and resources. Answer "d" applies if no IFI exists.

If the answer is "a," "b," or "c," please specify in the comments the name and type of IFI that exists (e.g., parliamentary budget office or fiscal council). If the answer is "a" or "b," identify the law that guarantees its independence, and provide evidence in support of the assessment of the adequacy of its staffing and resources. This can include the IFI's total budget allocation over recent years, any press reports that discuss perceived funding shortfalls, assessments by international organizations, and/or information from interviews with staff of the IFI.

Answer:

a. Yes, there is an IFI, its independence is set in law, and it has sufficient staffing and resources, including funding, to carry out its tasks.

Source:

In Hungarian: 2011. évi CXCV törvény Magyarország gazdasági stabilitásáról

In English: Act CXCV of 2011 on the economic stability of Hungary

URL: <https://net.jogtar.hu/jogszabaly?docid=A1100194.TV>

In Hungarian: Magyarország alaptörvénye

In English: Fundamental Law of Hungary

URL: <https://net.jogtar.hu/jogszabaly?docid=A1100425.ATV>

In Hungarian: A Költségvetési Tanács 2020. évi feladatterve

In English: The yearly plan of the Fiscal Council for FY 2020

URL: <https://www.parlament.hu/documents/126660/3785320/A+KT+2020.+%C3%A9vi+feladatterve.pdf/f4f4576a-87e3-79ea-3927-41866a292b57?t=1578578478329>

In Hungarian: Beszámoló a Költségvetési Tanács 2019. évi feladattervének teljesítéséről

In English: The report about the execution of the Fiscal Council's yearly plan for FY 2019

URL: <https://www.parlament.hu/documents/126660/3785320/A+KT+2019.+%C3%A9vi+besz%C3%A1mol%C3%B3ja.pdf/1039b352-8f2d-7560-155c-872661dd1dde?t=1578578468016>

In Hungarian: Válasz az Európai Bizottság Magyarországi képviselőtének a Költségvetési Tanács tevékenységét segítő szakmai háttér megerősítésével kapcsolatos kérdéseire

In English: Reply to the Hungarian Office of the European Commission regarding the recommendations about strengthening the professional capacity of the Fiscal Council

URL:

<https://www.parlament.hu/documents/126660/126715/V%C3%A1lasz+az+Eur%C3%B3pai+Bizotts%C3%A1g+Magyarorsz%C3%A1gi+k%C3%A9pviselet%C3%A9nek+a+k%C3%B6lts%C3%A9gvet%C3%A9si+Tan%C3%A1cs+tev%C3%A9kenys%C3%A9g%C3%A9t+seg%C3%ADt%C5%91+szakmai+h%C3%A1tt%C3%A9r+meger%C5%91s%C3%ADt%C3%A9s%C3%A9vel+kapcsolatos+k%C3%A9rd%C3%A9seire.pdf/3238cfec-e9db-4c90-a963-b352d4ed0acb>

Comment:

According to the legal rules and the yearly plan of the Fiscal Council the Council fulfilled its tasks.

Based on the stability act (23. §) the Council scrutinizes the proposed fiscal deficit and government debt in the EBP and makes a decision about approving it. The Council evaluates the fiscal deficit from EU's medium-term target perspective, but only compares the proposed value to the one submitted to the EU in the Convergence Programme. There is no proof the Council makes its own calculations for the fiscal deficit and the structural deficit. Apart from this the Council evaluates and publishes its opinion about mid-year budgetary trends and may publish its opinion about the legal changes related to the EBP. The Fundamental Law (article 36 (4) and (5)) states that the Parliament must not approve a budget proposal that would increase the government debt if the debt-to-GDP ratio is above 50% or approve an EBP that would increase the ratio above 50%.

In its yearly report the Fiscal Council describes that it mainly used documents prepared by the Hungarian National Bank, State Audit Office and other research institutions. This is in point 5 in the report about the execution of the yearly plan.

The exact budget and staffing of the Council cannot be determined. The Council is an advisory institution of the Parliament and its budget is aggregated into the Office of the Parliament in the Year-End Report. In a letter about its staffing from 2013 it stated that the Secretary of the Council operates with 5 employee, but the Council heavily involved external resources. As the leaders of the State Audit Office and National Bank of Hungary are in the Council, they use their own staff to create analysis for the council meetings and the Council orders researches from other institutions as well. The list of ordered documents are available here:

<https://www.parlament.hu/web/koltsegvetes-i-tanacs/62>

We agree that the Council has enough resources to carry out its tasks, but the Council makes it in a minimalistic way. The Council only formulates its opinion in a probabilistic way (the proposed budget is achievable or not) based on other forecasts and researches. The Council does not publish its own forecast, does not formulate its own assessment about budgetary or macroeconomic trends. For example in other countries the Council creates the macroeconomic projection that provides the basis of the budget. Formally the Council carries out its tasks, however the Council makes minimal effort to formulate its opinion on its own.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

104. Does the Independent Fiscal Institution (IFI) publish macroeconomic and/or fiscal forecasts?

GUIDELINES:

Question 104 assesses whether an Independent Fiscal Institution (IFI) has a role in producing the macroeconomic forecast (e.g., GDP growth, inflation, interest rates, etc.) and/or the fiscal forecast (revenues, expenditure, deficits, and debt), and if so, what kind of role it has. Macroeconomic and/or fiscal forecasting is a typical core function across IFIs, but their role in forecasting takes several forms (von Trapp et al. 2016, p. 17 and Table 2). Some IFIs produce just a macroeconomic forecast, while others produce a complete fiscal forecast (which also typically requires an underlying macroeconomic forecast). In some cases, the fiscal forecast reflects continuation of current budget policies; such forecasts can be used by the legislature, the media, or the public to assess the projections in the executive's budget reflecting the government's policy proposals.

Some IFIs produce the official macroeconomic and fiscal forecasts used in the executive's budget. In other cases, IFIs do not prepare their own independent forecasts, but rather produce an assessment of the official estimates, or provide an opinion on, or endorsement of, the government's forecasts. Some others have no role at all in forecasting.

To answer "a", there must be an IFI that publishes both its own macroeconomic AND fiscal forecasts. Answer "b" applies if an IFI publishes its own macroeconomic OR fiscal forecast (but not both). Answer "c" applies if the IFI does not publish a macroeconomic or fiscal forecast, but rather publishes an assessment of the official forecasts produced by the executive and used in the budget. Choose option "d" if there is no IFI; or if there is an IFI that neither publishes its own macroeconomic and/or fiscal forecasts, nor a commentary on the official forecasts for the budget.

Macroeconomic forecasts may include indicators relating to economic output and economic growth, inflation, and the labor market, amongst others. Fiscal forecasts may include estimates of revenues, expenditures, the budget balance, and debt. If the answer is "a" or "b", please specify which indicators and estimates are included in the forecasts and whether the forecast is used by government as the official forecast. If the answer is "c", please describe the

nature and depth of the assessment (e.g., the length of the commentary, or whether it covers both economic and fiscal issues).

Answer:

c, No, the IFI does not publish its own macroeconomic or fiscal forecast, but it does publish an assessment of the official macroeconomic and/or fiscal forecasts produced by the executive.

Source:

In Hungarian: A Költségvetési Tanács véleménye Magyarország 2021. évi központi költségvetéséről szóló törvényjavaslat tervezetéről

In English: The Fiscal Council's opinion about the draft of the EBP for FY 2021

URL: [https://www.parlament.hu/documents/126660/3785320/3-](https://www.parlament.hu/documents/126660/3785320/3-2020.05.21.+v%C3%A9lem%C3%A9ny+Magyarorsz%C3%A1g+2021.+%C3%A9vi+k%C3%B6zponti+k%C3%B6lts%C3%A9gv%C3%A9s%C3%A9r%C5%91+s%C3%B3l%C3%B3+C3%B6rv%C3%A9nyjavaslat+tervezet%C3%A9r%C5%91+al%C3%A1+C3%ADr%C3%A1sra.pdf/d5dc1e63-5988-8047-5b6f-c37c41b88731?t=1590063443000)

2020.05.21.+v%C3%A9lem%C3%A9ny+Magyarorsz%C3%A1g+2021.+%C3%A9vi+k%C3%B6zponti+k%C3%B6lts%C3%A9gv%C3%A9s%C3%A9r%C5%91+s%C3%B3l%C3%B3+C3%B6rv%C3%A9nyjavaslat+tervezet%C3%A9r%C5%91+al%C3%A1+C3%ADr%C3%A1sra.pdf/d5dc1e63-5988-8047-5b6f-c37c41b88731?t=1590063443000

In Hungarian: A Költségvetési Tanács véleménye Magyarország 2019. évi központi költségvetéséről szóló törvény végrehajtásáról és az államadósság helyzetéről

In English: The Fiscal Council's opinion about the execution of the central budget for FY 2019 and the state of the debt

URL: [https://www.parlament.hu/documents/126660/3785320/4-](https://www.parlament.hu/documents/126660/3785320/4-2020.05.21.+v%C3%A9lem%C3%A9ny+Magyarorsz%C3%A1g+2019.+%C3%A9vi+k%C3%B6zponti+k%C3%B6lts%C3%A9gv%C3%A9s%C3%A9r%C5%91+s%C3%B3l%C3%B3+C3%B6rv%C3%A9ny+v%C3%A9grehajt%C3%A1s%C3%A1r%C3%B3l+az+am%C3%A1llamad%C3%B3ss%C3%A1gr%C3%B3l.pdf/2259f0bc-ea0b-34f1-e708-f29845de8cdc?t=1590063433317)

2020.05.21.+v%C3%A9lem%C3%A9ny+Magyarorsz%C3%A1g+2019.+%C3%A9vi+k%C3%B6zponti+k%C3%B6lts%C3%A9gv%C3%A9s%C3%A9r%C5%91+s%C3%B3l%C3%B3+C3%B6rv%C3%A9ny+v%C3%A9grehajt%C3%A1s%C3%A1r%C3%B3l+az+am%C3%A1llamad%C3%B3ss%C3%A1gr%C3%B3l.pdf/2259f0bc-ea0b-34f1-e708-f29845de8cdc?t=1590063433317

In Hungarian: A Költségvetési Tanács honlapján elérhető kutatások

In English: The published researches on the webpage of the Fiscal Council:

URL: <https://www.parlament.hu/web/koltsegvetesi-tanacs/62>

Comment:

On page 3 of the first cited document, and on page 4 of the second cited document the Fiscal Council describes that the Council formulated its opinion based on the macroeconomic forecasts of international institutions (European Commission, IMF, OECD), the Hungarian National Bank, other domestic research institutions and the government's forecast in the EBP and the Convergence Programme. In Hungarian: "...Véleménye kialakítása során elsősorban az Állami Számvevőszéknek és a Magyar Nemzeti Banknak a költségvetés folyamatáról szóló írásos elemzéseit, megállapításait vette alapul. Ezek mellett áttekintette a KT Titkársága által felkért hazai kutató-elemző intézetek, egyes nemzetközi szervezetek (Európai Bizottság, IMF, Világbank), valamint más mértékadó piaci elemzők gazdasági prognózisait." The Council itself did not make its own forecast, only summarized the other forecasts and evaluated if the macroeconomic forecast of the EBP was plausible according to it. The assessment of the government's forecast is quite vague, because only states that the presented macroeconomic forecast is possible or achievable, but does not doubt if it is the most likely scenario. This is in point 2 on page 4 of the first cited document: "A Tanács megítélése szerint a magyar gazdaság erős fundamentumai és a már bejelentett gazdasági intézkedések biztosíthatják, hogy a magyar gazdaság felzárkózása folytatódjon".

The researches published on the Council's webpage are the ordered researches from the economic research institutions.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

105. Does the Independent Fiscal Institution (IFI) publish its own costings of new policy proposals, to assess their impact on the budget?

GUIDELINES:

Question 105 assesses whether an Independent Fiscal Institution (IFI) has a costing function that involves assessing the budgetary implications of new policy proposals for both revenues and expenditures, and if so, what kind of role it has. Many IFIs have a costing role, but with substantial diversity in the nature and extent of this work (von Trapp et al 2016, pp. 17-18 and Table 2). Some assess virtually all new policy proposals, while others cost only a selection of new policy proposals. Others only publish opinions on, or scrutinize the costings of, budget measures produced by the executive.

To answer "a," the IFI must publish its own costings of all (or virtually all) new policy proposals. Answer "b" applies if the IFI publishes its own costings, but only for major new policy proposals – for instance, only those proposals that cost or save above a certain amount. Answer "c" applies if the IFI publishes its own costings, but only on a limited number of proposals. This could occur, for instance, if the IFI lacked the capacity to assess proposals dealing with certain sectors. Instead of producing a cost estimate, it can also publish an assessment of the estimates produced by the executive. Answer "d" applies if there is no IFI; or if the IFI does not publish its own costings of new policy proposals or provide an assessment of the official costings of new policy proposals.

Answer:

d. No, there is no IFI; or the IFI does not publish its own costings of new policy proposals.

Source:

In Hungarian: 2011. évi CXCV törvény Magyarország gazdasági stabilitásáról

In English: Act CXCV of 2011 on the economic stability of Hungary

URL: <https://net.jogtar.hu/jogszabaly?docid=A1100194.TV>

In Hungarian: A Költségvetési Tanács véleménye Magyarország 2021. évi központi költségvetéséről szóló törvényjavaslat tervezetéről

In English: The Fiscal Council's opinion about the draft of the EBP for FY 2021

URL: <https://www.parlament.hu/documents/126660/3785320/3-2020.05.21.+v%C3%A9lem%C3%A9ny+Magyarorsz%C3%A1g+2021.+%C3%A9vi+k%C3%B6zponti+k%C3%B6lts%C3%A9gvet%C3%A9s%C3%A9r%C5%91l+s%C3%B3l%C3%B3+C3%B6rv%C3%A9nyjavaslat+tervezet%C3%A9r%C5%91l+al%C3%A1%C3%ADr%C3%A1sra.pdf/d5dc1e63-5988-8047-5b6f-c37c41b88731?t=1590063443000>

In Hungarian: A Költségvetési Tanács véleménye a koronavírus okozta járvány államháztartási hatásairól

In English: The Fiscal Council's opinion about the budgetary effects of the pandemic caused by the coronavirus

URL:

<https://www.parlament.hu/documents/126660/3785320/A+K%C3%B6lts%C3%A9gvet%C3%A9s+Tan%C3%A1cs+v%C3%A9lem%C3%A9ny+a+koronav%C3%ADrus+hat%C3%A1sair%C3%B3l+al%C3%A1%C3%ADr%C3%A1sra.pdf/5560d34f-eda7-e650-f7e8-9c6703dd5666?t=1587134511851>

Comment:

The Fiscal Council has the legal opportunity to formulate an opinion about new policy proposals provided by 23. § (d) in the act of economic stability. The legal obligation (in 23. § (a)) is only about assessing if the the proposed fiscal deficit and through it the government debt is in line with the law. There is no legal prohibition for making its own costings.

The Council did not publish its own costings for the new policy proposals in EBP for FY 2021, but made recommendations related to it. For example in point 3 on page 4 the Council proposed that further calculations should be made for the revenues not strictly correlating with macroeconomic numbers, but did not presented its own numbers. (In Hungarian: "A Tanács szükségesnek tartja a gazdasági prognózis mutatóitól közvetlenül nem függő bevételek (jövedéki adó, illetékbevételek, adókedvezmények miatt keiső adók) tervzett előirányzatainak további számításokkal történő megalapozását.")

In the opinion about the effects of the pandemic on page 3 the Council mentioned that the exemption for social contributions might reduce the revenues by 100 billion HUF, but it is not disclosed if this estimate is based on its own calculations or on a calculation made by the Ministry of Finance. (In Hungarian: "A válság kialakulása következtében a Kormány március második felében első körben egyes meghatározott nemzetgazdasági ágazatok közé tartozó munkáltatók és munkavállalók adó- és járulékkerheinek csökkentéséről döntött, ami az idei évben önmagában mintegy 100 milliárd forinttal mérsékelheti a költségvetési bevételeket.")

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

106. In the past 12 months, how frequently did the head or a senior staff member of the Independent Fiscal Institution (IFI) take part and testify in hearings of a committee of the legislature?

GUIDELINES:

Question 106 concerns the interaction between two important oversight actors and assesses how frequently the Independent Fiscal Institution (IFI) made high-level inputs to the work of legislative committees. Almost all IFIs interact with the legislature in some form (von Trapp et al 2016, p. 18), but the intensity of the interaction varies. This question assesses this aspect by asking, with reference to the past 12 months, how frequently the head or a senior staff member of the IFI took part and testified in hearings of a committee of the legislature. The intent is to assess the extent to which the IFI staff member in question was not only present at a meeting of a legislative committee, but was an active participant (as opposed to a passive observer, serving only as a resource when called upon). As evidence to support your answer, you can refer to official records of legislative committees, websites and annual reports of the IFI, press releases and media coverage, for example. Choose answer "a" if this occurred five times or more; "b" for three times or more, but less than five times; and "c" for once or twice. Answer "d" should be selected if the head or a senior staff member of the IFI never took part and testified in hearings of a committee of the legislature, or if there is no IFI.

Answer:

d. Never, or there is no IFI.

Source:

In Hungarian: Beszámoló a Költségvetési Tanács 2020. évi feladattervének teljesítéséről

In English: Report on the execution of the yearly plan of the Fiscal Council for 2020

URL:

<https://www.parlament.hu/documents/126660/39139639/K%C3%B6lts%C3%A9gvet%C3%A9s+Tan%C3%A1cs+Eln%C3%B6k%C3%A9nek+2020.+%C3%A9vi+besz%C3%A1mol%C3%B3ja.pdf/4d5ea2b6-6fe9-105f-3d19-6816ec190dd4?t=1610629797509>

In Hungarian: A Költségvetési Bizottság üléseinek jegyzőkönyvei

In English: Minutes of the Meeting of the Budgetary Committee of the Parliament

URL: <https://www.parlament.hu/web/koltsegvetesi-bizottsag/a-bizottsag-ulesei>

In Hungarian: A Gazdasági Bizottság üléseinek jegyzőkönyvei

In English: Minutes of the Meeting of the Economic Committee of the Parliament
URL: <https://www.parlament.hu/web/gazdasagi-bizottsag/a-bizottsag-ulesei>

In Hungarian: Kovács Árpád, a Költségvetési Tanács elnökének parlamenti felszólalásai

In English: Speeches of Árpád Kovács, the Chairman of the Fiscal Council in the Parliament:

URL: <https://www.parlament.hu/web/guest/felszolalások-keresese?>

p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&_hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcpql%2Fogy_naplo.altnaplek%3FP_TECH_SZEREP%3Dnull%26P_DATUM_TOL%3D2018.05.08%26P_CKL%3D41%26P_IFOTIP%3Dnull%26P_SZEREP%3Dnull%26P_KEPV%3Dnull%26P_KEPV%3Dk005%26P_SZEREP_CSOP%3Dnull%26P_FRAK%3Dnull%26P_DATUM_IG%3D2021.02.01%26P_ITIPUS%3Dnull%26P_AKTUS%3Dnull&p_auth=zqJc4s9j

Comment:

In the report about the execution of the yearly plan on page 11 the President of the Council listed the meetings with domestic institutions under „Egyéb kapcsolatok” (Other meetings), but neither of them were a legislative committee.

We did not find a meeting of the Budgetary or Economic Committee where a member of the Fiscal Council had testified or even had been heard as a council member. The list of participants is shown at the start of the minutes of the meeting, but the Fiscal Council („Költségvetési Tanács”) cannot be found in any of them. (The President of the Hungarian National Bank and the President of the State Audit Office testified in the Economic Committee but as presidents of the institutions, not as council members. The minutes of these testimonies are linked at the end of the comment. Budgetary questions were mentioned on the testimony of the President of the State Audit Office, but these did not include the role of the Fiscal Council.) The Chairman of the Fiscal Council spoke twice in the Parliament in 2020. On 10 June he reported the opinion of the Council to the legislation, while on 3 July he spoke about the effects of the modifying proposals of the EBP and that it had not required the review of the Council’s opinion. Neither of these were committee hearings and did not provide opportunity for professional debate in budgetary topics.

Additional sources for the minutes of the meetings

In Hungarian: Jegyzőkönyv az Országgyűlés Gazdasági bizottságának 2020. november 2-án, hétfőn, 9 óra 30 perckor az Országház Apponyi Albert gróf termében (főemelet 58.) megtartott üléséről

In English: Minutes of the Meeting of the Economic Committee of the Parliament held at 9:30 on 2 November 2020 in the Apponyi Albert boardroom of the Parliament, pp. 7-27

URL: <https://www.parlament.hu/documents/static/biz41/bizjvk41/GAB/2011021.pdf>

In Hungarian: Jegyzőkönyv az Országgyűlés Gazdasági bizottságának 2020. május 18-án, hétfőn, 10 óra 43 perckor az Országház Apponyi Albert gróf termében (főemelet 58.) megtartott üléséről

In English: Minutes of the Meeting of the Economic Committee of the Parliament held at 10:43 on 18 May 2020 in the Apponyi Albert boardroom of the Parliament, pp. 5-25

URL: <https://www.parlament.hu/documents/static/biz41/bizjvk41/GAB/2005181.pdf>

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

107. Does the full legislature and/or a legislative committee debate budget policy prior to the tabling of the Executive’s Budget Proposal?

GUIDELINES:

Question 107 asks whether the legislature debated budget policies prior to the tabling of the Executive’s Budget Proposal for the most recent budget year before the research cut-off date. In general, prior to discussing the Executive’s Budget Proposal for the coming year, the legislature should have an opportunity to review the government’s broad budget priorities and fiscal parameters. Often times this information is laid out in a Pre-Budget Statement, which the executive presents to the legislature for debate. (See Questions 54-58.)

A number of countries conduct a pre-budget debate in the legislature around six months before the start of the budget year. In some cases, they adopt laws that guide the upcoming budget, for example the Budget Guidelines Law in Brazil and the Spring Fiscal Policy Bill in Sweden. A pre-budget debate can serve two main purposes: 1) to allow the executive to inform the legislature of its fiscal policy intentions by presenting updated reports on its annual and medium-term budget strategy and policy priorities; and 2) to establish “hard” multi-year fiscal targets or spending ceilings, which the government must adhere to when preparing its detailed spending estimates for the upcoming budget year.

To answer “a,” the full legislature must debate budget policy prior to the tabling of the Executive’s Budget Proposal and approve recommendations for the upcoming budget.

Answer “b” applies if a legislative committee (but not the full legislature) debates budget policy prior to the tabling of the Executive’s Budget Proposal, and approves recommendations for the budget. Option “b” also applies if, in addition to the action by the committee, the full legislature also debates budget policy in advance of the budget, but does not approve recommendations.

Answer “c” applies if the full legislature and/or a legislative committee debates budget policy prior to the tabling of the Executive’s Budget Proposal, but does not approve recommendations for the budget. Answer “d” applies if neither the full legislature nor any legislative committee debate budget policy prior to the tabling of the Executive’s Budget Proposal.

In your comment, please indicate the dates of the budget debate, and if both the full legislature and a legislative committee held a debate. Note that a debate does not need to be open to the public, but a public record of the meeting or a public notice that the meeting occurred is required. In addition, please indicate whether the budget debate was focused on a Pre-Budget Statement published by the Executive. If the Executive did not publish a Pre-Budget Statement, then please indicate what served as the focus of the legislature's debate (for instance, a report released by an IFI or some other institution).

Answer:

d. No, neither the full legislature nor any legislative committee debate budget policy prior to the tabling of the Executive's Budget Proposal.

Source:

In Hungarian: 2011. évi CXCV törvény az államháztartásról

In English: Act CXCV on the State Budget

URL: <https://net.jogtar.hu/jogszabaly?docid=A1100195.TV>

In Hungarian: Tájékoztató a 2021. évi költségvetési törvényjavaslat összeállításához szükséges feltételekről és az érvényesítendő követelményekről

In English: Handout for the terms and requirements for formulating the budget proposal for FY 2021

URL: https://ngmszakmaiteruletek.kormany.hu/download/c/66/92000/2021_TT.pdf

Comment:

The legislature only starts to debate the budget proposal after its submission. Before that no information is provided to the legislature. The government is not required to discuss the upcoming budget with the legislature and does not do so. The legal rules only orders the government to prepare the timetable and requirements until 30 June and submit the EBP to the Parliament until 15 October. (These are in 13.§ and 22. § (d) in the cited act on the state budget.)

The timetable for tabling of the EBP for FY 2021 did not include any discussion with the legislature, only deadlines and parameters for the budgetary institutions for tabling their own budget. On page 2 in the section "A tervezés ütemezése, paraméterei" (Parameters and schedule of the planning) the dates show that the administrators of the chapters had to upload the main numbers until 4 May, then the Government discussed the plans and submitted it to the legislature until 19 May. until 25 May the administrators had to send the narrative discussions and detailed plans to the Ministry of Finance who amend the submitted documents with these.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

108. How far in advance of the start of the budget year does the legislature receive the Executive's Budget Proposal?

GUIDELINES:

Question 108 examines how far in advance of the start of the most recent budget year the legislature receives the Executive's Budget Proposal. International good practice recommends that the Executive's Budget Proposal should be submitted to the legislature far enough in advance to allow the legislature time to review it properly, or at least three months prior to the start of the fiscal year. (See, for instance, Principle 2.2.2 of the IMF's Fiscal Transparency Handbook (2018) (<https://www.elibrary.imf.org/view/IMF069/24788-9781484331859/24788-9781484331859/24788-9781484331859.xml>)).

For the purposes of responding to this question, if – and only if – the most recent budget submission occurred later than usual as a result of a particular event, such as an election, please use a more normal year as the basis for the response. If, however, delays have been observed for more than one budget year, and the legislature has not received the Executive's Budget Proposal in a timely manner on more than one occasion in the last three years, then "d" will be the appropriate answer.

To answer "a," the legislature must receive the Executive's Budget Proposal at least three months in advance of the start of the budget year. Answer "b" applies if the legislature receives the Executive's Budget Proposal at least two months, but less than three months, before the start of the budget year. Answer "c" applies if the legislature receives the Executive's Budget Proposal at least one month, but less than two months, before the start of the budget year. Answer "d" applies if the legislature does not receive the Executive's Budget Proposal at least one month prior to the start of the budget year, or does not receive it at all.

Answer:

a. The legislature receives the Executive's Budget Proposal at least three months before the start of the budget year.

Source:

In Hungarian: A költségvetési törvényjavaslat a Parlament honlapján

In English: The EBP on the webpage of the Parliament:

URL: <https://www.parlament.hu/web/guest/iromanyok-egyszerusített-lekerdezese?>

p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=U6LH9tiE&

hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsqli%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_i
zon%3D10710

In Hungarian: 2011. évi CXCV törvény az államháztartásról
In English: Act CXCV on the State Budget
URL: <https://net.jogtar.hu/jogszabaly?docid=A1100195.TV>

Comment:

The legislature received the EBP about 6 months before the start of the budget year.
The EBP for FY 2021 was submitted to the Parliament on 26 May 2020 as the date in the row 'Benyújtva' shows. The supplements of the EBP were added on 05 June 2020 (this is not shown on the webpage but checked through the upload date of the pdf document). The legal requirement for submitting the EBP in the year of general elections is 30 October, in other years 15 October. This legal requirement is stated in 22. § (2) in the act on the state budget.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

109. When does the legislature approve the Executive's Budget Proposal?

GUIDELINES:

Question 109 examines when the legislature approves the Executive's Budget Proposal. International good practice recommends that the Executive's Budget Proposal should be approved by the legislature before the start of the fiscal year the budget proposal refers to. This gives the executive time to implement the budget in its entirety, particularly new programs and policies.

In some countries, the expenditure and revenue estimates of the Executive's Budget Proposal are approved separately; for purposes of this question, at least the expenditure estimates must be approved. Further, approval of the budget implies approval of the full-year budget, not just a short-term continuation of spending and revenue authority.

To answer "a," the legislature must approve the Executive's Budget Proposal at least one month before the start of the budget year. Answer "b" applies if the legislature approves the Executive's Budget Proposal less than one month in advance of the start of the budget year, but at least by the start of the budget year. Answer "c" applies if the legislature approves the Executive's Budget Proposal less than one month after the start of the budget year. Answer "d" applies if the legislature approves the Executive's Budget Proposal more than one month after the start of the budget year, or does not approve the budget.

Answer:

a. The legislature approves the budget at least one month in advance of the start of the budget year.

Source:

In Hungarian: A költségvetési törvényjavaslat a Parlament honlapján

In English: The EBP on the webpage of the Parliament:

URL: <https://www.parlament.hu/web/guest/iromanyok-egyszerusített-lekerdezese?>

p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=U6LH9tiE&
hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsqli%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_i
zon%3D10710

Comment:

The EBP for FY 2021 was approved on 3 July 2020 as in the section "Szavazások az irományról" (Votes) the row "önálló indítvány elfogadása" (approval of the bill) shows. According to the new practice the EBP is approved 5-6 months or more in advance of the start of the budget year. The early adoption of the EBP carries the risk that later decisions and policies in the year make the budget deprecated. For example in 2020 other tax changes were adopted in November but the approved budget was not modified according to these.

The bill of tax changes in 2020:

<https://www.parlament.hu/irom41/13258/13258.pdf>

The dates of submission and approval for the bill of tax changes on the webpage of the Parliament. The date of submission is in the row „Benyújtva” (Submitted on), while the date of approval is in the line „önálló indítvány elfogadva” (approval of the bill).

URL for the date: <https://www.parlament.hu/web/guest/iromanyok-egyszerusített-lekerdezese?>

p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=U6LH9tiE&
hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsqli%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_i
zon%3D13258

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

110. Does the legislature have the authority in law to amend the Executive's Budget Proposal?

GUIDELINES:

Question 110 examines the legislature's power to amend—as opposed to simply accept or reject—the budget proposal presented by the executive. This question is about legal authority rather than actions the legislature takes in practice. The legislature's powers to amend the budget can vary substantially across countries.

The "a" response is appropriate only if there are no restrictions on the right of the legislature to modify the Executive's Budget Proposal, including its right to change the size of the proposed deficit or surplus. The "b" response would be appropriate if, for instance, the legislature is restricted from changing the deficit or surplus, but it still has the power to increase or decrease funding and revenue levels. The more limited "c" response would apply if, for instance, the legislature can only re-allocate spending within the totals set in the Executive's Budget Proposal or can only decrease funding levels or increase revenues. Finally, response "d" would apply if the legislature may not make any changes (or only small technical changes), or if amendments must first be approved by the executive. In these cases, the legislature is essentially only able to approve or reject the budget as a whole. If the answer is "b" or "c", please indicate the nature of the amendment powers available to the Parliament and how they are limited.

Answer:

a. Yes, the legislature has unlimited authority in law to amend the Executive's Budget Proposal.

Source:

In Hungarian: 2011. évi CXCV törvény az államháztartásról

In English: Act CXCV on the State Budget

URL: <https://net.jogtar.hu/jogszabaly?docid=A1100195.TV>

In Hungarian: 10/2014. (II. 24.) OGY határozat egyes házszabályi rendelkezésekről

In English: Resolution No. 10/2014 of the Parliament on the rulings of standing orders

URL: <https://net.jogtar.hu/jogszabaly?dbnum=1&docid=A14H0010.OGY&mahu=1>

Comment:

The Act on State Budget only contains the deadline for submitting the EBP and its mandatory elements in 22. §.

The cited resolution of the Parliament states the legislature's unlimited authority in a reversed way: in 40. § it allows the MPs and committees to propose amendments to the submitted bills but prohibits those amendments that would erase the whole bill. This means the legislature can change anything. Although the legislature has unlimited authority its members may have less possibility to alter the EBP. For example only the Fiscal Committee can propose amendments that would change the main revenue and expenditure of the EBP (hence change the deficit or surplus), the MPs can only propose amendments that do not change the fiscal balance. This restriction is stated in 91. § (4) in the Parliament's resolution.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

111. During the most recent budget approval process, did the legislature use its authority in law to amend the Executive's Budget Proposal?

GUIDELINES:

Question 111 assesses whether any formal authority of the legislature to amend the Executive's Budget Proposal is used in practice. The responses to this question should be determined based on action by the legislature related to the Enacted Budget used in the OBS. Choose answer "a" if the legislature used its authority in law to amend the Executive's Budget Proposal during the most recent budget approval process, and amendments were adopted (all, or at least some of them). Answer "a" also applies if the legislature used its authority in law to amend the Executive's Budget Proposal, but the amendments were rejected by executive veto. Answer "b" applies if the legislature used its authority in law to propose amendments to the Executive's Budget Proposal, but none of these amendments were adopted. Answer "c" applies if the legislature has the authority in law to amend the budget, but no amendments were proposed during its consideration. Answer "d" applies when the legislature does not have any authority to amend the budget (that is, Question 110 is answered "d").

If the answer is "a" or "b", please specify in the comments the number of amendments introduced by the legislature (and in the case of an "a" response, the number adopted, or if applicable, information about an executive veto) and describe their nature. For example, did the amendments result in an increase or decrease of the deficit? What were the most significant amendments to revenues and to expenditures in terms of the sums involved? How did amendments affect the composition of expenditures? If the answer is "a", please specify which amendments were adopted, and provide evidence for it.

Answer:

a. Yes, the legislature used its authority in law to amend the Executive's Budget Proposal, and (at least some of) its amendments were adopted.

Source:

In Hungarian: 10/2014. (II. 24.) OGY határozat egyes házszabályi rendelkezésekről

In English: Resolution No. 10/2014 of the Parliament on the rulings of standing orders

URL: <https://net.jogtar.hu/jogszabaly?dbnum=1&docid=A14H0010.OGY&mahu=1>

In Hungarian: Az országgyűlési képviselők költségvetési törvényjavaslathoz benyújtott módosító indítványai

In English: The list of amendments submitted by the MPs

URL: <https://www.parlament.hu/web/guest/iromanyok-egyszerusített-lekerdezese?>

p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=1gfCHTXd&_hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_mod_mind%3Fp_izon%3D10710%26p_ckl%3D41+%26p_fotipus%3DNULL%26p_kivetel%3DNULL%26p_tipus%3DNULL%26p_tipus%3Dmo%26p_allapot%3DNULL%26p_parlexkiir%3DI

In Hungarian: 10710/834 Összegző módosító javaslat Magyarország 2021. évi központi költségvetéséről

In English: No. 10710/844 Final amendment for the bill on Central Budget of Hungary for FY 2021

URL: <https://www.parlament.hu/irom41/10710/10710-0834.pdf>

In Hungarian: Az Országgyűlés honlapja - 10710/834 Összegző módosító javaslat Magyarország 2021. évi központi költségvetéséről

In English: The webpage of the Parliament - No. 10710/844 Final amendment for the bill on Central Budget of Hungary for FY 2021

URL: <https://www.parlament.hu/web/guest/iromanyok-egyszerusített-lekerdezese?>

p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=1gfCHTXd&_hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_madat%3Fp_ckl%3D41%26p_izon%3D10710%26p_alsz%3D834

Comment:

According to the rules of the Parliament all the amendments for the budget proposal end up at the Fiscal Committee of the Parliament (in 91. § (3) and 93. § of the rules of the Parliament). These amendments can be proposed by MPs or other committees that debated the relevant part of the budget proposal. The Fiscal Committee collect all the amendments, debate them and summarize them in one final amendment. The legislature only vote on this final amendment either approving all the modifications it contains or refusing all of them. Despite the aim of minimizing the votes in the legislature there is a chance to put individual amendments up for vote or vote individually on some points of the final amendment. Every faction of the legislature can propose up to three amendments for individual vote and the legislature will vote one by one about them. If one is approved, the Fiscal Committee has to include that amendment in the final proposal. The other possibility to ask individual vote on one of the amendments in the final proposal. If the amendment is refused, it has to be taken out from the final proposal. These latter rules are detailed in 48. § in the rulings of the Parliament. The MPs submitted 815 modifications to the EBP as cited in the list of amendments on the webpage of the Parliament.

For the most recent EBP the legislature approved the final amendment. This is shown in the tab "Szavazások" (Votes) on the webpage of the final amendment in the column "Eredmény" (Result). The status is "Elfogadott" (Approved).

The modifications are listed in the final amendment pdf file from point 32-76 (in Hungarian „Módosítópont sorszáma”) on pp. 13-24. The expenditures were increased by 91 billion HUF (0,2% of the estimated GDP or 0,4% of the total expenditures) with similar increase in revenues, so the deficit remained unchanged. The significant changes were increasing the support for national media (+20billion HUF in point 32), the support for social relations for the Cabinet Office of the Prime Minister (+11 billion HUF in point 59), support for Hungarian Village program (+102 billion HUF in point 70), and support for newborn children (+14 billion HUF in point 75). These were balanced mainly revenue increase on tax on small enterprises (+40 billion HUF point 63) and VAT (+33 billion HUF in point 64) and expenditure decrease on reserves at Ministry of Finance (-10,4 billion HUF in point 43), decrease at other expenditures (-36,6 billion HUF in point 66), economic protection programs (-52 billion HUF in point 69).

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

112. During the last budget approval process, did a specialized budget or finance committee in the legislature examine the Executive's Budget Proposal?

GUIDELINES:

Question 112 assesses the role of a specialized budget or finance committee during the budget approval stage. Effective committee involvement is an essential condition for legislative influence in the budget process. Specialized committees provide opportunities for individual legislators to gain relevant expertise, and to examine budgets and policy in depth. Yet, the involvement of committees differs across legislatures. Some legislatures have separate committees to examine spending and tax proposals, while others have a single finance committee. Not all legislatures have a specialized budget or finance committee to examine the budget. In addition, there can be differences in the time available for the committee's analysis of the budget.

A report with the committee's findings and recommendations is intended to inform the debate in the full legislature, therefore it must be published before the legislature has adopted the budget.

Response "a" requires that, in the last budget approval process, a specialized budget or finance committee had one month or more to examine the Executive's

Budget Proposal, and it published a report with findings and recommendations prior to the budget being adopted. Response "b" applies where such a committee examined the draft budget and published a report, but within a shorter timeframe of less than one month. Response "c" applies if a committee examined the budget (without regard to the time period), but did not publish a report prior to the adoption of the budget. Response "d" applies where a specialized budget or finance committee did not examine the Executive's Budget Proposal.

Please specify in your comment the name of the committee and the number of days it had available to examine the budget. For bicameral legislatures where one house or chamber has greater constitutional authority in budgetary matters, the question applies to the house or chamber (usually the upper or second one) that is decisive. For bicameral legislatures with co-equal houses or chambers, the question should be answered with reference to the one that achieves the higher score for this question. In the case of bicameral legislatures, please note the relevant arrangements in each house or chamber. If applicable, provide a copy of the report. Please note also if a report is published, but only after the budget has been adopted.

Answer:

b. Yes, a specialized budget or finance committee had less than one month to examine the Executive's Budget Proposal, and it published a report with findings and recommendations prior to the budget being adopted.

Source:

In Hungarian: A Költségvetési Bizottság jelentése a törvényjavaslat részletes vitájáról

In English: The report of the Fiscal Committee on the debate of the EBP

URL: <https://www.parlament.hu/irom41/10710/10710-0828.pdf>

In Hungarian: A költségvetési törvényjavaslatról szóló bizottsági jelentések és összegző módosító javaslat vitája a Parlamentben

In English: The debate of the committee's reports and the final amendment of the EBP in the Parliament

URL: <https://www.parlament.hu/web/guest/iromanyok-egyszerusitett-lekerdezese?>

p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=8NjnlzR9&hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcpls%2Ffogy_naplo.naplo_szoveg%3FP_CKL%3D41%26p_uln%3D143%26p_felsz%3D207%26p_szoveg%3D%26p_stilus%3D

From "Felszólalás" (speech) 207-235

In Hungarian: T/10710 Magyarország 2021. évi központi költségvetéséről

In English: Bill No. T/10710 on the Central Budget of Hungary for FY 2021 (EBP)

URL: <https://www.parlament.hu/web/guest/iromanyok-egyszerusitett-lekerdezese?>

p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=8NjnlzR9&hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcpls%2Ffogy_irom.irom_adat%3Fp_ckl%3D41%26p_i_zon%3D10710

In Hungarian: A költségvetési törvényjavaslat tárgyalásának ütemezése tervezete

In English: Draft of the timetable for debating the EBP for FY 2021

URL: https://www.parlament.hu/documents/10181/5264190/ktgv_utemezes.pdf/ef63f95d-a76a-d348-0110-8446e6620c9e?t=1590570113600

Comment:

The Fiscal Committee finished its debate on 17 June 2020 as shown in the line "Az ülés időpontja" in the header of its published report. The report mostly reiterates the summary of the EBP as the opinion of the Fiscal Committee. This is on pp. 1-2 of the first cited document. The text is grammatically strange, because uses first-person singular in one paragraph and first-person plural elsewhere. The concerns and risks are detailed mainly in the attached minority opinions starting from page 916. These opinions state that the macroeconomic assumptions might be outdated due to the early submission and the ongoing effects of the pandemic and also criticize the composition of the proposal that reallocates funds from the local governments and does not provide enough support for social and educational goals. The document also lists each modifying proposal (total of 1785) for the EBP and the Fiscal Committee's decision about it if approved or rejected.

The deadlines were very tight for scrutinizing the EBP and as a result the Committee did not make any clear, detailed recommendations in its report. As the dates related to the EBP (Bill No. T/10710) on the webpage of the EBP shows the EBP was submitted on 26 May 2020 (in the row "Benyújtva") and the detailed debate ended on 18 June 2020 (in the row "részletesvita-szakasz lezárva" in the section "Iromány események"). There was even less time for meaningful debate because the supplements were added to the EBP on 5 June 2020. There was only two weeks for the MPs to scrutinize and evaluate the EBP. This does not allow any meaningful debate even if it was planned as can be seen in the draft of the timetable of the debate. The timetable of the debate shows the expected dates for the phases of the EBP in the legislature.

The final debate of the EBP was on 29 June 2020 as shown in the row „bizottsági jelentések és az összegző módosító javaslat vitája megkezdve” in the section „Iromány események”, but it was a general debate in the legislature, not a discussion by a specialized committee.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

113. During the last approval process, did legislative committees, responsible for particular sectors (e.g., health, education, defense, etc.), examine spending in the Executive's Budget Proposal related to the sector for which they are responsible?

GUIDELINES:

Question 113 assesses the role of committees of the legislature that are responsible for particular sectors (e.g., health, education, defense, etc.) during the budget approval stage. The role of sectoral committees differs across legislatures. Some legislatures do not involve them in the budget approval process, while others do. In addition, the time available for committee analysis differs.

A report with the committee's findings and recommendations is intended to inform the debate in the full legislature, so therefore must be published before the legislature has adopted the budget. Response "a" requires that sector committees had one month or more to examine the Executive's Budget Proposal, and published a report with findings and recommendations prior the budget being adopted. Response "b" applies where such committees examined the draft budget and published a report, but within a shorter timeframe of less than one month. Response "c" applies if sectoral committees examined the budget (without regard to the time period), but did not publish a report prior to the adoption of the budget. Response "d" applies where sectoral committees did not examine the Executive's Budget Proposal.

Please note that the examination of sectoral budgets by a specialized budget or finance committee is assessed in Question 112 and should not be considered for this question.

Please provide in the comments a brief overview of the committee structure and specify the number of days that sectoral committees had available to examine the budget and to publish their reports. For bicameral legislatures where one house or chamber has greater constitutional authority in budgetary matters, the question applies to the house or chamber (usually the upper or second one) that is decisive. For bicameral legislatures with co-equal houses or chambers, the question should be answered with reference to the one that achieves the higher score for this question. In the case of bicameral legislatures, please note the relevant arrangements in each house or chamber. If applicable, provide a sample copy of at least one of the reports. Please note if a report is published, but only after the budget has been adopted.

For purposes of responding to this question, use those sectoral committees that are best performing – that is, the ones that examine the budget the longest and that publish reports.

Answer:

b. Yes, sector committees had less than one month to examine the Executive's Budget Proposal, and they published reports with findings and recommendations prior to the budget being adopted.

Source:

In Hungarian: A Költségvetési Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2021 in the Fiscal Committee (pp. 5-53)
URL: <https://www.parlament.hu/documents/static/biz41/bizkv41/KVB/2006171.pdf>
In Hungarian: A Kulturális Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2021 in the Cultural Committee (pp. 7-15)
URL: <https://www.parlament.hu/documents/static/biz41/bizkv41/KOB/2006161.pdf>
In Hungarian: A Gazdasági Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2021 in the Economic Committee (pp. 7-17)
URL: <https://www.parlament.hu/documents/static/biz41/bizkv41/GAB/2006161.pdf>
In Hungarian: A Népjóléti Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2021 in the Committee for Social Welfare (pp. 5-12)
URL: <https://www.parlament.hu/documents/static/biz41/bizkv41/NJB/2006171.pdf>
In Hungarian: Az Igazságügyi Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2021 in the Committee for Justice (pp. 6-10)
URL: <https://www.parlament.hu/documents/static/biz41/bizkv41/IUB/2006171.pdf>
In Hungarian: A Külügyi Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2021 in the Committee for Foreign Affairs (pp. 5-10)
URL: <https://www.parlament.hu/documents/static/biz41/bizkv41/KUB/2006151.pdf>
In Hungarian: A Mezőgazdasági Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2021 in the Agricultural Committee (pp. 5-13)
URL: <https://www.parlament.hu/documents/static/biz41/bizkv41/MGB/2006161.pdf>
In Hungarian: A Vállalkozásfejlesztési Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2021 in the Committee on Business Development (pp. 6-18)
URL: <https://www.parlament.hu/documents/static/biz41/bizkv41/VFB/2006181.pdf>
In Hungarian: A Fenntartható Fejlődés Bizottságának vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2021 in the Committee for Sustainable Development (pp. 5-28)
URL: <https://www.parlament.hu/documents/static/biz41/bizkv41/FFB/2006181.pdf>
In Hungarian: Az Európai ügyek Bizottságának vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2021 in the Committee of European Affairs (pp. 5-10)
URL: <https://www.parlament.hu/documents/static/biz41/bizkv41/EUB/2006151.pdf>
In Hungarian: A Honvédelmi és rendészeti bizottság vitája a költségvetési törvényjavaslatról
URL: <https://www.parlament.hu/documents/static/biz41/bizkv41/HOB/2006171.pdf>
In Hungarian: A Nemzeti összetartozás bizottságának vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2021 in the Committee on National Policies Enforcement (pp. 5-12)
URL: <https://www.parlament.hu/documents/static/biz41/bizkv41/NOB/2006171.pdf>
In Hungarian: A Nemzetbiztonsági Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2021 in the Committee of National Security (pp. 5-9)
URL: <https://www.parlament.hu/documents/static/biz41/bizkv41/NBB/2006152.pdf>
In Hungarian: A Magyarországi nemzetiségek bizottságának vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2021 in the Committee of Minorities in Hungary (pp. 5-12)
URL: <https://www.parlament.hu/documents/static/biz41/bizkv41/NEB/2006181.pdf>

In Hungarian: A T/10710 Magyarország 2021. évi központi költségvetéséről szóló törvényjavaslatához kapcsolódó bizottsági jelentések a részletes

vitáról

In English: The list of reports of the debates in the Committees

URL: <https://www.parlament.hu/web/guest/iromanyok-egyszerusített-lekerdezese?>

p_p_id=hu_parlament cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=8NjnlzR9&hu_parlament cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcpls%2Fogy_irom.irom_mod_mind%3Fp_izon%3D10710%26p_ckl%3D41+%26p_fotipus%3DNULL%26p_kivetel%3DNULL%26p_tipus%3DNULL%26p_tipus%3DNULL%26p_allapot%3DNULL%26p_parlexkiir%3DI

Comment:

The listed minutes of the meetings show the debates of the Committees about the EBP for FY 2021. According to the dates of the meetings they were held between 16-18 June that means the Committees had less than a month to scrutinize the EBP that was submitted on 26 May 2020.

The time for meaningful assessment was even less because the supplements of the EBP were only published on 5 June 2020. Essentially the committees had 2 weeks to evaluate the budget.

The other source lists the reports of the debates of the Committees. In each document the opinion of the Committee (formulated by the ruling party) is at the beginning of the document and the minority opinions (formulated by other factions) are at the end of the document. The middle section describes the submitted proposals and the committees' decisions about them. Recommendations for the EBP were only made in the minority opinions, while the committees' opinions state the main numbers of the relevant sector, the growth compared to previous year(s) and that the actual policy in the EBP is correct and shall be maintained.

The narrow timeframe for debate erodes its quality and provides nearly no opportunity for the legislature and the MPs to debate and amend the EBP. The specific committees debated only the relevant parts of the EBP, while a more comprehensive debates was held in the Fiscal and Economic Committees. The debates consisted of two phases: the first part was about the EBP itself, while the second part was about making a decision about each modifying proposal submitted to the committees. This latter should receive more emphasis because modifying proposals can only be submitted through a committee, but not much time is allowed to formulate effective proposals. In some cases the MPs (for example in the Committee for Foreign Affairs and the Agricultural Committee) indicated that the expenditures related to the specific committee had been hard to identify because of the new structure of the EBP.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

114. In the past 12 months, did a committee of the legislature examine in-year implementation of the Enacted Budget during the relevant budget execution period?

GUIDELINES:

Question 114 is about legislative oversight of budget execution. It assesses whether and how often a committee examined the implementation of the budget during the budget execution period (i.e., financial year) for which it was approved, and whether this resulted in an official report with findings and recommendations. This question does not apply to the ex post review of implementation following the end of the budget year as part of the audit stage, which is assessed separately. Nor does it apply to the legislature's review of the budget that it may undertake as part of the process of considering a supplemental budget during the year. In-year monitoring by the legislature will be affected by the frequency that the executive publishes In-Year Reports.

To answer "a," a committee must have examined in-year implementation of the Enacted Budget at least three times during the course of the relevant budget year and published reports with findings and recommendations. Answer "b" applies where this occurred only once or twice during the year.

Exception: If a legislature is in session only twice during the year, and it examines the implementation of the budget during both sessions, then it would be eligible for an "a" response.

Choose "c" if a committee examined in-year implementation (without regard to frequency), but did not publish any report with findings and recommendations. Answer "d" applies where no committee examined in-year implementation.

If the answer is "a" or "b," please specify the name of the committee and when it reviewed budget implementation, and provide a copy of its report(s). If the answer is "c," please specify the name of the committee and when it reviewed budget implementation.

For purposes of responding to this question, if more than one committee holds in-year reviews of the budget, use the committee that is best performing – that is, the one that examines in-year implementation the most times and that publishes a report.

Answer:

d. No, a committee did not examine in-year implementation.

Source:

Testimonies of László Varga, Finance Minister in the committees of the legislature

In Hungarian: Jegyzőkönyv az Országgyűlés Költségvetési bizottságának 2020. október 27-én, kedden, 11 óra 01 perckor az Országház Apponyi Albert gróf termében (főemelet 58.) megtartott üléséről

In English: Minutes of the Meeting of the Budgetary Committee of the Parliament held at 11:01 on 27 October 2020 in the Apponyi Albert boardroom of the Parliament, pp. 5-29

URL: <https://www.parlament.hu/documents/static/biz41/bizjv41/KVB/2010271.pdf>

In Hungarian: Jegyzőkönyv az Országgyűlés Gazdasági bizottságának 2020. december 8-án, kedden, 9 órakor az Országház Delegációs termében (főemelet 40.) megtartott üléséről

In English: Minutes of the Meeting of the Economic Committee of the Parliament held at 9:00 on 8 December 2020 in the Delegation boardroom of the Parliament, pp. 5-22

URL: <https://www.parlament.hu/documents/static/biz41/bizjv41/GAB/2012081.pdf>

Other efforts to hold a meeting about the implementation of the budget

In Hungarian: Jegyzőkönyv az Országgyűlés Költségvetési bizottságának 2020. december 14-én, hétfőn, 11 óra 30 percre az Országház Apponyi Albert gróf termébe (főemelet 58.) összehívott üléséről

In English: Minutes of the Meeting of the Budgetary Committee of the Parliament announced to 11:30 on 14 December 2020 in the Apponyi Albert boardroom of the Parliament

URL: <https://www.parlament.hu/documents/static/biz41/bizjv41/KVB/2012141.pdf>

In Hungarian: A Költségvetési bizottság alelnökének levele a Költségvetési bizottság elnökének, 2021. január 22.

In English: Letter of the Vice-chairman of the Budgetary Committee to the Chairman of the Budgetary Committee, 22 January 2021

<https://www.parlament.hu/documents/129373/1562331/Sz%C5%B1cs+L+t%C3%A1j%C3%A9koztat%C3%A1s+0125+%281%29.pdf/97d91351-b589-4fae-b8f8-8ba3c5f5bdb3?t=1611560291923>

In Hungarian: A Költségvetési bizottság elnökének válaszlevele, 2021. január 25

In English: Reply from the Chairman of the Budgetary Committee, 25 January 2021

<https://www.parlament.hu/documents/129373/1562331/V%C3%A1lasz+Sz%C5%B1cs+Lajos+r%C3%A9sz%C3%A9re+%281%29.pdf/237f0c52-d4ef-577a-ea6e-ff6d2304a6a7?t=1611560361336>

Comment:

No committee examined the in-year implementation of the budget. The Finance Minister held his yearly testimonies on 27 October in the Budgetary Committee and on 8 December in the Economic Committee but the testimonies were more about general economic and budgetary policies and less about the implementation of the budget. The testimonies were held late in the year, so they could not affect the implementation of the budget. The Chairman of the Budgetary Committee made efforts to invite the Finance Minister to testify about the execution of the budget but it was unsuccessful because the members of the ruling party did not attend the meeting. This was recorded in the minutes of the meeting about the meeting on 14 December in the Budgetary Committee as point 1 of the proposed agenda on page 3 (in Hungarian: "Tájékoztató a koronavírus-járvány okozta válsághelyzet államháztartási hiány mértékére gyakorolt hatásáról és annak következményeiről"). Later the Chairman proposed this agenda again, and received the cited letter from the representative of the members of the ruling party. In its the Vice-chairman stated that the Committee had received timely information about the execution of the budget in the in-year reports. In his reply the Chairman doubted this as the effects of the pandemic had caused an outstanding deficit and numerous expenditures items should have been discussed and explained more thoroughly.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

115. Does the executive seek approval from the legislature prior to shifting funds between administrative units that receive explicit funding in the Enacted Budget, and is it legally required to do so?

GUIDELINES:

Question 115 examines whether the executive seeks approval from the legislature prior to shifting funds between administrative units, and whether it is legally required to do so.

In some countries, the executive has the power in law to adjust funding levels for specific appropriations during the execution of the budget. This question examines rules around shifting funds between administrative units (ministries, departments, or agencies) or whatever funding unit (or "vote") is specified in the Enacted Budget.

The conditions under which the executive may exercise its discretion to shift funds should be clearly defined in publicly available regulations or law. In addition, the amount of funds that the executive is allowed to transfer between administrative units should not be so excessive as to undermine the accountability of the executive to the legislature.

To answer "a," the executive is required by law or regulation to obtain prior legislative approval before shifting funds between administrative units, and it does so in practice. Answer "b" applies if the executive obtains legislative approval before shifting funds between administrative units, but is not legally required to do so. Answer "c" applies if the executive is legally required to receive legislative approval before shifting funds, but does not do so in practice. Answer "d" applies if legislative approval is not legally required for the executive to shift funds between administrative units and the executive does not obtain legislative approval in practice. Answer "d" also applies if the executive is authorized to shift an amount considered so excessive as to undermine accountability (roughly equal to 3 percent of total budgeted expenditures). A "d" response applies if the legislature only approves the shifting of funds after it has already occurred.

In the comments, please indicate any law or regulation that provides the executive with standing authority to shift funds between administrative units and, if so, describe that authority. Similarly, legislative approval for shifting funds between administrative units typically occurs with the adoption of legislation such as a supplemental budget. But if other formal procedures for gaining approval from the legislature exist, then please provide information about that approval

Answer:

d. There is no law or regulation requiring the executive to obtain approval from the legislature prior to shifting funds between administrative units, and in practice the executive shifts funds between administrative units before obtaining approval from the legislature.

Source:

In Hungarian: 2011. évi CXCV törvény az államháztartásról

In English: Act CXCV of 2011 on the State Budget

31-33 §,

URL: http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1100195.TV

In Hungarian: A 2019-es költségvetésben átcsoportosítást végrehajtó kormányhatározatok

In English: The resolution of the government about shifting funds in the Enacted Budget for FY 2019

URL: <http://njt.hu/>

Searching for: "Évszám": 2019, "Típus": KORM határozat, "Szavak": költségvetés 2019 átcsoportosítás

In Hungarian: 368/2011. (XII. 31.) Korm. rendelet az államháztartásról szóló törvény végrehajtásáról

In English: Government decree 368/2011. (XII. 31) on the execution of the act on the state budget

URL: http://www.njt.hu/cgi_bin/njt_doc.cgi?docid=143097

Ávr. 150. (4)

Declaration of state of danger

In Hungarian: Magyarország Alaptörvénye

In English: Fundamental Law of Hungary

URL for Hungarian version: <https://net.jogtar.hu/jogszabaly?docid=a1100425.atv>

URL for English version: https://njt.hu/translated/doc/TheFundamentalLawofHungary_20190101_FIN.pdf

Article 53

In Hungarian: 40/2020. (III. 11.) Korm. rendelet veszélyhelyzet kihirdetéséről

In English: Government Decree 40/2020 (11 March) on the declaration of state of danger

URL for Hungarian version: http://njt.hu/cgi_bin/njt_doc.cgi?docid=218449.381011

URL for English version: https://njt.hu/translated/doc/J2020R0040K_20200326_FIN.pdf

In Hungarian: 92/2020. (IV. 6.) Korm. rendelet a Magyarország 2020. évi központi költségvetésének a veszélyhelyzettel összefüggő eltérő szabályairól

In English: Government decree 92/2020 (6 April) on the modified rules of the central budget of Hungary for FY 2020 in relation to the state of danger

URL: http://njt.hu/cgi_bin/njt_doc.cgi?docid=218870.383446

Comment:

We evaluated FY 2019 because during FY 2020 the government declared state of danger (in government decree 40/2020 using Article 53 of the Fundamental Law) due to the pandemic and used the special rights to reallocate 2000 billion HUF (about 5% of the GDP) in the budget (in government decree 92/2020). FY 2019 is better for evaluating the regular budgetary process.

Paragraphs 31-33 § in the cited act on state budget state the rules of shifting funds in the budget. According to it a supplemental budget (and thus the approval of the legislature) is only needed if the main numbers or the text of the budget law need to be modified. The other case when the shifting of funds affects the chapters administered by the legislature (for example the chapter of the National Assembly), so the legislature has to approve the modification of its own budget. However in this case the legislature is an equal partner to the government to receive or provide funds from its own budget, not an approver of the government's actions.

The „pre-authorization” is granted in specific rules in the enacted budget and 33. § (2) of the act on state budget. The latter allows the government to shift funds between appropriations if the yearly budget or the act on state budget does not dispose otherwise and the appropriations are managed by the government. This gives the government a prior authorization to shift funds without almost any constraints, but at the same time this „pre-authorization” makes the controlling role of the legislature void. The yearly budget and the act on state budget also include several other rules for shifting funds between specific appropriations, giving „pre-authorization” for the government.

Shifting funds using clause 33. § (2) has become widely used. The government modified heavily the Enacted Budget for FY 2019. According to our findings the government shifted funds between appropriations in 141 resolutions with the total amount of 1,019 billion HUF, nearly 5,0% of the original total of expenditures. The search on the cited webpage lists all the resolutions of the government from 2019 that contains the words „budget”, „2019” and „shifting funds”. There are 186 such resolutions but some of them contained these words in other context or the shifting of funds is administrative and related to transferring tasks and funds between institutions.

There were several types of shifting funds: reallocating unspent appropriations, spending reserves or allocating expenditures that were not specified in details in the budget. Reallocating unspent appropriations means that the funds that were provided to an institution but unspent at the end of the year became a „remain” and the government has the right to reallocate it to other expenditures. To facilitate the administration of these items a modification in 2017 centralised the use of unspent appropriations because the unspent amounts have to be allocated to the line „Központi Maradványelszámolási Alap” (Central Remnant Clearing Fund) and the government can reallocate it from there. This is in the cited government decree 368/2011 in paragraph „Ávr. 150 (4)”. Reserves are contingency funds, but the government may spend them if the rules allow it and the reserves are not needed for reaching the deficit goal. The other mentioned expenditure items are loosely defined lines and the government specified the exact expenditures by reallocating them. For example the lines „Modern Városok” (Modern cities) and „Magyar Falu” (Hungarian Village) programs provide funds for numerous projects agreed with local municipalities. However which projects are funded in the year is decided by the government when it reallocates the funds to specified projects, so functionally the expenditure can be anything like infrastructure, education, healthcare, etc. The same is true for „Beruházás Előkészítési Alap” (Investment Facilitation Fund) where the investment projects are discretionary selected by the government.

These items together are a significant portion of the budget and the legislature gave the right to the government to spend them without any control or discussion with the legislature. Since the current practice undermines the credibility of the budget and the legislature's controlling role, we did not

consider the pre-authorization a credible legal requirement and changed the answer from the previous survey to "d".

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

116. Does the executive seek approval from the legislature prior to spending excess revenue (that is, amounts higher than originally anticipated) that may become available during the budget execution period, and is it legally required to do so?

GUIDELINES:

Question 116 examines whether the executive receives approval from the legislature prior to spending excess revenue, and whether it is legally required to do so. Good practice requires the legislature to approve changes in revenue or expenditure relative to the Enacted Budget. For example, if additional revenue is collected unexpectedly during the year, which often happens in oil/mineral-dependent countries, and it was not accounted for in the Enacted Budget, there should be a procedure in place to ensure that the legislature approves any proposed use of these "new" funds. If such requirements are not in place, the executive might deliberately underestimate revenue in the budget proposal it submits to the legislature, in order to have additional resources to spend at the executive's discretion, with no legislative control.

To answer "a," the executive is required by law or regulation to obtain prior legislative approval before spending any funds resulting from higher-than-expected revenues, and it does so in practice. Answer "b" applies if the executive obtains legislative approval before spending excess revenue, but is not legally required to do so. Answer "c" applies if the executive is legally required to receive legislative approval before spending excess revenue, but does not do so in practice. Answer "d" applies if prior legislative approval is not legally required for the executive to spend excess revenue and the executive does not obtain legislative approval in practice. A "d" response applies if the legislature only approves the additional spending after it has already occurred.

Typically, legislative approval of additional spending beyond what was reflected in the Enacted Budget would occur with the adoption of a supplemental budget. But other formal procedures for getting approval from the legislature in advance of it adopting the supplemental budget may exist. If that is the case, then please provide information about that approval process.

Answer:

d. There is no law or regulation requiring the executive to obtain approval from the legislature prior to spending excess revenues, and in practice the executive spends these funds before obtaining approval from the legislature.

Source:

In Hungarian: 2011. évi CXCV törvény az államháztartásról
In English: Act CXCV of 2011 on the State Budget
5. § (2), 30. § (4), 31. §
URL: http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1100195.TV

In Hungarian: 368/2011. (XII. 31.) Korm. rendelet az államháztartásról szóló törvény végrehajtásáról
In English: Government decree 368/2011. (XII. 31) on the execution of the act on the state budget
URL: http://www.njt.hu/cgi_bin/njt_doc.cgi?docid=143097
Ávr. 35. §, 36. §

In Hungarian: T/13098. számú törvényjavaslat a Magyarország 2019. évi központi költségvetéséről szóló 2018. évi L. törvény végrehajtásáról - Az indokolás mellékletei - A központi alrendszer mérlege (pénzforgalmi szemléletben) (közgazdasági osztályozás szerint)
In English: Bill T/13098 on the execution of act L of 2018 on the central budget of Hungary for FY 2019 - Supplements of the justification - Balance sheet of the central government (cash-flow based) (economic classification)
URL: https://www.parlament.hu/irom41/13098/T_13098_00.pdf
page 338

Comment:

According to 5. § of the act on state budget the Finance Minister decides about the utilization of fiscal surplus. This rule is valid only for the final total balance of the budget, however it was not achieved in the recent years. Other rules apply for excess revenues at item level. Paragraph 30. § (3) of the same act states that the revenue items may be increased if there is excess revenue, and shall be decreased if the actual revenues are lower than planned. Paragraph 31. § (1) requires that the revenue items of centralised revenues and the social security funds shall be modified if the related laws change during the year. In essence only the latter one is obligatory, the first one is optional. Apart from these there is no requirement for the government to seek the approval of the legislature. Paragraph 30. § (4) even bestows the government to determine the rules for excess revenues in government resolutions. The related resolution („368/2011. (XII. 31.) Korm. rendelet”) in paragraph 35. § states that the excess revenues of a budgetary institution or chapter-administered appropriations (even the centralised taxes) can only be spent after the appropriations have been modified. This modification can be approved by the minister responsible for the institution or chapter, but above certain thresholds the Finance Minister also has to approve the modification and the use of excess revenues. The act was approved by the legislature, hence these rules mean a very broad prior authorization for the government to decide about the excess revenues in its own competence.

The use of excess revenues can be spent on a modified expenditure of the institution that achieved it or the Finance Minister may collect these revenues and the government may allocate it to other expenditures. There are certain restrictions for the use, for example personal costs can only be increased if the excess revenues are permanent.

In practice the government did not submit any supplemental budget during 2019, but spent the excess revenues. The latter is shown in the balance sheet of the central budget in the Year-End Review of FY 2019. On page 338 of the cited document the table shows the revenues in the block "Bevételek". The data is not consolidated, and the lines "Működési célú támogatások államháztartáson belülről" and "Felhalmozási célú támogatások államháztartáson belülről" means the operational and investment subsidies inside the government and should be neglected in this case. More important is the line "Működési bevételek" (Operational revenues). In the enacted budget (in column "2019. évi eredeti előirányzat") this was 769 billion HUF, while the actual outcome (in column "2019. évi teljesítés") was 1327 billion HUF. At the same time the final balance (shown in the line "Egyenleg") also turned out worse than planned and there was no major shortfall in other revenue categories. This means the government received 560 billion HUF (about 1,1% of the GDP) in excess revenues and spent it. The consolidation would not affect these numbers. Since no supplemental budget was submitted, the government decided about the excess revenues in its own competence.

Other ways of spending the excess revenues are the so called „top open” appropriations that can be overspent. In many cases these are driven by external factors (like the pensions or childcare supports by demographic factors or the guarantees and foreign exchange rate variations by unexpected economic causes or the contingency funds for judicial decisions), but some of them can be planned like the appropriations for managing mass migration or measures for preventing terror. Nevertheless the budget is globally financed, thus it cannot be determined exactly and fully what expenditure items were financed by the excess revenues.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

117. Does the executive seek approval from the legislature prior to reducing spending below the levels in the Enacted Budget in response to revenue shortfalls (that is, revenues lower than originally anticipated) or other reasons during the budget execution period, and is it legally required to do so?

GUIDELINES:

Question 117 examines whether the executive receives approval from the legislature prior to cutting spending below the levels in the Enacted Budget in response to revenue shortfalls or for any other reason, and whether it is legally required to do so. Good practice requires the legislature to approve changes in revenue or expenditure relative to the Enacted Budget. For example, if less revenue is collected unexpectedly during the year, the legislature should approve or reject any proposed reductions in expenditures that are implemented as a result. If such requirements are not in place, the executive might substantially change the composition of the budget at the executive's discretion, with no legislative control.

Typically, legislative approval of proposals to reduce spending below the levels reflected in the Enacted Budget would occur as part of the supplemental budget. But other formal procedures for getting approval from the legislature in advance of it adopting the supplemental budget may exist. If that is the case, then please provide information about that approval process.

To answer "a," the executive is required by law or regulation to obtain prior legislative approval before implementing spending cuts in response to revenue shortfalls or for other reasons, and it does so in practice. Answer "b" applies if the executive received legislative approval before implementing such cuts, but is not legally required to do so. Answer "c" applies if the executive is legally required to obtain legislative approval before implementing such cuts, but does not do so in practice. Answer "d" applies if legislative approval is not legally required for the executive to implement such cuts and the executive does not obtain such approval in practice. A "d" response applies if the legislature only approves the spending cuts after they have already occurred.

Answer:

d. There is no law or regulation requiring the executive to obtain approval from the legislature prior to reducing spending below enacted levels, and in practice the executive implements these spending cuts before seeking prior approval from the legislature.

Source:

In Hungarian: 2011. évi CXCV törvény az államháztartásról

In English: Act CXCV of 2011 on the State Budget

40. §.

URL: http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1100195.TV

In Hungarian: 1739/2019. (XII. 19.) Korm. határozat a VOLÁN Buszpark Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság tőkeemeléséről

In English: Government resolution 1739/2019. (XII. 19.) on the capital investment of VOLÁN Bus company

URL: http://njt.hu/cgi_bin/njt_doc.cgi?docid=217342.377396

In Hungarian: 1800/2019. (XII. 23.) Korm. határozat fejezetek közötti előirányzat-átcsoportosításról, a központi költségvetést érintő címrendi módosításról, valamint egyes kormányhatározatok módosításáról

In English: Government resolution 1800/2019. (XII. 23.) on shifting funds between chapters, modification of the titles of the central budget and modification of other government resolutions

URL: http://njt.hu/cgi_bin/njt_doc.cgi?docid=217516.377843

In Hungarian: 1811/2019. (XII. 27.) Korm. határozat fejezetek közötti előirányzat-átcsoportosításról

In English: Government resolution 1811/2019. (XII. 27.) on shifting funds between chapters

URL: http://njt.hu/cgi_bin/njt_doc.cgi?docid=217527.378291

Declaration of state of danger

In Hungarian: Magyarország Alaptörvénye

In English: Fundamental Law of Hungary

URL for Hungarian version: <https://net.jogtar.hu/jogszabaly?docid=a1100425.atv>

URL for English version: https://njt.hu/translated/doc/TheFundamentalLawofHungary_20190101_FIN.pdf

Article 53

In Hungarian: 40/2020. (III. 11.) Korm. rendelet veszélyhelyzet kihirdetéséről

In English: Government Decree 40/2020 (11 March) on the declaration of state of danger

URL for Hungarian version: http://njt.hu/cgi_bin/njt_doc.cgi?docid=218449.381011

URL for English version: https://njt.hu/translated/doc/J2020R0040K_20200326_FIN.pdf

In Hungarian: 92/2020. (IV. 6.) Korm. rendelet a Magyarország 2020. évi központi költségvetésének a veszélyhelyzettel összefüggő eltérő szabályairól

In English: Government decree 92/2020 (6 April) on the modified rules of the central budget of Hungary for FY 2020 in relation to the state of danger

URL: http://njt.hu/cgi_bin/njt_doc.cgi?docid=218870.383446

Comment:

We evaluated FY 2019 because during FY 2020 the government declared state of danger (in government decree 40/2020 using Article 53 of the Fundamental Law) due to the pandemic and used the special rights to reallocate 200 billion HUF (about 5% of the GDP) in the budget (in government decree 92/2020). FY 2019 is better for evaluating the regular budgetary process.

In the Hungarian law the appropriations approved in the budget are only rights to spend that amount, but it is not mandatory to spend wholly that amount. The budget only means an upper constraint on the expenditures, the institutions can spend less than their estimates. (In these cases the unspent appropriations are carried over to the next year or if there are no financial obligations taken against it the government can reallocate it to other expenditure items.) The government has the right to lock some part of the estimates if the current budget deficit is worse than planned. The only exceptions are the appropriations that are controlled by the legislature and not under the execution of the government. After the lockup the government has to decide if the budget deficit improved enough to erase the lock or it is necessary to retain it to achieve its deficit target. There is no legal rule that obliges the government to seek approval from the legislature for reducing expenditures and does not do so in practice.

In the previous years there was no need to lock any expenditure. However the government may reduce the spending on certain expenditures with reallocating the unspent appropriations to other expenditure items.

For example government resolution 1739/2019. (XII. 19.) decreases several expenditure items like „Sportcélú fejlesztésekhez kapcsolódó ingatlanvásárlások és beruházások” (Real estate and other investments related sport development), „Karolina bánya külfejtés tájrendezése” (Country planning of Karolina mine) or „Nemzeti Eszközkezelő Zrt. által végrehajtott ingatlanvásárlások és ingatlan beruházások” (Real estate purchases and investments of Nemzeti Eszközkezelő Zrt.) to allocate these funds to the capital increase of VOLÁN Bus company. Other example can be the reallocation of funds of EU programme: 46 and 37 billion HUF were reallocated to other purposes in government resolutions 1800/2019. (XII. 23.) and 1811/2019. (XII. 27.). The funds were deducted from „Gazdaságfejlesztés és Innovációs OP (GINOP)” (Economy Development and Innovation Operative Programme). Essentially these are also spending reductions without the approval of the legislature.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

118. Did a committee of the legislature examine the Audit Report on the annual budget produced by the Supreme Audit Institution (SAI)?

GUIDELINES:

Question 118 is about ex post oversight following the implementation of the budget. It probes whether a committee examined the Audit Report on the annual budget produced by the Supreme Audit Institution (SAI), and whether this resulted in an official report with findings and recommendations. A key issue is how soon after the SAI releases the report does it legislature review it. This question does not apply to the legislative scrutiny of in-year implementation of the Enacted Budget during the relevant budget execution period, which is assessed separately. Also, the question is asking specifically about the SAI's annual report on the execution of the budget, not about other audit reports that the SAI may produce. (This is the Audit Report used for responding to Question 98.)

To answer "a," a legislative committee must have examined the annual Audit Report within three months of it being released by the SAI, and then published a report (or reports) with findings and recommendations. (Note that the three-month period should only take into account time when the legislature is in session.)

Answer "b" applies when the committee examines it within six months of it being released (but more than three months), and then published a report with its findings and recommendations. Choose "c" if a committee examined the annual Audit Report more than six months after it became available or it did not publish any report with findings and recommendations. Answer "d" applies where no committee examined the annual Audit Report.

If the answer is "a" or "b," please specify the name of the committee and when it reviewed the Audit Report, and provide a copy of its report(s). If the answer is "c," please specify the name of the committee and when it reviewed budget implementation. Answers "a," "b," or "c" may be selected if the Audit Report is produced by the SAI but not made publicly available.

Answer:

c. Yes, a committee examined the Audit Report on the annual budget, but it did so after the report had been available for more than six months or it did not publish any report with findings and recommendations.

Source:

In Hungarian: Jegyzőkönyv az Országgyűlés Költségvetési bizottságának 2020. október 27-én, kedden, 11 óra 01 percre az Országház Apponyi Albert gróf termébe (főemelet 58.) összehívott üléséről

In English: Minutes of the Meeting of the Budgetary Committee of the Parliament announced to 11:01 on 27 October 2020 in the Apponyi Albert boardroom of the Parliament

URL: <https://www.parlament.hu/documents/static/biz41/bizjvkv41/KVB/2010271.pdf>

In Hungarian: Mellár Tamás országgyűlési képviselő felszólalása a 2019-es zárszámadás vitájában

In English: Speech by MP Tamás Mellár in the general debate of Year-End Report of FY 2019

URL: <https://www.parlament.hu/web/guest/iromanyok-egyszerusitett-lekerdezese?>

p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=5yipbAFe&hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcpsql%2Fogy_naplo.naplo_fadat%3Fp_ckl%3D41%26p_uln%3D158%26p_felsz%3D20%26p_szoveg%3D%26p_felszig%3D20

In Hungarian: Alexov Lyubomir szerb nemzetiségi szószóló felszólalása a 2019-es zárszámadás vitájában

In English: Speech by Lyubomir Alexov minority advocate in the general debate of Year-End Report of FY 2019

URL: <https://www.parlament.hu/web/guest/iromanyok-egyszerusitett-lekerdezese?>

p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=5yipbAFe&hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcpsql%2Fogy_naplo.naplo_fadat%3Fp_ckl%3D41%26p_uln%3D158%26p_felsz%3D22%26p_szoveg%3D%26p_felszig%3D22

In Hungarian: Banai Péter Benő államtitkár felszólalása a 2019-es zárszámadás vitájában

In English: Speech by Péter Benő Banai Minister of State in the general debate of Year-End Report of FY 2019

URL: <https://www.parlament.hu/web/guest/iromanyok-egyszerusitett-lekerdezese?>

p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=5yipbAFe&hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcpsql%2Fogy_naplo.naplo_fadat%3Fp_ckl%3D41%26p_uln%3D158%26p_felsz%3D24%26p_szoveg%3D%26p_felszig%3D24

Comment:

The Budgetary Committee did not discuss the report in a separate point, but it was indicated in the debate of the Year-End Report that the Audit Report was available on the Parliament's website. This is on page 29 of the cited minutes of the meeting saying „Az Állam Számvevőszék kapcsolódó jelentése a parlament honlapján a törvényjavaslat mellett megtalálható.” (The Audit Report is available on the Parliament's website beside the bill.) The Report was not mentioned during the session of the Committee. In technical terms the Audit Report was discussed, but essentially it was only an opportunity that none of the committee members used. No report was published by the committee about the findings.

The Audit Report was mentioned in the general debate of the Year-End Report for FY 2019. MP Tamás Mellár highlighted that the State Audit Office had claimed in the Audit Report that the government had managed public finances properly within the limits of Enacted Budget for FY 2019.

However, as Tamás Mellár noted, the final expenditure and revenue numbers were 10 percent higher than in the enacted budget, and he raised the question what variance were acceptable by the SAO between the planned numbers and final outcomes.

Citation from the speech: „Ezek után olvasom az amúgy független Állami Számvevőszék jelentését, ahol az összegzésben a következőt olvasom, idézem: „A 2019. évi központi költségvetés végrehajtásában jog- és hatáskörrel rendelkezők a 2019. évi költségvetésben meghatározott pénzügyi keretek között szabályszerűen gazdálkodtak a közpénzekkel.” Rossz rá gondolni, hogy mi lett volna, ha nem szabályszerűen gazdálkodnak ezekkel a közpénzekkel. Azt kérdezném majd az itt ülő elnök úrtól, hogy végül is mekkora az a százalékos eltérés, amelynél az ÁSZ fog majd valamit mondani, valami ejnye-bejnyét, mert úgy látszik, a 10 százalékos eltérés a költségvetési tervhez képest nem volt elégséges.”

Minister of State Péter Benő Banai mentioned the Audit Report replying to the raised questions that during the audit the SAO had identified issues at 41 budgetary institutions and reiterated that the Year-End Report was valid and the data in it were reliable.

Citation from the speech: „Itt emlékeztetnék arra, hogy Domokos elnök úr az expozéjában elmondta, hogy 41 költségvetési szervnél találtak valamilyen problémát. Én ezt megköszönöm, nem gondolom, hogy mindenki tökéletes lenne, nem gondolom, hogy ne lennének helyenként hibák. Azt gondolom, hogy ez a számvevőszéki elnöki megállapítás azt mutatja, hogy a Számvevőszék végzi a dolgát, és azt is el kell mondanom, hogy mindezekkel együtt összességében a számvevőszéki elnök úgy fogalmazott, hogy a törvényjavaslat megalapozott, az adatok megbízhatóak.”

Minority advocate Alexov Lyubomir mentioned the main findings of the Audit Report in his speech, but did not evaluate it.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

119. Was the process of appointing (or re-appointing) the current head of the SAI carried out in a way that ensures his or her independence?

GUIDELINES:

Question 119 concerns the appointment process of the current head of the Supreme Audit Institution (SAI). Appointment procedures vary greatly across countries, as well as across different types of SAIs. Moreover, conventions and informal practices can greatly affect the de facto independence of the head of the SAI. While these factors make it difficult to devise a single metric against which all SAIs can be assessed with regard to this particular aspect, this question focuses on whether the legislature or judiciary must appoint or approve the appointment of the head of the SAI as a way to ensure the SAI's independence from the executive. However, if the appointment is carried out in another way that nonetheless ensures the independence of the SAI head, then that approach could be also considered.

To answer "a," the legislature or judiciary must appoint (or re-appoint) the head of the SAI, or approve the recommendation of the executive, as a way that ensure his or her independence from the executive. (As noted above, alternative approaches may also be acceptable.) Choose "b" if the appointment process does not ensure the independence of the head of the SAI, e.g. the executive may appoint the head of the SAI without the final consent of the legislature or judiciary.

Irrespective of which answer you selected, provide a description of how the head of the SAI is appointed.

Answer:

a. Yes, the head of the SAI may only be appointed by the legislature or judiciary, or the legislature or judiciary must give final consent before the appointment takes effect.

Source:

In Hungarian: 2011. évi LXVI. törvény az Állami Számvevőszékről

In English: Act LXVI of 2011 on the State Audit Office

Hungarian version: URL:http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1100066.TV

English version: https://www.asz.hu/storage/files/files/Angol_portal/Introductions/act_on_sao_july_2013.pdf?download=true

9. § and 11. § (article 9 and 11)

In Hungarian: Alaptörvény

43. Cikk

URL: http://www.njt.hu/cgi_bin/njt_doc.cgi?docid=140968

In English: Fundamental Law of Hungary

Article 43

URL: https://hunconcourt.hu/uploads/sites/3/2021/01/thefundamentallawofhungary_20201223_fin.pdf

The appointment of the head of the SAO

In Hungarian: Az Állami Számvevőszék elnökének és alelnökének megválasztásáról (Domokos Lászlót elnökké, Warvasovszky Tihamértalelnökké)

In English: Decision on the president and vice president of the State Audit Office

URL: [https://www.parlament.hu/web/guest/szavazasok-elozo-ciklusbeli-adatai?](https://www.parlament.hu/web/guest/szavazasok-elozo-ciklusbeli-adatai?p_p_id=hu_parlament cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=A73csVW2&_hu_parlament cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.rom_adat%3Fp_ckl%3D39%26p_izon%3D519)

[p_p_id=hu_parlament cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=A73csVW2&_hu_parlament cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.rom_adat%3Fp_ckl%3D39%26p_izon%3D519](https://www.parlament.hu/web/guest/szavazasok-elozo-ciklusbeli-adatai?p_p_id=hu_parlament cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_auth=A73csVW2&_hu_parlament cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.rom_adat%3Fp_ckl%3D39%26p_izon%3D519)

Previous version of the act on State Audit Office

In Hungarian: 1989. évi XXXVIII. törvény az Állami Számvevőszékről

In English: Act XXXVIII of 1989 on the State Audit Office

URL: <http://jogiportal.hu/index.php?id=oz4st9k3a0i508rny&state=20090101&menu=view>

7. § and 8. § (article 7 and 8)

Comment:

According to the law (in article 9 of the act on State Audit Office) the current process of appointing the president of the SAO is the following:

- a committee is formed with members of the Parliament that makes recommendations for the persons (the persons who were member of the government or held executive position in any party in the previous four years are excluded from the candidates)
- the committee responsible for the audit holds a hearing of the candidate(s)
- the Parliament elects the president of the SAO with two-thirds of the votes of the members of the legislature

The new law about the State Audit Office is in effect since 1 July 2011 and the current president of the SAO was elected according to the previous law but the rules of election and the term were not modified. (For comprehensive information both the current and previous version of the act is among the sources. The rules of election is in articles 7 in the previous version, and article 8 contained the duration of the term.)

The president was elected for 12 years on 28 June 2010 as the column "Dátum" (Date) shows in the block „Szavazások az irományról” (Votes on the proposal) in the citation about the vote in the legislature.

The Fundamental Law governs the term in Article 43 where it is stated that the president of SAO is elected for 12 years.

The rules are also strict on removing the president of the SAO, only the legislature can initiate it and decide on it. This is in 11. § of the cited law on the State Audit Office. Points (3) and (5) state that in case of conflict of interest with other mandates, not fulfilling its tasks or serious crime the legislature can initiate and decide about the removal of the president of State Audit Office.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

120. Must a branch of government other than the executive (such as the legislature or the judiciary) give final consent before the head of the Supreme Audit Institution (SAI) can be removed from office?

GUIDELINES:

Question 120 covers the manner in which the head or senior members of the SAI may be removed from office. This question draws on best practices identified in the Lima Declaration of Guidelines on Auditing Precepts (<http://internationalbudget.org/wp-content/uploads/LimaDeclaration.pdf>), including measures intended to guarantee the office's independence from the executive.

To answer "a," the head of the SAI may only be removed by the legislature or judiciary, or the legislature or judiciary must give final consent before the head of the SAI is removed. For example, the legislature or judiciary may give final consent following a certain external process, such as a criminal proceeding. So while the executive may initiate a criminal proceeding, the final consent of a member of the judiciary – or a judge – is necessary to render a verdict of wrongdoing that may lead to the removal from office of the head of the SAI. Answer "b" applies if the executive may remove the head of the SAI without the final consent of the judiciary or legislature.

Answer:

a. Yes, the head of the SAI may only be removed by the legislature or judiciary, or the legislature or judiciary must give final consent before he or she is removed.

Source:

In Hungarian: 2011. évi LXVI. törvény az Állami Számvevőszékről

In English: Act LXVI of 2011 on the State Audit Office

Hungarian version: http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1100066.TV

English version: https://www.asz.hu/storage/files/files/Angol_portal/Introductions/act_on_sao_july_2013.pdf?download=true

11. § (Article 11)

Comment:

The president of the State Audit Office can only be removed by the legislature. There are strict rules in which cases he can be removed as listed in 11. § (3)-(5) of the cited act. These cases are when the President of the SAO breaches the conflict of interest („összeférhetetlenség”) by taking a position at an institution that receives funding from the government, by being member of the Parliament or representative of a local government or other lobby organization, by accepting any remuneration for his work apart from the SAO, or having a relative in the government or in the legislative committee responsible for the audit. Other case when the legislature can initiate the removal is when the president of the SAO is not able to or do not fulfil its duty, or stand convicted. Other automatic cases for the removal is when the term of the commission expires, the president resigns or dies.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

121. Who determines the budget of the Supreme Audit Institution (SAI)?

GUIDELINES:

Question 121 asks who determines the budget of the Supreme Audit Institution (SAI). To ensure objective audits of government budgets, another important component of the SAI's independence from the executive is the extent to which the SAI's budget is determined by a body other than the executive, and whether the SAI has adequate resources to fulfill its mandate.

Answer "a" applies if the funding level is broadly consistent with the resources the SAI needs to fulfill its mandate, AND either the SAI determines its own budget and then submits it to the executive (which accepts it with little or no change) or directly to the legislature, or the budget of the SAI is determined directly by the legislature or judiciary (or some independent body). Answer "b" applies if the SAI's budget is determined by the executive (absent a recommendation from the SAI), and the funding level is broadly consistent with the resources the SAI needs to fulfill its mandate. Answer "c" applies if the legislature or judiciary (or some independent body) determines the SAI's budget, but the funding level is not consistent with the resources the SAI needs to fulfill its mandate. Answer "d" applies if the executive determines the SAI's budget, and the funding level is not consistent with the resources the SAI needs to fulfill its mandate. Please provide evidence in support of the assessment that the funding level is or is not broadly consistent with the resources the SAI needs to fulfill its mandate.

Answer:

a. The SAI determines its own budget (i.e., submits it to the executive, which accepts it with little or no change, or directly to the legislature), or the budget of the SAI is determined by the legislature or judiciary (or some independent body), and the funding level is broadly consistent with the resources the SAI needs to fulfill its mandate.

Source:

In Hungarian: 2011. évi LXVI. törvény az Állami Számvevőszékről
In English: Act LXVI of 2011 on the State Audit Office
Hungarian version: http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1100066.TV
English version: https://www.asz.hu/storage/files/files/Angol_portal/Introductions/act_on_sao_july_2013.pdf?download=true
2. § (Article 2)

Comment:

The fiscal independence of the SAO is secured in article 2 of the act on the State Audit Office. The SAO has his own chapter in the budget and its resources are managed by the president of the SAO. In the budgeting the SAO determines its own budget, sends it to the executive who has to implement it to the budget without any change. It is also secured that the allocated resources cannot be less than in the previous year. The funding level is consistent with the mandates of the SAO because the institution can audit the budgetary institutions, create additional analysis and there is no news about missed tasks.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

122. Does the Supreme Audit Institution (SAI) have the discretion in law to undertake those audits it may wish to?

GUIDELINES:

Question 122 explores the scope of the investigative powers of the Supreme Audit Institution (SAI) as prescribed in law.

Question 97 asks which of the three types of audits – financial, compliance, and performance – the SAI conducts. This question asks if the SAI is constrained by law (rather than by a lack of capacity or an inadequate budget) from undertaking any form of audit or investigating irregularities in any program or activity.

There are numerous examples of limitations. For instance, some SAIs are not permitted by their legal mandate to audit joint ventures or other public-private arrangements. Others are only allowed to undertake financial audits, precluded from conducting performance or value-for-money audits. The SAIs in some countries do not have the legal mandate to review arrangements involving oil or stabilization funds, or other types of special or extra-budgetary funds. The SAI may also not have the ability to audit commercial projects involving the public and private sector.

To answer “a,” the SAI must have full discretion in law to decide which audits to undertake. Answer “b” applies if some limitations exist, but the SAI enjoys significant discretion to undertake those audits it wishes to. Answer “c” applies if the SAI has some discretion, but significant legal limitations exist. Answer “d” applies if the SAI has no power at all to choose which audits to undertake

Consulting the Lima Declaration of Guidelines on Auditing Precepts (<http://internationalbudget.org/wp-content/uploads/LimaDeclaration.pdf>) may be useful in answering this question as its provisions serve to define the appropriate scope of a SAI’s legal mandate and jurisdiction.

Answer:

a. The SAI has full discretion to decide which audits it wishes to undertake.

Source:

In Hungarian: 2011. évi LXVI. törvény az Állami Számvevőszékről
In English: Act LXVI of 2011 on the State Audit Office
Hungarian version: http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1100066.TV
English version: https://www.asz.hu/storage/files/files/Angol_portal/Introductions/act_on_sao_july_2013.pdf?download=true
3. § and 23. § (2) (Article 3 and 23. (2))

In Hungarian: 1989. évi XXXIII. törvény a pártok működéséről és gazdálkodásáról
In English: Act XXXIII of 1989 on the operation and management of the parties
URL: http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=98900033.TV
10. §

In Hungarian: Alaptörvény

43. Cikk (1)

URL: http://www.njt.hu/cgi_bin/njt_doc.cgi?docid=140968

In English: Fundamental Law of Hungary

Article 43 (1)

URL: https://hunconcourt.hu/uploads/sites/3/2021/01/thefundamentallawofhungary_20201223_fin.pdf

Comment:

The yearly plan of the SAO is approved by the president of the SAO. According to articles 3 and 23 of the act on State Audit Office the SAO is obliged to conduct audit upon the resolution of the legislature and may conduct audits upon the request of the government or the notifications of the people. In other acts there are additional obligations for the SAO like article 10 in the act on political parties that requires the SAO to audit all the parties that receive funds from the central budget biannually. These are legal obligations and adopted by the legislature, thus does not influence the

independence of the SAO.

A more general rule is stated in the Fundamental Law (article 43 (1)). According to it the SAO shall audit not only the implementation of budget or administration of public finances but the use of funds from public finances and the management of national assets. Based on this companies, foundations and other organisations can also be audited how they use the public funds.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

123. Are the audit processes of the Supreme Audit Institution (SAI) reviewed by an independent agency?

GUIDELINES:

Question 123 assesses whether and to what extent the audit processes of the Supreme Audit Institution (SAI) are subject to review by an independent agency. The latter could be a peer SAI, an international organization, an academic institution with relevant expertise, or an independent domestic agency with quality assurance functions in the area of financial reporting.

To answer "a," an independent agency must conduct and publish a review of the audit processes of the SAI on an annual basis. Answer "b" applies if a review was carried out within the past five years, and published, but it is not conducted annually, but. Choose answer "c" if the SAI has an internal unit that reviews the audit processes of the SAI on a regular basis, but an independent agency does not conduct such a review. Answer "d" applies if the audit processes of the SAI are reviewed neither by an independent agency nor by a unit within the SAI.

If the answer is either "a" or "b," please specify the name of the independent agency and when last it conducted such a review, and provide a copy of the published report. If the answer is "c," please specify the name of the unit within the SAI that is tasked with conducting such reviews.

Answer:

c. No, but a unit within the SAI conducts a review of the audit processes of the SAI on a regular basis.

Source:

In Hungarian: Tájékoztató az Állami Számvevőszék 2019. évi szakmai tevékenységéről és beszámoló az intézmény működéséről az Országgyűlés részére

In English: Summary report for the National Assembly on the Professional Activity and Operation of the State Audit Office of Hungary in 2019

URL for Hungarian version: <https://www.asz.hu/storage/files/files/jelentes/2019/b10.pdf?download=true>

URL for English version: https://www.asz.hu/storage/files/files/en/reports/2020/B10_en.pdf?download=true

pp. 79-83 and 108-111

In Hungarian: 2011. évi LXVI. törvény az Állami Számvevőszékről

In English: Act LXVI of 2011 on the State Audit Office

URL for Hungarian version: http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1100066.TV

URL for English version: https://www.asz.hu/storage/files/files/Angol_portal/Introductions/act_on_sao_july_2013.pdf?download=true

2. § (4) and 23. § (Article 2 (4) and 23.)

In Hungarian: Ötödik szakaszban a társintézményi felülvizsgálat akciótérve, ÁSZ Hírportál, 2017. augusztus 23

In English: The action plan of the peer review entered into the fifth phase, ÁSZ Hírportál, 23 August 2017

URL: <https://www.aszhirportal.hu/hu/hirek/otodik-szakaszban-a-tarsintezmenyi-felulvizsgalat-akcioterve>

In Hungarian: Az ÁSZ tájékoztatása az Open Budget Survey felméréshez, ÁSZ Hírportál, 2021. március 8

In English: SAO's contribution to the Open Budget Survey, ÁSZ Hírportál, 8 March 2021

URL for Hungarian version: <https://www.aszhirportal.hu/hu/hirek/az-asz-tajekoztatasa-az-open-budget-survey-felmereshez>

URL for English version: <https://www.aszhirportal.hu/en/news/sao-s-contribution-to-the-open-budget-survey>

Comment:

Based on the information received from the State Audit Office (and published on the SAO's news portal as contribution to the Open Budget Survey) the latest peer review was closed on 12 May 2016 when the Polish and Lithuanian SAOs sent the report to the Hungarian SAO. The peer review audited the external communication activities of the State Audit Office. Since then there were several meetings about how the findings of the peer review had been utilised, especially on the areas of communication towards the audited institutions, in the social media and the structure of the audit reports.

The use of funds of the SAO is audited by an independent auditor appointed by the Chairman of the National Assembly as required in article 2 (4).

The report of the audit can be found on pages 108-111 in the yearly report of the SAO. However this report does not evaluate the audit processes of the institution, only how the SAO managed the use of public funds.

On pages 79-83 of the yearly Audit Report the SAO introduced the audit processes and the internal control system of the institution. The audit processes were described generally, not specifically for 2019. The operation of the internal control system was at a high level in 2019 according to the description and in points c) and e) it was stated that the real processes and auditing activities were carried out as required in the internal regulations. This means the SAO conducts regular checks of its audit activities internally and answer „c” was selected based on this.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

124. In the past 12 months, how frequently did the head or a senior staff member of the Supreme Audit Institution (SAI) take part and testify in hearings of a committee of the legislature?

GUIDELINES:

Question 124 concerns the interaction between two important oversight actors and assesses how frequently the Supreme Audit Institution (SAI) made high-level inputs to the work of legislative committees. Many SAIs interact with the legislature in some form, but the nature and intensity of the interaction varies. This question probes this aspect by asking, with reference to the past 12 months, how frequently the head or a senior staff member of the SAI took part and testified in hearings of a committee of the legislature. The intent is to assess the extent to which the SAI representative in question was not only present at a meeting of a legislative committee, but was an active participant (as opposed to a passive observer, serving only as a resource when called upon). You can refer to official records of legislative committees, websites and annual reports of the SAI, press releases and media coverage, for example. Choose answer "a" if this occurred five times or more; "b" for three times or more, but less than five times; "c" for once or twice, and "d" for never.

Answer:

c. Rarely (i.e., once or twice).

Source:

In Hungarian: Jegyzőkönyv az Országgyűlés Gazdasági bizottságának 2020. május 18-án, hétfőn 10 óra 43 perckor az Országház Apponyi Albert gróf termében (főemelet 58.) megtartott üléséről

In English: Minutes of the Meeting of the Economic Committee of the Parliament held at 10:43 on 18 May 2020 in the Apponyi Albert boardroom of the Parliament, pp. 5-25

URL: <https://www.parlament.hu/documents/static/biz41/bizjv41/GAB/2005181.pdf>

In Hungarian: Domokos László, az Állami Számvevőszék elnökének felszólalásai az Országgyűlésben 2020-ban

In English: Speeches of László Domokos, chairman of the State Audit Office in the National Assembly during 2020

URL: <https://www.parlament.hu/web/guest/felszolalások-keresese?>

https://www.parlament.hu/web/guest/felszolalások-keresese?p_p_id=hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&_hu_parlament_cms_pair_portlet_PairProxy_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Ffcplsql%2Fogy_naplo.altnaplek%3FP_TECH_SZEREP%3Dnull%26P_DATUM_TOL%3D2020.01.01%26P_CKL%3D41%26P_IFOTIP%3Dnull%26P_SZEREP%3Dnull%26P_KEPV%3Dnull%26P_KEPV%3Dd003%26P_SZEREP_CSOP%3Dnull%26P_FRAK%3Dnull%26P_DATUM_IG%3D2020.12.31%26P_ITIPUS%3Dnull%26P_AKTUS%3Dnull&p_auth=NnInKnUI

In Hungarian: Tájékoztató az Állami Számvevőszék 2019. évi szakmai tevékenységéről és beszámoló az intézmény működéséről az Országgyűlés részére

In English: Summary report for the National Assembly on the Professional Activity and Operation of the State Audit Office of Hungary in 2019

URL for Hungarian version: <https://www.asz.hu/storage/files/files/jelentes/2019/b10.pdf?download=true>

URL for English version: https://www.asz.hu/storage/files/files/en/reports/2020/B10_en.pdf?download=true

pp. 24-26

In Hungarian: Az Országgyűlésnek szóló tájékoztatók, háttéranyagok az Állami Számvevőszék honlapján

In English: The summary reports and recommendations for the National Assembly on the webpage of the State Audit Office

URL: <https://www.asz.hu/hu/jelentesek/orszaggyulesnek-szolo-tajekotatok-hatteranyagok>

In Hungarian: Az ÁSZ tájékoztatása az Open Budget Survey felméréshez, ÁSZ Hírportál, 2021. március 8

In English: SAO's contribution to the Open Budget Survey, ÁSZ Hírportál, 8 March 2021

URL for Hungarian version: <https://www.aszhirportal.hu/hu/hirek/az-asz-tajekoztatasa-az-open-budget-survey-felmereshez>

URL for English version: <https://www.aszhirportal.hu/en/news/sao-s-contribution-to-the-open-budget-survey>

Comment:

The chairman of the State Audit Office held its yearly testimony in the Economic Committee of the Parliament on 18 May 2020 as proved by the cited minutes of the meetings. This was the only case where we found evidence for a representative of the SAO actively participated in the public hearings of a committee of the legislature.

The chairman of the SAO spoke in three occasions in the National Assembly during 2020: in the general debate of the Year-End Report of FY 2019, the Executive's Budget Proposal for FY 2021 and the presentation of the yearly report of the operation of the SAO in 2019. These speeches were general exposés about the documents and the chairman only replied to the MPs comments in the debate about the yearly report. The general debate in the National Assembly is not a committee of the legislature and provides less opportunity for professional debates.

The yearly report on the operation of the SAO described how the SAO had informed the National Assembly about its findings in the audit reports. On pages 24-26 the SAO highlighted that the institution regularly sent the audit documents and the main findings to the MPs and additionally created summaries for specific topics or bills. These are written documents available for the MPs, but no further information is published by the legislature if these documents were utilised during the committee hearings, for example in the debate of the reference bill or the discussion about that topic. (The

documents are available on the webpage of the State Audit Office as cited and according to the information received from the SAO and published on the SAO's news portal as contribution to the Open Budget Survey the documents were used in the daily work of the committees.)
The SAO supports the legislature mainly through written documents. Because the question is about active participation in the committee sessions we could evaluate only the yearly testimony of the chairman as taking part in a hearing of a committee of the legislature.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

125. Does the executive use participation mechanisms through which the public can provide input during the formulation of the annual budget (prior to the budget being tabled in parliament)?

GUIDELINES:

This question reflects the GIFT principles on "Inclusiveness" and "Timeliness" and assesses the extent to which the participation mechanism(s) used by the executive are truly interactive and involve a two-way conversation between citizens and the executive.

The drafting of this question and its answers are partially drawn from the IAP2 Spectrum of Public Participation, in particular with regards to the concepts of "involvement" (option "a" in the responses) and "consultation" (option "b"). See:

https://cdn.ymaws.com/www.iap2.org/resource/resmgr/foundations_course/IAP2_P2_Spectrum_FINAL.pdf.

Please consider only participation mechanisms that the Ministry of Finance, lead budget agency, or central coordinating agency designated by the government to implement participation mechanisms ("the executive") is currently using to allow the public to participate in the formulation of the annual budget, including annual pre-budget discussions. Participation mechanisms used only by line ministries should not be used to answer this question. If there is more than one mechanism used by the executive, please select the deepest or most interactive mechanism that reflects the government's efforts to incorporate citizens' input into the formulation of the annual budget. The participation mechanisms can involve a range of different issues, such as spending and tax policy, funding and revenue levels, and macro-fiscal planning.

To answer "a," the executive must use open participation mechanisms that involve the public in the formulation of the annual budget. This means that a public process is in place whereby CSOs and/or individual members of the public and government officials interact, and have the opportunity to express their opinions to each other in what can be considered a public dialogue between them (i.e., in-person and online discussion forums). Additionally, the mechanism should be open to any CSO and/or individual members of the public who wish to participate. By selecting this answer, the researcher must present evidence to support the presence of a public dialogue among citizens and government officials. Examples include public meetings and online deliberative exchanges.

Answer "b" applies if an open consultation mechanism is in place whereby members of the public (i.e., individuals and/or CSOs as well as academics, independent experts, policy think tanks, and business organizations) can provide their input in the formulation of the annual budget. This answer applies if the government is using a mechanism that is structured and well established, and not ad-hoc. The researcher must present evidence to support the presence of consultative processes through which the executive seeks out inputs from citizens. Examples include surveys, focus groups, report cards, published policy consultation exercises, and online platforms that government officials actively manage to solicit inputs.

Answer "c" applies if the executive has established a mechanism or mechanisms to allow citizens to participate in the budget formulation phase, but:

1) The mechanisms are not structured and happen only on ad-hoc basis, or not regularly.

and/or

2) The executive consults with and/or interacts with, citizens, but there is discretion in who is allowed to participate, and the executive determines fully or partially such selection process by inviting specific groups (for example by making an open call but just to experts from a particular sector, or naming specific organizations). While it is not possible for all citizens and/or CSOs to participate in this or other phases of the budget process, options "a" and "b" apply if the government does not exercise any discretion in determining who is allowed to participate. While there is likely going to be self-selection, it is important that the selection is not made by the executive.

In cases where there is discretion in who is allowed to participate, to select answer choice "c", there should be some sort of public record (held in public, minutes of meetings released to public) so that the all CSOs and individual members of the public can have knowledge of the meeting, who participated, and what was discussed.

Examples of mechanisms that might qualify as a "c" response include hotlines, Facebook announcements, and one-off meetings with NGOs in which there is a public record.

The researcher must present evidence to support selection of a "c" response.

Answer "d" applies if the requirements for a "c" response or above are not met or if the executive does not use public participation mechanisms during the budget formulation stage.

Answer:

d. The requirements for a "c" response or above are not met.

Source:

In Hungarian: Nem hivatalos összefoglaló a Versenyszféra és Kormány Állandó Konzultációs Fóruma 2020. június 29-i üléséről
In English: Unofficial summary of the meeting of Standing Consultative Forum for the Private Sector and the Government (VKF) on 29 June 2020
URL: <https://www.liganet.hu/10631-tajekoztato-a-vkf-junius-29-ei-uleserol.html>

In Hungarian: Nem hivatalos összefoglaló a Versenyszféra és Kormány Állandó Konzultációs Fóruma 2019. június 25-i üléséről
In English: Unofficial summary of the meeting of Standing Consultative Forum for the Private Sector and the Government (VKF) on 25 June 2019
URL: <https://www.liganet.hu/10255-az-egyensuly-koltsegvetese.html>

In Hungarian: A Nemzeti Gazdasági és Társadalmi Tanács közzétett jegyzőkönyvei
In English: Documents of the National Economic and Social Council (NGTT)
URL: <http://ngtt.hu/en/osszefoglalok/>

Comment:

There are several consultation forums that include the government and other organisations, but no official public records can be found about the meetings of these forums or they do not hold meetings dedicated to budgetary topics. The consultation forums may discuss topics that have budgetary implications like the minimal wage or the decrease of taxes (like social contribution tax), but there was no dedicated meeting to discuss the upcoming budgetary plans or topics before the budget was submitted to the legislature. The meetings were held a week before the final vote on the budget proposal, hence could not have meaningful impact on the budget. Last time the legislature voted on the modification proposals on 29 June 2020, the same day when the consultation forums were held. Because of this and the missing official records (only summaries in the media is available) we did not identify any forums as public participation mechanism.

One is the Versenyszféra és Kormány Állandó Konzultációs Fóruma (VKF, Standing Consultative Forum for the Private Sector and the Government) that involves the trade unions and the representatives of the employers beside the government. According to the published articles the topics of the forum are mainly labour questions and tax regulations. The cited articles are the summaries of the meeting where the budget proposal were discussed, but it cannot be treated as consultation because the meetings were held after the budget proposal submitted to the legislature.

Additionally the date of the meetings were close to the final vote on the budget proposal, so even if new modifications had been proposed, they would not have been incorporated into the budget proposal. In 2019 the vote took place on 12 July 2019, while the meeting was held on 25 June, while in 2020 the vote was held on 3 July 2020 and the meeting was on 29 June. In both cases the representative of the government informed the participants about the main characteristics of the budget proposal and answered the questions.

Compared to the previous survey this time we did not find any articles on the meetings of other forums (for example Országos Közszolgálati Érdekegyeztető Tanács, involving the government and trade unions of public services).

The Nemzeti Gazdasági és Társadalmi Tanács (NGTT, National Economic and Social Council) discussed a topic each quarter, but those were rather long-term strategy discussions (like education, healthcare, social services, rural infrastructure and investments, etc.). Because the NGTT did not have a dedicated meeting during the formulation of the budget about budget-related topics (the meetings in March 2020 and 2019 December were about education and the minimum wage agreement for 2020), we did not evaluate it as participation mechanism. Furthermore, it is not assured that the whole budget is discussed each year, so the selection of topics can limit the affected budgetary areas and several issues may not be discussed for years. As a result the participants cannot provide any input for the relevant budgetary items.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

126. With regard to the mechanism identified in question 125, does the executive take concrete steps to include vulnerable and under-represented parts of the population in the formulation of the annual budget?

GUIDELINES:

This question reflects the GIFT principle of "Inclusiveness", and examines the executive's effort to actively reach out to citizens who are from socially vulnerable groups and/or underrepresented in national processes. The emphasis here is on the executive's efforts to seek out the views of members of the public from socially vulnerable groups and/or who are underrepresented in the process.

To answer "a," the executive must actively seek out individuals from at least one vulnerable and underrepresented community and/or civil society organization representing vulnerable and underrepresented individuals and communities. The researcher must provide evidence to show the government's efforts and actions. The researcher must speak with the relevant government official(s), and subsequently double check with an alternative source, such as representatives of vulnerable/underrepresented groups.

Answer "b" applies if the executive does not take concrete steps to incorporate vulnerable/underrepresented individuals, or organizations representing them, into participation mechanisms or if the executive does not use public participation mechanisms during the budget formulation stage.

Answer:

b. The requirements for an "a" response are not met.

Source:

Comment:

We did not find any participation mechanism that took place during the formulation of the budget.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

127. During the budget formulation stage, which of the following key topics does the executive's engagement with citizens cover?

For the purpose of this question, key topics are considered to be:

1. Macroeconomic issues
2. Revenue forecasts, policies, and administration
3. Social spending policies
4. Deficit and debt levels
5. Public investment projects
6. Public services

GUIDELINES:

This question reflects the GIFT principles of "Transparency" and "Timeliness". Please consider all of the mechanisms currently used by the executive to promote public participation during the formulation of the annual budget.

Please note that while the public engagement can/may cover other topics -- and for this reason the other questions assessing the executive's engagement with the public during budget formulation can be answered on the basis of engagement on topics other than the six listed above -- for the purpose of answering this question, "key topics" are considered to be only the ones listed above. If the executive's engagement with the public covers topics other than the six listed above, please specify these topics in the comments.

Note also that this question assesses only the coverage of public engagement (i.e., "what issues is the public invited to engage on?") and issues related to the depth of engagement or selectivity of engaged are not dealt with by this question.

If written materials about the public engagement, such as an invitation, do not specify the coverage of the public engagement, but the researcher has personally participated in the engagement, s/he may respond to this question based on firsthand experience of the coverage of the public engagement.

Answer "d" applies if requirements for a "c" response or above are not met or if the executive does not use public participation mechanisms during the budget formulation stage.

Answer:

d. The requirements for a "c" response or above are not met.

Source:

Comment:

We did not find any participation mechanism that took place during the formulation of the budget.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

128. Does the executive use participation mechanisms through which the public can provide input in monitoring the implementation of the annual budget?

GUIDELINES:

This question reflects the GIFT principles on "Inclusiveness" and "Timeliness" and assesses the extent to which the participation mechanism(s) used by the executive are truly interactive and involve a two-way conversation between citizens and the executive.

The drafting of this question and its answers are partially drawn from the IAP2 Spectrum of Public Participation, in particular with regards to the concepts of "involvement" (option "a" in the responses) and "consultation" (option "b"). See:

https://cdn.ymaws.com/www.iap2.org/resource/resmgr/foundations_course/IAP2_P2_Spectrum_FINAL.pdf.

Please consider only participation mechanisms that the Ministry of Finance, lead budget agency, or central coordinating agency designated by the government to implement participation mechanisms ("the executive") is currently using to allow the public to participate in monitoring the implementation of the annual budget. If the executive has designated a central coordinating agency to implement participation mechanisms throughout the national budget process, researchers may consider these mechanisms. Participation mechanisms used only by line ministries should not be used to answer this question. If there is more than one mechanism used by the executive, please select the deepest or most interactive mechanism that reflects the government's efforts to incorporate citizens' input into the implementation of the annual budget. The participation mechanisms can involve a range of different issues, such as revenue administration, public service delivery, public investment project implementation, including procurement, and the administration of social transfer schemes.

To answer "a," the executive must use open participation mechanisms that involve the public in the implementation of the annual budget. This means that a public process is in place whereby CSOs and/or individual members of the public and government officials interact, and have the opportunity to express their opinions to each other in what can be considered a public dialogue between them (i.e., in-person and online discussion forums). Additionally, the mechanism should be open to any CSO and/or individual members of the public who wish to participate. By selecting this answer, the researcher must present evidence to support the presence of a public dialogue among citizens and government official. Examples include public meetings, online, deliberative exchanges, procurement complaint mechanisms, and social monitoring and dialogue.

Answer "b" applies if an open consultation mechanism is in place whereby members of the public (i.e., individuals and/or CSOs as well as academics, independent experts, policy think tanks, and business organizations) can provide their input on the implementation of the annual budget. This answer applies if the government is using a mechanism that is structured and well established, and not ad-hoc. The researcher must present evidence to support the presence of consultative processes through which the executive seeks out inputs from citizens. Examples include public hearings, surveys, focus groups, report cards, and online platforms that government officials actively manage to solicit inputs.

Answer "c" applies if the executive has established a mechanism or mechanisms to allow citizens to provide input on budget implementation, but:

1) The mechanisms are not structured, happen only on ad-hoc basis, or not regularly.

and/or

2) The executive consults with and/or interacts with, citizens, but there is discretion in who is allowed to participate, and the executive determines fully or partially such selection process by inviting specific groups (for example by making an open call but just to experts from a particular sector, or naming specific organizations). While it is not possible for all citizens and/or CSOs to participate in this or other phases of the budget process, options "a" and "b" apply if the government does not exercise any discretion in determining who is allowed to participate. While there is likely going to be self-selection, it is important that the selection is not made by the executive.

In cases where there is discretion in who is allowed to participate, to select answer choice "c", the researcher must have evidence that the government is holding participation mechanisms that have some sort of public record (held in public, minutes of meetings released to public) so that all CSOs and members of the public can have knowledge of the meeting, who participated, and what was discussed.

Examples include hotlines, Facebook announcements, one-off meetings with NGOs in which there is a public record.

The researcher must present evidence to support selection of a "c" response.

Answer "d" applies if the requirements for a "c" response or above are not met or if the executive does not use public participation mechanisms during the budget implementation stage.

Answer:

d. The requirements for a "c" response or above are not met.

Source:

Comment:

There is no specific public participation mechanism that actively seeks the citizens' inputs regarding the implementation of the budget. There are ad-hoc National Consultations but those consultations ask selective topics (like family policies, pandemic strategy or mass migration) and none of them were about budget implementation. (<https://nemzetikonzultacio.kormany.hu/>)

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

129. With regard to the mechanism identified in question 128, does the executive take concrete steps to receive input from vulnerable and underrepresented parts of the population on the implementation of the annual budget?

GUIDELINES:

This question reflects the GIFT principle of "Inclusiveness", and examines the executive's effort to actively reach out to citizens who are from socially vulnerable groups and/or underrepresented in national processes. The emphasis here is on national government's efforts to obtain input from members of the public who are from socially vulnerable groups and/or underrepresented in national processes during the implementation of the annual budget.

To answer "a," the executive must actively seek out individuals from at least one vulnerable and underrepresented community and/or civil society organization representing vulnerable and underrepresented individuals and communities. The researcher must provide evidence to show the government's efforts and actions. The researcher must speak with the relevant government official(s), and subsequently double check with an alternative source, such as representatives from vulnerable/underrepresented groups.

Answer "b" applies if the national executive does not take concrete steps to incorporate vulnerable/underrepresented individuals, or organizations representing them, into participation mechanisms or if the executive does not use public participation mechanisms during the budget implementation stage.

Answer:

b. The requirements for an "a" response are not met.

Source:

Comment:

The executive did not use any public participation mechanism.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

130. During the implementation of the annual budget, which of the following topics does the executive's engagement with citizens cover?

For the purpose of this question, key topics are considered to be:

1. Changes in macroeconomic circumstances
2. Delivery of public services
3. Collection of revenue
4. Implementation of social spending
5. Changes in deficit and debt levels
6. Implementation of public investment projects

GUIDELINES:

This question reflects the GIFT principles of "Transparency" and "Timeliness". Please consider all of the mechanisms currently used by the executive to promote public participation during the implementation of the annual budget.

Please note that while the public engagement can/may cover other topics -- and for this reason the other questions assessing the executive's engagement with the public during budget implementation can be answered on the basis of engagement on topics other than the six listed above -- for the purpose of answering this question, "key topics" are considered to be ONLY the ones listed above. If the executive's engagement with the public covers topics other than the six listed above, please specify these topics in the comments.

Note also that this question assesses only the coverage of public engagement (i.e., "what issues is the public invited to engage on?") and issues related to the depth of engagement or selectivity of engaged are not dealt with by this question.

If written materials about the public engagement, such as an invitation, do not specify the coverage of the public engagement, but the researcher has personally participated in the engagement, s/he may respond to this question based on firsthand experience of the coverage of the public engagement.

Answer "d" applies if requirements for a "c" response or above are not met or if the executive does not use public participation mechanisms during the budget implementation stage.

Answer:

d. The requirements for a "c" response or above are not met.

Source:

Comment:

The executive did not use any public participation mechanism regarding the implementation of the budget.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

131. When the executive engages with the public, does it provide comprehensive prior information on the process of the engagement, so that the public can participate in an informed manner?

Comprehensive information must include at least three of the following elements:

1. Purpose
2. Scope
3. Constraints
4. Intended outcomes
5. Process and timeline

GUIDELINES:

This question relates to the GIFT principle of "Openness," and addresses whether the executive provides relevant information on the process of the engagement before public participation takes place, in order to help citizens engage effectively. The question addresses whether the "rules of the public engagement" are clearly spelled out, in advance and in detail, so that those members of the public who want to engage know how to do so, in terms of when they can do so, what they are expected to provide input on, by when, to whom, etc. This question does not cover the substance of the engagement, which is covered by questions 127 and 130.

Non-comprehensive information means that the government provides information that includes at least one but less than three of the elements listed above.

Purpose refers to a brief explanation of why the public engagement is being undertaken, including the executive's objectives for its engagement with the public.

Scope refers to what is within the subject matter of the engagement as well as what is outside the subject matter of the engagement. For example, the scope may include how a current policy is administered but exclude the specifics of the policies themselves.

Constraints refers to whether there are any explicit limitations on the engagement. An example of a constraint could be that any policy changes must not cost (or forgo revenue) more than a specific amount or have no net fiscal cost.

Intended outcomes refers to what the executive hopes to achieve as a result of the engagement. Examples of intended outcomes could be revising a policy to better reflect citizen or service-user views or to improve the way in which a particular program is administered.

Process refers to the methods by which the public engagement will take place and the discrete steps in the process. For example, the process may simply be a one-off Internet-based consultation, with a summary published of public inputs and the official response. The process may involve simultaneous or overlapping steps, and may be conducted in one round or in two or more rounds of engagement.

Timeline refers to the specific dates on which the discrete steps in the process will take place, or during which they will be completed, and clear start and end dates for the overall engagement.

Answer "d" applies if the executive does not use public participation mechanisms during the budget implementation or formulation stage.

Answer:

d. The requirements for a "c" response or above are not met.

Source:

In Hungarian: Tájékoztató a 2021. évi költségvetési törvényjavaslat összeállításához szükséges feltételekről és az érvényesítendő követelményekről

In English: Handout for the terms and requirements for formulating the budget proposal for FY 2021

URL: https://ngmszakmaiteruletek.kormany.hu/download/c/66/92000/2021_TT.pdf

In Hungarian: A Nemzeti Gazdasági és Társadalmi Tanács közzétett jegyzőkönyvei

In English: Documents of the National Economic and Social Council (NGTT)

URL: <http://ngtt.hu/en/osszefoglalok/>

Comment:

The government did not publish any information about the upcoming budget before it was submitted to the Parliament. The timetable for the budget

formulation did not include any deadline for publishing prior information about the budget. On page 2 the government set the deadlines for budgetary institutions to compile and send their budgets to the Ministry of Finance until 4 May and then send the narrative explanations until 25 May. The government may have provided information or analyses for the meetings of Versenyszféra és Kormány Állandó Konzultációs Fóruma (VKF, Standing Consultative Forum for the Private Sector and the Government), but there is no official written record about these meetings. The Nemzeti Gazdasági és Társadalmi Tanács (NGTT, National Economic and Social Council) published the minutes of its meetings, but there were no indication that the participants had received prior information for the meetings beside the proposed agenda.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

132. With regard to the mechanism identified in question 125, does the executive provide the public with feedback on how citizens' inputs have been used in the formulation of the annual budget?

GUIDELINES:

This question reflects the GIFT principles of "Transparency" and "Sustainability", and examines the extent to which the executive provides information to citizens on which public inputs were received, which ones are used in the formulation of the annual budget, and how/why.

By "written record", we mean a document that is produced and released by the lead budget agency (Ministry of Finance, Treasury) that has set up and holds the participation activity.

Answer "a" applies when the executive provides a written document with:

- *The inputs (e.g., a written transcript) received from the public and*
- *A detailed report on how the inputs were used or not used (such report should include information on which inputs were used or not used, why, and how)*

Answer "b" applies when the executive provides a written document that includes:

- *The inputs (e.g., a written transcript) received from the public and*
- *A not-so-detailed report, such as a document with a few paragraphs, on how public inputs were used or not used. This document only gives a general idea on how those inputs were used or not used.*

Answer "c" applies when the executive provides a written document that includes:

- *The inputs (e.g., a written transcript) received from the public or*
- *A report (being it detailed or not-so-detailed) on how public inputs have been used or not used.*

Answer "d" applies if the requirements for a "c" response or above are not met or if the executive does not use public participation mechanisms during the budget formulation stage.

Answer:

d. The requirements for a "c" response or above are not met.

Source:

In Hungarian: Összefoglaló az NGTT 2020. december 11-i plenáris üléséről

In English: Summary of the meeting of NGTT on 11 December 2020

URL: http://ngtt.hu/wp-content/uploads/2021/02/NGTT_osszefoglalo_plenaris_2020.12.11.pdf

Page 5

Comment:

The government did not publish any report about the meetings or how it utilised the inputs received from the public.

The lack of feedback was mentioned in one of the meetings of Nemzeti Gazdasági és Társadalmi Tanács (NGTT, National Economic and Social Council). On 11 December 2020 the representatives of employees stated that in many cases they had not received feedbacks about their proposals and only had learnt about their implementations from the media or the Official Journal of Hungary. This is stated on page 5 of the cited document „Ahol hiányosságot észlelt az Oldal, az a javaslatok, kérések visszacsatolásában mutatkozott meg, ezért kéri, hogy ezen változtassanak. Sok esetben sajnos a sajtóból, vagy a másnap megjelent Magyar Közlönyből szereztek tudomást arról, hogy ezek az érdemi kérések befogadásra kerültek.”

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

133. With regard to the mechanism identified in question 128, does the executive provide the public with information on how citizens' inputs have been used to assist in monitoring the implementation of the annual budget?

GUIDELINES:

This question reflects the GIFT principles of "Transparency" and "Sustainability", and examines the extent to which the executive provides information to citizens on which public inputs were received during the implementation of the annual budget, which ones are taken into account to improve budget monitoring, and how/why.

By "written record", we mean a document that is produced and released by the lead budget agency (Ministry of Finance, Treasury) that has set up and holds the participation activity.

Answer "a" applies when the executive provides a written document with:

- *The inputs (e.g., a written transcript) received from the public and*
- *A detailed report on how the inputs were used or not used (such report should include information on which inputs were used or not used, why, and how)*

Answer "b" applies when the executive provides a written document that includes:

- *The inputs received (e.g., a written transcript) from the public and*
- *A not-so-detailed report, such as a document with a few paragraphs, on how public inputs were used or not used. This document only gives a general idea on how those inputs were or were not taken into account by the executive during budget monitoring.*

Answer "c" applies when the executive provides a written document that includes:

- *The inputs (e.g., a written transcript) received from the public or*
- *A report (being it detailed or not-so-detailed) on how public inputs have been used or not used.*

Answer "d" applies if the requirements for a "c" response or above are not met or if the executive does not use public participation mechanisms during the budget implementation stage.

Answer:

d. The requirements for a "c" response or above are not met.

Source:

Comment:

The executive did not use any public participation mechanism regarding the implementation of the budget.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

134. Are participation mechanisms incorporated into the timetable for formulating the Executive's Budget Proposal?

GUIDELINES:

This question reflects the GIFT principles on "Sustainability," "Timeliness" and "Complementarity" and addresses whether the executive is able to link participation mechanisms to the administrative processes that are used to create the annual budget.

Please note that "timetable" refers to a document setting deadlines for submissions from other government entities, such as line ministries or subnational government, to the Ministry of Finance or whatever central government agency is in charge of coordinating the budget's formulation. This document is

sometimes referred to as the budget calendar and is the same document referenced in Question 53.

Answer "a" applies if the national executive establishes a clear set of guidelines that enable citizens and civil servants to understand when participation mechanisms should be used to enable citizen inputs to be incorporated into the annual budget. For answer choice "a", the timetable must be available to the public prior to the budget preparation process beginning.

Answer "b" applies if the executive does not establish a clear set of guidelines that enable citizens and civil servants to understand when participation mechanisms should be used to enable citizen inputs to be incorporated into the annual budget or if the executive does not use public participation mechanisms during the budget formulation or implementation stage.

Answer:

b. The requirements for an "a" response are not met.

Source:

In Hungarian: Tájékoztató a 2021. évi költségvetési törvényjavaslat összeállításához szükséges feltételekről és az érvényesítendő követelményekről

In English: Handout for the terms and requirements for formulating the budget proposal for FY 2021

URL: https://ngmszakmaiteruletek.kormany.hu/download/c/66/92000/2021_TT.pdf

Comment:

The timetable did not include any deadline for conducting public participation mechanism. On page 2 the government set the deadlines for budgetary institutions to compile and send their budgets to the Ministry of Finance until 4 May and then send the narrative explanations until 25 May.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

135. Do one or more line ministries use participation mechanisms through which the public can provide input during the formulation or implementation of the annual budget?

GUIDELINES

While questions 125 – 134 focus only on participation mechanisms that the Ministry of Finance, lead budget agency, or central coordinating agency currently use to allow the public to participate in the national budget process, this question asks about participation mechanisms used by line ministries to allow the public to participate in national budget processes. Thus, participation mechanisms used by the Ministry of Finance, lead budget agency, or central coordinating agency should not be used to answer this question. If there is more than one mechanism used by a line ministry or if multiple line ministries use participation mechanisms, please select the deepest or most interactive mechanism that reflects the government's efforts to incorporate citizens' input into the formulation and/or implementation of the annual budget.

This question reflects the GIFT principles on "Inclusiveness" and "Timeliness" and assesses the extent to which the participation mechanism(s) used by the executive are truly interactive and involve a two-way conversation between citizens and the executive.

The drafting of this question and its answers are partially drawn from the IAP2 Spectrum of Public Participation, in particular with regards to the concepts of "involvement" (option "a" in the responses) and "consultation" (option "b"). See:

https://cdn.ymaws.com/www.iap2.org/resource/resmgr/foundations_course/IAP2_P2_Spectrum_FINAL.pdf

To answer "a," a line ministry must use open participation mechanisms that involve the public in the formulation or implementation of the annual budget. This means that a public process is in place whereby CSOs and/or individual members of the public and government officials interact, and have the opportunity to express their opinions to each other in what can be considered a public dialogue between them (i.e., in-person and online discussion forums). Additionally, the mechanism should be open to any CSO and/or individual members of the public who wish to participate. By selecting this answer, the researcher must present evidence to support the presence of a public dialogue among citizens and government official. Examples include public meetings and online deliberative exchanges.

Answer "b" applies if an open consultation mechanism is in place whereby members of the public (i.e., individuals and/or CSOs as well as academics, independent experts, policy think tanks, and business organizations) can provide their input in the formulation or implementation of the annual budget. This answer applies if the government is using a mechanism that is structured and well established, and not ad-hoc. The researcher must present evidence to support the presence of consultative processes through which a line ministry seeks out inputs from citizens. Examples include surveys, focus groups, report cards, published policy consultation exercises, and online platforms that government officials actively manage to solicit inputs.

Answer "c" applies if a line ministry has established a mechanism or mechanisms to allow citizens to participate in the budget formulation phase, but:

1) The mechanisms are not structured and happen only on ad-hoc basis, or not regularly.

and/or

2) A line ministry consults with and/or interacts with, citizens, but there is discretion in who is allowed to participate, and the line ministry determines fully or

partially such selection process by inviting specific groups (for example by making an open call but just to experts from a particular sector, or naming specific organizations). While it is not possible for all citizens and/or CSOs to participate in this or other phases of the budget process, options "a" and "b" apply if the government does not exercise any discretion in determining who is allowed to participate. While there is likely going to be self-selection, it is important that the selection is not made by the executive.

In cases where there is discretion in who is allowed to participate, to select answer choice "c", there should be some sort of public record (held in public, minutes of meetings released to public) so that the all CSOs and individual members of the public can have knowledge of the meeting, who participated, and what was discussed.

The researcher must present evidence to support selection of a "c" response.

Examples of mechanisms that might qualify as a "c" response include hotlines, Facebook announcements, and one-off meetings with NGOs in which there is a public record.

Answer:

d. The requirements for a "c" response or above are not met.

Source:

Comment:

We did not find any public participation mechanism where the line ministries actively sought to receive inputs about the formulation or implementation of the budget.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

136. Does the legislature or the relevant legislative committee(s) hold public hearings and/or use other participation mechanisms through which the public can provide input during its public deliberations on the formulation of the annual budget (pre-budget and/or approval stages)?

GUIDELINES:

This question reflects the GIFT principle on "Sustainability," "Transparency," and "Complementarity" and assesses the extent to which the participation mechanism(s) used by the legislature are interactive and involve a two-way conversation between citizens and the legislature, rather than being limited to allowing the public to attend or hear public budget deliberations.

Please consider participation mechanisms that the legislature (both in its whole institution or its relevant budget/public accounts/finance committees) has put in place and is using to allow the public to participate in their deliberations on the annual budget. This includes deliberations during the pre-budget phase (i.e., when the executive is still in the process of formulating the draft budget) and the budget discussions after the budget has been tabled to parliament and before it is approved. In the comment box, please specify during which stage of the budget cycle the legislature has put in place a public participation mechanism.

Mechanisms through which members of the public reach out to individual Members of Parliament as opposed to the legislature (both in its whole institution or its relevant budget/public accounts/finance committees) or unofficial hearings organized by a subset of committee members should not be considered in answering this question.

If there is more than one mechanism, please select a mechanism that best shows/reflects the legislature's efforts to incorporate citizens into the formulation of the annual budget. The participation mechanisms can involve a range of different issues, such as revenues, policy selection, and macro-fiscal planning (please note that the issue of coverage is covered in a subsequent question).

To answer "a," the legislature must hold public hearings where citizens are allowed to testify. This answer applies only if the legislature does not exercise discretion in determining which citizens and/or CSOs can testify (for example, participation takes place on a first-come-first-served basis).

Answer "b" should be selected if the following applies:

- The legislature holds public hearings on the budget;
- Testimony is not allowed from members of the public or CSOs; but
- There are other means used by the legislature to receive and collect views from citizens and CSOs on the budget, and the legislature does not exercise discretion in determining which citizens and/or CSOs can provide input. The researcher must provide evidence to support the presence of those alternative processes through which the legislature seeks inputs from citizens. For example, there should be a public record indicating that views from citizens and the public were sought.

Answer "c" should be selected if the following applies:

- The legislature holds public hearings on the budget;

- *Testimony is not allowed from members of the public or CSOs;*
- *No other means are used by the legislature to receive and collect views/input from citizens and CSOs on the budget, but*
- *The legislature invites a few individuals/groups to provide input (through public hearings or elsewhere)*
- *The legislature has a provision (via standing orders or in law) through which the public can submit their inputs, and members of the public or CSOs actively use it to submit opinions on the budget.*

Answer "d" applies if the requirements for a "c" response or above are not met or if the legislature does not use public participation mechanisms during its deliberations on the annual budget

Answer:

d. The requirements for a "c" response or above are not met.

Source:

In Hungarian: Jegyzőkönyv az Országgyűlés Költségvetési bizottságának 2020. június 17-én, szerdán 09 óra 02 perckor az Országház Apponyi Albert gróf termében (főemelet 58.) megtartott üléséről

In English: Minutes of the Meeting of the Budgetary Committee of the Parliament held at 09:02 on 17 June 2020 in the Count Apponyi Albert boardroom of the Parliament

URL: <https://www.parlament.hu/documents/static/biz41/bizjvk41/KVB/2006171.pdf>

pages 5, 7

Comment:

The Fiscal Committee hold public hearings, but does not invite regularly members of the public or civil society organizations to testify on them in the budget formulation phase. In 2020 the chairman of the Budgetary Committee invited several mayors, representatives of civil organisations and trade unions to provide their opinions and recommendations about the budget proposal in the Committee's session. The list of participants can be found on page 5 (in the paragraph starting with „Külön tisztelettel köszöntöm a polgármesterek közül...”) in the cited minutes of the meeting. The invited participants did not receive the opportunity to present their proposals because the Committee did not vote to allow them to testify. The vote is described on page 7 („... arra teszek javaslatot, hogy a bizottság értsen egyet azzal, hogy a jelen lévő vendégek számára adjon lehetőséget, hogy szólhassanak és véleményüket elmondhassák itt a szokásos menetrendben”). The result was 5 'yes' and 9 'no' with 1 'stay'.

Apart from this there was no other participation mechanism that the public could use to provide inputs for the formulation of the budget. Since the invited representatives did not have the chance to provide their inputs and there was no other mechanism that the public actively used to provide input to the legislature answer „d” applied.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

137. During the legislative deliberations on the annual budget (pre-budget or approval stages), which of the following key topics does the legislature's (or relevant legislative budget committee) engagement with citizens cover?

For the purpose of this question, key topics are considered to be:

1. Macroeconomic issues
2. Revenue forecasts, policies, and administration
3. Social spending policies
4. Deficit and debt levels
5. Public investment projects
6. Public services

GUIDELINES:

This question reflects the GIFT principles of "Transparency" and "Timeliness". Please consider the range of mechanisms currently used by the legislature to promote public participation during legislative deliberations on the annual budget.

Please note that while the public engagement can/may cover other topics, for the purpose of answering this question, "key topics" are considered to be only the ones listed above. If the legislature's engagement with the public covers topics other than the six listed above, please specify these topics in the comments.

Note also that this question assesses only the coverage of public engagement (i.e., "what issues is the public invited to engage on?") and issues related to the depth of engagement or selectivity of engaged are not dealt with by this question.

If written materials about the public engagement, such as an invitation, do not specify the coverage of the public engagement, but the researcher has personally participated in the engagement, s/he may respond to this question based on firsthand experience of the coverage of the public engagement.

Answer "d" applies if the requirements for a "c" response or above are not met or if the legislature does not use public participation mechanisms during its

deliberations on the annual budget.

Answer:

d. The requirements for a "c" response or above are not met.

Source:

Comment:

Because there was no participation mechanism conducted by the legislature the answer remained „d“.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion:

138. Does the legislature provide feedback to the public on how citizens' inputs have been used during legislative deliberations on the annual budget?

GUIDELINES:

This question reflects the GIFT principles of "Transparency" and "Sustainability", and examines the extent to which the legislature provides information to citizens on which public inputs were received and how inputs were used during legislative deliberations (please note that these deliberations can refer to the pre-budget and approval phases). By "written record" in this question, we mean a document that is produced and released by the legislature.

Answer "a" applies when the legislature provides a written document with:

- *The inputs received from the public (e.g., a written transcript) and*
- *A detailed report on how the inputs were used or not used (such report should include information on which inputs were used or not used, why, and how).*

Answer "b" applies when the legislature provides a written document that includes:

- *The inputs received from the public (e.g., a written transcript) and*
- *A not-so-detailed report on how public inputs were used or not used. This document only gives a general idea on how those inputs were used or not used in legislative deliberations on the annual budget (please note that these deliberations refer to the pre-budget and approval phases).*

Answer "c" applies when the legislature makes available a video recording of the relevant legislative session or provides a written document that includes:

- *The inputs received from the public (e.g., a written transcript) or*
- *A report (being it detailed or not-so-detailed) on how public inputs have been used or not used.*

Answer "d" applies if the requirements for a "c" response or above are not met or if the legislature does not use public participation mechanisms during its deliberations on the annual budget.

Answer:

d. The requirements for a "c" response or above are not met.

Source:

Comment:

The Budgetary Committee did not hold a public participation mechanism, but it may still receive inputs through other non-structured ways (like emails, forums, dialogues). There was no report that disclosed information about the received inputs and how they were used during the legislative deliberations.

The webpage of the Budgetary Committee lists several documents related to budgetary topics, but none of them is a summary report about the received inputs.

The list of documents on the webpage of the Budgetary Committee

<https://www.parlament.hu/web/koltsegvetesi-bizottsag/a-bizottsag-dokumentumai>

Peer Reviewer

Opinion: Agree

Government Reviewer
Opinion:

139. Does the legislature hold public hearings and/or use other participation mechanisms through which the public can provide input during its public deliberations on the Audit Report?

GUIDELINES:

This question reflects the GIFT principle on "Sustainability," "Transparency," and "Complementarity" and assesses the extent to which the participation mechanism(s) used by the legislative are interactive and involve a two-way conversation between citizens and the legislature, rather than being limited to allowing the public to attend or hear public budget deliberations.

A key constitutional role of the legislature in almost all countries is to oversee the government's management of public resources. While the Supreme Audit Institution is responsible for checking the government's accounts and publishing the outcome of their audits, for accountability purposes it is essential that the legislature reviews and scrutinizes those reports, and checks on whether the executive is taking the appropriate corrective actions based on the Supreme Audit Institution's recommendations.

Holding public hearings to review audit findings allows the public to learn more about how the government has managed its resources for the budget years that have ended, and demand accountability in case of mismanagement and irregularities. Reviewing and discussing those reports in public is therefore a key responsibility of a legislature.

Please note that by "Audit Report" we refer to the same audit report assessed in the transparency section of this Survey, i.e., one of the eight key budget documents that all governments (in this case, the Supreme Audit Institution) must produce, according to best practice.

Please consider participation mechanisms that the legislature (both in its whole institution or its relevant budget/public accounts/finance committees) have put in place and using to allow the public to participate in their deliberations on the Audit Report.

Mechanisms through which members of the public reach out to individual members of parliament as opposed to the legislature (both in its whole institution or its relevant budget/public accounts/finance committees) or unofficial hearings organized by a subset of committee members should not be considered in answering this question.

To answer "a," the national legislature must hold public hearings where citizens are allowed to testify. This answer applies only if the legislature does not exercise discretion in determining which citizens and/or CSOs can testify (for example, participation takes place on a first-come-first-served basis).

Answer "b" should be selected if the following applies:

- *The legislature holds public hearings on the budget;*
- *No testimony is allowed from the public; BUT*
- *There are other means used by the legislature to receive and collect views from citizens and CSOs on the budget, and the legislature does not exercise discretion in determining which citizens and/or CSOs can provide input. The researcher must provide evidence to support the presence of those alternative processes through which the legislature seeks inputs from citizens. For example, there should be a public record indicating that views from citizens and the public were sought.*

Answer "c" should be selected if the following applies:

- *The legislature holds public hearings on the budget;*
- *No testimony is allowed from the public;*
- *No other means are used by the legislature to receive and collect views/input from citizens and CSOs on the budget, BUT*
- *The legislature invites a few individuals/groups to provide input (through public hearings or elsewhere)*

Answer "d" applies if the requirements for a "c" response or above are not met or if the legislature does not use public participation mechanisms during its deliberations on the Audit Report.

Answer:

d. The requirements for a "c" response or above are not met.

Source:

In Hungarian: Jegyzőkönyv az Országgyűlés Költségvetési bizottságának 2020. október 27-én, kedden 11 óra 01 perckor az Országház Apponyi Albert gróf termében (főemelet 58.) megtartott üléséről

In English: Minutes of the Meeting of the Budgetary Committee of the Parliament held at 11:01 on 27 October 2020 in the Count Apponyi Albert boardroom of the Parliament

URL: <https://www.parlament.hu/documents/static/biz41/bizjvk41/KVB/2010271.pdf>

Comment:

The Budgetary Committee discussed the Audit Report together with the Year-End Report. This was indicated on page 29 of the cited minutes of meeting: „Az Állami Számvevőszék kapcsolódó jelentése a parlament honlapján a törvényjavaslat mellett megtalálható.” (The Audit Report can be found on the Parliament's webpage beside the Year-End Report.)

The contents or the findings of the Audit Report was not mentioned during the meeting. There were no public opinions as only the members of the

Committee and the invited guests from the Ministry of Finance spoke as proven by the list of participants on page 4. There is no regular practice to capture the citizens' inputs about the Audit Report.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

140. Does the Supreme Audit Institution (SAI) maintain formal mechanisms through which the public can suggest issues/topics to include in the SAI's audit program (for example, by bringing ideas on agencies, programs, or projects that could be audited)?

GUIDELINES:

This question assesses whether the Supreme Audit Institution (SAI) has established mechanisms through which the public can provide suggestions on issues/topics to be included in its audit program. When deciding its audit agenda, the SAI may undertake audits for a sample of agencies, projects, and programs in the country; and such a selection could be based on complaints and suggestions made by members of the public. To receive such suggestions, the SAI may create formal mechanisms, like setting up a website, hotline, or office (or assigning staff to liaise with the public).

Please note that formal mechanisms that do not explicitly seek the public's input in the audit program (such as general comment submission boxes on the SAI's website) should not be considered for this question.

Answer:

b. The requirements for an "a" response are not met.

Source:

In Hungarian: Az Állami Számvevőszék publikus elérhetősége

URL: <https://www.asz.hu/hu/kapcsolatfelvetel>

In English: Public contacts of the State Audit Office of Hungary

URL: <https://www.asz.hu/en/contacts>

In Hungarian: Pénzügyi tudatosság aloldal az Állami Számvevőszék honlapján

URL: <https://www.aszhirportal.hu/hu/penzugyi-tudatossag>

In English: Financial awareness subportal on the State Audit Office's webpage

URL: <https://www.aszhirportal.hu/en/financial-awareness>

Comment:

The State Audit Office only published its contacts on its website. The public can use it to suggest issues for the audit program, but it is not exclusively dedicated to this goal. This general contact can also be used to request information about certain documents or cases or technical issues on the webpage. There is no explicit form or contact point to provide input for the audit program. While the public uses this general contact to provide inputs for the audits and report cases (as proved in question 141), it does not encourage or guide the citizens to provide inputs. Because additional knowledge (what information and how should be reported) is needed to utilize this mechanism, we did not treat it as a dedicated mechanism to suggest topics to the SAO.

The SAO has a "Financial Awareness" initiative for enhancing the fiscal knowledge of the public, but these are rather financial education videos and articles. There are no leaflets or documents about what issues and how can be reported to the SAO. We recognize the SAO's effort to improve the financial knowledge, but the current practice does not guide the citizens what they can do to improve the control of budgetary institutions (for example highlighting the videos about reporting issues, creating a banner to the right side with a leaflet about it, etc).

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion:

141. Does the Supreme Audit Institution (SAI) provide the public with feedback on how citizens' inputs have been used to determine its audit program?

GUIDELINES:

This question reflects the GIFT principles of "Transparency" and "Sustainability", and examines the extent to which the Supreme Audit Institution provides information to citizens on which public inputs were received, which ones are used to determine the Supreme Audit Institution's audit program. By "written record" in this question, we mean a document that is produced and released by the Supreme Audit Institution.

Answer "a" applies when the Supreme Audit Institution provides a written document with:

- *The inputs received from the public and*
- *A detailed report on how the inputs were used or not used (such report should include information on which inputs were used or not used, why, and how).*

Answer "b" applies when the SAI provides a written document that includes:

- *The inputs received from the public and*
- *A not-so-detailed report on how public inputs were used or not used. This document only gives a general idea on how those inputs were used or not used to determine the SAI's annual audit program.*

Answer "c" applies when the SAI provides a written document that includes:

- *The received from the public or*
- *A report (being it detailed or not-so-detailed) on how public inputs have been used or not used.*

Answer "d" applies if requirements for a "c" response or above are not met or if maintain formal mechanisms through which the public can suggests issues/topics to include in the SAI's audit program.

Answer:

d. The requirements for a "c" response or above are not met.

Source:

In Hungarian: Tájékoztató az Állami Számvevőszék 2019. évi szakmai tevékenységéről és beszámoló az intézmény működéséről az Országgyűlés részére

In English: Summary report for the National Assembly on the Professional Activity and Operation of the State Audit Office of Hungary in 2019

URL for Hungarian: <https://www.asz.hu/storage/files/files/jelentes/2019/b10.pdf?download=true>

URL for English: https://www.asz.hu/storage/files/files/en/reports/2020/B10_en.pdf?download=true

In Hungarian: Az Állami Számvevőszékhez érkezett közérdekű bejelentések - 2019.

In English: Complaints of public interest received by the State Audit Office in 2019

URL: <https://www.aszhiportal.hu/hu/hirek/az-allami-szamvevoszekhez-erkezett-kozerdeku-bejelentések-2019>

In Hungarian: Az Állami Számvevőszékhez érkezett közérdekű bejelentések - 2020.

In English: Complaints of public interest received by the State Audit Office in 2020

URL: <https://www.aszhiportal.hu/hirek/az-allami-szamvevoszekhez-erkezett-kozerdeku-bejelentések-2020>

In Hungarian: Az ÁSZ tájékoztatása az Open Budget Survey felméréshez, ÁSZ Hírportál, 2021. március 8

In English: SAO's contribution to the Open Budget Survey, ÁSZ Hírportál, 8 March 2021

URL for Hungarian version: <https://www.aszhiportal.hu/hu/hirek/az-asz-tajekoztatasa-az-open-budget-survey-felmereshez>

URL for English version: <https://www.aszhiportal.hu/en/news/sao-s-contribution-to-the-open-budget-survey>

Comment:

On page 31 of the Summary report the State Audit Office stated that 238 complaints of public interest were received and 165 of them were utilized. The complaints concerned several areas like property management, healthcare and educational institutions or political parties. Some of the complaints raised suspicions of criminal offence and the SAO forwarded these to the criminal investigation authorities. The SAO claims that the areas mentioned in these complaints were evaluated and utilized in the audits.

Based on the information received from the SAO (and also published on the SAO's news portal as contribution to Open Budget Survey) it published brief feedbacks on the complaints in separate articles on its news portal. In 2019 there were 63 cases where not the SAO was the competent authority and the SAO forwarded the complaint to the relevant institution (explaining the difference between the number of all and utilized complaints) and in 56 cases the complaints were not appropriate formally. In 2020 the number of complaints were 142 complaints and 110 utilized because in 32 cases not the SAO was the competent authority.

There is no detailed list about the received inputs and how they affected the audit program, but a summary is published that describes the mentioned areas and guides the public what issues are not in the competency of the SAO. Due to this information we selected answer "c".

NOTE FROM IBP: given that the response to this refers to the mechanisms identified in the previous question, and given that no mechanism has been identified in Q140, response has been changed to "d".

Peer Reviewer

Opinion: Agree

Comments: The channel of the State Audit Office where they receive complains from the public is more general. We have never met any institutionalized, budget targeted channels for citizens, individuals, civil organizations.

Government Reviewer

Opinion:

142. Does the Supreme Audit Institution (SAI) maintain formal mechanisms through which the public can contribute to audit investigations (as respondents, witnesses, etc.)?

GUIDELINES:

This question mirrors question 140, but instead of covering public assistance in formulating the SAI's audit program, it focuses on whether the Supreme Audit Institution has established mechanisms through which the public can participate in audit investigations. In addition to seeking public input to determine its audit agenda, the SAI may wish to provide formal opportunities for the public and civil society organizations to participate in the actual audit investigations, as witnesses or respondents.

Answer:

b. The requirements for an "a" response are not met.

Source:

In Hungarian: Az ÁSZ tájékoztatása az Open Budget Survey felméréshez, ÁSZ Hírportál, 2021. március 8

In English: SAO's contribution to the Open Budget Survey, ÁSZ Hírportál, 8 March 2021

URL for the Hungarian version: <https://www.aszhirportal.hu/hu/hirek/az-asz-tajekoztatasa-az-open-budget-survey-felmereshez>

URL for the English version: <https://www.aszhirportal.hu/en/news/sao-s-contribution-to-the-open-budget-survey>

Comment:

Based on the information received from the SAO the institution does not have formal mechanism for requiring assistance for its audits, but it can happen in ad hoc ways. This is described in the section „From time to time the SAO may contact informers / whistleblowers in order to request concrete information in specific matters.” in the cited article.

The lack of formal mechanism is explained by the fact that the SAO does not have rights to conduct investigations.

Peer Reviewer

Opinion: Agree

Government Reviewer

Opinion: