

STRENGTHENING PUBLIC - PRIVATE PARTNERSHIPS AGAINST CORRUPTION

Integrity Authority
Hungary

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President



THE AUTHORITY

Protects financial interests of the Union and Hungary

AUTONOMOUS state administration organ

- Established by the Hungarian Parliament
- Reporting to the **Hungarian Parliament** and the **European Commission**
- Professional and objective
- A team of the best professionals from public administration and business

Mandate and goals

- **Controlling the legal use of the European Union funds**
- Monitoring integrity of the public administration
- Conduct risk assessments and investigations
- Review asset declarations

- A **culture change** in the Hungarian economy
- Spearheading **public integrity & anti-corruption efforts** in Hungary
- **Supporting** the actors and the progress of public procurement processes with issuing reports and recommendations

Values



PPP - TRADITIONAL INITIATIVES

- **Public-private partnership against corruption:**
 - companies are increasingly adopting anti-corruption approaches in collaboration with the public sector and civil society as well as academia
 - **corruption is so complex that it cannot be solved** by either governments or companies acting **alone** → the private sector is part of the problem, it is also part of the solution to fighting corruption in society
 - while companies are a common **source of corrupt funds**, they are **also victims** of corruption → they have a shared stake in reform
 - governments can **benefit from the expertise** and resources that **ethical businesses** are able to bring to the fight against corruption
- **Collective action initiatives:**
 - collaborative and sustained process of cooperation between stakeholders,
 - agreement in which different stakeholders commit themselves to a new normative balance,
 - it increases the impact and credibility of individual action,
 - brings vulnerable individual players into an alliance of like-minded organizations and levels the playing field between competitors,
 - can complement or temporarily substitute for and strengthen weak local laws and anti-corruption practices,
 - can take on various forms, ranging from short-term agreements to long-term initiatives with external enforcement.

ISSUES & EXPERIENCE

THEORETICAL ISSUES

- **Prisoner's dilemma:** companies fear a competitive disadvantage if they refuse to engage in corrupt practices, such as loss of contracts
- **Collective action:** prevailing sentiment is that if one company does not bribe, the competitors will → distrust is minimized through the formation of cartels

EXPERIENCE

- Generally weak or eventually complete lack of enforcement in CEE markets
- rules are not sufficiently clear → open up the floor to misconduct
- polarised societies' traditional values are in a crisis. The problem is more complex than it was ever → traditional approaches are not working
- **PPPs** do not provide a feasible (or adequate) response to the problem

WHY?

- PPPs. Were built on a joint understanding and common goals. However, this approach is only valid where the **misuse of public funds is an exception and not the norm.**
- Compliance initiatives & systems are built on the **assumption that our values are common** and are universally understood.
- There is a **crisis of values.** In today's polarized societies **traditional values are difficult to uphold and are easily abandoned.**
- Lack of values will inevitably result in non-compliant behaviour.
- Change must happen on a much deeper level within the society by inter alia re-codifying values.

The Authority is

- Identifying and showing positive examples
- Advocating for and engaging in effective enforcement
- Spearheading a culture change through various initiatives
- Works closely with Academia and the private sector



WE BELIEVE
THAT A PEACEFUL
AND INSPIRING FUTURE
CAN ONLY BE BUILT ON
HONOUR
AND MUTUAL TRUST



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